

# JAPANESE GOVERNMENT BONDS

## Monthly Newsletter of the Ministry of Finance, Japan

September 2017

### This Month's Special!

**What's New** ⇒ Central Government Debt (As of June 30, 2017)

**Monthly Topic** ⇒ 1. Quarterly Estimates of GDP Apr.–Jun. 2017  
2. The employment situation shows a trend toward improvement

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## WHAT'S NEW

### Central Government Debt (As of June 30, 2017)

On August 10, the Ministry of Finance released the update on central government debt.

#### <Main Points>

- Outstanding government bonds and borrowings increased to 1,079.0 trillion yen from the end of March (1,071.6 trillion yen) by 7.4 trillion yen. This is mainly because the total for general bonds increased by 6.7 trillion yen.
- Long-term outstanding central government debt, which does not include FILP bonds, FBs and some of the borrowings related to local governments, increased to 865.4 trillion yen from the end of March (858.7 trillion yen) by 6.7 trillion yen.

Debt outstanding and composition as of the end of June 2017 are as follows.

(trillion yen)

	The end of June 2017 (Actual)	Increase or Decrease(-) from the End of the Previous Quarter (the End of the Previous Fiscal Year)
<u>1) Outstanding Government Bonds and Borrowings</u>		
① General Bonds	837.3	6.7
② Fiscal Investment and Loan Program Bonds (FILP Bonds)	95.8	-0.4
③ Borrowings, Subsidy Bonds, etc.	66.0	3.5
④ Financing Bills (FBs)	79.9	-2.3
Total	1,079.0	7.4
<u>2) Outstanding Government-Guaranteed Debts</u>		
Government-Guaranteed Debts	40.3	-0.0

#### Notes:

1. Figures may not sum up to the total because of rounding.
2. Above "Outstanding Government Bonds and Borrowings" includes government bonds and borrowings held by government.
3. Figures are total of the general account and all special accounts, and the coverage is different from the central government defined in SNA.
4. The data as of September 30, 2017 will be released on November 10, 2017.

Details: <http://www.mof.go.jp/english/jgbs/reference/gbb/e201706.html>

**The Ministry of Finance**

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

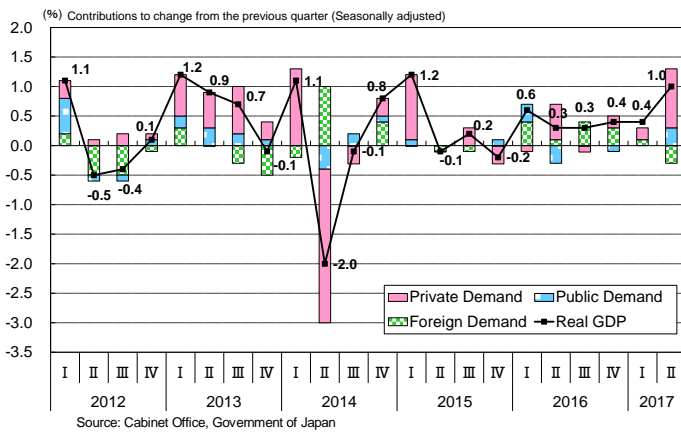
## 1. Quarterly Estimates of GDP Apr.–Jun. 2017

The first preliminary GDP estimate (Apr.–Jun. 2017) was released on Aug. 14. Real GDP expanded by 1.0% (annual rate 4.0%) from the previous quarter. Real GDP has grown for six consecutive quarters. Domestic demand contributed 1.3% points while Net Exports of Goods & Services contributed -0.3% of a point.

In domestic demand, private demand contributed 1.0% points, on the back of stronger private consumption and investment. Public demand also contributed 0.3% points, as stimulus measures in a supplementary budget for fiscal 2016 took effect.

By demand item, private consumption rose by 0.9%, private non-residential investment rose by 2.4% and public investment rose by 5.1% from the previous quarter.

**Development of Real GDP**  
(Quarterly, seasonally adjusted series)



	2016			2017			2017
	4~6	7~9	10~12	1~3	4~6	4~6	
Gross Domestic Product	0.3	0.3	0.4	0.4	1.0	***	4.0
Domestic Demand	0.3	-0.1	0.1	0.2	1.3	***	5.2
Private Demand	(0.3)	(-0.1)	(0.1)	(0.2)	***	(1.3)	***
Private Consumption	0.8	-0.1	0.3	0.3	1.3	(1.0)	5.3
Consumption of Households	0.1	0.4	0.1	0.4	0.9	(0.5)	3.7
Excluding imputed Rent	0.1	0.4	0.1	0.4	1.0	(0.5)	4.2
Private Residential Investment	3.2	2.8	0.3	0.9	1.5	(0.0)	6.0
Private Non-Res. Investment	0.7	0.0	2.2	0.9	2.4	(0.4)	9.9
Change in Private Inventories	(0.3)	(-0.4)	(-0.2)	(-0.1)	***	(0.0)	***
Public Demand	-1.2	0.0	-0.5	0.1	1.3	(0.3)	5.1
Government Consumption	-1.3	0.2	0.0	-0.1	0.3	(0.1)	1.3
Public Investment	-0.8	-0.8	-2.5	0.6	5.1	(0.2)	21.9
Change in Public Inventories	(-0.0)	(-0.0)	(0.0)	(0.0)	***	(0.0)	***
Net Exports of Goods & Services	(0.1)	(0.4)	(0.3)	(0.1)	***	(-0.3)	***

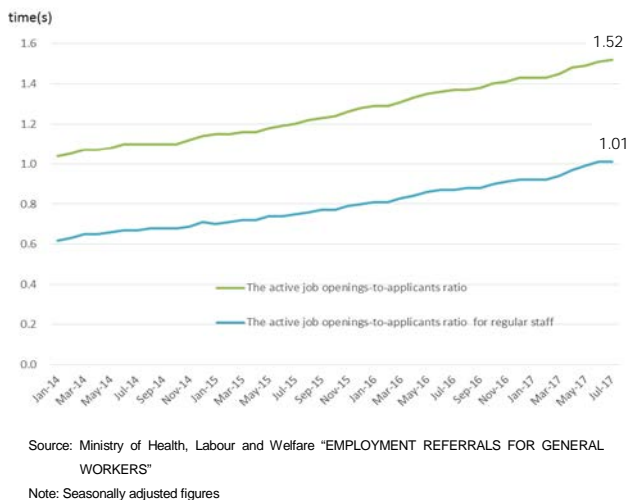
Note1: Change from the previous quarter (seasonally adjusted)  
 Note2: Annual rate  
 Note3: The Figures in ( ) indicate contributions to Changes in GDP.  
 Source: Cabinet Office, Government of Japan

## 2. The employment situation shows a trend toward improvement

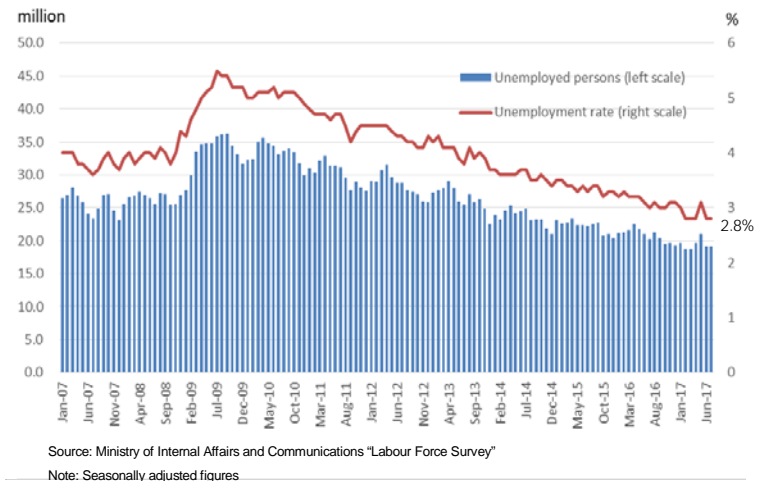
According to the “EMPLOYMENT REFERRALS FOR GENERAL WORKERS” of July 2017, the active job openings-to-applicants ratio (seasonally adjusted) increased by 0.01 points to 1.52, the highest in 43-years. The active job openings-to-applicants ratio (seasonally adjusted) for regular staff remains at 1.01, after reaching 1 in the previous month for the first time since 2004.

According to the “Labour Force Survey” of July 2017, the seasonally adjusted unemployment rate remained unchanged at 2.8% while the number of unemployed persons was 1.91 million, a decrease of 120 thousand or 5.9% from the previous year.

**The active job openings-to-applicants ratio and the active job openings-to-applicants ratio for regular staff**

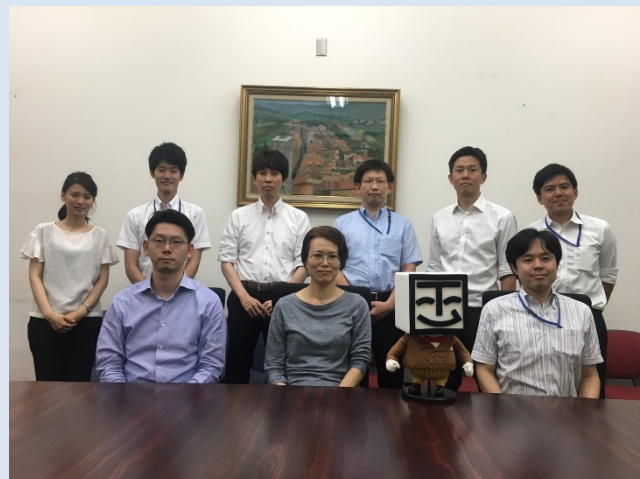


**Number of unemployed persons and unemployment rate**



## IR SPECIAL OFFICE

➤ Three years have already passed since the IR Special Office was set up in July 2014. In those three years, JGB 10-year yield fluctuated in a range between -0.3% and +0.6%, which seemed smaller than foreign sovereign bond yields. However, the market move was triggered by many surprising events, including BOJ's introduction of negative interest rate policy (ECB also) and yield curve control; and, the UK referendum and US presidential election shocked the market more than the range itself. Under such fast moving and difficult market conditions, we have continued our IR activities for our valued JGBs through frequent overseas IR tours, bilateral meetings with foreign institutional investors, and close communications with foreign debt management offices including negative-policy-rate countries.



One year ago, we wrote in this newsletter, "It is true we have had some difficulty in our IR activities, especially after the introduction of negative interest rates by the Bank of Japan in January 2016" and the difficult situation remains the same.

This year, the new team after reshuffling in July has already started to work hard (for example, Debt Management Report 2017 has already been published online!). We hope to meet many investors, exchange various opinions, and continually better reflect such on our debt management policy. We are looking forward to meeting you.

*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)*