

# JAPANESE GOVERNMENT BONDS

## Monthly Newsletter of the Ministry of Finance, Japan

October 2017

### This Month's Special!

**What's New** ⇒ The Meeting of JGB Market Special Participants (72<sup>nd</sup> round) and the Meeting of JGB Investors (71<sup>st</sup> round)

**Monthly Topic** ⇒ Breakdown by JGB Holders (end of June 2017)

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## WHAT'S NEW

### The Meetings of JGB Market Special Participants and JGB Investors

The 72<sup>nd</sup> Meeting of JGB Market Special Participants and the 71<sup>st</sup> Meeting of JGB Investors were held on September 22 and September 25, 2017 respectively.

(Agenda)

1. Amount of issuance of Inflation-Indexed Bonds in the October-December quarter 2017
2. Auctions for Enhanced-Liquidity in the October-December quarter 2017
3. Latest JGB market situation and its future outlook

In agenda 1 and 2, the plans by Ministry of Finance were basically agreed on by the attendees. Therefore, the MOF published its decisions on 27 September as follows based on the discussions at the meetings:

#### Issuance and Buy-back of the Inflation-Indexed Bonds on October-December

- Issuance Amount on October 2017 will be about 400 billion yen (same as the previous quarter).
- Auction Schedule of Buy-back Program of Inflation-Indexed Bonds on October-December 2017 (It will be implemented on even months as previous quarter.)

Auction Month	Buy-back amount
October 2017	Approximately 20 billion yen
November 2017	Not be implemented
December 2017	Approximately 20 billion yen
Total	Approximately 40 billion yen

(Source) MOF [http://www.mof.go.jp/english/jgbs/topics/press\\_release/20170927-02e.htm](http://www.mof.go.jp/english/jgbs/topics/press_release/20170927-02e.htm)

#### Issuance Amounts for Auctions for Enhanced-Liquidity on October-December

- Issuance amount at each auction is unchanged from previous quarter.

	October 2017	November 2017	December 2017
(1) Issues with remaining maturities of 1-5 years	Not be implemented	Approximately 300 billion yen	Not be implemented
(2) Issues with remaining maturities of 5-15.5 years	Approximately 550 billion yen	Approximately 550 billion yen	Approximately 550 billion yen
(3) Issues with remaining maturities of 15.5-39 years	Approximately 400 billion yen	Not be implemented	Approximately 400 billion yen

(Source) MOF [http://www.mof.go.jp/english/jgbs/topics/press\\_release/20170927-01e.htm](http://www.mof.go.jp/english/jgbs/topics/press_release/20170927-01e.htm)

**The Ministry of Finance**

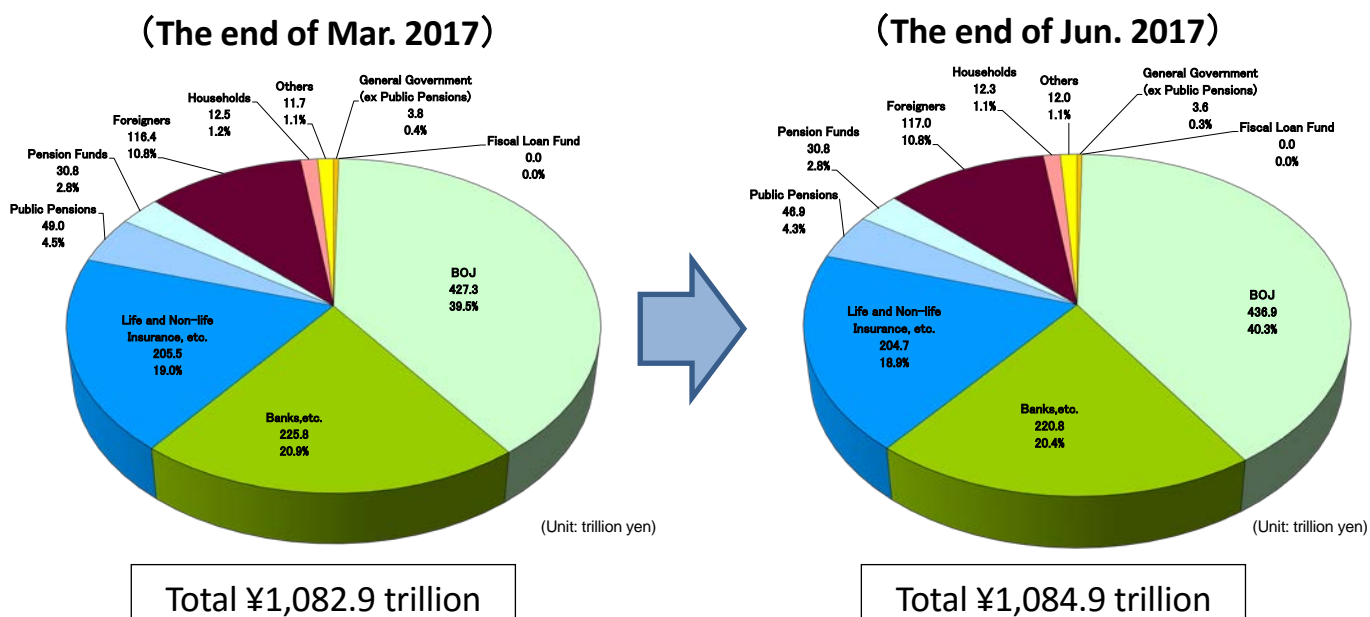
[www.mof.go.jp](http://www.mof.go.jp)

# MONTHLY TOPIC

## Breakdown by JGBs (including T-Bills) Holders (end of Jun.2017)

On September 20, the Bank of Japan (BOJ) released the Flow of Funds Accounts of the 2nd Quarter 2017. The shares of JGBs (including T-Bills, hereinafter referred to as "JGBs") holders were updated as follows:

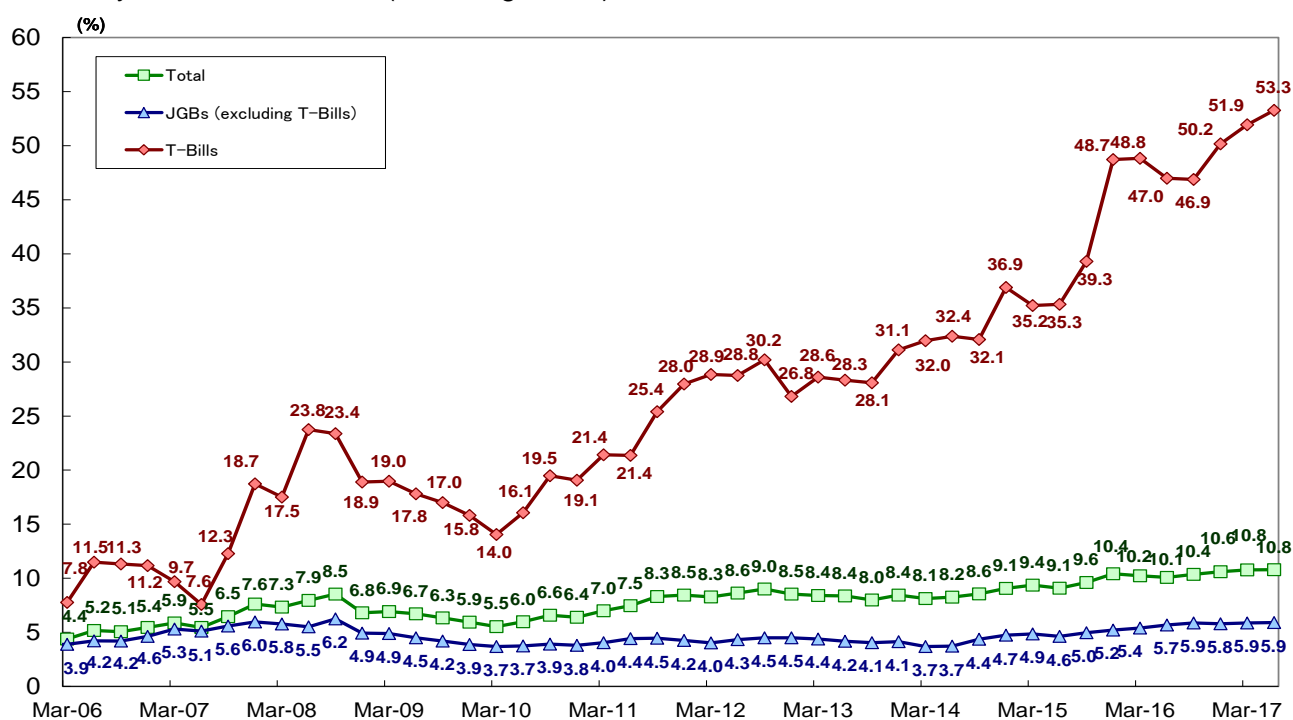
- The total amount of JGBs and T-Bills outstanding increased by 2.0 trillion yen to 1,084.9 trillion yen.
- BOJ increased its holdings of JGBs by 9.5 trillion yen to 436.9 trillion yen. BOJ is now holding above 40 percent of outstanding JGBs.
- The balance of JGBs held by domestic Banks in Q2 fell by 5.0 trillion yen to 220.8 trillion yen.



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

## <JGB Holdings by Foreign Investors>

Foreign investors' JGB investment has featured a focus on shorter-term issues. At the end of June 2017, they held 5.9% of JGBs (excluding T-Bills) and 53.3% of T-Bills.



Source: Bank of Japan

- In mid-September, Mr. Furuya, deputy director-general of the Financial Bureau, made a presentation at a private investment seminar in Tokyo to more than 100 foreign and domestic investors. He described 1) Recent Development, 2) Mid-Long Term Trends and 3) Debt Management.
- In the presentation, he described that the Japanese economy has steadily grown on the back of policies of the Abe administration. He also pointed out the progress of Abenomics: GDP reached an all-time high; Employment conditions are the best in 20 years, etc.
- He also mentioned the importance of fiscal consolidation for Japan and he explained that a JGB issuance plan should be formulated in line with market trends and needs regarding Debt Management Policy.
- In Q&A session, a member of the audience asked about deregulation and the role of the asset management industry in Japan. He answered that the role of the industry is important because it could work to preserve and grow financial assets in Japanese households, which now amount to over 1,800 trillion yen.



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