

Public Finance Watch

FICC Research Dept

Ascertained amount of GX Economy Transition Bonds issued with other 10yr JGBs in March

- Determined that Y100mn in GX Economy Transition Bonds issued along with other 10yr JGBs at 5 Mar auction
- GX Economy Transition Bonds basically issued as Climate Transition Bonds, but administrative/interest costs not included in how Climate Transition Bonds are used; integrated issuance with other JGBs
- Most 10yr JGBs auctioned on 5 Mar issued as front-loaded JGBs; GX Economy Transition Bond amount within integrated issuance likely small for now



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A portion of the 10-year JGBs auctioned on 5 March included GX Economy Transition Bonds (integrated issuance). However, the 10 April official MOF gazette confirmed that the issuance amount for GX Economy Transition Bonds came to Y100mn. It appears that the policy of basically issuing GX Economy Transition Bonds as Climate Transition Bonds will remain unchanged.

GX Economy Transition Bonds are basically issued as Climate Transition Bonds that have received third-party certification. They are issued separately on auction dates different from those for regular JGBs.

However, some of the 10-year JGBs at the 5 March 2024 auction were issued as GX Economy Transition Bonds. The fact that this integrated issuance included GX Economy Transition Bonds (and not Climate Transition Bonds) along with other JGBs, seems to have caught the market's attention.

This situation can be explained by the fact that not all of the GX Economy Transition Bonds are issued as Climate Transition Bonds. This is because administrative and interest expenses are not included in how the Climate Transition Bonds are used. GX Economy Transition Bonds not issued as Climate Transition Bonds are issued together with other JGBs.

However, we think issuance involving administrative costs and interest expense is negligible, with refunding bonds and front-loaded bonds (front-loading issuance of refunding bonds) accounting for most of the 10-year JGBs auctioned on 5 March (see [our 7 March 2024 Public Finance Watch report Portion of GX Economy Transition Bonds not issued as Climate Transition JGBs](#)).

According to the 10 April official MOF gazette, the Y2,184bn face value for the price-competitive auction issuance included Y100mn in GX Economy Transition Bonds. The amount of refunding bonds was less than Y100mn, while the amount of front-loaded bonds was Y2,183.8bn. Issuance via non-competitive auction, non-price competitive auction I, and non-price competitive auction II were all front-loaded bonds.

After all, GX Economy Transition Bonds are basically issued as Climate Transition Bonds. It is likely that the amount of bonds within integrated issuance will remain small until interest expense increases in the future.

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