

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

What's New: MOF started discussions for FY2020 JGB Annual Issuance Plan p. 2

- ✓ The JGB Issuance Plan for FY2020 was discussed at the 83rd Meeting of JGB Market Special Participants and the 81st Meeting of JGB investors, which were held on November 25 and 26, 2019, respectively.

Monthly Topic: Quarterly Estimates of GDP Jul.–Sep. 2019 p.4

- ✓ The Second preliminary GDP estimate (Jul.–Sep. 2019) was released on December 9. Real GDP expanded by 0.4% (annual rate 1.8%) from the previous quarter. Private demand contributed 0.4 % points on the back of steady private consumption and investment.

IR Office: IR activities in November p. 5

- ✓ Conference in Tokyo and Singapore

Statistics

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The Ministry of Finance

www.mof.go.jp

What's New

Discussions of the JGB Issuance Plan for FY2020 at the Meeting of JGB Market Special Participants and the Meeting of JGB investors

The JGB Issuance Plan for FY2020 was discussed at the 83rd Meeting of JGB Market Special Participants and the 81st Meeting of JGB investors, which were held on November 25 and 26, 2019, respectively.

[Summary of the MOF explanation]

The MOF introduced the discussions of the 51st meeting of the Advisory Council on Government Debt Management in October.

Please refer to the Newsletter issued in November 2019 for the details.

URL: https://www.mof.go.jp/english/jgbs/publication/newsletter/jgb2019_11e.pdf

[Opinions from the participants]

<Opinions from the JGB market special participants for each zone>

- Regarding the super-long-term zone, it is preferable to keep or increase, if possible, the amount of issuance for 30- and 40-Year bonds. The amount for 20-Year bonds should be maintained at the current level as well since it was just reduced in FY2019.
- It is preferable to maintain the amount of issuance for the super-long-term zone because steady demand for such zone is observed from real money investors. Also, demand from life insurance companies is expected to continue, considering the needs for dealing with the new regulations. Within the zone, there seems to be some room for increasing the amount of issuance of 40-Year bonds. The recent flattening of the JGB yield curve in the past half to one year, especially comparing 10- and 40-Year bonds, indicates strong demand for the 40-Year bonds.
- A Liquidity Enhancement Auction would be the first option to reduce the amount of issuance. The zone with remaining maturities of 5-15.5 years, where demand has been diminished due to the BOJ's easing of the requirements for Securities Lending Facility, has certain room for reduction. While 10-Year bonds are another option for reduction, there is certain demand for T-Bills and 1- to 2-Year bonds for collateral use. Although the investor base is limited for 5-Year bonds, further reduction of 5-Year bonds should be avoided since the amount of issuance of 5-Year bonds has decreased substantially in recent years.
- When the MOF decides the amount of issuance of 10-Year bonds, it is necessary to consider the fact that 10-Year bonds will be the cheapest-to-deliver issue for the 10-Year futures trade a few years later, whose liquidity should be maintained, and the possibility that there will be stronger demand for 10-Year bonds when the interest rate turns positive.

<Opinions from the JGB investors for each zone>

- The reduction of the amount in the super-long-term zone should have the largest impact on the JGB market compared with other zones. Steady demand for such zone, especially for 30- to 40-Year bonds, is expected from the life insurance sector in order to prepare for the introduction of the Economic Value-Based Solvency Regime. From investors' point of view, the amount of issuance for the zone should be increased rather than decreased.

- While increase in the amount of issuance of 30- to 40-Year bonds should be considered, the amount of issuance for the negative-yield zone should be decreased. Regarding the Liquidity Enhancement Auction, whose issuance amounts have increased in recent years, it has been widely utilized to match the liability composition, especially for the zone with remaining maturities of over 15.5 years. There still is demand in such zone, so continuous increase in the issuance amount would be appreciated. Meanwhile, the amount of issuance for the zone with remaining maturities of 5-15.5 years, whose auctions are conducted monthly, should be reduced.
- There were some opinions at the 83rd Meeting of JGB Market Special Participants that 10-Year bonds have room for reduction in the amount of issuance. However, it is important to recognize that demand from investors for this zone is expected to increase when the interest rate turns positive. Moreover, we also need to consider the balance with the issuance volume for the Liquidity Enhancement Auction if it is going to be decreased. Therefore, if further reduction of the issuance amount is needed, we should also include 2- and 5-Year bonds in the options.
- The MOF's proposal to modify the JGB Issuance Plan in the middle of the fiscal year can be supported, considering that other countries are taking such measures. However, it is important to ensure predictability through communicating with the market participants carefully because market participants in Japan tend to react sharply to changes in JGB Issuance Plans.

Monthly Topic

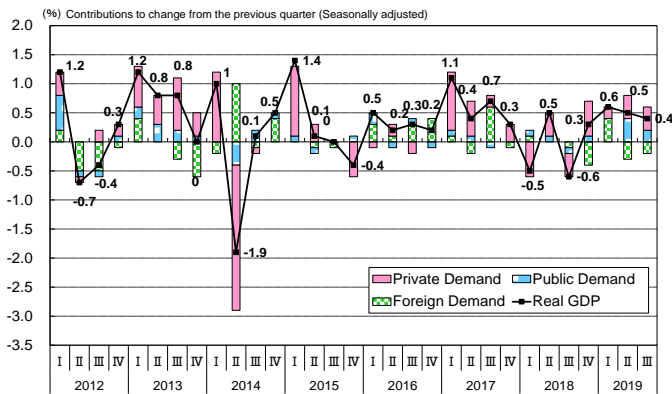
Quarterly Estimates of GDP Jul.–Sep. 2019

The Second preliminary GDP estimate (Jul.–Sep. 2019) was released on December 9. Real GDP expanded by 0.4% (annual rate 1.8%) from the previous quarter. Private demand contributed 0.4 % points on the back of steady private consumption and investment.

By demand item, private consumption rose by 0.5% and private non-residential investment rose by 1.8% from the previous quarter.

Compared to the First preliminary GDP estimate, all demand items were revised up. Among demand items, private non-residential investment which was revised up from +0.9% to +1.8%, was the main driver pushing up the Second preliminary GDP figure.

Development of Real GDP
(Quarterly, seasonally adjusted series)



Source: Cabinet Office

| | Note 1 | | | | Note 2 | |
|---------------------------------|--------|--------|--------|--------|--------|-----|
| | 2018 | | 2019 | | 2019 | |
| (%) | 7~9 | 10~12 | 1~3 | 4~6 | 7~9 | 7~9 |
| Gross Domestic Product | -0.6 | 0.3 | 0.6 | 0.5 | 0.4 | 1.8 |
| Domestic Demand | -0.5 | 0.7 | 0.3 | 0.8 | 0.6 | 2.5 |
| Private Demand | (-0.5) | (0.7) | (0.3) | (0.8) | *** | *** |
| Private Consumption | -0.2 | 0.2 | 0.2 | 0.6 | 0.5 | 2.2 |
| Consumption of Households | -0.2 | 0.2 | 0.1 | 0.5 | 0.5 | 2.1 |
| Excluding Imputed Rent | -0.3 | 0.2 | 0.1 | 0.6 | 0.6 | 2.2 |
| Private Residential Investment | 0.4 | 1.1 | 1.1 | 0.5 | 1.6 | 6.5 |
| Private Non-Resi. Investment | -3.4 | 3.0 | -0.2 | 0.9 | 1.8 | 7.3 |
| Change in Private Inventories | (0.3) | (-0.0) | (0.1) | (-0.1) | *** | *** |
| Public Demand | -0.3 | 0.3 | 0.1 | 1.6 | 0.7 | 2.8 |
| Government Consumption | 0.2 | 0.6 | -0.3 | 1.6 | 0.7 | 2.7 |
| Public Investment | -2.4 | -0.7 | 2.0 | 1.6 | 0.9 | 3.6 |
| Change in Public Inventories | (0.0) | (-0.0) | (-0.0) | (0.0) | *** | *** |
| Net Exports of Goods & Services | (-0.1) | (-0.4) | (0.4) | (-0.3) | *** | *** |

Note 1: Change from the previous quarter (seasonally adjusted)
 Note 2: Annualized
 Note 3: The Figures in () indicate contributions to changes in GDP.
 Source: Cabinet Office

For more detailed data, please refer to the following:

Quarterly Estimates of GDP: https://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2019/toukei_2019.html

- At the end of October, **Mr. Kubota**, Deputy-Director General of the Financial Bureau, made a presentation to more than 120 foreign and domestic investors at a private investment seminar in Tokyo. The theme of his presentation was “Japan’s Economy and Public Debt Management.” He described the current conditions of fiscal and economic developments. He emphasized that in the aging society, Japan’s government needs to promote growth strategy and regulatory reforms. The government has implemented various measures, such as putting new technologies into practical use, reforming the education system, and the like. In addition, he mentioned the basic objectives of debt management policy: implementing smooth issuance of JGBs and minimizing medium- to long-term financing costs. For these objectives, the MOF always attaches importance to close communication with market participants and strives to keep the JGB market attractive to them. This conference was a good opportunity for us. Also we would be delighted if our presentation can contribute to deepening understanding about Japan’s economy and debt management policy.



- In the last week of October, **Mr. Ohata**, Director for Debt Management and JGB Investor Relations, and **Mr. Kajikawa**, Researcher, participated in the Asian Regional Forum on Investment Management of Foreign Exchange held in Singapore. Mr. Ohata gave a presentation and provided comments on developments surrounding the issuance of JGBs, touching on the efforts to make them more attractive to investors. The forum covered various topics, inviting professional speakers from each area, which led to a fruitful discussion from the stand-point of foreign reserve management.



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 2019)

| 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) |
|--------------|---------------------------------|--------------|---------------|----------------|---|--|------------------------------------|----------------------------|--|---|--|
| 9/3/2019 | 10-year | 355 | 6/20/2029 | 0.1% | 6,161.1 | 1,713.0 | ▲0.264% | ▲0.265% | 0.280 | 385.7 | 313.4 |
| 9/5/2019 | 30-year | 63 | 6/20/2049 | 0.4% | 1,975.9 | 572.8 | 0.144% | 0.140% | - | 126.3 | 98.5 |
| 9/11/2019 | 5-year | 140 | 6/20/2024 | 0.1% | 5,629.0 | 1,558.8 | ▲0.302% | ▲0.308% | - | 340.7 | 0.0 |
| 9/18/2019 | 20-year | 169 | 6/20/2039 | 0.3% | 2,565.4 | 738.0 | 0.210% | 0.205% | - | 161.7 | 49.6 |
| 9/25/2019 | 40-year | 12 | 3/20/2059 | 0.5% | 1,075.8 | 399.9 | 0.435% | - | - | - | 55.7 |
| 9/27/2019 | 2-year | 405 | 10/1/2021 | 0.1% | 6,199.5 | 1,654.1 | ▲0.327% | ▲0.333% | - | 345.3 | 0.0 |
| 10/1/2019 | 10-year | 356 | 9/20/2029 | 0.1% | 5,980.8 | 1,746.7 | ▲0.130% | ▲0.158% | 0.265 | 353.0 | 0.0 |
| 10/10/2019 | 30-year | 64 | 9/20/2049 | 0.4% | 2,240.3 | 578.6 | 0.385% | 0.382% | - | 120.4 | 96.1 |
| 10/17/2019 | 5-year | 141 | 9/20/2024 | 0.1% | 5,836.3 | 1,579.6 | ▲0.274% | ▲0.280% | - | 319.6 | 0.0 |
| 10/24/2019 | 20-year | 170 | 9/20/2039 | 0.3% | 2,871.7 | 735.2 | 0.249% | 0.245% | - | 164.1 | 0.0 |
| 10/29/2019 | 2-year | 406 | 11/1/2021 | 0.1% | 7,881.4 | 1,638.2 | ▲0.208% | ▲0.208% | - | 361.2 | 299.0 |
| 11/6/2019 | 10-year | 356 | 9/20/2029 | 0.1% | 6,175.8 | 1,705.5 | ▲0.094% | ▲0.099% | 0.265 | 393.9 | 0.0 |
| 11/8/2019 | 10-year Inflation-Indexed Bonds | 24 | 3/10/2029 | 0.1% | 1,368.7 | 399.6 | ▲0.204% | - | - | - | 10.7 |
| 11/12/2019 | 30-year | 64 | 9/20/2049 | 0.4% | 2,083.1 | 568.9 | 0.464% | 0.458% | - | 130.6 | 0.0 |
| 11/14/2019 | 5-year | 141 | 9/20/2024 | 0.1% | 6,273.3 | 1,556.5 | ▲0.188% | ▲0.190% | - | 343.0 | 283.9 |
| 11/20/2019 | 20-year | 170 | 9/20/2039 | 0.3% | 3,078.2 | 731.6 | 0.268% | 0.266% | - | 167.3 | 133.9 |
| 11/26/2019 | 40-year | 12 | 3/20/2059 | 0.5% | 1,399.4 | 399.6 | 0.460% | - | - | - | 55.4 |
| 11/28/2019 | 2-year | 407 | 12/1/2021 | 0.1% | 6,875.9 | 1,664.9 | ▲0.183% | ▲0.189% | - | 334.6 | 0.0 |

Auction Results (Treasury Discount Bills)

(Until 30 November 2019)

| 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) |
|--------------|------------------|--------------|---------------|---|--|------------------------------------|----------------------------|---|
| 9/6/2019 | 3-month | 855 | 12/9/2019 | 10,513.20 | 3,509.73 | ▲0.1563% | ▲0.1619% | 790.20 |
| 9/9/2019 | 6-month | 856 | 3/10/2020 | 8,143.10 | 1,878.59 | ▲0.2643% | ▲0.2883% | 421.40 |
| 9/13/2019 | 3-month | 857 | 12/16/2019 | 9,027.80 | 3,493.90 | ▲0.1236% | ▲0.1431% | 786.10 |
| 9/18/2019 | 1-year | 858 | 9/23/2020 | 7,960.40 | 1,578.98 | ▲0.2171% | ▲0.2200% | 321.00 |
| 9/20/2019 | 3-month | 859 | 12/23/2019 | 13,621.10 | 3,487.15 | ▲0.1378% | ▲0.1483% | 782.80 |
| 9/27/2019 | 3-month | 860 | 1/8/2020 | 16,487.75 | 3,485.47 | ▲0.2553% | ▲0.2709% | 784.50 |
| 10/4/2019 | 3-month | 861 | 1/14/2020 | 13,024.40 | 3,498.18 | ▲0.3333% | ▲0.3657% | 771.80 |
| 10/9/2019 | 6-month | 862 | 4/10/2020 | 8,617.70 | 1,895.75 | ▲0.2708% | ▲0.2967% | 404.20 |
| 10/11/2019 | 3-month | 863 | 1/20/2020 | 11,894.30 | 3,563.57 | ▲0.2801% | ▲0.3049% | 766.40 |
| 10/17/2019 | 1-year | 864 | 10/20/2020 | 6,687.60 | 1,561.37 | ▲0.1876% | ▲0.1936% | 338.60 |
| 10/18/2019 | 3-month | 865 | 1/27/2020 | 10,176.60 | 3,495.88 | ▲0.1991% | ▲0.2385% | 774.10 |
| 10/25/2019 | 3-month | 866 | 2/3/2020 | 10,180.90 | 3,485.48 | ▲0.1712% | ▲0.1943% | 784.50 |
| 11/1/2019 | 3-month | 867 | 2/10/2020 | 12,980.10 | 3,510.37 | ▲0.1579% | ▲0.1700% | 789.60 |
| 1/7/2019 | 6-month | 868 | 5/11/2020 | 9,617.00 | 1,877.57 | ▲0.1462% | ▲0.1563% | 422.40 |
| 11/8/2019 | 3-month | 869 | 2/17/2020 | 16,544.92 | 3,485.58 | ▲0.1451% | ▲0.1492% | 784.40 |
| 11/15/2019 | 3-month | 870 | 2/25/2020 | 13,077.71 | 3,526.08 | ▲0.1989% | ▲0.2137% | 793.90 |
| 11/19/2019 | 1-year | 871 | 11/20/2020 | 5,797.20 | 1,551.67 | ▲0.1911% | ▲0.2000% | 348.30 |
| 11/22/2019 | 3-month | 872 | 3/2/2020 | 9,510.11 | 3,517.17 | ▲0.2103% | ▲0.2263% | 792.80 |
| 11/29/2019 | 3-month | 873 | 3/9/2020 | 11,653.91 | 3,493.26 | ▲0.1507% | ▲0.1783% | 786.70 |

Auction Calendar for Dec. 2019 – Feb. 2020

| Auction Date | Issue | Auction Date | Issue | Auction Date | Issue | Auction Date | Issue |
|--------------|---|--------------|--|--------------|--|--------------|---|
| 12/3(Tue) | 10-year | 1/7(Tue) | T-Bills (3-month) | 1/28(Tue) | 40-year | 2/20(Thu) | 20-year |
| 12/5(Thu) | 30-year | 1/7(Tue) | 10-year | 1/30(Thu) | 2-year | 2/21(Fri) | T-Bills (3-month) |
| 12/6(Fri) | T-Bills (3-month) | 1/9(Thu) | T-Bills (6-month) | 1/31(Fri) | T-Bills (3-month) | 2/26(Wed) | Liquidity Enhancement Auction (remaining maturities of 15.5-39 years) |
| 12/9(Mon) | T-Bills (6-month) | 1/9(Thu) | 30-year | 2/4(Tue) | 10-year | 2/28(Fri) | T-Bills (3-month) |
| 12/10(Tue) | 5-year | 1/10(Fri) | T-Bills (3-month) | 2/6(Thu) | T-Bills (6-month) | 2/28(Fri) | 2-year |
| 12/12(Thu) | Liquidity Enhancement Auction (remaining maturities of 15.5-39 years) | 1/15(Wed) | 5-year | 2/6(Thu) | 30-year | | |
| 12/13(Fri) | T-Bills (3-month) | 1/16(Thu) | T-Bills (1-year) | 2/7(Fri) | T-Bills (3-month) | | |
| 12/17(Tue) | 20-year | 1/17(Fri) | T-Bills (3-month) | 2/12(Wed) | 10-year Inflation-Indexed Bonds | | |
| 12/18(Wed) | T-Bills (1-year) | 1/17(Fri) | 20-year | 2/14(Fri) | T-Bills (3-month) | | |
| 12/20(Fri) | T-Bills (3-month) | 1/22(Wed) | Liquidity Enhancement Auction (remaining maturities of 5-15.5 years) | 2/14(Fri) | Liquidity Enhancement Auction (remaining maturities of 5-15.5 years) | | |
| 12/20(Fri) | Liquidity Enhancement Auction (remaining maturities of 5-15.5 years) | 1/24(Fri) | T-Bills (3-month) | 2/18(Tue) | 5-year | | |
| 12/24(Tue) | 2-year | 1/24(Fri) | Liquidity Enhancement Auction (remaining maturities of 1-5 years) | 2/19(Wed) | T-Bills (1-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 (Calculated by Duration) (Apr.~Sep. 2019)

| | | | |
|---|--|----|--|
| 1 | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 6 | SMBC Nikko Securities Inc. |
| 2 | Daiwa Securities Co. Ltd. | 7 | Merrill Lynch Japan Securities Co., Ltd. |
| 3 | Mizuho Securities Co., Ltd. | 8 | Deutsche Securities Inc. |
| 4 | Nomura Securities Co., Ltd. | 9 | Mizuho Bank, Ltd. |
| 5 | JPMorgan Securities Japan Co., Ltd. | 10 | Goldman Sachs Japan Co., Ltd. |

Top 5 PDs for Successful Bids of Inflation-Indexed Bond (FY2018)

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

Liquidity Enhancement Auctions and JGB Buy-Back

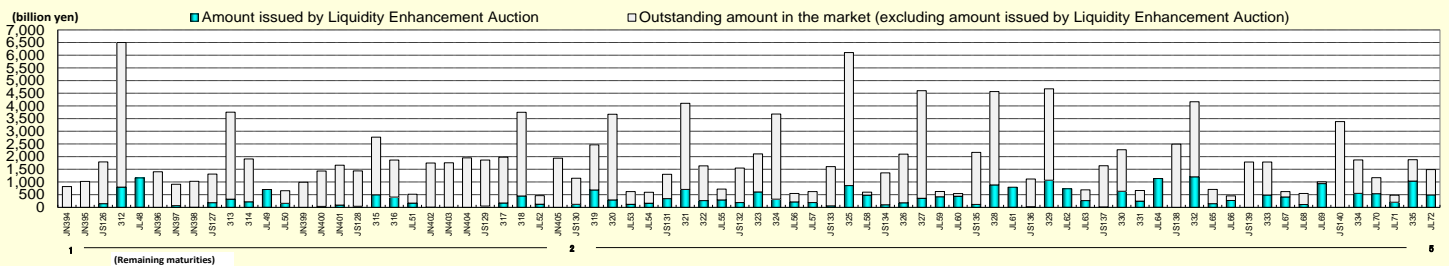
Results of Liquidity Enhancement Auctions

(Until 30 November 2019)

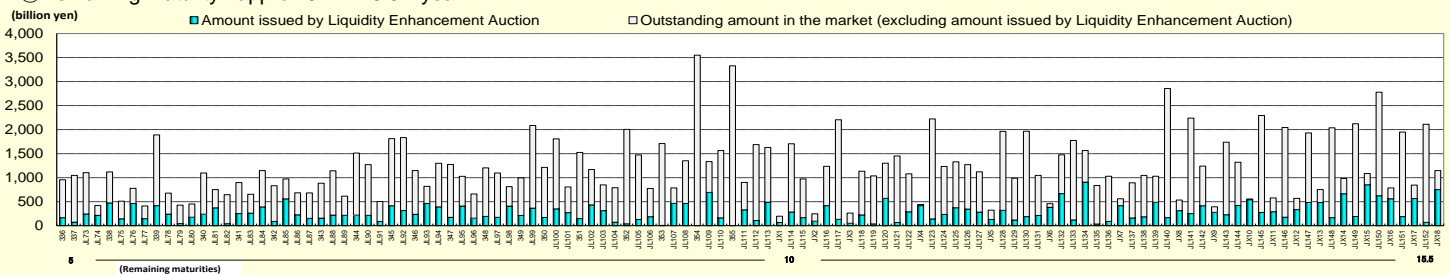
| Auction Date | Amounts of Competitive Bids (billion yen) | Amounts of Bids Accepted (billion yen) | Average Accepted Spread | Highest Accepted Spread | Issues Re-opened |
|--------------|---|--|-------------------------|-------------------------|---|
| 9/9/2019 | 1,596.4 | 398.6 | ▲0.017% | ▲0.015% | 2-year(397, 398, 401, 402, 403) 5-year(131, 132, 133, 135, 136, 137) 10-year(315, 316, 322, 323, 324, 326, 329, 334) 20-year(48, 58, 70) |
| 9/13/2019 | 1,670.5 | 599.5 | 0.038% | 0.043% | 10-year(335, 336, 337, 338, 339, 340, 341, 346, 347, 348, 349, 352) 20-year(72, 80, 81, 84, 89, 92, 94, 95, 98, 99, 102, 109, 111, 112, 113, 114, 120, 128, 130, 131, 132, 137, 138, 140, 142, 145, 146, 148, 150, 151) 30-year(1, 2, 4, 14, 17) |
| 10/3/2019 | 1,378.4 | 499.2 | ▲0.002% | 0.001% | 20-year(159, 161, 162, 169) 30-year(22, 24, 25, 27, 30, 31, 37, 38, 39, 41, 42, 43, 44, 45, 48, 49, 55, 59, 62, 63) 40-year(2, 5, 6, 7, 9, 10, 11) |
| 10/8/2019 | 1,604.1 | 598.5 | 0.012% | 0.014% | 10-year(336, 337, 338, 339, 340, 341, 345, 348, 349, 350, 353) 20-year(81, 88, 89, 92, 93, 103, 104, 105, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 122, 152) 30-year(10, 18) |
| 11/18/2019 | 1,534.4 | 398.0 | ▲0.009% | ▲0.007% | 2-year(394, 398) 5-year(129, 130, 131, 132, 133, 134, 135, 136) 10-year(316, 317, 318, 321, 322, 323, 324, 325, 328, 329, 332, 333, 334, 335) 20-year(48, 50, 53, 54, 55, 56, 61, 64, 65, 70, 71, 72) |
| 11/22/2019 | 1,422.0 | 599.7 | 0.030% | 0.035% | 10-year(336, 337, 338, 339, 340, 342, 345, 347, 349) 20-year(76, 77, 81, 82, 83, 84, 88, 93, 94, 99, 100, 106, 107, 109, 110, 111, 112, 113, 115, 116, 117, 118, 121, 122, 123, 124, 125, 126, 127, 128, 129, 132, 135, 136, 137, 140, 144, 146, 147, 148, 149, 151, 152) 30-year(2, 4, 5, 7, 8, 9, 10, 13, 17, 18) |

Target Zones of Liquidity Enhancement Auctions for the Third Quarter of FY 2019

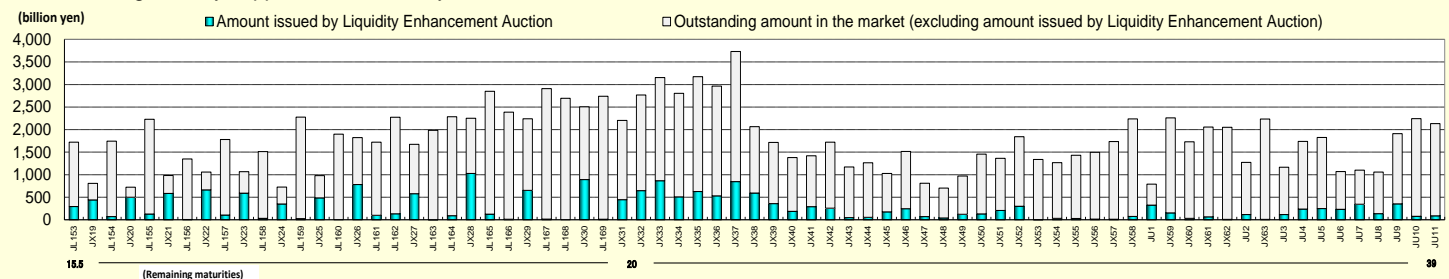
① Remaining maturity : approx. 1 - ~5 - year



② Remaining maturity : approx. 5 - ~15.5 - year



③ Remaining maturity : approx. 15.5 - ~39 - year



Note 1 : 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 October 2019.

Note 2 : All issues in the graph above will be eligible afterward.

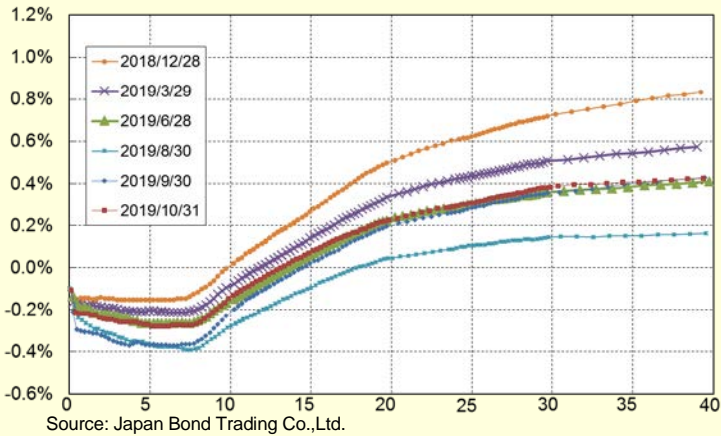
Buy-Back Results

(Until 30 November 2019)

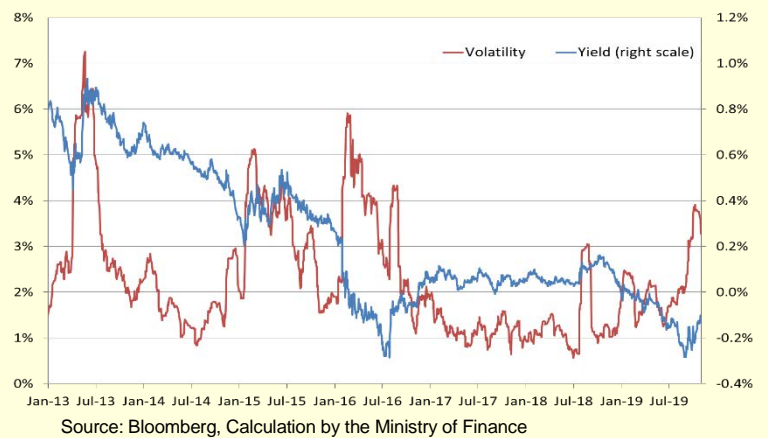
| Auction Date | Amounts of Competitive Bids (billion yen) | Amounts of Bids Accepted (billion yen) | Average Accepted Spread (yen) | Highest Accepted Spread (yen) | Issue Numbers |
|--------------|---|--|-------------------------------|-------------------------------|------------------------|
| 6/17/2019 | 112.1 | 20.0 | ▲0.11 | ▲0.11 | 19, 22 |
| 8/14/2019 | 91.3 | 20.1 | ▲0.18 | ▲0.14 | 20, 24 |
| 10/16/2019 | 99.4 | 20.3 | ▲0.134 | ▲0.11 | 18, 19, 20, 21, 22, 24 |
| 11/15/2019 | 98.0 | 20.1 | 0.027 | 0.08 | 17, 19, 20, 21, 22, 24 |

JGB Secondary Market

JGB Yield Curves



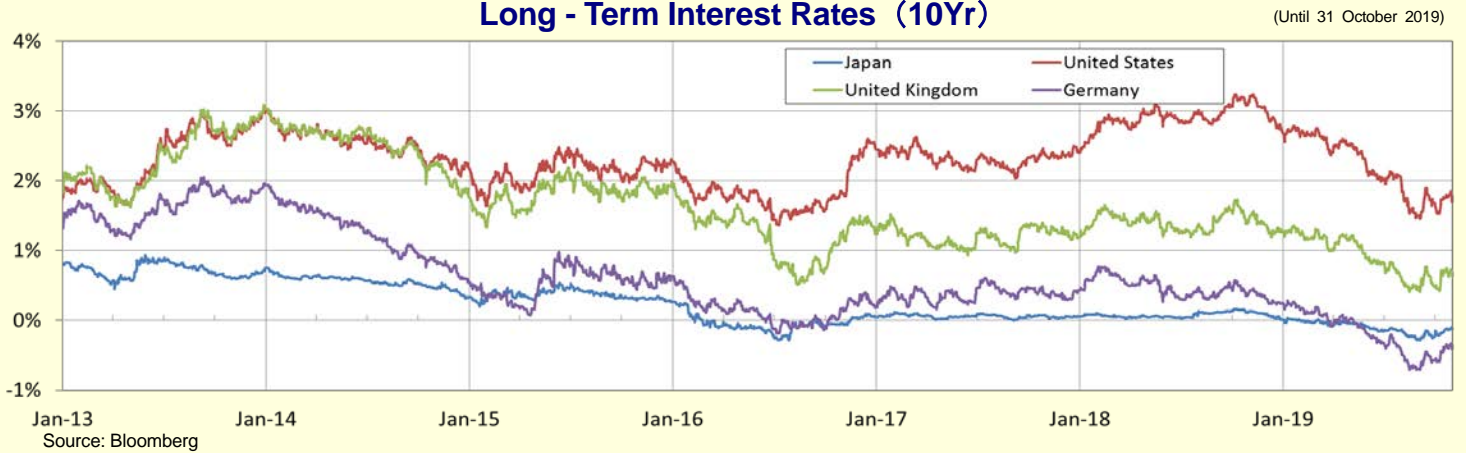
Yield and Volatility (10Yr)



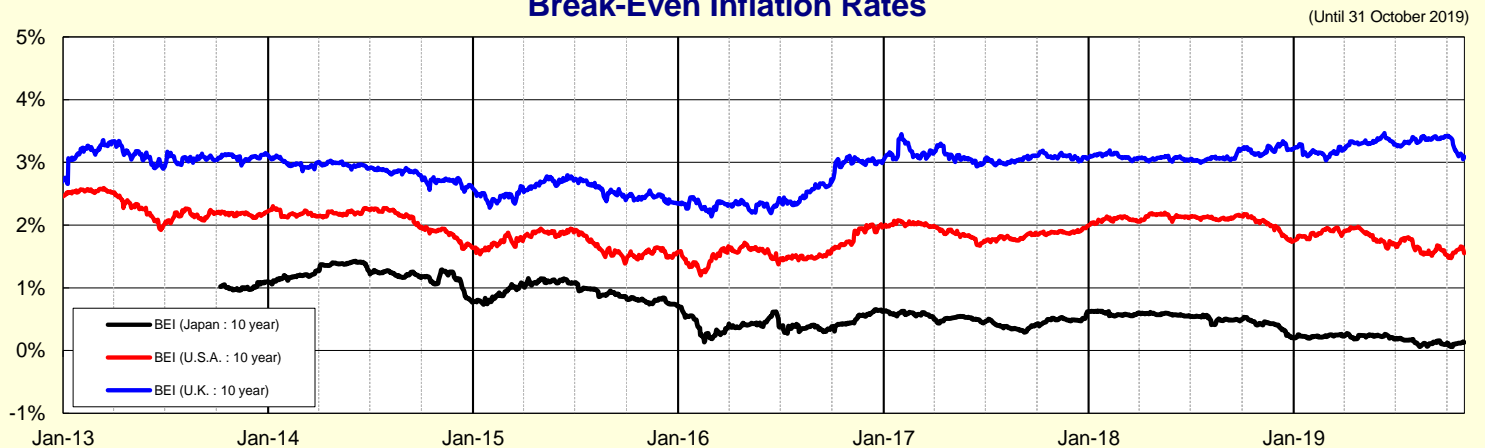
Yields of JGB



Long - Term Interest Rates (10Yr)



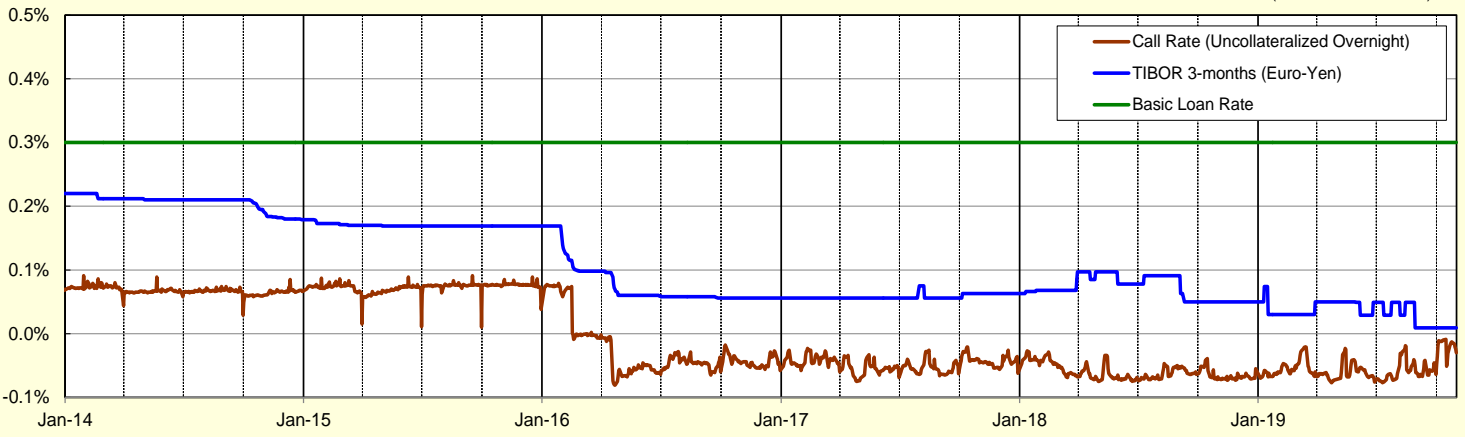
Break-Even Inflation Rates



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

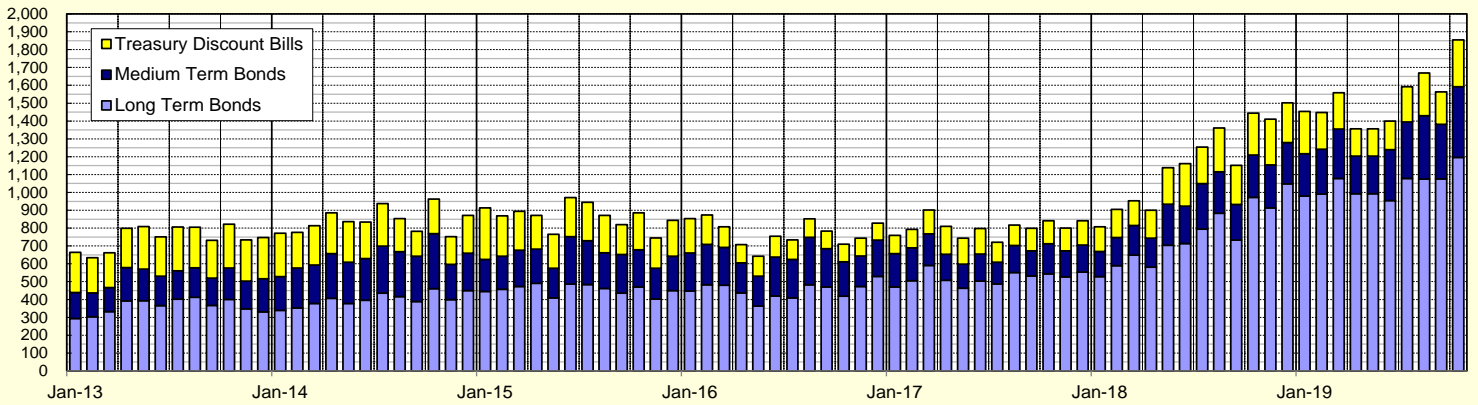
(Until 31 October 2019)



Source: Bank of Japan, Tanshi Association, Bloomberg

JGB Over-the-Counter Trading Volume (TOKYO)

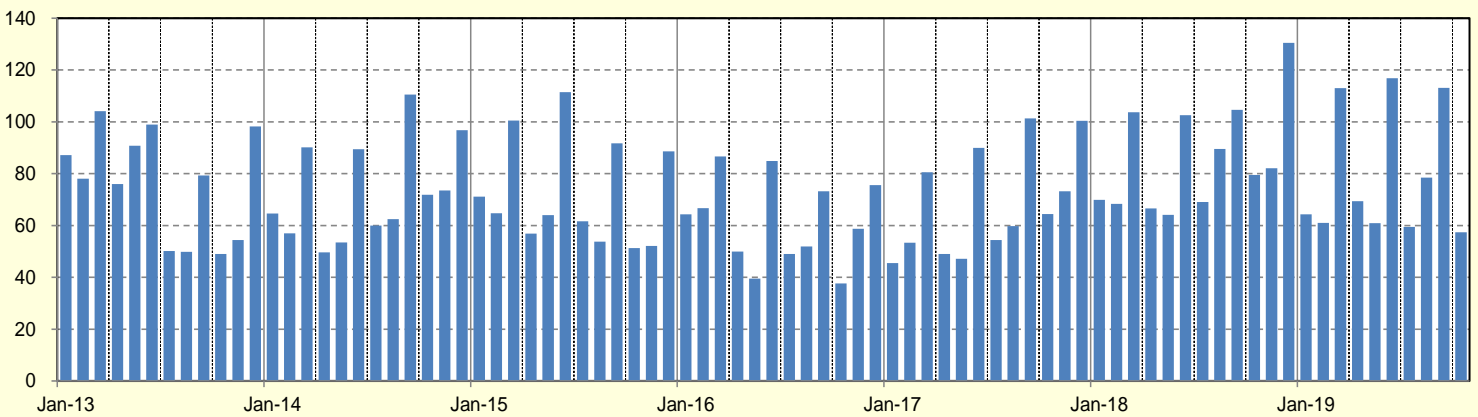
(trillion yen)



Source: Japan Securities Dealers Association

Trading Volume of 10-Year JGB Futures

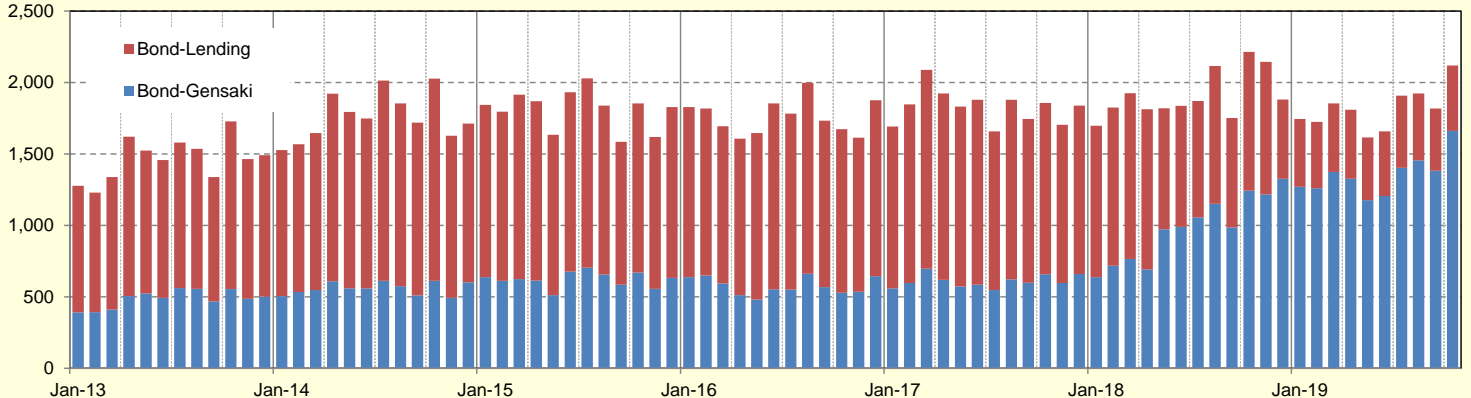
(trillion yen)



Source: Tokyo Stock Exchange (until Mar.2014), Osaka Exchange (from Apr. 2014)

Repurchase Transactions

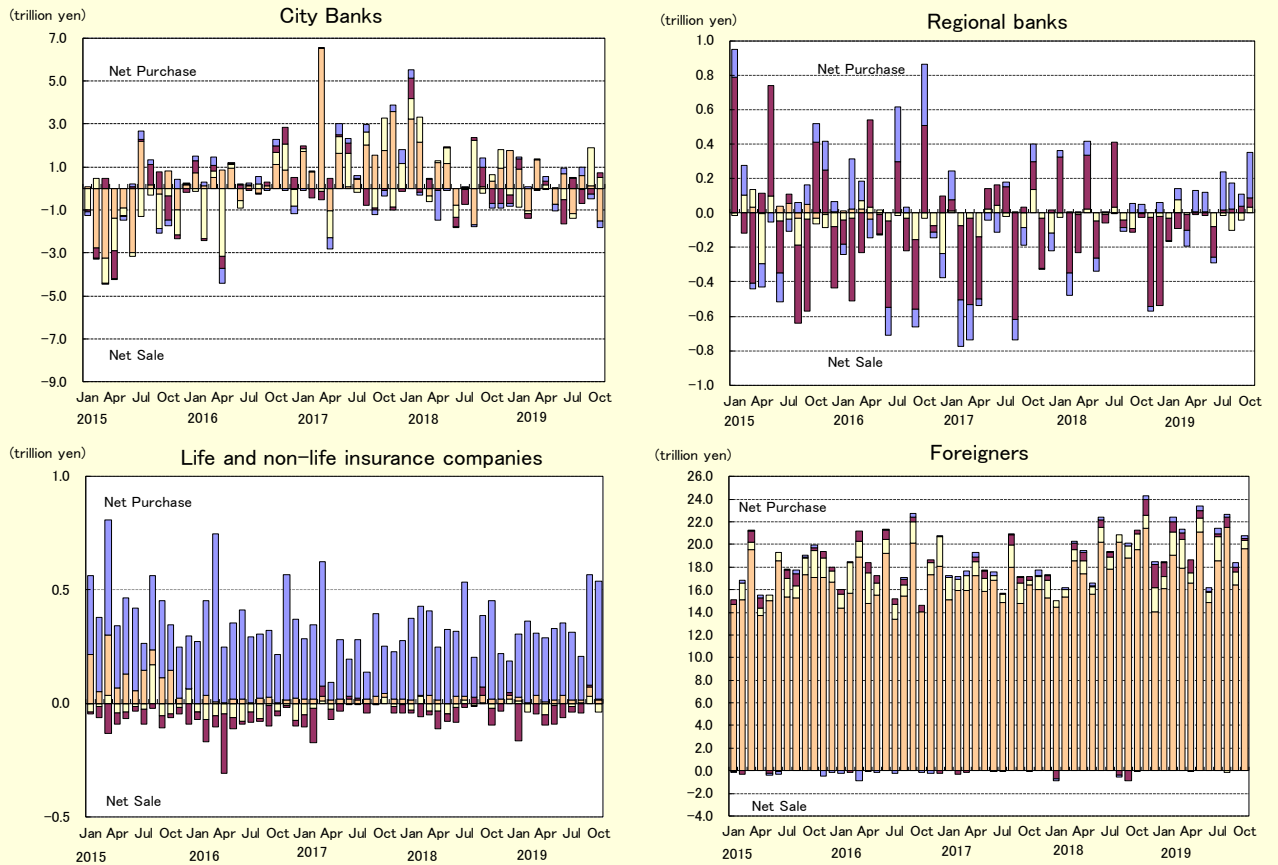
(trillion yen)



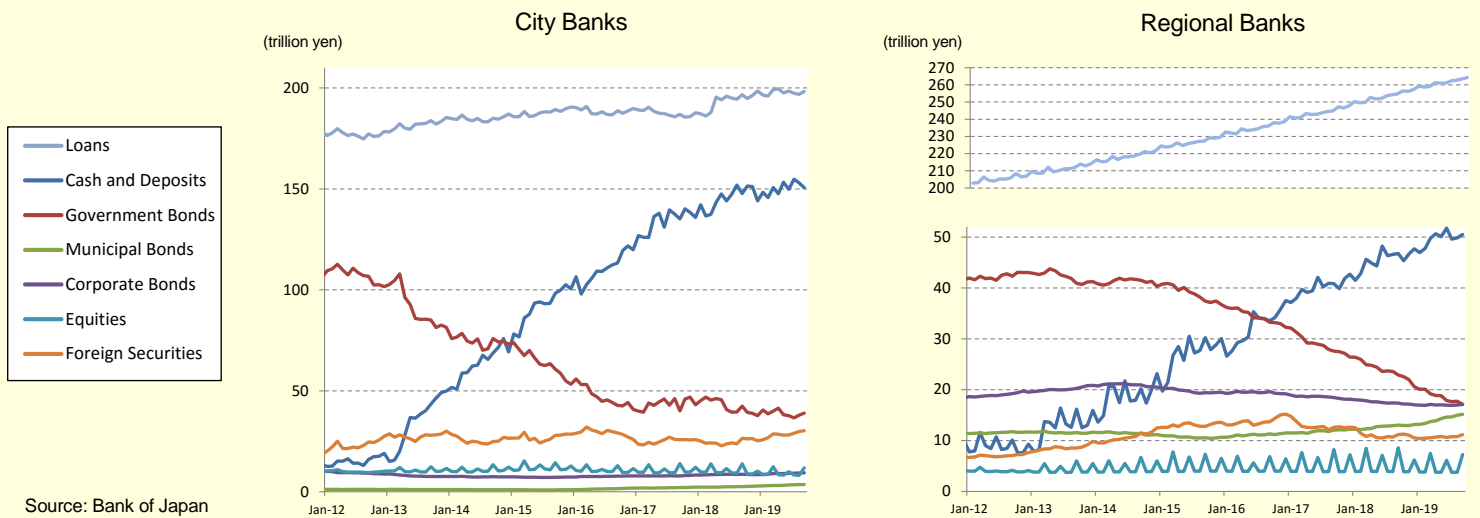
Source: Japan Securities Dealers Association

Investor Trends and JGB Outstanding

Trends in JGBs Transactions (by investor type)



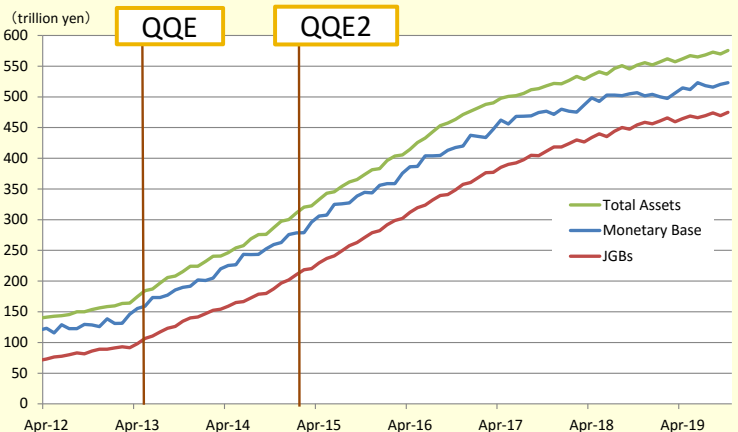
Trends in Bank Assets by Types



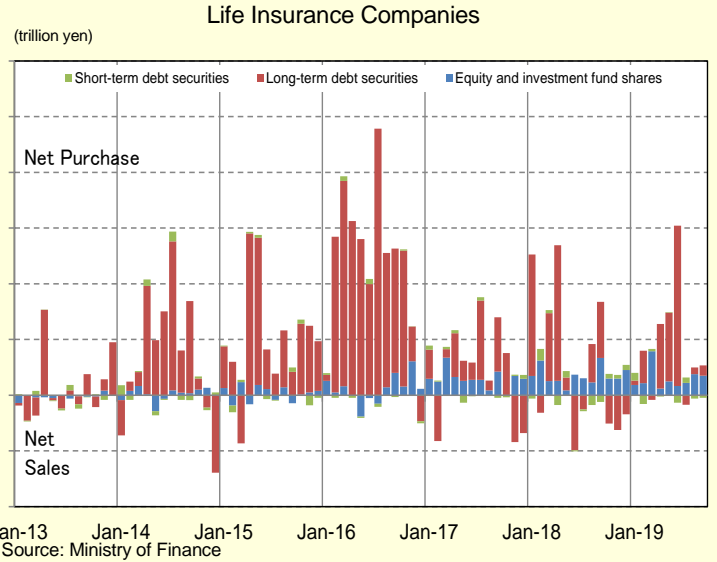
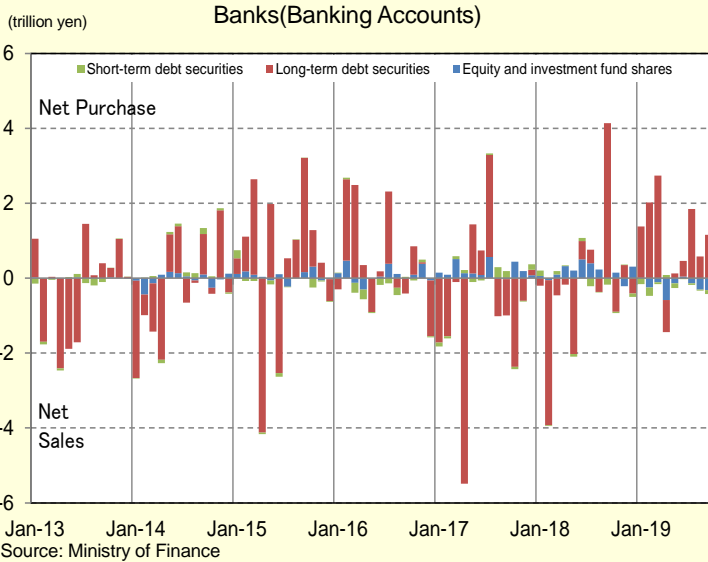
BOJ Trends

| | Apr 2013 (Actual) | Oct 2019 (Actual) |
|---------------------|----------------------|----------------------|
| Monetary Base | 155 | 523 |
| JGBs | 98 | 475 |
| CP | 1.4 | 2.2 |
| Corporate Bonds | 2.9 | 3.2 |
| ETFs | 1.7 | 27.9 |
| J-REITs | 0.13 | 0.53 |
| Total Assets | 175 | 576 |

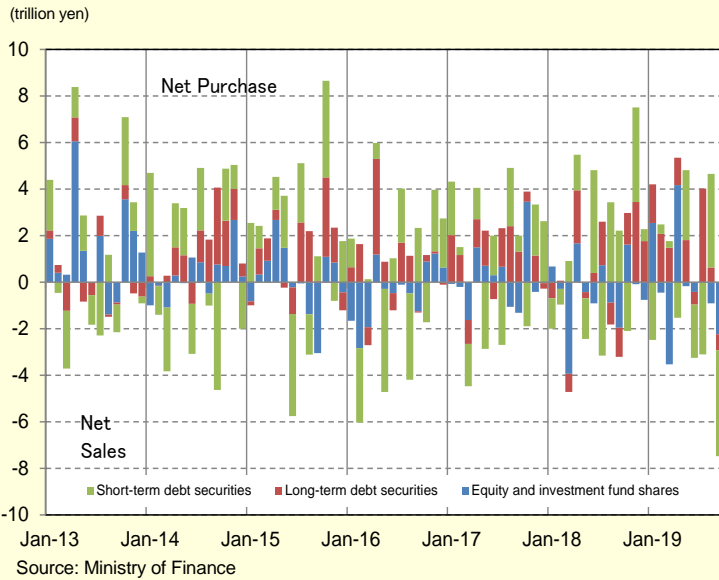
Source: Bank of Japan



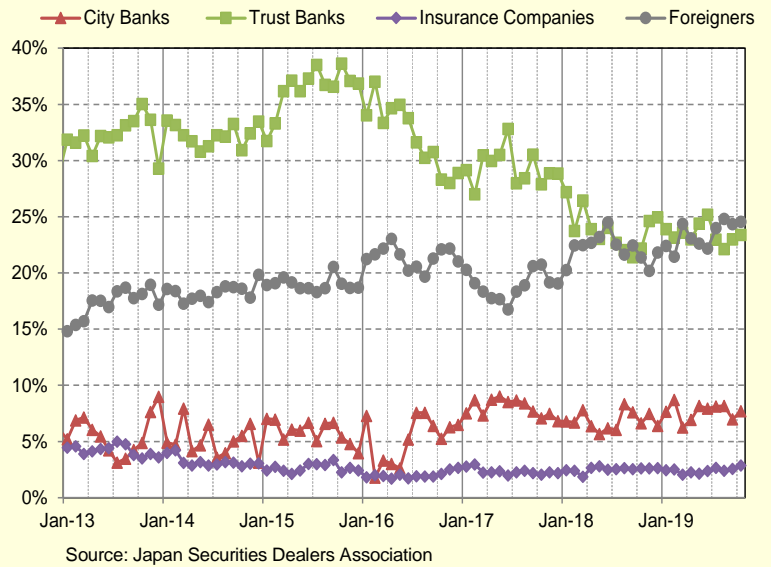
Transactions of Foreign Securities by Residents (by Investor types)



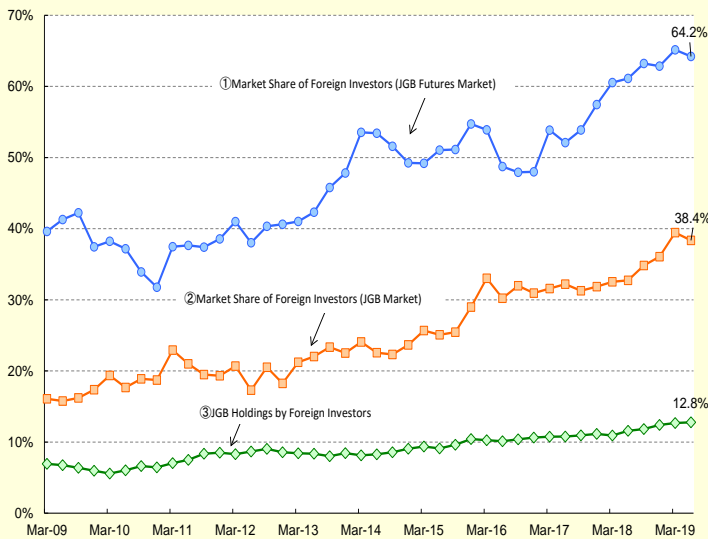
Transactions of Domestic Securities by Non-Residents



Outstanding of Repurchase Agreements (by Investor types)

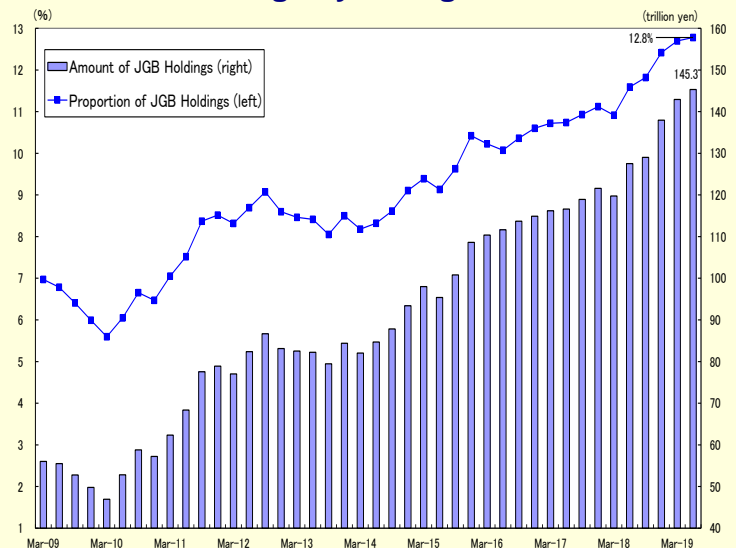


Foreign Investors Presence



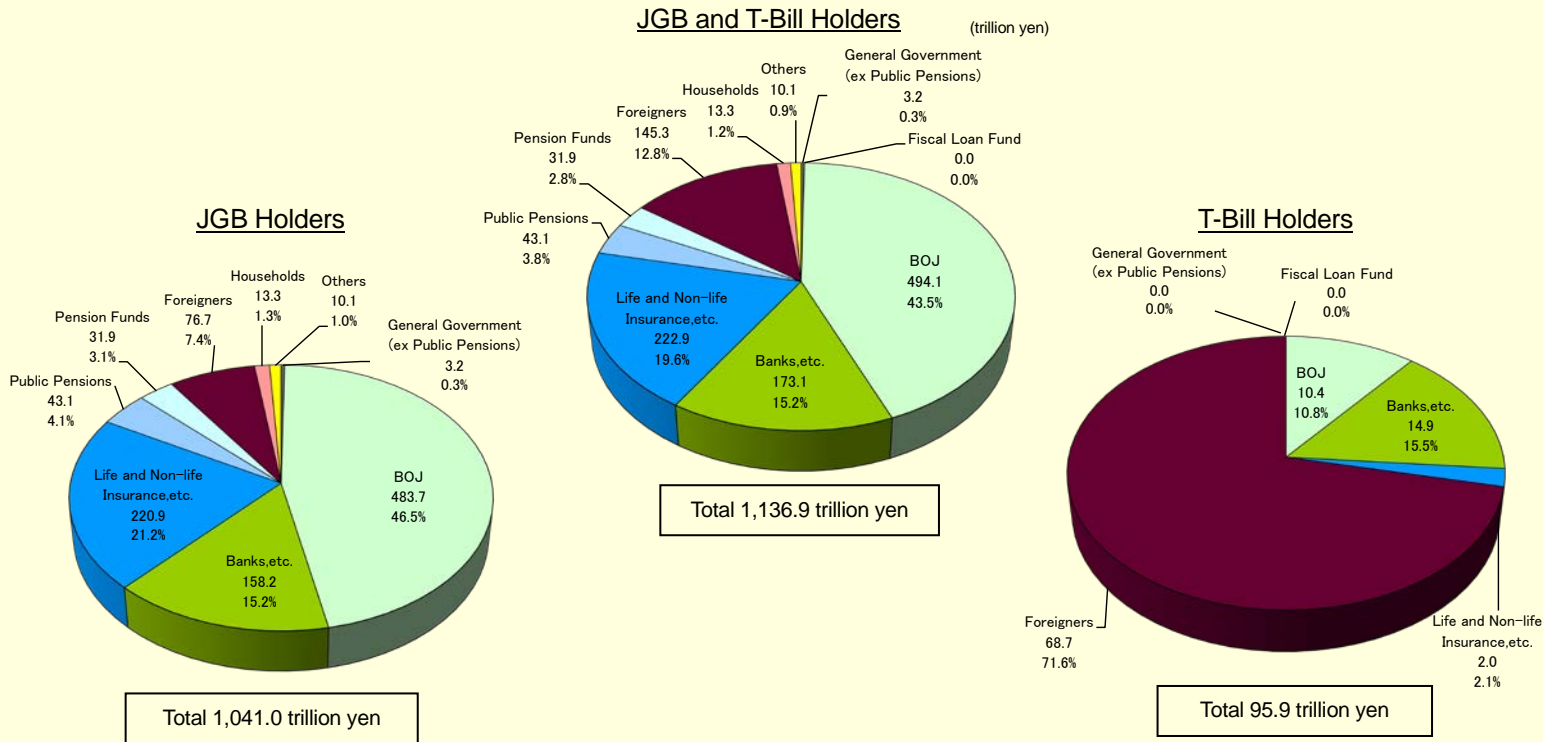
Note.1: Quarterly basis.
 Note.2: "JGB" includes T-Bills. The figures of ② excludes dealers' transactions.
 Source: Bank of Japan, Japan Securities Dealers Association, Tokyo Stock Exchange, Osaka Exchange

JGBs Holdings by Foreign Investors



Note.1: Quarterly basis.
 Note.2: "JGB" includes T-Bills.
 Source: Bank of Japan

Breakdown by JGB and T-Bill Holders (The end of Jun. 2019 QE)



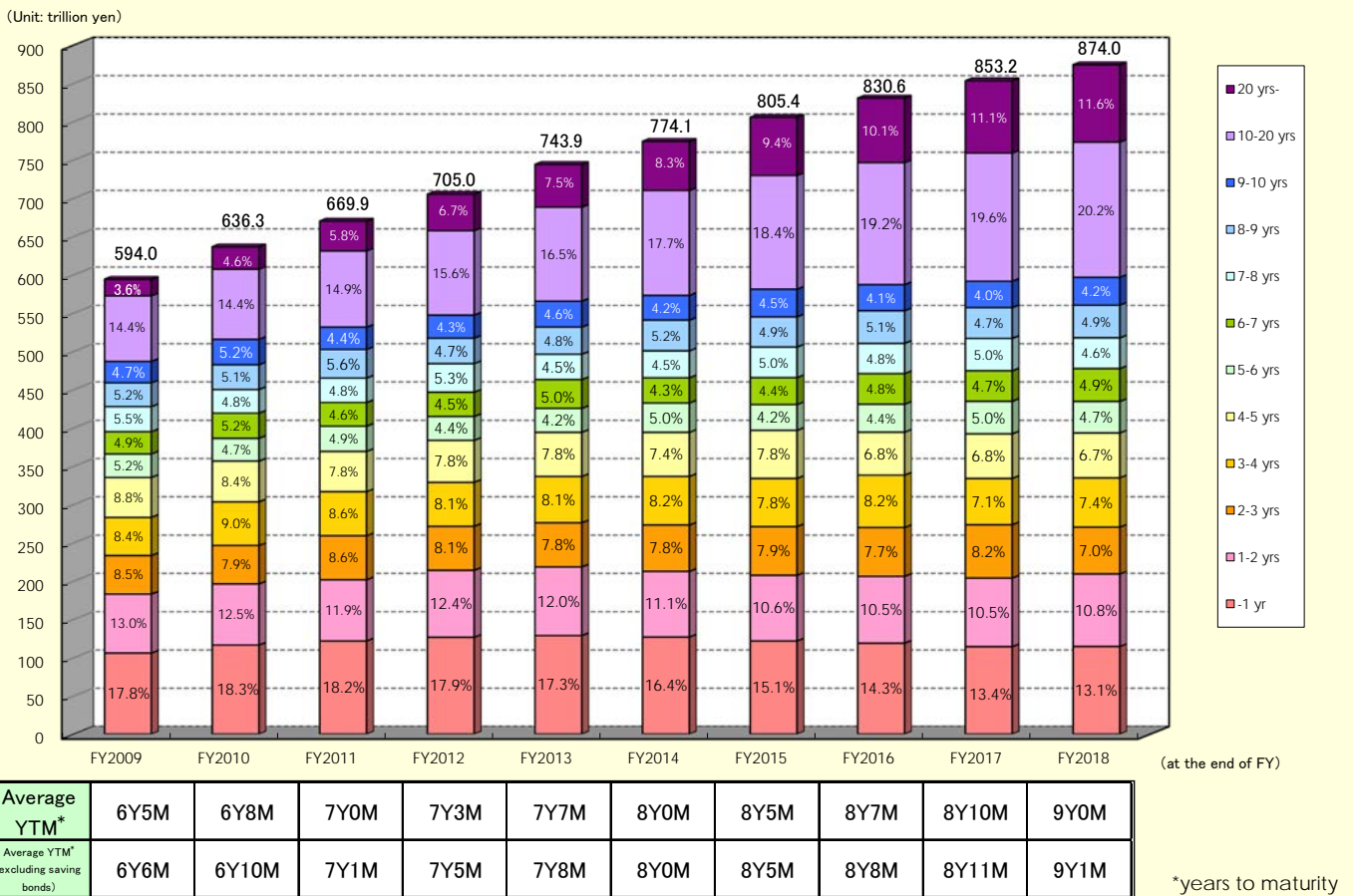
Source: Bank of Japan "Flow of Funds Accounts (Preliminary Figures)"

Note1: "JGB" includes "FILP Bonds."

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

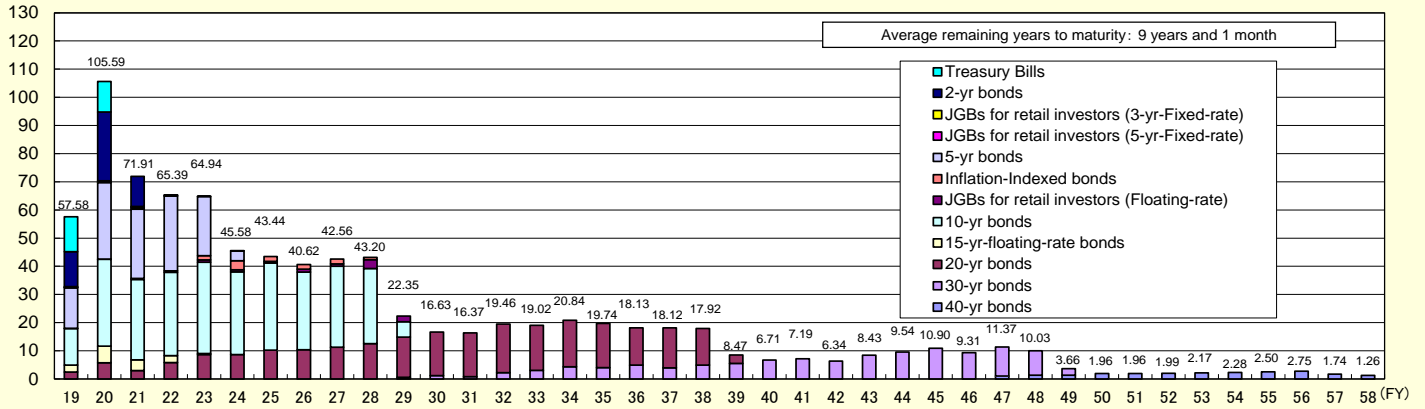
Note3: "Life and Non-life insurance, etc." includes "Japan Post Insurance."

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



Time-to-Maturity Structure of Outstanding JGB (Sep. 2019)

(trillion yen)



Source: Ministry of Finance

Scheduled redemption of JGB at maturity in December, 2019

(billion yen)

| Types | The amount of redemption at maturity | Scheduled redemption date |
|----------------|--------------------------------------|---------------------------|
| 10-Year Bonds | 7,686.8 | December 20 |
| 5-Year Bonds | 8,980.3 | December 20 |
| 2-Year Bonds | 2,199.1 | December 15 |
| Treasury Bills | 3,394.6 | December 20 |
| Total | 22,260.8 | |

Note.1: The figures are based on the outstanding JGBs at the end of October, 2019.

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

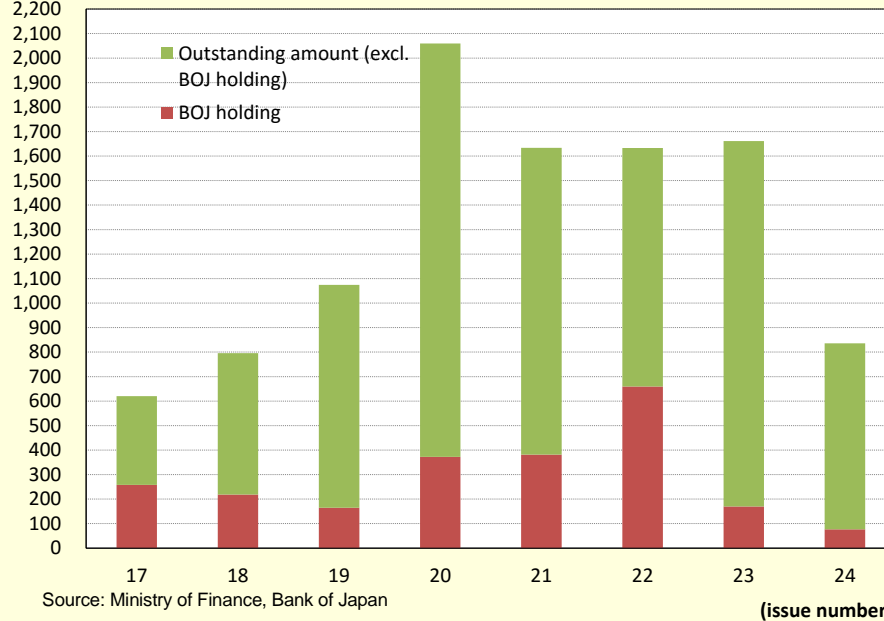
Note.3: The figures do not include "JGB for Retail Investors".

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, 2019)

(billion yen)

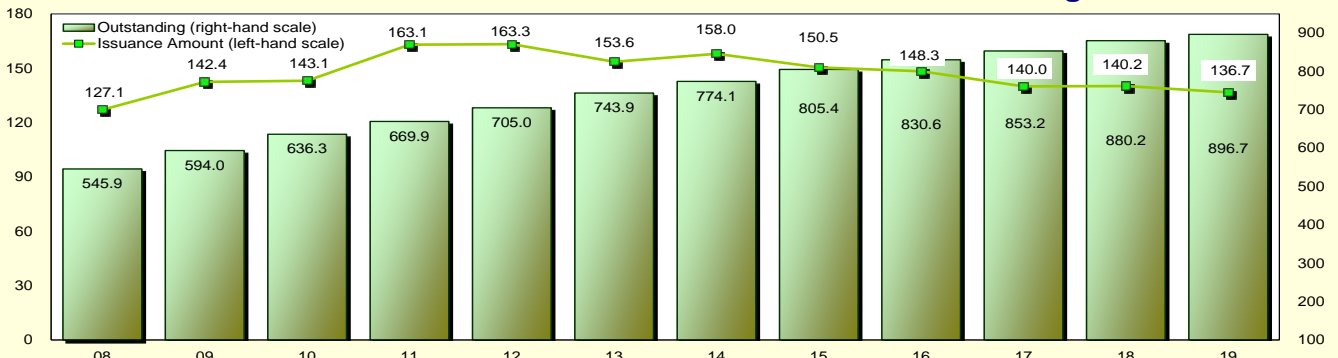


Source: Ministry of Finance, Bank of Japan

(issue number)

(trillion yen)

General Bonds Issuance Amount and Outstanding



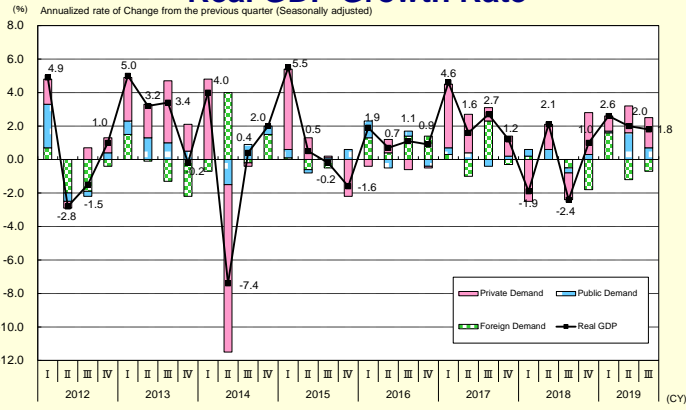
Note 1: Issuance Amount: revenue basis, FY2008-2017: Actual, FY2018: Supplementary budget, FY2019: Initial budget

Note 2: Outstanding: nominal basis, FY2008-2017: Actual, FY2018 Supplementary budget, FY2019: Initial budget

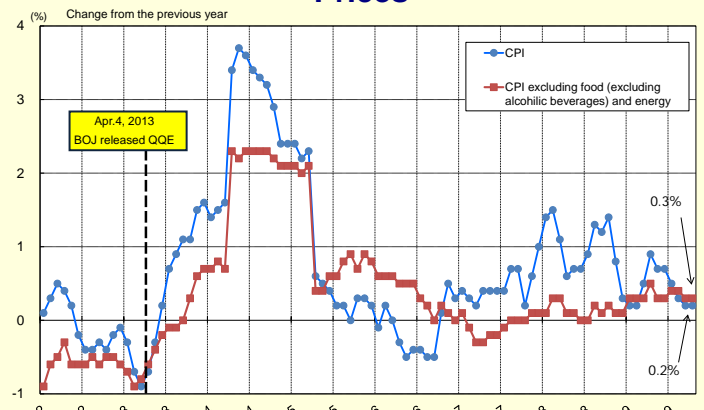
Source: Ministry of Finance

Economic and Financial Trends

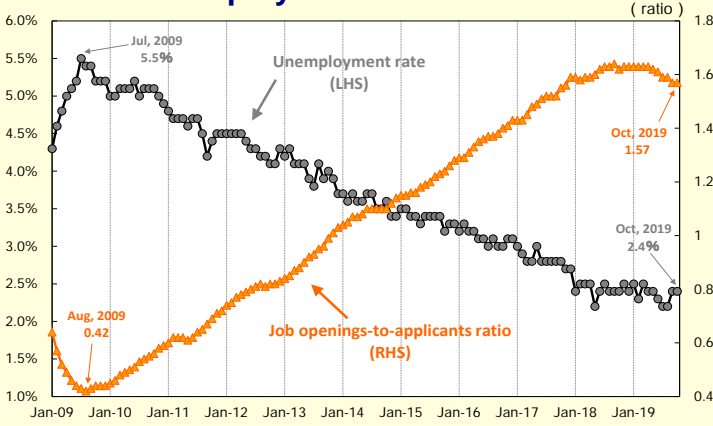
Real GDP Growth Rate



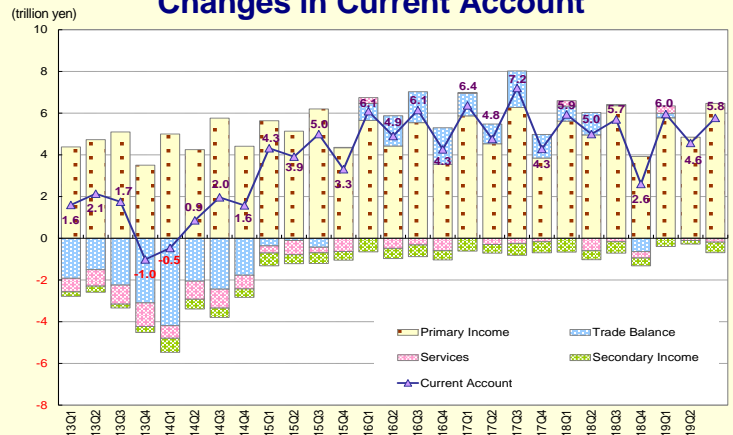
Prices



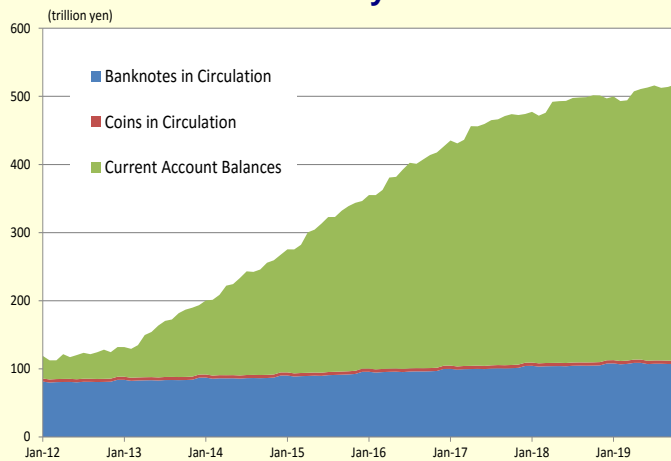
Employment Conditions



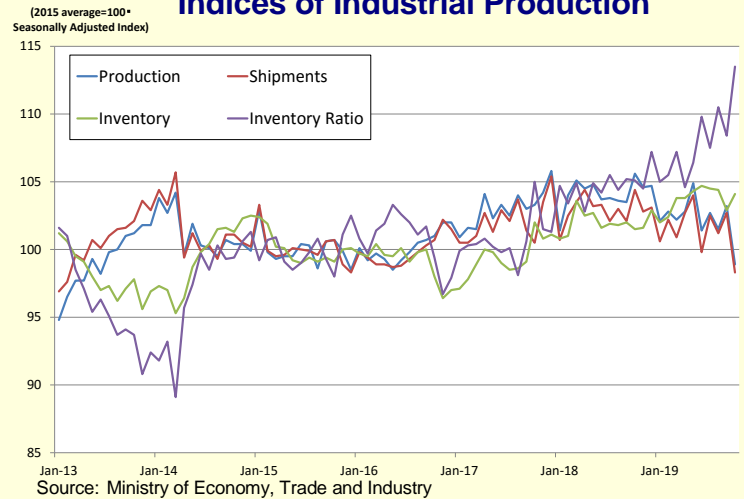
Changes in Current Account



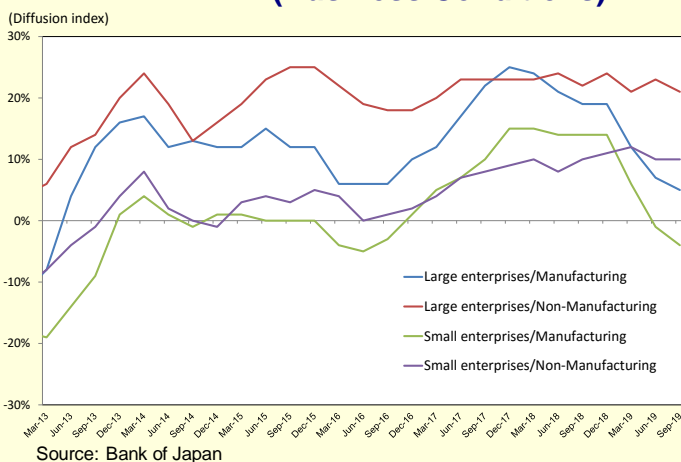
Monetary Base



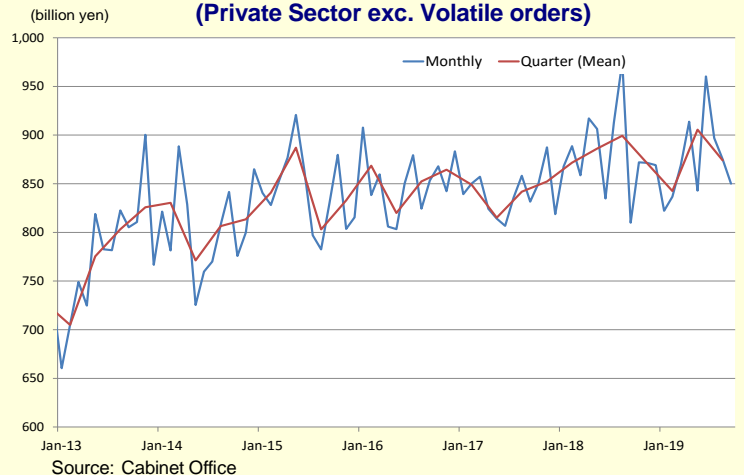
Indices of Industrial Production



TANKAN (Business Conditions)



Total Value of Machinery Orders (Private Sector ex. 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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Web: <https://www.mof.go.jp/>