

### 3 Revisions to JGB Issuance Plan for FY2020

#### (1) “Emergency Economic Measures” and Revisions to JGB Issuance Plan for FY2020

The Novel Coronavirus (COVID-19) pandemic has gone rampant throughout the world since the beginning of the year, with infections increasing rapidly mainly in major urban regions in Japan, exerting huge impacts on Japanese and other economies. The world economy now faces the greatest crisis since World War II. In such situation, the Government formulated a package of “Emergency Economic Measures to Cope with COVID-19” worth 117.1 trillion yen on April 20, 2020, to take strong economic policy measures commensurate with the huge magnitude of the pandemic to prevent Japan from returning to a deflationary state, overcome deflation and revitalize the economy, and secure a path to fiscal consolidation through economic revitalization.

In response to the “Emergency Economic Measures to Cope with COVID-19,” the Government formulated the first supplementary budget for FY2020 and the second one to enhance the first one. Based on these supplementary budgets, the JGB Issuance Plan for FY2020 was revised on April 20 and May 27, 2020.

#### (2) Sharp Increases in Total JGB Issuance and JGB Market Issuance Amounts

Under the supplementary budgets, the total amount of JGBs to be issued in FY2020 was increased by 99.8 trillion yen from the initial FY2020 plan to 253.3 trillion yen (Figs. 1-14 and 1-15). The total includes 90.2 trillion yen in newly-issued bonds (special deficit-financing and construction bonds), up 57.6 trillion yen from the initial plan, and 54.2 trillion yen in FILP bonds, up 42.2 trillion yen.

The calendar-based JGB Market Issuance amount was increased by 83.5 trillion yen from the initial plan to 212.3 trillion yen. As for the maturity composition of the amount, the MOF set increases for short- to super long-term zones by taking into account market trends and investor needs for each zone after careful dialogue with the market through such forums as the Meeting of JGB Market Special Participants to minimize the impact on the market (Figs. 1-16 and 1-17).

Specifically, the issuance amount was raised by 1.8 trillion yen for 30-Year Bonds, by 2.7 trillion yen for 20-Year Bonds, by 4.5 trillion yen for 10-Year Bonds, by 5.4 trillion yen for 5-Year Bonds, by 9.0 trillion yen for 2-Year Bonds, by 15.3 trillion yen for 1-Year Treasury Bills and by 45.6 trillion yen for 6-month Treasury Bills. The issuance amount for 10-Year Inflation-Indexed Bonds was cut by 0.8 trillion yen, based on market conditions and discussions with market participants. No change was made in the issuance amounts for 40-Year Bonds and Liquidity Enhancement Auctions.

## Fig.1-14 JGB Issuance Plan for FY2020 (after Supplementary Budget for FY2020)

<Breakdown by Legal Grounds> (Unit: billion yen)						<Breakdown by Financing Methods> (Unit: billion yen)					
	FY2020 (Initial)	FY2020 (1st Supplementary Budget)	FY2020 (2nd Supplementary Budget)				FY2020 (Initial)	FY2020 (1st Supplementary Budget)	FY2020 (2nd Supplementary Budget)		
	(a)	(b)	(c)	(c) - (a)	(c) - (b)		(a)	(b)	(c)	(c) - (a)	(c) - (b)
Newly-issued Bonds	32,556.2	58,247.6	90,158.9	57,602.7	31,911.4	JGB Market Issuance (Calendar Base)	128,800.0	152,800.0	212,300.0	83,500.0	59,500.0
Construction Bonds	7,110.0	9,439.0	18,738.0	11,628.0	9,299.0	Non-Price Competitive Auction II, etc.	7,988.4	9,054.0	10,062.0	2,073.6	1,008.0
Special Deficit-Financing Bonds	25,446.2	48,808.6	71,420.9	45,974.7	22,612.4	Adjustment between fiscal years	9,673.7	19,699.5	23,902.8	14,229.1	4,203.4
Reconstruction Bonds	924.1	924.1	924.1	—	—	Subtotal Financed in the Market	146,462.1	181,553.5	246,264.8	99,802.7	64,711.4
FILP Bonds	12,000.0	21,400.0	54,200.0	42,200.0	32,800.0	Sales for Households	4,800.0	4,800.0	4,800.0	—	—
Refunding Bonds	107,981.8	107,981.8	107,981.8	—	—	BOJ Rollover	2,200.0	2,200.0	2,200.0	—	—
For matured Reconstruction Bonds	1,693.2	1,693.2	1,693.2	—	—	Total	153,462.1	188,553.5	253,264.8	99,802.7	64,711.4
<b>Total</b>	<b>153,462.1</b>	<b>188,553.5</b>	<b>253,264.8</b>	<b>99,802.7</b>	<b>64,711.4</b>						

- Buy-back program in FY2020 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 FY2020 is 43 trillion yen.

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

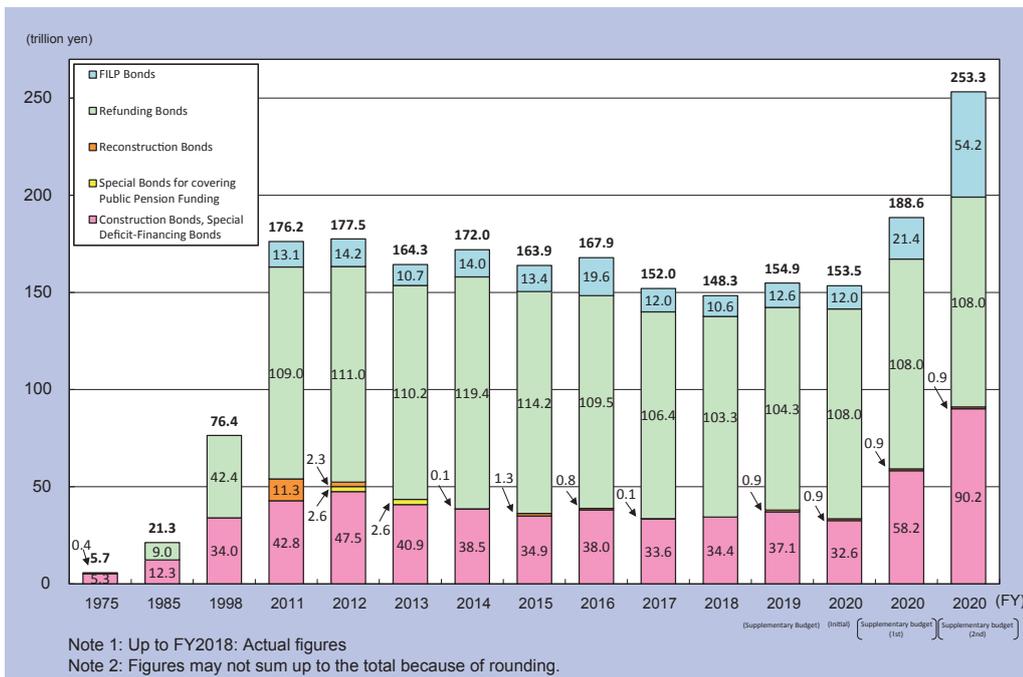
Note 2: "JGB Market Issuance (Calendar Base)" refers to JGBs issued at face value by scheduled auctions from April to next March (normal auctions).

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

The amount of Non-Price Competitive Auction II 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 7% (the amount reflects the impact of reduction in the maximum issuance amount).

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

## Fig.1-15 Historical Changes in Total JGB Issuance Amounts (after Supplementary Budget for FY2020)



Note 1: Up to FY2018: Actual figures

Note 2: Figures may not sum up to the total because of rounding.

**Fig.1-16 Market Issuance Plan by JGB Types for FY2020 (after Supplementary Budget for FY2020)**

(Unit: trillion yen)

	FY2020 (Initial)		FY2020 (1st Supplementary Budget)		FY2020 (2nd Supplementary Budget)			
	(per time)	(total ; a)	(per time)	(total ; b)	(per time)	(total ; c)	(c)-(a)	(c)-(b)
40-Year	0.5 × 6 times	3.0	0.5 × 6 times	3.0	0.5 × 6 times	3.0	—	—
30-Year	0.7 × 12 times	8.4	0.7 × 3 times 0.8 × 9 times	9.3	0.7 × 3 times 0.9 × 9 times	10.2	1.8	0.9
20-Year	0.9 × 12 times	10.8	0.9 × 3 times 1.0 × 9 times	11.7	0.9 × 3 times 1.2 × 9 times	13.5	2.7	1.8
10-Year	2.1 × 12 times	25.2	2.1 × 3 times 2.3 × 9 times	27.0	2.1 × 3 times 2.6 × 9 times	29.7	4.5	2.7
5-Year	1.9 × 12 times	22.8	1.9 × 3 times 2.1 × 9 times	24.6	1.9 × 3 times 2.5 × 9 times	28.2	5.4	3.6
2-Year	2.0 × 12 times	24.0	2.0 × 3 times 2.4 × 9 times	27.6	2.0 × 3 times 3.0 × 9 times	33.0	9.0	5.4
TBs		21.6		37.0		82.5	60.9	45.5
10-Year Inflation-Indexed	0.4 × 4 times	1.6	0.3 × 4 times	1.2	0.2 × 4 times	0.8	▲0.8	▲0.4
Liquidity Enhancement Auction		11.4		11.4		11.4	—	—
<b>Total</b>		<b>128.8</b>		<b>152.8</b>		<b>212.3</b>		<b>83.5</b> <b>59.5</b>

Fig.1 Issuance Amounts for TBs

	FY2020 (Initial) (total ; a)	FY2020 (1st Supplementary Budget) (total ; b)	FY2020 (2nd Supplementary Budget) (total ; c)	(c)-(a)	(c)-(b)
TBs (1-Year)	1.8 × 12 times 21.6	1.8 × 3 times 2.4 × 9 times 27.0	1.8 × 3 times 3.5 × 9 times 36.9	15.3	9.9
TBs (6-Month)	—	10.0	45.6	45.6	35.6

Fig.2 Issuance Amounts by Zones for Liquidity Enhancement Auctions

	FY2020 (Initial) (a)	FY2020 (1st Supplementary Budget) (b)	FY2020 (2nd Supplementary Budget) (c)	(c)-(a)	(c)-(b)
15.5-39 years	3.0	3.0	3.0	—	—
5-15.5 years	6.0	6.0	6.0	—	—
1-5 years	2.4	2.4	2.4	—	—

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

**Fig.1-17 Historical Changes in Market Issuance Plan by JGB Types (after Supplementary Budget for FY2020)**

