

# JAPANESE GOVERNMENT BONDS

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EXTRA

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Contents

Special Issue!

### JGB Issuance Plan for FY2015

#### JGB Issuance Plan for FY2015

Ministry of Finance formulated and announced the JGB Issuance Plan for FY2015 on January 14, 2015. The details of the issuance plan are as follows.

#### 《Issuance Size》

- The total issuance of the JGB for FY2015 is to reduce significantly to 170.0 trillion yen (▲11.5 trillion yen against FY 2014 initial JGB Issuance Plan) mainly because of the decrease in the volume of newly issued National Government Bonds (i.e., Construction Bonds and Special Deficit-Financing Bonds) and Refunding Bonds.
- The market-issuance (Calendar-Base issuance) is also to reduce to 152.6 trillion yen. In order to maintain the liquidity of the JGB market, the amount of reduction is controlled (▲2.5 trillion yen against FY 2014 initial JGB Issuance Plan) by employing front-loading issuance of Refunding Bonds in FY2015.

#### ○ Breakdown by Legal Grounds

(Unit: billion yen)

	FY2014 (Initial)	FY2014 (Supplementary Budget)		(c)	FY2015 (Initial)	
	(a)	(b)	(b) - (a)		(c) - (a)	(c) - (b)
Newly issued National Government Bonds	41,250.0	40,492.9	▲ 757.1	36,863.0	▲ 4,387.0	▲ 3,629.9
Construction Bonds	6,002.0	6,577.0	575.0	6,003.0	1.0	▲ 574.0
Special Deficit-Financing Bonds	35,248.0	33,915.9	▲ 1,332.1	30,860.0	▲ 4,388.0	▲ 3,055.9
Reconstruction Bonds	2,139.3	1,097.0	▲ 1,042.3	2,862.5	723.2	1,765.5
FILP Bonds	16,000.0	16,000.0	—	14,000.0	▲ 2,000.0	▲ 2,000.0
Refunding Bonds	122,149.5	120,071.4	▲ 2,078.1	116,298.6	▲ 5,850.9	▲ 3,772.8
For matured Reconstruction Bonds	1,512.9	873.0	▲ 639.8	521.8	▲ 991.1	▲ 351.3
<b>Total</b>	<b>181,538.8</b>	<b>177,661.3</b>	<b>▲ 3,877.5</b>	<b>170,024.1</b>	<b>▲ 11,514.7</b>	<b>▲ 7,637.2</b>

#### ○ Breakdown by Financing Methods

(Unit: billion yen)

	FY2014 (Initial)	FY2014 (Supplementary Budget)		(c)	FY2015 (Initial)	
	(a)	(b)	(b) - (a)		(c) - (a)	(c) - (b)
JGB Market Issuance (Calendar-Base issuance)	155,100.0	154,500.0	▲ 600.0	152,600.0	▲ 2,500.0	▲ 1,900.0
Non-Price Competitive Auction II	4,470.0	6,879.3	2,409.3	4,380.0	▲ 90.0	▲ 2,499.3
Adjustment between fiscal years	8,368.8	2,582.0	▲ 5,786.8	344.1	▲ 8,024.7	▲ 2,237.9
<b>Subtotal Financed in the Market</b>	<b>167,938.8</b>	<b>163,961.3</b>	<b>▲ 3,977.5</b>	<b>157,324.1</b>	<b>▲ 10,614.7</b>	<b>▲ 6,637.2</b>
Nonmarketable JGBs for Retail Investors	2,100.0	2,400.0	300.0	2,100.0	—	▲ 300.0
OTC Sales for Households	400.0	200.0	▲ 200.0	200.0	▲ 200.0	—
<b>Subtotal for Households</b>	<b>2,500.0</b>	<b>2,600.0</b>	<b>100.0</b>	<b>2,300.0</b>	<b>▲ 200.0</b>	<b>▲ 300.0</b>
BOJ Rollover	11,100.0	11,100.0	—	10,400.0	▲ 700.0	▲ 700.0
<b>Total</b>	<b>181,538.8</b>	<b>177,661.3</b>	<b>▲ 3,877.5</b>	<b>170,024.1</b>	<b>▲ 11,514.7</b>	<b>▲ 7,637.2</b>

- The total buy-back amount in the market is up to approximately 2 trillion yen in FY2015. Details of buy-back operations will be determined on a discussion with market participants taking market conditions into consideration.
- The maximum amount of Front-Loading Issuance of Refunding Bonds in FY2015 is 32 trillion yen.

(Note1) Figures may not sum up to total because of rounding.

(Note2) "JGB Market Issuance (Calendar Base)" refers to JGBs issued by scheduled auctions from April to next March.

(Note3) Non-price competitive auction II is an auction carried out after the price-competitive auction. The price offered is equal to the weighted average accepted price in the price-competitive auction, etc. Only the JGB Market Special Participants are eligible to bid in this auction (The amount assignable to each Market Special Participant does not exceed 15% of the amount awarded to it in the price-competitive auction). Non-price competitive auction II is estimated to be 3.75% of the JGB Market Issuance (40-Year, 30-Year, 20-Year, 10-Year, 5-Year, 2-Year Bonds and Inflation-Indexed Bonds).

(Note4) "Adjustment between fiscal years" refers to leveling-off of issuance amount between fiscal years through front-loading issuance and deferred issuance in the accounting adjustment term.

**The Ministry of Finance**

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#### 1. JGB Issuance Plan For FY2015

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## 《Main Policies in FY2015》

### ○ Extending the Average Maturity

- In order to lower a refinance risk and medium- to long-term financing costs, the average maturity of the market-issuance is extended by 6 months, reaching to 9 years for FY2015. Reflecting market voice, the extension is achieved by a well-balanced mixture of maturity terms from short to super long. (The average maturity of the outstanding JGBs is estimated to increase by 5 months to 8 years and 5 months at the end of FY2015).

### ○ Enhancing the Market Liquidity

- The amount of Auctions for Enhanced-Liquidity is to increase to 800 billion yen per month from 700 billion yen per month (+1.2 trillion yen per year) in order to maintain and enhance the liquidity of the JGB secondary market.
- In order to ensure stable issuance of JGBs, the maximum amount of bidding by each auction participant will be decreased to one-half of the planned issuance amount from the full amount while the responsibility to bid of Market Special Participants will be raised to 4% or more of the planned issuance amount from 3% or more of that .

### ○ Encouraging the Inflation-Indexed Bonds Market

- In view of the changing market conditions after breakaway from deflation and in order to diversify the product-designs of JGBs, the issuance of Inflation-Indexed Bonds is to increase to 500 billion yen from 400 billion yen per auction(+0.4 trillion yen per year). The volume of the issuance will be made flexibly, in response to the needs of a variety of entities and market conditions.
- Sales of Inflation-Indexed Bonds for retail investors by “New Over-The-Counter sales system” is planned to be started from the second half of FY2016.

## Market Issuance Plan by JGB Types

(Unit: trillion yen)

	FY2014 (Initial)		FY2014 (Supplementary Budget)			FY2015 (Initial)			
	(per time)	(total; a)	(per time)	(total; b)	(b) - (a)	(per time)	(total; c)	(c) - (a)	(c) - (b)
<b>40-Year</b>	0.4 × 4 times	1.6	0.4 × 4 times	1.6	—	0.4 × 5 times	2.0	0.4	0.4
<b>30-Year</b>	0.6 × 4 times 0.7 × 8 times	8.0	0.6 × 4 times 0.7 × 8 times	8.0	—	0.8 × 12 times	9.6	1.6	1.6
<b>20-Year</b>	1.2 × 12 times	14.4	1.2 × 12 times	14.4	—	1.2 × 12 times	14.4	—	—
<b>10-Year</b>	2.4 × 12 times	28.8	2.4 × 12 times	28.8	—	2.4 × 12 times	28.8	—	—
<b>5-Year</b>	2.7 × 12 times	32.4	2.7 × 12 times	32.4	—	2.5 × 12 times	30.0	▲ 2.4	▲ 2.4
<b>2-Year</b>	2.7 × 12 times	32.4	2.7 × 12 times	32.4	—	2.5 × 12 times	30.0	▲ 2.4	▲ 2.4
<b>TBs (1-Year)</b>	2.2 × 1 time 2.3 × 11 times	27.5	1.9 × 2 times 2.2 × 1 time 2.3 × 9 times	26.7	▲ 0.8	2.1 × 2 times 2.2 × 10 times	26.2	▲ 1.3	▲ 0.5
<b>10-Year Inflation-Indexed</b>	0.4 × 4 times	1.6	0.4 × 2 times 0.5 × 2 times	1.8	0.2	0.5 × 4 times	2.0	0.4	0.2
<b>Auctions for Enhanced-Liquidity</b>	0.7 × 12 months	8.4	0.7 × 12 months	8.4	—	0.8 × 12 months	9.6	1.2	1.2
<b>Total</b>		<b>155.1</b>		<b>154.5</b>	<b>▲ 0.6</b>		<b>152.6</b>	<b>▲ 2.5</b>	<b>▲ 1.9</b>

(Note1) 40-Year Bonds will be issued in April, June, August, October and February.

(Note2) While the issuance amount of Treasury Bills (TB) will be decreased, new 1-Year Financing Bills (FB) compensate the decrease, maintaining the total issuance of T-Bills (TB+FB) at 2.5 trillion yen per issue.

(Note3) 10-Year Inflation-Indexed Bonds will be issued in May, July, November and January. The size of 10-Year Inflation-Indexed Bonds issuance will be made flexibly, based on market conditions and discussion with market participants.

(Note4) Details of Auctions for Enhanced-Liquidity will be determined based on discussion with market participants as well as market conditions.

Detail of JGB Issuance Plan: [http://www.mof.go.jp/english/jgbs/debt\\_management/plan/20150114.htm](http://www.mof.go.jp/english/jgbs/debt_management/plan/20150114.htm)