

17 March 2025

Fixed Income | Japan

Strategy Weekly

## Rates Strategy Weekly "Preview of March MPM"

**Noriatsu Tanji**  
Chief Bond Strategist  
noriatsu.tanji@mizuho-sc.com  
+81 3 6202 8613

**Yurie Suzuki**  
Market Analyst  
yurie.suzuki@mizuho-sc.com  
+81 3 6202 8210

*This report is a translation of excerpts from a Japanese-language report published on 14 March 2025 and is based on information available at that time.*

### (1) Preview of March MPM

The BOJ will hold a Monetary Policy Meeting next week. We see little likelihood of consecutive rate hikes (the Bank raised rates at the last MPM, in January), and with no Outlook Report at this meeting we expect the primary focus will be on Governor Ueda's press conference.

Recent news reports have speculated that the Bank plans to leave rates on hold at the March MPM, but there have also been some articles (including one published by Reuters on 7 March) suggesting the BOJ may discuss a rate hike at the Apr/May meeting. We expect the market will continue monitoring official communications for hints about the timing of the next rate hike. But here it should be remembered that the Ueda BOJ has typically avoided providing clear suggestions of when or how fast it will raise rates. The Bank gave no indication that it intended to hike either in June 2024 (prior to the July hike) or in December 2024 (just before the January 2025 rate hike).

As such, even if the BOJ was considering raising rates again relatively soon (e.g., at the April/May meeting), we do not think it would offer any clear indications at the upcoming meeting. Conversely, the absence of such indications would not necessarily rule out an early rate hike. This is why we do not expect the March MPM to produce any major changes in market speculation regarding an early rate hike.

The Bank will probably continue to express a somewhat bullish stance on economic activity and prices (especially the latter) given elevated recent inflation levels and favorable results from the spring wage negotiations. But this would only indicate that economic activity and prices remain "on track" and would not necessarily signal the BOJ's intention to carry out an early hike (i.e., sooner than the standard interval that will be maintained as long as economic activity and prices remain "on track"). That said, the market could take a hawkish view of such comments.

If reporters ask the governor about the sharp increase in the 10y JGB yield, we suspect he will reply only that "in principle, long-term interest rates are to be formed in financial markets." While he might mention the possibility of buying more bonds in the event of a rapid rise in yields, we do not anticipate communications hinting at an impending expansion of the Bank's buying operations.

In summary, we think the March MPM is unlikely to provide many indications about the policy rate path or the BOJ's intention to step up its bond purchases. That means it is unlikely to trigger a reversal of the recent weakness in JGB market mood. If anything, with the Bank expected to maintain its bullish assessment of recent price and wage developments, the market may take a hawkish view of the meeting results and see them as yet another reason to sell bonds amid the persistent weakness in market dynamics.

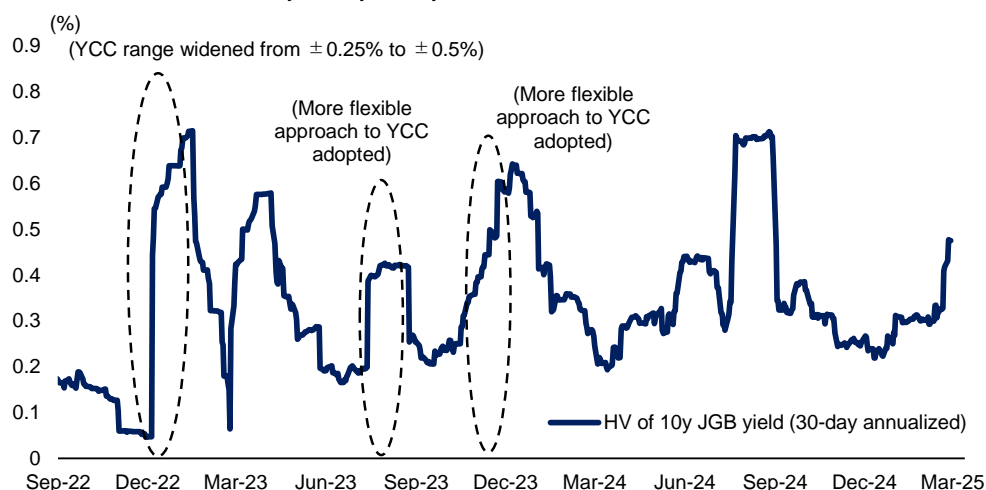
## (2) Relative value analysis of yen rates

### **THIS WEEK'S TOPIC: WILL BOJ RESPOND TO RISING 10Y JGB YIELD BY INCREASING ITS BOND PURCHASES?**

The 10y JGB yield continued its ascent this week, climbing into the 1.55–1.60% range amid an uncertain outlook for US and Japanese monetary policy and persistent concerns about the Trump administration's tariff policy. Although Governor Ueda mentioned the possibility of buying more bonds, saying that “in the exceptional event of a dramatic rise in the 10-year JGB yield, we would flexibly increase our purchases of JGBs,” he has yet to make any statements suggesting he views the current level of the 10y yield as being problematic. In this report we consider the possibility of an increase in the Bank's bond purchases in view of the governor's remark and the level of interest rate volatility observed when the BOJ expanded its purchases or carried out unscheduled operations in the past.

When the Bank widened the target range for yield curve control (YCC) at the Monetary Policy Meeting on 20 December 2022 (Chart 2.1), the 10y JGB yield reacted to the surprise policy change by surging higher, and historical volatility (HV) in the 10y sector rose sharply as well. The BOJ responded to the rapid advance in yen rates with a string of unscheduled buying operations starting immediately after the MPM and lasting into mid-January 2023. The Bank also conducted a number of unscheduled operations immediately after the July and October 2023 meetings (when modifications were made to YCC), underscoring its intention to slow the rise in yen rates.

Chart 2.1. Historical volatility of 10y JGB yield



Source: Compiled by Mizuho Securities Fixed Income Research from Bloomberg data

The recent rise in HV is still modest compared with those of December 2022 and October 2023. While it is similar in magnitude to the increase recorded in July 2023, the operations conducted then followed a rapid increase of almost 20bp in the 10y JGB yield. The recent daily increases in the 10y yield have not been that large, and it would probably be difficult to make a case that the BOJ needs to quickly step up its JGB purchases. And now that the Bank is implementing QT as part of the monetary policy normalization process, we do not expect it to add to its bond purchases unless rates volatility rises even more sharply than it did in the instances noted above. Although the upswing in HV for the 10y JGB yield shows no signs of reversing, we think the BOJ is unlikely to curb rising rates by boosting its bond purchases unless HV climbs substantially higher.

### (3) Relative value data

#### RELATIVE VALUE SCORE TABLES

The relative value spread rankings in Chart 3.1 point to a steepening of the curve, as evidenced by the 2s30s JGB spread. Factors contributing to this move included a correction ahead of the 20y JGB auction and concerns about Japan's long-term fiscal position as the US demands that it step up its defense spending. We think the continued upswing in rates volatility also weighed on the super-long sector by making it difficult for market participants to actively take on risk.

Super-long ASW continued to cheapen this week. We think it will take time for this trend to reverse amid the continued weakness in market dynamics.

Chart 3.1. Relative value scores and rankings in yen rates market (as of 13 March)

Ranking	Position	Z-score	Ranking	Position	SR	Ranking	Position	Sharpe ratio
1	JGB30y	3.36	1	OIS10s15s20s	3.59	1	OIS2s5s7s	-3.84
2	JGB25y	3.24	2	OIS10s20s40s	3.33	2	OIS2s5s	-3.56
3	ASW20y	3.16	3	JGB2s30s	3.29	3	OIS2s10s	-3.18
4	OIS7s15s30s	3.15	4	OIS7s15s20s	3.22	4	OIS2s7s	-3.11
5	JGB2s10s	3.10	5	JGB5s30s	3.15	5	OIS2s20s30s	-3.07
6	ASW15y	3.03	6	OIS5s20s40s	3.08	6	OIS2s20s	-3.05
7	BOX2s5s	2.93	7	JGB10s30s	3.07	7	BOX7s10s	2.84
8	ASW30y	2.93	8	JGB10s15s	3.05	8	BOX5s7s	-2.69
9	JGB40y	2.92	9	JGB7s30s	3.02	9	OIS2s30s	-2.68
10	JGB20y	2.90	10	OIS2s5s10s	-2.98	10	OIS2s7s10s	-2.66
11	BOX2s7s	2.90	11	OIS7s20s30s	2.96	11	OIS2s5s10s	-2.62
12	OIS2s20s40s	2.88	12	JGB10s30s40s	2.90	12	OIS2s20s40s	-2.62
13	JGB2s20s30s	2.80	13	ASW30y	2.89	13	JGB5s7s10s	-2.50
14	JGB2s7s	2.79	14	JGB2s20s	2.88	14	JGB2s7s10s	-2.26
15	OIS10s15s30s	2.78	15	OIS5s20s30s	2.87	15	JGB2s20s	-2.19
16	BOX2s10s	2.77	16	JGB10s20s	2.85	16	JGB2s7s	-2.07
17	JGB2s5s	2.73	17	BOX10s30s	2.82	17	JGB5s7s	-2.03
18	JGB2s20s40s	2.65	18	JGB5s20s	2.79	18	JGB2s20s30s	-1.86
19	JGB15y	2.65	19	BOX2s30s	2.78	19	JGB2s30s	-1.79
20	ASW25y	2.61	20	JGB7s10s30s	-2.77	20	JGB2s5s	-1.77

Note: 100-day scores for spreads in this chart listed in order of absolute value derived from the next chart.  
Source: Mizuho Securities Fixed Income Research

Chart 3.2. Relative value data

	Unit	Level	Chg	Z-Score				Standardized residual vs Yield level				6m cushion	Sharpe ratio
				25D	50D	100D	250D	25D	50D	100D	250D		
JGB2y	%	0.862	0.011	1.5	1.4	1.7	2.2	-	-	-	-	19.4	1.5
JGB5y	%	1.161	0.025	1.6	1.7	2.0	2.7	-	-	-	-	11.4	0.7
JGB7y	%	1.249	0.027	1.7	1.8	2.1	2.9	-	-	-	-	8.8	0.5
JGB10y	%	1.549	0.032	1.6	1.9	2.3	2.9	-	-	-	-	11.0	0.7
JGB15y	%	1.978	0.060	1.8	2.2	2.6	3.0	-	-	-	-	9.6	0.7
JGB20y	%	2.248	0.067	1.8	2.3	2.9	2.9	-	-	-	-	7.7	0.7
JGB25y	%	2.424	0.089	1.8	2.5	3.2	2.7	-	-	-	-	7.0	0.8
JGB30y	%	2.545	0.083	2.0	2.7	3.4	2.5	-	-	-	-	5.9	0.7
JGB40y	%	2.778	0.071	2.1	2.7	2.9	1.9	-	-	-	-	5.9	0.8
JGB2s5s	bp	29.9	1.4	1.7	2.1	2.7	2.2	0.5	1.7	2.2	1.1	-8.0	-1.8
JGB2s7s	bp	38.7	1.6	1.7	2.3	2.8	1.4	0.7	1.8	1.8	0.9	-10.6	-2.1
JGB2s10s	bp	68.7	2.1	1.6	2.3	3.1	1.4	0.2	1.6	2.2	1.0	-8.4	-1.7
JGB2s20s	bp	138.6	5.6	1.8	2.3	1.8	0.3	0.7	1.8	2.9	1.1	-11.8	-2.2
JGB2s30s	bp	168.3	7.2	1.9	1.7	0.6	0.0	1.1	2.1	3.3	0.9	-13.5	-1.8
JGB5s7s	bp	8.8	0.2	1.7	1.7	1.5	-0.2	0.5	1.3	1.1	0.5	-2.6	-2.0
JGB5s10s	bp	38.8	0.7	1.4	1.9	1.6	-0.1	-0.1	1.2	2.0	0.7	-0.4	-0.2
JGB5s20s	bp	108.7	4.2	1.4	0.7	-0.3	-1.0	0.7	1.7	2.8	0.6	-3.7	-0.5
JGB5s30s	bp	138.5	5.8	1.5	0.1	-0.7	-1.1	1.0	2.1	3.2	0.3	-5.5	-0.5
JGB5s40s	bp	161.7	4.6	1.1	-0.4	-1.1	-1.0	1.2	2.0	2.4	-0.5	-5.5	-0.4
JGB7s10s	bp	30.0	0.5	1.0	1.6	0.7	0.1	-0.3	0.7	1.9	0.6	2.2	1.6
JGB7s20s	bp	99.9	4.0	1.2	0.4	-0.6	-1.1	0.6	1.7	2.7	0.5	-1.1	-0.1
JGB7s30s	bp	129.7	5.6	1.2	-0.1	-0.9	-1.1	1.0	2.1	3.0	0.1	-2.9	-0.3
JGB7s40s	bp	152.9	4.4	0.8	-0.5	-1.2	-0.9	1.2	2.0	2.2	-0.5	-2.9	-0.2
JGB10s15s	bp	42.9	2.8	1.5	0.7	-0.4	-0.7	1.0	2.0	3.1	0.6	-1.4	-0.4
JGB10s20s	bp	69.9	3.5	1.2	0.0	-0.8	-1.5	0.9	1.9	2.9	0.4	-3.3	-0.5
JGB10s30s	bp	99.7	5.1	1.1	-0.3	-1.1	-1.3	1.3	2.3	3.1	0.0	-5.1	-0.5
JGB10s40s	bp	122.9	3.9	0.5	-0.7	-1.4	-1.0	1.4	2.1	1.8	-0.7	-5.1	-0.4
JGB15s20s	bp	27.0	0.7	0.4	-0.7	-1.3	-2.3	0.5	1.5	1.8	-0.1	-1.9	-0.6
JGB15s30s	bp	56.8	2.3	0.4	-0.7	-1.4	-1.5	1.4	2.5	2.2	-0.4	-3.7	-0.6
JGB15s40s	bp	80.0	1.1	-0.2	-1.0	-1.7	-0.9	1.4	1.9	0.6	-1.0	-3.7	-0.4
JGB20s30s	bp	29.8	1.6	0.3	-0.8	-1.4	-0.7	1.8	2.5	1.9	-0.4	-1.8	-0.5
JGB20s40s	bp	53.0	0.5	-0.3	-1.1	-1.7	-0.4	1.4	1.4	0.1	-1.0	-1.8	-0.3
JGB30s40s	bp	23.2	-1.1	-0.7	-1.2	-1.8	-0.1	0.8	0.6	-0.7	-1.6	0.0	0.0
JGB2s5s7s	bp	21.1	1.2	1.6	1.9	2.5	3.0	0.1	0.4	1.2	1.4	-5.4	-1.3
JGB2s5s10s	bp	-9.0	0.7	1.3	1.6	1.9	2.4	0.3	-0.3	-0.7	0.7	-7.6	-1.6
JGB2s5s20s	bp	-78.9	-2.8	-0.2	0.7	1.3	2.0	-0.6	-1.5	-2.4	0.1	-4.3	-0.4
JGB2s7s10s	bp	8.6	1.1	1.7	2.2	2.3	1.4	0.6	1.4	0.8	0.7	-12.8	-2.3
JGB2s7s20s	bp	-61.3	-2.4	0.5	1.1	1.6	1.7	-0.5	-1.3	-1.7	0.4	-9.5	-0.8
JGB2s7s30s	bp	-91.0	-4.0	0.3	1.0	1.6	1.4	-0.9	-1.8	-1.9	0.4	-7.7	-0.5
JGB2s10s20s	bp	-1.2	-1.4	1.0	1.5	2.0	2.0	-1.0	-1.5	-0.5	0.7	-5.1	-0.5
JGB2s10s30s	bp	-31.0	-3.0	0.7	1.3	1.9	1.6	-1.5	-2.2	-1.0	0.6	-3.3	-0.2
JGB2s10s40s	bp	-54.2	-1.8	0.8	1.3	2.0	1.3	-1.5	-1.8	-0.3	0.9	-3.3	-0.2
JGB2s20s30s	bp	108.8	4.0	1.5	2.2	2.8	0.5	0.2	1.4	2.3	1.0	-10.0	-1.9
JGB2s20s40s	bp	85.6	5.1	1.4	2.0	2.6	0.4	-0.1	0.9	1.9	1.3	-10.0	-1.2
JGB5s7s10s	bp	-21.2	-0.3	0.0	-0.4	0.5	-0.2	0.5	0.5	-0.6	0.1	-4.8	-2.5
JGB5s7s20s	bp	-91.1	-3.8	-0.9	-0.1	0.8	1.0	-0.6	-1.6	-2.4	-0.3	-1.5	-0.2
JGB5s10s20s	bp	-31.1	-2.8	-0.2	0.7	1.4	1.5	-1.1	-2.0	-1.9	0.2	2.9	0.5
JGB5s10s30s	bp	-60.8	-4.4	-0.3	0.8	1.4	1.2	-1.6	-2.5	-2.1	0.3	4.7	0.5
JGB5s10s40s	bp	-84.1	-3.2	0.1	1.0	1.6	0.8	-1.6	-2.1	-0.9	0.8	4.7	0.4
JGB5s20s30s	bp	79.0	2.6	1.3	1.4	0.5	-0.6	0.1	1.2	2.1	0.8	-1.9	-0.4
JGB5s20s40s	bp	55.7	3.7	1.2	1.7	1.4	-0.4	-0.2	0.7	1.8	1.2	-2.0	-0.3
JGB7s10s20s	bp	-39.9	-3.0	-0.8	0.4	1.1	1.9	-1.1	-2.1	-2.6	-0.2	5.5	1.0
JGB7s10s30s	bp	-69.6	-4.6	-0.7	0.6	1.2	1.5	-1.6	-2.5	-2.8	0.2	7.3	0.8
JGB7s15s20s	bp	45.8	2.6	1.5	2.1	1.5	0.8	0.5	1.3	2.3	0.8	2.8	1.1
JGB7s15s30s	bp	16.1	1.0	1.1	1.6	2.3	1.4	-0.7	-0.3	1.1	1.1	4.5	1.2
JGB7s20s30s	bp	70.2	2.4	1.1	1.2	0.2	-0.7	0.1	1.0	2.1	0.9	0.6	0.1
JGB10s15s20s	bp	15.8	2.1	1.8	2.3	1.9	1.3	1.1	1.5	2.3	0.9	0.5	0.4
JGB10s15s30s	bp	-13.9	0.5	1.0	1.4	2.1	1.5	-0.8	-1.0	0.5	1.0	2.3	0.6
JGB10s20s30s	bp	40.1	1.9	1.0	0.8	-0.1	-1.0	0.2	1.1	2.0	0.9	-1.6	-0.4
JGB10s20s40s	bp	16.9	3.0	1.0	1.5	1.2	-0.4	-0.2	0.5	1.5	1.4	-1.6	-0.3
JGB10s30s40s	bp	76.4	6.2	1.4	0.6	-0.5	-1.3	0.9	1.9	2.9	1.5	-5.1	-0.6
JGB15s20s25s	bp	9.4	-1.6	-0.1	-0.7	-0.9	-1.2	-0.2	0.7	-0.2	0.1	-1.2	-0.8
JGB20s25s30s	bp	5.5	2.9	0.3	0.8	-0.1	-0.4	-0.2	-0.3	1.0	0.5	0.4	0.1
JGB20s30s40s	bp	6.5	2.7	1.3	1.5	0.3	-0.7	0.7	1.0	1.9	2.4	-1.8	-0.6

Note: "Chg" indicates change since last report.

Source: Mizuho Securities Fixed Income Research

Chart 3.2. Relative value data (cont.)

	Unit	Level	Chg	Z-Score				Standardized residual vs Yield level				6m cushion	Sharpe ratio
				25D	50D	100D	250D	25D	50D	100D	250D		
OIS2y	%	0.853	0.019	1.5	1.4	1.7	2.2	-	-	-	-	15.4	1.4
OIS5y	%	1.061	0.011	1.4	1.5	1.8	2.5	-	-	-	-	7.3	0.6
OIS7y	%	1.174	0.014	1.4	1.6	1.9	2.7	-	-	-	-	6.9	0.6
OIS10y	%	1.354	0.021	1.6	1.7	2.1	2.8	-	-	-	-	6.3	0.5
OIS15y	%	1.638	0.027	1.8	2.0	2.3	2.8	-	-	-	-	5.2	0.5
OIS20y	%	1.861	0.026	1.8	2.2	2.4	2.6	-	-	-	-	3.7	0.4
OIS25y	%	1.978	0.023	1.7	2.2	2.3	2.4	-	-	-	-	2.3	0.3
OIS30y	%	2.039	0.015	1.7	2.2	2.2	2.2	-	-	-	-	1.6	0.2
OIS40y	%	2.103	0.009	1.6	2.0	2.0	2.0	-	-	-	-	0.7	0.1
OIS2s5s	bp	20.9	-0.8	1.1	1.6	2.1	0.5	-0.7	-0.1	0.5	0.5	-8.1	-3.6
OIS2s7s	bp	32.1	-0.5	1.2	1.8	2.3	0.2	-0.7	0.4	0.9	0.6	-8.5	-3.1
OIS2s10s	bp	50.1	0.3	1.5	2.0	2.4	0.0	-0.1	1.0	1.6	0.7	-9.1	-3.2
OIS2s20s	bp	100.9	0.8	1.7	1.0	0.8	-0.3	0.6	1.4	2.1	0.6	-11.7	-3.0
OIS2s30s	bp	118.6	-0.4	1.5	0.3	-0.1	-0.6	0.2	1.2	1.6	0.1	-13.8	-2.7
OIS5s7s	bp	11.3	0.3	1.3	1.8	1.8	-0.4	-0.3	1.0	1.6	0.8	-0.4	-0.5
OIS5s10s	bp	29.3	1.0	1.7	1.9	1.3	-0.5	0.6	1.5	2.2	1.0	-1.0	-0.6
OIS5s20s	bp	80.0	1.5	1.7	0.3	-0.4	-0.9	0.8	1.5	2.2	0.6	-3.6	-0.8
OIS5s30s	bp	97.8	0.4	1.4	-0.2	-0.9	-1.2	0.4	1.4	1.6	-0.3	-5.7	-0.9
OIS5s40s	bp	104.1	-0.3	1.0	-0.5	-1.1	-1.0	0.2	1.3	1.3	-0.9	-6.6	-0.9
OIS7s10s	bp	18.0	0.7	2.1	1.8	0.7	-0.6	1.3	1.9	2.7	1.1	-0.6	-0.6
OIS7s20s	bp	68.8	1.3	1.7	0.0	-0.7	-1.0	0.9	1.6	2.1	0.1	-3.2	-0.7
OIS7s30s	bp	86.5	0.1	1.1	-0.4	-1.1	-1.0	0.5	1.4	1.4	-0.7	-5.3	-0.8
OIS7s40s	bp	92.9	-0.5	0.7	-0.6	-1.3	-0.8	0.3	1.3	1.0	-1.1	-6.2	-0.9
OIS10s15s	bp	28.4	0.6	1.7	0.0	-0.7	-0.7	1.0	1.7	1.9	-0.1	-1.1	-0.5
OIS10s20s	bp	50.8	0.5	1.2	-0.3	-1.0	-0.8	0.7	1.5	1.4	-0.5	-2.6	-0.7
OIS10s30s	bp	68.5	-0.6	0.5	-0.7	-1.4	-0.7	0.3	1.3	0.8	-1.0	-4.7	-0.8
OIS10s40s	bp	74.9	-1.3	-0.2	-0.9	-1.6	-0.5	0.0	1.2	0.5	-1.3	-5.6	-0.8
OIS15s20s	bp	22.4	-0.1	0.4	-0.6	-1.3	-0.8	0.3	1.3	0.8	-0.9	-1.6	-0.9
OIS15s30s	bp	40.1	-1.3	-0.8	-1.0	-1.7	-0.7	-0.3	1.0	0.1	-1.3	-3.7	-1.0
OIS15s40s	bp	46.5	-1.9	-1.4	-1.2	-1.9	-0.4	-0.7	0.8	-0.2	-1.5	-4.6	-1.0
OIS20s30s	bp	17.8	-1.1	-2.0	-1.3	-2.1	-0.6	-1.3	0.6	-0.5	-1.6	-2.1	-1.1
OIS20s40s	bp	24.1	-1.8	-2.3	-1.5	-2.3	-0.3	-1.6	0.4	-0.8	-1.7	-3.0	-1.0
OIS30s40s	bp	6.4	-0.6	-2.3	-1.8	-2.5	0.0	-1.8	-0.2	-1.2	-1.7	-0.9	-0.8
OIS2s5s7s	bp	9.6	-1.0	0.6	1.2	1.7	1.3	-0.5	-1.1	-1.0	0.0	-7.7	-3.8
OIS2s5s10s	bp	-8.4	-1.8	-1.0	0.2	1.0	1.8	-0.9	-1.9	-3.0	-1.6	-7.1	-2.6
OIS2s5s20s	bp	-59.1	-2.3	-1.2	0.3	1.0	1.5	-0.9	-1.7	-2.1	-0.1	-4.4	-0.7
OIS2s7s10s	bp	14.1	-1.2	0.7	1.3	1.8	0.5	-1.2	-1.1	-0.3	0.4	-7.9	-2.7
OIS2s7s20s	bp	-36.6	-1.7	-0.2	0.7	1.4	0.7	-1.0	-1.9	-1.2	0.5	-5.3	-0.8
OIS2s7s30s	bp	-54.4	-0.6	0.2	0.9	1.6	0.7	-0.7	-1.6	-0.8	0.8	-3.2	-0.4
OIS2s10s20s	bp	-0.6	-0.3	0.9	1.3	1.9	0.2	-0.6	-1.3	0.2	0.8	-6.5	-1.1
OIS2s10s30s	bp	-18.4	0.9	1.1	1.4	2.0	0.3	-0.3	-1.2	0.3	0.9	-4.4	-0.6
OIS2s10s40s	bp	-24.8	1.5	1.3	1.4	2.1	0.3	-0.1	-1.0	0.4	1.1	-3.5	-0.4
OIS2s20s30s	bp	83.1	1.9	1.9	2.0	2.2	-0.1	1.0	1.5	2.5	0.9	-9.7	-3.1
OIS2s20s40s	bp	76.8	2.5	2.0	2.4	2.9	-0.1	1.3	1.7	2.6	1.1	-8.8	-2.6
OIS5s7s10s	bp	-6.7	-0.5	-1.2	-0.1	0.7	0.5	-1.7	-2.6	-2.7	-0.1	0.2	0.2
OIS5s7s20s	bp	-57.5	-1.0	-1.3	0.3	1.0	0.8	-1.0	-1.7	-1.7	0.4	2.8	0.6
OIS5s10s20s	bp	-21.5	0.5	0.6	1.1	1.7	0.0	-0.5	-1.3	0.1	0.9	1.6	0.5
OIS5s10s30s	bp	-39.3	1.6	1.0	1.2	1.8	0.2	0.0	-1.1	0.2	1.2	3.7	0.7
OIS5s10s40s	bp	-45.6	2.2	1.3	1.3	2.0	0.2	0.2	-0.9	0.4	1.3	4.6	0.7
OIS5s20s30s	bp	62.3	2.6	2.0	1.4	0.6	-0.5	1.2	1.8	2.9	1.3	-1.6	-0.5
OIS5s20s40s	bp	55.9	3.2	2.1	2.2	1.6	-0.4	1.4	2.0	3.1	1.6	-0.7	-0.2
OIS7s10s20s	bp	-32.8	0.2	-0.2	0.8	1.4	0.3	-0.4	-1.3	-0.5	0.9	2.0	0.6
OIS7s10s30s	bp	-50.5	1.4	0.6	1.0	1.6	0.4	0.1	-1.1	-0.1	1.2	4.1	0.8
OIS7s15s20s	bp	24.0	1.5	2.3	2.4	1.1	-0.4	1.9	2.2	3.2	1.3	-0.1	-0.1
OIS7s15s30s	bp	6.3	2.6	2.6	2.7	3.2	0.1	2.5	3.4	2.6	1.7	2.0	1.2
OIS7s20s30s	bp	51.0	2.4	2.1	1.1	0.2	-0.6	1.4	1.9	3.0	1.5	-1.2	-0.4
OIS10s15s20s	bp	6.0	0.7	2.6	3.1	1.8	0.1	2.4	2.7	3.6	1.9	0.5	1.0
OIS10s15s30s	bp	-11.8	1.9	2.7	1.9	2.8	0.5	2.3	0.6	1.7	1.8	2.6	1.5
OIS10s20s30s	bp	33.0	1.6	2.0	0.8	0.0	-0.5	1.3	1.9	2.5	1.5	-0.6	-0.2
OIS10s20s40s	bp	26.6	2.3	2.2	2.3	1.7	-0.3	1.5	2.2	3.3	2.3	0.3	0.2
OIS10s30s40s	bp	62.1	0.0	1.1	-0.4	-1.1	-1.1	0.5	1.4	1.2	-0.4	-3.8	-0.8
OIS15s20s25s	bp	10.8	0.3	1.3	0.3	-0.4	-0.6	0.7	1.5	1.7	0.7	-0.2	-0.3
OIS20s25s30s	bp	5.5	0.4	1.6	-0.1	-0.8	-1.0	1.7	2.0	1.9	0.2	-0.7	-1.7
OIS20s30s40s	bp	11.4	-0.5	0.1	-0.8	-1.3	-1.3	-0.5	1.0	0.3	0.3	-1.2	-1.4

Note: "Chg" indicates change since last report.

Source: Mizuho Securities Fixed Income Research

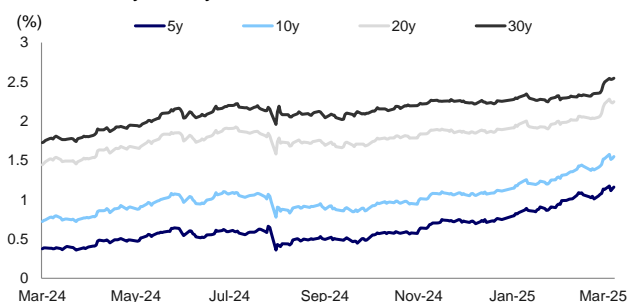
Chart 3.2. Relative value data (cont.)

	Unit	Level	Chg	Z-Score				Standardized residual vs Yield level				6m cushion	Sharpe ratio
				25D	50D	100D	250D	25D	50D	100D	250D		
ASW2y	bp	1.0	-0.8	0.9	1.3	1.7	2.3	-0.4	-0.1	-0.5	0.0	4.0	1.5
ASW5y	bp	10.0	1.4	1.6	2.1	2.5	3.3	0.4	1.2	1.3	1.7	4.1	0.8
ASW7y	bp	7.5	1.3	1.7	2.2	2.5	3.1	0.6	1.5	1.3	1.1	1.9	0.4
ASW10y	bp	19.5	1.1	1.4	2.0	2.5	2.6	0.0	0.7	1.2	0.4	4.7	0.9
ASW15y	bp	34.0	3.2	1.5	2.1	3.0	2.2	0.4	1.1	2.1	0.6	4.4	1.0
ASW20y	bp	38.7	4.0	1.5	2.2	3.2	1.8	0.5	1.2	2.3	0.8	4.0	1.1
ASW25y	bp	44.7	6.7	1.6	2.2	2.6	1.4	0.7	1.3	2.3	0.8	4.7	1.2
ASW30y	bp	50.7	6.8	1.9	2.6	2.9	1.2	1.1	1.8	2.9	0.8	4.3	1.3
ASW40y	bp	67.5	6.2	1.9	1.9	2.0	1.1	1.5	1.9	2.8	0.3	5.3	1.7
BOX2s5s	bp	9.0	2.2	1.9	2.3	2.9	3.7	0.9	1.7	2.4	2.3	0.1	0.0
BOX2s7s	bp	6.5	2.1	2.0	2.5	2.9	2.7	1.1	2.0	2.2	1.0	-2.1	-0.8
BOX2s10s	bp	18.5	1.9	1.5	2.0	2.8	2.1	0.2	0.9	1.7	0.4	0.7	0.2
BOX2s20s	bp	37.7	4.8	1.6	2.1	2.1	0.8	0.7	1.3	2.3	0.8	0.0	0.0
BOX2s30s	bp	49.7	7.6	2.0	2.4	1.2	0.4	1.4	1.9	2.8	0.8	0.3	0.1
BOX5s7s	bp	-2.5	-0.1	0.8	0.3	0.8	0.2	0.7	1.1	0.2	-0.3	-2.2	-2.7
BOX5s10s	bp	9.6	-0.3	0.2	0.7	0.9	0.5	-0.5	-0.2	0.4	-0.4	0.6	0.7
BOX5s20s	bp	28.7	2.7	0.8	0.9	-0.2	-0.6	0.5	0.9	1.9	0.3	-0.1	0.0
BOX5s30s	bp	40.7	5.4	1.2	0.9	-0.4	-0.6	1.3	1.7	2.6	0.5	0.3	0.0
BOX5s40s	bp	57.6	4.9	0.8	-0.2	-0.9	-0.6	1.6	1.8	2.5	0.0	1.2	0.2
BOX7s10s	bp	12.0	-0.3	-0.1	0.5	0.2	0.5	-0.9	-0.9	0.1	-0.3	2.8	2.8
BOX7s20s	bp	31.2	2.7	0.7	0.9	-0.4	-0.7	0.4	0.7	1.8	0.5	2.1	0.6
BOX7s30s	bp	43.2	5.5	1.1	0.9	-0.5	-0.7	1.3	1.5	2.4	0.6	2.4	0.4
BOX7s40s	bp	60.0	4.9	0.7	-0.2	-1.0	-0.7	1.5	1.7	2.3	0.1	3.3	0.5
BOX10s15s	bp	14.5	2.2	1.2	1.7	0.1	-0.5	0.9	1.4	2.2	0.8	-0.3	-0.2
BOX10s20s	bp	19.1	3.0	1.0	0.8	-0.5	-1.2	0.9	1.3	2.2	1.0	-0.7	-0.2
BOX10s30s	bp	31.2	5.7	1.3	0.7	-0.5	-1.0	1.8	2.1	2.8	1.0	-0.4	-0.1
BOX10s40s	bp	48.0	5.2	0.7	-0.3	-1.0	-1.1	1.9	1.9	2.5	0.3	0.5	0.1
BOX15s20s	bp	4.7	0.8	0.2	-0.4	-1.1	-1.8	0.6	0.8	1.5	0.9	-0.4	-0.2
BOX15s30s	bp	16.7	3.5	1.0	0.0	-0.8	-1.3	2.2	2.1	2.7	1.1	0.0	0.0
BOX15s40s	bp	33.5	3.0	0.3	-0.6	-1.3	-1.3	1.9	1.7	1.2	-0.1	0.9	0.2
BOX20s30s	bp	12.0	2.7	1.0	0.3	-0.6	-0.5	2.3	2.1	2.6	0.7	0.3	0.1
BOX20s40s	bp	28.9	2.2	0.3	-0.6	-1.2	-0.4	1.8	1.4	0.6	-0.4	1.2	0.3
BOX30s40s	bp	16.8	-0.5	-0.3	-1.0	-1.3	-0.2	1.1	0.7	-0.5	-1.3	0.9	0.3

Note: "Chg" indicates change since last report.

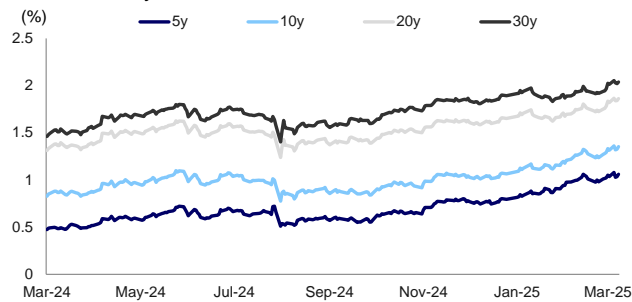
Source: Mizuho Securities Fixed Income Research

Chart 3.3. Key JGB yields



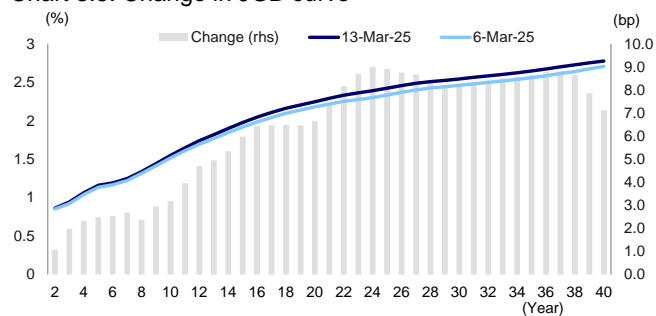
Source: Mizuho Securities Fixed Income Research

Chart 3.4. Key OIS rates



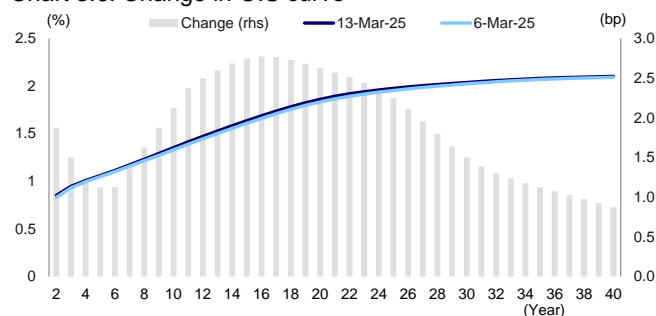
Source: Mizuho Securities Fixed Income Research

Chart 3.5. Change in JGB curve



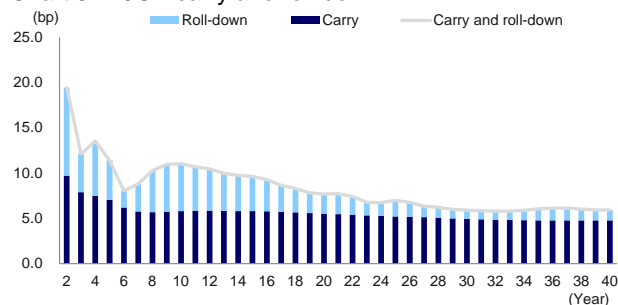
Source: Mizuho Securities Fixed Income Research

Chart 3.6. Change in OIS curve



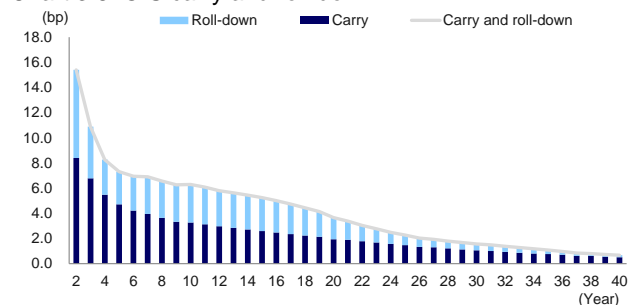
Source: Mizuho Securities Fixed Income Research

Chart 3.7. JGB carry and roll-down



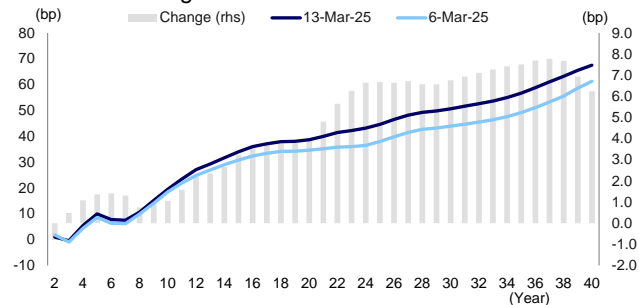
Source: Mizuho Securities Fixed Income Research

Chart 3.8. OIS carry and roll-down



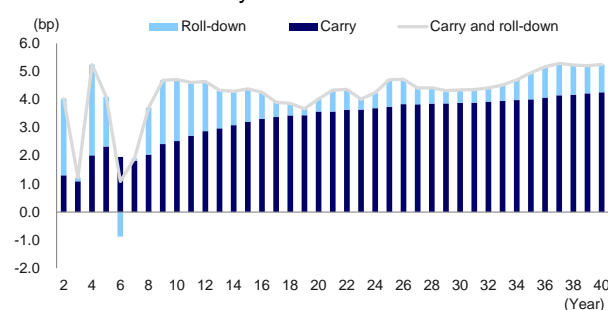
Source: Mizuho Securities Fixed Income Research

Chart 3.9. Change in ASW curve



Source: Mizuho Securities Fixed Income Research

Chart 3.10. ASW carry and roll-down

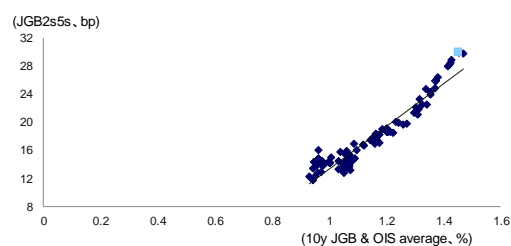


Source: Mizuho Securities Fixed Income Research

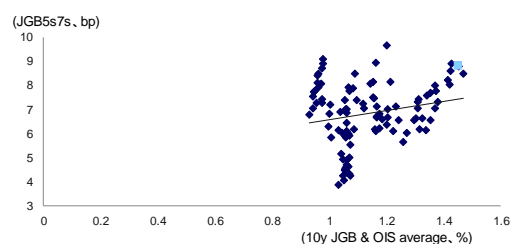


Chart 3.11. Historical spreads (JGB curve)

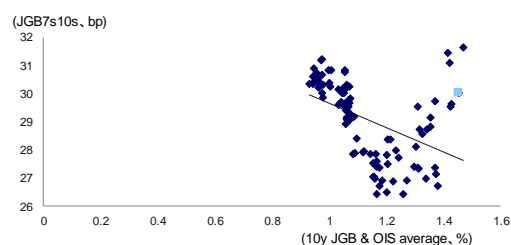
JGB2s5s (bp)	
Last	29.9
Max (100D)	29.9
Min(100D)	11.8
Ave (100D)	17.5
Z-score (100D)	2.7
Carry (6m)	-8.0



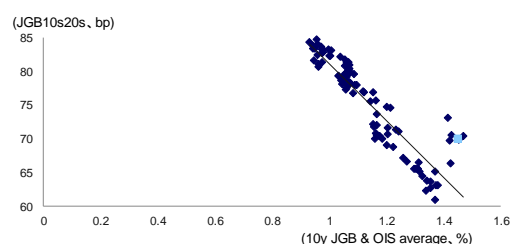
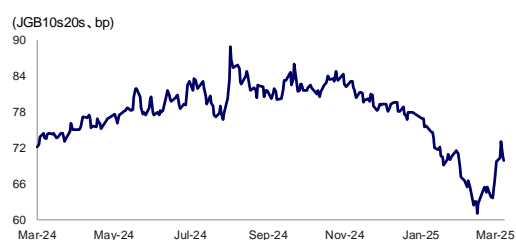
JGB5s7s (bp)	
Last	8.8
Max (100D)	9.6
Min(100D)	3.9
Ave (100D)	6.8
Z-score (100D)	1.5
Carry (6m)	-2.6



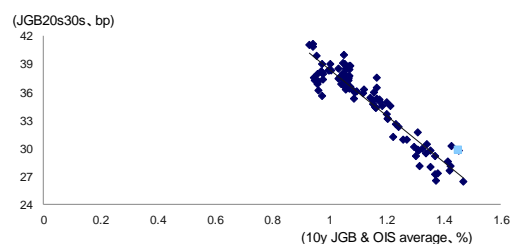
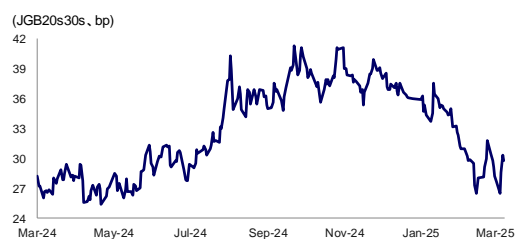
JGB7s10s (bp)	
Last	30.0
Max (100D)	31.6
Min(100D)	26.4
Ave (100D)	29.1
Z-score (100D)	0.7
Carry (6m)	2.2



JGB10s20s (bp)	
Last	69.9
Max (100D)	84.7
Min(100D)	61.0
Ave (100D)	75.4
Z-score (100D)	-0.8
Carry (6m)	-3.3



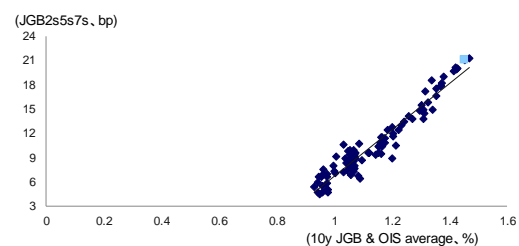
JGB20s30s (bp)	
Last	29.8
Max (100D)	41.1
Min(100D)	26.4
Ave (100D)	35.0
Z-score (100D)	-1.4
Carry (6m)	-1.8



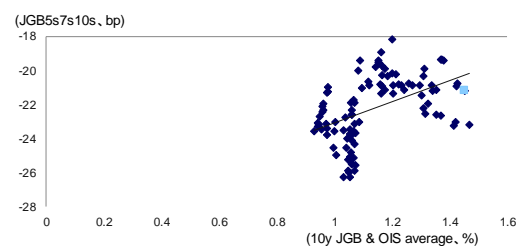
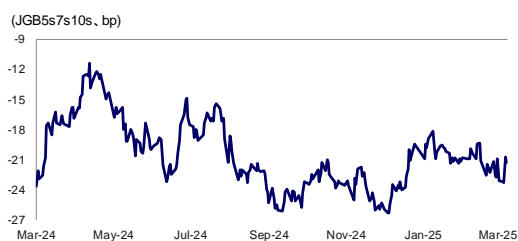
Source: Mizuho Securities Fixed Income Research

Chart 3.12. Historical spreads (JGB butterflies)

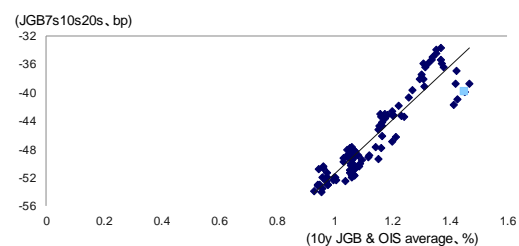
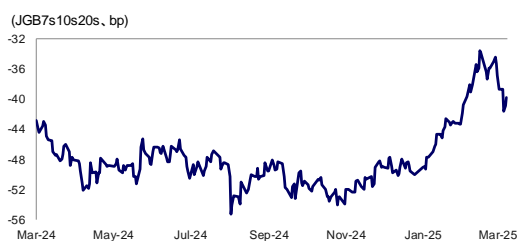
JGB2s5s7s (bp)	
Last	21.1
Max (100D)	21.3
Min(100D)	4.5
Ave (100D)	10.7
Z-score (100D)	2.5
Carry (6m)	-5.4



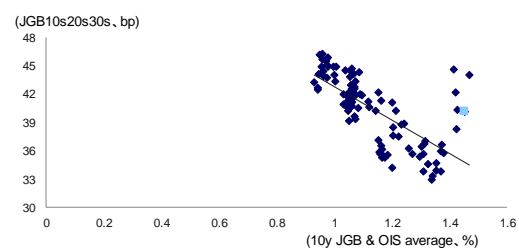
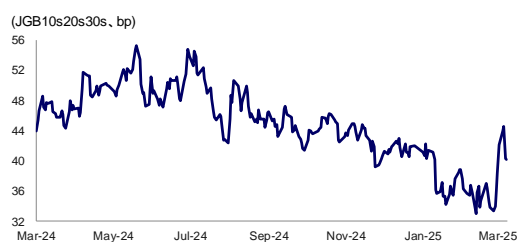
JGB5s7s10s (bp)	
Last	-21.2
Max (100D)	-18.2
Min(100D)	-26.3
Ave (100D)	-22.2
Z-score (100D)	0.5
Carry (6m)	-4.8



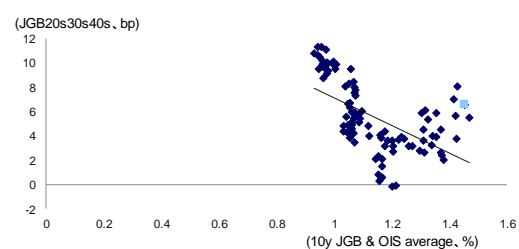
JGB7s10s20s (bp)	
Last	-39.9
Max (100D)	-33.7
Min(100D)	-54.0
Ave (100D)	-46.3
Z-score (100D)	1.1
Carry (6m)	5.5



JGB10s20s30s (bp)	
Last	40.1
Max (100D)	46.2
Min(100D)	32.9
Ave (100D)	40.4
Z-score (100D)	-0.1
Carry (6m)	-1.6



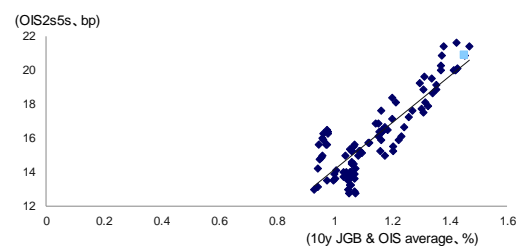
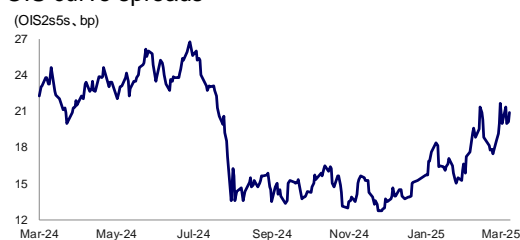
JGB20s30s40s (bp)	
Last	6.5
Max (100D)	11.3
Min(100D)	-0.2
Ave (100D)	5.6
Z-score (100D)	0.3
Carry (6m)	-1.8



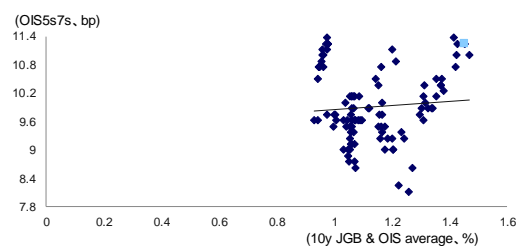
Source: Mizuho Securities Fixed Income Research

Chart 3.13. Historical OIS curve spreads

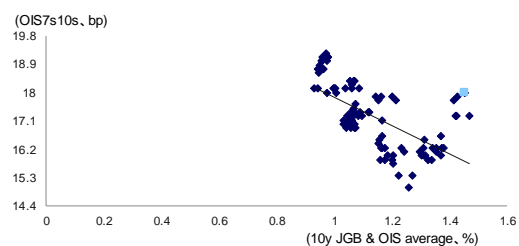
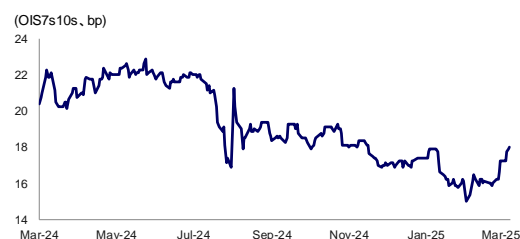
OIS2s5s (bp)	
Last	20.9
Max (100D)	21.6
Min(100D)	12.8
Ave (100D)	16.0
Z-score (100D)	2.1
Carry (6m)	-8.1



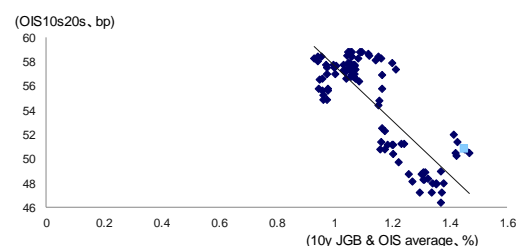
OIS5s7s (bp)	
Last	11.3
Max (100D)	11.4
Min(100D)	8.1
Ave (100D)	9.9
Z-score (100D)	1.8
Carry (6m)	-0.4



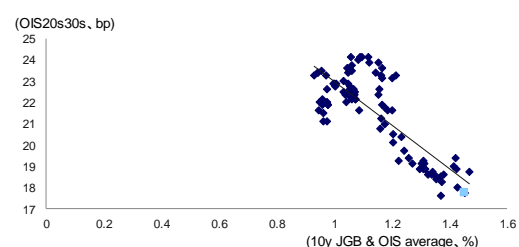
OIS7s10s (bp)	
Last	18.0
Max (100D)	19.3
Min(100D)	15.0
Ave (100D)	17.2
Z-score (100D)	0.7
Carry (6m)	-0.6



OIS10s20s (bp)	
Last	50.8
Max (100D)	58.8
Min(100D)	46.4
Ave (100D)	54.6
Z-score (100D)	-1.0
Carry (6m)	-2.6



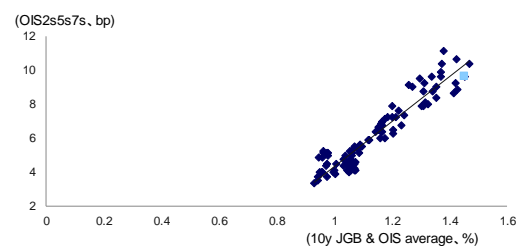
OIS20s30s (bp)	
Last	17.8
Max (100D)	24.1
Min(100D)	17.6
Ave (100D)	21.6
Z-score (100D)	-2.1
Carry (6m)	-2.1



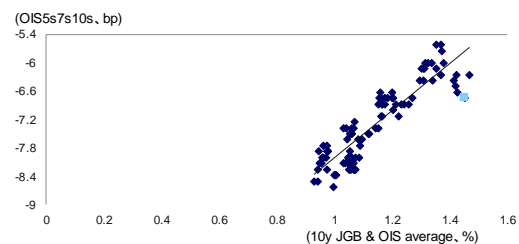
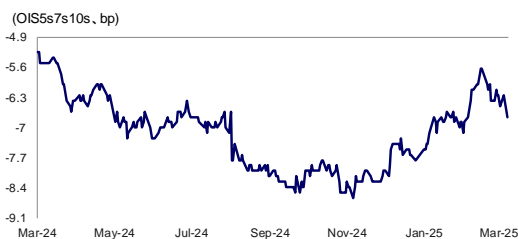
Source: Mizuho Securities Fixed Income Research

Chart 3.14. Historical OIS butterfly spreads

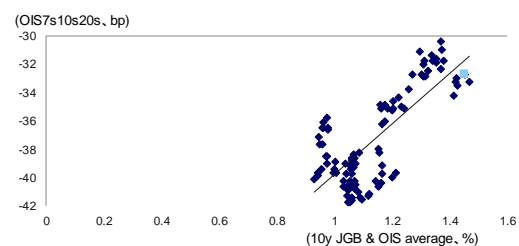
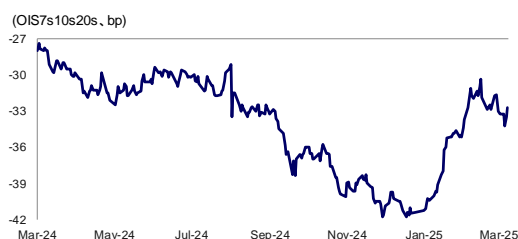
OIS2s5s7s (bp)	
Last	9.6
Max (100D)	11.1
Min(100D)	3.4
Ave (100D)	6.1
Z-score (100D)	1.7
Carry (6m)	-7.7



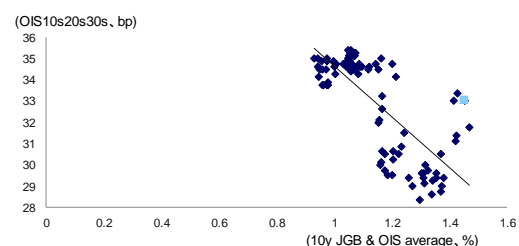
OIS5s7s10s (bp)	
Last	-6.7
Max (100D)	-5.6
Min(100D)	-8.6
Ave (100D)	-7.3
Z-score (100D)	0.7
Carry (6m)	0.2



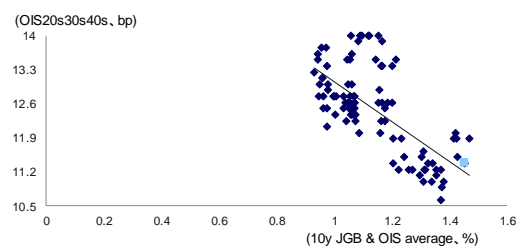
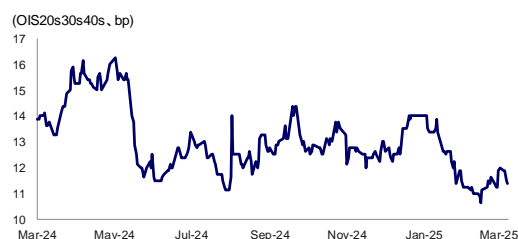
OIS7s10s20s (bp)	
Last	-32.8
Max (100D)	-30.4
Min(100D)	-41.8
Ave (100D)	-37.4
Z-score (100D)	1.4
Carry (6m)	2.0



OIS10s20s30s (bp)	
Last	33.0
Max (100D)	35.4
Min(100D)	28.4
Ave (100D)	33.0
Z-score (100D)	0.0
Carry (6m)	-0.6



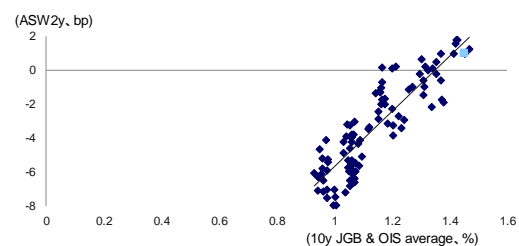
OIS20s30s40s (bp)	
Last	11.4
Max (100D)	14.0
Min(100D)	10.6
Ave (100D)	12.5
Z-score (100D)	-1.3
Carry (6m)	-1.2



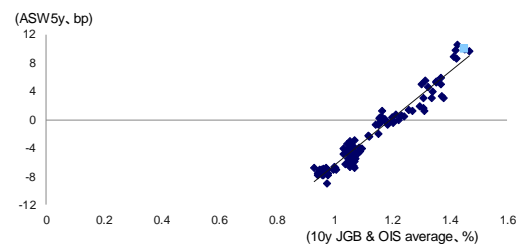
Source: Mizuho Securities Fixed Income Research

Chart 3.15. Historical spreads (ASW)

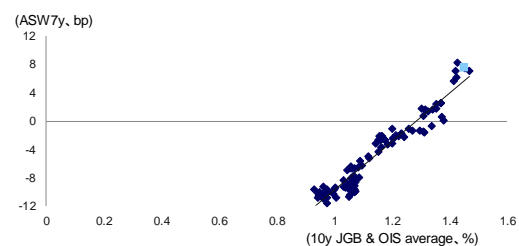
ASW2y (bp)	
Last	1.0
Max (100D)	1.8
Min(100D)	-7.9
Ave (100D)	-3.5
Z-score (100D)	1.7
Carry (6m)	4.0



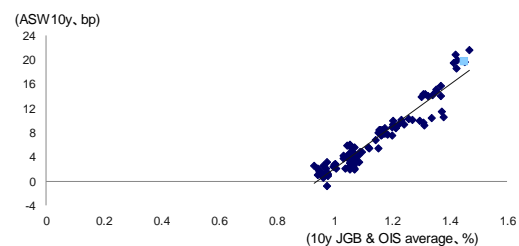
ASW5y (bp)	
Last	10.0
Max (100D)	10.5
Min(100D)	-9.0
Ave (100D)	-2.0
Z-score (100D)	2.5
Carry (6m)	4.1



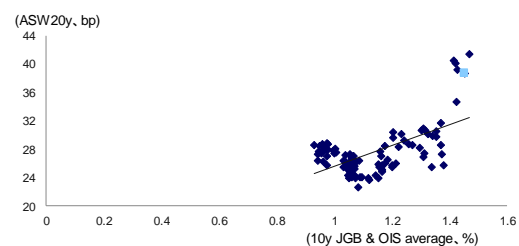
ASW7y (bp)	
Last	7.5
Max (100D)	8.2
Min(100D)	-11.6
Ave (100D)	-5.1
Z-score (100D)	2.5
Carry (6m)	1.9



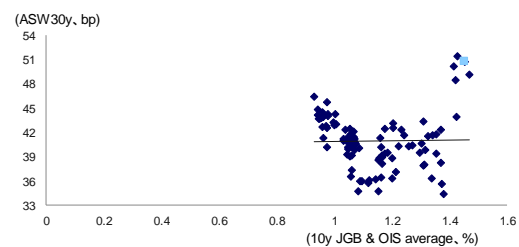
ASW10y (bp)	
Last	19.5
Max (100D)	21.5
Min(100D)	-0.7
Ave (100D)	6.8
Z-score (100D)	2.5
Carry (6m)	4.7



ASW20y (bp)	
Last	38.7
Max (100D)	41.4
Min(100D)	22.6
Ave (100D)	27.6
Z-score (100D)	3.2
Carry (6m)	4.0



ASW30y (bp)	
Last	50.7
Max (100D)	51.4
Min(100D)	34.4
Ave (100D)	41.0
Z-score (100D)	2.9
Carry (6m)	4.3



Source: Mizuho Securities Fixed Income Research

## (4) Bond market outlook

### **DEVELOPMENTS THIS WEEK AND IMPLICATIONS FOR RATES OUTLOOK**

We do not think any of the US economic data released since late last week have upset the macro outlook of US markets. The weaker-than-expected February CPI print is important because it increases the likelihood that the substantial pick-up in January inflation was merely noise. But with the Trump administration now implementing its tariff policy, we think market participants will remain uncertain about the balance between the negative impact of these policies on the economy (pushing rates lower) and the upward pressure they place on inflation (pushing rates higher). US rates could remain volatile depending on upcoming developments, but to the extent that US markets have priced in more upside for rates due to Trump administration policies, we think rates will remain sensitive to downside catalysts.

Japanese wage data have been largely favorable, but it remains to be seen whether the pick-up in wages will be sufficient to push underlying inflation (which ignores cost-push factors) even higher. With the boost to inflation from cost-push factors expected to fade in 2H 2025 and beyond, we anticipate continued uncertainty regarding the BOJ's ability to continue raising rates.

### **SHORT-TERM OUTLOOK (ONE WEEK – ONE MONTH)**

In the US, we expect the Federal Reserve to maintain a hawkish stance for the time being, but the unwinding of the excessive rise in rates under the Trump trade late last year and early this year will probably continue. Although US rates are likely to experience some volatility in response to Trump administration developments (particularly as regards tariffs) and future economic data, we think they will remain more sensitive to downside catalysts.

In yen rates markets, market dynamics may remain weak for some time given higher inflation expectations and speculation about a higher neutral rate of interest. The BOJ will hold a Monetary Policy Meeting next week, but we do not expect any clear indications regarding the timing of the next rate hike and think the Bank will probably maintain its bullish assessment of prices, which implies the meeting is unlikely to trigger a reversal of recent market weakness.

### **MEDIUM-TERM OUTLOOK (SEVERAL MONTHS – ONE YEAR)**

On the domestic front, we expect the BOJ will maintain its view that prices are “on track” for the time being, but underlying inflation—which strips out “first force” factors such as food, energy, and exchange rates—continues to lack any sense of acceleration. In 2H 2025 and beyond, when the impact of these “first force” factors is likely to fall away and exchange rates in particular will start to have a neutral or even negative impact on inflation, we think it will become increasingly difficult for the Bank to continue insisting that prices are “on track.” We project the BOJ will raise the policy rate to 0.75% in July 2025 but expect that to be the final rate hike in this cycle.

In that case, we project yen rates will ultimately decline somewhat from current levels as expectations of a 1% or higher policy rate start to fade. An anticipated decline in the 10y UST yield (see below) could also weigh on yen rates.

In the US, we think the 10y UST yield has priced in an excessive risk of rising inflation and fiscal deficits under a Trump administration. We expect it to reprice, putting downward pressure on rates, as the new administration actually implements its policies. We also project the Fed will continue to cut rates at a measured pace, sending rates lower.

## Risk scenarios

### **(1) INFLATION SETTLES AT 2% IN JAPAN, PROMPTING BOJ TO RAISE POLICY RATE TO 1% OR HIGHER**

The inflation rate (including core measures) continues to hover around 2% in 2H 2025 and beyond as “underlying prices” accelerate, prompting the BOJ to keep hiking until the policy rate approaches its estimate of the neutral rate of interest. Where the 10y JGB yield is trading at that point in time will vary greatly depending on where the Bank sees the neutral rate (and thus where the terminal rate in this cycle will be), but with the policy rate potentially rising to 1% or higher, the 10y yield is likely to climb into the 1.50–2.00% range.

### **(2) FED RAPIDLY CUTS RATES AFTER US ECONOMY WEAKENS SUDDENLY**

In this scenario, the US economy weakens more rapidly than we (or market participants) expect due to the time needed for rate hikes to feed through to the economy. US rates decline sharply as the Fed cuts rates by more than 25bp or more often than once a quarter. Although the direction of interest rates is roughly the same as in our base-case scenario, the magnitude and speed of the decline are greater.

### **(3) RESURGENT INFLATION FORCES FED TO STOP CUTTING EARLY ON**

Inflation is rekindled in the US and around the world, forcing the Fed to discontinue its rate cuts or even begin raising rates relatively soon. Possible triggers include a surge in oil (and energy) prices or food prices, and the 10y UST yield would probably retest the 5%-plus region. Japan would also be affected to some extent by global inflationary pressures, and the yen would tend to weaken against the dollar, thereby increasing pressure on the BOJ to raise rates. As such, the Bank would be more likely to take the policy rate up to 1% or higher.

### **(4) BOJ POLICY NORMALIZATION TRIGGERS FISCAL CRISIS IN JAPAN**

In this scenario, yen weakness and inflation spiral out of control as the BOJ proceeds with QT because concerns about the stable absorption of government debt drive interest rates higher, fuel fiscal concerns, and ultimately prompt capital flight. As Japan runs a current account surplus, the government’s fiscal shortfall remains in Japan in the form of private-sector funds (mainly the loan-deposit gap at banks) that are then used to purchase JGBs. But if rates rise too quickly, it may be difficult for ownership of the bonds to pass smoothly from the BOJ to the private sector. We also need to pay attention to the risk of duration mismatch. The 10y JGB yield surges above 2% in this scenario.

See our 21 August 2023 Rates Strategy Weekly ("[Revisiting risk of fiscal 'blow-up' in Japan](#)") for details.

Chart 4.1. Short-term outlook (yen rates forecasts for next week)

2yr JGB	5yr JGB	10yr JGB	20yr JGB	30yr JGB
0.750 to 0.900	1.000 to 1.200	1.400 to 1.600	2.150 to 2.350	2.450 to 2.650

Note: On-the-run bonds, simple yields for yen rates, all in %.  
Source: Mizuho Securities Fixed Income Research

Chart 4.2. Quarterly forecasts (base-case scenario)

	Jan-Mar 2025		Apr-Jun 2025		Jul-Sep 2025		Oct-Dec 2025		(%)
	End-quarter	Range	End-quarter	Range	End-quarter	Range	End-quarter	Range	
Target range for overnight call rate	0.50	-	0.50	-	0.75	-	0.75	-	
2y JGB yield	0.75	0.60 to 0.90	0.90	0.65 to 1.00	0.90	0.70 to 1.05	0.85	0.75 to 1.00	
5y JGB yield	0.95	0.75 to 1.20	1.05	0.80 to 1.20	1.05	0.85 to 1.20	0.95	0.80 to 1.15	
10y JGB yield	1.30	1.10 to 1.60	1.40	1.20 to 1.60	1.40	1.20 to 1.60	1.25	1.10 to 1.50	
20y JGB yield	2.00	1.90 to 2.40	2.05	1.90 to 2.20	2.05	1.90 to 2.20	1.95	1.80 to 2.10	
30y JGB yield	2.30	2.20 to 2.70	2.30	2.20 to 2.50	2.30	2.20 to 2.50	2.20	2.10 to 2.40	

Source: Mizuho Securities Fixed Income Research



Chart 4.3. Envisaged timetable for BOJ JGB-buying operations

Date	1y to 3y	3y to 5y	5y to 10y	10y to 25y	25y+	Sub-1y, JGBi, JGB floater
17 Mar (Mon)	✓	✓	✓	✓		
18 Mar (Tue)						
19 Mar (Wed)	BOJ Monetary Policy Meeting (day 2)					
21 Mar (Fri)						
24 Mar (Mon)	✓	✓	✓		✓	
25 Mar (Tue)	Enhanced liquidity auction (remaining) maturities of 5-15.5 years					
26 Mar (Wed)						
27 Mar (Thu)			40y JGB auction			
28 Mar (Fri)		✓	✓	✓		JGBi
31 Mar (Mon)			2y JGB auction			
1 Apr (Tue)						
2 Apr (Wed)	✓	✓			✓	Sub-1y
3 Apr (Thu)			10y JGB auction			
4 Apr (Fri)						
7 Apr (Mon)	✓	✓	✓	✓		
8 Apr (Tue)			30y JGB auction			
9 Apr (Wed)						
10 Apr (Thu)			5y JGB auction			
11 Apr (Fri)	✓		✓	✓		
14 Apr (Mon)						
15 Apr (Tue)			20y JGB auction			
16 Apr (Wed)						
17 Apr (Thu)		Enhanced liquidity auction (remaining) maturities of 5-15.5 years				
18 Apr (Fri)	✓	✓	✓		✓	
21 Apr (Mon)						
22 Apr (Tue)		Enhanced liquidity auction (remaining) maturities of 15.5-39 years				
23 Apr (Wed)						
24 Apr (Thu)			2y JGB auction			
25 Apr (Fri)		✓	✓	✓		JGBi
28 Apr (Mon)						
30 Apr (Wed)						

Note: March figures for sub-1y sector, floaters, and linkers, and all figures for April are Mizuho forecasts.

Source: Compiled by Mizuho Securities Fixed Income Research from BOJ and MOF materials

**Important Disclosure Information**

"Mizuho Securities USA Inc. (MSUSA) is affiliated with Mizuho Securities and distributes such research reports as third party to US Institutional Investors. MSUSA does not have the ability to influence Mizuho Securities' analyst coverage and ratings of any subject companies.

This report may not be independent of Mizuho Securities and/or its global securities' proprietary interests. Mizuho Securities and/or its global securities trades the securities covered in this report for its own account and on a discretionary basis on behalf of certain clients. Such trading interests may be contrary to the recommendation(s) offered in this report.

This report was completed and first disseminated at approximately March 17, 2025, 11:22 (Japan Standard Time).

**Analyst Certification**

The research analyst(s) listed on the cover page of this report certifies(y) that the views expressed in this research report accurately reflect the analyst's(s') personal views about the subject security(ies) and issuer(s) and that no part of his/her/their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or views expressed in this research report.

**Disclaimer**

This report has been prepared by Mizuho Securities Co., Ltd. ('Mizuho Securities') solely for the purpose of supplying information to the clients of Mizuho Securities and/or its affiliates to whom it is distributed. This report is not, and should not be construed as, a recommendation, solicitation or offer to buy or sell any securities or related financial products. This report has been prepared by Mizuho Securities solely from publicly available information. The information contained herein is believed to be reliable but has not been independently verified. This report does not purport to contain all the information that a prospective investor may require to make an investment decision. Mizuho Securities makes no guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy, completeness or appropriateness of such information. Information contained herein may not be current due to, among other things, changes in the financial markets or economic environment. Opinions reflected in this report are subject to change without notice. This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. The report has been prepared without regard to the individual financial circumstances, needs or objectives of persons who receive it. The securities and investments related to the securities discussed in this report may not be suitable for all investors. Readers should independently evaluate particular investments and strategies, and seek the advice of a financial adviser before making any investment or entering into any transaction in relation to the securities mentioned in this report. Mizuho Securities and its affiliates are not responsible for assessing the suitability of any investment. Mizuho Securities and its affiliates shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance on or usage of this report and accepts no legal responsibility from any investor who directly or indirectly receives this material. The final investment decision must be made by the investor and the responsibility for the investment must be taken by the investor. Past performance should not be taken as an indication or guarantee of future performance. Unless otherwise attributed, forecasts of future performance represent analysts' estimates based on factors they consider relevant. Actual performance may vary. Consequently, no express or implied warranty can be made regarding future performance. Any references in this report to Mizuho Financial Group ('MHFG') and/or its affiliates are based only on publicly available information. The authors of this report are prohibited from using any insider information relating to MHFG or any other companies mentioned in the report. As subsidiaries of MHFG, Mizuho Securities and its affiliates do not, as a matter of firm policy, cover MHFG for investment recommendation purposes. Mizuho Securities and its affiliates or other companies affiliated with MHFG may deal in securities referred to in this report, or derivatives of such securities or other securities issued by companies mentioned in this report, for its own account or the accounts of others, enter into transactions contrary to any recommendations contained herein, and may supply a wide range of financial services to the issuers of such securities and to their affiliates. Mizuho Securities is prohibited under Article 135 of the Companies Act of Japan from dealing in the shares of MHFG for its own account.

**United Kingdom/ Germany/ European Economic Area/ Dubai International Financial Centre (DIFC):** This report is distributed in the United Kingdom by Mizuho International plc (MHI), 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is distributed in Germany by Mizuho Securities Europe GmbH (MHEU), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). This report may be distributed in other member states of the European Economic Area by MHI and MHEU. This report is distributed in DIFC by MHI (DIFC Branch). MHI (DIFC Branch) is regulated by the Dubai Financial Services Authority and is authorized to provide financial services to Professional Clients and Market Counterparties only as defined by the DFSA rulebook. MHI (DIFC Branch) registered address is Unit 501, Level 5, The Gate Building, East Wing, Dubai International Financial Centre, Dubai, U.A.E., Tel. +971 4 279 4400. For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at <https://www.mizuhogroup.com/emea/who-we-are/governance>.

**United States:** Mizuho Securities USA LLC, a subsidiary of Mizuho Americas LLC and member of FINRA, 1271 Avenue of the Americas, New York, NY 10020, USA, contact number +1-212-209-9300, distributes or approves the distribution of this report in the United States and takes responsibility for it. Periodic updates may be provided on companies/industries based on company specific developments or announcements, market conditions or any other publicly available information. Any transaction by a US investor resulting from the information contained in this report may be effected only through Mizuho Securities USA LLC. Interested US investors should contact their Mizuho Securities USA LLC sales representative.

**Hong Kong:** This report is distributed in Hong Kong by Mizuho Securities Asia Ltd. ('MHSA'), 14 - 15/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, a member of MHFG. MHSA is licensed and regulated by the Hong Kong Securities and Futures Commission. This report has been prepared for "professional investors" as defined in the Hong Kong Securities and Futures Ordinance. This report has been prepared in accordance with MHSA's internal conflict of interest management policies. Details of MHSA's organizational and administrative controls for the prevention and avoidance of conflicts of interest are available upon request.

**Australia:** This report is intended for distribution only to persons who are sophisticated or professional investors for the purposes of section 708 of the Corporation Act 2001 of Australia ('CA'), or "wholesale clients" for the purpose of section 761G of the CA. It is not intended for or should not be passed on, directly or indirectly, to other classes of persons/investors in Australia. Both Mizuho Securities Asia Ltd. (ABRN 603425912) and Mizuho Securities (Singapore) Pte. (ARBN 132105545), which are licensed in their respective jurisdictions, are registered foreign companies in Australia and are each exempt from the requirement to hold an Australian financial services license under the CA under the Australia Securities and Investments Commission Corporations (Repeal and Transitional) Instrument 2016/396.

**Singapore:** This report is distributed in Singapore by Mizuho Securities (Singapore) Pte. Ltd. ("MHSS"), a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. MHSS may distribute analyses or reports produced by its affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This report is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations. Singapore recipients of this report should contact MHSS at 12 Marina View, #25-02/03, Asia Square Tower 2, Singapore 018961, for any matter arising from, or in connection with, this report.

**Japan:** This report is distributed in Japan by Mizuho Securities Co., Ltd., a member of MHFG, Otemachi First Square, 5-1 Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. Mizuho Securities is solely responsible for the distribution of this report to non-professional investors and retail clients in Japan in accordance with applicable Japanese regulations. This report is not intended to be distributed to non-professional investors or retail clients outside of Japan.

Mizuho Securities charges predetermined commissions for the various financial products we offer our clients for investment purposes. In the case of bonds, we will only charge the purchase price. Mizuho Securities charges a commission on domestic equity transactions up to a maximum of 1.155% of the contract amount, tax included. The minimum commission is JPY2,750, tax included. (If the value of the contract amount is less than JPY2,750 at the time of sale, we charge a brokerage commission of 99.0% of the contract amount, tax included.) These commissions are based on a tax rate of 10%. If the consumption tax rate changes, the new tax rate shall be applied from the date of the change.

© All Rights Reserved 2025. This document may not be altered, reproduced, redistributed, or passed on to any other party, in whole or in part, without the prior written consent of Mizuho Securities Co., Ltd.

**The value of financial products may go down or up as prices fluctuate. Owners of financial products may suffer losses on the original value of their purchases.**

---

## Mizuho Securities Co., Ltd.

Fixed Income Research Department

Otemachi First Square 1-5-1  
Otemachi, Chiyoda-ku  
Tokyo 100-0004

Registered Financial Instruments Firm, No. 94 (Kinsho), issued by the Director, Kanto Local Finance Bureau

Memberships: the Japan Securities Dealers Association; the Japan Investment Advisers Association; the Financial Futures Association of Japan; the Type II Financial Instruments Firms Association; and the Japan Security Token Offering Association