

Japan Rates Strategy

BoJ begins release of repo transaction data

On 27 January, the BoJ began to release data on repo transactions. Viewed from the cash lending side, the data revealed that some 90% of the transactions in the Japanese repo markets were in JPY, most of which were transactions using JGBs. Viewed from the cash borrowing side, the securities providers (offers) in JGB repo transactions were mainly domestic investors. Some of these domestic investors have actively utilized term repo transactions to target excess returns and the BoJ's new data indicate that a considerably large share of the JGB repo transactions were for terms of longer than one month.

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On 27 January, the BoJ began to release data on repo transactions with a view to increasing the transparency of the Japanese repo markets (the initial data covered the period from December 2018 to December 2019). One feature of the new data that stands out from other existing data is that coverage extends to all securities including those in foreign currencies, not just JPY-denominated bonds. In principle, future data releases will come on the 15th business day following the month of coverage. In terms of flow data (daily basis), repo transactions denominated in JPY averaged around JPY34.6trn in principal and 3,200 in number when viewed from the cash lending side. Based on stock data, more than 90% of the JPY transactions used JGBs, of which repo transactions accounted for an average of JPY89.5trn (around 61%) and securities lending transactions averaged some JPY44.4trn (30%), while the remainder (less than 10%) used Japanese equities (Figure 2).

Figure 1: Principal amount and number of JPY repo transactions (daily basis)

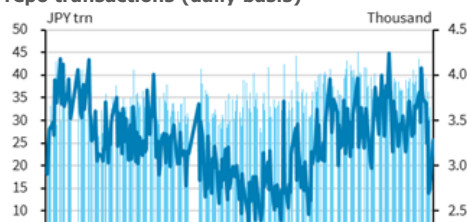


Figure 2: Balances by type of JPY transaction (daily basis)

