

Special Interview

Mr. Michio SAITO, Director-General of the Financial Bureau

What's New

JGB Issuance Plan for FY2023

Budget for FY2023

JGBi and Liquidity Enhancement Auctions (January-March quarter 2023)

Monthly Topic

JGB and T-Bill Holdings (as of the end of Sep. 2022)



Cover Photo: New Year's Flowers at the MOF office building

SUMMARY

Special Interview:

Mr. Michio SAITO, Director-General of the Financial Bureau

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We asked our boss Mr. Saito how the work environment changed since he last worked at the Financial Bureau. He also commented on the new JGB Issuance Plan for FY2023 and "GX Economy Transition Bonds" (tentative name).

What's New 1:

JGB Issuance Plan for FY2023

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The Ministry of Finance released the JGB Issuance Plan for FY2023 in line with the budget proposal for FY2023 which the Kishida Cabinet approved on December 23, 2022.

What's New 2:

Budget for FY2023

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On December 23, the Kishida Cabinet decided the FY2023 Budget proposal.

What's New 3:

JGBi and Liquidity Enhancement Auctions (January-March quarter 2023)

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On December 22, the MOF released "Issuance of the Inflation-Indexed Bonds (JGBi) in January-March 2023" and "Issuance Amounts for Liquidity Enhancement Auctions in January-March 2023."

Monthly Topic:

JGB and T-Bill Holdings (as of the end of Sep. 2022)

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On December 19, the Bank of Japan released the Flow of Funds Accounts of the 3rd Quarter 2022, which shows the breakdown of JGB and T-bill holders.

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Special Interview: Mr. Michio SAITO, Director-General of the Financial Bureau**1. Since you have last worked at the Financial Bureau, about 9 years have passed. How's the environment changed since then?**

Thanks to various IT tools and improvements in work-life balance, we have become more efficient in executing our daily tasks. At the same time, I fully appreciate the efforts made by my colleagues adapting to the rotation system introduced to prevent the spread of COVID-19.

Mr. Michio SAITO was appointed in June 2022 to Director-General of the Financial Bureau, Ministry of Finance, Japan.

Throughout his career, Mr. Saito accumulated extensive experience in financial markets in both the Ministry of Finance and the Financial Services Agency. He is known for implementing reforms in the Japanese government bond market from the late 1990s to the early 2010s.

**2. On December 23, the JGB Issuance Plan for FY2023 was published as the Cabinet approved the budget proposal for FY2023. What's noteworthy in the new plan?**

In the FY2023 Issuance Plan, the total issuance amount is 205.8 trillion yen; 9.3 trillion yen less than the FY2022 Initial Plan. Market issuance by periodic auctions is set at 190.3 trillion yen.

Monthly issuance size of coupon-bearing bonds will stay at the same level as the FY2022 2nd Supplementary Budget across all maturities. The reduced amount from the FY2022 Initial Plan will be allotted for a decrease in the issuance of short-term bonds. As a result, average maturity of JGBs will be prolonged from 7 years 9 months in the FY2022 Initial Plan to 8 years 1 month.

Special Interview: Mr. Michio SAITO, Director-General of the Financial Bureau**3. The issuance of “GX Economy Transition Bonds” (tentative name) was mentioned in the JGB Issuance Plan for FY2023. Is there any information regarding the design of the Bonds or their issuance schedule?**

“GX Economy Transition Bonds” (tentative name) will be issued from FY2023, given that a law providing legal ground is passed. The issuance amount in the next fiscal year will be 1.6 trillion yen, which is the sum of 0.5 trillion yen for FY2023 expenses and 1.1 trillion yen for the refinance of GX-related expenses incorporated in the 2nd Supplementary Budget for FY2022 in advance.

GX Bonds may be issued in a form identical to conventional JGBs such as Construction Bonds, Special Deficit-Financing Bonds and Reconstruction Bonds. But we will also examine the possibility of issuing GX Bonds as a new instrument in line with international standards, namely, as green/transition bonds. To issue JGB as green/transition bonds, we need to overcome difficult challenges including (1) maintaining market liquidity, (2) updating relevant systems in both public and private sectors and (3) appropriately managing proceeds through expense tracking and reporting. Relevant government authorities will soon establish an organizational structure to cope with these issues.

The issuance schedule during FY2023 will be determined taking into account factors such as the progress of the above-mentioned study and consideration of issuance methods.



What's New 1: JGB Issuance Plan for FY2023

The 90th Meeting of JGB Investors and the 102nd Meeting of JGB Market Special Participants were held on December 2, 2022. At these meetings, participants discussed the JGB Issuance Plan associated with the budget for FY2023. Based on these discussions, the Ministry of Finance (MOF) released the JGB Issuance Plan for FY2023 in line with the budget proposal for FY2023, which the Kishida Cabinet approved on December 23, 2022.

Highlights of FY2023 JGB Issuance Plan are summarized below.

- The total amount is set at 205.8 trillion yen and will decrease by 9.3 trillion yen compared with FY2022 (Initial).
- The market issuance by periodic auctions is set at 190.3 trillion yen and will decrease by 8.3 trillion yen compared with FY2022 (Initial);
 - Monthly issuance amount of coupon-bearing bonds of all maturities will remain the same compared with FY2022 (2nd Supplementary Budget)
 - The reduction from FY2022 (Initial) will be used to decrease the amount of short-term bonds
(Therefore, the average maturity of JGBs is estimated at 8 years 1 month, longer than 7 years 9 months in FY2022 (Initial).)
- The details regarding the issuance of “GX Economy Transition Bonds (tentative name)” will be jointly considered by relevant government authorities in line with discussions at the GX Implementation Council and opinions from market participants.

<Breakdown by Legal Grounds>

(trillion yen)

	FY2023	
		Changes from FY2022 (Initial)
Newly-Issued Bonds (Construction Bonds and Special Deficit-Financing Bonds)	35.6	▲1.3 (36.9)
GX Economy Transition Bonds (tentative name)	0.5	+0.5 (-)
Reconstruction Bonds	0.1	▲0.1 (0.2)
FILP Bonds	12.0	▲13.0 (25.0)
Refunding Bonds	157.6	+4.6 (152.9)
Total	205.8	▲9.3 (215.0)

<Breakdown by Financing Methods>

(trillion yen)

	FY2023	
		Changes from FY2022 (Initial)
Market Issuance by Periodic Auctions	190.3	▲8.3
40-Year	4.2	-
30-Year	10.8	-
20-Year	14.4	-
10-Year	32.4	-
5-Year	30.0	-
2-Year	34.8	+1.2
TBs (1-Year)	42.0	-
TBs (6-Month)	8.7	▲9.7
10-Year Inflation-Indexed	1.0	+0.2
Liquidity Enhancement Auction	12.0	-
Others	15.5	▲1.0
Total	205.8	▲9.3

(Note1) Figures in parentheses represent the planned issuance amounts for FY2022 (Initial).

(Note2) The issuance amount of “GX Economy Transition Bonds (tentative name)” will be 1.6 trillion yen, including 0.5 trillion yen in FY2023 and 1.1 trillion yen of Refunding Bonds refunding GX-related expenses incorporated in advance in the Second Supplementary Budget for FY2022.

(Note3) Figures may not sum up to the total because of rounding.

☞ Please see the website,

Highlights of FY2023 JGB Issuance Plan: https://www.mof.go.jp/english/policy/jgbs/debt_management/plan/highlight221223.pdf

What's New 1: JGB Issuance Plan for FY2023

FY2023 JGB Issuance Plan

<Breakdown by Legal Grounds>

	(billion yen)				
	FY2022(Initial)	FY2022 (2nd Supplementary Budget)	FY2023(Initial)		
	(a)	(b)	(c)	(c) - (a)	(c) - (b)
Newly-issued Bonds	36,926.0	62,478.9	35,623.0	▲ 1,303.0	▲ 26,855.9
Construction Bonds	6,251.0	8,727.0	6,558.0	307.0	▲ 2,169.0
Special Deficit-Financing Bonds	30,675.0	53,751.9	29,065.0	▲ 1,610.0	▲ 24,686.9
GX Economy Transition Bonds (tentative name)	—	—	506.1	506.1	506.1
Reconstruction Bonds	171.6	—	99.8	▲ 71.8	99.8
FILP Bonds	25,000.0	16,500.0	12,000.0	▲ 13,000.0	▲ 4,500.0
Refunding Bonds	152,940.4	148,487.2	157,551.3	4,610.9	9,064.1
Total	215,038.0	227,466.2	205,780.3	▲ 9,257.7	▲ 21,685.9

<Breakdown by Financing Methods>

	(billion yen)				
	FY2022(Initial)	FY2022 (2nd Supplementary Budget)	FY2023(Initial)		
	(a)	(b)	(c)	(c) - (a)	(c) - (b)
JGB Market Issuance (Calendar Base)	198,600.0	203,100.0	190,300.0	▲ 8,300.0	▲ 12,800.0
Non-Price Competitive Auction II, etc.	8,297.0	7,847.3	6,963.0	▲ 1,334.0	▲ 884.3
Adjustment between fiscal years	3,041.0	10,698.9	3,017.3	▲ 23.7	▲ 7,681.6
Subtotal Financed in the Market	209,938.0	221,646.2	200,280.3	▲ 9,657.7	▲ 21,365.9
Sales for Households	2,900.0	3,620.0	3,500.0	600.0	▲ 120.0
BOJ Rollover	2,200.0	2,200.0	2,000.0	▲ 200.0	▲ 200.0
Total	215,038.0	227,466.2	205,780.3	▲ 9,257.7	▲ 21,685.9

- Buy-back program in FY2023 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 FY2023 is 25 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 (periodic 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 FY2023 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%.
 "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 of Non-Price Competitive Auction II.
 (Note 4) "Adjustment between fiscal years" refers to leveling-off of the issuance between fiscal years through front-loading issuance and deferred issuance during an accounting adjustment period.
 (Note 5) The issuance of "GX Economy Transition Bonds (tentative name)" requires the passage of a law providing legal ground. The issuance amount will be 1.6 trillion yen, including 0.5 trillion yen in FY2023 and 1.1 trillion yen of Refunding Bonds refunding GX-related expenses incorporated in advance in the Second Supplementary Budget for FY2022. Market issuance will be jointly considered by relevant government authorities in line with discussions at the GX Implementation Council and opinions from market participants.

<Market Issuance Plan by Issue>

	(trillion yen)					
	FY2022(Initial)		FY2022(2nd Supplementary Budget)		FY2023(Initial)	
	(per time)	(total : a)	(per time)	(total : b)	(per time)	(total : c)
40-Year	0.7 × 6 times	4.2	0.7 × 6 times	4.2	0.7 × 6 times	4.2
30-Year	0.9 × 12 times	10.8	0.9 × 12 times	10.8	0.9 × 12 times	10.8
20-Year	1.2 × 12 times	14.4	1.2 × 12 times	14.4	1.2 × 12 times	14.4
10-Year	2.7 × 12 times	32.4	2.7 × 12 times	32.4	2.7 × 12 times	32.4
5-Year	2.5 × 12 times	30.0	2.5 × 12 times	30.0	2.5 × 12 times	30.0
2-Year	2.8 × 12 times	33.6	2.8 × 9 times 2.9 × 3 times	33.9	2.9 × 12 times	34.8
TBs		60.4		64.6		50.7
10-Year Inflation-Indexed	0.2 × 4 times	0.8	0.2 × 4 times <small>(0.25 trillion yen has been issued since August FY2022.)</small>	0.8	0.25 × 4 times	1.0
Liquidity Enhancement Auction		12.0		12.0		12.0
Total		198.6		203.1		190.3
						▲8.3
						▲12.8

Figure.1 Issuance for TBs

	FY2022 (Initial)	FY2022 (2nd Supplementary Budget)	FY2023 (Initial)	(c) - (a)	(c) - (b)
	(a)	(b)	(c)		
TBs (1-Year)	3.5 × 12 times 42.0	3.5 × 12 times 42.0	3.5 × 12 times 42.0	—	—
TBs (8-Month)	18.4	22.6	8.7	▲9.7	▲13.9

Figure.2 Issuance by Zones for Liquidity Enhancement Auctions

	FY2022 (Initial)	FY2022 (2nd Supplementary Budget)	FY2023 (Initial)	(c) - (a)	(c) - (b)
	(a)	(b)	(c)		
15.5-30 Year	3.0	3.0	3.0	—	—
5-15.5 Year	6.0	6.0	6.0	—	—
1-5 Year	3.0	3.0	3.0	—	—

- (Note 1) The issuance 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, and the number of auctions may be adjusted in a flexible manner in response to market circumstances and demands of investors, thus the maturity and the issuance on the table (Figure 1) be subject to an adjustment.
 (Note 4) The 10-year inflation-indexed bond is planned to be issued in May, August, November and February. The issuance 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 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, thus the issuance and zones on the table (Figure 2) be subject to an adjustment.

Please see the website,

JGB Issuance Plan for FY2023: https://www.mof.go.jp/english/policy/jgbs/debt_management/plan/issuanceplan221223.pdf

Market Issuance Plan by Issue: https://www.mof.go.jp/english/policy/jgbs/debt_management/plan/calendar221223.pdf

What's New 2: Budget for FY2023

On December 23, the Kishida Cabinet decided the FY2023 Budget proposal.

In the General account, the total expenditure is 114.4 trillion yen.

Based on the budget proposal, the government plans to spend 36.9 trillion yen for Social Security and 25.3 trillion yen for National Debt Service.

As for the revenue, Tax Revenue is estimated to be 69.4 trillion yen. Government Bond Issuance is 35.6 trillion yen.

The Diet usually discusses and votes on the budget proposal by the end of March, which usually goes into effect on April 1. Here is the overview of the Budget for FY2023:

Overview of the FY2023 Budget Framework

Expenditure		(Unit : billion yen)		
		FY2022 budget (initial)	FY2023 budget	Amount of change
General	Expenditure	67,374.6	72,731.7	5,357.1
	Social Security Expenditure	36,273.5	36,888.9	615.4
	Non-Social Security Expenditure	26,101.1	30,842.8	4,741.7
	National Defense Expenditure excluding (*)	5,368.7	6,788.0	1,419.2
	The Carry-Over from Defense Buildup Funds (tentative name)(*) ※Funds will be established under the Securing Financial Resources Act (tentative name)	–	3,380.6	3,380.6
	Contingency Fund for COVID-19 and Measures to Address Soaring Crude Oil and Commodity Prices	5,000.0	4,000.0	-1,000.0
	Contingency Fund for Economic Emergency (including the impact from the Ukraine Crisis)	–	1,000.0	1,000.0
	Local Allocation Tax Grants, etc.	15,882.5	16,399.2	516.6
	National Debt Service	24,339.3	25,250.3	911.1
Total		107,596.4	114,381.2	6,784.8

Revenue		(Unit : billion yen)		
		FY2022 budget (initial)	FY2023 budget	Amount of change
	Tax Revenue	65,235.0	69,440.0	4,205.0
	Other Revenue	5,435.4	9,318.2	3,882.8
	Of which the Revenue is for Defense Buildup	–	4,591.9	4,591.9
	of which is by the Securing Financial Resources Act (tentative name)	–	1,475.0	1,475.0
	Government Bond Issuance	36,926.0	35,623.0	-1,303.0
	Construction Bonds	6,251.0	6,558.0	307.0
	Special Deficit-Financing Bonds	30,675.0	29,065.0	-1,610.0
Total		107,596.4	114,381.2	6,784.8

(Note 1) The FY2022 budget is reclassified for a comparison with the FY2023 budget.

(Note 2) Figures may not add up to the totals due to rounding.

(Note 3) "Tax Revenue" includes stamp revenue.

(Note 4) Bond Dependency Ratio for FY2023 Budget is 31.1%.

Details: <https://www.mof.go.jp/english/policy/budget/budget/index.html>

What's New 2: Budget for FY2023

Highlights of the FY 2023 Budget

FY2023 Budget: Setting a course for dealing with the domestically and internationally important challenges facing Japan and opening the way for the future at the historical turning point

Responding to Domestically and Internationally Important Issues Facing Japan

Security and Diplomacy

- New National Security Strategies will be formulated based on the national security environment surrounding Japan. The defense buildup packages of 43 trillion yen will be made in order to reinforce defense capabilities dramatically within five years. The Revenue will be secured for maintaining stable defense capabilities.
- The budget is secured to develop the adaptive and powerful "realism diplomacy for a new age" for the G7 summit in Hiroshima and the 50th Year of ASEAN-Japan Friendship and Cooperation. (Budget for MOFA*:756 billion yen in FY2023 (+48.5 billion yen), 1.0233 trillion yen if combined with the supplementary budget of FY2022 (+169.4 billion yen)). *including the budget appropriated by the Digital Agency.

Policies related to Children

- "The Children and Family Agency" will be established in April 2023, and support for children and child-rearing will be enhanced.
- The amount of the lump sum allowance for childbirth and childcare will be increased from 420,000 yen to 500,000 yen. (The markup is the biggest ever.)
- The package including the support written below will be continued.
 - Providing easier access to consultation about pregnancy, childbirth and child-rearing consistently
 - Providing financial support to the families who have submitted pregnancy or childbirth notification (approx. 100,000 yen)

Local Government Finance and Vision for a Digital Garden City Nation

- The amount of local allocation tax grants for local governments is 18.4 trillion yen, which is the largest amount since the global financial crisis of 2007-2008.
- Based on the formulation of "The comprehensive strategies for Vision for a Digital Garden City Nation," subsidies for the promotion of the Vision for a Digital Garden City Nation is used (100 billion yen in FY2023+80 billion yen of the 2nd supplementary budget of FY2022). The government will support measures such as promotion of tourism or agriculture, forestry and fisheries industries by acceleration of digitalization of local governments and utilization of the digital technology in order to revitalize local economies.

G X

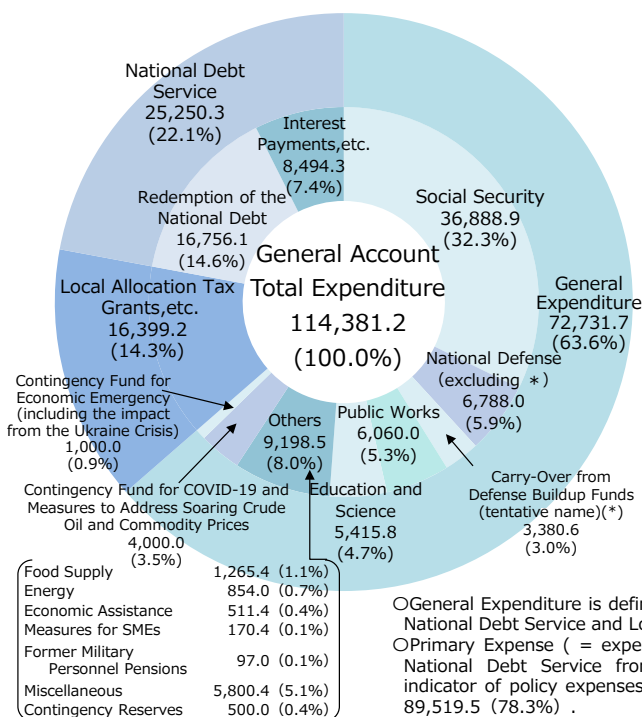
- The Government will create a system to support private GX investment by issuing "GX Economy Transition Bonds" funded by future financial resources through embodying the vision of "Pro-Growth Carbon Pricing."
- The support for development for innovative technologies or introduction of clean energy vehicles for the achievement of the 2050 Carbon Neutral Goal will be started.(0.5 trillion yen is appropriated to Special Account for energy measures. 1.6 trillion support if added with the 1.1 trillion yen of the supplementary budget of FY2022).

Wise spending

- The government will continue existing efforts to reform government expenditures based on the "Basic Policy on Economic and Fiscal Management and Reform."
 - Social security expenditure: approx. +410 billion yen (increase due to the aging population (excluding the amount of the pension slide: +approx. 220 billion yen))
 - Non-social security expenditure: approx. +4,741.7 billion yen (approx. +150 billion yen excluding the expenditure for building up defense, which is non-tax revenue (4,591.9 billion yen))
- (While achieving the increased budget for national defense, the government continues the existing measures by flexibly responding based on economic and price trends) *Average increasing of CPI between 2013 to 2021 is approx. 0.38%. The average increased amount of the expenditure for non-social security(initial) is approx. 33 billion yen. The increased rate of CPI is estimated to be +1.7% in 2023.
- Reducing the amount of new government bond issuance (FY2022(Initial): 36.9 trillion yen ⇒ FY2023: 35.6 trillion yen)

The FY2023 Budget: Expenditure and Revenue

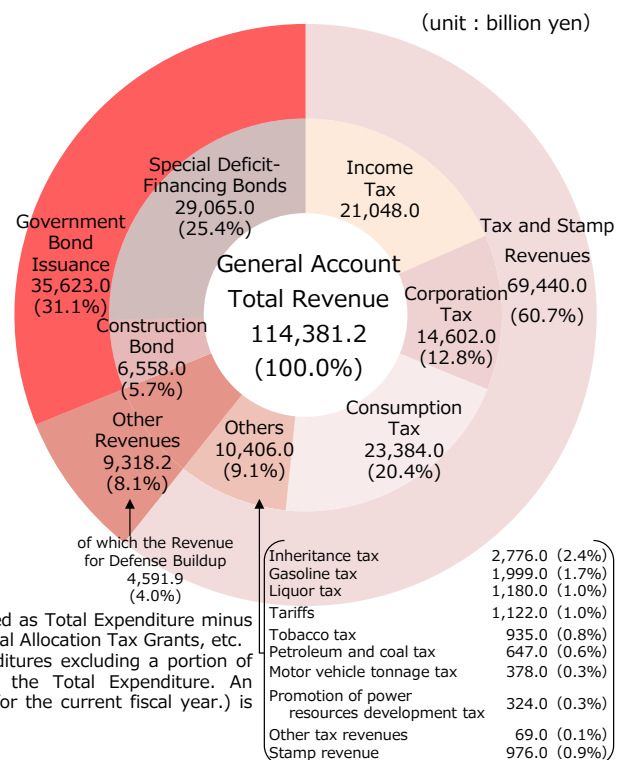
General Account Expenditure



(Note 1) Figures may not add up to the total due to rounding.

(Note 2) Social security related expenditures account for 50.7% of the general expenditure.

General Account Revenue



What's New 3: JGBi and Liquidity Enhancement Auctions (January-March quarter 2023)

On December 22, the MOF released “Issuance of the Inflation-Indexed Bonds (JGBi) in January-March 2023” and “Issuance Amounts for Liquidity Enhancement Auctions in January-March 2023.” (See the two tables below.)

(1) JGBi in January-March 2023

- Issuance amount in February 2023: Approximately 250 billion yen.
- The auction schedule for the Buy-Back Program of JGBi in January-March 2023: Approximately 20 billion yen each month.

Auction Month	Auction Amount
January 2023	Buy-Back: Approximately 20 billion yen
February 2023	Issuance: Approximately 250 billion yen Buy-Back: Approximately 20 billion yen
March 2023	Buy-Back: Approximately 20 billion yen

(Note 1) The Buy-Back will be conducted once a month.

(Note 2) Issues eligible for the Buy-Backs will be those from issue numbers 17 to 27.

(Note 3) The MOF reserves the right not to accept part or all of bids.

(Note 4) The plan could be changed owing to market conditions and others.

☛ (Source) MOF https://www.mof.go.jp/english/policy/jgbs/topics/press_release/20221222-01e.htm

(2) Issuance Amounts for Liquidity Enhancement Auctions in January-March 2023

- The auction schedule of Liquidity Enhancement Auctions in the January-March quarter 2023 was determined as below:

	January 2023	February 2023	March 2023
(1) Issues with remaining maturities of 1-5 years	Approximately 500 billion yen	-	Approximately 500 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	-

(Note 1) Remaining maturities are calculated as of December 31 except for 2-year JGBs.

(Note 2) Eligible issues for 2-year JGBs in zone (1) will be those with remaining maturities of more than one year as of December 31, 2022 for the January auction, and as of February 28, 2023 for the March auction, including the issues to be newly issued in the auction months.

(Note 3) The plan could be changed owing to market conditions and other circumstances.

☛ (Source) MOF https://www.mof.go.jp/english/policy/jgbs/topics/press_release/20221222-02e.htm

The League Table of JGB Market Special Participants (PDs)

The MOF published the league table of the top 10 PDs for successful bids in the JGB auctions, which is updated quarterly.

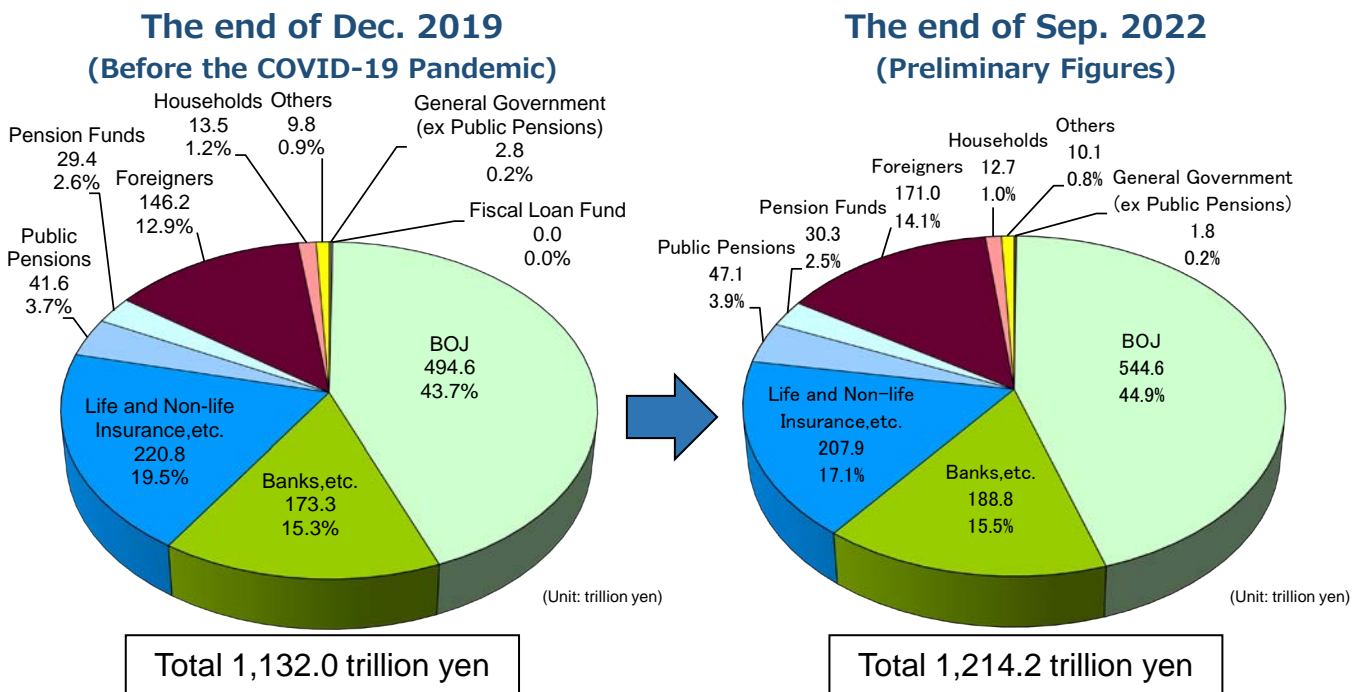
Top10 PDs for Successful Bids in Auctions (Weighted by Duration) Jul.2022 - Dec.2022

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

Monthly Topic: JGB and T-Bill Holdings (as of the end of Sep. 2022)

On December 19, the Bank of Japan (BOJ) released the Flow of Funds Accounts of the 3rd Quarter 2022, which shows the breakdown of JGB and T-bill (hereinafter referred to as “JGBs”) holders. Here are the key statistics:

- The total amount of JGBs outstanding was 1,214.2 trillion yen.
- The breakdown: the BOJ held 544.6 trillion yen (44.9%), Domestic Banks, etc. held 188.8 trillion yen (15.5%), and Foreigners held 171.0 trillion yen (14.1%). See the right pie chart below.



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

From December 2019 (before the COVID-19 pandemic) to September 2022, the total amount of JGBs outstanding increased by 82.2 trillion yen.

The BOJ’s holdings increased by 50.1 trillion yen (43.7%→44.9%), Domestic Banks, etc. holdings increased by 15.4 trillion yen (15.3%→15.5%) and Foreigners’ holdings increased by 24.7 trillion yen (12.9%→14.1%).

JGB Primary Market: Auction Results

Bonds

(Until 31 December 2022)

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)
10/4/2022	10-year	368	9/20/2032	0.2%	12,184.0	2,194.7	0.250%	0.248%	0.315	503.7	167.8
10/12/2022	30-year	76	9/20/2052	1.4%	2,094.5	725.6	1.496%	1.480%	-	174.1	24.8
10/14/2022	5-year	154	9/20/2027	0.1%	8,108.9	2,031.0	0.083%	0.081%	-	468.3	15.2
10/18/2022	20-year	182	9/20/2042	1.1%	3,174.3	972.7	1.133%	1.123%	-	226.5	75.1
10/27/2022	2-year	442	11/1/2024	0.005%	9,434.4	2,270.4	-0.027%	-0.031%	-	529.0	154.1
11/1/2022	10-year	368	9/20/2032	0.2%	11,431.8	2,180.5	0.249%	0.248%	0.286	518.1	48.1
11/7/2022	10-year Inflation-Indexed Bonds	27	3/10/2032	0.005%	820.2	249.8	-0.733%	-	-	-	-
11/9/2022	30-year	76	9/20/2052	1.4%	2,388.5	727.7	1.567%	1.561%	-	172.0	88.3
11/15/2022	5-year	154	9/20/2027	0.1%	6,712.9	2,030.8	0.064%	0.060%	-	468.5	-
11/17/2022	20-year	182	9/20/2042	1.1%	2,918.1	961.6	1.039%	1.029%	-	237.9	-
11/25/2022	40-year	15	3/20/2062	1.0%	1,647.5	699.7	1.580%	-	-	-	24.9
11/29/2022	2-year	443	12/1/2024	0.005%	9,272.6	2,301.9	-0.024%	-0.029%	-	497.5	163.6
12/1/2022	10-year	368	9/20/2032	0.2%	13,735.3	2,278.4	0.250%	0.250%	0.435	420.4	168.6
12/6/2022	30-year	76	9/20/2052	1.4%	2,184.4	728.0	1.489%	1.481%	-	171.6	-
12/8/2022	5-year	154	9/20/2027	0.1%	7,268.5	2,030.9	0.125%	0.121%	-	468.5	-
12/15/2022	20-year	182	9/20/2042	1.1%	2,854.1	983.1	1.103%	1.088%	-	216.6	-
12/27/2022	2-year	444	1/1/2025	0.005%	9,173.3	2,427.7	0.055%	0.043%	-	471.8	161.4

Treasury Discount Bills

(Until 31 December 2022)

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)
10/6/2022	6-month	1112	4/10/2023	12,875.90	3,242.89	-0.1591%	-0.1712%	757.10
10/7/2022	3-month	1113	1/16/2023	11,969.00	4,864.57	-0.1598%	-0.1899%	1,135.40
10/14/2022	3-month	1114	1/23/2023	14,794.20	4,864.07	-0.1358%	-0.1511%	1,135.90
10/19/2022	1-year	1115	10/20/2023	7,702.10	2,948.26	-0.1018%	-0.1098%	551.70
10/21/2022	3-month	1116	1/30/2023	14,768.00	4,864.53	-0.1358%	-0.1492%	1,135.40
10/27/2022	3-month	1117	2/6/2023	12,532.00	4,864.25	-0.1265%	-0.1381%	1,135.70
11/4/2022	3-month	1118	2/13/2023	15,088.50	4,875.90	-0.1079%	-0.1176%	1,124.00
11/9/2022	6-month	1119	5/10/2023	12,183.40	3,324.56	-0.1007%	-0.1148%	675.40
11/11/2022	3-month	1120	2/20/2023	17,587.40	4,875.93	-0.1061%	-0.1113%	1,124.00
11/17/2022	1-year	1121	11/20/2023	10,889.80	2,876.47	-0.0971%	-0.1001%	623.50
11/18/2022	3-month	1122	2/27/2023	18,317.10	4,875.94	-0.1117%	-0.1165%	1,124.00
11/25/2022	3-month	1123	3/6/2023	20,487.10	4,831.47	-0.1303%	-0.1310%	1,168.50
12/2/2022	3-month	1124	3/13/2023	15,844.30	4,872.96	-0.1451%	-0.1660%	1,127.00
12/8/2022	6-month	1125	6/12/2023	13,417.00	3,264.98	-0.1162%	-0.1322%	735.00
12/9/2022	3-month	1126	3/20/2023	16,951.20	4,873.00	-0.1582%	-0.1708%	1,127.00
12/16/2022	3-month	1127	3/27/2023	10,886.70	4,872.99	-0.1321%	-0.1790%	1,127.00
12/19/2022	1-year	1128	12/20/2023	7,922.80	2,927.39	-0.0449%	-0.0649%	572.60

JGB Primary Market: Auction Calendar

January 2023

Auction Date	Issue
1/5(Thu)	T-Bills (3-month)
1/5(Thu)	10-year
1/6(Fri)	T-Bills (6-month)
1/11(Wed)	T-Bills (3-month)
1/11(Wed)	30-year
1/13(Fri)	T-Bills (3-month)
1/13(Fri)	5-year
1/17(Tue)	Liquidity Enhancement Auction(remaining maturities of 5-15.5 years)
1/19(Thu)	T-Bills (1-year)
1/19(Thu)	20-year
1/20(Fri)	T-Bills (3-month)
1/24(Tue)	Liquidity Enhancement Auction(remaining maturities of 1-5 years)
1/26(Thu)	40-year
1/27(Fri)	T-Bills (3-month)
1/31(Tue)	2-year

February 2023

Auction Date	Issue
2/2(Thu)	10-year
2/3(Fri)	T-bills (3-month)
2/7(Tue)	30-year
2/9(Thu)	T-bills (6-month)
2/9(Thu)	10-year Inflation-Indexed Bonds
2/10(Fri)	T-bills (3-month)
2/13(Mon)	Liquidity Enhancement Auction(remaining maturities of 15.5-39 years)
2/16(Thu)	T-bills (1-year)
2/16(Thu)	5-year
2/17(Fri)	T-bills (3-month)
2/21(Tue)	20-year
2/24(Fri)	T-bills (3-month)
2/24(Fri)	Liquidity Enhancement Auction(remaining maturities of 5-15.5 years)
2/28(Tue)	2-year

March 2023

Auction Date	Issue
3/2(Thu)	10-year
3/3(Fri)	T-bills (3-month)
3/7(Tue)	30-year
3/8(Wed)	T-bills (6-month)
3/9(Thu)	T-bills (3-month)
3/9(Thu)	Liquidity Enhancement Auction(remaining maturities of 1-5 years)
3/14(Tue)	5-year
3/16(Thu)	T-bills (1-year)
3/16(Thu)	20-year
3/17(Fri)	T-bills (3-month)
3/23(Thu)	Liquidity Enhancement Auction(remaining maturities of 5-15.5 years)
3/24(Fri)	T-bills (3-month)
3/28(Tue)	40-year
3/30(Thu)	2-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.

Top10 PDs for Successful Bids in Auctions (Weighted by Duration)

Jul.2022 - Dec.2022

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

Top5 PDs for Successful Bids of JGBi

FY2021

1 Mizuho Bank, Ltd.
2 JPMorgan Securities Japan Co., Ltd.
3 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
4 Goldman Sachs Japan Co., Ltd.
5 Nomura Securities Co., Ltd.

Liquidity Enhancement Auctions and JGB Buy-Back

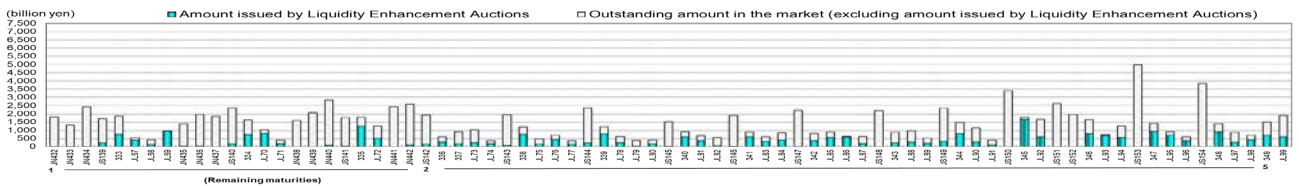
Results of Liquidity Enhancement Auctions

(Until 31 December 2022)

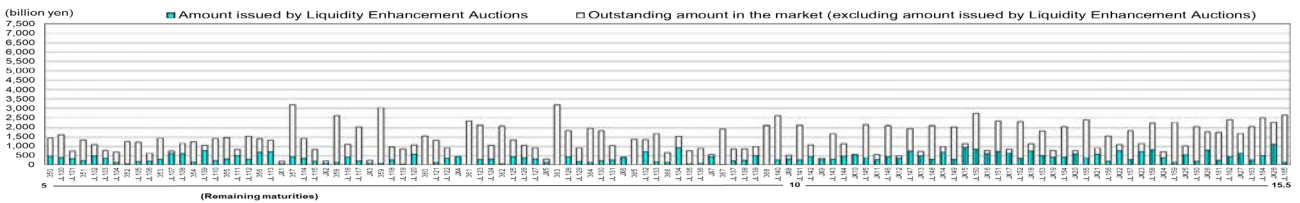
Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread	Highest Accepted Spread	Issues Re-opened
10/6/2022	3,188.6	498.9	+0.001%	+0.003%	10-year (349,350,352,353,354,355,356,364,366,367) 20-year (101,107,108,111,135,140) 30-year (6)
10/25/2022	1,444.8	498.8	+0.060%	+0.067%	20-year (165,179,181) 30-year (29,31,36,37,39,41,42,43,45,46,54,55,59,65,66,69,74,75) 40-year (1,2,5,6,7,8,10,11,12,13)
11/11/2022	1,963.4	499.6	-0.047%	-0.035%	10-year (360) 20-year (158,159,160,161,162,163,164)
11/22/2022	2,692.7	499.5	-0.005%	-0.003%	2-year (436,442) 5-year (149) 10-year (338,347,348) 20-year (90,91,92)
12/13/2022	2,741.7	498.9	-0.003%	-0.001%	10-year (349,350,353,356,357) 20-year (107,112,113,114,115,137,138,140,141,142,143,148,149,153,154,155,156,158,161,162,163) 30-year (2,8,9,13,14,15,22,23)
12/21/2022	1,441.5	499.5	+0.022%	+0.027%	20-year (179,181) 30-year (33,34,52,54,55,56,65,66,73,74,75) 40-year (3,5,10,11,12,13,14)

Target Zones of Liquidity Enhancement Auctions for Jan.- Mar. 2023

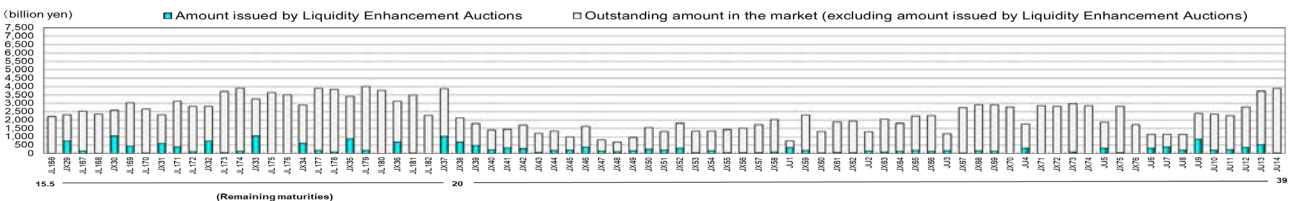
1. Remaining maturity : approx.1 - ~5 - year



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 2022.
Note2 : All issues in the graph above will be eligible afterward.

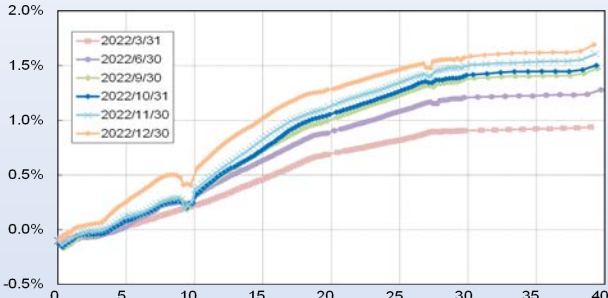
Buy-Back Results (10-year Inflation-Indexed)

(Until 31 December 2022)

Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread (yen)	Highest Accepted Spread (yen)	Issue Numbers
9/16/2022	123.2	20.0	-0.510	-0.51	25
10/19/2022	148.4	20.0	-0.675	-0.55	17,18,22
11/2/2022	121.1	20.1	-0.361	-0.20	17,22,24,26
12/7/2022	99.2	20.0	-0.268	-0.19	18,19,20

JGB Secondary Market

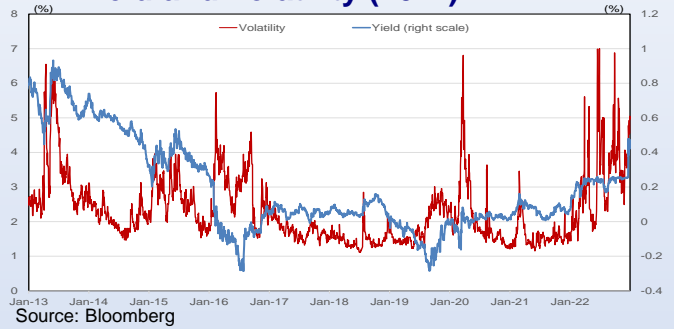
JGB Yield Curves



Source: Japan Bond Trading Co.,Ltd.

Yield and Volatility (10Yr)

(Until 31 December 2022)



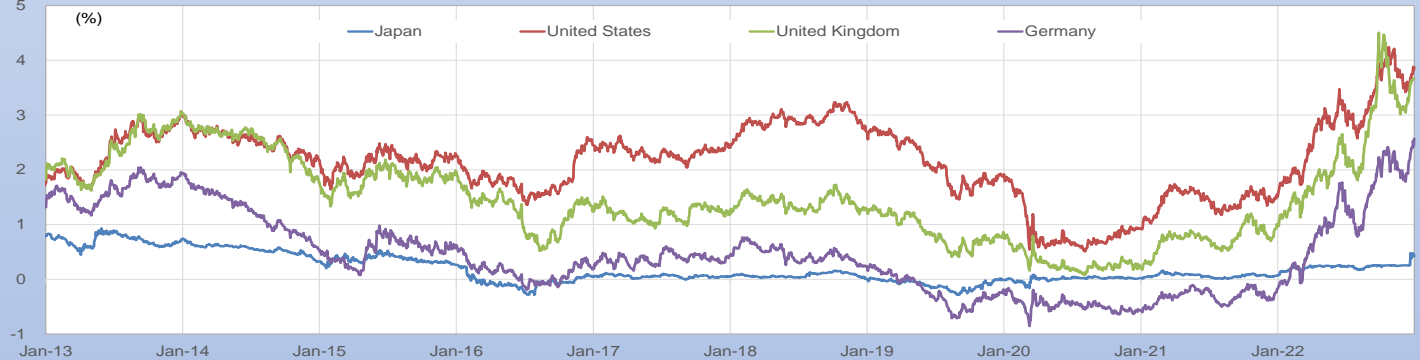
Source: Bloomberg

Yields of JGB



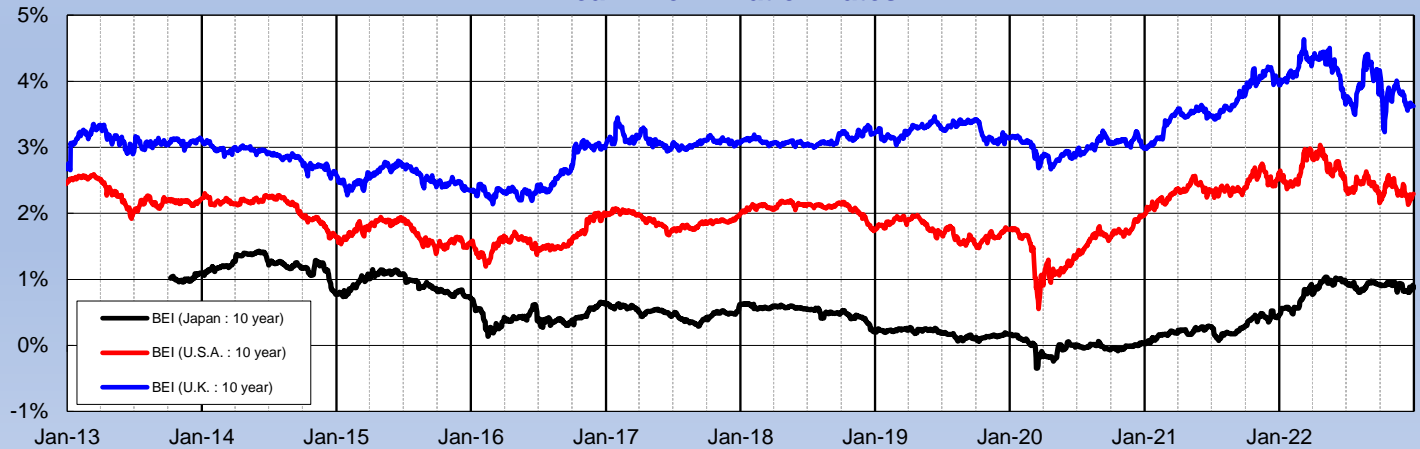
Source: Bloomberg

Long - Term Interest Rates (10Yr)



Source: Bloomberg

Break-Even Inflation Rates

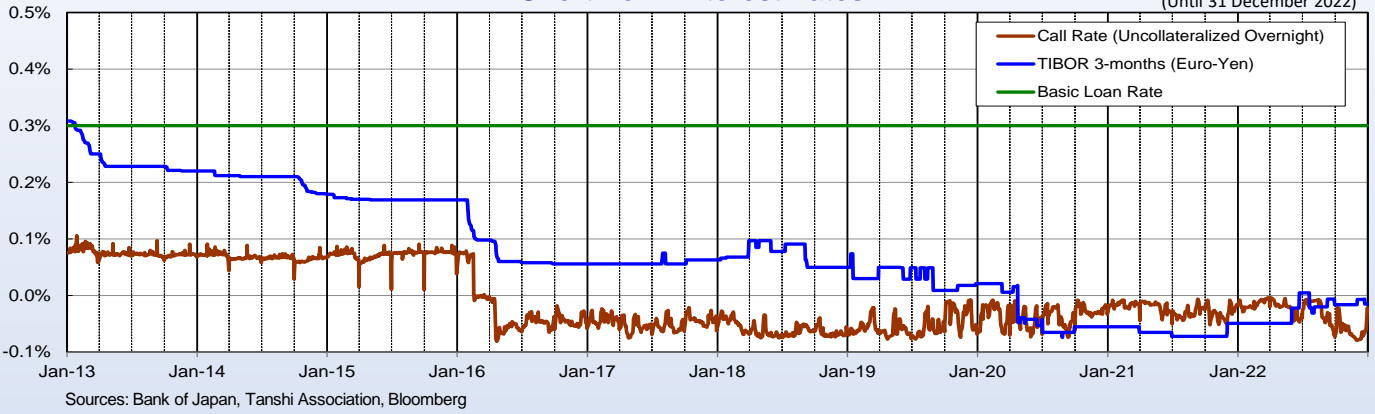


Note: BEI (Japan: 10 year) is calculated based on the compound interest rate of the new Inflation-Indexed Bonds and the 10-Year Bonds

Sources: Bloomberg

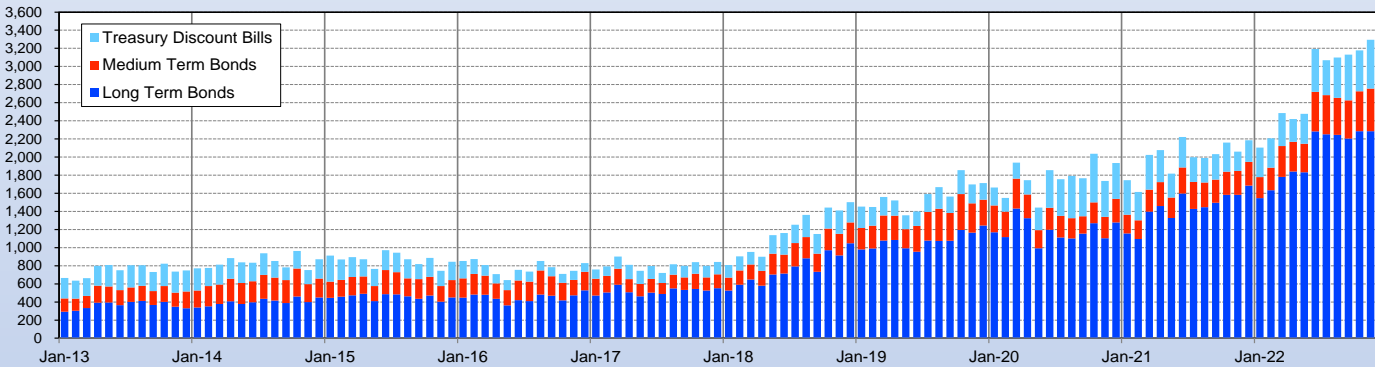
Short-Term Interest Rates

(Until 31 December 2022)



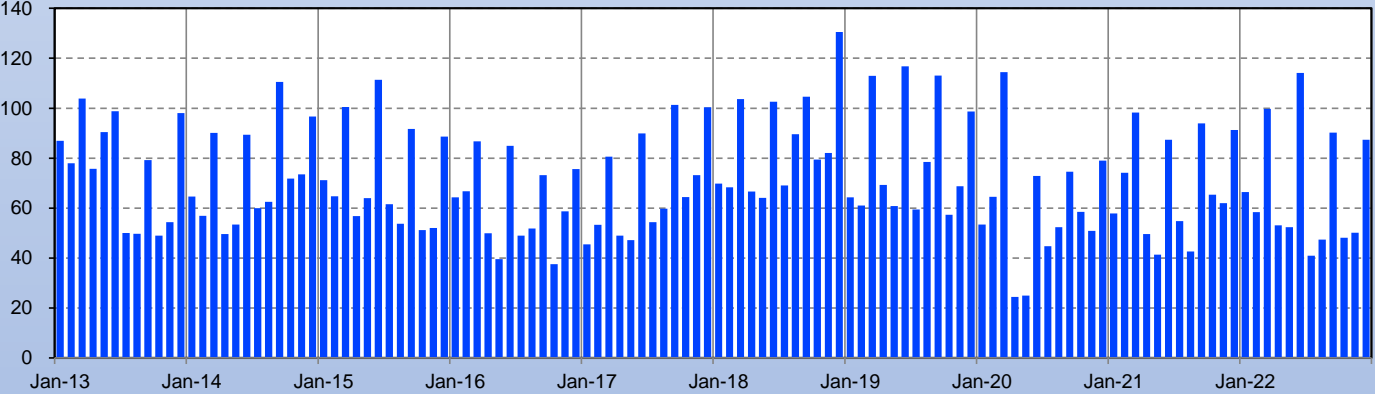
JGB Over-the-Counter Trading Volume (TOKYO)

(trillion yen)



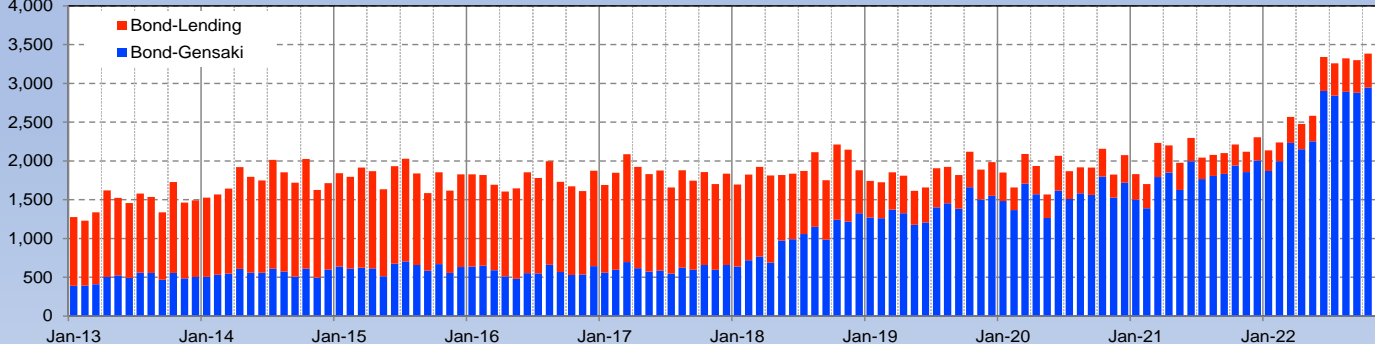
Trading Volume of 10-Year JGB Futures

(trillion yen)



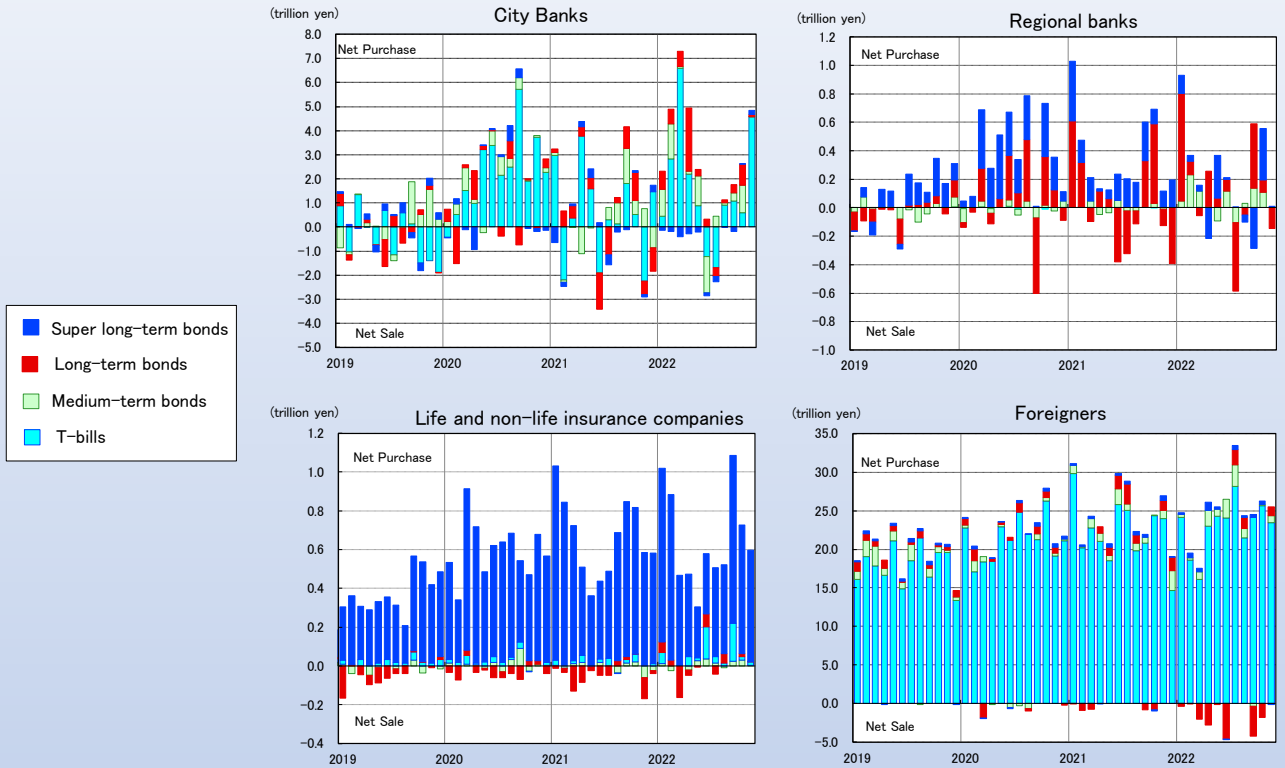
Repurchase Transactions

(trillion yen)



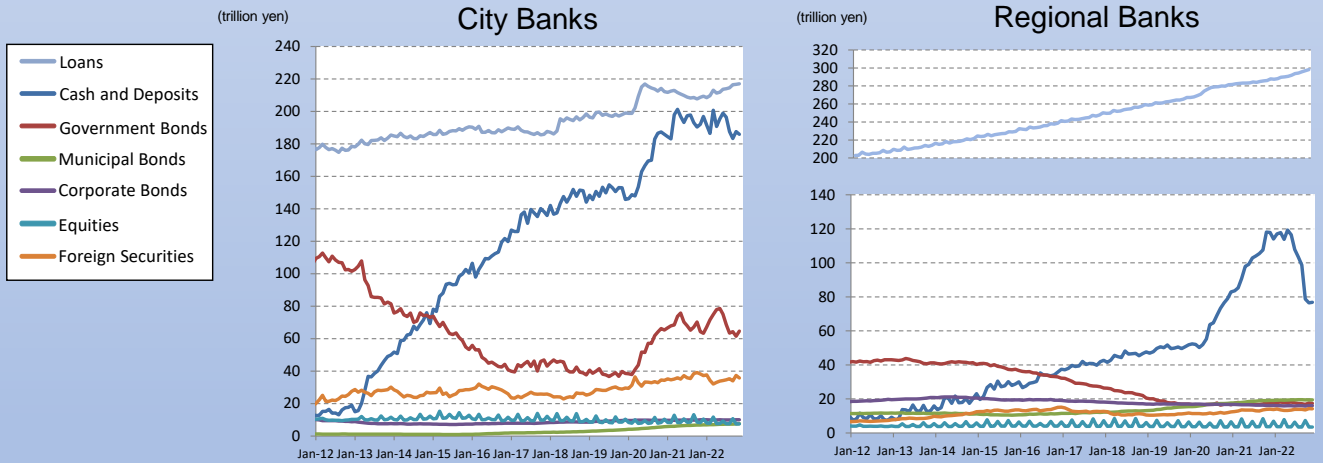
Investor Trends and JGB Outstanding

Trends in JGBs Transactions (by investor type)



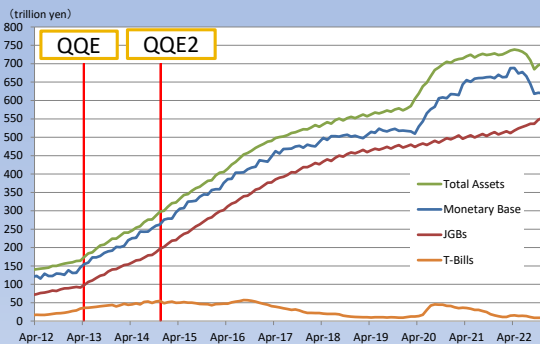
Source: Japan Securities Dealers Association

Trends in Bank Assets by Types



Source: Bank of Japan

BOJ Trends

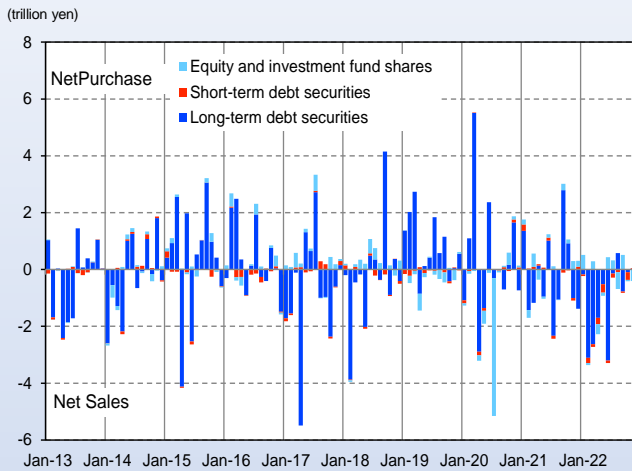


Source: Bank of Japan

	Apr 2013 (Actual)	Dec 2022 (Actual)
Monetary Base	155	632
JGBs	98	556
T-Bills	36	8
CP	1.4	2.6
Corporate Bonds	2.9	8.2
ETFs	1.7	37.0
J-REITs	0.13	0.66
Total Assets	175	704

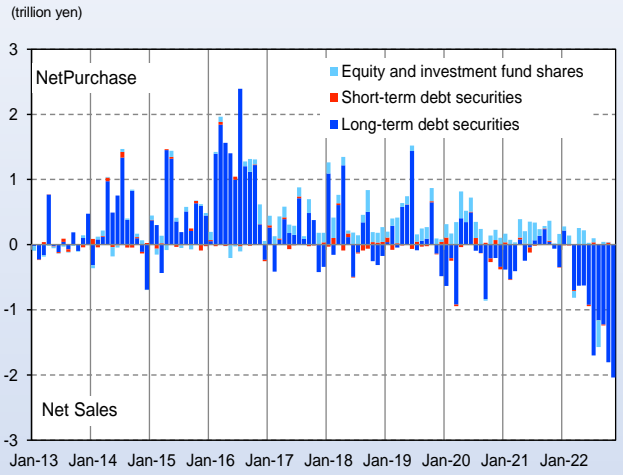
Transactions of Foreign Securities by Residents (by Investor types)

Banks(Banking Accounts)



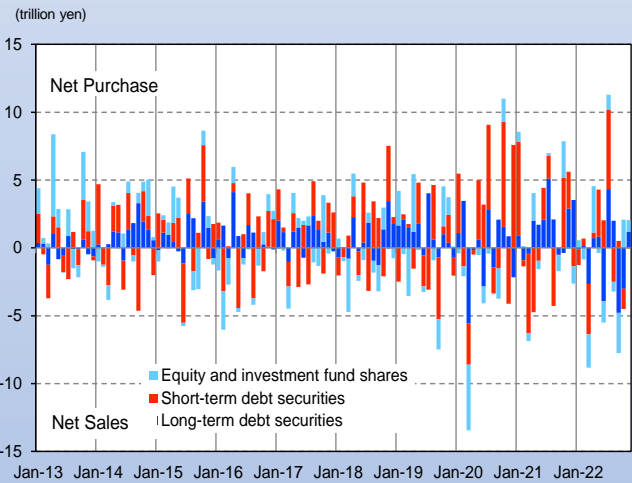
Source: Ministry of Finance

Life Insurance Companies



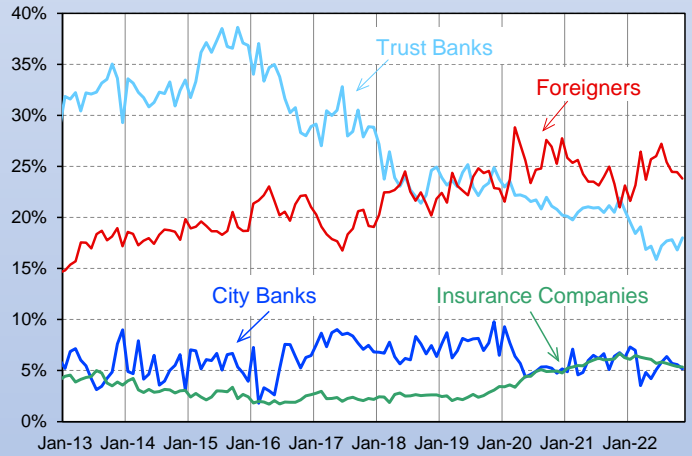
Source: Ministry of Finance

Transactions of Domestic Securities by Non-Residents



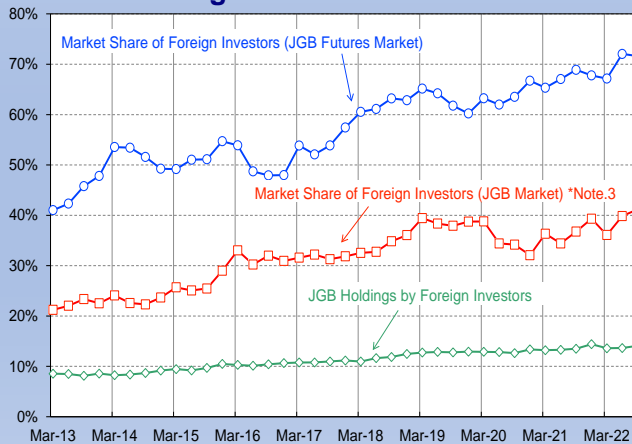
Source: Ministry of Finance

Outstanding of Repurchase Agreements (by Investor types)



Source: Japan Securities Dealers Association

Foreign Investors Presence



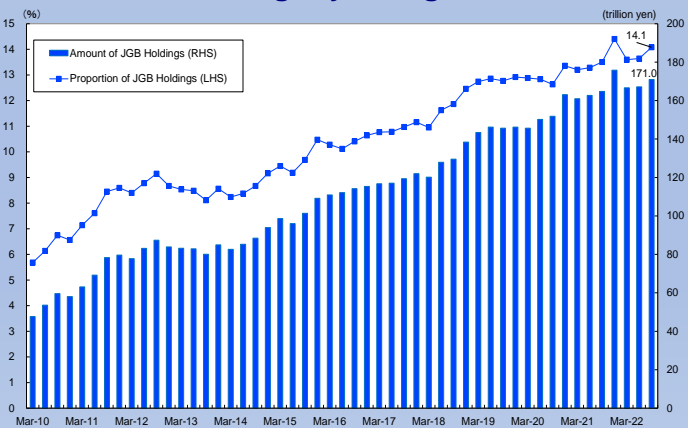
Note.1: Quarterly basis.

Note.2: "JGB" includes T-Bills.

Note.3: The figures excludes dealers' transactions.

Sources: Bank of Japan, Japan Securities Dealers Association, Japan Exchange Group, Inc.

JGBs Holdings by Foreign Investors

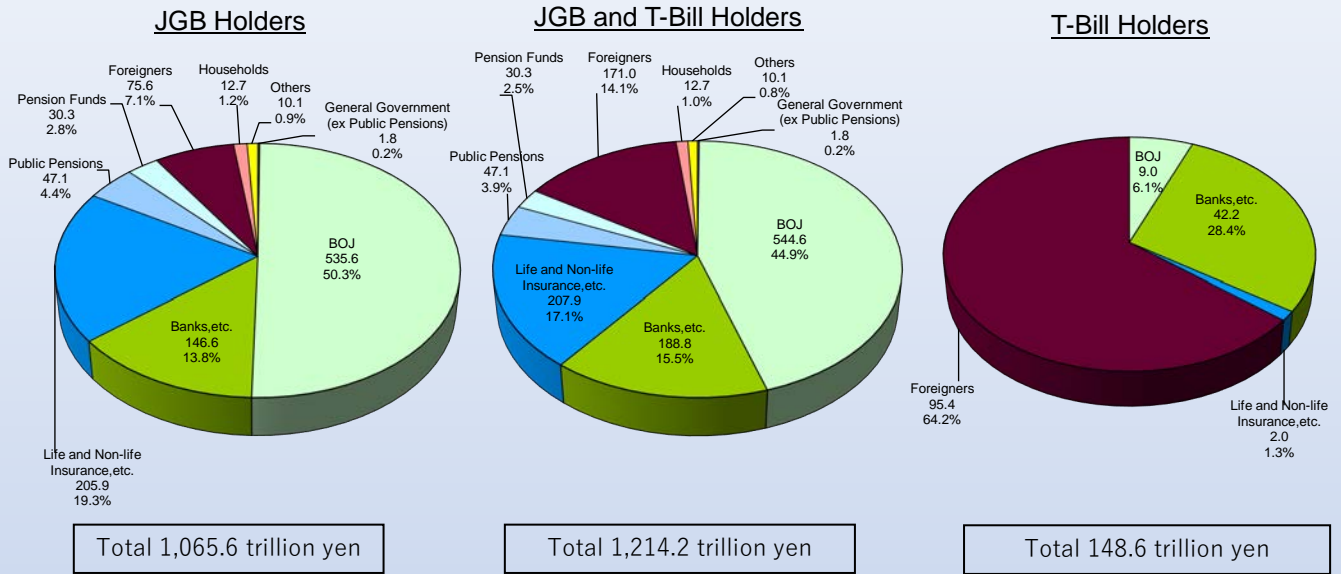


Note.1: Quarterly basis.

Note.2: "JGB" includes "FILP Bonds" and "T-Bills".

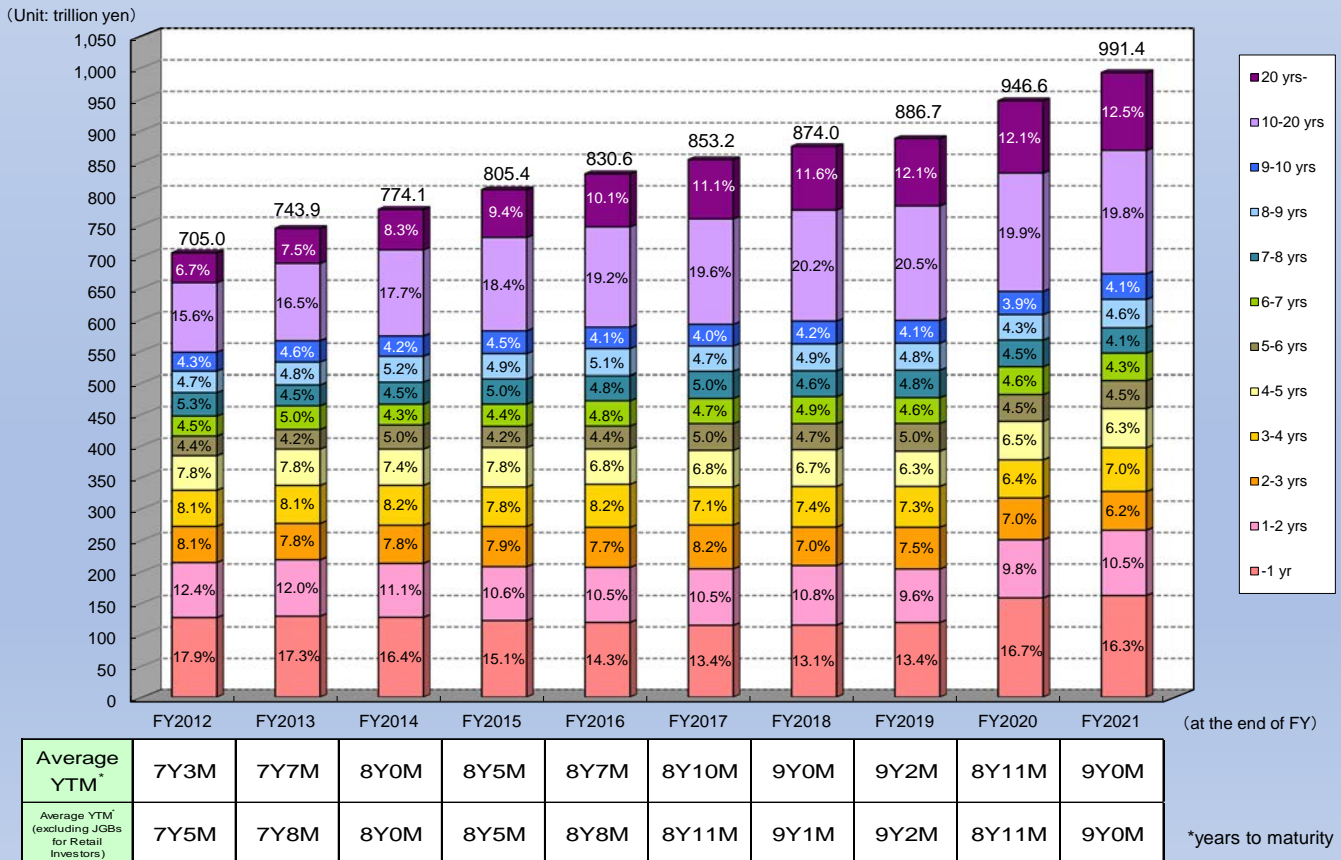
Source: Bank of Japan

Breakdown by JGB and T-Bill Holders (The end of Sep. 2022 QE)

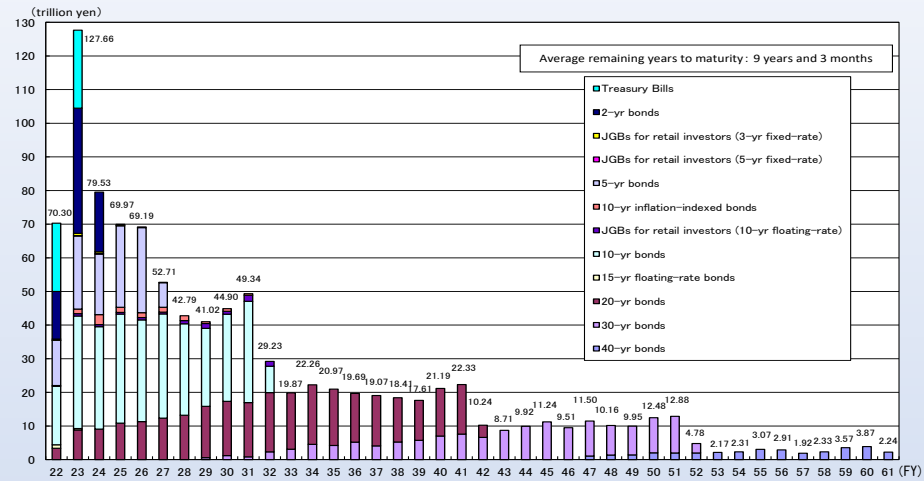


Note1: "JGB" includes "FILP Bonds."
 Note2: "Banks, etc." includes "Japan Post Bank," "Securities investment trust" and "Securities companies."
 Note3: "Life and Non-life insurance, etc." includes "Japan Post Insurance."
 Source: Bank of Japan "Flow of Funds Accounts (Preliminary Figures)"

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



Time-to-Maturity Structure of Outstanding JGB (September. 2022)



Note: Figures may not sum up to the total because of rounding.
Source: Ministry of Finance

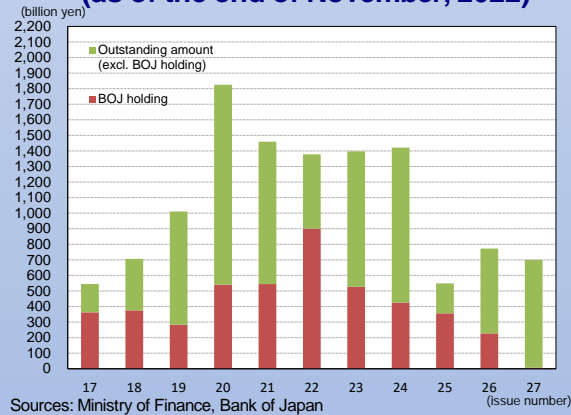
Scheduled redemption of JGB at maturity in January, 2023

(billion yen)

Types	The amount of redemption at maturity	Date of redemption
2-Year Bonds	3,043.9	2023/1/1
Treasury Bills (1-Year)	3,500.0	1/20
Total	6,543.9	

Note.1: The figures are based on the outstanding JGBs at the end of November, 2022
 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 date of redemption coincides with bank holiday, the payment of redemption is carried out on the following business day.
 Note.5: Figures may not sum up to the total because of rounding.

Market-held Balance of the Inflation-Indexed Bonds (as of the end of November, 2022)

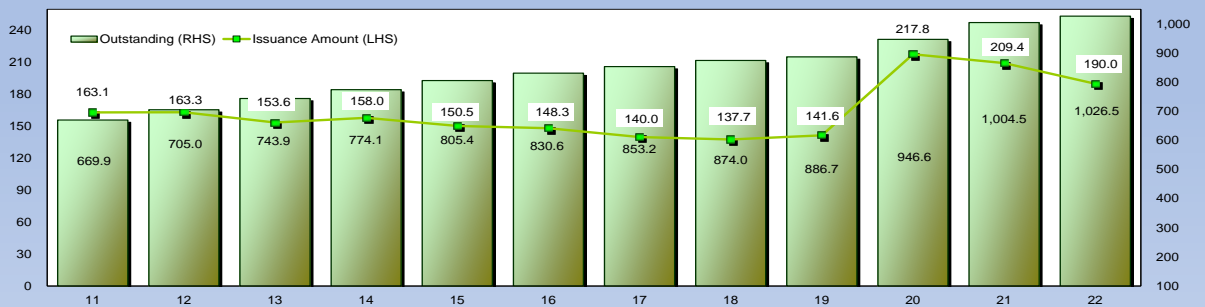


Sources: Ministry of Finance, Bank of Japan

General Bonds Issuance Amount and Outstanding

(trillion yen)

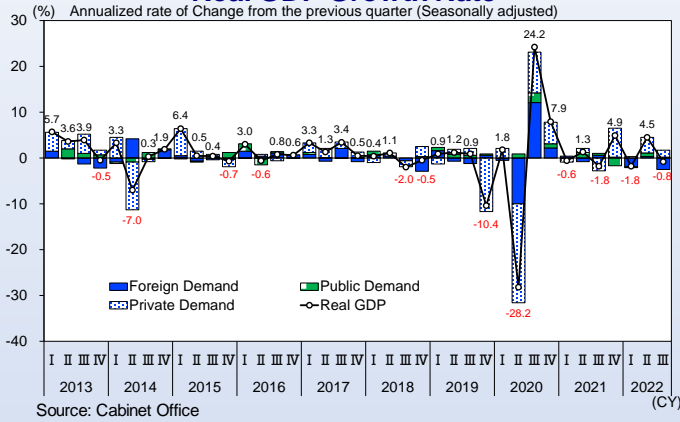
(trillion yen)



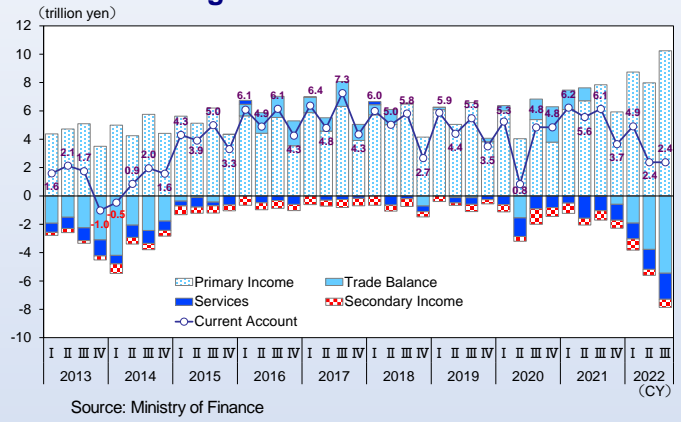
Note 1: Issuance Amount: revenue basis, FY2011-2020: Actual, FY2021: Supplementary budget, FY2022: Initial budget
 Note 2: Outstanding: nominal basis, FY2011-2020: Actual, FY2021: Supplementary budget, FY2022: Initial budget
 Source: Ministry of Finance

Economic and Financial Trends

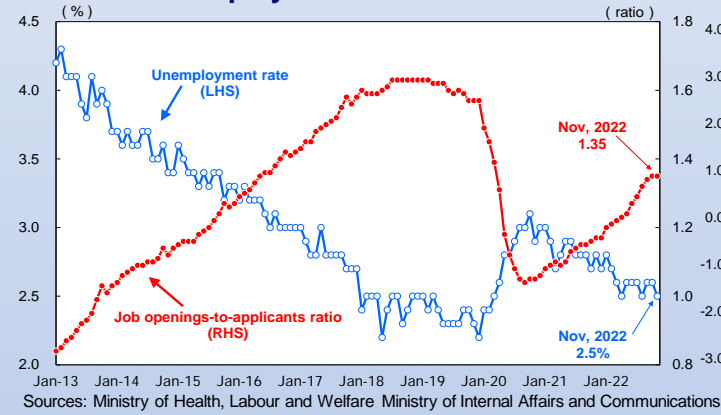
Real GDP Growth Rate



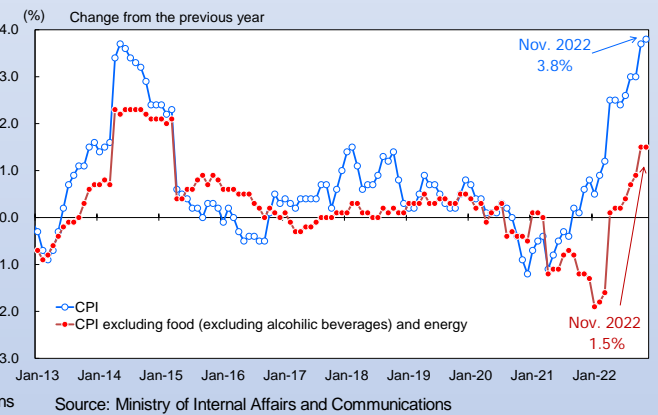
Changes in Current Account



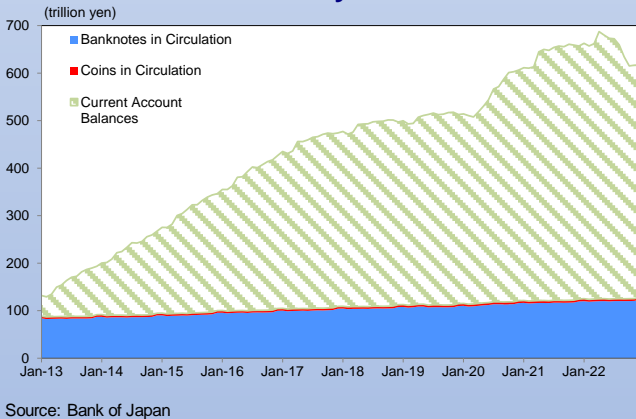
Employment Conditions



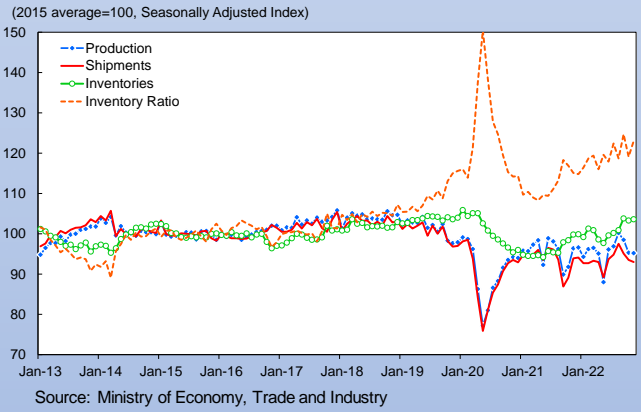
Prices



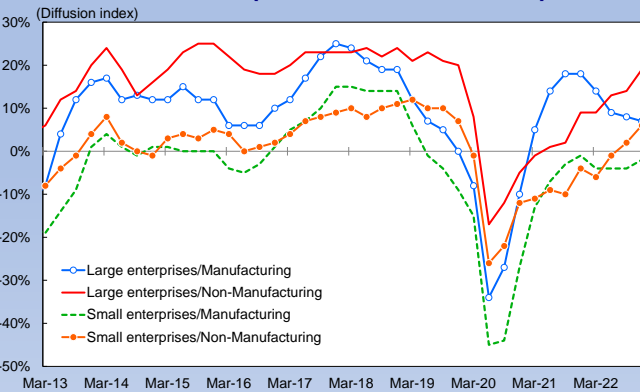
Monetary Base



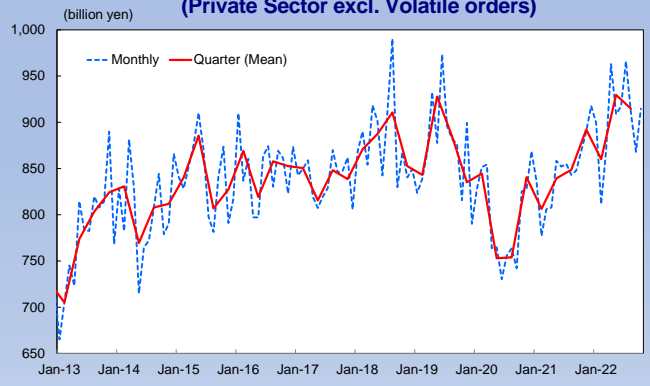
Indices of Industrial Production



TANKAN (Business Conditions)



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



Information

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

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