

Our fundamental goal of debt management policy is to achieve stable and smooth financing for our national accounts and to minimize medium-to-long term financing costs.

SUMMARY

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- ✓ The MOF released the JGB Issuance Plans on December 15 and 21, respectively.

What's New: The 53rd Meeting of the Advisory Council on Government Debt Management p. 3

- ✓ The 53rd meeting of the Advisory Council on Government Debt Management was held on November 4, 2020.

What's New: The 91st Meeting of JGB Market Special Participants p. 6

- ✓ The 91st Meeting of JGB Market Special Participants was held online on November 26, 2020.

What's New: The 85th Meeting of JGB Investors p. 7

- ✓ The 85th Meeting of JGB Investors was held online on November 26, 2020.

Monthly Topic: Quarterly Estimates of GDP July-Sept. 2020 p. 8

- ✓ The second preliminary GDP estimates (July-Sept. 2020) were released on December 8. Real GDP rebounded by 5.3% (annual rate 22.9%) on a quarter-to-quarter basis.

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- ✓ On November 6, Mr. Suwazono, Deputy Director-General of the Financial Bureau, made a presentation at the "Daiwa Capital Markets Conference 2020" held online to approximately 800 foreign and domestic investors.
- ✓ From late October to mid-November, we had meetings with foreign investors in European countries. The meetings were our second IR activities held online.

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The Ministry of Finance

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What's new

1. The JGB Issuance Plan for FY 2020 and for FY 2021

The Cabinet approved the draft third supplementary budget for FY 2020 and the draft budget for FY 2021 on December 15 and 21, respectively. Corresponding to these draft budgets, we revised and drafted the JGB Issuance Plans. Below are the links of draft JGB Issuance Plans. For more information, please see the upcoming Newsletter.

- **Third revised JGB Issuance Plan for FY 2020**

(https://www.mof.go.jp/english/jgbs/debt_management/plan/201215.html)

- **JGB Issuance Plan for FY 2021**

(https://www.mof.go.jp/english/jgbs/debt_management/plan/201221.html)

In the process of revising and drafting these JGB Issuance Plans, we carefully implemented “communications with the market” through various meetings. Key points of the meetings are on the following pages.

2. The 53rd meeting of the Advisory Council on Government Debt Management

The 53rd meeting of the Advisory Council on Government Debt Management was held on November 4, 2020. The agenda was as follows:

(Agenda)

1. Monetary Policy management with regard to the effects of the COVID-19 outbreak
2. Challenges on the issuance and absorption of JGBs since the COVID-19 pandemic
3. Current Status and the Outlook of Japanese Government Bond (JGB) Issuance

Mr. Fukuda, Bank of Japan, presented agenda item 1 above, Mr. Yoshifuji, MUFG Bank, then examined item 2, and the MOF explained item 3. Below are the key topics on these subjects. For more information, please refer to the links below.

- **Monetary Policy management with regard to the effect of the COVID-19 outbreak, Challenges on the issuance and absorption of JGBs since the COVID-19 pandemic**

- Views expressed by the members (summarized by the MOF)

- While a large amount of government bonds are issued globally, I believe that a well-managed current account balance and fiscal discipline are the most important conditions that determine the demand for each government bond. In that sense, it should be important for both the public and private sectors to be aware of the current account balance and fiscal discipline as key elements of national competitiveness. The financial market should also send messages related to fiscal discipline because it helps the government take additional measures in the future.
- Although we cannot avoid extending the average maturity of JGBs by increasing the issuance amount in the super long-term zone since this zone has been regarded as a benchmark, we need to examine whether this extension is really preferable based on a medium- to long-term perspective. This is because interest rate risk in the super long-term zone is very high. It is difficult to imagine that the interest rate in the JGB super long-term zone will be separated from the international market and remain stable for the coming decades. We need to examine whether it is really preferable for the market stability and future BOJ monetary policy to heavily rely on JGB issuance in the super long-term zone while investors' demands for bonds in the medium- to long-term zone have declined. It is in part related to the BOJ's monetary policy.
- Life insurance companies are increasing their investments in the super long-term bonds to address the introduction of economic value-based solvency regulation. In addition, regional banks are also investing in super long-term bonds to obtain capital gain arising from the roll-down effect. Thus, the expected return on the 20-Year JGB is currently almost 1%. Given such trends, investors' demands for super long-term bonds are expected to continue to increase.

● Current Status and the Outlook of JGB Issuance

➤ Summary of the MOF's presentation

(JGB market condition after the government responses to COVID-19)

- With the additional JGB issuance of the first and second supplementary budgets, which was approximately 100 trillion yen, the total issuance amount of JGBs now reaches approximately 253 trillion yen. This is the largest amount ever. Funds were raised mainly by increasing the issuance of short-term bonds. We should be aware that since short-term bonds will be redeemed in the next fiscal year, refunding would be necessary then.

(Future considerations on the debt management policy)

- Our basic goals for JGB Management policy, “Ensuring the smooth and secure issuance of Japanese Government Bonds” and “Minimizing medium- to long-term fundraising costs,” will obviously remain unchanged.
- According to our estimates on the upcoming JGB issuance amount based on the “Economic and Fiscal Projections for Medium to Long term Analysis” conducted by the Cabinet Office, when we assume that the maturity compositions in FY2021 or later are the same as that of the second revised JGB Issuance Plan for FY2020, a certain amount of short-term bonds will continue to be issued. Consequently, the issuance amount of Refunding Bonds and, furthermore, the total JGB issuance amount, are expected to remain high.
- Therefore, although depending on various economic situations, when the pandemic subsides and the time comes to reduce the total JGB issuance amount, we need to reduce the outstanding short-term bonds, try to limit the issuance amount of Refunding Bonds and then consider an appropriate JGB maturity composition reflecting the market demand.
- We used Cost-at-Risk analysis and compared the estimates based on the JGB issuance plan before and after the supplementary budgets. We concluded that both cost and risk increased as a result of the additional JGB issuance totaling 100 trillion yen.
- From the perspective of reducing both cost and risk, controlling the increase of the total JGB issuance amount should be the major premise. Thus, it is important to explore the JGB maturity composition in response to the market demand.
- With regard to the use of front-loading issuance of Refunding Bonds, we have issued a large amount of JGBs in a short time under various shocks such as the 2008 Global Financial Crisis and the Great East Japan Earthquake. We have also been able to manage the calendar-based JGB market issuance amount not to change sharply by making use of the front-loading issuance even when the total JGB issuance amount sharply changes. It is necessary to take into account the function of the front-loading issuance to prepare a JGB issuance plan.
- In terms of foreign investors' trading, even though they have accounted for a relatively large share of secondary market transactions for JGBs, their JGB holding amount excluding T-Bills remains at a low level of around 7%. In order to encourage foreign investors to hold JGBs longer and more stably, it should be necessary to conduct overseas IR activity more actively and effectively.

- In response to the COVID-19 outbreak, the Japanese government declared a state of emergency and set some limitations on working at the office and recommended working remotely. In light of this situation, investors took drastic risk-averse actions, and then, uncertainty grew in the JGB market. Given this fact, reinforcement of the BCP system in each area should be explored as necessary in order to ensure secure issuance of JGBs and their absorption even under unexpected circumstances.

➤ Views expressed by the members (summarized by the MOF)

- I expect that normalization of JGB issuance will eventually be accomplished by the average maturity extension. I assume that this extension will result from the redemption of short-term bonds under the premise of reducing the amount of newly issued JGBs and issuing JGBs in a regular and predictable manner. In other words, the process to reduce the amount of the increased short-term bonds should be promoted based on the principle to ensure smooth and secure issuance of JGBs.
- Sovereign rating for Japan is single A and it is obvious that the level of the Japanese interest rate converted to a U.S. dollar basis is much higher than the U.S. Treasury Bond yield. It is not easy to extend the average maturity of JGBs, considering that Japanese corporates and banks are paying expensive funding costs to access foreign currencies. I think that further extension of the average maturity can only be achieved with sound fiscal conditions and high international confidence. The JGB market needs to be transparent and stable. It helps the market signal the importance of fiscal consolidation and fiscal discipline. The JGB maturity composition should not be decided opportunistically but be determined in a transparent way such as dialogue with market participants.
- Market uncertainty increased sharply after the Declaration of a State of Emergency in response to the COVID-19 pandemic in Japan. We, both the public and private sectors, need to seriously engage in reinforcement of the BCP system. Luckily, people in Japan just happened to get back to their offices this time. However, it should be better for the government to take the initiative to push digitalization not only in the public sector but also in the private sector because we still face potential risks besides COVID-19, such as natural disasters.
- We are entering the phase to normalize the maturity composition that is currently concentrated in the short-term zone. Although it is necessary to look at investors' certain demand in the super long-term zone to normalize the maturity composition with regard to the current polarized JGB demand, where there is high demand in the short-term and super long-term, we also need to pay attention to the interest rate risk in this super long-term zone.
- In terms of the JGB issuance plan, I understand it is preferable to balance the cost and risk of the issuance based on the domestic and international economic situations and market demands. However, at the same time, MOF should pay more attention to communication with investors as the debt management office so that their approach toward fiscal discipline will not be misunderstood domestically and internationally.

3. The 91st Meeting of JGB Market Special Participants

The 91st Meeting of JGB Market Special Participants was held online on November 26, 2020. The agenda was as follows:

(Agenda)

1. Latest JGB market situation and outlook for the future
2. JGB issuance plan for FY2021

Here are some main comments from JGB Market Special Participants with regard to the JGB issuance plan for FY2021.

- Market liquidity for 40-Year Bonds seems to be quite low. In terms of the JGB issuance plan for FY2021, if we increase the issuance amount, it should be mainly 40-Year Bonds. We see strong demand from the life insurance company sector because of their duration matching needs, regardless of the interest rate level.
- As for the super long-term zone, particularly the issuance amount of 20-Year Bonds may be increased since there is decent demand from a wide range of investors. Meanwhile, it is fine to maintain the current issuance amount of 30-Year Bonds. Concerning the issuance amount of 40-Year Bonds, although we haven't seen a remarkable increase in market liquidity, in light of the fact that the number of investors trading on this tenor is gradually increasing, the amount could be increased.
- With regard to the issuance amount of 5-Year and 10-Year Bonds, it is fine to maintain the current issuance amounts. However, it is also acceptable to either increase or decrease these issuance amounts. The issuance amount of 2-Year Bonds may well be increased since there is a tendency of overheated momentum in the market around the auction hours.
- It would be preferable to decrease the issuance amount of T-Bills. However, considering the possible needs to increase the amount in some situation, I would say that the 1-Year T-Bill has larger room to increase compared with the 6-Month T-Bill.

4. The 85th Meeting of JGB Investors

The 85th Meeting of JGB Investors was held online on November 26, 2020. The agenda was as follows:

(Agenda)

1. Latest JGB market situation and outlook for future investments
2. JGB issuance plan for FY2021

Here are some main comments from the JGB Investors with regard to the JGB issuance plan for FY2021.

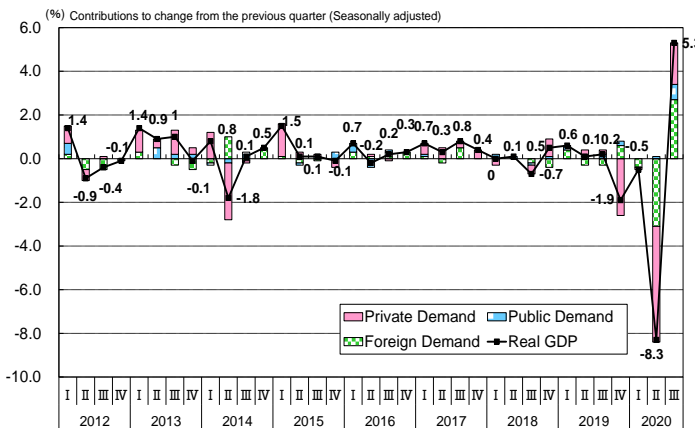
- I think that the current interest rate level is quite low, so this is not a good situation to make a full investment in light of the liability cost. Meanwhile, from the standpoint of life insurance company ALM operation, we have strong continuing demand for the super long-term bonds. Accordingly, we are planning to continue our constant investment.
- In the short- to medium-term zone, we still have ongoing demand for collateral use. Meanwhile, we handle relatively frequent trading activity in part of our portfolio, so the steepness of the medium-term to 10-years-to-maturity zone yield curve is somewhat attractive to us regarding the roll-down return. Eventually, we will have various and stable investment on a wide range of tenors.
- The issuance amount of T-Bills has largely increased this fiscal year on the premise of predictable and periodic issuance of JGBs with 2- to 40-years to maturity. As a result, T-Bills have to be refunded repeatedly hereafter. So, I expect the outstanding amount of T-Bills to be normalized by reducing the amount of newly issued JGBs and increasing the front-loading issuance of Refunding Bonds with 2- to 40-years to maturity.

Quarterly Estimates of GDP July–Sept. 2020

The second preliminary GDP estimates (July–Sept. 2020) were released on December 8. Real GDP rebounded by 5.3% (annual rate 22.9%) on a quarter-to-quarter basis. This was mainly due to a contribution of 2.8% points from the increase in Private Consumption. There was also a contribution of 2.7% points from External Demand and of 0.6% points from Government Consumption, while there was a negative contribution of 0.4% points from Private Non-Residential Investment that continued to decline.

Private Demand and Public Demand overall increased by 2.6% and 2.3% on a quarter-to-quarter basis, respectively.

Development of Real GDP (Quarterly, seasonally adjusted series)



(Source) Cabinet Office

	Note1				Note2	
	2019		2020		2020	
(%)	7~9	10~12	1~3	4~6	7~9	7~9
Gross Domestic Product	0.2	-1.9	-0.5	-8.3	5.3	22.9
Domestic Demand	0.5	-2.5	-0.2	-5.2	2.5	10.4
Private Demand	0.3	-3.5	-0.1	-7.1	2.6	10.7
Private Consumption	0.5	-3.1	-0.6	-8.3	5.1	22.1
Consumption of Households	0.5	-3.3	-0.7	-8.6	5.2	22.3
Excluding Imputed Rent	0.6	-3.9	-0.9	-10.4	6.3	27.8
Private Residential Investment	0.0	-1.8	-3.7	0.5	-5.8	-21.2
Private Non-Resi. Investment	1.0	-4.6	1.4	-5.7	-2.4	-9.3
Change in Private Inventories	(-0.2)	(-0.1)	(0.1)	(0.1)	***	***
Public Demand	0.8	0.6	-0.2	0.6	2.3	9.6
Government Consumption	0.8	0.4	-0.3	0.3	2.8	11.6
Public Investment	1.2	1.2	-0.0	1.9	0.5	1.9
Change in Public Inventories	(-0.0)	(0.0)	(0.0)	(-0.0)	***	***
Net Exports of Goods & Services	(-0.3)	(0.6)	(-0.4)	(-3.1)	***	***

Note1: Change from the previous quarter (seasonally adjusted)

Note2: Annual rate

Note3: The Figures in () indicate contributions to Changes in GDP.

(Source) Cabinet Office

1. Daiwa Capital Market Conference 2020

On November 6, Mr. Suwazono, Deputy Director-General of the Financial Bureau, made a presentation at the “Daiwa Capital Markets Conference 2020” held online to approximately 800 foreign and domestic investors. He described Japan’s economy and public debt management.



His presentation was divided roughly into four parts and these parts were mutually linked. He began with an overview of government responses to COVID-19. In the second part of the presentation, he discussed how those responses have affected the Japanese economy, and more specifically market conditions. He also pointed out that the government fiscal and debt positions have worsened as a result of two supplementary budgets. Then, the final part was a discussion of the Japanese approach to debt management.



In the Q&A session, there were some questions such as challenges we face, the possibility of another supplemental budget formulation, and the government intention to issue green bonds.

2. Online IR meetings with European Investors

From late October to mid-November, we had meetings with foreign investors in European countries. The meetings were our second IR activities held online. Due to the time difference, we held meetings in the morning hours in the European countries, that is, in the evening in Japan.

Our meetings were scheduled in the midst of the U.S. presidential election. Although these meetings might not have been convenient for them, investors kindly shared their time with us virtually. In addition, their deep understanding of the Japanese markets and economy led to good discussions and the meetings became very fruitful. We appreciate all of these opportunities and hope to meet them again.

As one of the advantages of virtual meetings, there is no travel time between meetings. Hence, we didn’t have to set the schedule too conservatively. This enabled us to exchange views with investors without wrapping up the meeting in the middle of the conversation.

We are getting used to these new online style meetings and we will conduct our activities more effectively. We would like to continue our activities to meet foreign investors virtually, and hopefully face to face, when the situation allows.

If you have any questions regarding the contents of this newsletter, please do not hesitate to contact us at: JGB-IR@mof.go.jp

Auction Results (Bonds)

(Until 30 November 2020)

Auction Date	Type of Security	Issue Number	Maturity Date	Nominal Coupon	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Yield at the Lowest Accepted Price	Yield at the Average Price	Amounts of Non-Competitive Bids Tendered /Accepted (billion yen)	Amounts of Bids Accepted at the Non-price-competitive Auction I (billion yen)	Amounts of Bids Accepted at the Non-price-competitive Auction II (billion yen)
9/1/2020	10-year	359	6/20/2030	0.1%	6,679.8	2,118.0	0.045%	0.034%	2,280	479.3	0.0
9/3/2020	30-year	67	6/20/2050	0.6%	2,565.4	733.8	0.617%	0.611%	-	165.4	86.0
9/8/2020	5-year	144	6/20/2025	0.1%	7,247.6	2,037.9	▲0.087%	▲0.091%	-	461.3	0.0
9/10/2020	20-year	173	6/20/2040	0.4%	3,636.2	984.6	0.413%	0.408%	-	214.6	43.9
9/24/2020	40-year	13	3/20/2060	0.5%	1,324.5	499.3	0.610%	-	-	-	44.8
9/29/2020	2-year	417	10/1/2022	0.1%	9,856.1	2,450.6	▲0.139%	▲0.141%	-	548.5	124.1
10/1/2020	10-year	360	9/20/2030	0.1%	8,560.1	2,107.2	0.025%	0.024%	1,265	490.5	215.4
10/6/2020	30-year	68	9/20/2050	0.6%	2,578.5	733.6	0.643%	0.638%	-	165.4	1.6
10/8/2020	5-year	145	9/20/2025	0.1%	9,978.1	2,038.2	▲0.089%	▲0.091%	-	461.3	249.1
10/20/2020	20-year	174	9/20/2040	0.4%	3,755.1	972.8	0.397%	0.394%	-	226.0	105.3
10/27/2020	2-year	418	11/1/2022	0.1%	9,744.1	2,445.8	▲0.127%	▲0.130%	-	553.5	0.0
11/4/2020	10-year	360	9/20/2030	0.1%	8,658.0	2,098.9	0.047%	0.046%	1,965	498.1	255.4
11/6/2020	10-year Inflation-Indexed Bonds	25	3/10/2030	0.2%	661.4	199.6	0.033%	-	-	-	-
11/10/2020	30-year	68	9/20/2050	0.6%	2,749.1	730.7	0.645%	0.643%	-	168.0	18.2
11/12/2020	5-year	145	9/20/2025	0.1%	7,179.4	2,036.8	▲0.105%	▲0.105%	1,000	461.3	195.4
11/18/2020	20-year	174	9/20/2040	0.4%	3,495.0	967.8	0.391%	0.388%	-	231.7	80.8
11/25/2020	40-year	13	3/20/2060	0.5%	1,334.1	499.6	0.665%	-	-	-	31.0
11/27/2020	2-year	419	12/1/2022	0.1%	8,092.6	2,519.5	▲0.134%	▲0.139%	-	480.0	0.0

Auction Results (Treasury Discount Bills)

(Until 30 November 2020)

Auction Date	Type of Security	Issue Number	Maturity Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Yield at the Lowest Accepted Price	Yield at the Average Price	Amounts of Bids Accepted at the Non-price-competitive Auction I (billion yen)
9/4/2020	3-month	934	12/7/2020	18,950.70	6,156.36	▲0.1162%	▲0.1239%	1,393.60
9/9/2020	6-month	935	3/10/2021	9,913.60	3,039.88	▲0.1330%	▲0.1450%	560.10
9/11/2020	3-month	936	12/14/2020	17,841.10	6,156.35	▲0.1102%	▲0.1178%	1,393.60
9/16/2020	1-year	937	9/21/2021	12,316.50	2,862.97	▲0.1365%	▲0.1365%	637.00
9/18/2020	3-month	938	12/21/2020	20,986.50	6,158.05	▲0.1045%	▲0.1107%	1,391.90
9/24/2020	6-month	939	3/25/2021	13,728.20	3,017.75	▲0.1410%	▲0.1430%	682.20
9/25/2020	3-month	940	1/6/2021	17,537.70	6,156.48	▲0.1659%	▲0.1860%	1,393.50
10/2/2020	3-month	941	1/12/2021	18,634.72	6,162.94	▲0.1418%	▲0.1525%	1,387.00
10/8/2020	6-month	942	4/12/2021	11,501.80	3,107.97	▲0.1122%	▲0.1202%	692.00
10/9/2020	3-month	943	1/18/2021	16,256.70	6,178.05	▲0.0875%	▲0.0945%	1,371.90
10/16/2020	3-month	944	1/25/2021	19,881.27	6,156.32	▲0.0781%	▲0.0834%	1,393.60
10/19/2020	1-year	945	10/20/2021	10,453.30	2,890.66	▲0.1288%	▲0.1348%	609.30
10/22/2020	6-month	946	4/26/2021	11,342.90	3,132.01	▲0.0982%	▲0.1002%	667.90
10/23/2020	3-month	947	2/1/2021	19,877.60	6,157.35	▲0.0744%	▲0.0793%	1,392.60
10/30/2020	3-month	948	2/8/2021	19,923.17	6,167.89	▲0.0800%	▲0.0845%	1,382.00
11/6/2020	3-month	949	2/15/2021	21,180.70	6,138.45	▲0.0837%	▲0.0878%	1,411.50
11/9/2020	6-month	950	5/10/2021	10,888.70	3,095.96	▲0.1068%	▲0.1128%	704.00
11/13/2020	3-month	951	2/22/2021	21,340.03	6,160.85	▲0.0912%	▲0.0938%	1,389.10
11/19/2020	1-year	952	11/22/2021	10,067.10	2,870.66	▲0.1291%	▲0.1340%	629.30
11/20/2020	3-month	953	3/1/2021	16,606.01	6,133.44	▲0.0940%	▲0.0989%	1,416.50
11/24/2020	6-month	954	5/25/2021	10,446.90	3,168.83	▲0.0987%	▲0.1027%	631.10
11/27/2020	3-month	955	3/8/2021	18,106.50	6,155.84	▲0.0856%	▲0.0897%	1,394.10

Auction Calendar for Dec. 2020 – Feb. 2021

Auction Date	Issue	Auction Date	Issue	Auction Date	Issue	Auction Date	Issue
12/1(Tue)	10-year	12/24(Thu)	2-year	1/22(Fri)	T-Bills (3-month)	2/16(Tue)	5-year
12/3(Thu)	30-year	1/5(Tue)	T-Bills (3-month)	1/22(Fri)	Liquidity Enhancement Auction (remaining maturities of 1-5 years)	2/18(Thu)	T-Bills (1-year)
12/4(Fri)	T-Bills (3-month)	1/6(Wed)	10-year	1/26(Tue)	40-year	2/18(Thu)	20-year
12/8(Tue)	5-year	1/7(Thu)	T-Bills (6-month)	1/28(Thu)	2-year	2/19(Fri)	T-Bills (3-month)
12/9(Wed)	T-Bills (6-month)	1/8(Fri)	T-Bills (3-month)	1/29(Fri)	T-Bills (3-month)	2/24(Wed)	T-Bills (6-month)
12/10(Thu)	20-year	1/8(Fri)	30-year	2/2(Tue)	10-year	2/24(Wed)	Liquidity Enhancement Auction (remaining maturities of 5-15.5 years)
12/11(Fri)	T-Bills (3-month)	1/13(Wed)	5-year	2/4(Thu)	30-year	2/26(Fri)	T-Bills (3-month)
12/15(Tue)	T-Bills (6-month)	1/15(Fri)	T-Bills (3-month)	2/5(Fri)	T-Bills (3-month)	2/26(Fri)	2-year
12/15(Tue)	Liquidity Enhancement Auction (remaining maturities of 5-15.5 years)	1/15(Fri)	Liquidity Enhancement Auction (remaining maturities of 5-15.5 years)	2/8(Mon)	10-year Inflation-Indexed Bonds		
12/16(Wed)	T-Bills (1-year)	1/19(Tue)	T-Bills (1-year)	2/9(Tue)	T-Bills (6-month)		
12/17(Thu)	T-Bills (3-month)	1/19(Tue)	20-year	2/10(Wed)	Liquidity Enhancement Auction (remaining maturities of 15.5-39 years)		
12/22(Tue)	Liquidity Enhancement Auction (remaining maturities of 15.5-39 years)	1/20(Wed)	T-Bills (6-month)	2/12(Fri)	T-Bills (3-month)		

Note.1: The above calendar may be changed or added in light of changes in circumstances. In such cases, it will be announced in advance.
Note.2: Each issue amount will be announced about one week prior to each auction date.

Top 10 PDs for Successful Bids in Auctions (Calculated by Duration) (Apr. 2020~Sep. 2020)

1	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	6	Goldman Sachs Japan Co., Ltd.
2	Daiwa Securities Co. Ltd.	7	SMBC Nikko Securities Inc.
3	Mizuho Securities Co., Ltd.	8	Deutsche Securities Inc.
4	Nomura Securities Co., Ltd.	9	BNP Paribas Securities (Japan) Limited
5	JPMorgan Securities Japan Co., Ltd.	10	Morgan Stanley MUFG Securities Co., Ltd.

Top 5 PDs for Successful Bids of Inflation-Indexed Bond (FY2019)

1	JPMorgan Securities Japan Co., Ltd.
2	Mizuho Securities Co., Ltd.
3	Goldman Sachs Japan Co., Ltd.
4	Merrill Lynch Japan Securities Co., Ltd.
5	Nomura Securities Co., Ltd.

Liquidity Enhancement Auctions and JGB Buy-Back

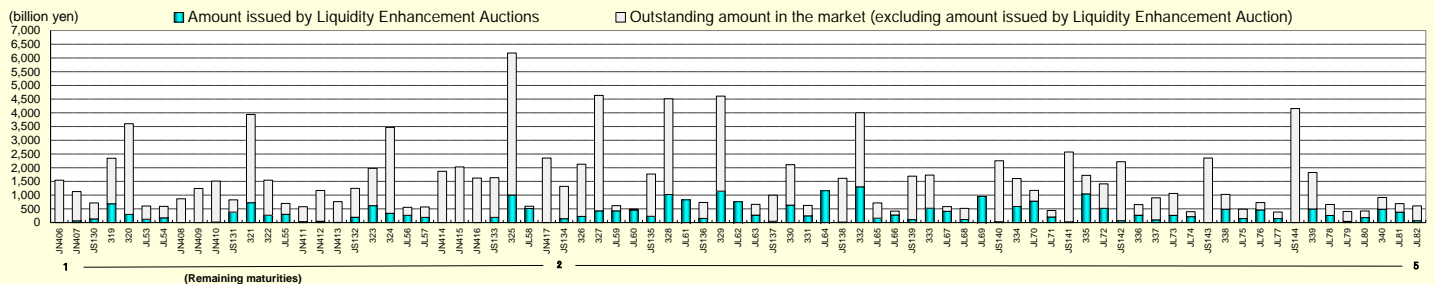
Results of Liquidity Enhancement Auctions

(Until 30 November 2020)

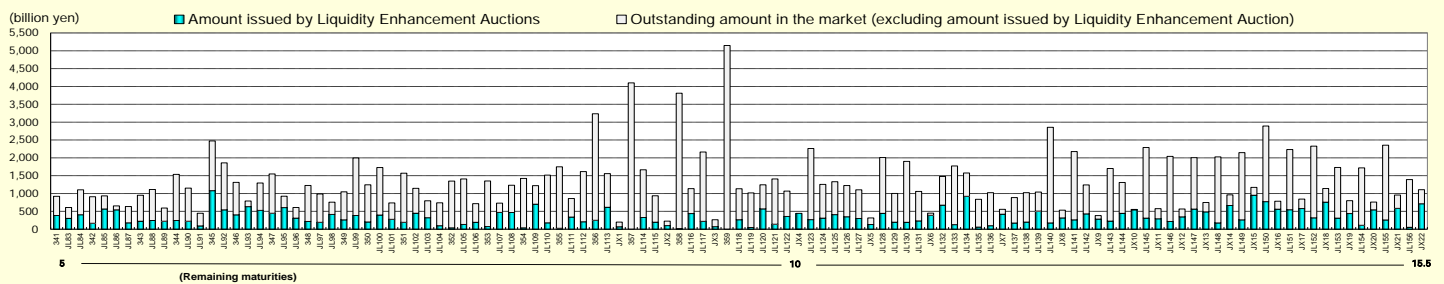
Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread	Highest Accepted Spread	Issues Re-opened
9/15/2020	2,083.9	497.3	0.000%	0.002%	10-year(340,341,343,344,345,346,348,351,356) 20-year(88,89,90,92,93,94,96,97,98,99,103,104,108,113,118,121,122,123,124,130,145,153,154,155)
9/18/2020	1,421.0	399.5	▲0.010%	▲0.008%	2-year(404,405,411,412,413) 5-year(132,133,136,137,138,139,140,142) 10-year(327,332,336,339) 20-year(59,72,73,78)
10/13/2020	1,161.4	498.4	▲0.002%	0.000%	20-year(157,162,165,171,172,173) 30-year(23,34,35,36,37,39,62,63,66) 40-year(1,2,5,8,9,11,12)
10/15/2020	2,203.0	497.9	▲0.007%	▲0.006%	10-year(341,342,345,349,350,351) 20-year(93,94,95,97,99,100,101,102,103,104,105,106,112,154,156)
11/16/2020	1,628.8	498.5	▲0.007%	▲0.005%	10-year(341,342,343,344,347) 20-year(83,84,91,96,99,114,117,118,120,130,131,132,133,134,135,136,138,140,141,142,143,144,145,146,147,148,150,151,153,154) 30-year(10)
11/20/2020	1,428.7	398.5	▲0.010%	▲0.008%	2-year(408,410,412,413,415) 5-year(132,133,134,135,136,137,138,139,140,141) 10-year(323,328,329,330,331,332,333,334,335,336,337,338,339,340) 20-year(57,58,60,61,63,65,72,73,75,76)

Target Zones of Liquidity Enhancement Auctions for the Third Quarter of FY 2020

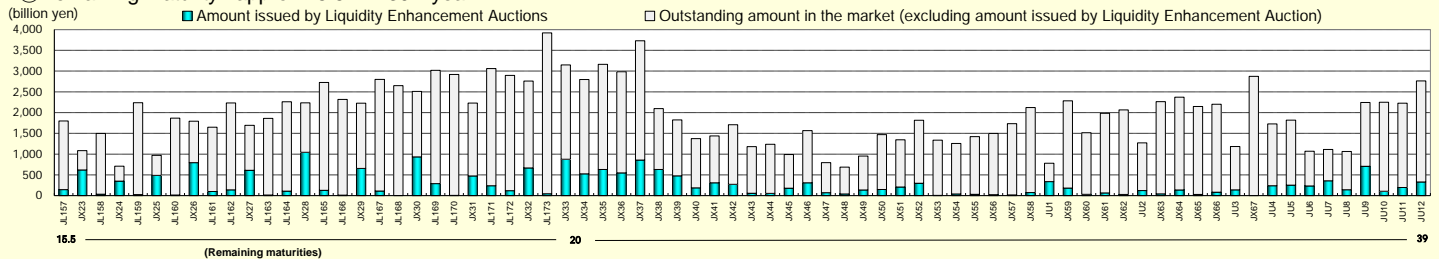
① Remaining maturity : approx. 1 ~ 5 - year



② Remaining maturity : approx. 5 ~ 15.5 - year



③ Remaining maturity : approx. 15.5 ~ 39 - year



Note1 : JN shows 2 - year JGBs. JS shows 5 - year JGBs. JX shows 30 - year JGBs. JU shows 40 - year JGBs. Outstanding amount is as of the end of October 2020.

Note2 : All issues in the graph above will be eligible afterward.

10-year Inflation-Indexed

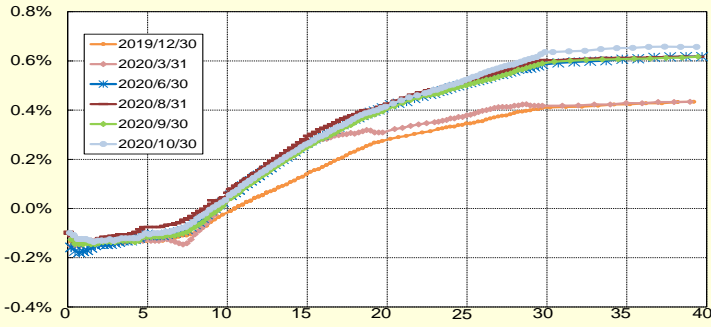
Buy-Back Results

(Until 30 November 2020)

Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread (yen)	Highest Accepted Spread (yen)	Issue Numbers
8/19/2020	184.1	50.1	▲0.147	▲0.06	17, 18, 19, 20, 22, 23, 24, 25
9/4/2020	223.6	50.3	▲0.281	▲0.22	19, 20, 21, 23, 24, 25
10/7/2020	170.9	50.1	▲0.155	▲0.05	17, 18, 19, 20, 21, 22, 24
11/17/2020	216.2	50.1	▲0.038	0.00	18, 21, 22, 25

JGB Secondary Market

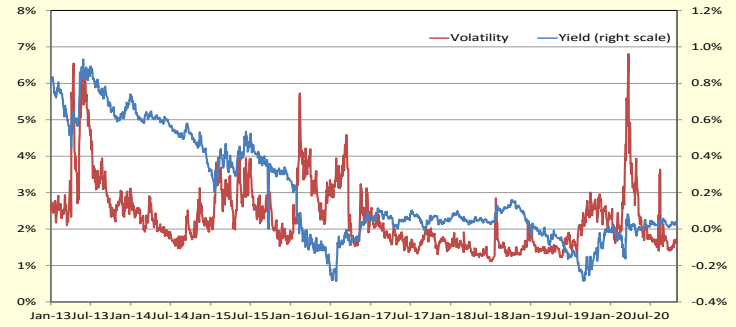
JGB Yield Curves



Source: Japan Bond Trading Co.,Ltd.

Yield and Volatility (10Yr)

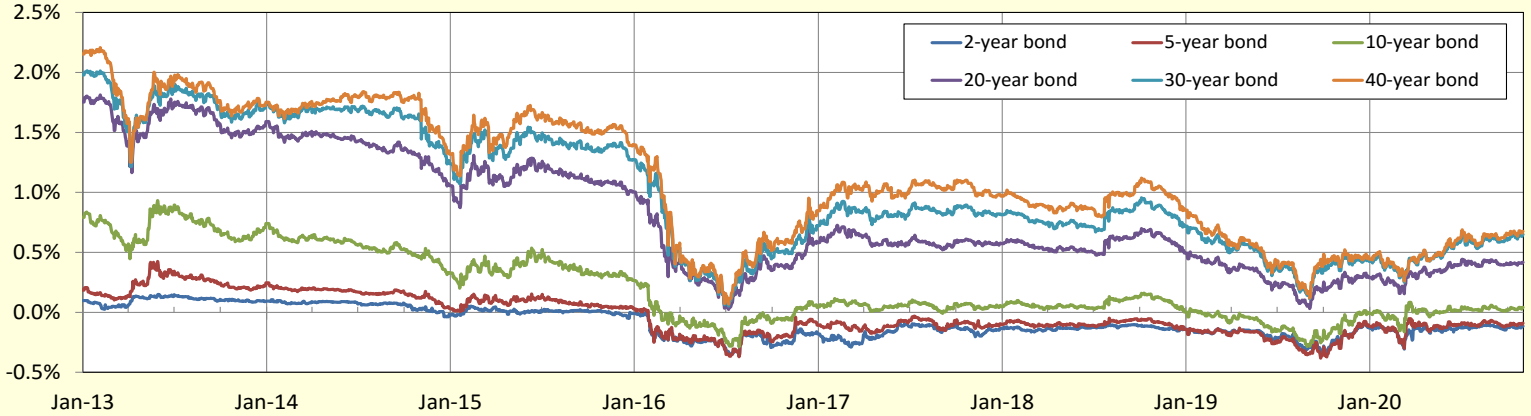
(Until 31 October 2020)



Source: Bloomberg

Yields of JGB

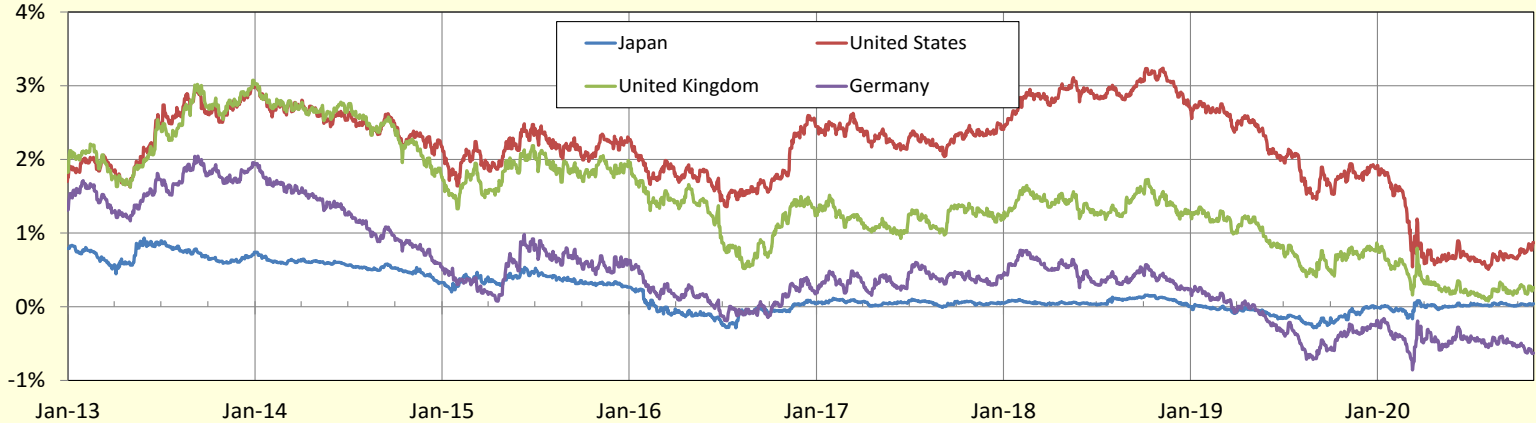
(Until 31 October 2020)



Source: Bloomberg

Long - Term Interest Rates (10Yr)

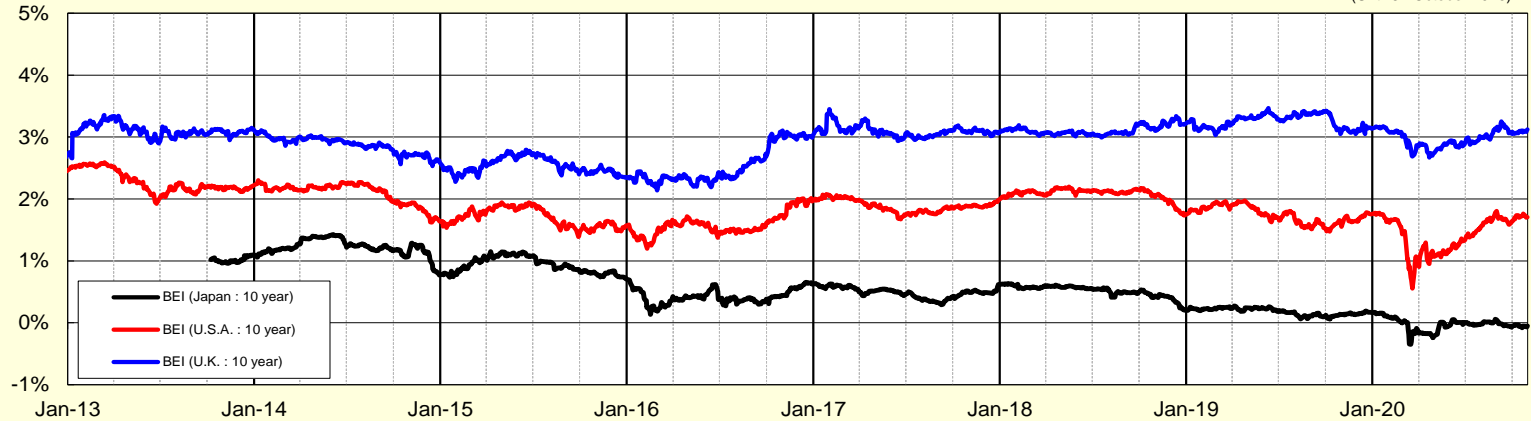
(Until 31 October 2020)



Source: Bloomberg

Break-Even Inflation Rates

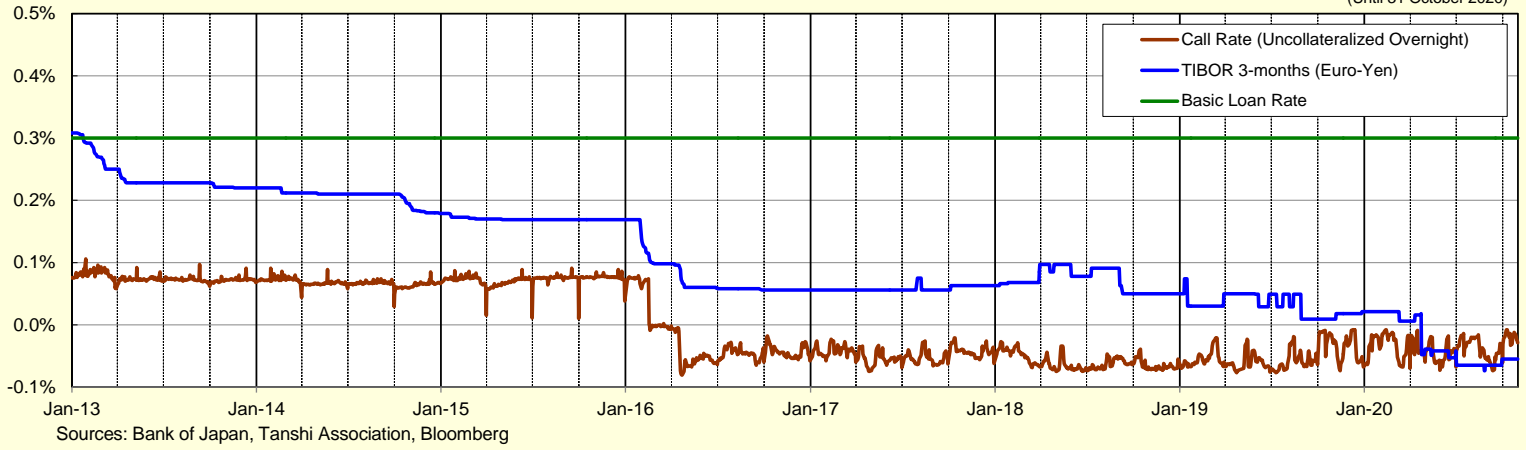
(Until 31 October 2020)



Note: BEI (Japan: 10 year) is calculated based on the compound interest rate of the new Inflation-Indexed Bonds and the 10-Year Bonds
Sources: Japan: Calculation by the Ministry of Finance based on the information on interest rates offered by NIKKEI QUICK.
U.S.A., U.K.: Bloomberg.

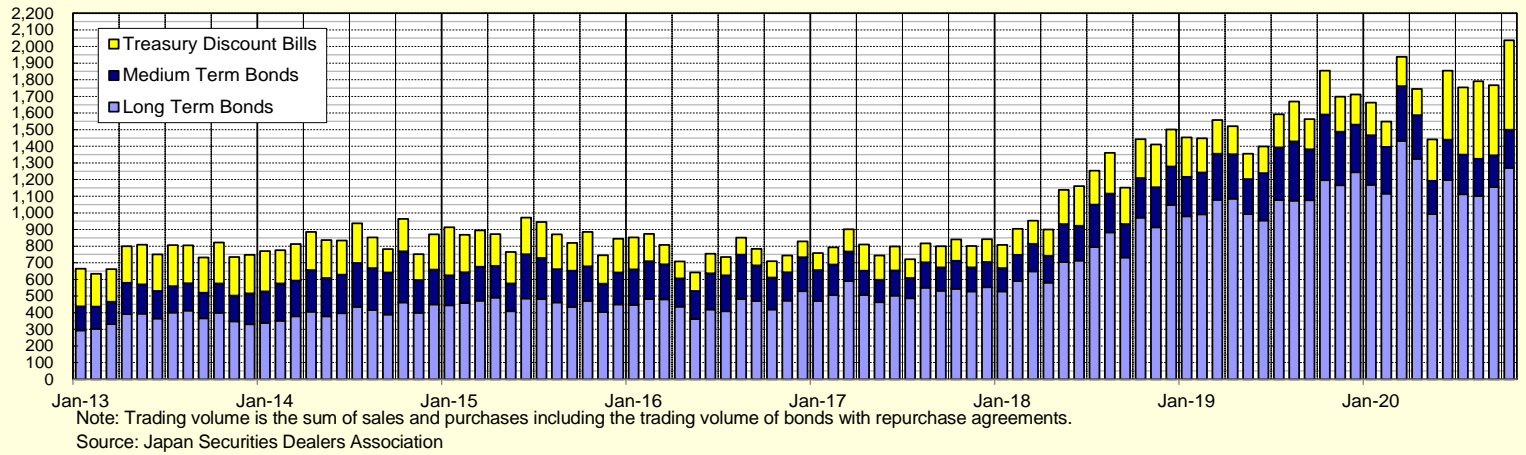
Short-Term Interest Rates

(Until 31 October 2020)



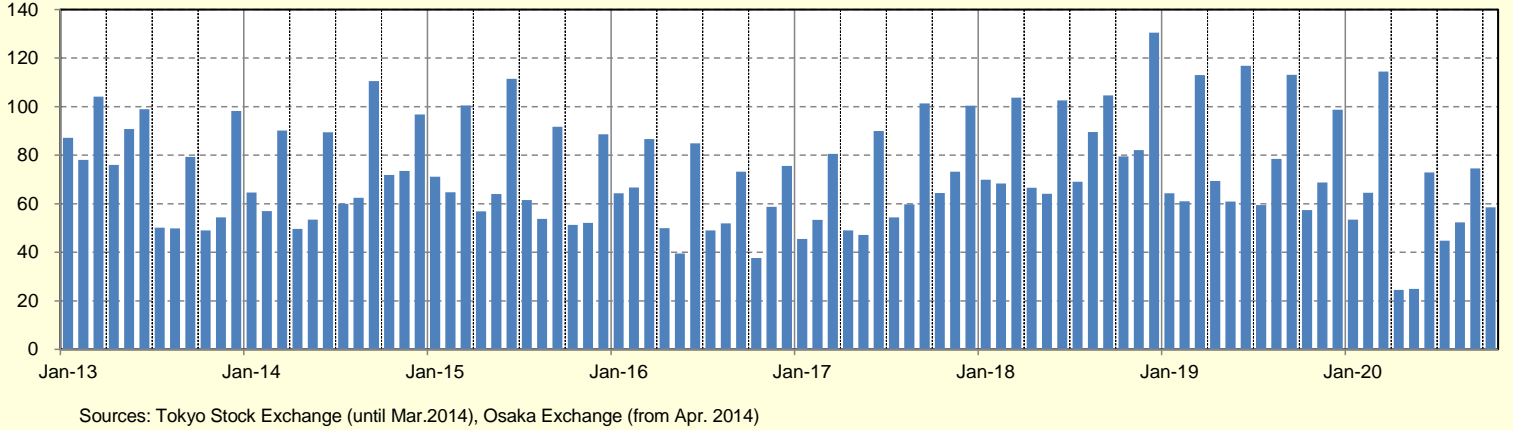
JGB Over-the-Counter Trading Volume (TOKYO)

(trillion yen)



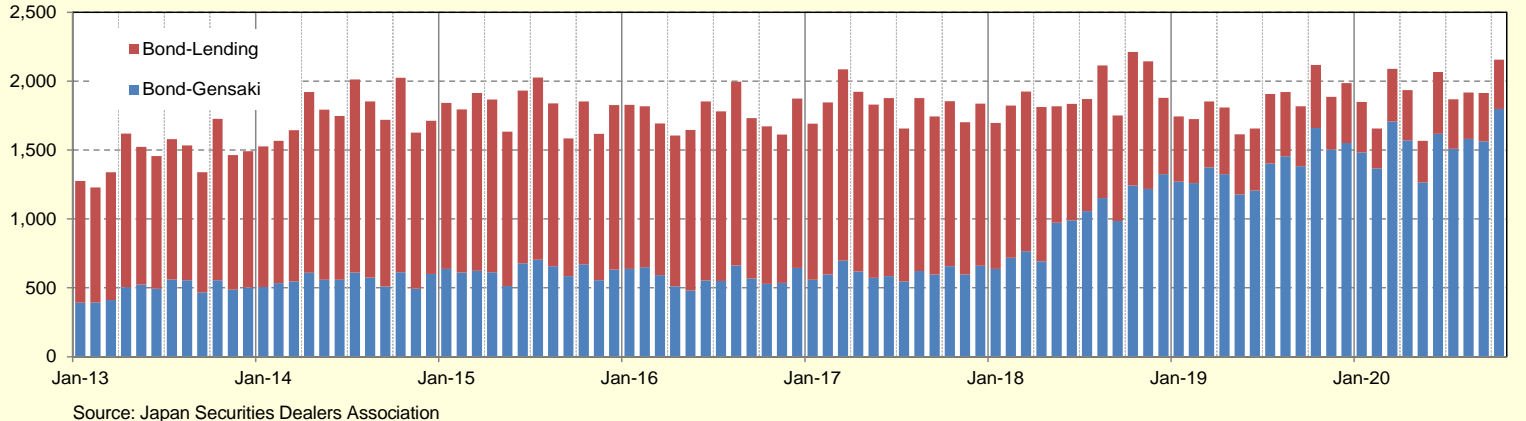
Trading Volume of 10-Year JGB Futures

(trillion yen)

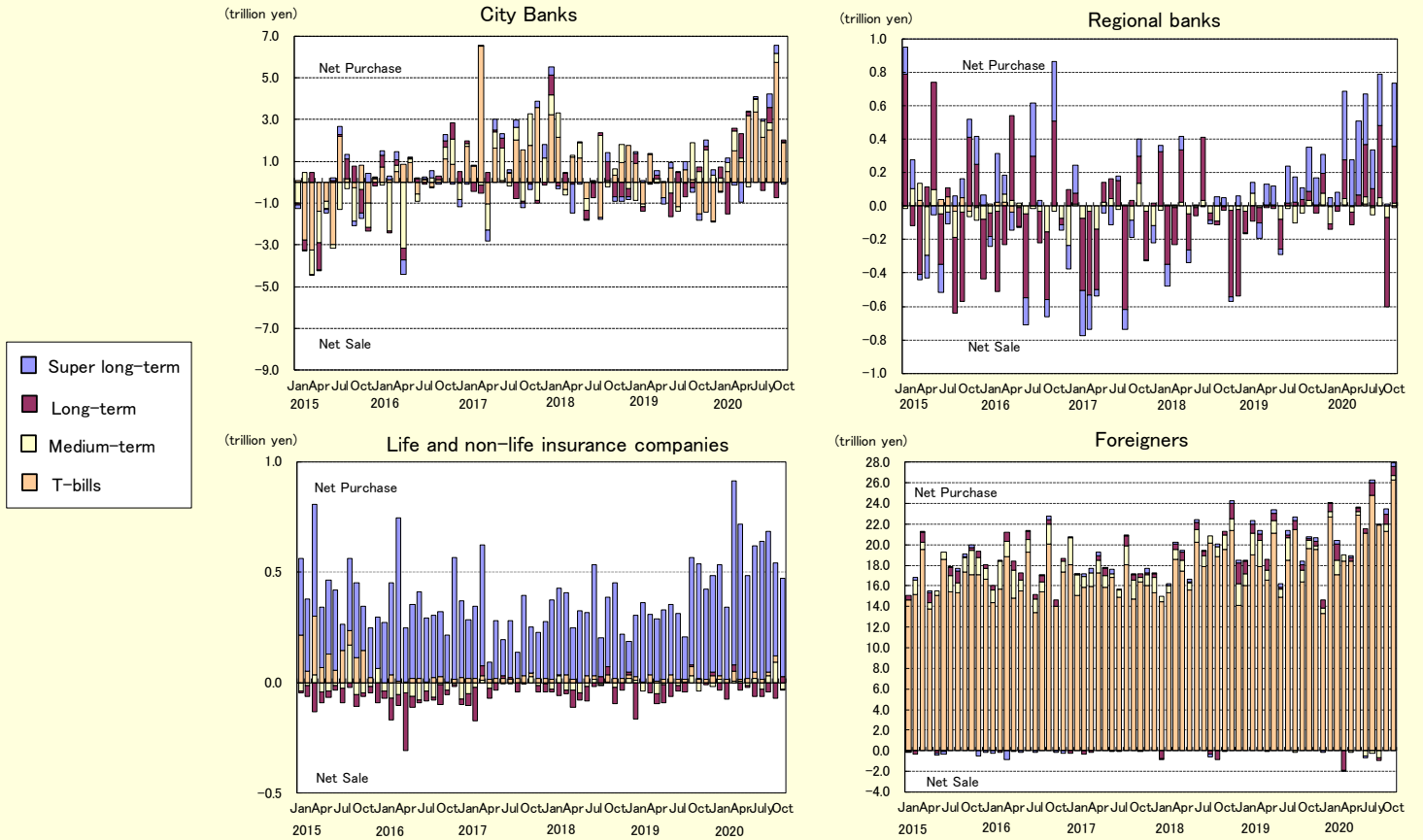


Repurchase Transactions

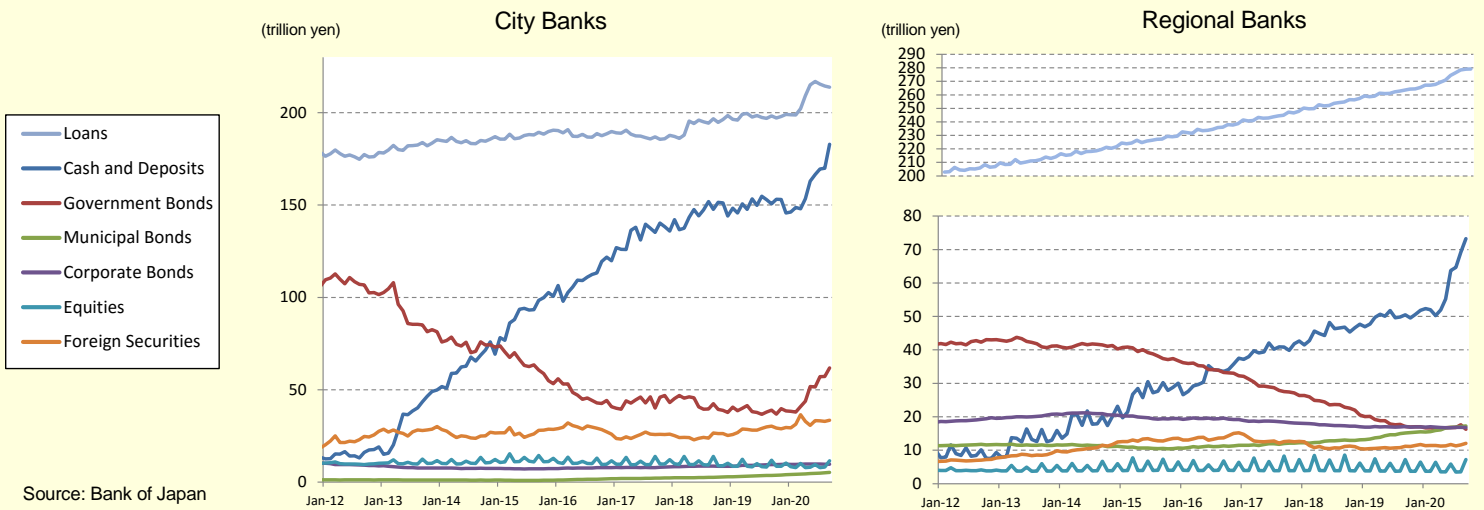
(trillion yen)



Trends in JGBs Transactions (by investor type)

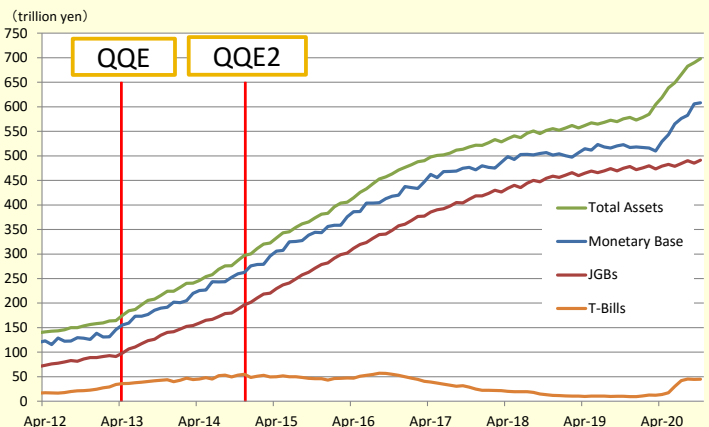


Trends in Bank Assets by Types



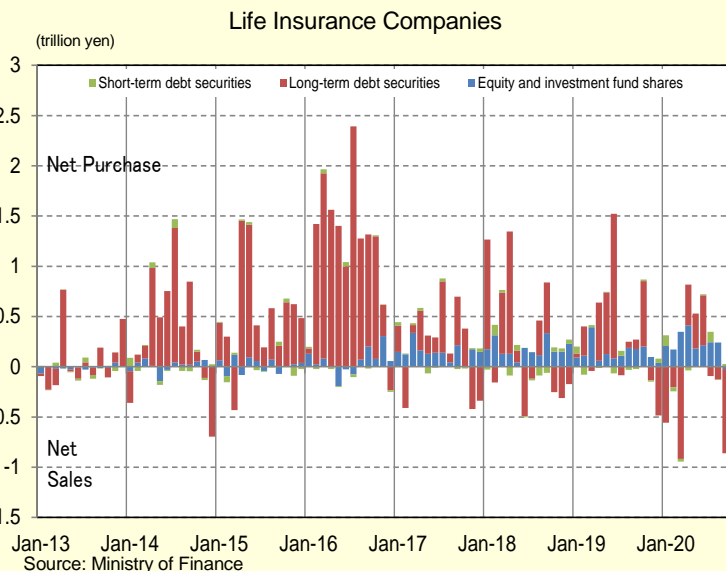
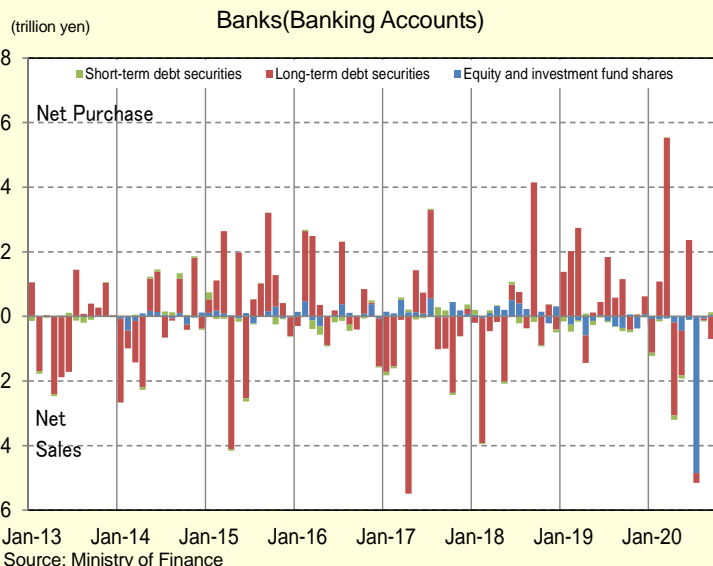
BOJ Trends

	Apr 2013 (Actual)	Oct 2020 (Actual)
Monetary Base	155	608
JGBs	98	491
T-Bills	36	45
CP	1.4	4.5
Corporate Bonds	2.9	5.7
ETFs	1.7	34.8
J-REITs	0.13	0.64
Total Assets	175	698

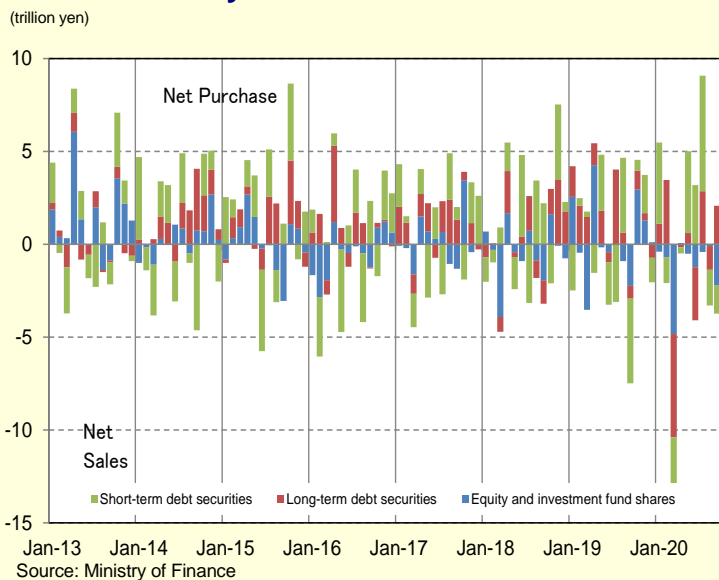


Source: Bank of Japan

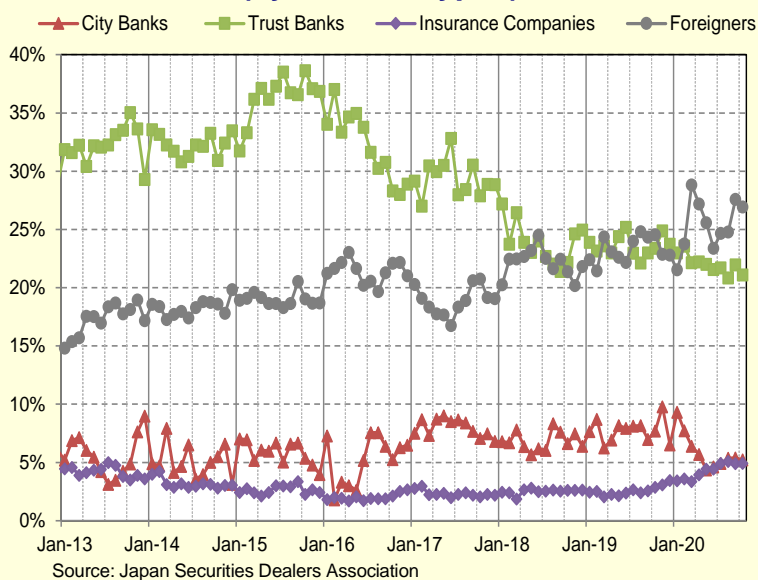
Transactions of Foreign Securities by Residents (by Investor types)



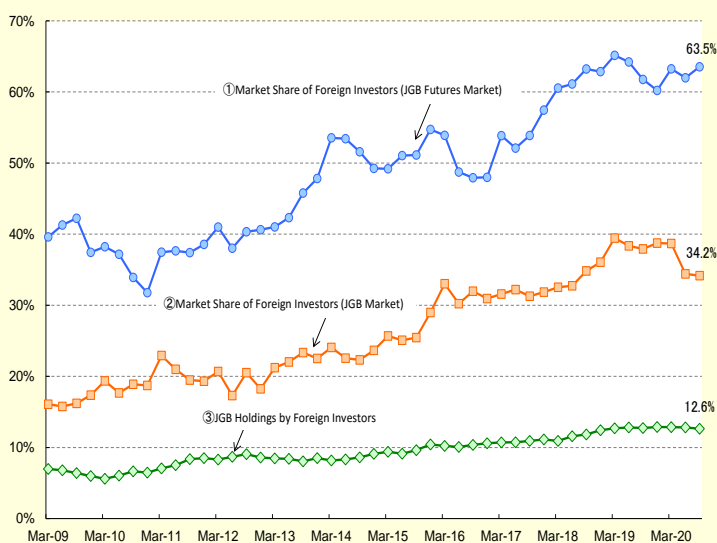
Transactions of Domestic Securities by Non-Residents



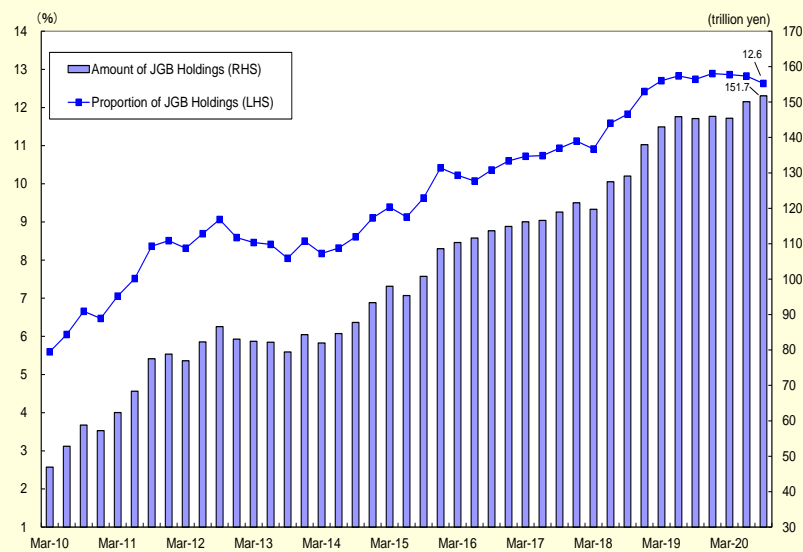
Outstanding of Repurchase Agreements (by Investor types)



Foreign Investors Presence

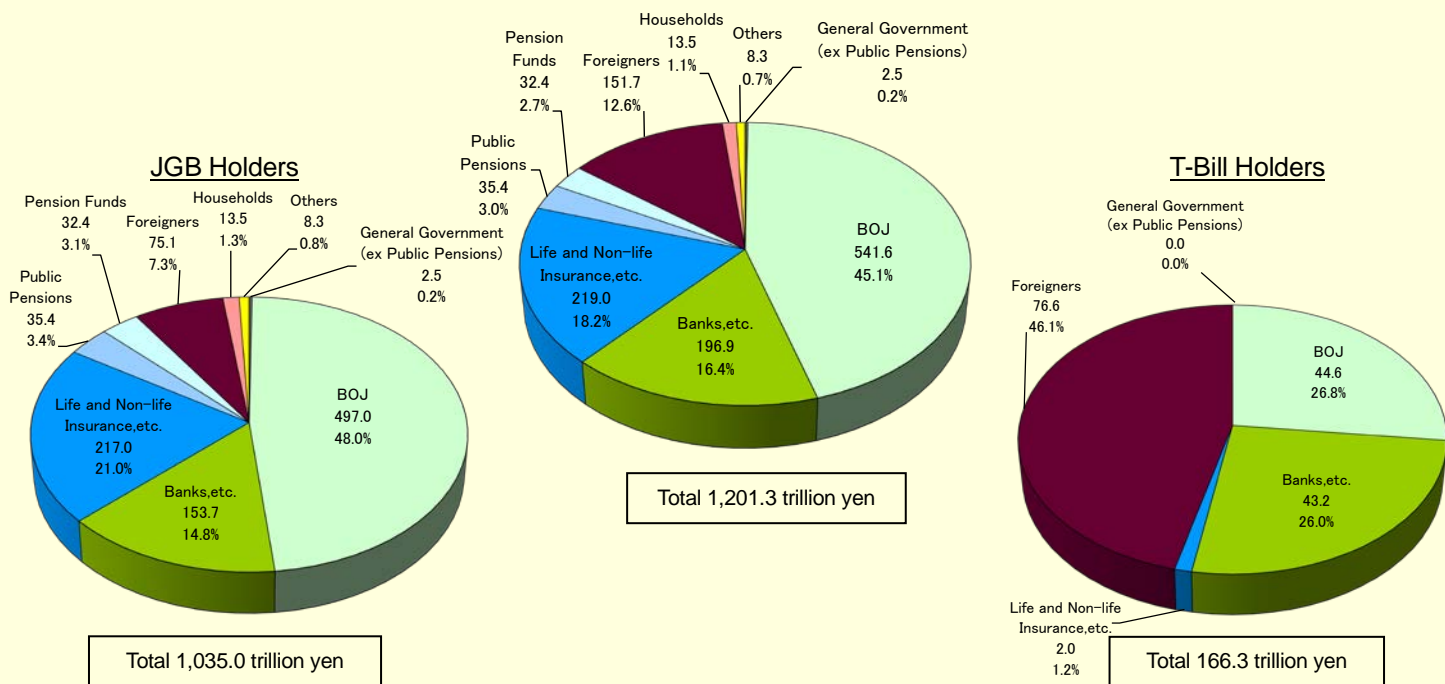


JGBs Holdings by Foreign Investors



Breakdown by JGB and T-Bill Holders (The end of Sept. 2020 QE)

JGB and T-Bill Holders (trillion yen)



Note1: "JGB" includes "FILP Bonds."

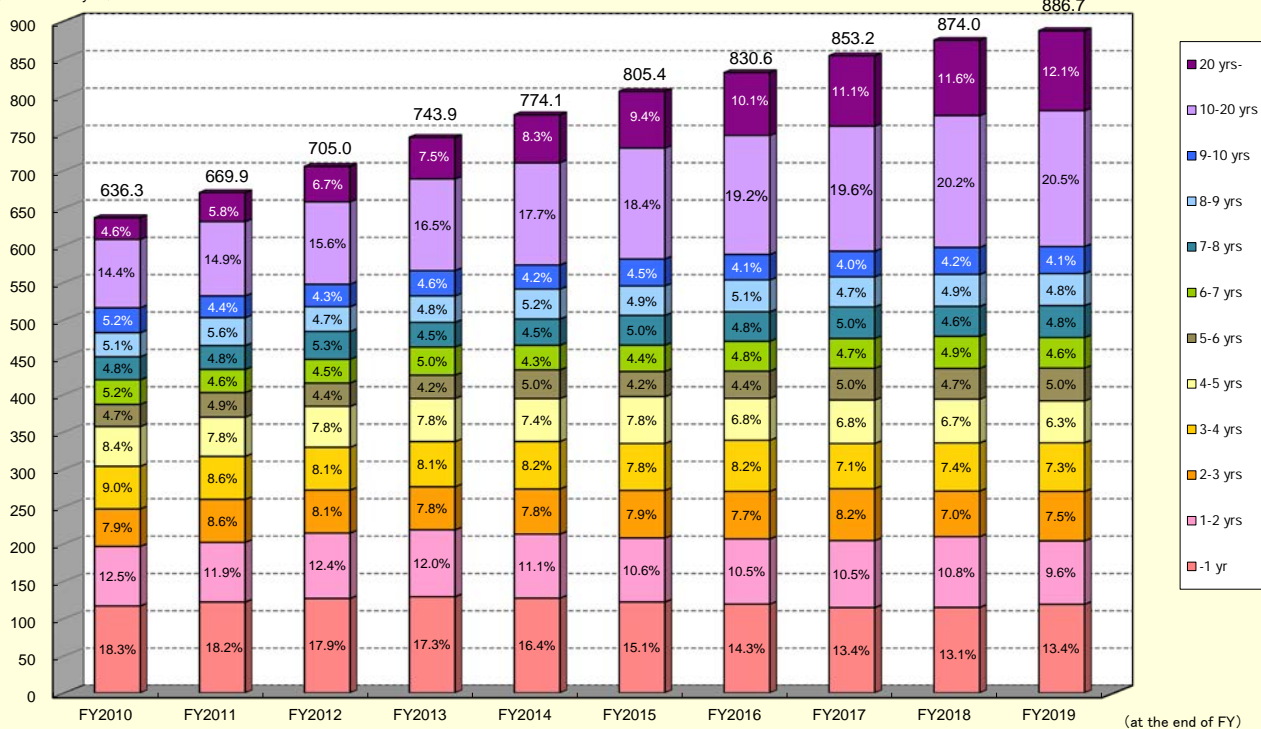
Note2: "Banks, etc." includes "Japan Post Bank," "Securities investment trust" and "Securities companies."

Note3: "Life and Non-life insurance, etc." includes "Japan Post Insurance."

Source: Bank of Japan "Flow of Funds Accounts (Preliminary Figures)"

Breakdown of Outstanding Amount of General Bonds by Remaining Years to Maturity

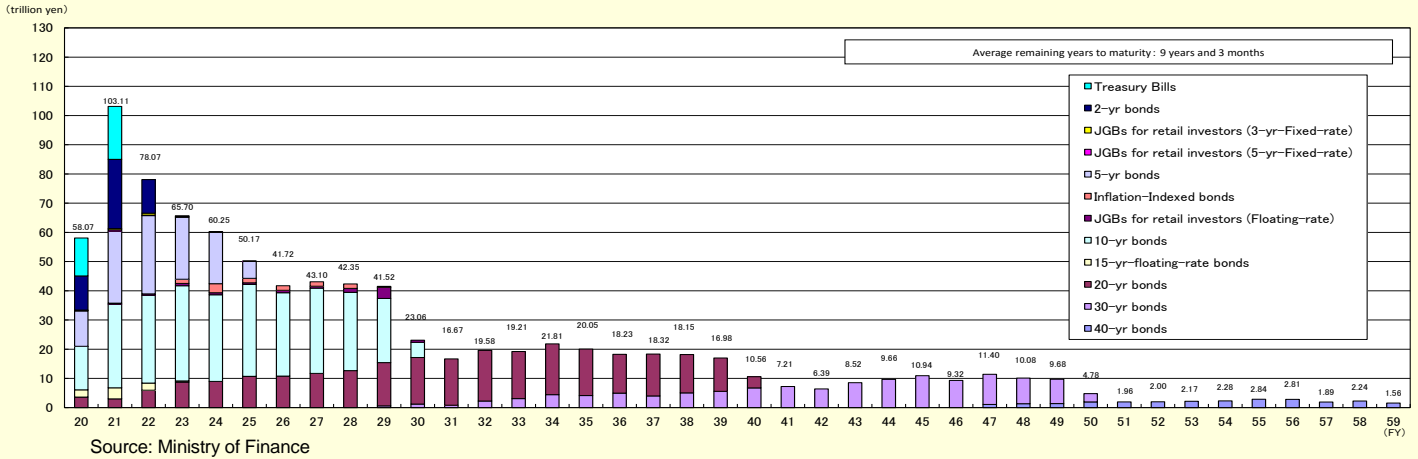
(Unit: trillion yen)



Average YTM	6Y8M	7Y0M	7Y3M	7Y7M	8Y0M	8Y5M	8Y7M	8Y10M	9Y0M	9Y2M
Average YTM* (excluding saving bonds)	6Y10M	7Y1M	7Y5M	7Y8M	8Y0M	8Y5M	8Y8M	8Y11M	9Y1M	9Y2M

*years to maturity

Time-to-Maturity Structure of Outstanding JGB (Sept 2020)



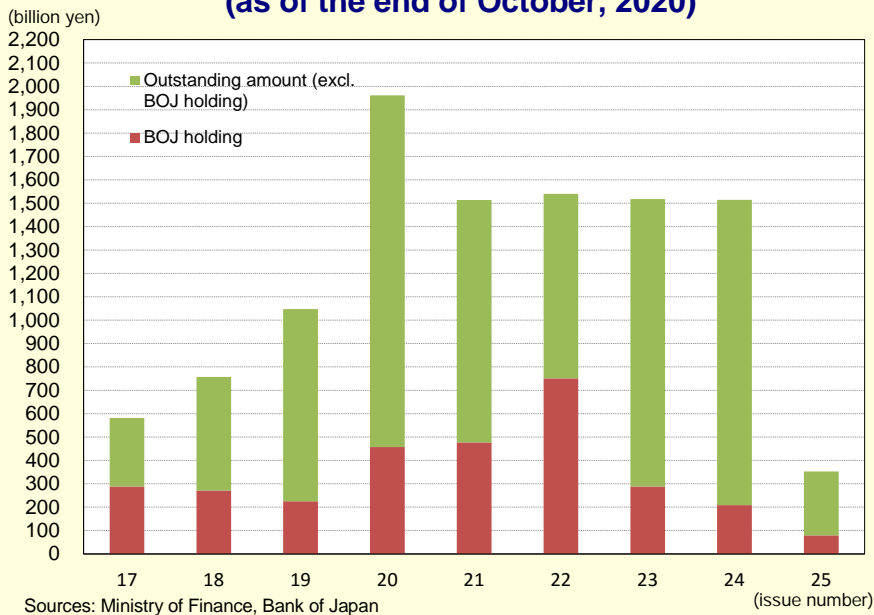
Scheduled redemption of JGB at maturity in December, 2020

(billion yen)

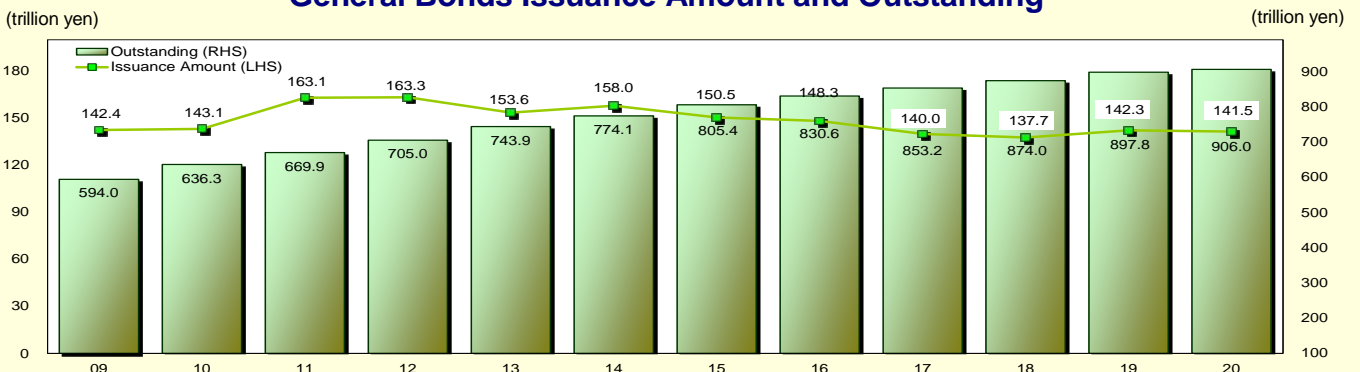
Types	The amount of redemption at maturity	Scheduled redemption date
20-Year Bonds	1,761.2	December 21
10-Year Bonds	8,100.3	December 20
5-Year Bonds	7,832.5	December 20
2-Year Bonds	2,398.7	December 1
Treasury Bills	3,997.4	December 21
Total	24,090.1	

Note.1: The figures are based on the outstanding JGBs at the end of October, 2020
 Note.2: The figures are the scheduled redemption at maturity and may be different from the actual redemption due to Buy-back of JGBs.
 Note.3: The figures do not include "JGB for Retail Investors."
 Note.4: If the redemption date coincides with bank holiday, the payment of redemption is carried out on the following business day.
 Note.5: Figures may not sum up to total because of rounding.

Market-held Balance of the Inflation-Indexed Bonds (as of the end of October, 2020)



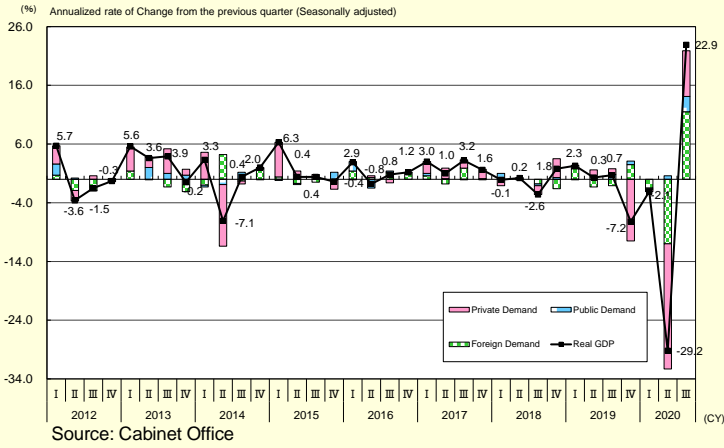
General Bonds Issuance Amount and Outstanding



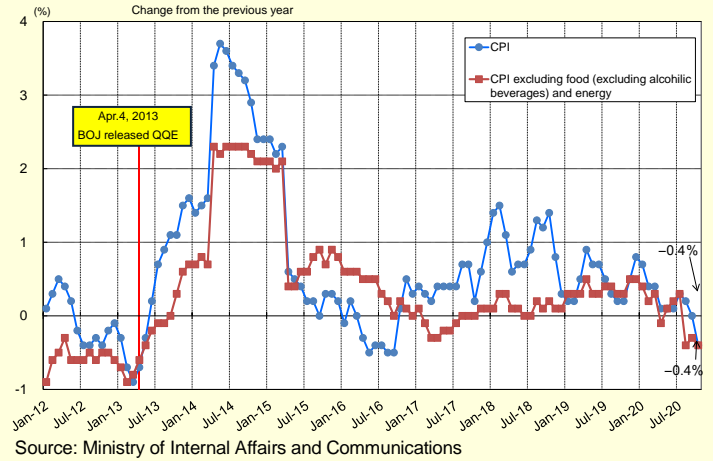
Note 1: Issuance Amount: revenue basis, FY2009-2018: Actual, FY2019: Supplementary budget, FY2020: Initial budget
 Note 2: Outstanding: nominal basis, FY2009-2018: Actual, FY2019: Supplementary budget, FY2020: Initial budget
 Source: Ministry of Finance

Economic and Financial Trends

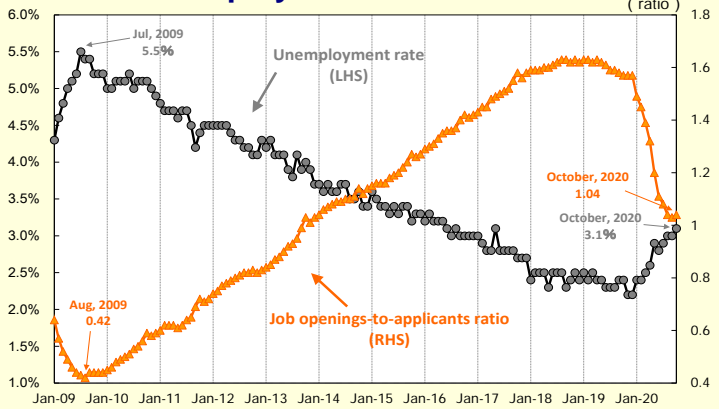
Real GDP Growth Rate



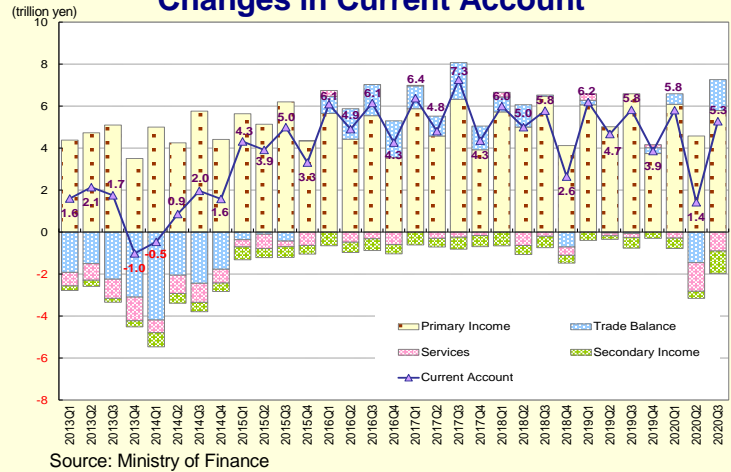
Prices



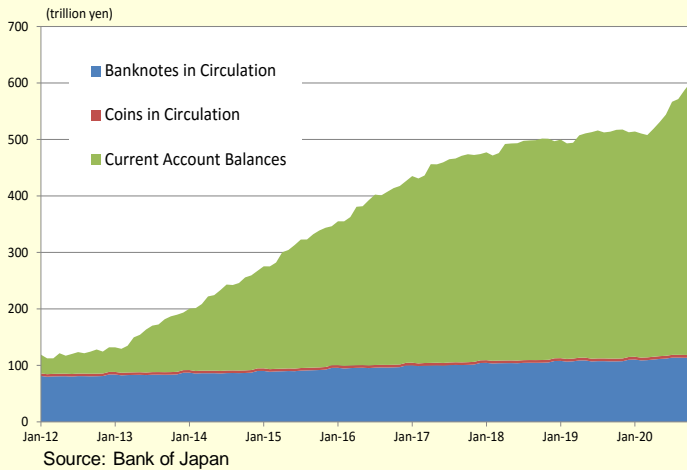
Employment Conditions



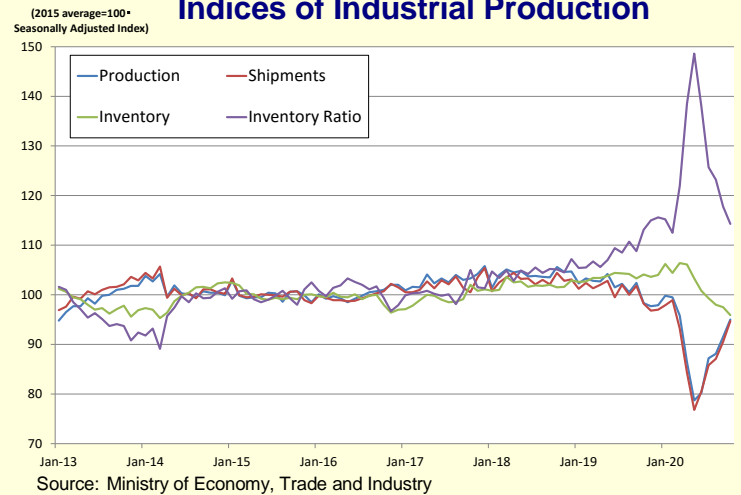
Changes in Current Account



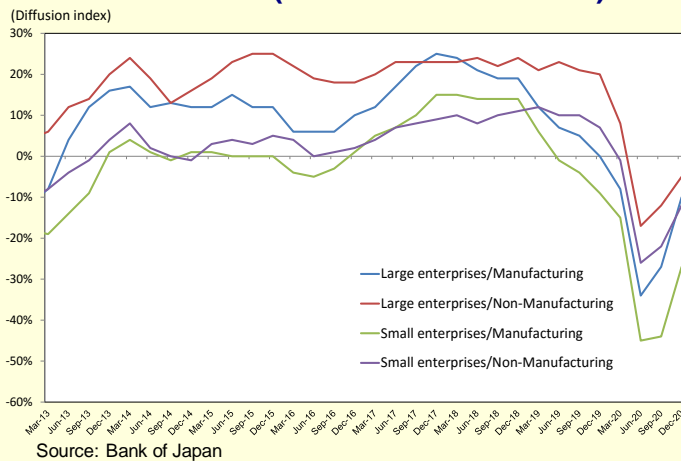
Monetary Base



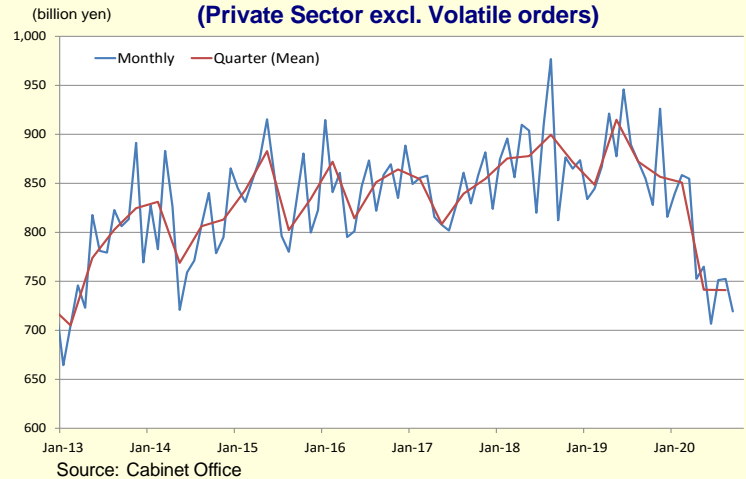
Indices of Industrial Production



TANKAN (Business Conditions)



Total Value of Machinery Orders (Private Sector excl. Volatile orders)



English Publications on JGBs	Frequency	URL
Debt Management		
Message from the Financial Bureau	As needed	https://www.mof.go.jp/english/jqbs/debt_management/message.htm
About JGBs	As needed	https://www.mof.go.jp/english/jqbs/debt_management/guide.htm
About the Debt Management Policy	As needed	https://www.mof.go.jp/english/jqbs/debt_management/about.htm
JGB Issuance Plan	As needed	https://www.mof.go.jp/english/jqbs/debt_management/plan/index.htm
Auction Calendar		
Auction Calendar	Monthly	https://www.mof.go.jp/english/jqbs/auction/calendar/index.htm
Historical Data of Auction Results	Monthly	https://www.mof.go.jp/english/jqbs/auction/past_auction_results/index.html
Topics		
Product Characteristics of the JGB	As needed	https://www.mof.go.jp/english/jqbs/topics/bond/index.html
Treasury Discount Bills (T-Bills)	As needed	https://www.mof.go.jp/english/jqbs/topics/t_bill/index.htm
Japanese Government Guaranteed Bonds	Annual	https://www.mof.go.jp/english/jqbs/topics/gov_quaranteed_bonds/index.htm
Interest Rate Swap	Semiannual	https://www.mof.go.jp/english/jqbs/topics/swap/index.htm
Taxation of Government Bonds	As needed	https://www.mof.go.jp/english/jqbs/topics/taxation2016/index.html
For Individual Investors	As needed	https://www.mof.go.jp/english/jqbs/topics/individual/index.htm
Data		
Central Government Debt	Quarterly	https://www.mof.go.jp/english/jqbs/reference/qbb/index.htm
Interest Rate	Daily	https://www.mof.go.jp/english/jqbs/reference/interest_rate/index.htm
STRIPS	Monthly	https://www.mof.go.jp/english/jqbs/reference/jqbstat/index.htm
Dialogue with the market		
Advisory Councils on Government Debt Management	Each Meeting	https://www.mof.go.jp/english/about_mof/councils/gov_debt_management/index.html
Meeting of JGB Market Special Participants	Each Meeting	https://www.mof.go.jp/english/about_mof/councils/jqbsp/index.html
Meeting of JGB Investors	Each Meeting	https://www.mof.go.jp/english/about_mof/councils/jgb_investor/index.html
Publications		
Debt Management Report	Annual	https://www.mof.go.jp/english/jqbs/publication/debt_management_report/index.htm
JGB Newsletter	Monthly	https://www.mof.go.jp/english/jqbs/publication/newsletter/index.htm

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please email: JGB-IR@mof.go.jp

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Web: <https://www.mof.go.jp/>