



*Japanese Experience of  
Non-Conventional Monetary Policy and Market Impact*

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# Outline of Government Bonds Purchases by the Bank of Japan



Amount outstanding of JGB holdings (91 tril. yen (March,2013))  
Annual increase : about 50 tril. yen

Average remaining maturity of the Bank's JGB purchases  
slightly less than 3 years -> about 7 years (6-8 years)

## ○Amounts to be Purchased

Approximately 7+ trillion yen per month

## ○Frequency of Purchases

Approximately 8-10 times (business days) per month

## ○Bonds to be Purchased

Japanese government bonds with coupons (2-year bonds, 5-year bonds, 10-year bonds, 20-year bonds, 30-year bonds, 40-year bonds, floating-rate bonds, and inflation-indexed bonds)

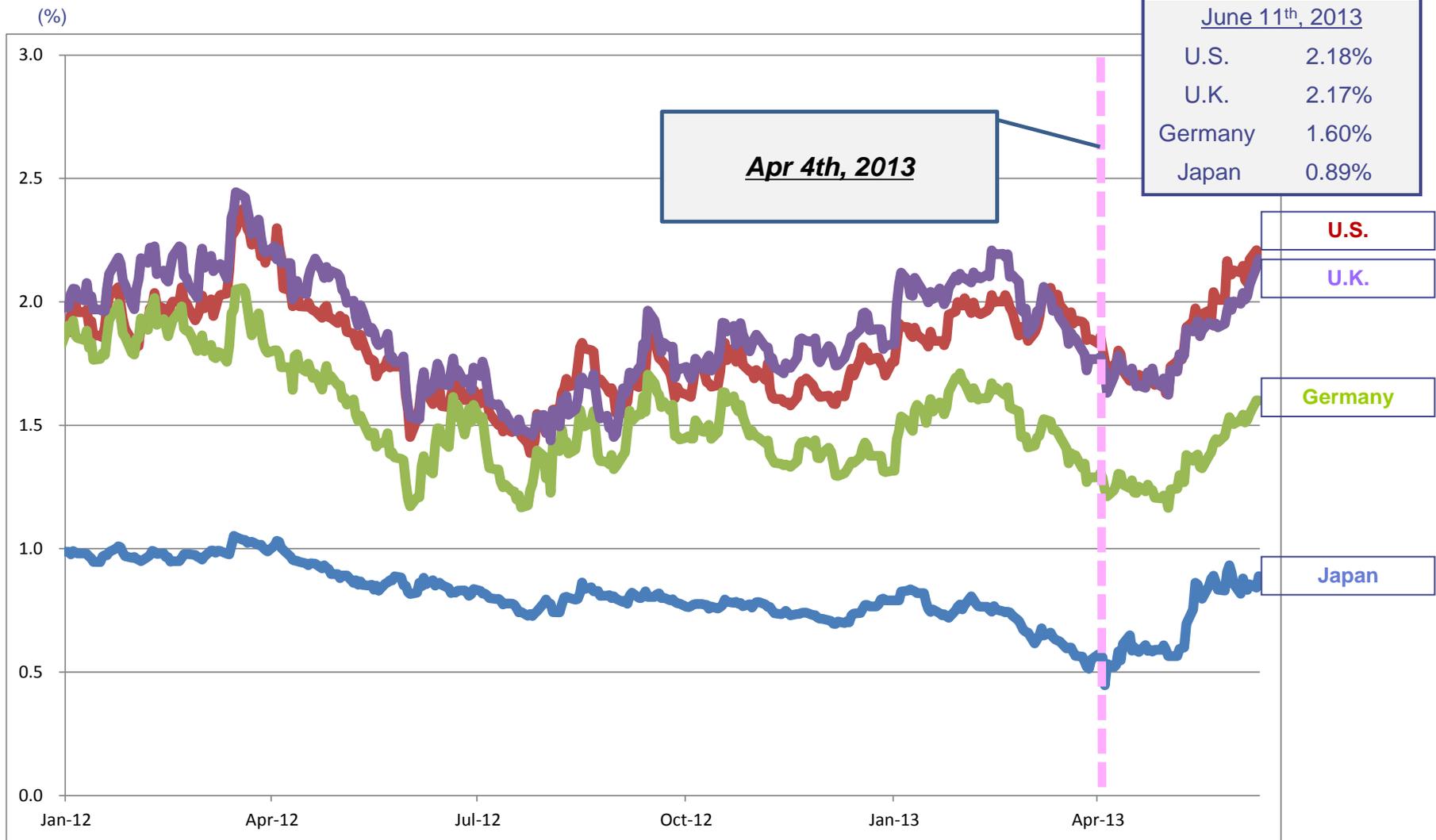
## ○Amounts to be Purchased from Specific Brackets Classified

### by Bond Type and Residual Maturity

Residual Maturity	Bonds with coupons (excluding floating-rate bonds and inflation-indexed bonds)				Floating-rate bonds	Inflation-indexed bonds
	-1y	1-5y	5-10y	10y-		
Amounts to be purchased (tril. yen)	0.22/month	3.0-4.2/month	2.7-3.6/month	1.0-1.5/month	0.14/month (bimonthly)	0.02/month (bimonthly)
(Percent of issuance amount)		(53.6%-75.0%)	(105.9-141.2%)	(42.6-63.8%)		

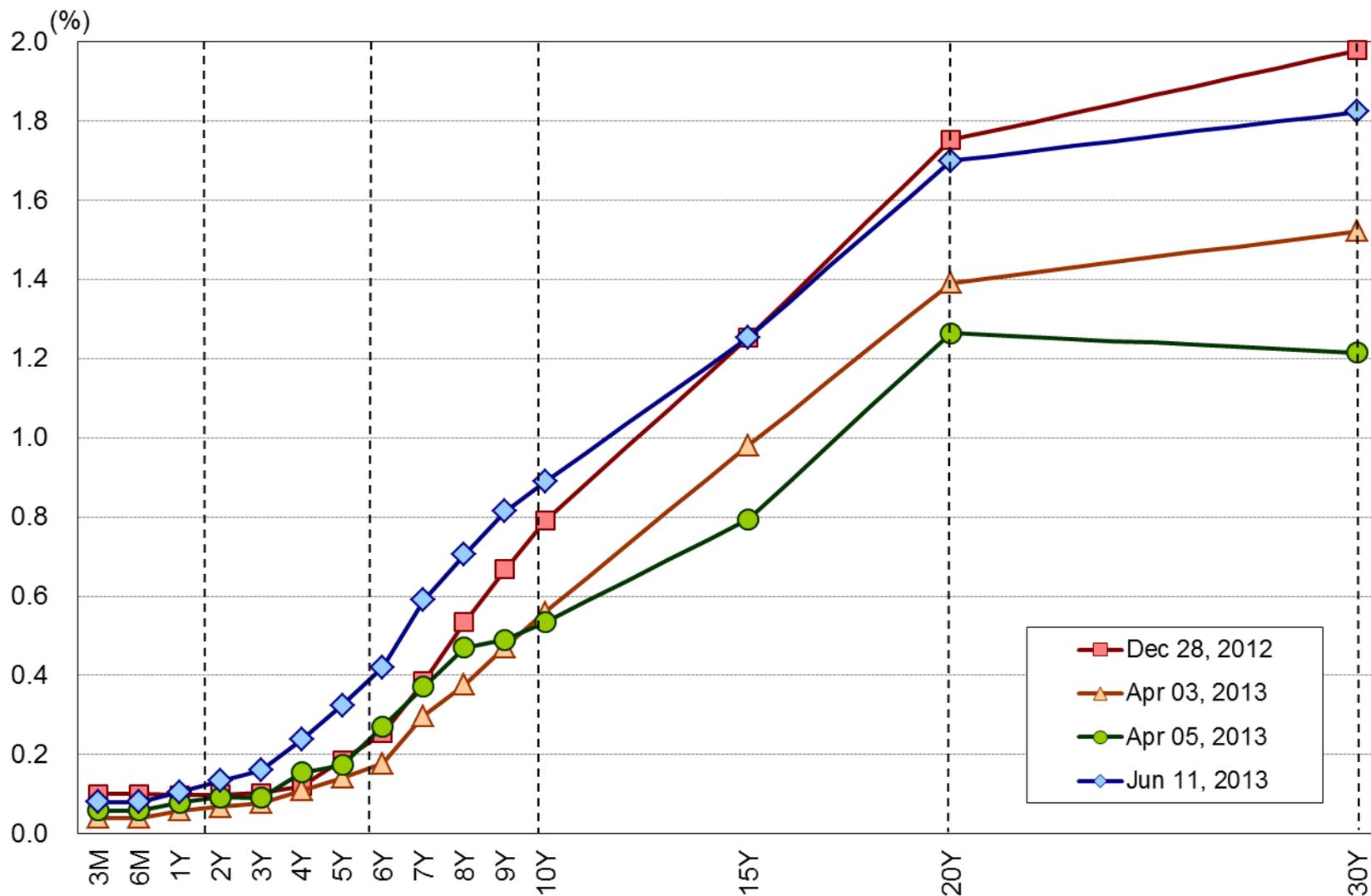
	2y	5y	10y	20y	30y	40y
Issuance Amount of the JGB for FY2013 (tril. yen)	34.8 (2.9/month)	32.4 (2.7/month)	28.8 (2.4/month)	14.4 (1.2/month)	6.8 (0.5-0.6/month)	1.6 (0.4 × 4)
			Additional Off-the-Run Issue			
			5-15y	15-29y		
			3.6 (0.3/month)	3.6 (0.3/month)		

# 10-year Bond Yields in Major Countries



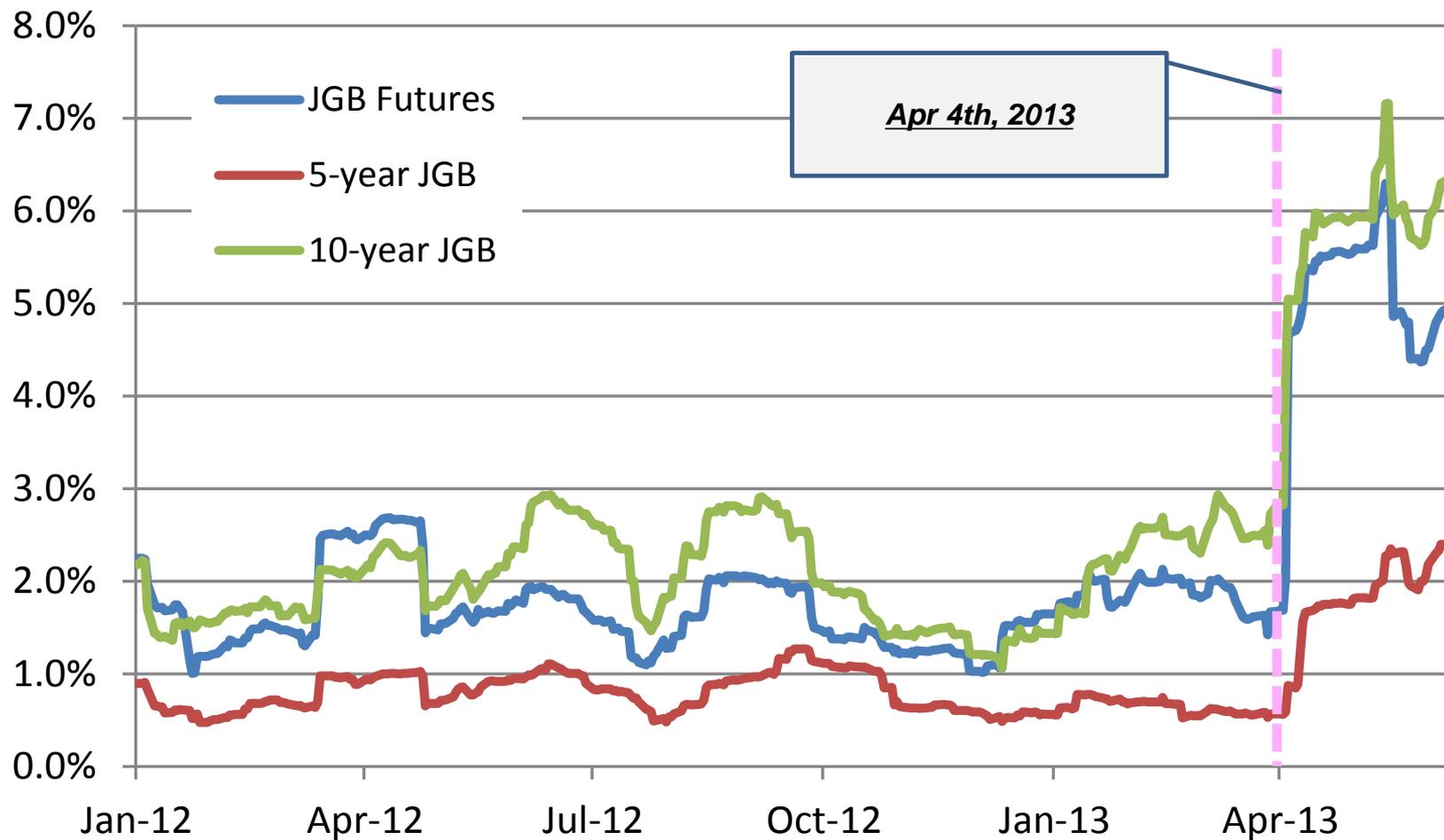
(Source) Bloomberg

# JGB Yield Curves



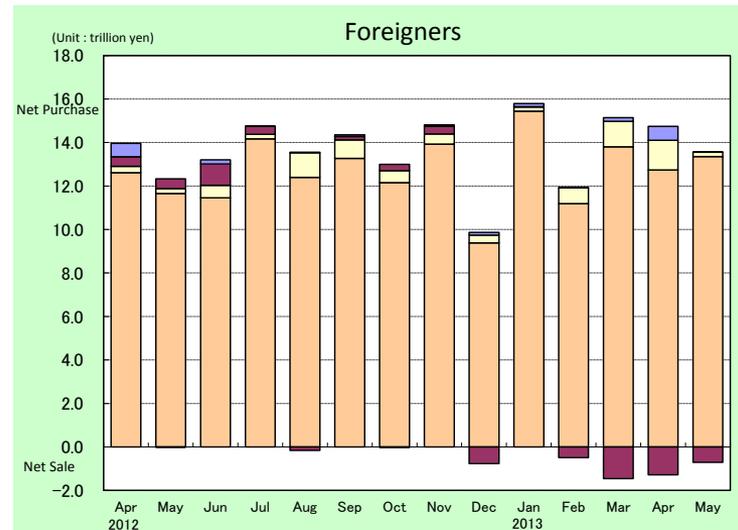
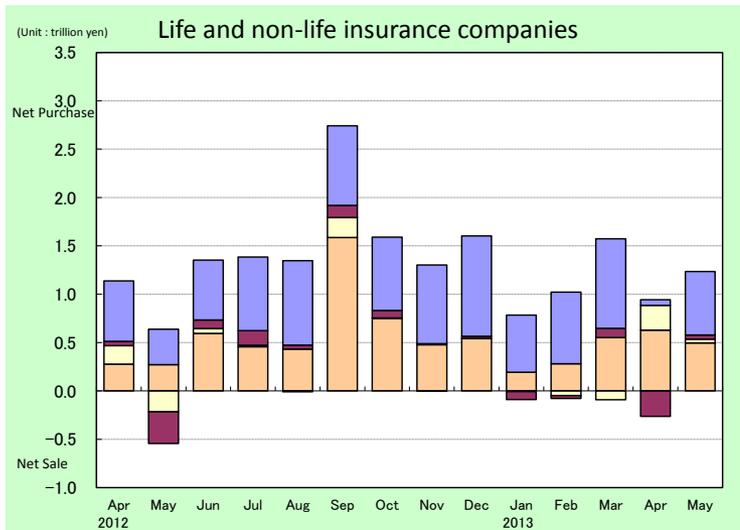
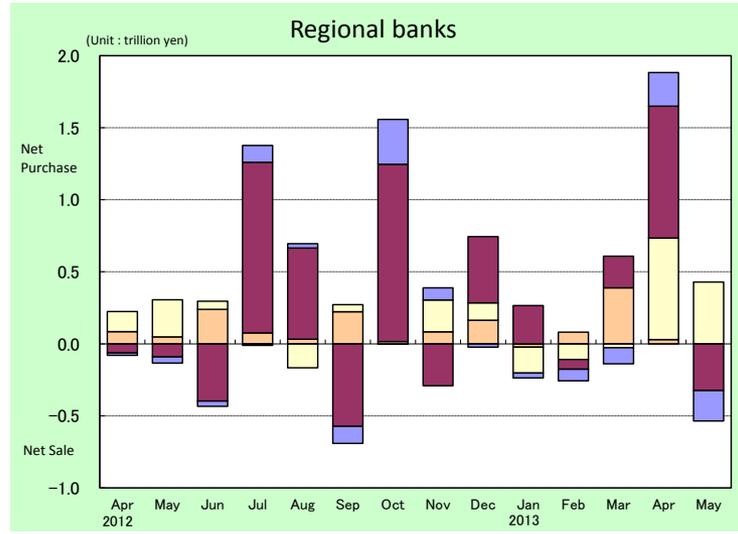
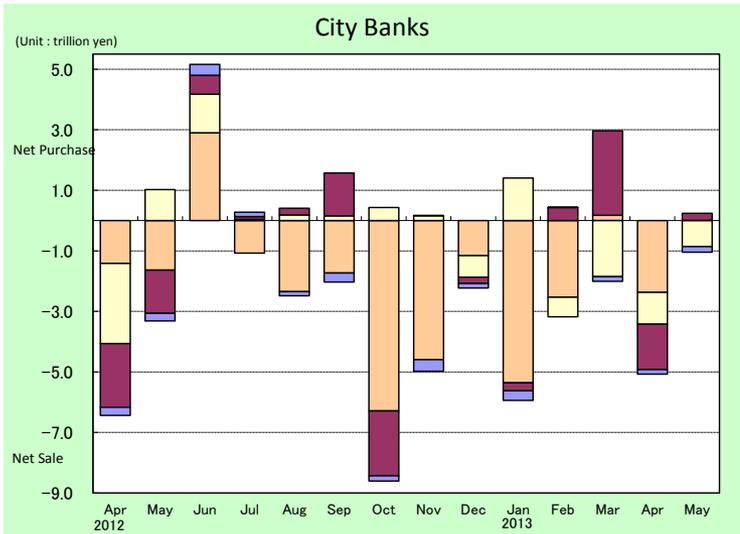
(Source) Bloomberg

# 30-day Historical Volatility



(Source) Bloomberg

# Investment Activities of Main Japanese Investors



Note.: Turnover figures represent transaction totals (excluding Gensaki transactions) by members (securities companies) or special members (registered financial institutions conducting dealing duties, etc.) of Japan Securities Dealers Association. Figures are calculated on a nominal basis.



# Policy Measures by the BOJ & the MOF

## The Bank of Japan

- Close and more frequent communication with market participants
- Flexible market purchase operations
- More flexibility for Securities Lending Facility (SLF)

## The Ministry of Finance

- Consideration of additional issuance of Off-the-Run JGBs in case of liquidity shortage
- Modification of maturity composition in the annual issuance plan if necessary