



# Japan's Economy and Debt Management Policy

February 11, 2026

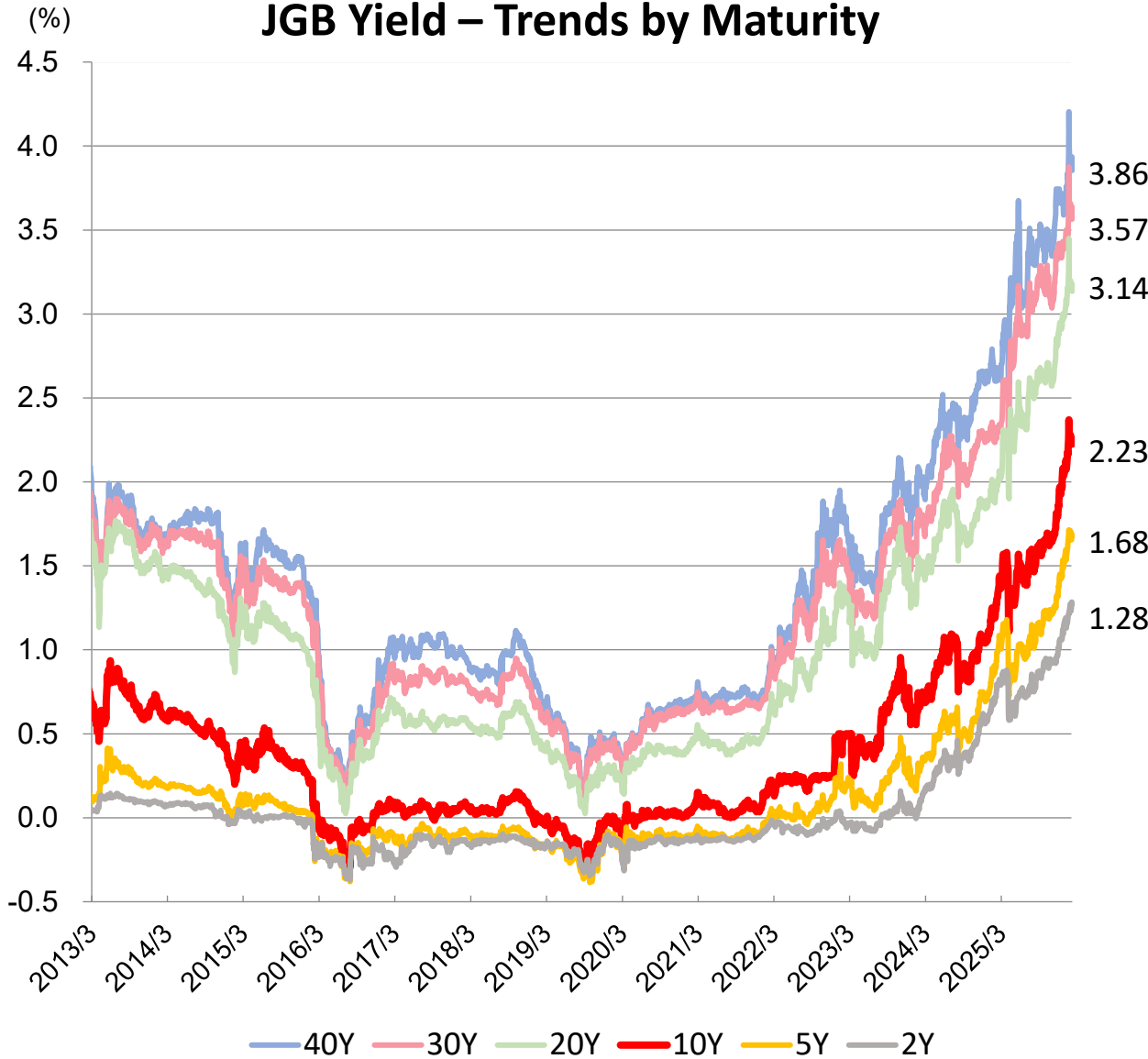
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Ministry of Finance, Japan

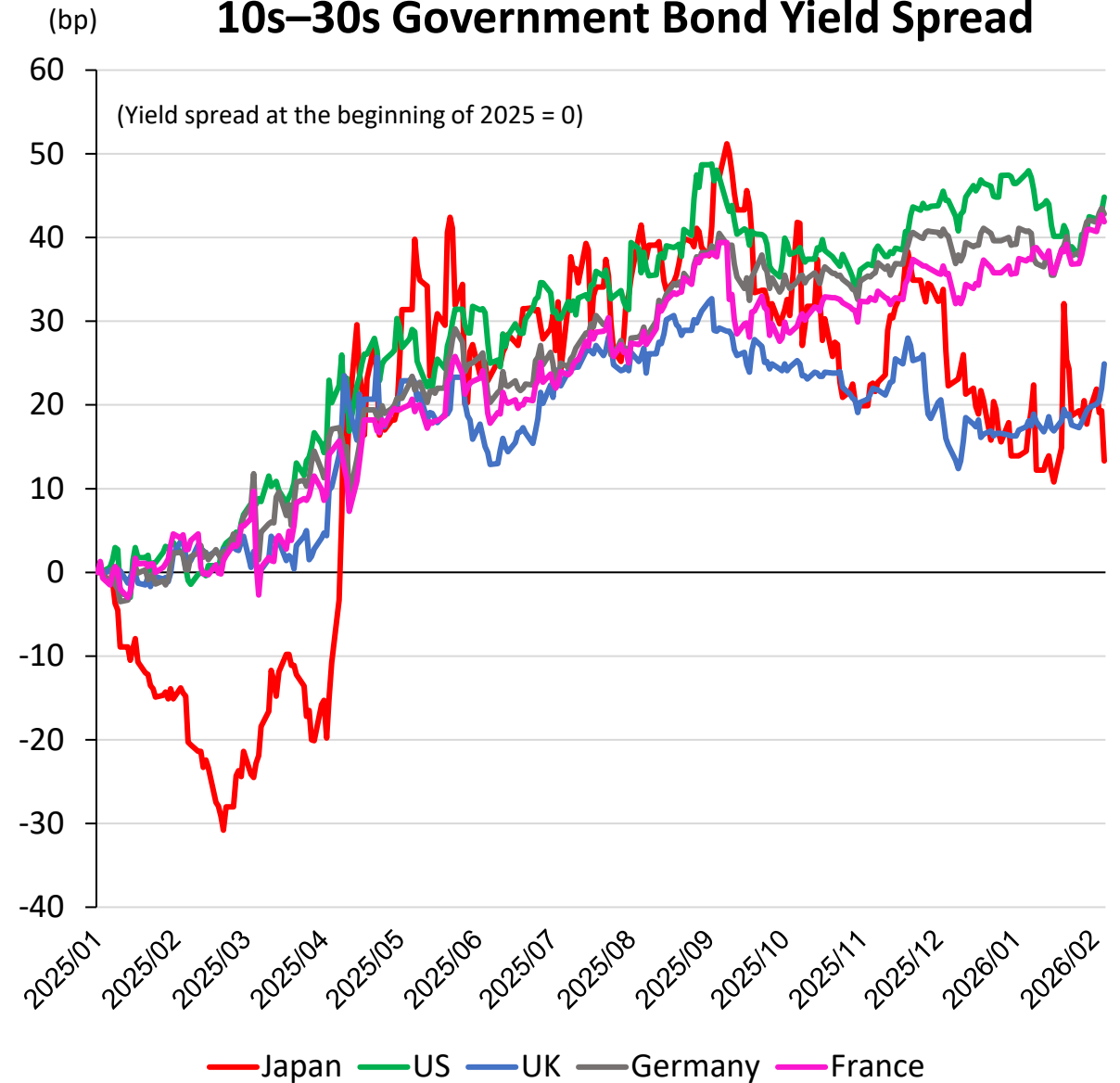
# JGB Interest Rates – Recent Developments

## JGB Yield – Trends by Maturity



Source: Japan Bond Trading Co., as of 05 Feb. 2026

## 10s–30s Government Bond Yield Spread



Source: Bloomberg, as of 05 Feb. 2026

# Highlights of FY2026 JGB Issuance Plan

(trillion yen)

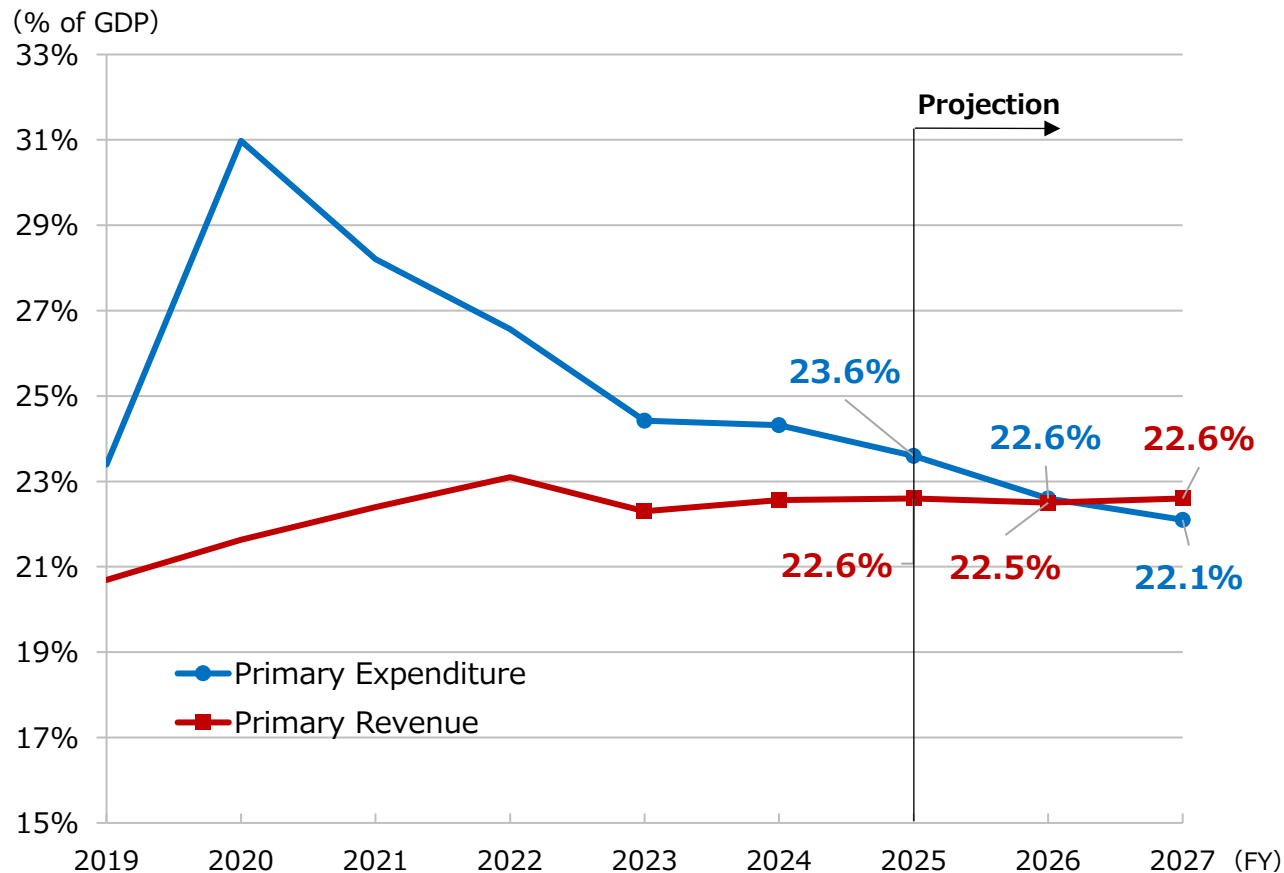
| Classification                          | FY2025<br>(Initial)<br>(a) | FY2025<br>(Supplementary)<br>(b) | FY2026 (Initial plan) |              |               |
|---|----------------------------|----------------------------------|-----------------------|--------------|---------------|
|   |                            |                                  | (c)                   | (c) - (a)    | (c) - (b)     |
| Market Issuance<br>by Periodic Auctions | 172.3                      | 178.7                            | <b>168.5</b>          | <b>- 3.8</b> | <b>- 10.2</b> |
| 40-Year                                 | 3.0                        | 2.5                              | <b>1.8</b>            | <b>- 1.2</b> | <b>- 0.7</b>  |
| 30-Year                                 | 9.6                        | 8.7                              | <b>7.2</b>            | <b>- 2.4</b> | <b>- 1.5</b>  |
| 20-Year                                 | 12.0                       | 10.2                             | <b>8.4</b>            | <b>- 3.6</b> | <b>- 1.8</b>  |
| 10-Year                                 | 31.2                       | 31.2                             | <b>31.2</b>           | —            | —             |
| 5-Year                                  | 28.8                       | 29.1                             | <b>30.0</b>           | <b>+ 1.2</b> | <b>+ 0.9</b>  |
| 2-Year                                  | 31.2                       | 32.1                             | <b>33.6</b>           | <b>+ 2.4</b> | <b>+ 1.5</b>  |
| T-bills                                 | 40.8                       | 49.2                             | <b>40.8</b>           | —            | <b>- 8.4</b>  |
| 10-Year Inflation-Indexed               | 1.0                        | 1.0                              | <b>1.0</b>            | —            | —             |
| Japan Climate Transition Bonds          | 1.2                        | 1.2                              | <b>1.0</b>            | <b>- 0.2</b> | <b>- 0.2</b>  |
| Liquidity Enhancement Auction           | 13.5                       | 13.5                             | <b>13.5</b>           | —            | —             |
| Non-price Competitive Auction II        | 6.9                        | 5.5                              | <b>5.0</b>            | <b>- 1.9</b> | <b>- 0.5</b>  |
| Adjustment between fiscal years         | -7.0                       | 0.0                              | <b>1.2</b>            | <b>+ 8.2</b> | <b>+ 1.2</b>  |
| Sales for Household                     | 4.6                        | 5.4                              | <b>5.9</b>            | <b>+ 1.3</b> | <b>+ 0.5</b>  |
| Total                                   | 176.9                      | 189.6                            | <b>180.7</b>          | <b>+ 3.8</b> | <b>- 8.9</b>  |

# Primary Revenue and Expenditure Projections

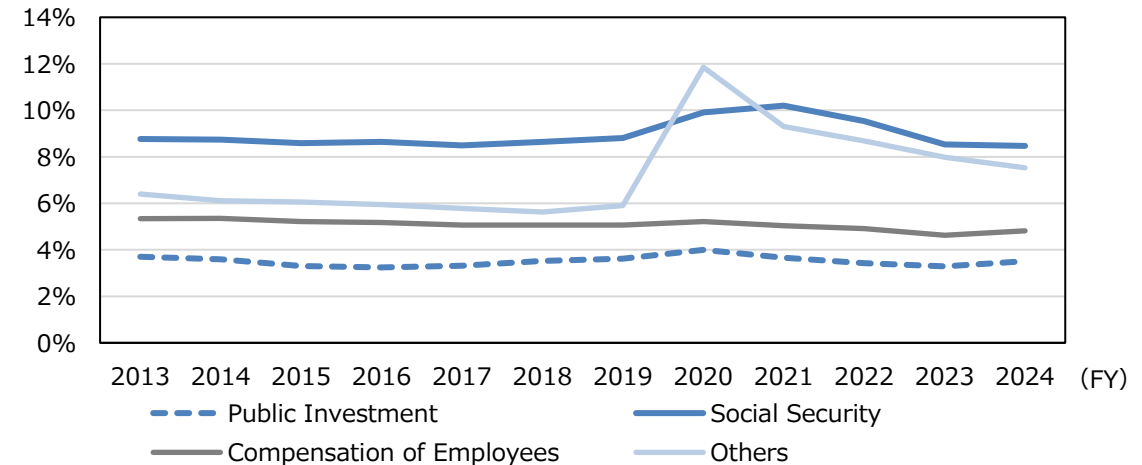
■ The level of expenditure-to-GDP is getting back to the pre-COVID19 level by normalizing extraordinary spending, while the revenue-to-GDP ratio becomes higher than before

## Primary revenue and expenditure

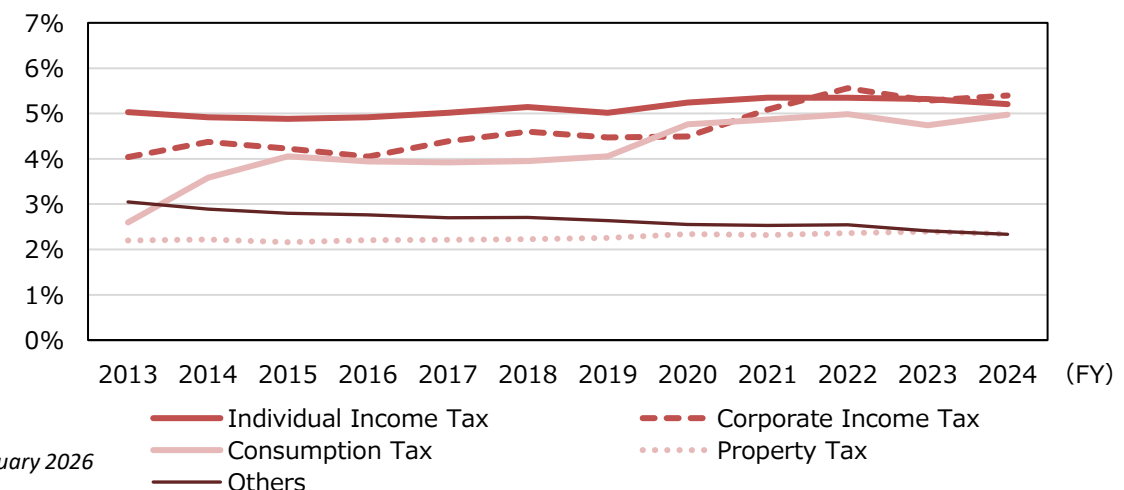
(Sum of the Central and Local Governments)



## Breakdown of Primary expenditure



## Breakdown of Primary revenue



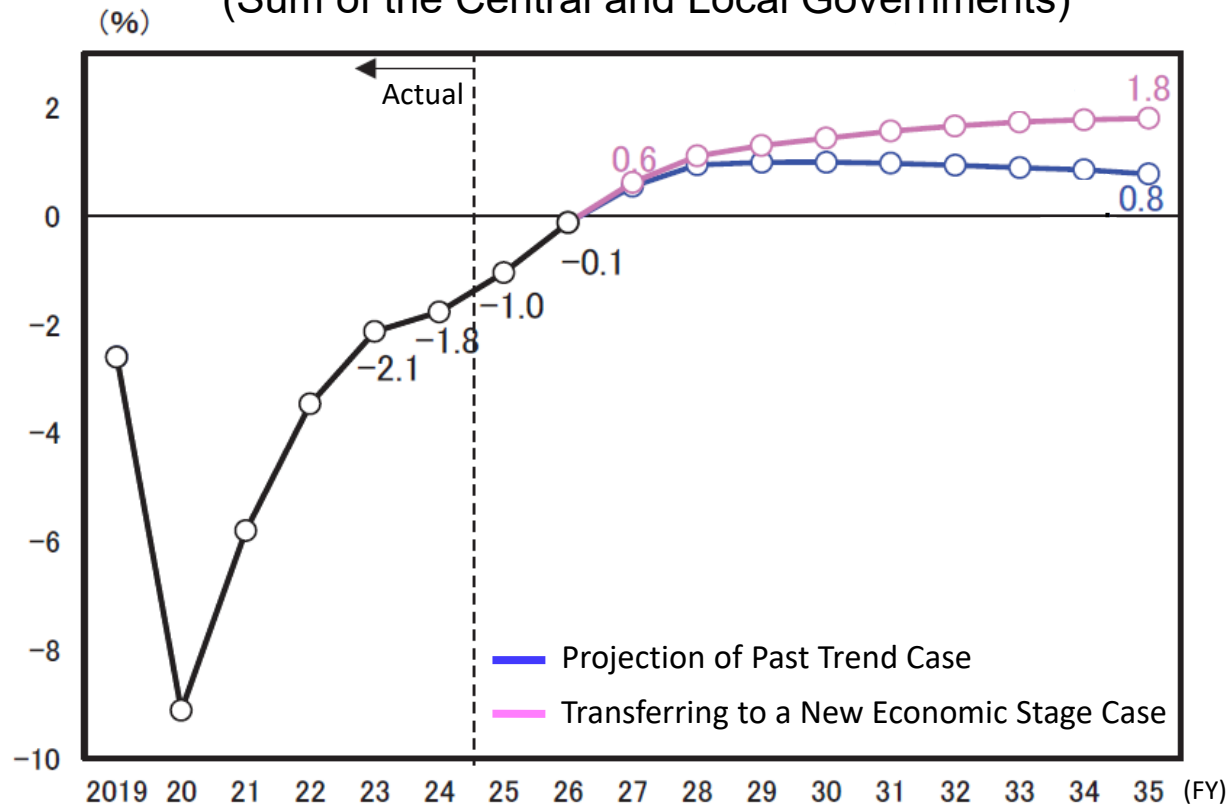
Source: Cabinet Office

Note: The figures for FY2025 onward are from the Cabinet Office's Economic and Fiscal Projections for Medium to Long Term Analysis, January 2026

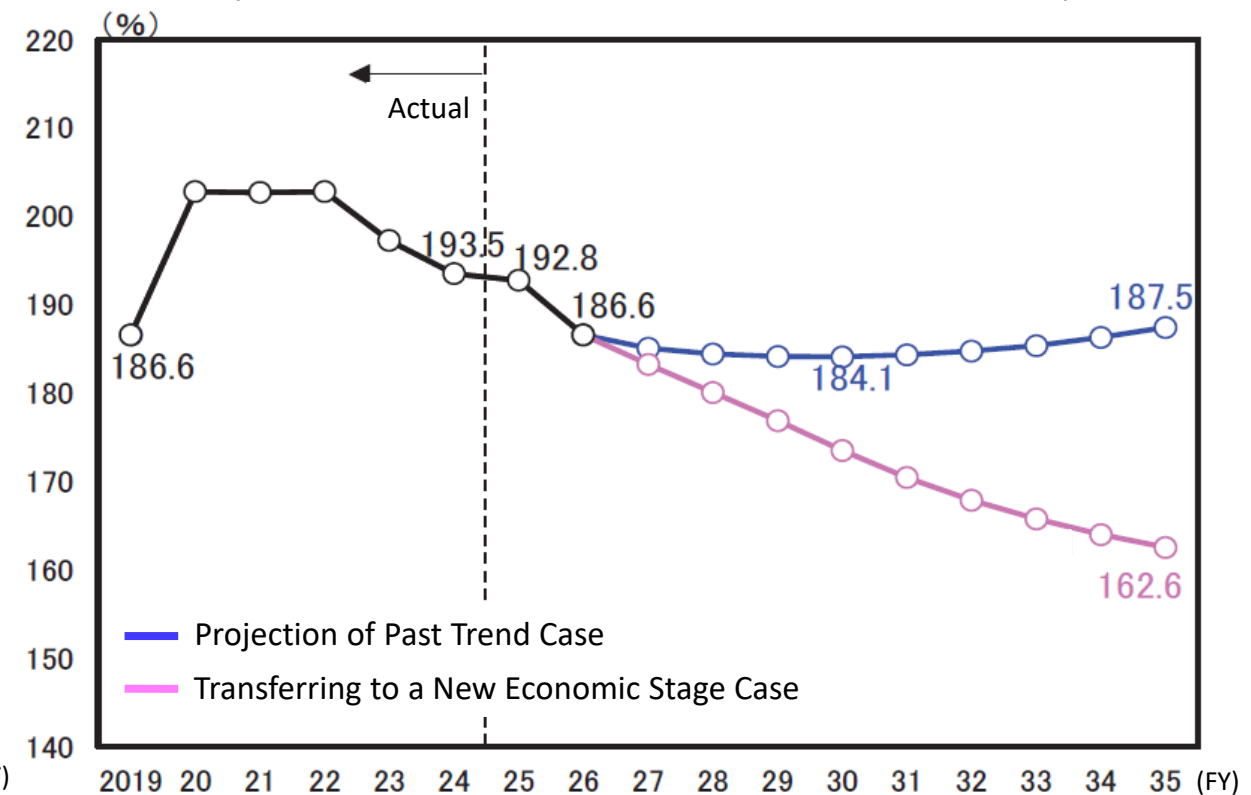
# Cabinet Office “Economic and Fiscal Projections for Medium to Long Term Analysis” (Jan. 2026)

- In FY2026, the central government’s general account achieves a primary balance (PB) surplus in the initial budget.
- On a combined central and local government basis, the PB is expected to record the smallest deficit since the PB target was first set in FY2001.

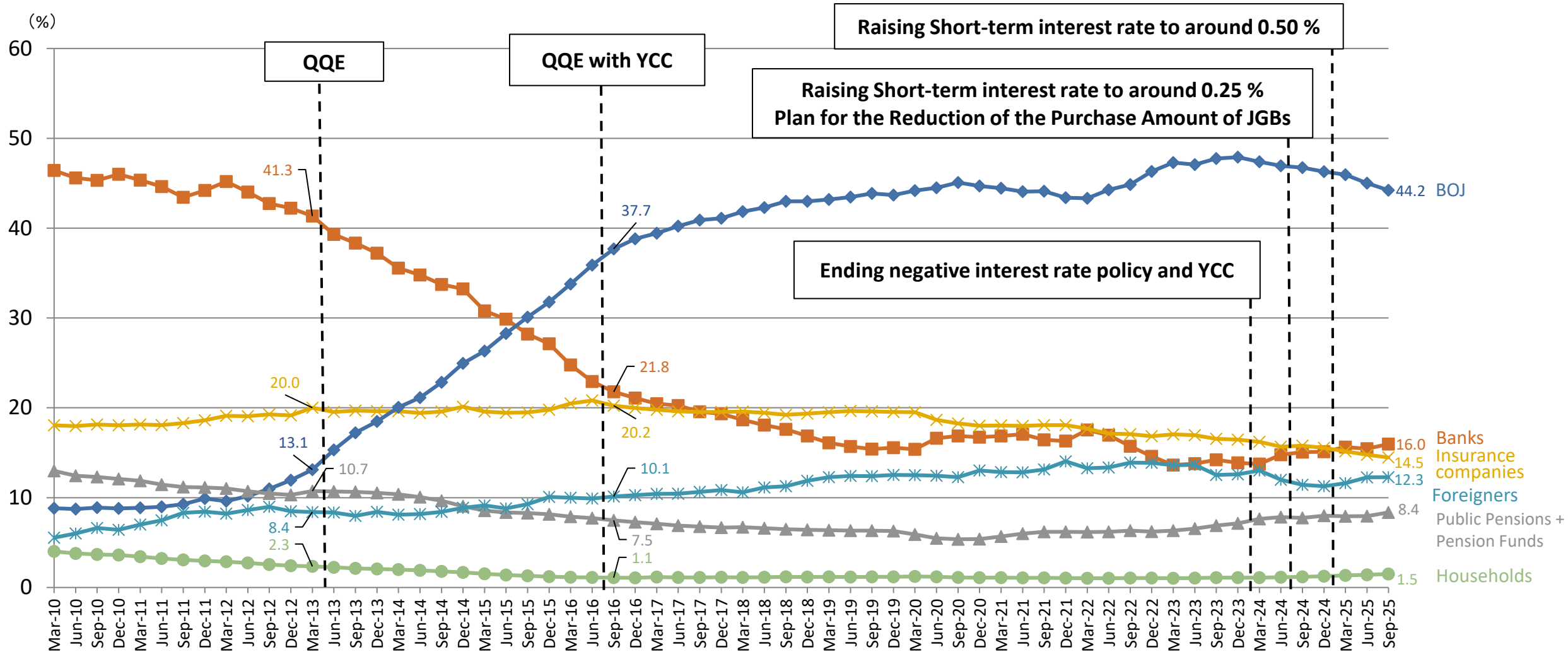
## Primary Balance-to-Nominal GDP (Sum of the Central and Local Governments)



## Outstanding debt-to-Nominal GDP (Sum of the Central and Local Governments)



# Share of JGB and T-Bill – Breakdown by Holders –



Source: Bank of Japan "Flow of Funds Accounts (Preliminary Figures)"

Note: (1) "JGB" includes "FILP Bonds."

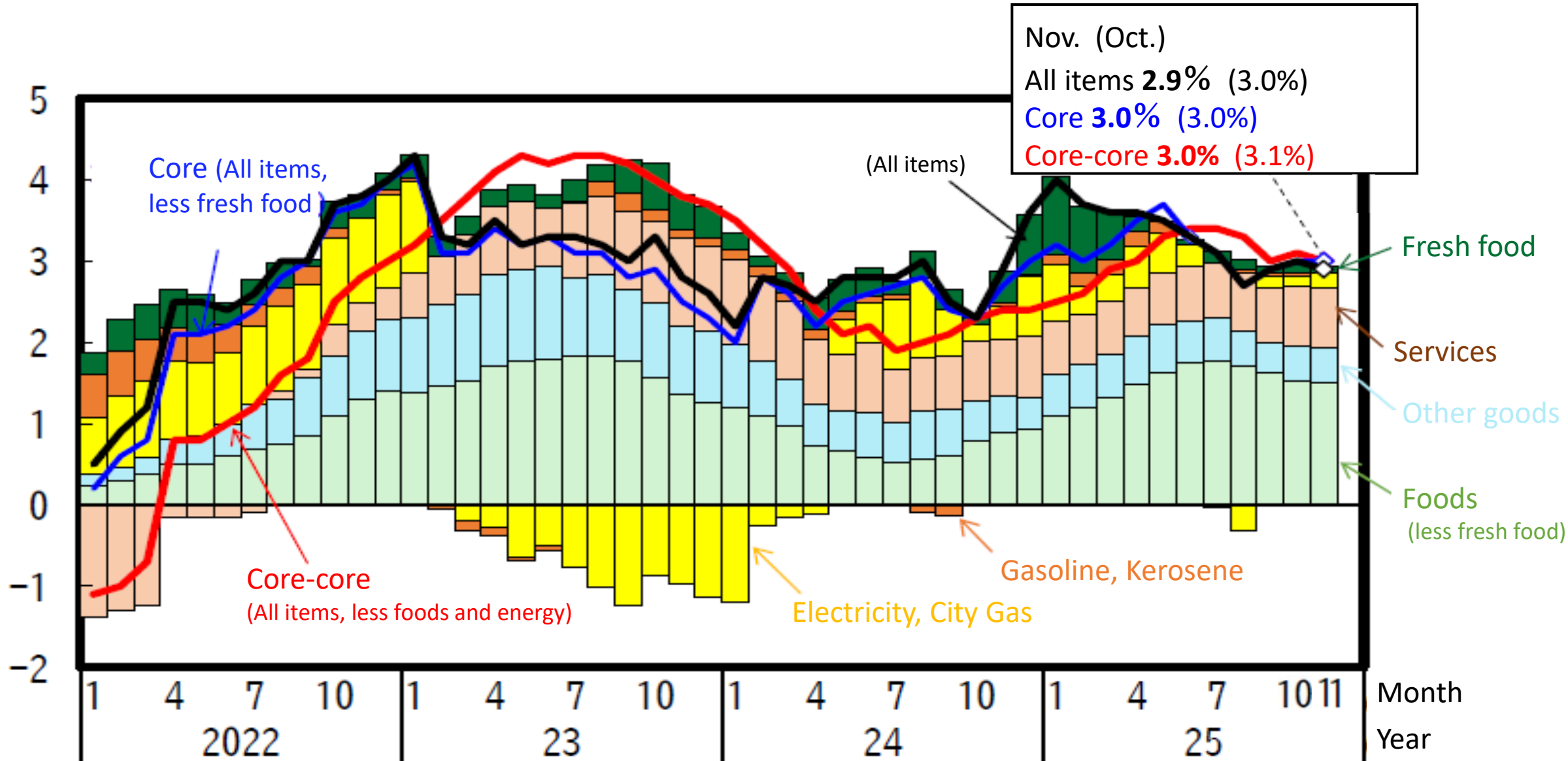
(2) "Banks" includes "Japan Post Bank," "Securities investment trusts," "Securities companies," etc.

(3) "Insurance companies" includes "Life insurance," "Nonlife insurance," and "Mutual aid insurance."



# APPENDIX

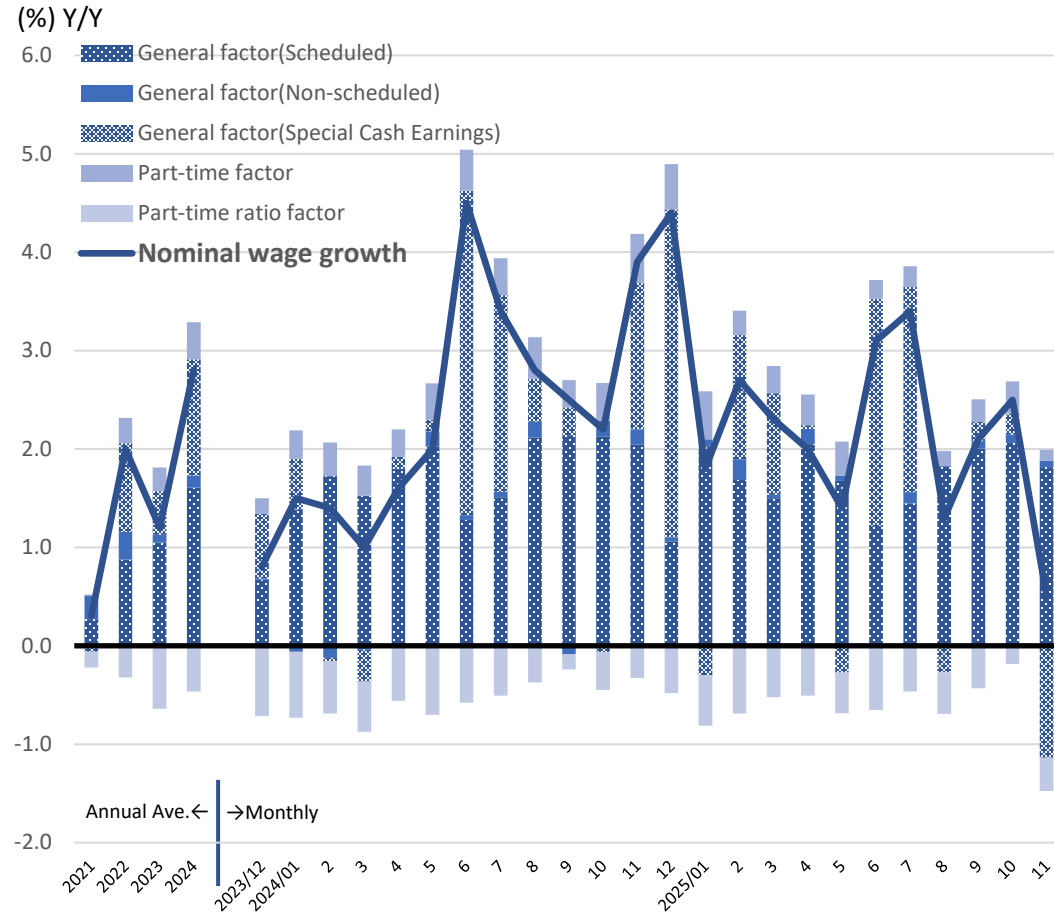
# Japan's CPI trend



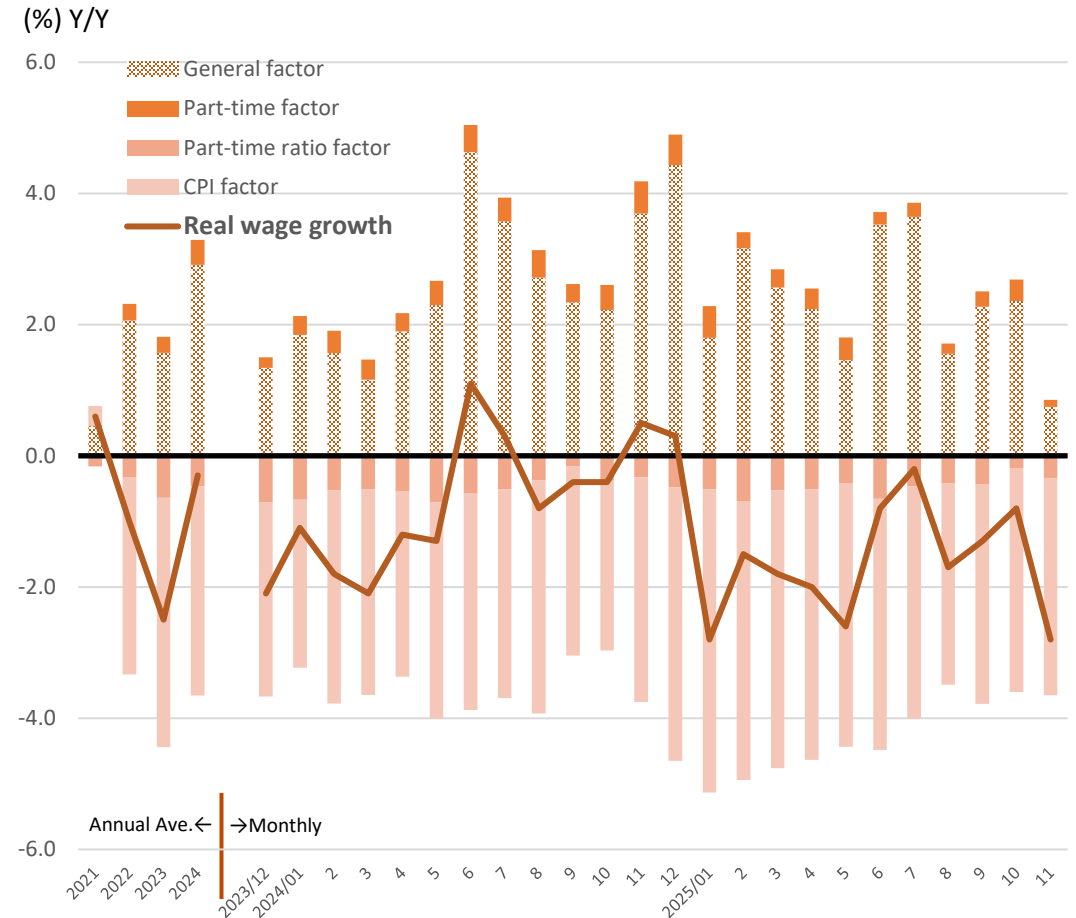
Source: Cabinet Office, "Recent Economic Developments"

# Wage Income

## Nominal Wage



## Real Wage

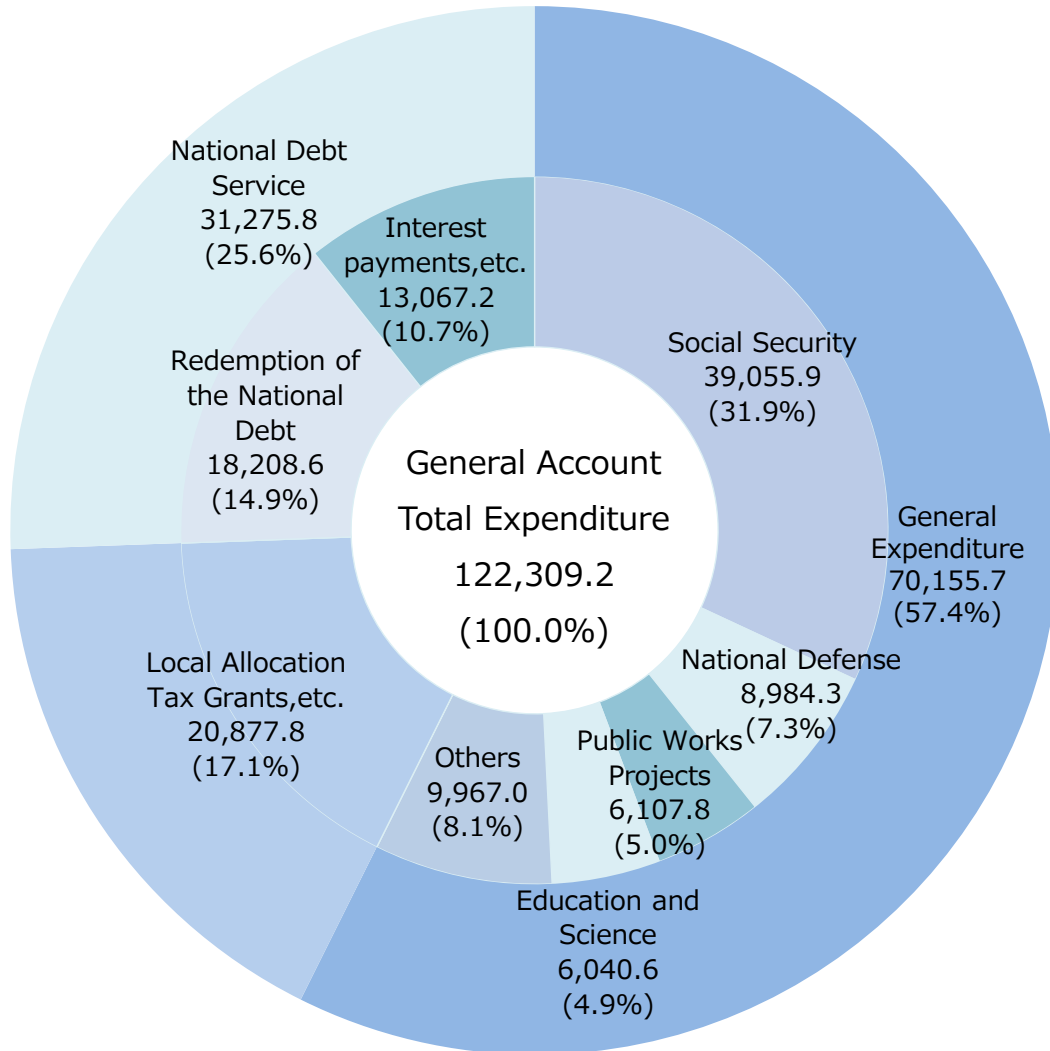


Source: Ministry of Health, Labor and Welfare "Confirmed Report of Monthly Labor Survey"  
 Note: November 2025 figures are preliminary

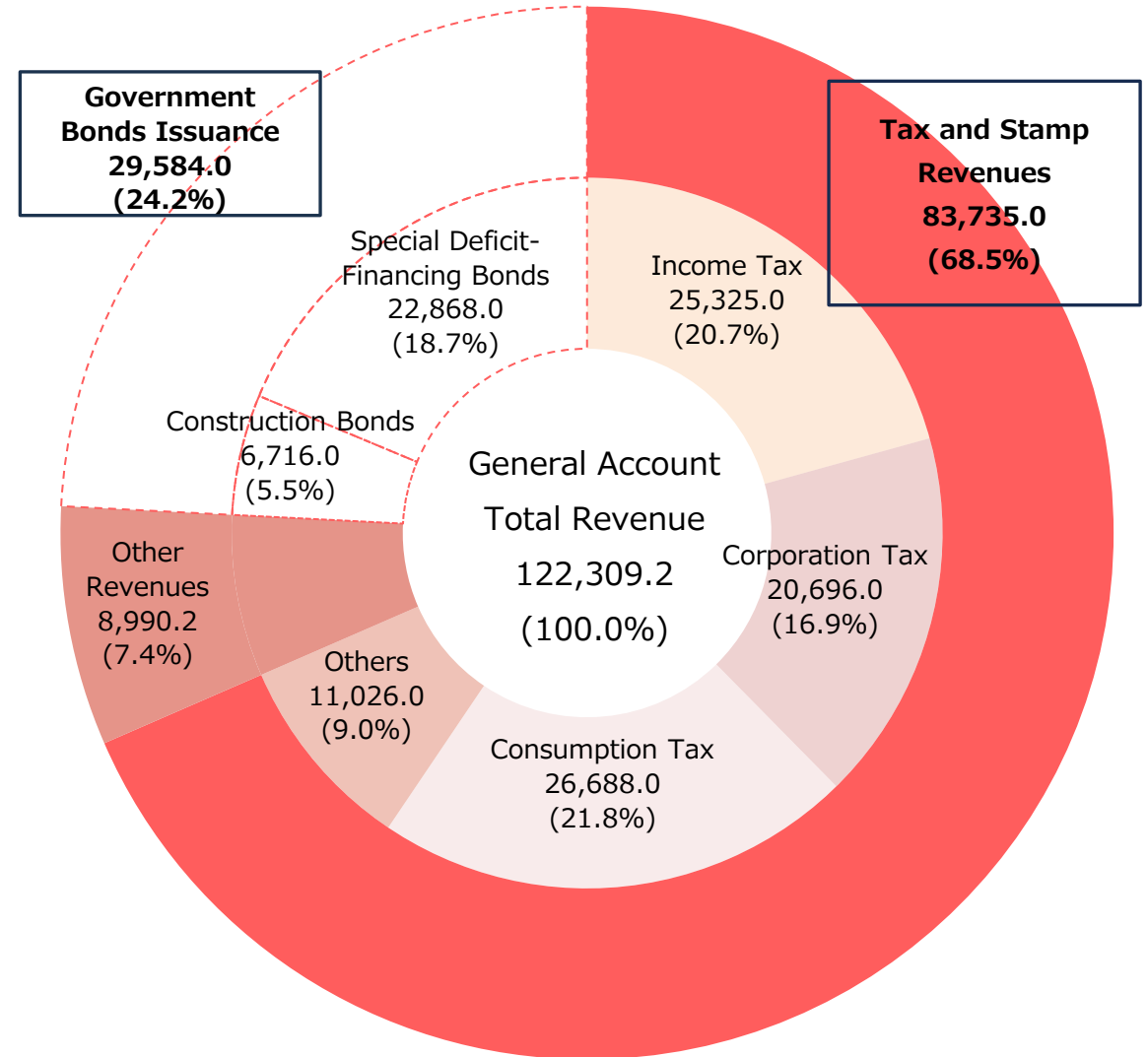
# The FY2026 Budget plan: Expenditure and Revenue

(Unit: billion yen)

## General Account Expenditure



## General Account Revenue



Note1: Figures may not add up to the total due to rounding.

# Debt Management Policy

## [Basic Objectives]

**Implement Secure and Smooth Issuance**

**Minimize Medium- to Long- Term Financing Costs**

## [Basic Principles]

### **1 Securing Predictability and Transparency**

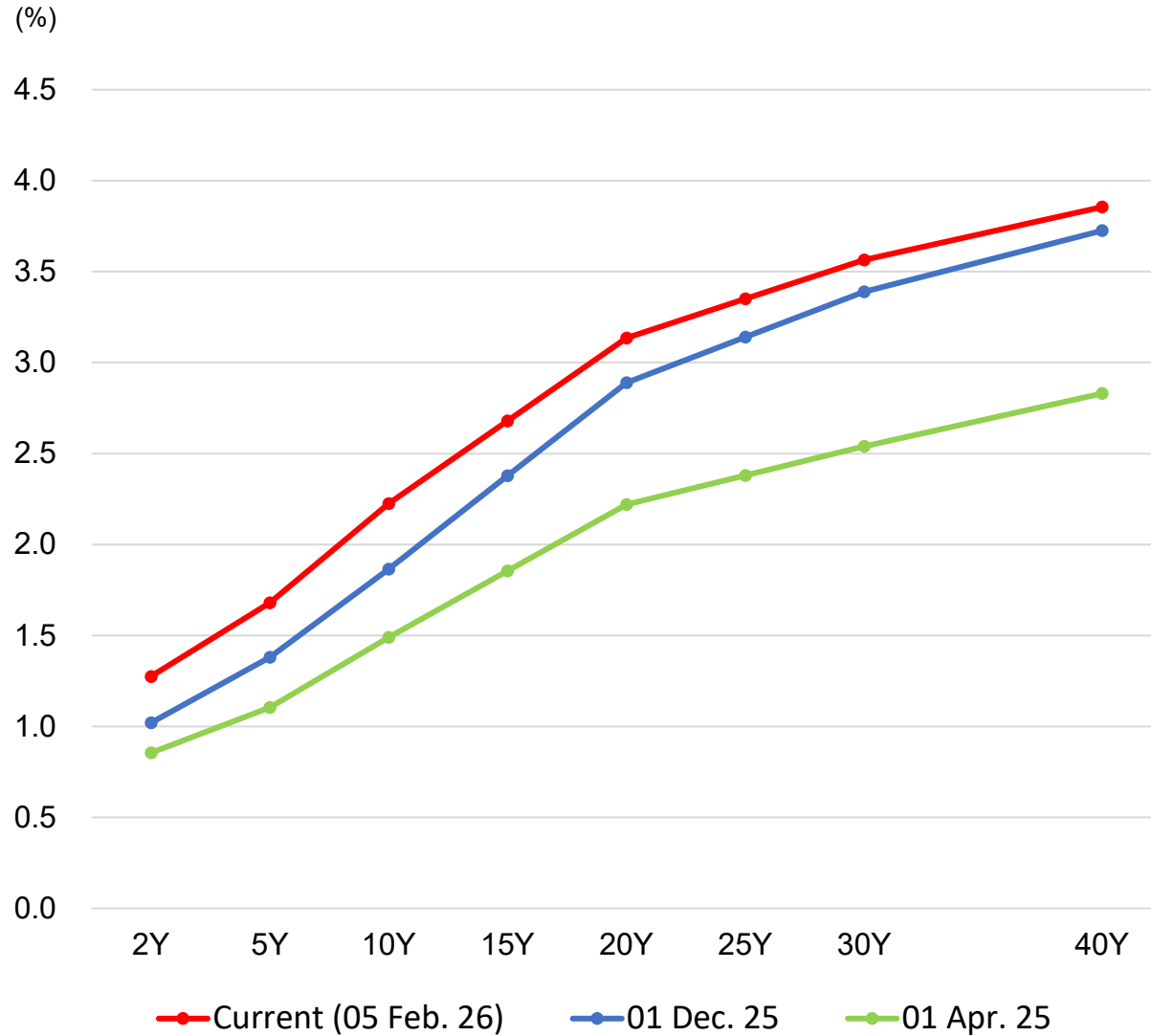
— Formulating and Implementing an Issuance Plan Based on Medium- to Long-Term Market Demand

### **2 Engaging in Careful Dialogue with Market Participants**

— Proactive Engagement to Secure Stable JGB Absorption and Strengthen Liquidity

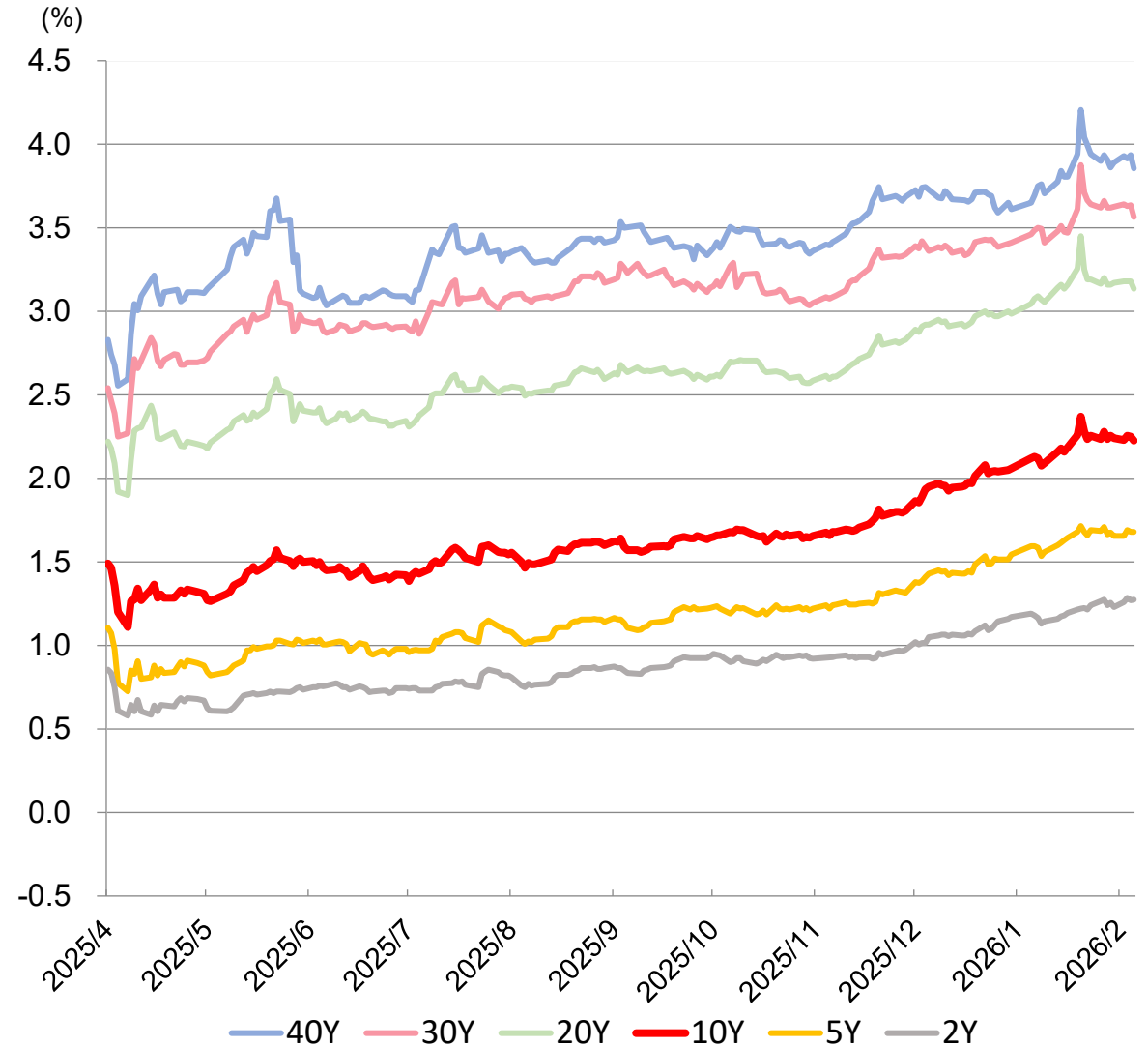
# JGB Interest Rates – Recent Movements

## Yield Curve (01 Apr. 25 – 05 Feb. 26)



Source: Japan Bond Trading Co., as of 05 Feb. 2026

## JGB Yield Trends by Maturity (since 01 Apr. 25)

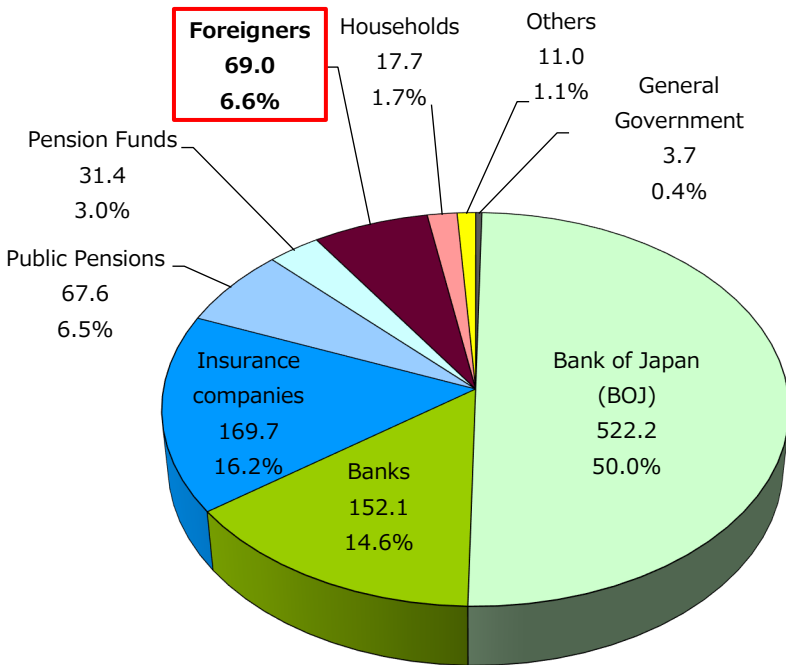


Source: Bloomberg, as of 05 Feb. 2026

# Breakdown by JGB and T-Bill Holders (Sep 2025, Preliminary Figures)

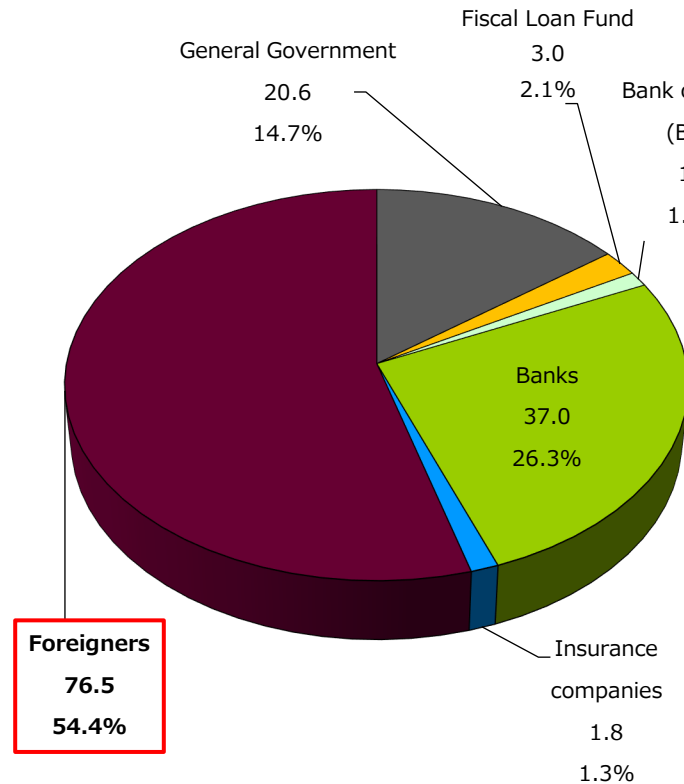
## JGB Holders

Total **1,044.4** trillion yen



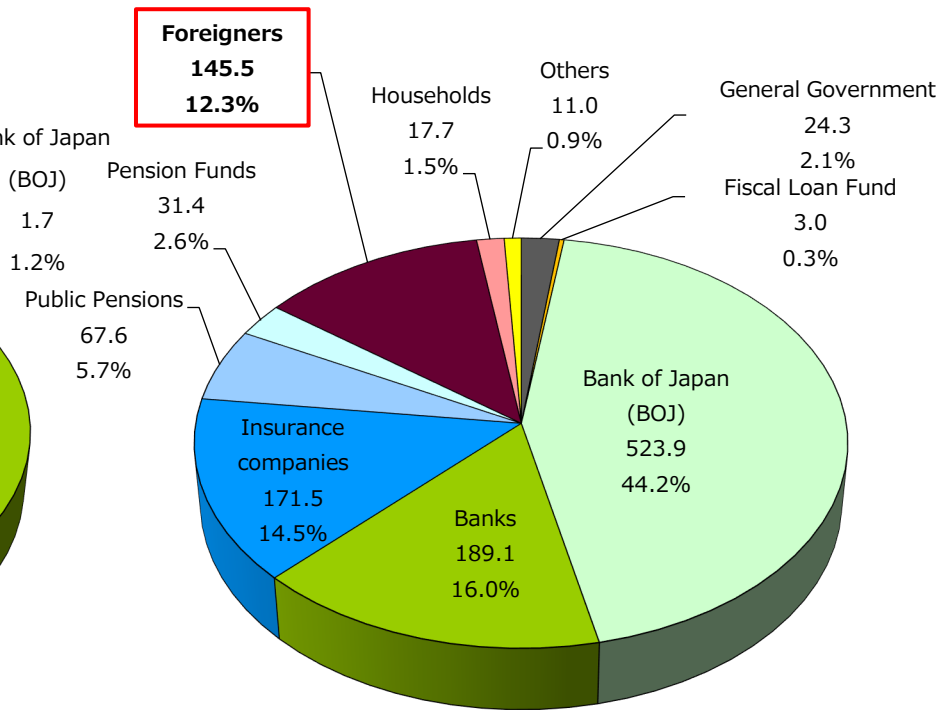
## T-Bill Holders

Total **140.6** trillion yen



## JGB and T-Bill Holders

Total **1,185.0** trillion yen



(Unit: trillion yen)

Source: Bank of Japan "Flow of Funds Accounts (Preliminary Figures)" (December 17, 2025)

Note

- (1) "JGB" includes "FILP Bonds."
- (2) "Banks" includes "Japan Post Bank," "Securities investment trusts," "Securities companies," etc.
- (3) "Insurance companies" includes "Life insurance," "Nonlife insurance," and "Mutual aid insurance."
- (4) "General Government" excludes "Public Pensions."

# Japan's Sovereign Rating by Major Credit Rating Agencies

(Long-term debt denominated in home currency on May 23, 2025)

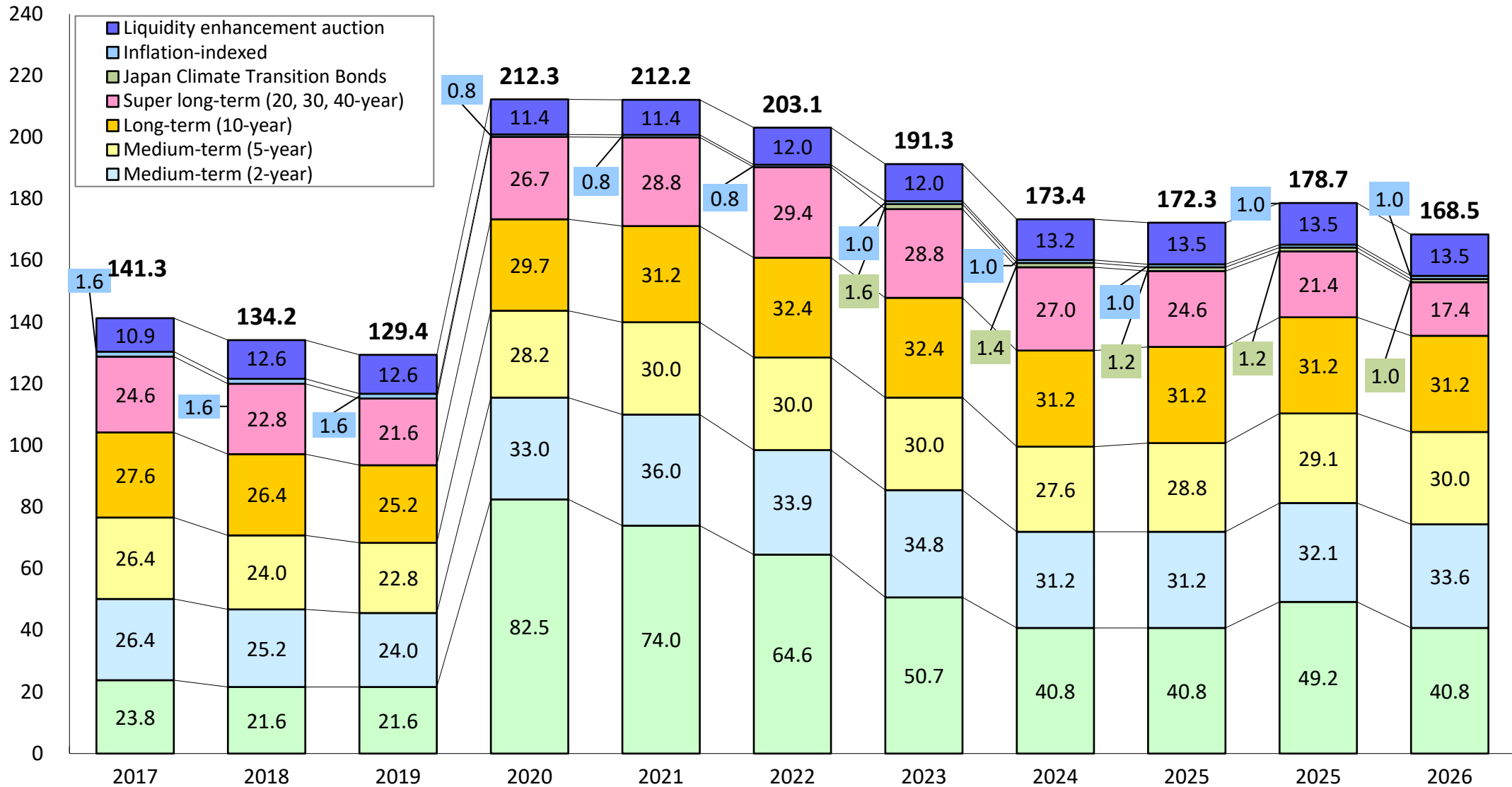
| Moody's            | S&P                | Fitch              | R&I                | JCR                |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| Nov. 17, 98<br>Aaa | Feb. 22, 01<br>AAA | Jun. 29, 00<br>AAA | Dec. 21, 11<br>AAA | Oct. 31, 00<br>AAA |
| Sep. 8, 00<br>Aa1  | Nov. 27, 01<br>AA+ | Nov. 26, 01<br>AA+ | Dec. 21, 11<br>AA+ | AA+                |
| Dec. 4, 01<br>Aa2  | Apr. 15, 02<br>AA  | Nov. 21, 02<br>AA  | AA                 | AA                 |
| May 18, 09<br>Aa3  | Apr. 22, 07<br>AA- | Nov. 21, 02<br>AA- | AA-                | AA-                |
| Jun. 30, 08<br>A1  | Jan. 27, 11<br>A+  | May 22, 12<br>A+   | A+                 | A+                 |
| May 31, 02<br>A2   | Sep. 16, 15<br>A   | Apr. 27, 15<br>A   | A                  | A                  |
| Oct. 11, 07<br>A3  | A-                 | A-                 | A-                 | A-                 |
| Baa1               | BBB+               | BBB+               | BBB+               | BBB+               |
| Baa2               | BBB                | BBB                | BBB                | BBB                |
| Baa3               | BBB-               | BBB-               | BBB-               | BBB-               |

## 【Outlook】

|                       |                       |                        |                        |                       |
|-----------------------|-----------------------|------------------------|------------------------|-----------------------|
| Stable (Dec. 1, 2014) | Stable (Jun. 9, 2020) | Stable (Mar. 25, 2022) | Stable (Aug. 30, 2018) | Stable (Aug. 9, 2018) |
|-----------------------|-----------------------|------------------------|------------------------|-----------------------|

# Changes in Market Issuance Plan by Issue

(trillion Yen)



(Note) Up to FY2025: Last revised basis.

FY2026: Initial basis.

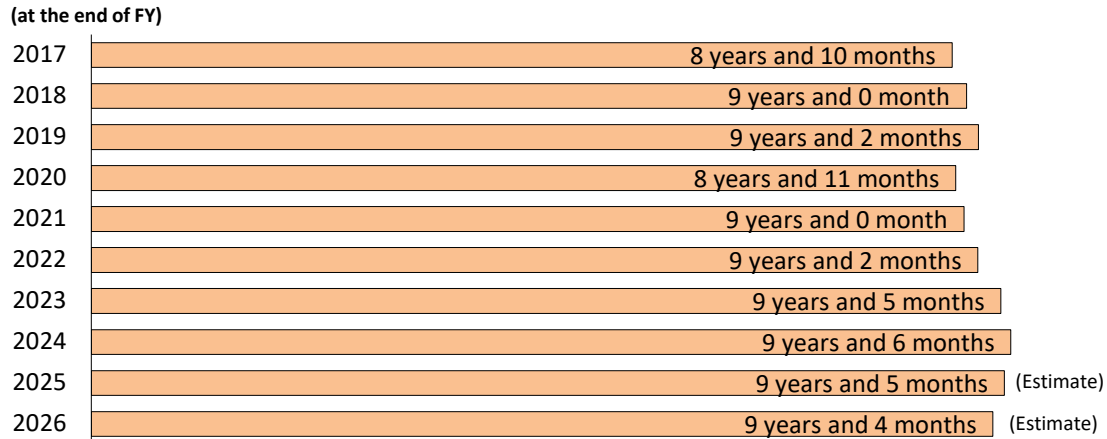
# Weighted Average Maturity of JGB

## Market Issuance (flow-basis)



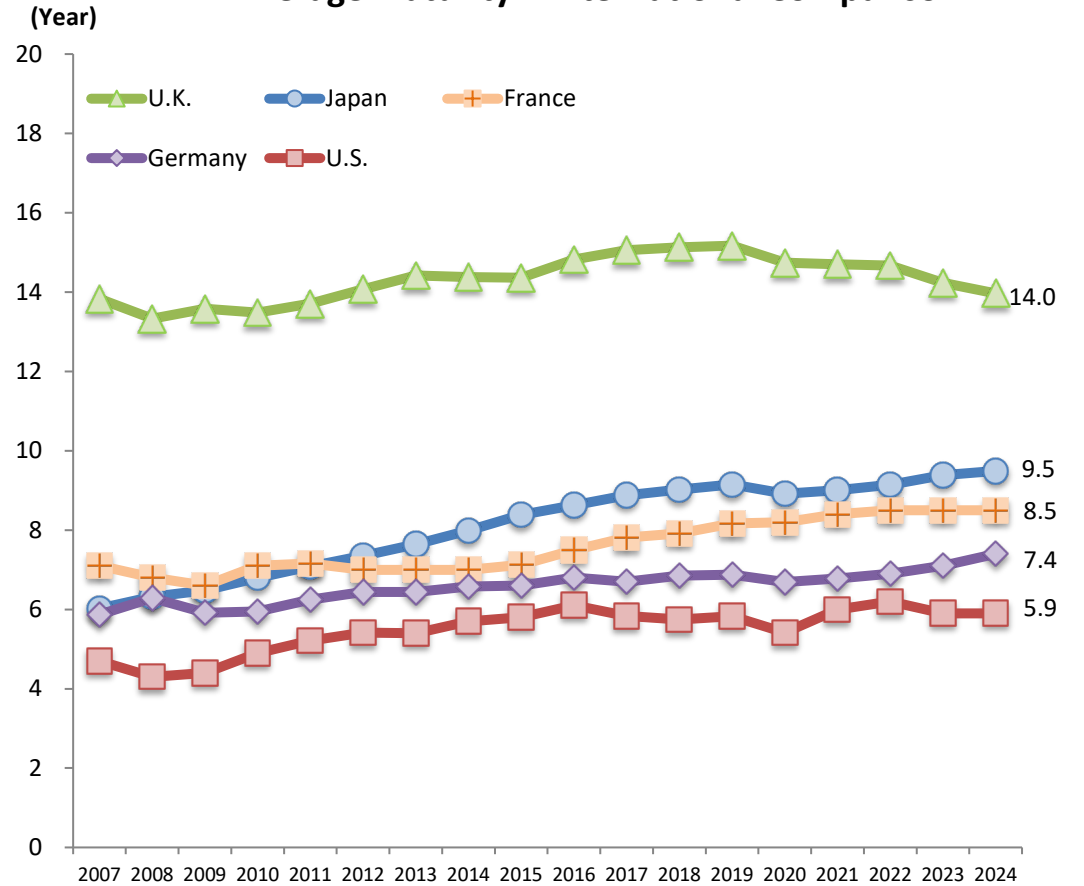
(Note) Up to FY2024: Actual. FY2025: Supplementary Budget basis. FY2026: Initial basis.

## Outstanding Amount (stock-basis)



(Note) Outstanding amount of general bonds. Up to FY2024: Actual. FY2025: Supplementary Budget basis. FY2026: Initial basis.

## Average maturity -International Comparison-



Source: OECD, Websites of the respective countries' debt management authorities

Note:

(1) Data for Japan represent the average weighted maturity of outstanding General Bonds including Treasury Bills (TBs) and excluding Financing Bills (FBs).

Data for other countries include short-term (one-year and shorter) bills.

(2) Data are calculated on a stock basis. Non-marketable bonds are excluded.

(3) Data for each year are as of the end of March of the following year for Japan alone and as of the end of December for other countries.

## Basic Product Features of the New Floating-rate JGBs

|                                    |   |
|------------------------------------|---|
| Coupon rate                        | Reference rate + Spread <sup>(Note 1)</sup><br>(Coupon rate is set in percentage with 3 decimal places and the lowest coupon rate is 0%.)   |
| Reference rate <sup>(Note 2)</sup> | 6-month T-Bill issue yield (Average issue yield of the 6-month T-Bill auction held immediately prior to the rate decision, rounded off the yield to 4 decimal places.)  |
| Issuance methods                   | Dutch-style competitive auction in which each competitive tender specifies a Spread (which can be positive, zero, or negative, expressed in 0.1bp)  |
| Tenor                              | 2- or 5-Year  |
| Maturity date                      | 2-year bonds: the 1 <sup>st</sup> day of the month of the issuance in the year of maturity<br>5-year bonds: the 20 <sup>th</sup> day of the final month in the preceding quarter of the issuance date, namely March, June, September, or December, in the year of maturity <sup>(Note 3)</sup> .                |
| Interest Payment dates             | Every six months until maturity   |
| Day Count Convention               | Same as existing T-Bills  |
| Min. face value unit               | 50,000 yen  |
| STRIPS Eligible                    | No  |
| Reopening                          | To be decided   |
| Other items                        | Non-Price Competitive Auction II is offered.<br>Non-Competitive Auction, Non-Price Competitive Auction I, Liquidity Enhancement Auction, and Buy-back program are <b>NOT</b> offered.<br>Security codes for the new Floating-rate JGBs will be announced later by the Securities Identification Code Committee. |

*(Note 1) Spread is set in the auction and stays until maturity.*

*(Note 2) Reference rate is determined before each interest calculation period starts and revised semi-annually.*

*(Note 3) Maturity date of the 5-year bonds may also be the 1st day of the month of the issuance, as with the 2-year bonds, depending on the issue frequency and issue amount.*

*(Note 4) The above points may change during the course of future discussions.*

# (Ref) Decision at the December 2025 MPM

- It is highly likely that the mechanism in which **both wages and prices rise moderately** will be maintained.
- **The likelihood of realizing the baseline scenario** that underlying CPI inflation will be at a level that is generally consistent with the price stability target of 2 percent in the second half of the projection period of the October 2025 Outlook Report **has been rising**.

## U.S. economy and the impact of trade policies

- While **uncertainties** remain, they have **declined**.

## Wages

- It is highly likely that firms will continue to **raise wages steadily** next year, following the solid wage increases this year.
- The risk of firms' **active wage-setting behavior** being interrupted is low.

## Prices

- **Underlying CPI inflation has continued to rise moderately**, with moves to pass on wage increases to selling prices continuing.

Adjusting the degree of monetary accommodation from the perspective of sustainable and stable achievement of the price stability target of 2 percent

**Short-term interest rate : raised to "around 0.75%"**

(uncollateralized overnight call rate)

(previously "around 0.5%")

- Real interest rates are expected to remain significantly negative, and accommodative financial conditions will continue to **firmly support economic activity**.
- If the outlook presented in the October 2025 Outlook Report will be realized, the Bank, in accordance with improvement in economic activity and prices, will continue to raise the policy interest rate and adjust the degree of monetary accommodation.

# GX Economy Transition Bonds & Japan Climate Transition Bonds

Achieving International Commitments  
Including Carbon Neutrality (by 2050)

## Required Scale of GX Investment

**150** Trillion Yen over 10 years by  
Public and Private Sectors

## Promoting Private Investment

**20** Trillion Yen in  
GX Economy Transition Bonds  
(FY2023–FY2032)

## Repayment Sources

- Fossil Fuel Levy  
(From FY2028)
- Charges on Designated Businesses  
(From FY2033)



World's First Sovereign Transition Bonds

- Labeled, “Japan Climate Transition Bonds”



Formulation of Framework Summarizing Use of  
Proceeds, etc. (Nov. 2023)

- Review obtained from external reviewers (JCR and DNV)



Auctions Schedule in FY2025:

| Auction Date    | Maturity | Offering Amounts      |
|-----------------|----------|-----------------------|
| 15 July 2025    | 5-year   | About JPY 300 billion |
| 21 October 2025 | 10-year  | About JPY 300 billion |
| 26 January 2026 | 5-year   | About JPY 300 billion |
| 13 March 2026   | 10-year  | About JPY 300 billion |