

# JAPANESE GOVERNMENT BONDS

Monthly Newsletter of the Ministry of Finance, Japan

January 2021

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.

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- ✓ The MOF formulated the JGB Issuance Plans for FY2021 on December 21, 2020.

### **What's New: The 92<sup>nd</sup> Meeting of JGB Market Special Participants** p. 4

- ✓ The MOF decided the "Issuance of the Inflation-Indexed Bonds in January-March 2021" and "Issuance Amounts for Liquidity Enhancement Auctions in January-March 2021" following the discussions at the 92<sup>nd</sup> Meeting of JGB Market Special Participants.

### **What's New: Tax reforms for cross-border Government Bond transaction** p. 5

- ✓ The Cabinet approved the Outline of the FY2021 Tax Reform Proposals on December 21, 2020.

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- ✓ Kokusai Sensei explains the recent trend on JGB and T-Bill holdings by foreign investors.

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- ✓ On December 21, the BOJ released the Flow of Funds Accounts of the 3<sup>rd</sup> Quarter 2020.

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- ✓ From late November to the beginning of December, we had virtual meetings with foreign investors in North American and European countries.

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**The Ministry of Finance**

[www.mof.go.jp](http://www.mof.go.jp)

## JGB Issuance Plan for FY2021

The Ministry of Finance formulated the JGB Issuance Plan for FY2021 on December 21, 2020.

### <Highlights of FY2021 JGB Issuance Plan>

- The amount of short-term bonds will be increased with the additional JGB issuance based on the first and second supplementary budget for FY2020, then the short-term bonds will be redeemed in FY2021. While the amount of Refunding Bonds will be greatly increased, Newly-issued Bonds will be decreased. As a result, the total JGB issuance amount for FY2021 will be decreased by 27.1 trillion yen.
- We try to limit the issuance amount of Market issuance by periodic auctions, to reduce the issuance of short-term bonds that will increase of Refunding Bonds in FY2022, and to reflect the market needs,
  - Amount of JGBs planned to be issued through scheduled auctions will be decreased by 3.8 trillion yen in total from the annualized issuance amount (※) after the revision in FY2020.
  - For planned issuance amounts by maturity types in FY2021, amounts in the 6-month zone will be decreased by 4.4 trillion yen, while amounts in the 40-year zone will be increased by 0.6 trillion yen based on the market needs.

(※) The annualized issuance amount is the annual issuance amount assuming that amounts for each auction will be unchanged from the issuance amount revised on July 2020 (225.2 trillion yen), which is 12.9 trillion yen larger than the total issuance amount in FY2020 (based on third supplementary budget)(212.3 trillion yen).

#### <Breakdown by Legal Grounds>

	(billion yen)				
	FY2020(Initial)	FY2020 (3rd Supplementary Budget)	FY2021(Initial)		
	(a)	(b)	(c)	(c) - (a)	(c) - (b)
Newly-issued Bonds	32,556.2	112,553.9	43,597.0	11,040.8	▲ 68,956.9
Construction Bonds	7,110.0	22,596.0	6,341.0	▲ 769.0	▲ 16,255.0
Special Deficit-Financing Bonds	25,446.2	89,957.9	37,256.0	11,809.8	▲ 52,701.9
Reconstruction Bonds	924.1	782.4	218.3	▲ 705.8	▲ 564.1
FILP Bonds	12,000.0	40,700.0	45,000.0	33,000.0	4,300.0
Refunding Bonds	107,981.8	109,029.2	147,192.9	39,211.1	38,163.8
For matured Reconstruction Bonds	1,693.2	2,725.4	2,871.0	1,177.8	145.5
<b>Total</b>	<b>153,462.1</b>	<b>263,065.5</b>	<b>236,008.2</b>	<b>82,546.1</b>	<b>▲ 27,057.3</b>

#### <Breakdown by Financing Methods>

	(billion yen)				
	FY2020(Initial)	FY2020 (3rd Supplementary Budget)	FY2021(Initial)		
	(a)	(b)	(c)	(c) - (a)	(c) - (b)
JGB Market Issuance (Calendar Base)	128,800.0	212,300.0	221,400.0	92,600.0	9,100.0
Non-Price Competitive Auction II, etc.	7,988.4	7,738.0	8,230.0	241.6	492.0
Adjustment between fiscal years	9,673.7	37,627.5	78.2	▲ 9,595.5	▲ 37,549.3
<b>Subtotal Financed in the Market</b>	<b>146,462.1</b>	<b>257,665.5</b>	<b>229,708.2</b>	<b>83,246.1</b>	<b>▲ 27,957.3</b>
Sales for Households	4,800.0	3,200.0	4,100.0	▲ 700.0	900.0
BOJ Rollover	2,200.0	2,200.0	2,200.0	—	—
<b>Total</b>	<b>153,462.1</b>	<b>263,065.5</b>	<b>236,008.2</b>	<b>82,546.1</b>	<b>▲ 27,057.3</b>

- Buy-back program in FY2021 is planned to be implemented based on market conditions and through discussions with market participants.
- The maximum amount of front-loading issuance of Refunding Bonds in FY2021 is 20 trillion yen.

(Note 1) Figures may not sum up to the total because of rounding.

(Note 2) "JGB Market Issuance (Calendar Base)" refers to JGBs issued at face value by scheduled auctions from April to next March (normal auctions).

(Note 3) Non-price competitive auction II is an additional issuance for JGB Market Special Participants after the normal auction (the amount assignable to each Market Special Participant does not exceed 10% of the amount awarded to it in the normal auction), and the price for the additional issuance is equal to the weighted average accepted price in the normal auction.

The amount of the non-price competitive auction II of the Initial Plan for FY2021 is calculated by multiplying the amount of "JGB Market Issuance (Calendar Base)" (40-Year, 30-Year, 20-Year, 10-Year, 5-Year and 2-Year Bonds) by 5.5% (the amount reflects the impact of reduction in the maximum issuance amount).

"Non-Price Competitive Auction II, etc." includes estimated gap between the amount of the Calendar Base (of the bonds listed above) at face value and actual revenues of the auctions, in addition to the issuance amount of Non-Price Competitive Auction II.

(Note 4) "Adjustment between fiscal years" refers to leveling-off of the issuance amount between fiscal years through front-loading issuance and deferred issuance in the accounting adjustment term.

<Market Issuance Plan by JGB Types>

(trillion yen)

	FY2020(Initial)		FY2020(3rd Supplementary Budget)		FY2021(Initial)			
	(per time)	(total ; a)	(per time)	(total ; b)	(per time)	(total ; c)	(c)-(a)	(c)-(b)
40-Year	0.5 × 6 times	3.0	0.5 × 6 times	3.0	0.6 × 6 times	3.6	0.6	0.6
30-Year	0.7 × 12 times	8.4	0.7 × 3 times 0.9 × 9 times	10.2	0.9 × 12 times	10.8	2.4	0.6
20-Year	0.9 × 12 times	10.8	0.9 × 3 times 1.2 × 9 times	13.5	1.2 × 12 times	14.4	3.6	0.9
10-Year	2.1 × 12 times	25.2	2.1 × 3 times 2.6 × 9 times	29.7	2.6 × 12 times	31.2	6.0	1.5
5-Year	1.9 × 12 times	22.8	1.9 × 3 times 2.5 × 9 times	28.2	2.5 × 12 times	30.0	7.2	1.8
2-Year	2.0 × 12 times	24.0	2.0 × 3 times 3.0 × 9 times	33.0	3.0 × 12 times	36.0	12.0	3.0
TBs		21.6		82.5		83.2	61.6	0.7
10-Year Inflation-indexed	0.4 × 4 times	1.6	0.2 × 4 times	0.8	0.2 × 4 times	0.8	▲ 0.8	—
Liquidity enhancement auction		11.4		11.4		11.4	—	—
<b>Total</b>		<b>128.8</b>		<b>212.3</b>		<b>221.4</b>	<b>92.6</b>	<b>9.1</b>

Fig.1 Issuance Amounts for TBs

	FY2020 (Initial) (a)		FY2020 (3rd Supplementary Budget) (b)		FY2021 (Initial) (c)	
	(per time)	(total)	(per time)	(total)	(per time)	(total)
TBs (1-Year)	1.8 × 12 times	21.6	1.8 × 3 times 3.5 × 9 times	36.9	3.5 × 12 times	42.0
TBs (6-Month)	—	—	—	45.6	—	41.2
					(c)-(a)	(c)-(b)
					20.4	5.1
					41.2	▲ 4.4

Fig.2 Issuance Amounts by Zones for Liquidity Enhancement Auctions

	FY2020 (Initial) (a)		FY2020 (3rd Supplementary Budget) (b)		FY2021 (Initial) (c)	
	(per time)	(total)	(per time)	(total)	(per time)	(total)
15.5-30 Year	3.0	3.0	3.0	3.0	3.0	—
5-15.5 Year	6.0	6.0	6.0	6.0	6.0	—
1-5 Year	2.4	2.4	2.4	2.4	2.4	—

- (Note 1) The issuance amount of the fiscal year can be changed based on discussions with market participants in response to market circumstances and issuance conditions.  
 (Note 2) The 40-Year bond will be issued in May, July, September, November, January and March.  
 (Note 3) Treasury Bills (TBs) are jointly issued with Financing Bills (FBs), under unified names of Treasury Discount Bills (T-Bills). The maturity of TBs, its issuance amount, and the number of auctions may be adjusted in a flexible manner in response to market circumstances and demands of investors, while the maturity and the issuance amount on the table (Figure 1) are set as a basic plan.  
 (Note 4) The 10-Year inflation-indexed bond is planned to be issued in May, August, November and February. The issuance amount may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants.  
 (Note 5) The issuance amount of liquidity enhancement auction and its allocation among each zone may be adjusted in a flexible manner in response to market circumstances and demands of investors, which will be determined based on discussions with market participants, while the issuance amount and zones on the table (Figure2) are set as a basic plan.  
 (Note 6) The floor of the nominal rate on coupon-bearing JGBs is planned to lower (0.1%—0.005%) from April 2021.

For more details, please refer to the following link.

[https://www.mof.go.jp/english/jgbs/debt\\_management/plan/201221.html](https://www.mof.go.jp/english/jgbs/debt_management/plan/201221.html)

**Inflation-Indexed Bond and Liquidity Enhancement Auctions**  
**(January-March quarter 2021)**

The MOF decided the “Issuance of the Inflation-Indexed Bonds in January-March 2021” and “Issuance Amounts for Liquidity Enhancement Auctions in January-March 2021” following the discussions at the 92<sup>nd</sup> Meeting of JGB Market Special Participants, which was held on December 11, 2020. The meeting also discussed the JGB Issuance Plan for FY2021, the latest JGB market situation and the future outlook.

**<Issuance of the Inflation-Indexed Bonds in January-March 2021>**

- ✓ Issuance amount in February 2021: Approximately 200 billion yen.
- ✓ The auction schedule of the Buy-Back Program of Inflation-Indexed Bonds in the January-March quarter 2021 was determined as below:

Auction Month	Auction Amount
January 2021	Buy-Back: Approximately 50 billion yen
February 2021	Issuance: Approximately 200 billion yen Buy-Back: Approximately 50 billion yen
March 2021	Buy-Back: Approximately 50 billion yen

(Note1) The Buy-back will be conducted once a month.

(Note2) Issues eligible for the Buy-Back will be those with issue numbers 17 to 25.

(Note3) The Ministry of Finance reserves the right not to accept a part or all of bids for Buy-Back.

(Note4) The plan could be changed owing to market conditions and others.

(Source) MOF [https://www.mof.go.jp/english/jgbs/topics/press\\_release/20201218-02e.htm](https://www.mof.go.jp/english/jgbs/topics/press_release/20201218-02e.htm)

**<Issuance Amounts for Liquidity Enhancement Auctions in January-March 2021>**

- ✓ The auction schedule for Liquidity Enhancement Auctions in the January-March quarter 2021 was determined as below:

	January 2021	February 2021	March 2021
(1) Issues with remaining maturities of 1-5 years	Approximately 400 billion yen	-	Approximately 400 billion yen
(2) Issues with remaining maturities of 5-15.5 years	Approximately 500 billion yen	Approximately 500 billion yen	Approximately 500 billion yen
(3) Issues with remaining maturities of 15.5-39 years	-	Approximately 500 billion yen	-

(Note1) Remaining maturities are calculated as of December 31st except for 2-year JGBs.

(Note2) Eligible issues for 2-year JGBs in (1)zone will be those with remaining maturities of more than one year as of December 31st 2020 for January auction and as of February 28th 2021 for March auction, including the issues to be newly issued in the auction months.

(Note3) The plan could be changed owing to market conditions and others.

(Source) MOF [https://www.mof.go.jp/english/jgbs/topics/press\\_release/20201218-01e.htm](https://www.mof.go.jp/english/jgbs/topics/press_release/20201218-01e.htm)

**The League Table of JGB Market Special Participants (PDs)**

The MOF released quarterly update on the top 10 PDs for successful bids in the JGB auctions.

**Top 10 PDs for Successful Bids in Auctions (Weighted by Duration) (July - Dec. 2020)**

<b>1</b>	<b>Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</b>	4	JPMorgan Securities Japan Co., Ltd.
		5	Nomura Securities Co., Ltd.
<b>2</b>	<b>Daiwa Securities Co. Ltd.</b>	6	Goldman Sachs Japan Co., Ltd.
		7	SMBC Nikko Securities Inc.
		8	Deutsche Securities Inc.
<b>3</b>	<b>Mizuho Securities Co., Ltd.</b>	9	Morgan Stanley MUFG Securities Co., Ltd.
		10	Citigroup Global Markets Japan Inc.

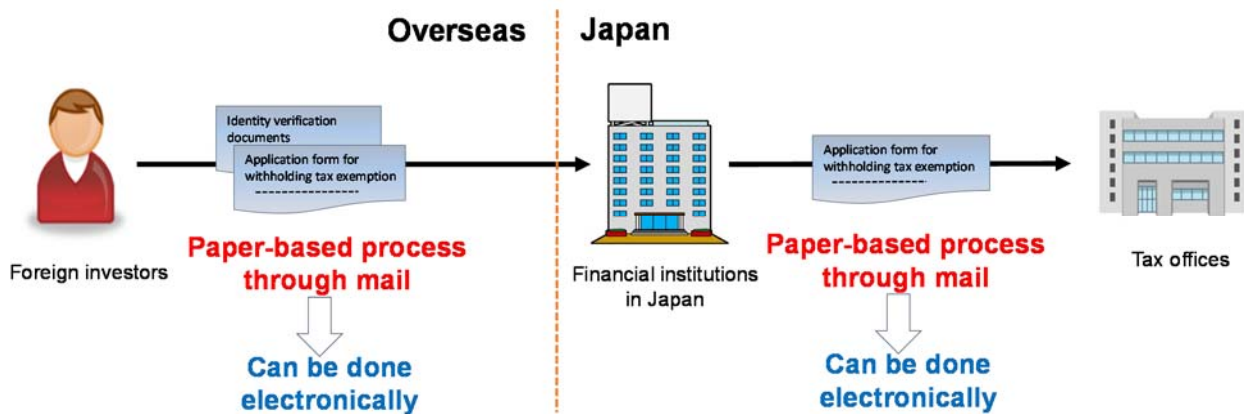
## Tax reforms for cross-border Government Bond transaction

The Cabinet approved the Outline of the FY2021 Tax Reform Proposals on December 21, 2020. Here are the key points on the tax exemption procedure with regard to government bond transactions by foreign investors.

### (1) Digitalization of the tax exemption procedure on the interests, etc. from Japanese Government Bonds, etc.

According to the Cabinet decision, it will be permitted to submit the application forms for tax exemption, etc. electronically, which the foreign investors submit to the tax office through financial institutions in Japan.

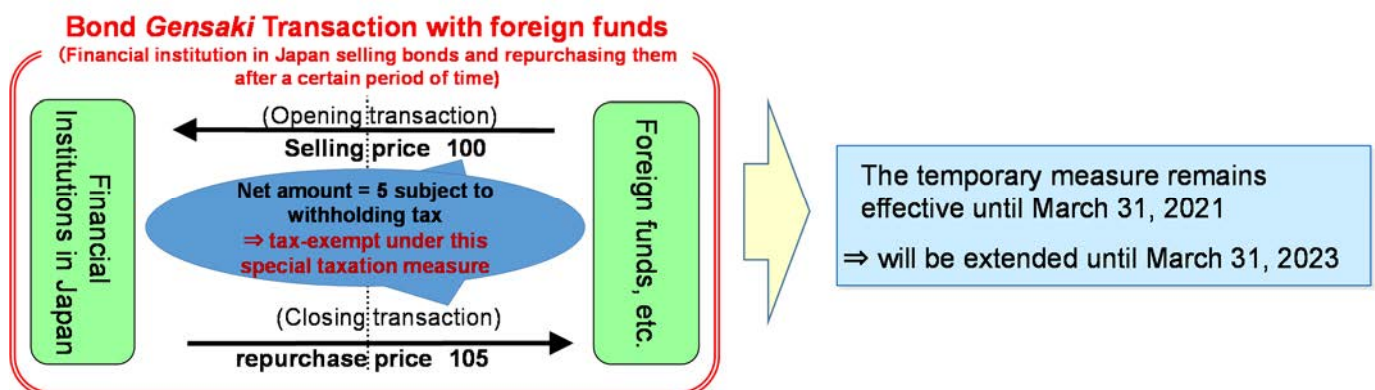
The specific method of digitalization and the enforcement date will be decided by the following tax law amendments.



### (2) 2-year extension of the applicable period of tax exemption for cross-border Bond Gensaki Transactions by foreign funds.

Interest income that foreign financial institutions, etc. receive from financial institutions in Japan through their Bond *Gensaki* Transactions has been permanently tax exempt. Meanwhile, such tax exemption measures on the interest income that foreign funds receive from financial institutions in Japan through their Bond *Gensaki* Transactions is currently a temporary measure, which remains effective until March 31, 2021. According to the Cabinet decision, this application deadline will be extended until March 31, 2023.

The Application Form for Withholding Tax Exemption with regard to Special Treatment of Non-Taxation on Interest income from Specified Bond *Gensaki* Transactions, etc. can also be submitted electronically.



# Q&A: JGB holdings by foreign investors



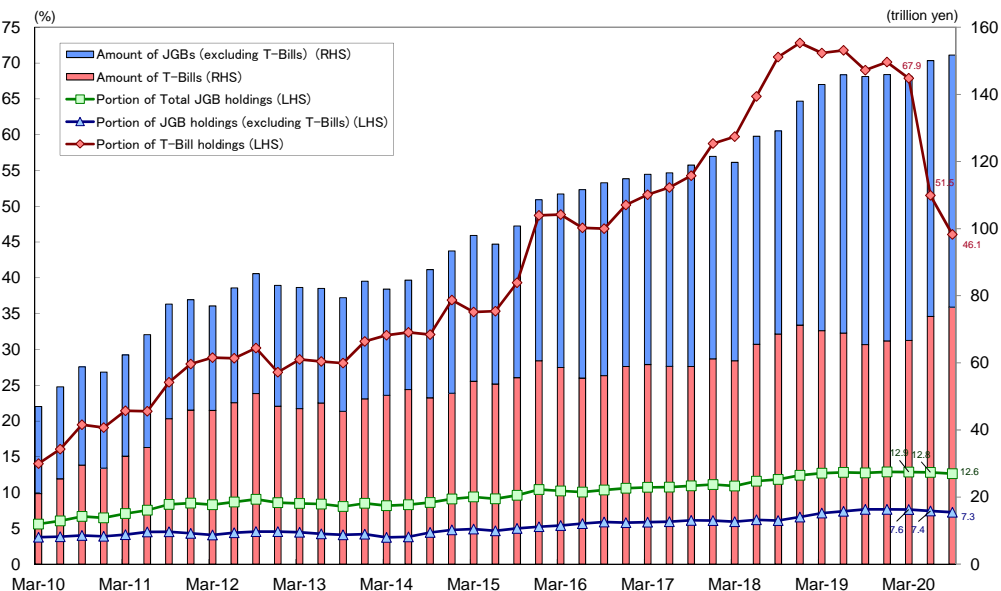
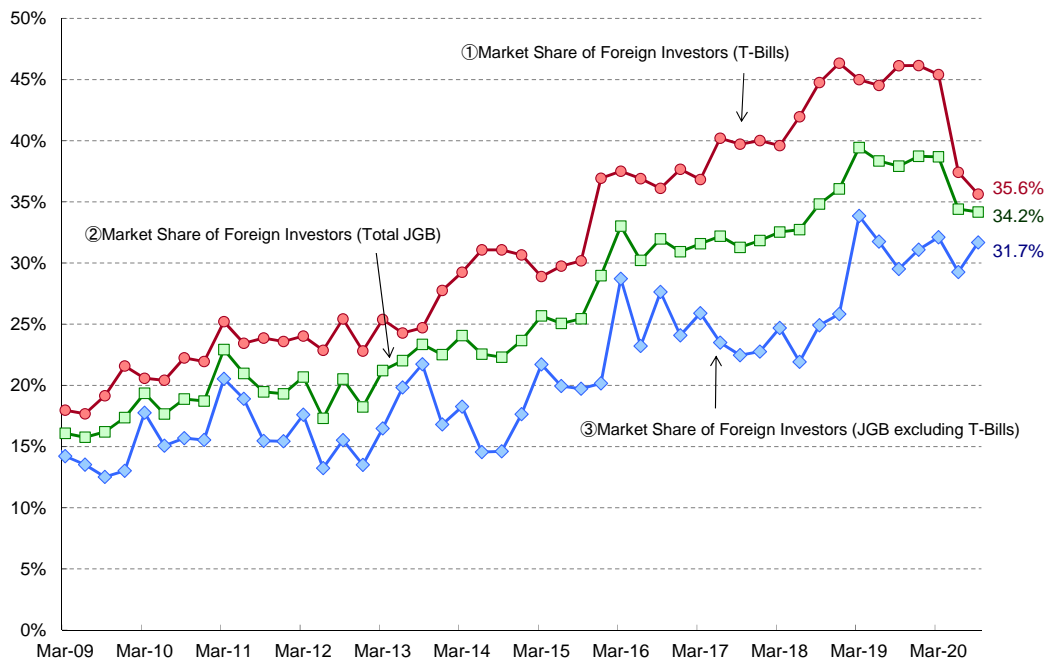
Today, I would like to touch on JGB and T-Bill holdings by foreign investors, as we have received questions on this topic from various investors so far.

Kokusai Sensei

## Q. What is the recent trend on JGB and T-Bill holdings by foreign investors?

A. At the end of September 2020, foreign investors' share of OTC transactions for JGBs (excluding T-Bills) was 31.7%, a relatively high presence. However, their share of outstanding JGB holdings remained at a low level of 7.3%.

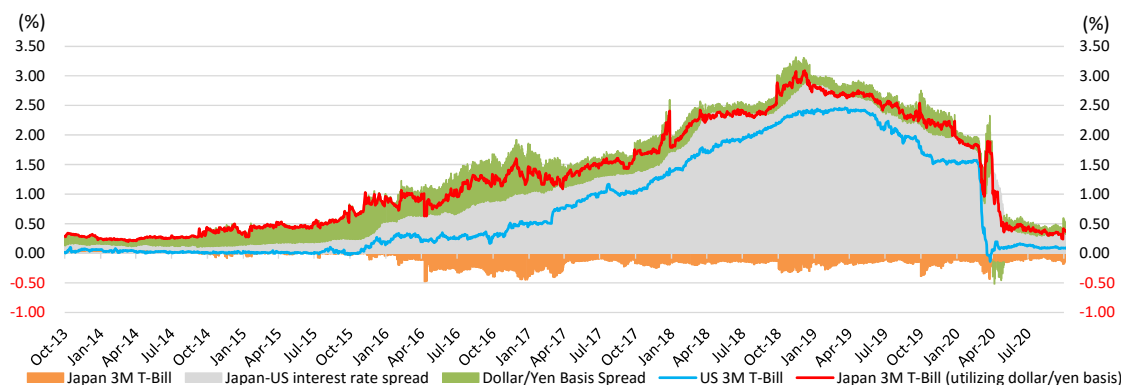
Meanwhile, with regard to T-Bills, their share of OTC transactions was 35.6% and their share of outstanding holdings was 46.1%. Both of them are at high levels. Most recently, while their share of outstanding holdings has largely dropped (from 67.9% in March 2020 to 46.1% in September 2020) as a result of the sharp increase in the T-Bill issuance amount of the first and second supplementary budgets for FY2020, their holding amount of T-Bills still increased.



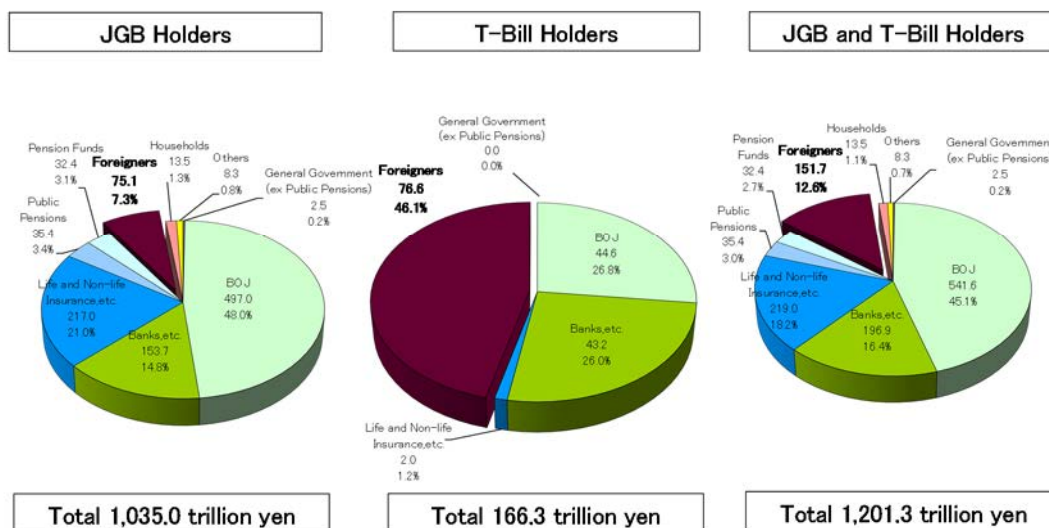


Although there should be several reasons for their large ownership of T-Bills and some reasons may not be true all the time, one of them, which makes JGB investment attractive to foreign investors, should be the level of the currency basis swap spread. For example, when the dollar-yen basis swap spread is negative, investors who exchange their dollar funds to yen will receive a premium in addition to the net floating interest payments in the swap transaction. Due to the COVID-19 pandemic, there was a period when the dollar-yen basis swap spread swung up and down widely. However, the return on JGB investment utilizing a dollar-yen basis swap remains higher than the return on U.S. Treasuries, especially for investment in Japanese T-Bills. Thus, JGBs are still considered to be an attractive investment product for the investors holding dollar funds.

With such a situation as stated above, foreign investors' presence in the JGB market remains high. Hence, as a debt management authority, we believe that continuing to provide accurate information related to Japan on a timely basis to foreign investors is important.



### Breakdown by JGB and T-Bill Holders (Sept. 2020, Preliminary Figures)



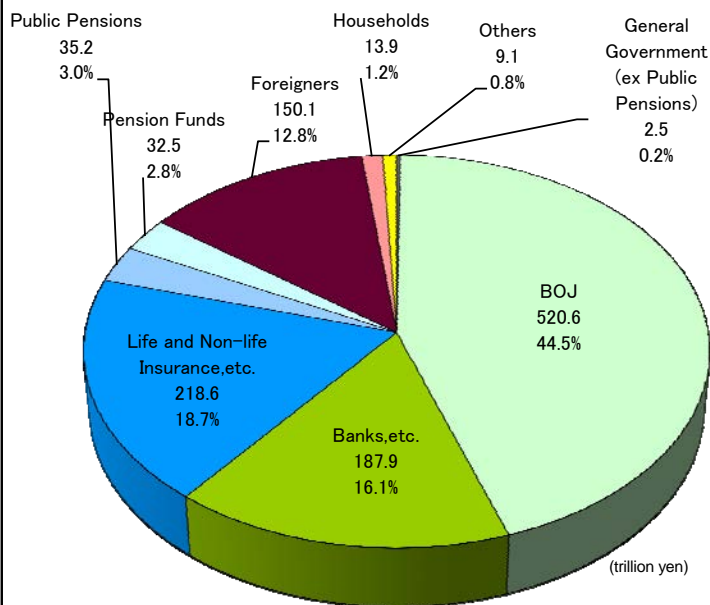
# Monthly Topic

## Breakdown by JGB (including T-Bills) Holders (end of September 2020)

On December 21, the Bank of Japan (BOJ) released the Flow of Funds Accounts of the 3<sup>rd</sup> Quarter 2020. The shares of JGB (including T-Bills, hereinafter referred to as “JGBs”) holders were updated as follows:

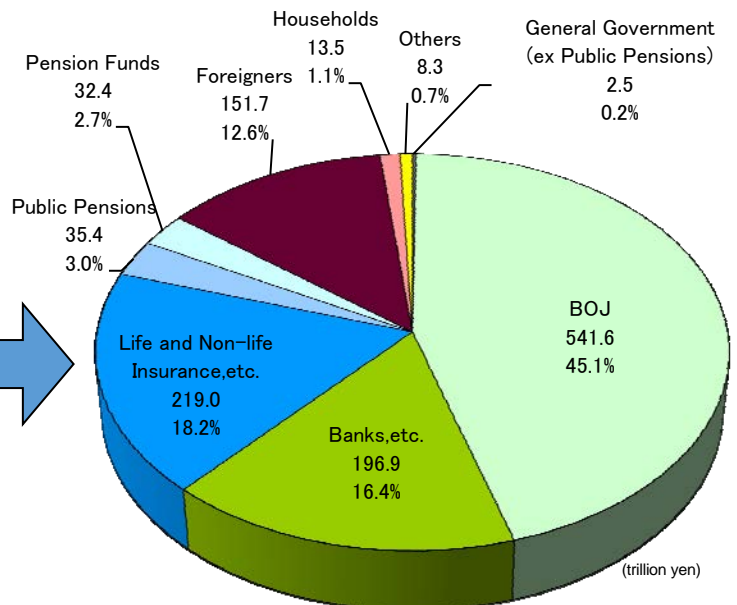
- The total amount of JGBs outstanding increased by 31.0 trillion yen to 1,201.3 trillion yen.
- The BOJ increased its holdings of JGBs by 21.0 trillion yen to 541.6 trillion yen.
- The amount of JGBs held by domestic banks in Q3 increased by 9.0 trillion yen to 196.9 trillion yen.
- The amount of JGBs held by foreign investors in Q3 increased by 1.6 trillion yen to 151.7 trillion yen.

**The end of June 2020**



Total ¥1,170.3 trillion

**The end of Sept. 2020  
(Preliminary Figures)**



Total ¥1,201.3 trillion

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

For more detailed data, please refer to the following link:  
BOJ Time Series Data Search: [https://www.stat-search.boj.or.jp/index\\_en.html](https://www.stat-search.boj.or.jp/index_en.html)



Happy new year! We wanted to say thank you for taking time with us last year. We are very grateful for your kindness.

Today, we would like to talk about our third virtual IR activities. We are glad that we had virtual meetings with foreign investors in North American and European countries from late November to the beginning of December. We met North American investors for the first time in 2020.



We exchanged views and perspectives on the Japanese government's responses to COVID-19, the recent economic situation in Japan, the Japanese fiscal condition, and our approach to debt management. We also had some questions about the JGB issuance plan for FY2021, which we were preparing at that time. (For more information, please return to previous pages.)

As one of the purposes of our IR activities is to promote dialogues with market participants, investors' straightforward comments and views are always welcomed. They contribute to mutual understanding of the Japanese markets and economy, and also, help us understand investors' attitudes toward JGBs and their real demands.

Unfortunately, the spread of COVID-19 infections has not subsided globally and in Japan as well the situation has remained difficult. So, we are going to continue our virtual IR activities. However, we do not think online IR can replace in-person meetings and we are still looking forward to meeting foreign investors in person when this pandemic is overcome.

# JGB Primary Market

## Auction Results (Bonds)

(Until 31 December 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)
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
12/1/2020	10-year	360	9/20/2030	0.1%	7,177.0	2,095.6	0.021%	0.019%	0.331	503.2	212.4
12/3/2020	30-year	68	9/20/2050	0.6%	2,531.1	725.9	0.650%	0.648%	-	173.4	71.4
12/8/2020	5-year	145	9/20/2025	0.1%	8,055.6	2,035.3	▲0.114%	▲0.118%	-	464.0	39.9
12/10/2020	20-year	174	9/20/2040	0.4%	2,936.4	975.1	0.372%	0.366%	-	224.5	0.0
12/24/2020	2-year	420	1/1/2023	0.1%	10,709.7	2,562.4	▲0.127%	▲0.129%	-	436.8	41.8

## Auction Results (Treasury Discount Bills)

(Until 31 December 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)
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
12/4/2020	3-month	956	3/15/2021	16,341.05	6,133.45	▲0.0837%	▲0.0889%	1,416.50
12/9/2020	6-month	957	6/10/2021	11,235.90	3,108.68	▲0.0861%	▲0.0882%	691.30
12/11/2020	3-month	958	3/22/2021	18,206.10	5,936.14	▲0.0837%	▲0.0867%	1,363.80
12/15/2020	6-month	959	6/16/2021	12,928.90	3,105.97	▲0.0902%	▲0.0922%	694.00
12/16/2020	1-year	960	12/20/2021	11,685.10	2,850.98	▲0.1081%	▲0.1101%	649.00
12/17/2020	3-month	961	3/29/2021	15,765.22	5,931.54	▲0.0893%	▲0.0942%	1,368.40

## Auction Calendar for Jan. 2021 – Mar. 2021

Auction Date	Issue	Auction Date	Issue	Auction Date	Issue	Auction Date	Issue
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)	3/11(Thu)	20-year
1/6(Wed)	10-year	1/26(Tue)	40-year	2/18(Thu)	20-year	3/12(Fri)	T-Bills (3-month)
1/7(Thu)	T-Bills (6-month)	1/28(Thu)	2-year	2/19(Fri)	T-Bills (3-month)	3/16(Tue)	Liquidity Enhancement Auction (remaining maturities of 5-15.5 years)
1/8(Fri)	T-Bills (3-month)	1/29(Fri)	T-Bills (3-month)	2/24(Wed)	T-Bills (6-month)	3/17(Wed)	T-Bills (1-year)
1/8(Fri)	30-year	2/2(Tue)	10-year	2/24(Wed)	Liquidity Enhancement Auction (remaining maturities of 5-15.5 years)	3/18(Thu)	T-Bills (3-month)
1/13(Wed)	5-year	2/4(Thu)	30-year	2/26(Fri)	T-Bills (3-month)	3/23(Tue)	Liquidity Enhancement Auction (remaining maturities of 1-5 years)
1/15(Fri)	T-Bills (3-month)	2/5(Fri)	T-Bills (3-month)	2/26(Fri)	2-year	3/24(Wed)	T-Bills (6-month)
1/15(Fri)	Liquidity Enhancement Auction (remaining maturities of 5-15.5 years)	2/8(Mon)	10-year Inflation-Indexed Bonds	3/2(Tue)	10-year	3/25(Thu)	40-year
1/19(Tue)	T-Bills (1-year)	2/9(Tue)	T-Bills (6-month)	3/4(Thu)	30-year	3/26(Fri)	T-Bills (3-month)
1/19(Tue)	20-year	2/10(Wed)	Liquidity Enhancement Auction (remaining maturities of 15.5-39 years)	3/5(Fri)	T-Bills (3-month)	3/30(Tue)	2-year
1/20(Wed)	T-Bills (6-month)	2/12(Fri)	T-Bills (3-month)	3/9(Tue)	T-Bills (6-month)		
1/22(Fri)	T-Bills (3-month)	2/16(Tue)	5-year	3/9(Tue)	5-year		

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 (Weighted by Duration) (July 2020~Dec. 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	JPMorgan Securities Japan Co., Ltd.	9	Morgan Stanley MUFG Securities Co., Ltd.
5	Nomura Securities Co., Ltd.	10	Citigroup Global Markets Japan Inc.

### 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	BofA Securities Japan Co., Ltd.
5	Nomura Securities Co., Ltd.

# Liquidity Enhancement Auctions and JGB Buy-Back

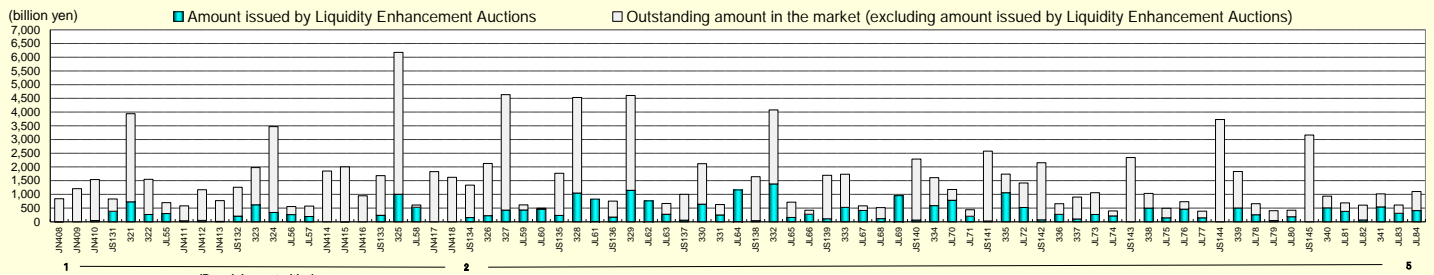
## Results of Liquidity Enhancement Auctions

(Until 31 December 2020)

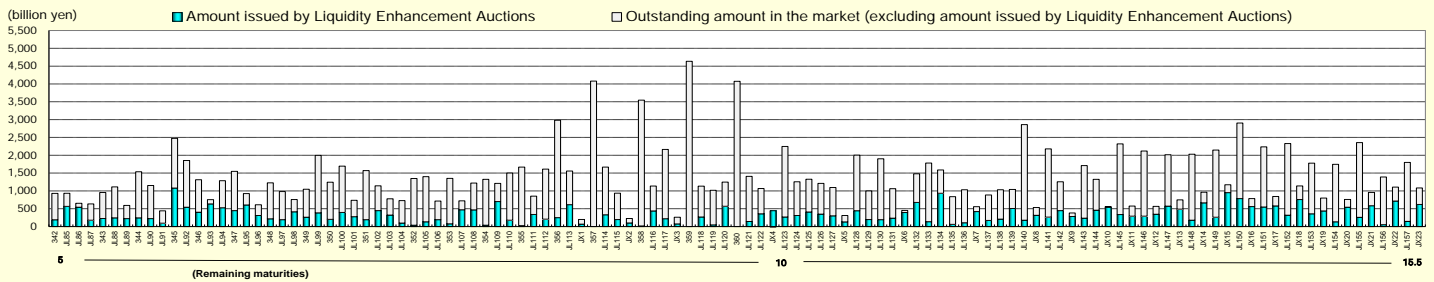
Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread	Highest Accepted Spread	Issues Re-opened
10/13/2020	1,161.4	498.4	▲0.002%	0.000%	20-year(157,162,165,171,172,173) 30-year(23,34,35,36,37,39,62,63,66) 40-year(1,2,5,8,9,11,12)
10/15/2020	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)
12/15/2020	1,957.4	498.0	▲0.008%	▲0.007%	10-year(341,342,345,347) 20-year(83,85,122,125,126,127,128,129,130,131,132,133,134,136,137,142,143,148,149,150,151,154,156) 30-year(14,20)
12/22/2020	1,313.6	498.2	▲0.002%	0.000%	20-year(160,161,162,163,164) 30-year(27,29,30,32,33,34,35,36,37,39,45,46,48,50,52,53,54,55,58,66,67) 40-year(1,2,3,4,7,8,9,12)

## Target Zones of Liquidity Enhancement Auctions for the Fourth Quarter of FY 2020

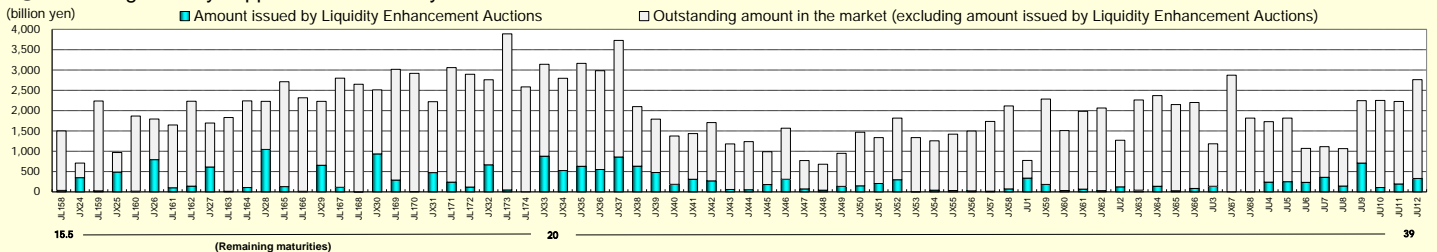
① Remaining maturity : approx. 1 - ~5 - year



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. JL shows 20 - year JGBs. JX shows 30 - year JGBs. JU shows 40 - year JGBs. Outstanding amount is as of the end of November 2020.  
Note2 : All issues in the graph above will be eligible afterward.

## 10-year Inflation-Indexed

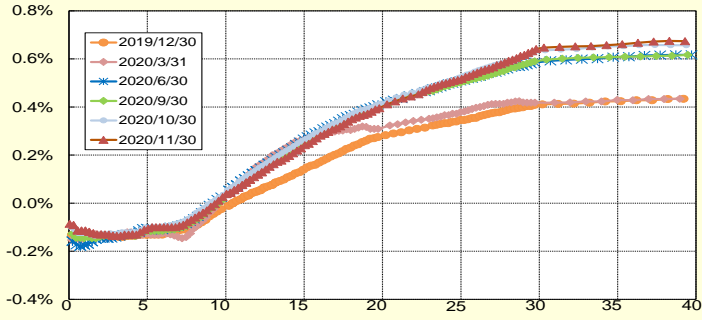
## Buy-Back Results

(Until 31 December 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
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
12/4/2020	176.7	50.1	0.019	0.14	18, 19, 20, 21, 22, 23, 24, 25

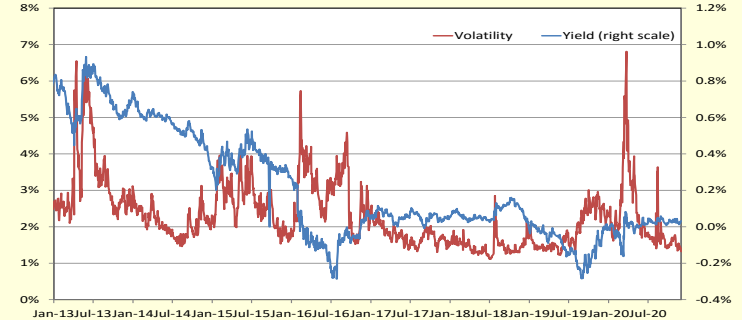
# JGB Secondary Market

## JGB Yield Curves



Source: Japan Bond Trading Co.,Ltd.

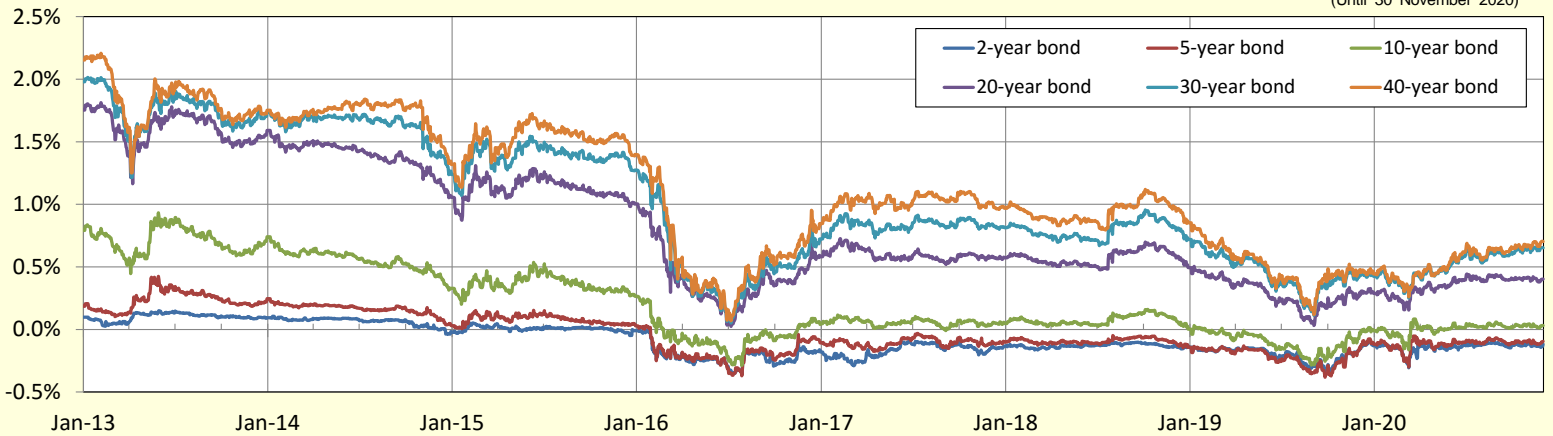
## Yield and Volatility (10Yr) (Until 30 November 2020)



Source: Bloomberg

## Yields of JGB

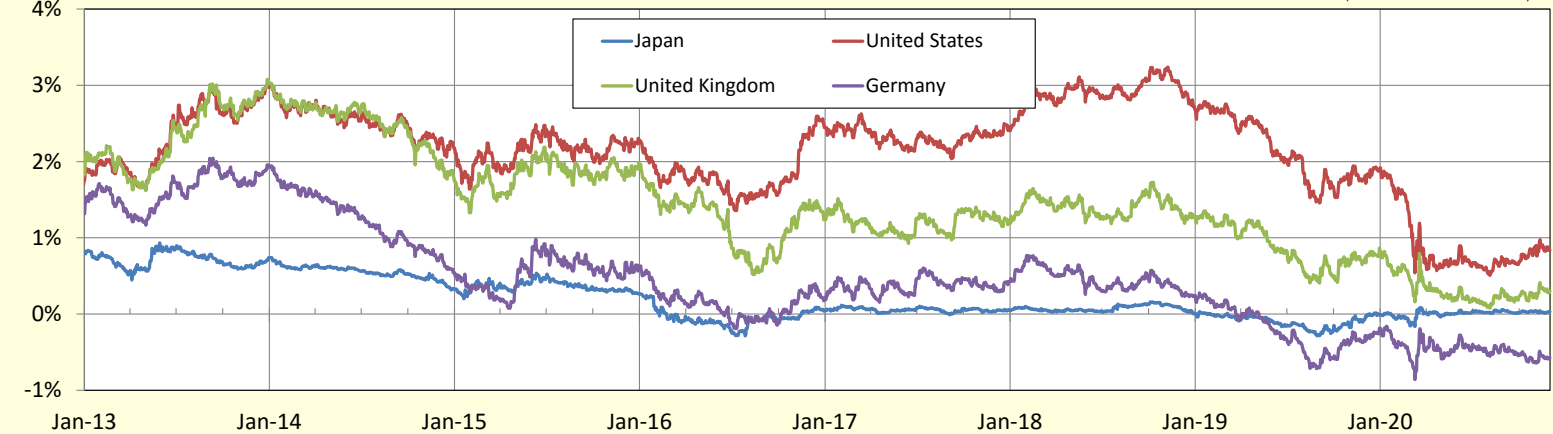
(Until 30 November 2020)



Source: Bloomberg

## Long - Term Interest Rates (10Yr)

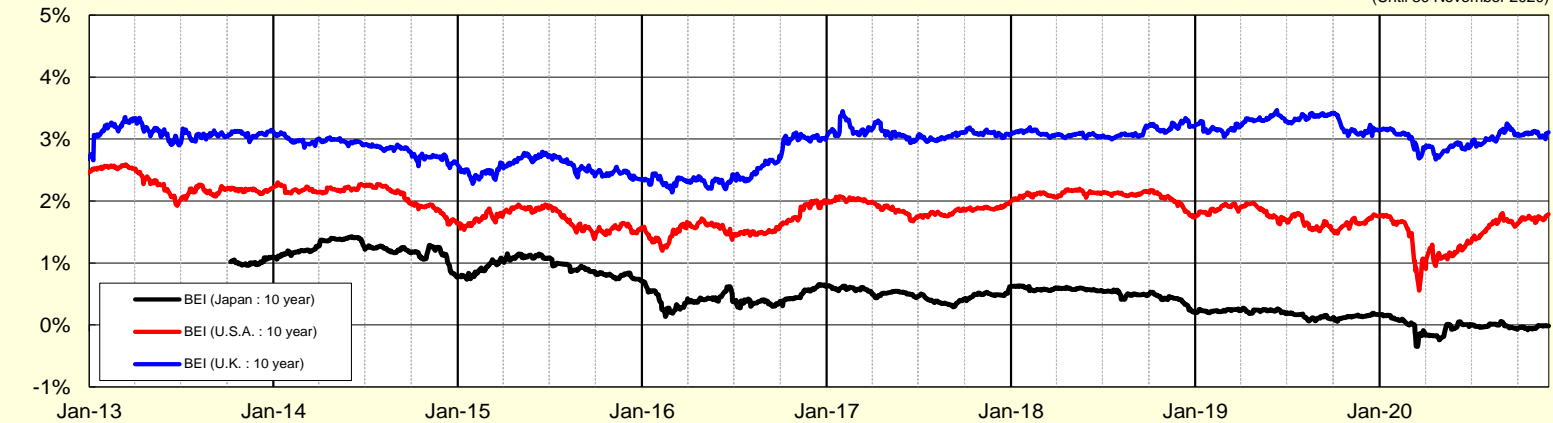
(Until 30 November 2020)



Source: Bloomberg

## Break-Even Inflation Rates

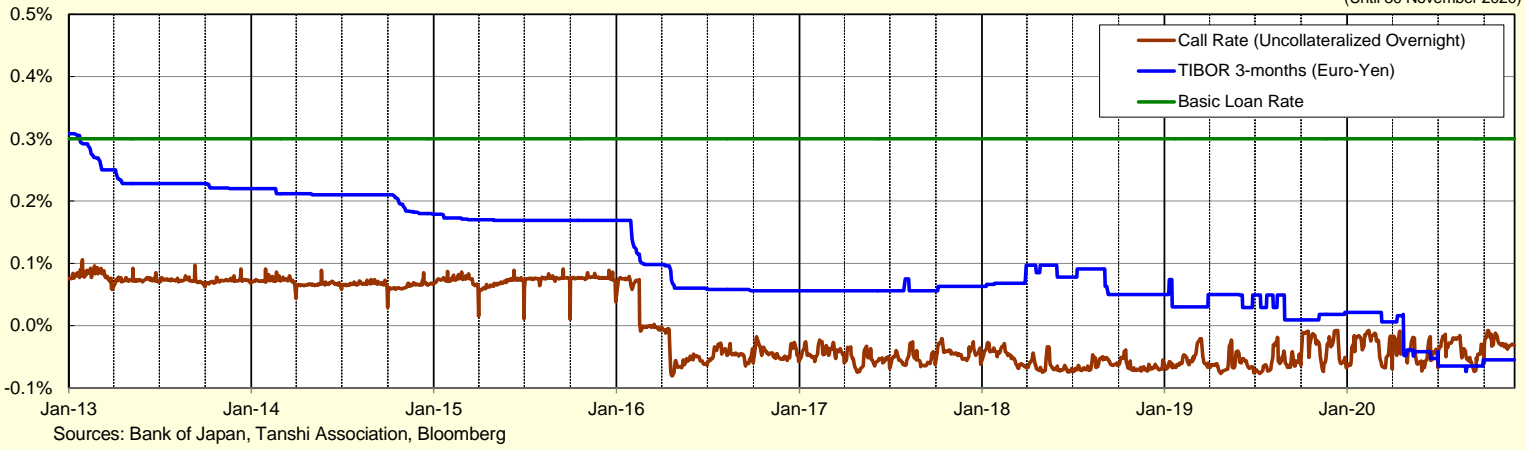
(Until 30 November 2020)



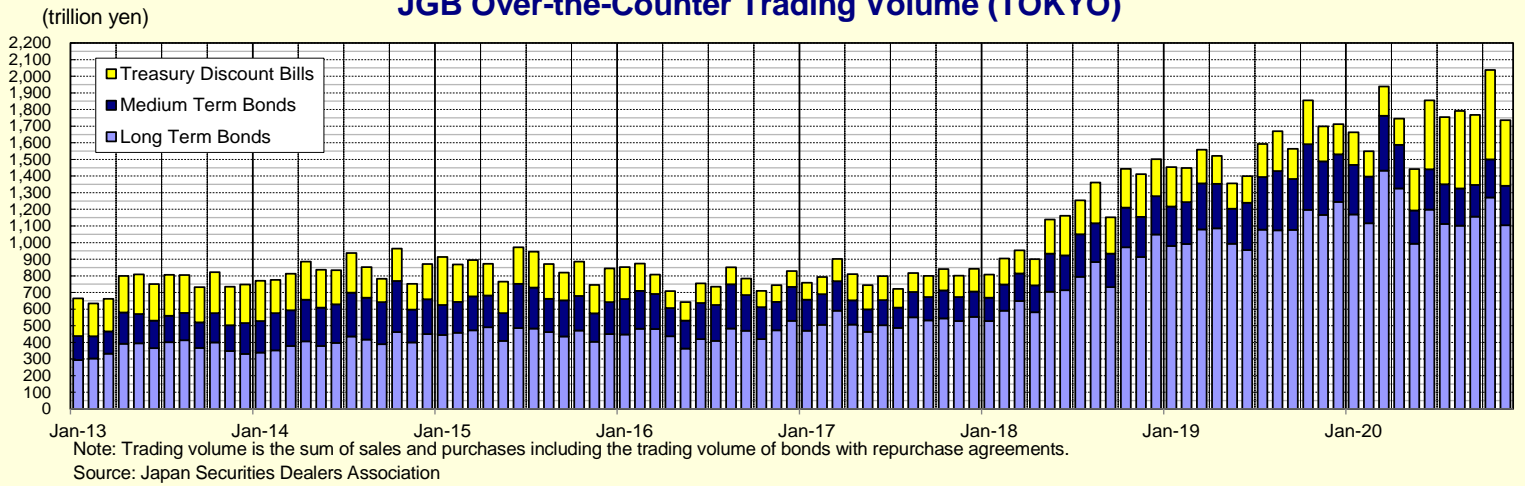
Note: BEI (Japan: 10 year) is calculated based on the compound interest rate of the new Inflation-Indexed Bonds and the 10-Year Bonds  
Sources: Japan: Calculation by the Ministry of Finance based on the information on interest rates offered by NIKKEI QUICK.  
U.S.A., U.K.: Bloomberg.

## Short-Term Interest Rates

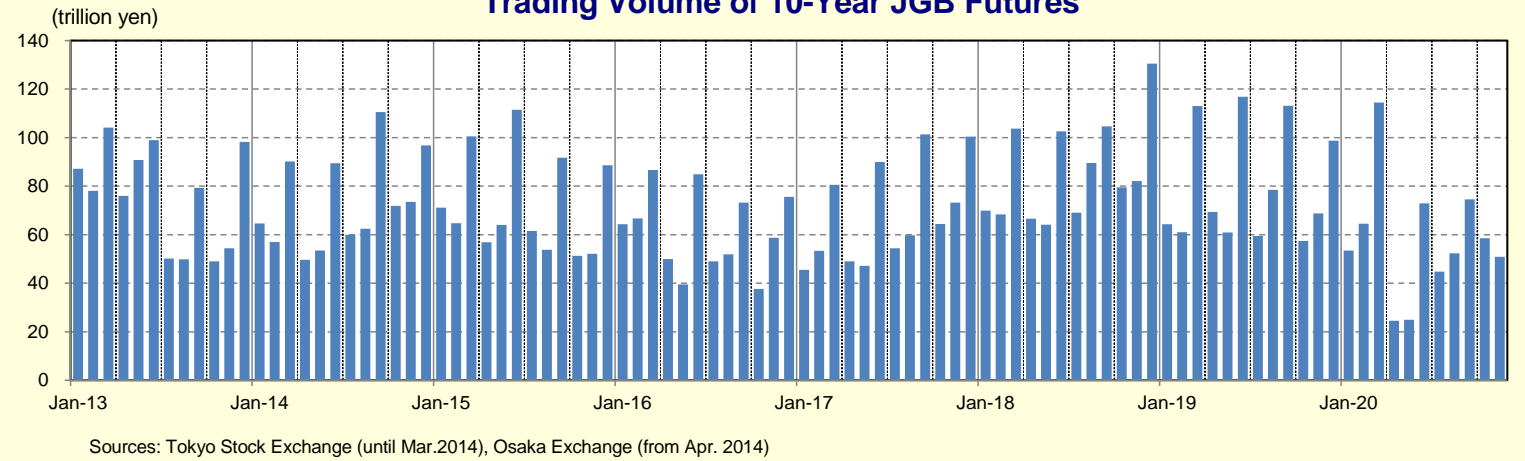
(Until 30 November 2020)



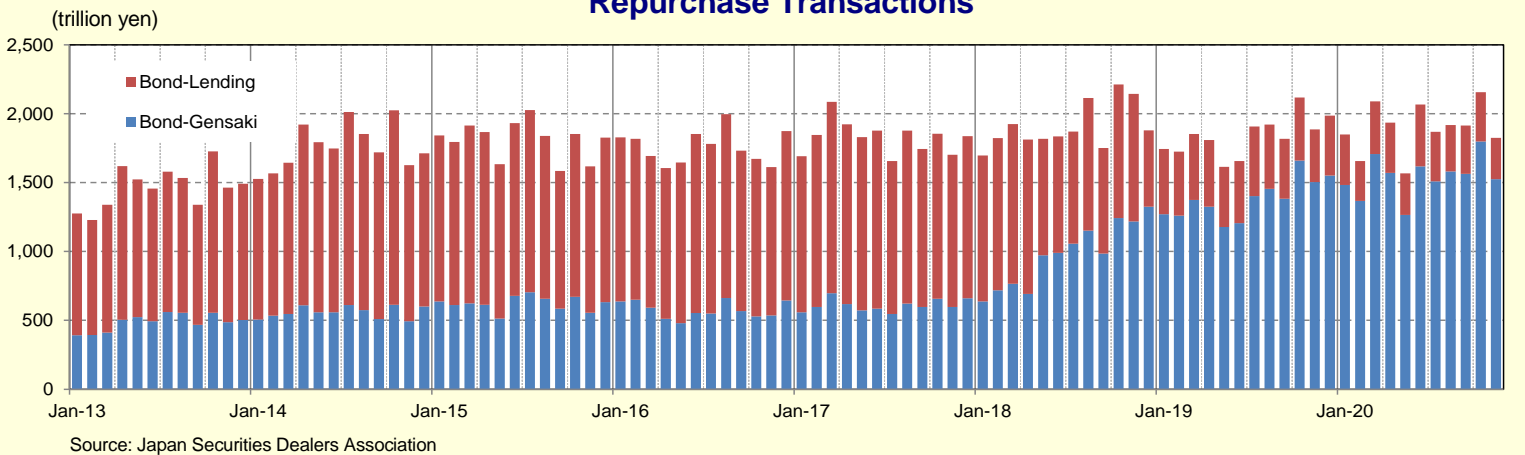
## JGB Over-the-Counter Trading Volume (TOKYO)



## Trading Volume of 10-Year JGB Futures

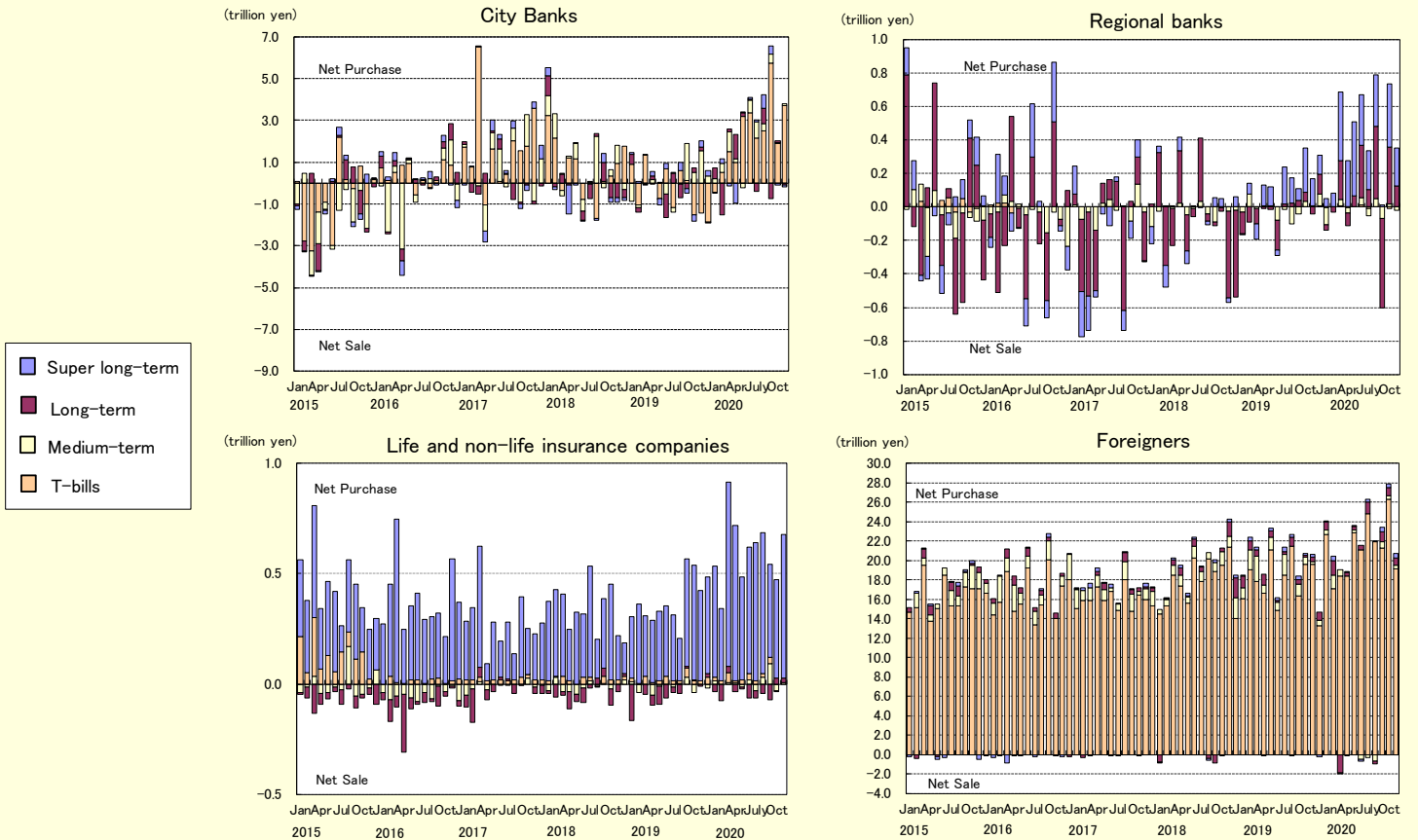


## Repurchase Transactions

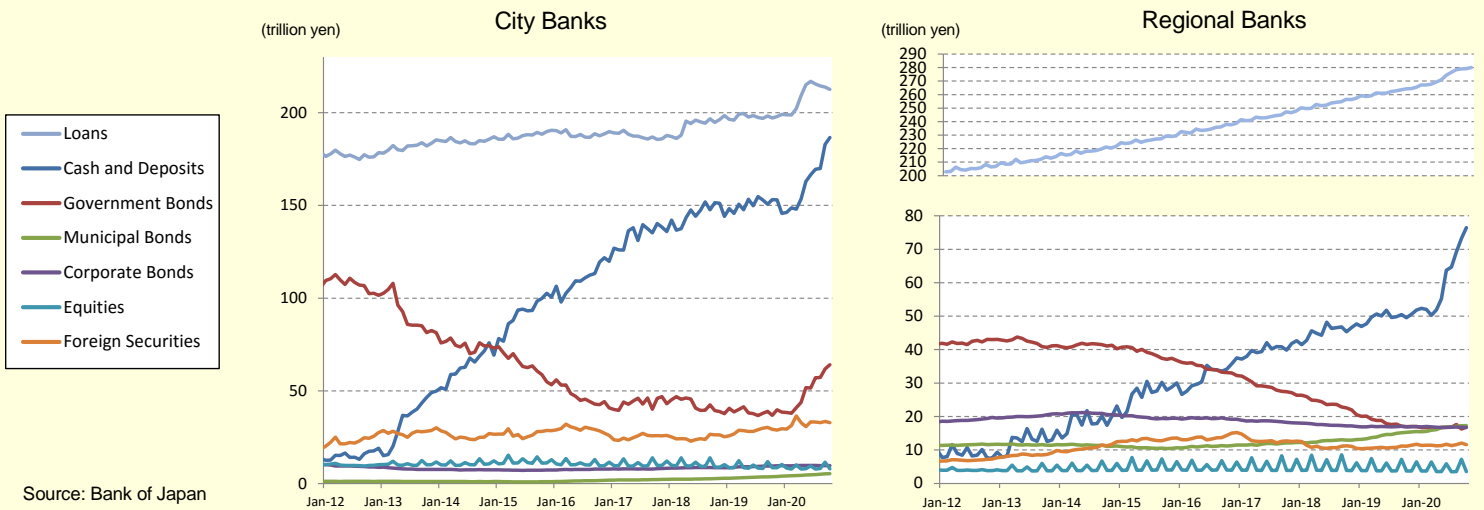




## Trends in JGBs Transactions (by investor type)

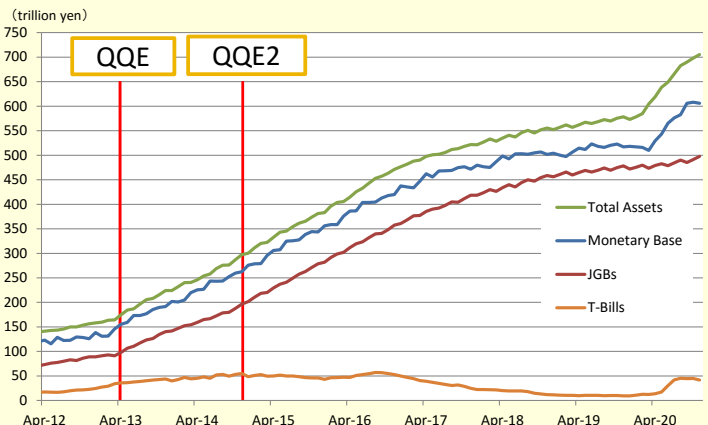


## Trends in Bank Assets by Types



## BOJ Trends

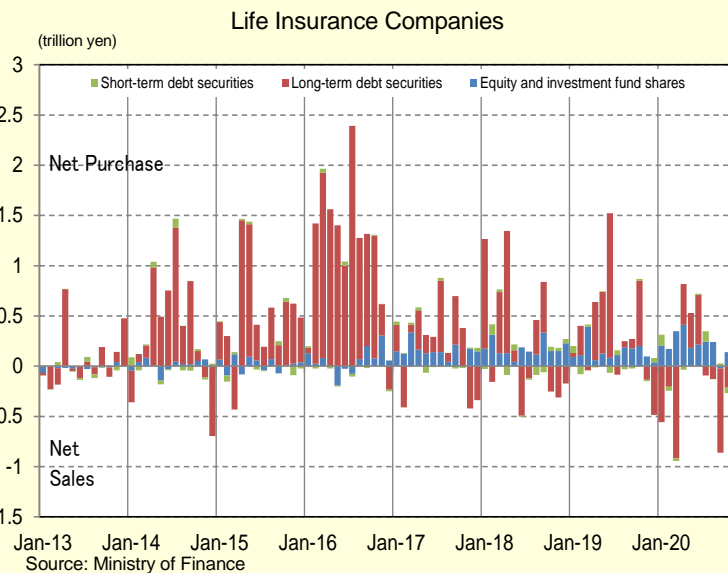
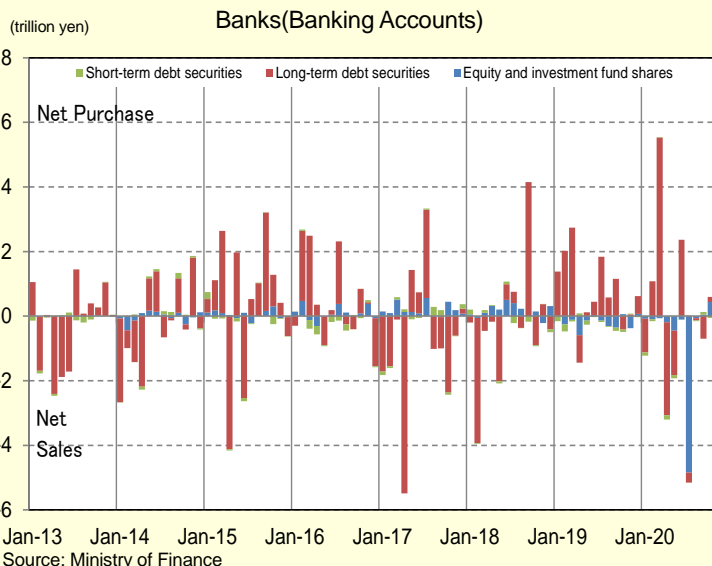
	Apr 2013 (Actual)	Nov 2020 (Actual)
Monetary Base	155	606
JGBs	98	498
T-Bills	36	42
CP	1.4	4.2
Corporate Bonds	2.9	6.2
ETFs	1.7	35.1
J-REITs	0.13	0.65
<b>Total Assets</b>	<b>175</b>	<b>705</b>



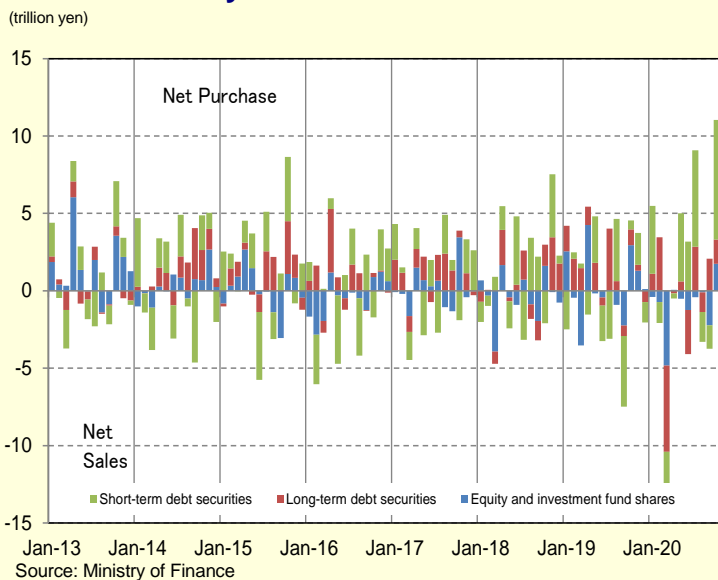
Source: Bank of Japan



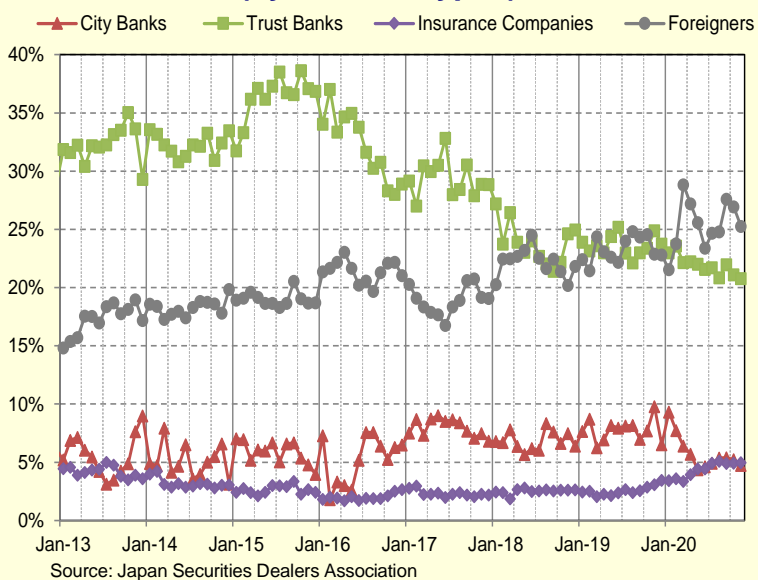
# Transactions of Foreign Securities by Residents (by Investor types)



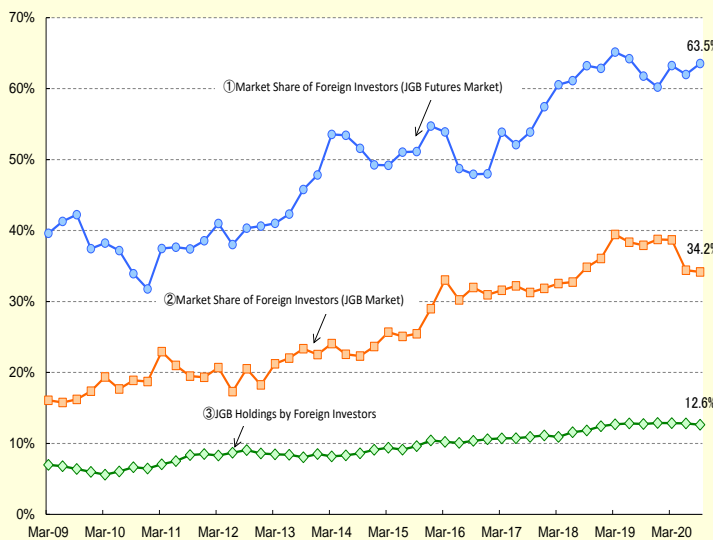
## Transactions of Domestic Securities by Non-Residents



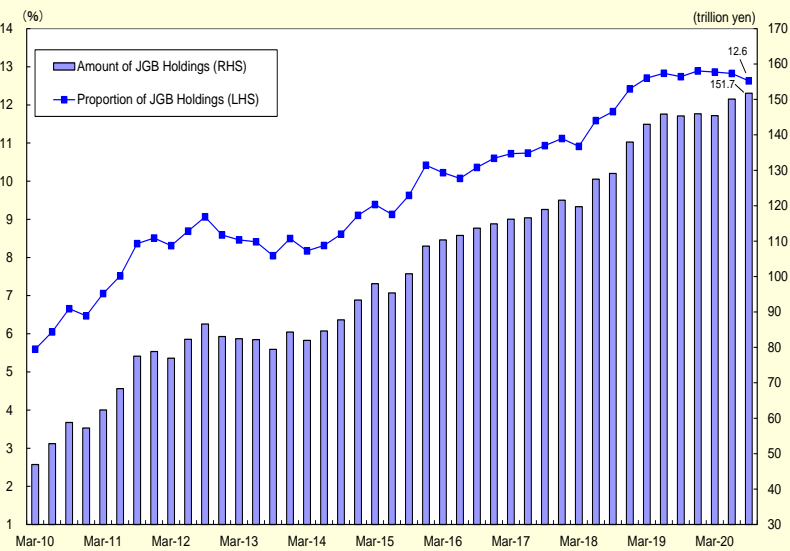
## Outstanding of Repurchase Agreements (by Investor types)



## Foreign Investors Presence

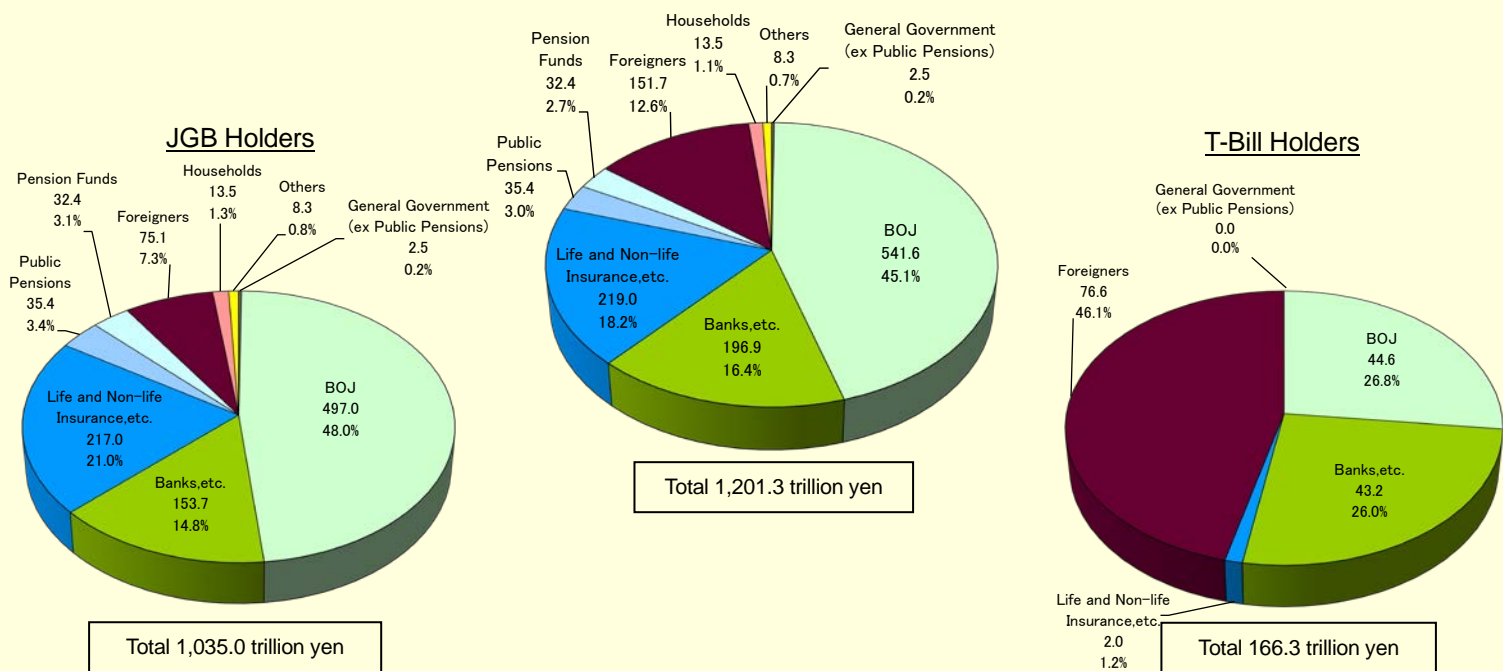


## JGBs Holdings by Foreign Investors



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

JGB and T-Bill Holders (trillion yen)



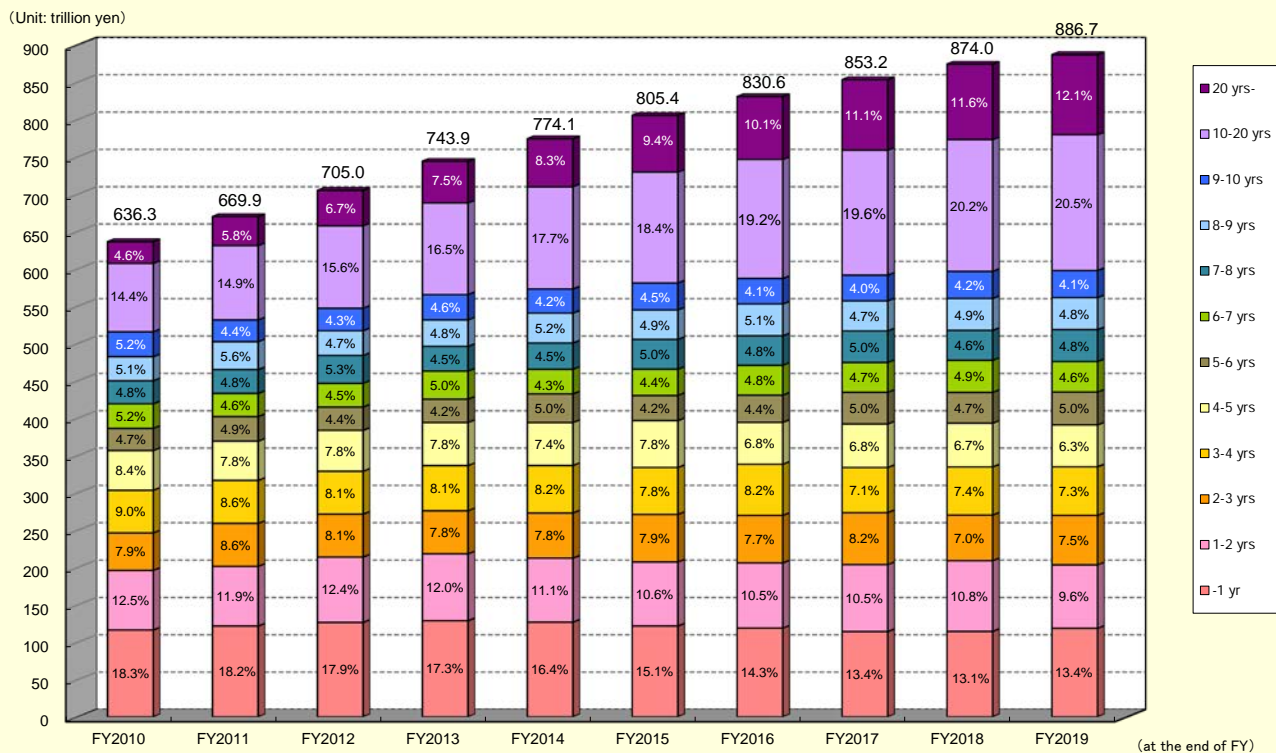
Note1: "JGB" includes "FILP Bonds."

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)"

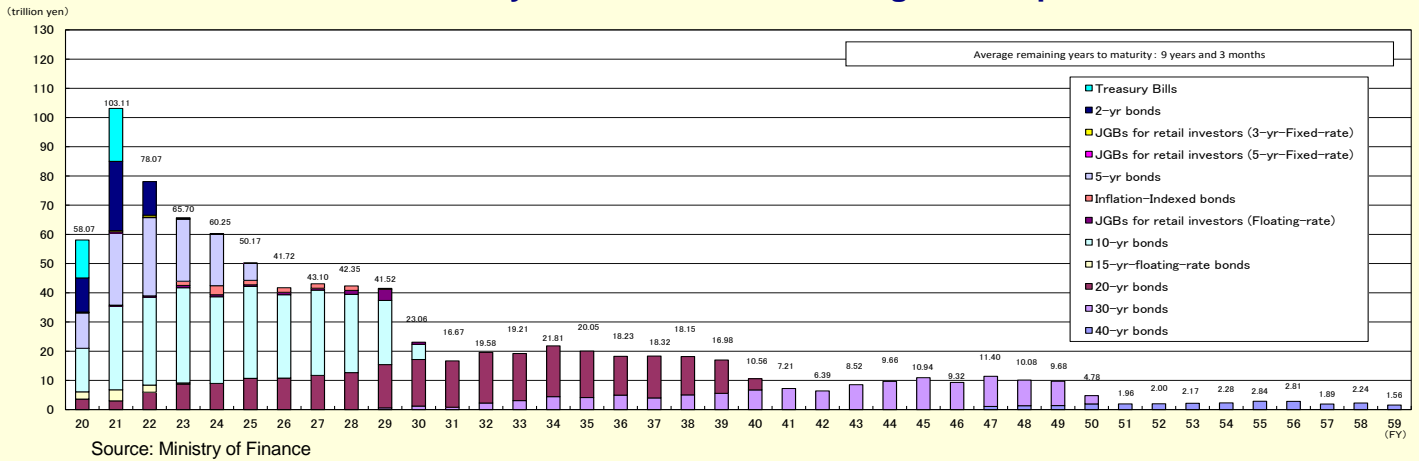
## Breakdown of Outstanding Amount of General Bonds by Remaining Years to Maturity



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 January, 2021

(billion yen)

Types	The amount of redemption at maturity	Scheduled redemption date
15-Year Floating-Rate Bonds	1,148.2	January 20
2-Year Bonds	2,299.0	January 1
Treasury Bills	1,800.0	January 20
Total	5,247.2	

Note.1: The figures are based on the outstanding JGBs at the end of November, 2020

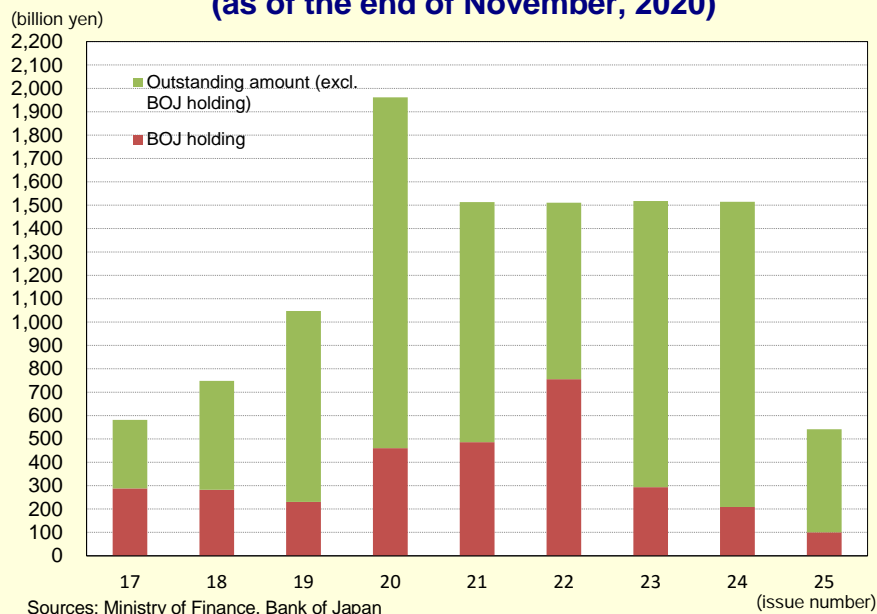
Note.2: The figures are the scheduled redemption at maturity and may be different from the actual redemption due to Buy-back of JGBs.

Note.3: The figures do not include "JGB for Retail Investors."

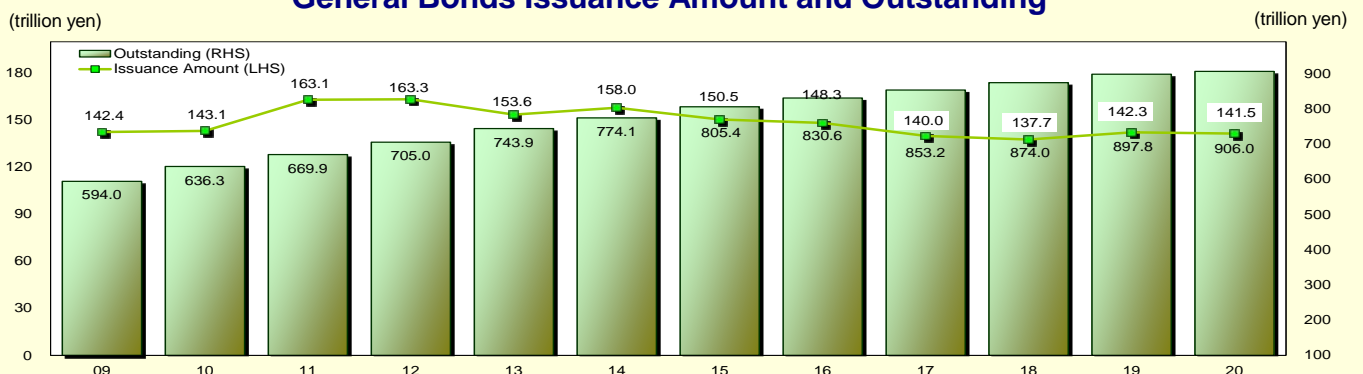
Note.4: If the redemption date coincides with bank holiday, the payment of redemption is carried out on the following business day.

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 November, 2020)



## General Bonds Issuance Amount and Outstanding



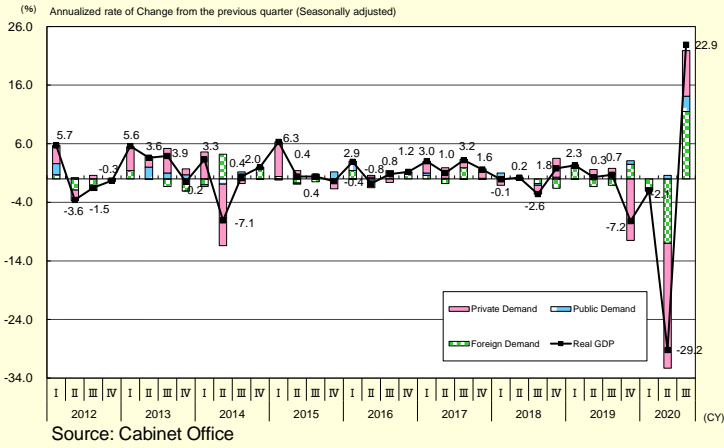
Note 1: Issuance Amount: revenue basis, FY2009-2018: Actual, FY2019: Supplementary budget, FY2020: Initial budget

Note 2: Outstanding: nominal basis, FY2009-2018: Actual, FY2019: Supplementary budget, FY2020: Initial budget

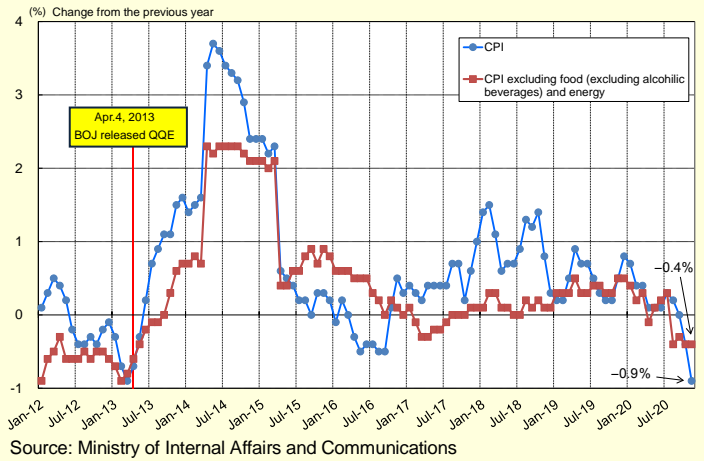
Source: Ministry of Finance

# Economic and Financial Trends

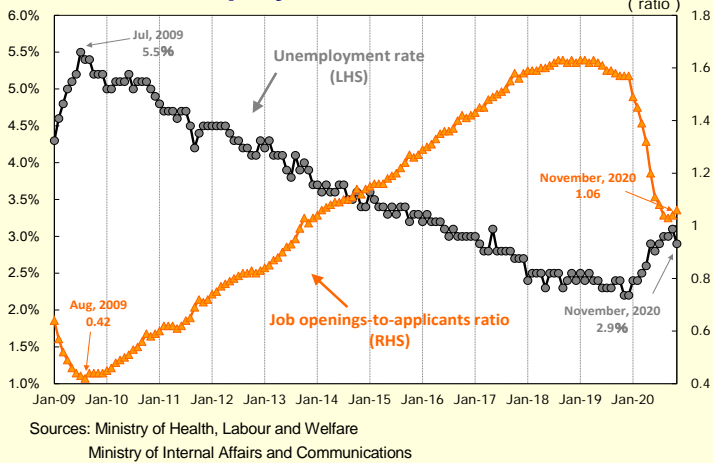
## Real GDP Growth Rate



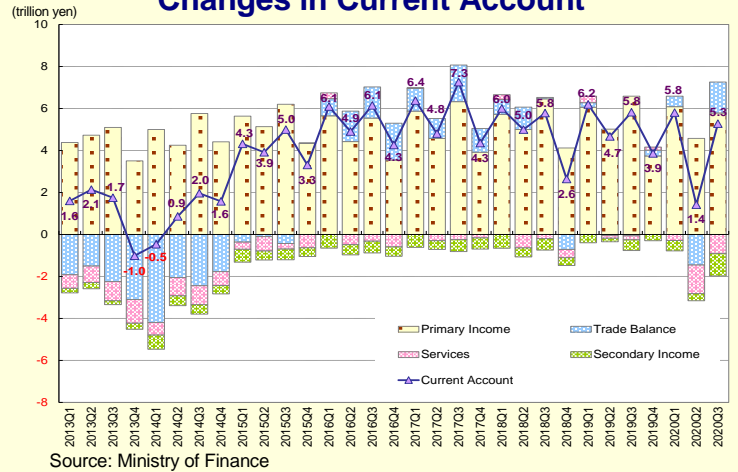
## Prices



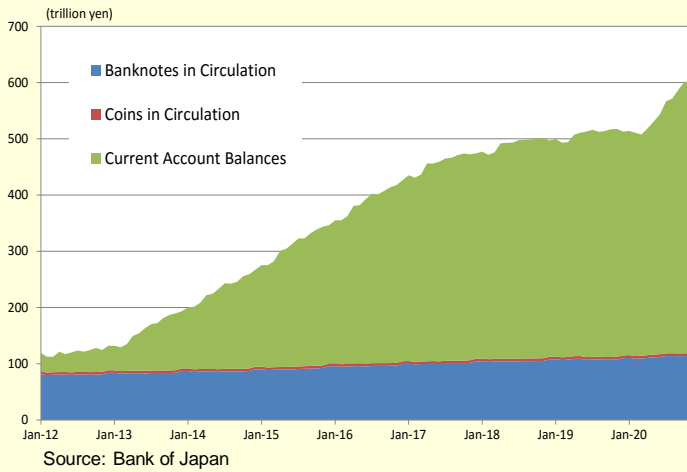
## Employment Conditions



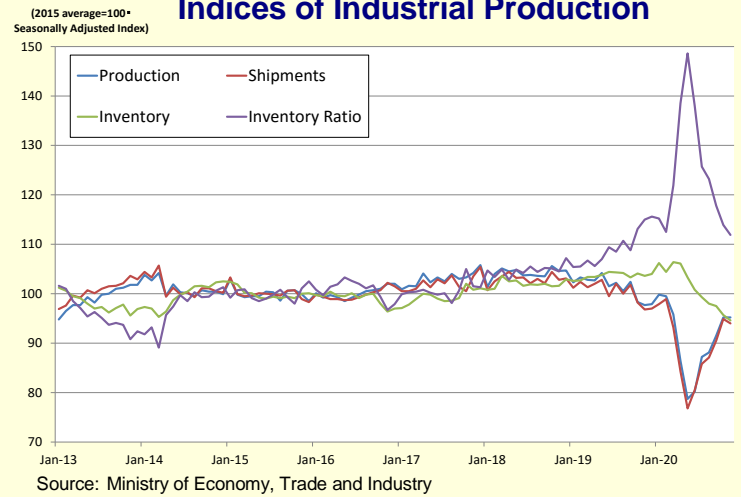
## Changes in Current Account



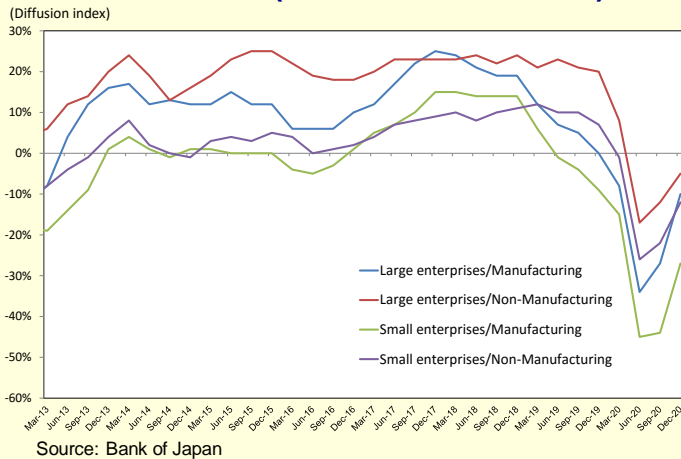
## Monetary Base



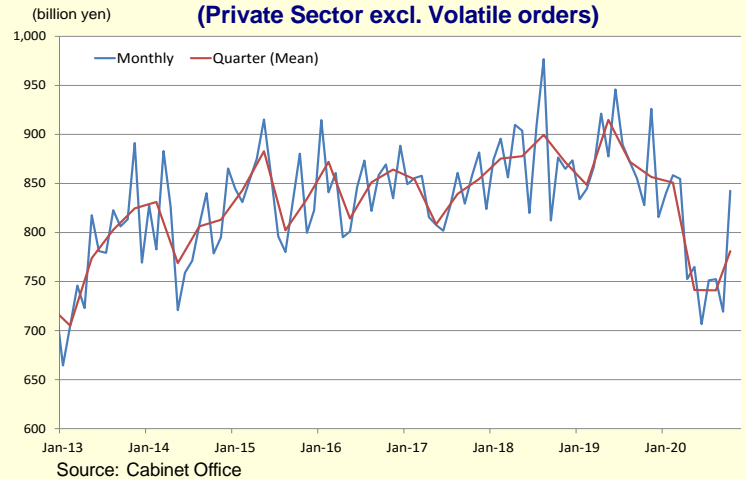
## Indices of Industrial Production



## TANKAN (Business Conditions)



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



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

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