

JAPANESE GOVERNMENT BONDS

Monthly Newsletter of the Ministry of Finance, Japan

This Month's Special!

What's New ⇒ Auction Schedule for Oct-Dec 2014 and the summary of minutes of the Meeting of JGB Market Special Participants

Monthly Topic ⇒ The Government Primary Balance is to meet its target in FY2015

On September 12, 2014, the Ministry of Finance (MOF) held the Meeting of JGB Market Special Participants (57th Round). The determined auction schedule and the summary of minutes from the Meeting are posted in What's New.

In the Monthly Topic, we report that the primary deficit of the central and local governments (ratio to GDP) is expected to achieve the fiscal consolidation target, which aims to halve the primary deficit by FY2015 from that in FY2010, owing to the achievement of Abenomics.

WHAT'S NEW

Auction Schedule for Oct-Dec 2014

On September 19 2014, the MOF made the press release about the auction schedule for Oct-Dec 2014.

【Issuance of the 10-year and Inflation-Indexed Bonds】

1) 10-year Bonds

- The October issue will be a reopening issue of the September issue unless the gap between the market interest rate on the auction day and the coupon rate of the September issue is more than 0.20%.
- The November issue will be a reopening issue of either the September or the October issue unless both of the gaps between the market interest rate on the auction day and the coupon rate of the September and the October issue are more than 0.20%.
- The issuance method after January 2015 will be determined through the Meeting of JGB Market Special Participants and the Meeting of JGB Investors on a quarterly basis.

2) Inflation-Indexed Bonds

- The issuance amount in October 2014 will be about 500 billion yen.

【Issuance amount for the Auctions for Enhanced-liquidity】

	Oct. 2014	Nov. 2014	Dec. 2014
1. Issues with remaining maturities from 5 to 15.5 years 【October・November・December】 -10-years(issue number 305 to 334) -20-years(issue number 44 to 117) -30-years(issue number 1 to 2)	Approx. 400 billion yen	Approx. 400 billion yen	Approx. 400 billion yen
2. Issues with remaining maturities from 15.5 to 39 years 【October・November・December】 -20-years(issue number 118 to 149) -30-years(issue number 3 to 43) -40-years(issue number 1 to 6)	Approx. 300 billion yen	Approx. 300 billion yen	Approx. 300 billion yen

Details: http://www.mof.go.jp/english/jgbs/topics/press_release/20140919-01e.htm

【The Auction Schedule for Buy-back Program】

Auction Month	Issue		
	2,5,10,20,30 and 40-year	15-year Floating-rate	10-year Inflation-Indexed
October 2014	-	Approx. 110 billion yen	Approx. 30 billion yen 【Additional】 Approx. 500 billion yen
November 2014	-	Approx. 220 billion yen	Approx. 10 billion yen
December 2014	-	Approx. 110 billion yen	Approx. 10 billion yen
Total	-	Approx. 440 billion yen	Approx. 550 billion yen

Details: http://www.mof.go.jp/english/jgbs/topics/press_release/20140919-02e.htm

Oct. 2014

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The summary of minutes of the Meeting of JGB Market Special Participants (57th Round)**1. The method of reopening the 10-Year Bond in Oct.-Nov. 2014**

When the issuing authority made a proposal to continue the current method of reopening the 10-Year Bond, most of the JGB Market Special Participants ("PDs") had no objection to this. The following were other opinions expressed by the PDs.

- Considering that JGB liquidity might become even lower in a situation where the Bank of Japan (BOJ) is buying JGBs on a large scale, we would request the general reopening method be adopted. However, when we hear small-scale investors' opinions, it seems that they would hesitate to agree to the general reopening method at the present time. Therefore, it would be good for the issuing authority to gradually widen the gap, taking such investors' opinions into account. For this reason, it presents no problem to continue the current method at this stage.
- From a market maker's point of view, we believe that the general reopening method would contribute to providing liquidity to the JGB market more stably than the current method in a phase of an interest rate rise. That said, as market volatility has not been so high under the BOJ's policy over the recent months, it is not necessary to hurry discussion. Therefore, it presents no problem to continue the current method at this stage.
- We request that the current method be continued. We are afraid that if the market value of a new bond significantly differs from its book value, investors would find difficulty in buying the new bond, which could hamper its stable issuance.

2. Auctions for Enhanced-Liquidity in the Oct.-Dec. 2014 quarter

When the issuing authority made a proposal to maintain the current method, most of the PDs had no objection to it. The following were other opinions expressed by the PDs.

- Taking the current situation into account, we see no problem with the issuance amount being ¥400 billion in the zone of 5-15.5 years remaining to maturity. However, we request that the issuing authority consider an increase in the issuance amount in the future and an extension of the target zone to the zone of less than 5 years remaining to maturity.

3. The amount of October issuance of the Inflation-Indexed Bond (JGBi)

The issuing authority made a proposal to increase the amount of the October issuance of the JGBi by ¥100 billion to ¥500 billion. The following were the opinions expressed by the PDs.

- We see no problem with the idea proposed by the issuing authority.
- We support the proposal of the issuing authority. The issue prices in the last two auctions were a little higher than the market prices and BEI (Break-Even Inflation) after the auctions have remained relatively stable. In addition, we find that the investor base which deals with the JGBi has been expanding, such as to domestic pension funds, asset management companies, foreign investors, and so on. The demand among investors for the JGBi has been increasing. From the point of view of developing the market in the medium to long-term and with a view to the JGB issuance plan for FY2015, the issuing authority could increase the issuance amount of the JGBi by ¥100 billion from October.
- From the point of view of developing the market, it is desirable that the issuance amount be increased along with increasing demand for the JGBi. Thus, if the issuing authority has a view that the investors' needs will increase to some extent, we support the proposal of the issuing authority. Furthermore, the BOJ has set the eligible collateral weight to minus 11% for the JGBi, and we suppose the BOJ is scheduled to review the weight in the near future. Some measure needs to be taken in order to facilitate foreign investors' purchases of the JGBi. From this viewpoint, we agree with the authority's idea.

- We support the proposal of the issuing authority because, taking the current investors' needs into account, it would be possible to issue ¥500 billion. However, it is only recently that the issuing authority resumed issuance of the JGBi and the investors do not have a re-investment position for the JGBi to make up for the amount of redemption or to lengthen the duration. So, it might become more difficult to issue the JGBi as the number of auctions goes up, because it is necessary to find new demand for ¥500 billion in every auction. In order to avoid a price slump in the bond, the issuing authority should always check the market needs for the JGBi and have an option of reducing its issuance amount without hesitation when a drop in demand for the JGBi is recognized.
- BEI has been gradually declining and we see demand for the JGBi has been decreasing compared with some time ago. We understand the issuing authority has made a proposal to increase the issuance amount building on its view that demand for the JGBi will increase to some extent. However, considering the current market circumstances, we think it is appropriate to maintain the current amount of issuance.

4. Auctions for Buy-backs in the Oct.-Dec. 2014 quarter (regarding the JGBi)

The issuing authority proposed that they maintain the current buyback amount in the October-December 2014 quarter: ¥10 billion in Nov.-Dec. during which there will be no auctions for a new issue and ¥30 billion in Oct. during which there will be an auction for a new issue. The authority also proposed that they terminate the additional Auctions for Buy-backs (switch auctions) in next January and discuss the method of the remaining monthly Auctions for Buy-backs at the Meetings of JGB Market Special Participants and JGB Investors going forward.

Most of the PDs had no objection to this. The following were other opinions expressed by the PDs.

- It is desirable to continue the monthly Auctions for Buy-backs, even in a smaller amount, in order to provide a sense of reassurance to the market.
- The Additional Auction for Buy-backs has already fulfilled its role to promote switching to new bonds from existing bonds.
- Seeing that some issues of the bond are found to be priced about one or two yen above their theoretical values, we believe that the authority should terminate the Auctions for Buy-backs as early as possible. Reducing the amount of the buybacks enables to decrease the total JGBs issuance amount. That said, as it is difficult to terminate all Auctions for Buy-backs at one time, we believe it is desirable that the authority terminate the additional Auction for Buy-backs in October and thereafter hold Auctions for Buy-backs in the amount of ¥10 billion only in months during which the BOJ does not conduct buying operations of JGBi.
- The authority could revisit the treatment of the additional Auctions for Buy-backs in the next fiscal year and after, while carefully watching future developments.

5. Auctions for Buy-backs in the Oct.-Dec. 2014 quarter (regarding the 15-year Floating-Rate Bond)

The issuing authority proposed that they maintain the frequency of the buybacks and decrease the per-auction buyback amount to ¥110 billion. The following were opinions expressed by the PDs.

- We see no problem with the idea proposed by the issuing authority.
- We initially requested the authority to maintain the current method on the ground that there exist certain selling needs. However, we see no problem with the authority's idea, considering the latest auction results, the commencement of redemption going forward, and so forth.
- Seeing that some issues of the bond have been found to be priced about one yen above their theoretical values, we believe that the authority should terminate the Auctions for Buy-backs as soon as possible. That said, as it is difficult to terminate the auctions right away, it is desirable that the authority firstly reduce the per-auction buyback amount to ¥100 billion.
- In order to avoid disrupting the market, it is desirable that the authority reduce the per-auction buyback amount gradually while sending a message that it would continue to do so going forward.
- Since the bond still remains in the market and there certainly exist selling needs, we request the current amount of buybacks be maintained if possible.

* The issuing authority further heard the views of participants regarding the latest JGB market situation and its future outlook, although omitted due to lack of space.

The Government Primary Balance is to meet its target in FY2015

The government revised upward an estimation of its Primary Balance this July, to reflect recent achievements in economic revitalization.

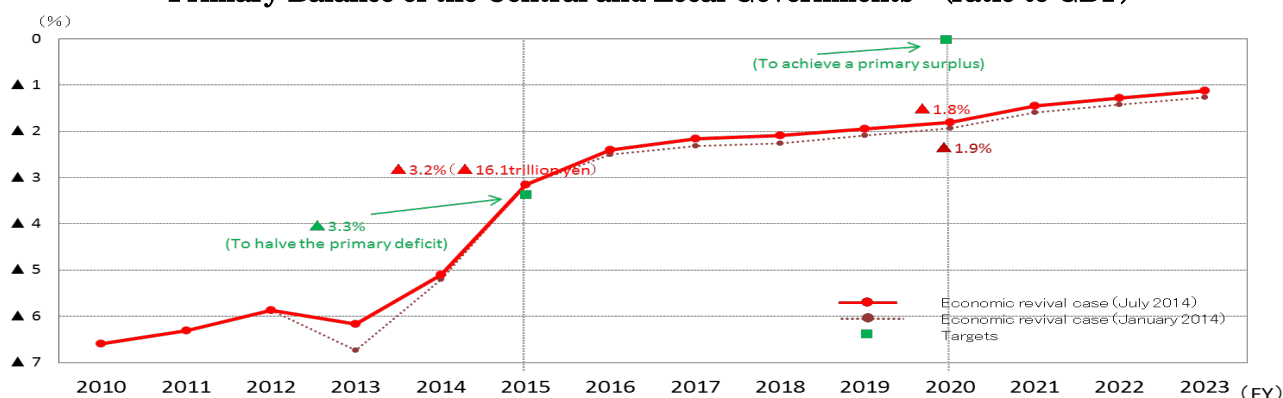
The government aims to halve the primary deficit of the central and local governments to GDP ratio by FY2015 from the ratio in FY2010 (FY2010:-6.6%→FY2015:-3.3%) and to achieve a primary surplus by FY2020, thereafter the government will seek to steadily reduce the public debt to GDP ratio.

Under a virtuous cycle of economic revitalization and fiscal consolidation, national tax revenues increased by approximately 3.0 trillion yen, and local tax revenues increased by approximately 0.9 trillion yen in FY2013, compared with FY2012 settlement.

Taking into account the increased tax revenues above and other factors, according to the “Economic and Fiscal Projections for Medium to Long Term Analysis” by the Cabinet Office (July 2014), the primary deficit of the central and local governments to GDP ratio in FY2015 is projected to be approximately -3.2% (16.1 trillion yen), with the fiscal consolidation target of halving it from the ratio in FY2010 being achieved.

The primary deficit of the central and local governments to GDP ratio in FY2020 is projected to be approximately -1.8%, so in order to achieve a primary surplus by FY2020, the government has to make further efforts.

Primary Balance of the Central and Local Governments (ratio to GDP)



Achieving the fiscal consolidation targets, while ensuring the economic revitalization.

IR SPECIAL OFFICE

In July 2014, the IR Special Office was established.

We have actively met and talked with many foreign investors and made presentations at the investor conferences.

They demonstrated a high level of interest in issues such as consumption tax increase etc. and we had a fruitful question-and-answer session. We explained to them about the steady progress of Abenomics, etc.

We will energetically continue IR activities in various conferences and interviews.

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

The scene of conference



2 JGB PRIMARY MARKET

Auction Results (Bonds)

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)
6/3/2014	10-year	334	6/20/2024	0.6%	8,202.0	2,190.4	0.609%	0.608%	7.440	201.2	355.6
6/5/2014	30-year	43	6/20/2044	1.7%	1,938.1	646.8	1.717%	1.714%	-	52.3	39.9
6/12/2014	5-year	118	6/20/2019	0.2%	10,960.0	2,453.4	0.183%	0.183%	2.716	242.6	133.9
6/17/2014	20-year	149	6/20/2034	1.5%	2,957.0	1,091.4	1.464%	1.459%	-	107.5	165.4
6/26/2014	2-year	342	7/15/2016	0.1%	12,009.2	2,487.4	0.084%	0.084%	2.308	210.1	367.2
7/3/2014	10-year	334	6/20/2024	0.6%	7,558.4	2,202.9	0.563%	0.562%	4.057	191.9	49.0
7/8/2014	10-year Inflation-Indexed Bonds	18	3/10/2024	0.1%	1,017.9	400.0	▲0.952%	-	-	-	-
7/10/2014	30-year	43	6/20/2044	1.7%	2,013.9	645.9	1.710%	1.703%	-	53.2	-
7/18/2014	5-year	119	6/20/2019	0.1%	10,172.4	2,458.9	0.147%	0.147%	0.268	239.5	-
7/23/2014	20-year	149	6/20/2034	1.5%	4,111.6	1,090.7	1.413%	1.409%	-	108.5	151.8
7/29/2014	2-year	343	8/15/2016	0.1%	14,654.2	2,467.9	0.067%	0.066%	2.652	228.8	86.4
8/5/2014	10-year	334	6/20/2024	0.6%	9,337.4	2,178.1	0.523%	0.522%	3.488	217.5	281.3
8/12/2014	30-year	43	6/20/2044	1.7%	2,221.1	546.7	1.679%	1.676%	-	52.5	87.9
8/14/2014	5-year	118	6/20/2019	0.2%	11,961.7	2,454.0	0.147%	0.147%	1.110	243.5	59.9
8/19/2014	20-year	149	6/20/2034	1.5%	3,953.9	1,091.3	1.343%	1.342%	-	107.5	125.9
8/26/2014	40-year	7	3/20/2054	1.7%	1,014.5	399.4	1.760%	-	-	-	58.9
8/28/2014	2-year	344	9/15/2016	0.1%	14,514.0	2,469.5	0.069%	0.067%	3.195	226.8	-

Auction Results (Treasury Discount Bills)

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)
6/5/2014	3-month	456	9/8/2014	27,064.30	5,260.40	0.0461%	0.0449%	449.50
6/6/2014	6-month	457	12/10/2014	18,381.50	3,231.50	0.0359%	0.0339%	268.42
6/11/2014	Approx. 2-month	458	8/4/2014	13,114.00	2,307.33	0.0421%	0.0365%	192.60
6/12/2014	3-month	459	9/16/2014	25,729.50	5,202.14	0.0396%	0.0372%	457.80
6/18/2014	1-year	460	6/22/2015	13,089.70	2,321.51	0.0388%	0.0368%	178.41
6/19/2014	3-month	461	9/22/2014	27,704.80	5,263.04	0.0361%	0.0352%	446.90
6/26/2014	3-month	462	9/29/2014	26,584.60	5,236.29	0.0260%	0.0244%	453.65
7/3/2014	3-month	463	10/6/2014	28,831.40	5,232.03	0.0461%	0.0457%	467.90
7/8/2014	6-month	464	1/14/2015	20,232.60	3,225.74	0.0213%	0.0213%	274.24
7/10/2014	3-month	465	10/14/2014	25,447.50	5,204.67	0.0317%	0.0182%	475.30
7/16/2014	1-year	466	7/21/2015	16,261.00	2,301.89	0.0150%	0.0150%	198.10
7/17/2014	3-month	467	10/20/2014	21,687.00	5,213.75	0.0263%	0.0206%	476.20
7/24/2014	3-month	468	10/27/2014	32,099.90	5,230.89	0.0300%	0.0264%	479.04
7/31/2014	3-month	469	11/4/2014	28,580.40	5,186.05	0.0337%	0.0289%	463.90
8/6/2014	6-month	470	2/10/2015	21,202.40	3,217.88	0.0199%	0.0159%	282.10
8/7/2014	3-month	471	11/10/2014	29,035.20	5,239.00	0.0280%	0.0236%	480.95
8/13/2014	2-month	472	10/2/2014	14,319.00	2,314.15	0.0266%	0.0250%	185.80
8/14/2014	3-month	473	11/17/2014	28,606.30	5,172.03	0.0260%	0.0228%	477.90
8/18/2014	1-year	474	8/20/2015	12,858.50	2,319.55	0.0200%	0.0180%	180.40
8/21/2014	3-month	475	11/25/2014	27,661.70	5,262.90	0.0317%	0.0289%	477.03
8/28/2014	3-month	476	12/1/2014	27,746.30	5,221.74	0.0381%	0.0344%	478.20

Auction Calendar for Sep. – Nov. 2014

Auction Date	Issue	Auction Date	Issue	Auction Date	Issue	Auction Date	Issue
9/2 (Tue)	10-year	9/30 (Tue)	2-year	10/21 (Tue)	20-year	11/18 (Tue)	T-Bills (1-year)
9/3 (Wed)	T-Bills (3-month)	10/2 (Thu)	T-Bills (3-month)	10/23 (Thu)	T-Bills (3-month)	11/18 (Tue)	20-year
9/5 (Fri)	Auctions for Enhanced-liquidity	10/2 (Thu)	10-year	10/23 (Thu)	Auctions for Enhanced-liquidity	11/20 (Thu)	T-Bills (3-month)
9/8 (Mon)	T-Bills (6-month)	10/8 (Wed)	T-Bills (6-month)	10/28 (Tue)	2-year	11/20 (Thu)	Auctions for Enhanced-liquidity
9/9 (Tue)	30-year	10/8 (Wed)	10-year Inflation-Indexed Bonds	10/30 (Thu)	T-Bills (3-month)	11/26 (Wed)	40-year
9/11 (Thu)	T-Bills (3-month)	10/9 (Thu)	T-Bills (3-month)	11/5 (Wed)	T-Bills (6-month)	11/27 (Thu)	T-Bills (3-month)
9/11 (Thu)	5-year	10/10 (Fri)	T-Bills (Approx.2-month)	11/5 (Wed)	10-year	11/28 (Fri)	2-year
9/17 (Wed)	T-Bills (1-year)	10/10 (Fri)	Auctions for Enhanced-liquidity	11/6 (Thu)	T-Bills (3-month)		
9/17 (Wed)	20-year	10/15 (Wed)	T-Bills (1-year)	11/7 (Fri)	Auctions for Enhanced-liquidity		
9/18 (Thu)	T-Bills (3-month)	10/15 (Wed)	30-year	11/11 (Tue)	30-year		
9/25 (Thu)	T-Bills (3-month)	10/16 (Thu)	T-Bills (3-month)	11/13 (Thu)	T-Bills (3-month)		
9/25 (Thu)	Auctions for Enhanced-liquidity	10/17 (Fri)	5-year	11/13 (Thu)	5-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.

Note 3: The issue date of Treasury Discount Bills auctioned on October 10, 2014 is October 15, 2014 and, the maturity date is December 3, 2014.

Top 10 PDs by Total Purchase in Auctions (Calculated by Duration) (Jan.2014 ~ Jun. 2014)

1	Daiwa Securities Co. Ltd.	6	Merrill Lynch Japan Securities Co., Ltd.
2	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7	Goldman Sachs Japan Co., Ltd.
3	Nomura Securities Co., Ltd.	8	SMBC Nikko Securities Inc.
4	Mizuho Securities Co., Ltd.	9	Mizuho Bank, Ltd.
5	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10	BNP Paribas Securities (Japan) Limited

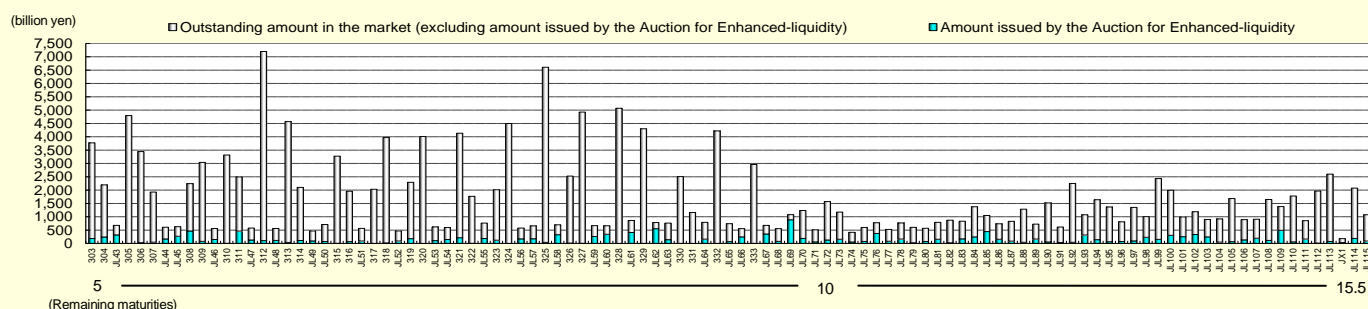
3 THE AUCTIONS FOR ENHANCED-LIQUIDITY AND JGB BUY-BACK

Results of Auctions for Enhanced-Liquidity

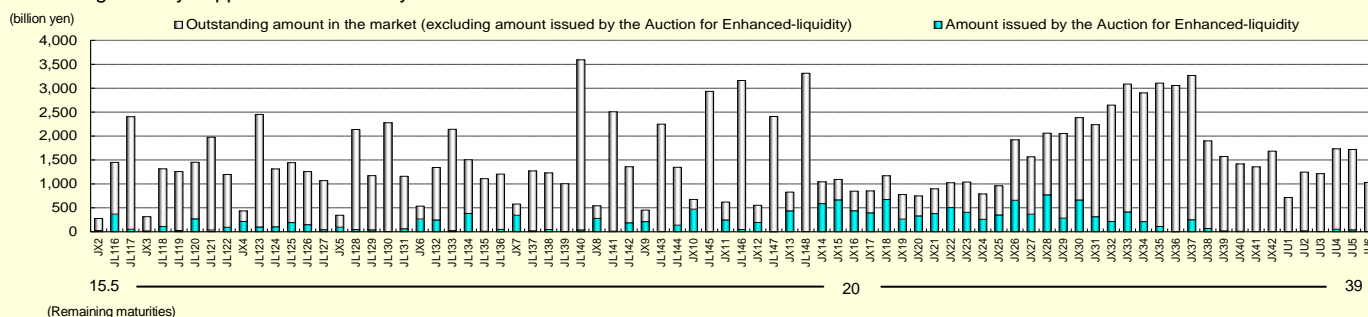
Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread	Highest Accepted Spread	Issues Re-opened
6/10/2014	815.9	298.3	+0.003%	+0.004%	20-year(124,126,129,134,135,137,138,144) 30-year(3,9,10,13,14,15,20,22,26,27,28,29,30,34,35,38,40)
6/24/2014	1,407.1	399.5	▲0.014%	▲0.013%	10-year(301,302,304,329) 20-year(73)
7/16/2014	937.3	299.7	+0.001%	+0.006%	30-year(8,12,14,19,20,21,24,28,29,32,33,35,37,38,39,41,42) 40-year(1,2,3,4,5)
7/25/2014	1,517.4	399.9	▲0.008%	▲0.008%	10-year(304,305) 20-year(62)
8/7/2014	927.5	298.2	▲0.006%	▲0.003%	20-year(119,126,135,138,143,144) 30-year(10,12,14,17,20,21,27,31,32,33,37,38,40)
8/21/2014	1,617.4	399.6	+0.013%	+0.015%	10-year(303,304,305,312,332) 20-year(43,46,62,74,76)

Target Zones of the Auction for Enhanced-Liquidity for the Second Quarter of FY 2014

① Remaining maturity : approx.5 - ~15.5 - year



② Remaining maturity : approx.15.5 - ~39 - year



Note1 : JL shows 20 - year JGBs. JX shows 30 - year JGBs. JU shows 40 - year JGBs. Outstanding amount is as of the end of June 2014.

Note2 : Based on the results of the consultations to the JGB Market Special Participants which takes place at the time of each auction,60 issues from each of the above 2 groups are selected as targeted issues.

Buy -back Results

10-Year Inflation-Indexed

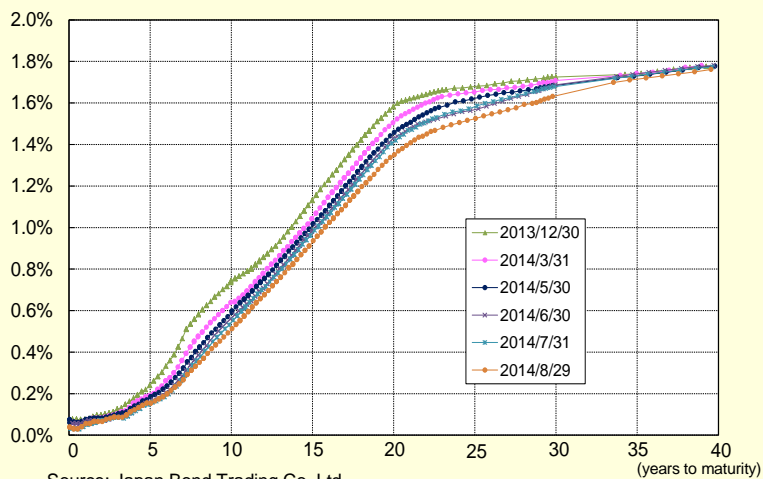
Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread (yen)	Highest Accepted Spread (yen)	Issue Numbers
6/17/2014	39.2	10.1	▲0.277	▲0.23	4,6,8,9,11,12,13,15,16
7/8/2014	130.2	30.1	▲0.832	▲0.55	3,4,5,6,7,8,9,10,11,12,13,14,15,16
7/8/2014	86.3	86.3	▲0.832	-	
8/20/2014	24.5	10.1	▲0.413	▲0.35	7,8,11,14

15-Year Floating-Rate

Auction Date	Amounts of Competitive Bids (billion yen)	Amounts of Bids Accepted (billion yen)	Average Accepted Spread (yen)	Highest Accepted Spread (yen)	Issue Numbers
6/6/2014	697.4	120.1	▲0.337	▲0.23	8,9,11,15,16,18,19,20,21,22,23,24,25,26,27,28,29,31,32,33,34,37,38,39,40,41,42,43,45,48
7/2/2014	530.8	120.6	▲0.353	▲0.20	8,9,10,11,12,13,14,15,16,17,18,19,20,22,23,24,25,26,27,28,29,36,37,38,39,40,41,42,43,44,45,47,48
7/17/2014	464.2	120.2	▲0.279	▲0.10	
8/6/2014	520.9	120.1	▲0.185	▲0.13	8,9,13,14,16,17,18,22,23,24,25,26,27,28,29,30,31,32,33,34,36,37,38,39,41,44,45,46

4 JGB SECONDARY MARKET

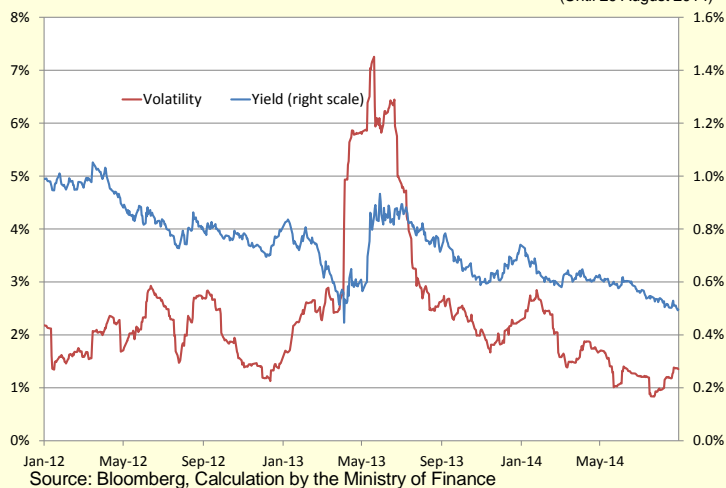
JGB Yield Curves



Source: Japan Bond Trading Co., Ltd.

Yield and Volatility (10Yr)

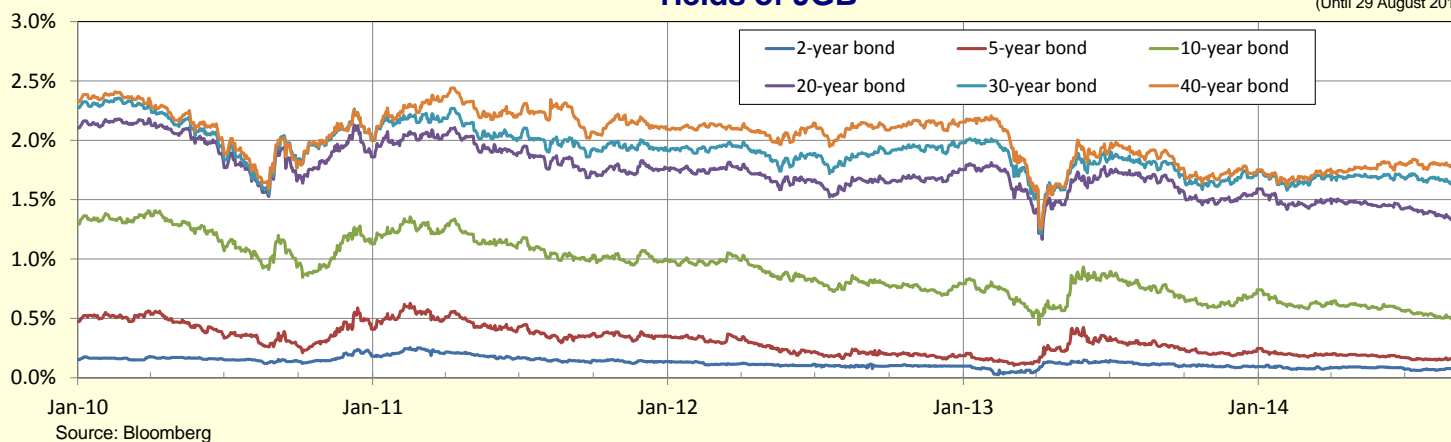
(Until 29 August 2014)



Source: Bloomberg, Calculation by the Ministry of Finance

Yields of JGB

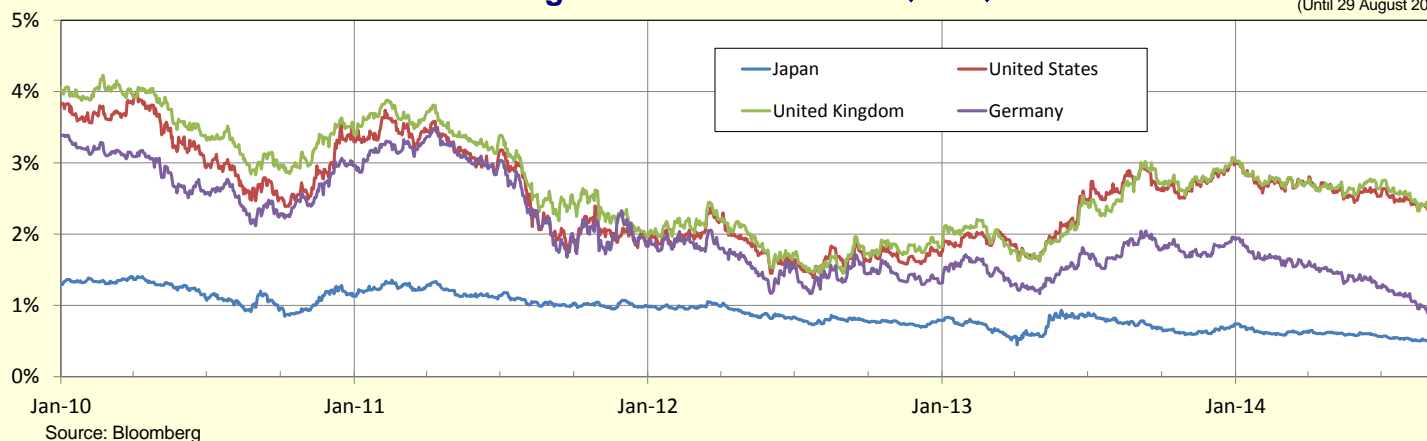
(Until 29 August 2014)



Source: Bloomberg

Long - Term Interest Rates (10Yr)

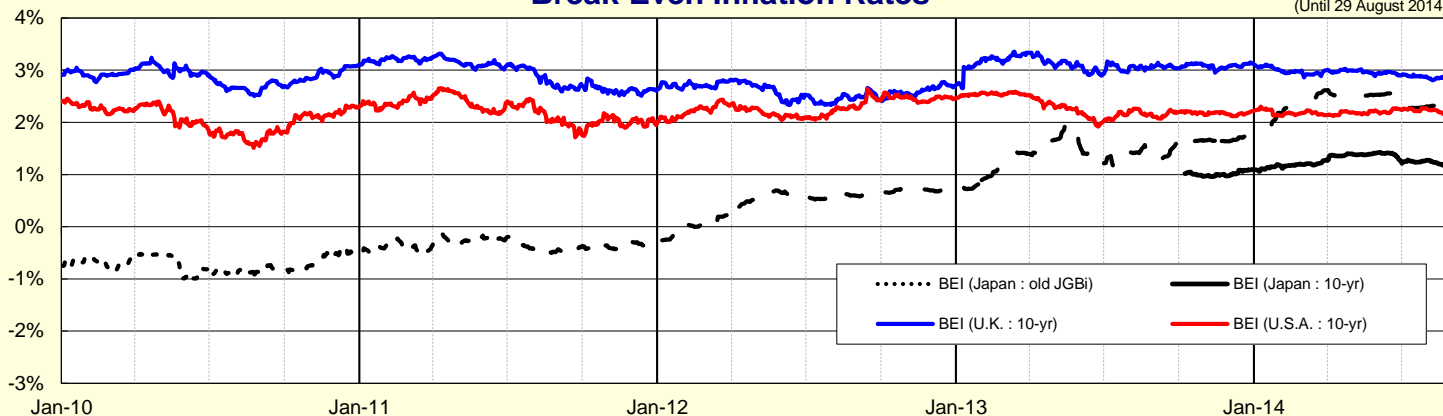
(Until 29 August 2014)



Source: Bloomberg

Break-Even Inflation Rates

(Until 29 August 2014)



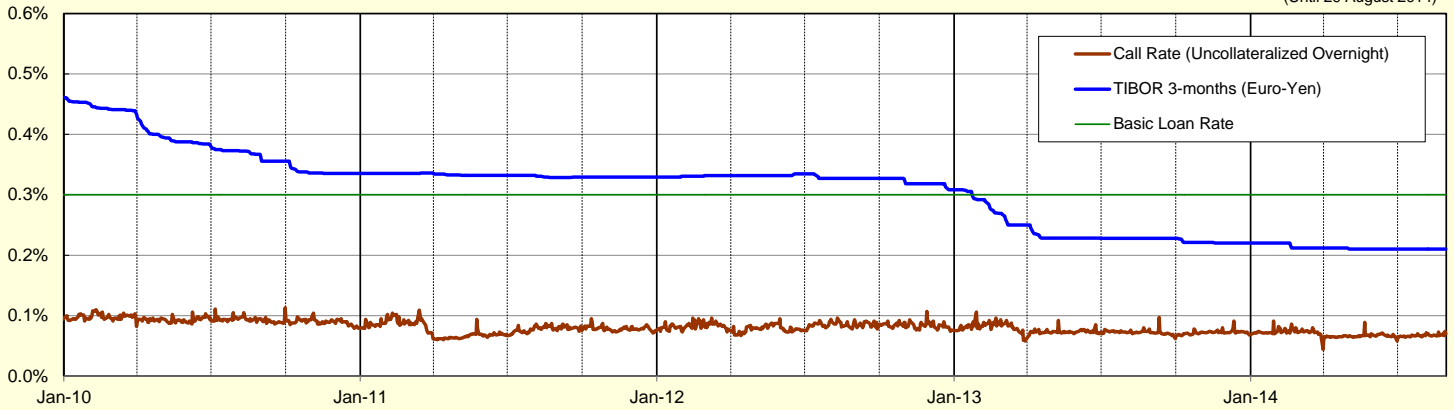
Note: BEI (Japan : old JGBi) is calculated based on compound interest rate of old Inflation-Indexed Bonds (issue number 16, current maturity 3-year and 10-month) and 10-year Bonds (issue number 293, current maturity 3-year and 10-month). BEI (Japan : 10-yr) is calculated based on compound interest rate of new Inflation-Indexed Bonds and 10-year Bonds.

Source: Japan: MOF calculation based on the information of interest rate offered by NIKKEI QUICK.

U.S.A., U.K. : Bloomberg

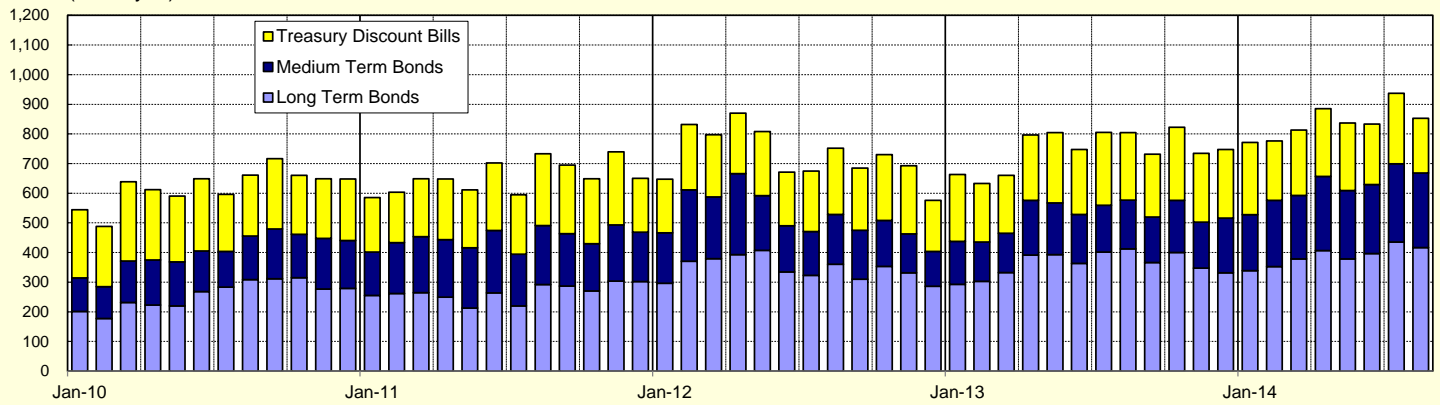
Short-Term Interest Rates

(Until 29 August 2014)



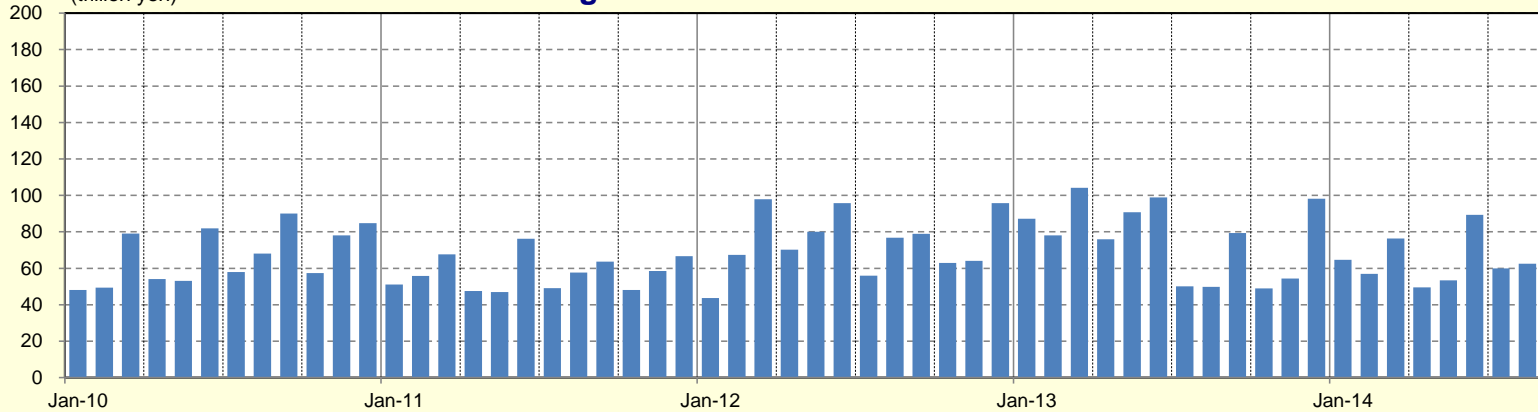
JGB Over-the-Counter Trading Volume (TOKYO)

(trillion yen)



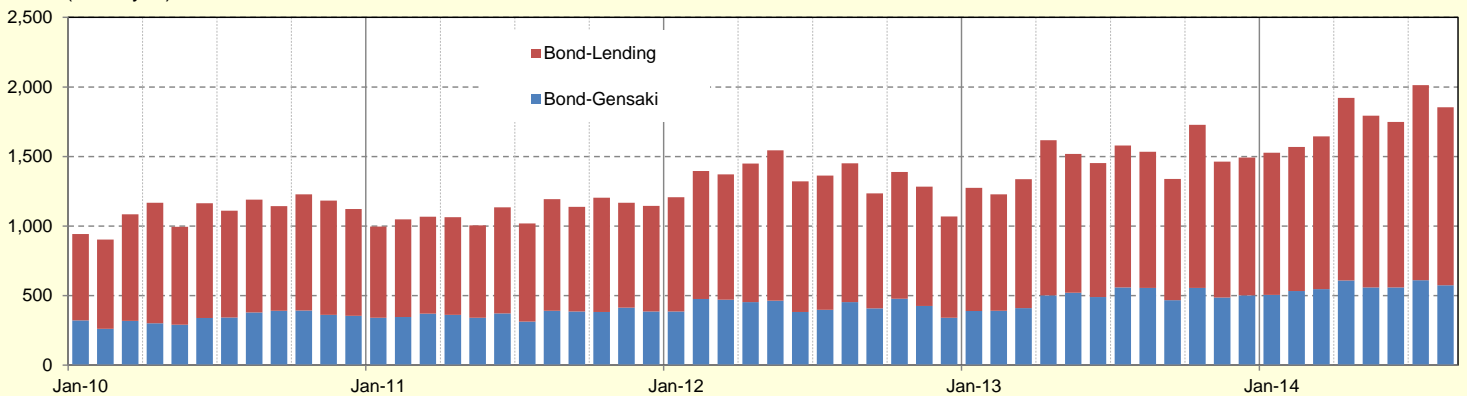
Trading Volume of 10-Year JGB Futures

(trillion yen)



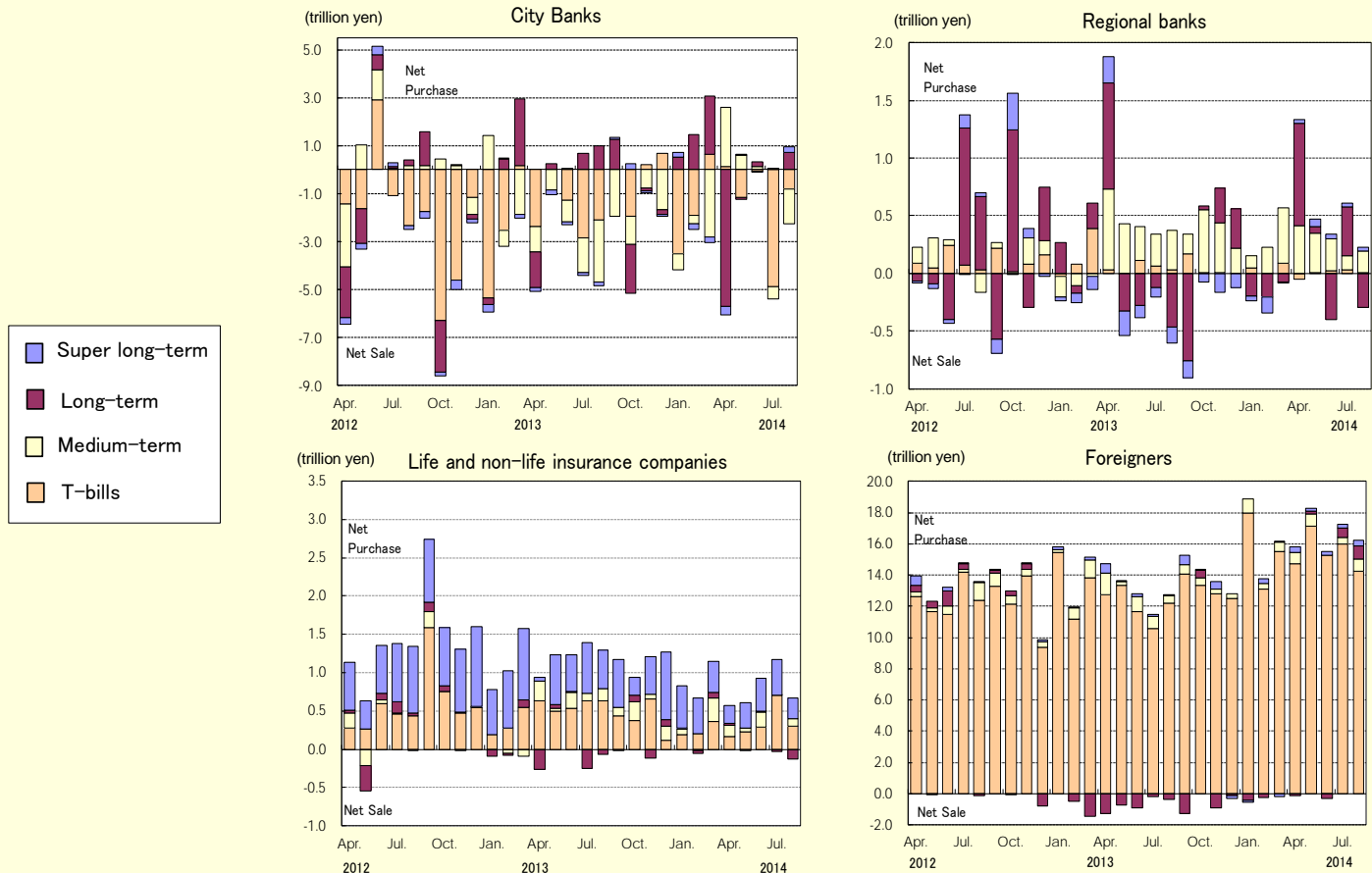
Repurchase Transactions

(trillion yen)

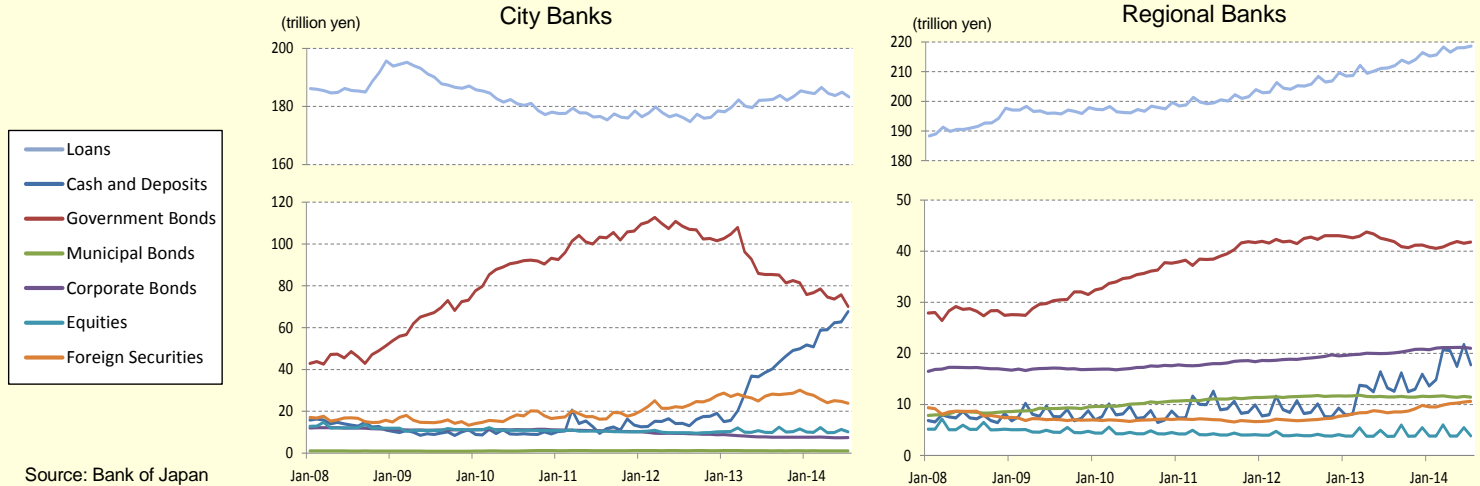


5 INVESTOR TRENDS AND JGB OUTSTANDING

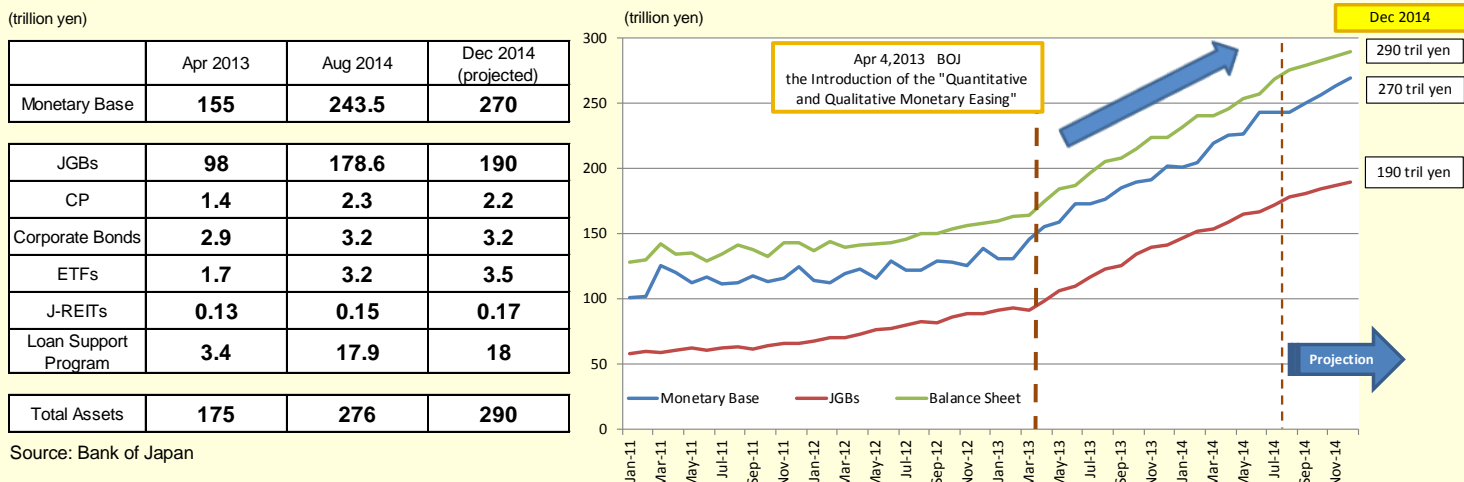
Trends in JGBs Transactions (by investor type)



Trends in Bank Assets by Types

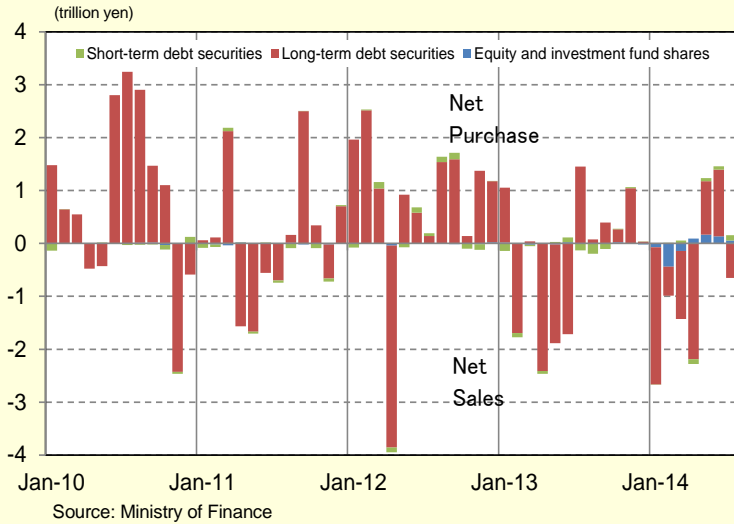


BOJ Trends

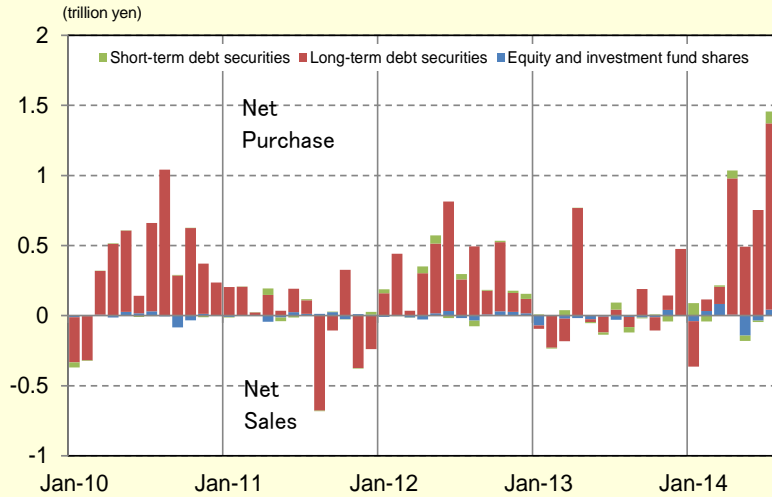


Transactions of Foreign Securities by Residents (by Investor types)

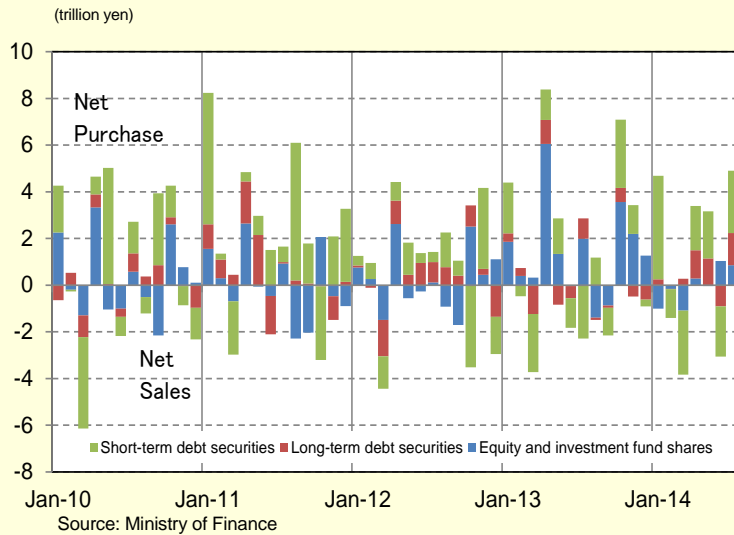
Banks(Banking Accounts)



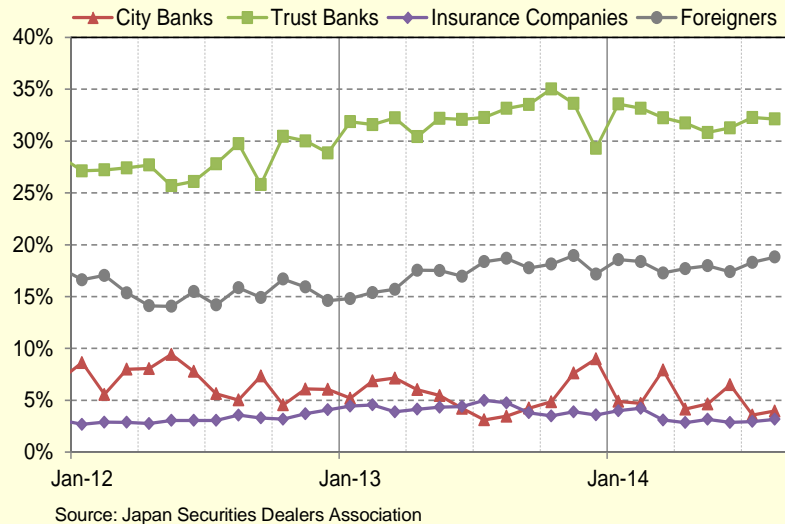
Life Insurance Companies



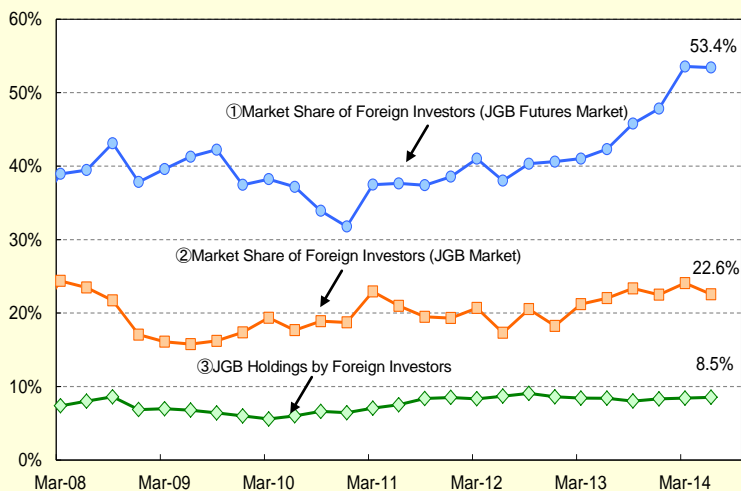
Transactions of Domestic Securities by Non-Residents



Outstanding of Repurchase Agreements (by Investor types)



Foreign Investors Presence

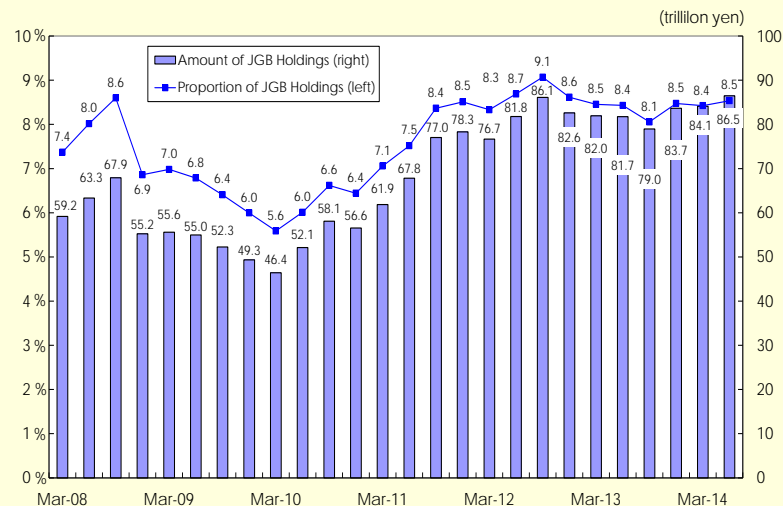


Note.1: Quarterly basis.

Note.2: "JGB" includes T-Bills. The figures of ②excludes dealers' transactions.

Source: Bank of Japan, Japan Securities Dealers Association, Tokyo Stock Exchange

JGBs Holding by Foreign Investors

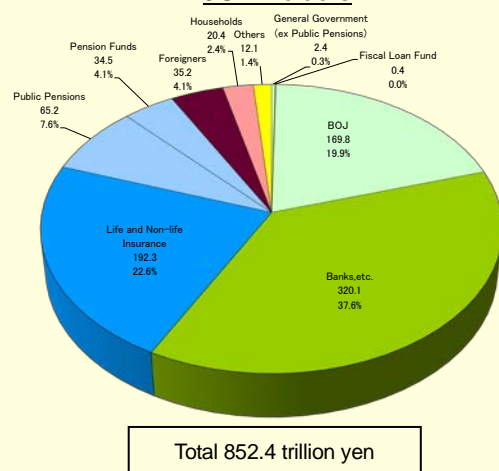


Note: "JGB" includes T-Bills.

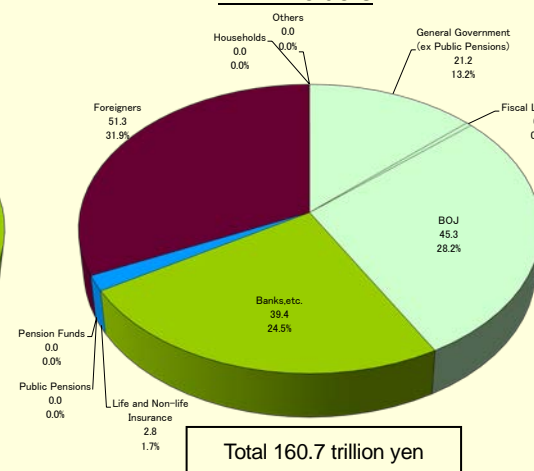
Source: Bank of Japan

Breakdown by JGB and T-Bill Holders (Jun. 2014, QE)

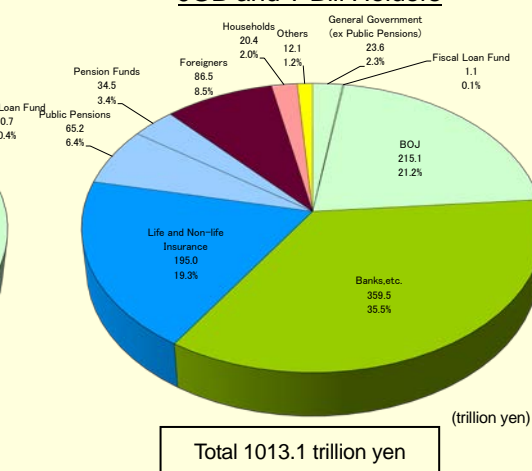
JGB Holders



T-Bill Holders



JGB and T-Bill Holders



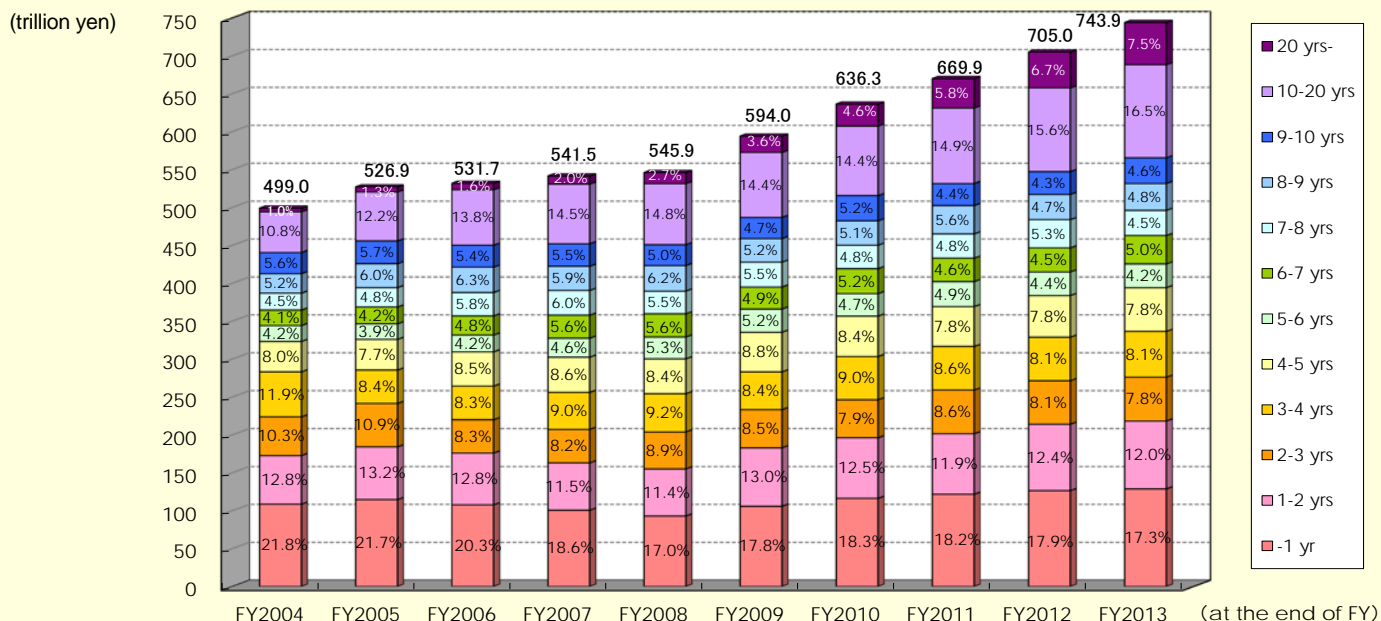
Note.1: "JGB" includes FILP Bonds. "T-Bill" is the sum of "Treasury Bills (TBs)" and "Financial Bills (FBs)" with a maturity of 1 year or less and TBs and FBs have been jointly issued since February 2009.

Note.2: "Banks, etc." includes Japan Post Bank, "Securities investment trust" and "Securities Companies".

Note.3: "Life and Nonlife insurance" includes Japan Post Insurance.

Source: Bank of Japan

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

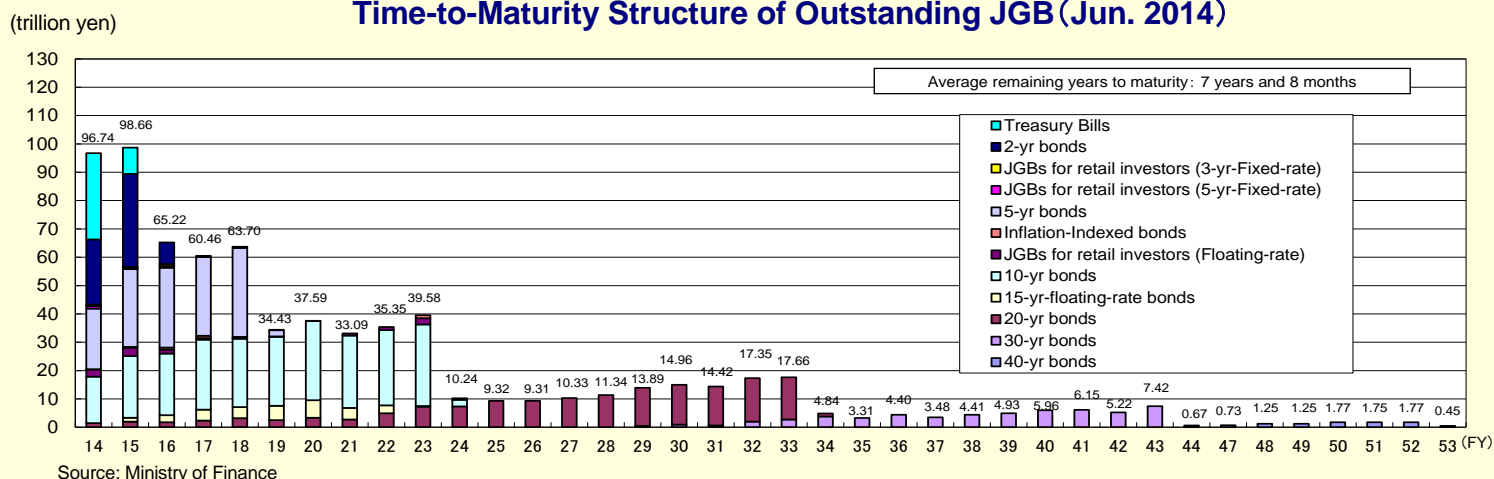


Average YTM*	5Y1M	5Y4M	5Y9M	6Y1M	6Y3M	6Y5M	6Y8M	7Y0M	7Y3M	7Y7M
Average YTM* (excluding saving bonds)	5Y0M	5Y3M	5Y8M	6Y1M	6Y4M	6Y6M	6Y10M	7Y1M	7Y5M	7Y8M

*years to maturity

Source: Ministry of Finance

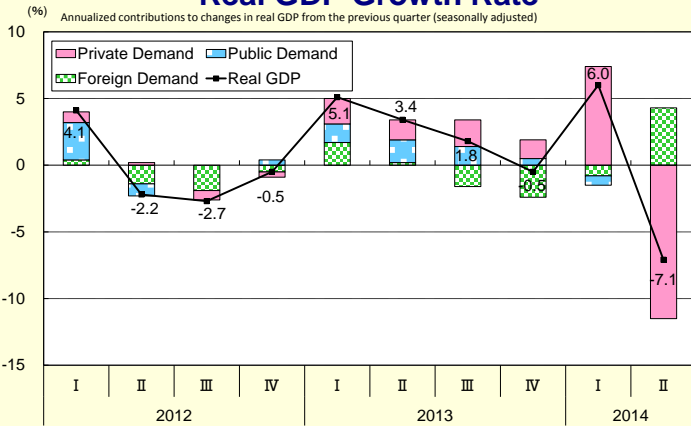
Time-to-Maturity Structure of Outstanding JGB (Jun. 2014)



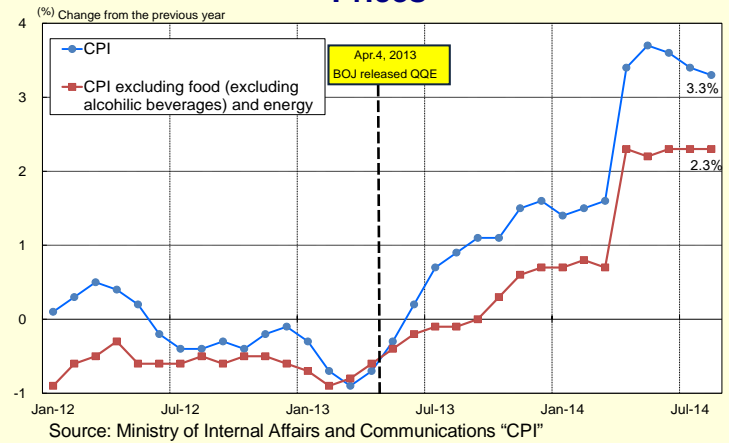
Source: Ministry of Finance

6 ECONOMIC AND FINANCIAL TRENDS

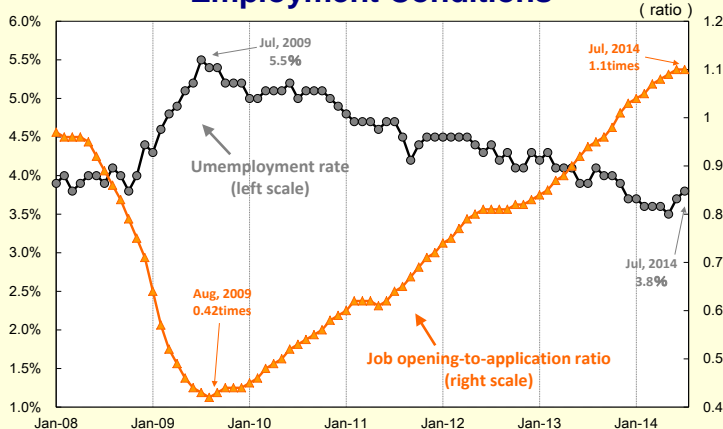
Real GDP Growth Rate



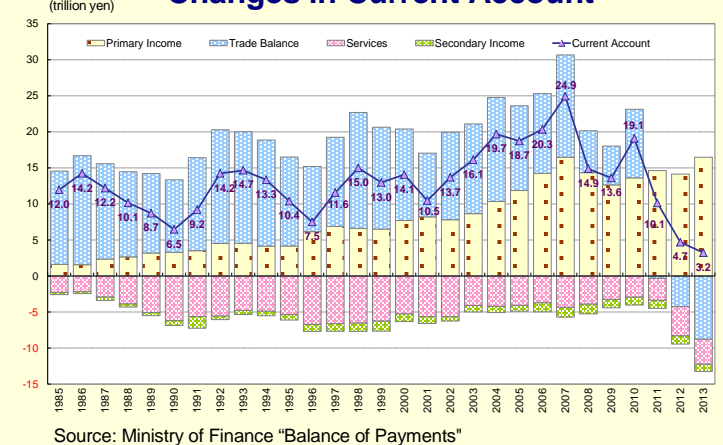
Prices



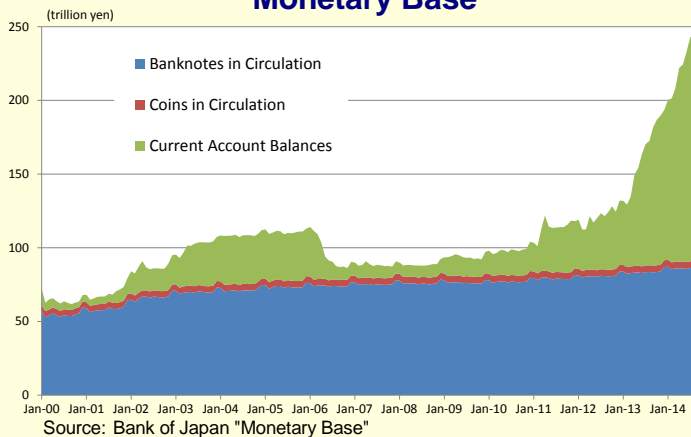
Employment Conditions



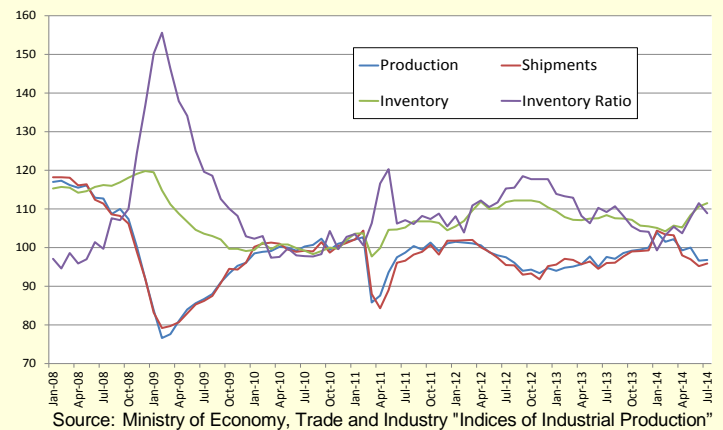
Changes in Current Account



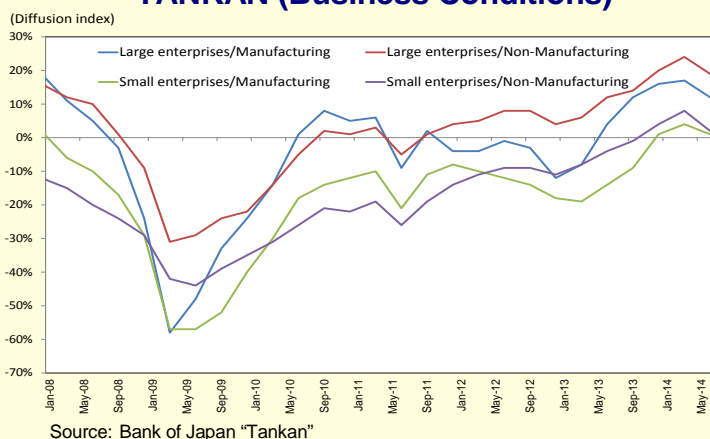
Monetary Base



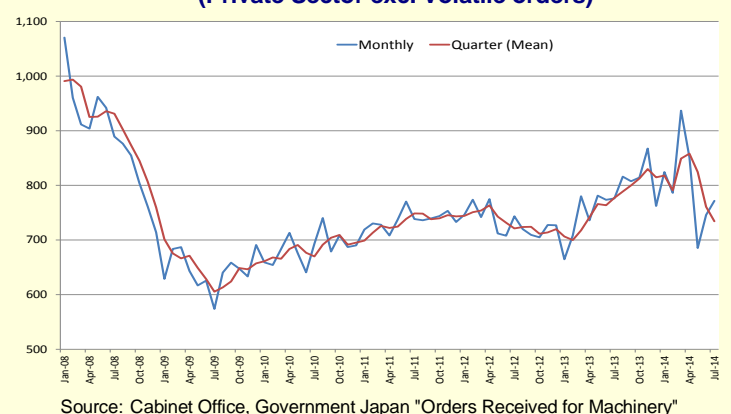
Indices of Industrial Production



TANKAN (Business Conditions)



Total Value of Machinery Orders (Private Sector exc. Volatile orders)



7 INFORMATION

English Publications on JGBs	Frequency	URL
Debt Management		
Message from the Financial Bureau	As needed	http://www.mof.go.jp/english/jgbs/debt_management/message.htm
About JGBs	As needed	http://www.mof.go.jp/english/jgbs/debt_management/guide.htm
About the Debt Management Policy	As needed	http://www.mof.go.jp/english/jgbs/debt_management/about.htm
JGB Issuance Plan	As needed	http://www.mof.go.jp/english/jgbs/debt_management/plan/index.htm
Auction Calendar		
Auction Calendar	Monthly	http://www.mof.go.jp/english/jgbs/auction/calendar/index.htm
Historical Data of Auction Results	Each Auction	http://www.mof.go.jp/english/jgbs/auction/past_auction_results/index.html
Topics		
Product Characteristics of the JGB	As needed	http://www.mof.go.jp/english/jgbs/topics/bond/index.html
Treasury Discount Bills (T-Bills)	Annual	http://www.mof.go.jp/english/jgbs/topics/t_bill/index.htm
Japanese Government Guaranteed Bonds	Annual	http://www.mof.go.jp/english/jgbs/topics/gov_guaranteed_bonds/index.htm
Interest Rate Swap	Semiannual	http://www.mof.go.jp/english/jgbs/topics/swap/index.htm
Taxation of Government Bonds	As needed	http://www.mof.go.jp/english/jgbs/topics/taxation/index.htm
For Individual Investors	As needed	http://www.mof.go.jp/english/jgbs/topics/individual/index.htm
Data		
Central Government Debt	Quarterly	http://www.mof.go.jp/english/jgbs/reference/gbb/index.htm
Interest Rate	Daily	http://www.mof.go.jp/english/jgbs/reference/interest_rate/index.htm
STRIPS	Monthly	http://www.mof.go.jp/english/jgbs/reference/jgbstat/index.htm
Dialogue with the market		
Advisory Councils on Government Debt Management	Each Meeting	http://www.mof.go.jp/english/about_mof/councils/gov_debt_management/index.html
Meeting of JGB Market Special Participants	Each Meeting	http://www.mof.go.jp/english/about_mof/councils/jgbsp/index.html
Meeting of JGB Investors	Each Meeting	http://www.mof.go.jp/english/about_mof/councils/jgb_investor/index.html
Publications		
Debt Management Report	Annual	http://www.mof.go.jp/english/jgbs/publication/debt_management_report/index.htm
JGB Newsletter	Monthly	http://www.mof.go.jp/english/jgbs/publication/newsletter/index.htm

To subscribe to our Newsletter mailing list,
please email: JGB-IR@mof.go.jp

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