

## 2013 Greenwich Leaders: Japanese Fixed Income

Q4 2013

Amid a dramatic slowdown in institutional trading volume of Japanese government bonds (JGBs), Mizuho Securities and Mitsubishi UFJ Morgan Stanley Securities maintained their momentum as the market's leading dealers, according to the results of Greenwich Associates 2013 Japanese Fixed-Income Investors Study.

Bond purchases implemented as part of the Abe government's economic stimulus package have drained liquidity

from the JGB market. Over the course of the research period covered in the Greenwich Associates study — from June 2012 to June 2013 — trading volumes in JGBs declined approximately 15%.

In this difficult environment, Mizuho defended its position as the market's top dealer, with a 15.1% market share in JGB trading, followed by Mitsubishi UFJ Morgan Stanley Securities at 13.3%, Nomura Securities at 11.4% and SBMC Nikko

### Greenwich Share Leaders — 2013



#### Japanese Fixed-Income Market Share — Japanese Government Bonds

Dealer	Market Share	Statistical Rank
Mizuho Securities	15.1%	1
Mitsubishi UFJ Morgan Stanley Securities	13.3%	2
Nomura Securities	11.4%	3
SMBC Nikko Securities	8.3%	4
Daiwa Securities	6.8%	5T
Goldman Sachs	6.3%	5T

#### Japanese Fixed-Income Market Share — Secondary Yen Investment-Grade Credit Bonds

Dealer	Market Share	Statistical Rank
Mitsubishi UFJ Morgan Stanley Securities	18.5%	1T
Daiwa Securities	18.2%	1T
SMBC Nikko Securities	16.1%	3T
Mizuho Securities	14.9%	3T
Nomura Securities	13.8%	5

#### Japanese Fixed-Income Market Share — Interest Rate Swaps

Dealer	Market Share	Statistical Rank
BNP Paribas	14.1%	1T
Deutsche Bank	12.8%	1T
Barclays	9.5%	3T
Nomura Securities	8.6%	3T
Mitsubishi UFJ Morgan Stanley Securities	6.7%	5T
UBS	6.2%	5T

#### Japanese Fixed-Income Market Share — Non-Yen Bonds

Dealer	Market Share	Statistical Rank
Deutsche Bank	13.5%	1
Citi	9.4%	2T
Barclays	8.7%	2T
Nomura Securities	8.0%	4T
J.P.Morgan	7.9%	4T

#### Japanese Fixed-Income Market Share — Interest Rate Structured Notes

Dealer	Market Share	Statistical Rank
Nomura Securities	17.4%	1
Mizuho Securities	12.1%	2T
Daiwa Securities	10.7%	2T
Mitsubishi UFJ Morgan Stanley Securities	8.9%	4T
Barclays	8.8%	4T

#### Japanese Fixed-Income Market Share — Credit Linked Notes

Dealer	Market Share	Statistical Rank
Mitsubishi UFJ Morgan Stanley Securities	20.0%	1
Nomura Securities	14.9%	2T
Mizuho Securities	14.1%	2T
Citi	12.8%	4
Daiwa Securities	9.5%	5

#### Japanese Fixed-Income Market Share — Repackaged Notes

Dealer	Market Share	Statistical Rank
Nomura Securities	23.0%	1T
Bank of America Merrill Lynch	20.8%	2
Mizuho Securities	13.8%	3
Deutsche Bank	8.5%	4T
Citi	7.5%	4T
Mitsubishi UFJ Morgan Stanley Securities	7.3%	4T

Note: \*Excludes derivatives and central banks. Based on responses from 274 government bond investors, 204 secondary yen investment-grade credit bond investors, 155 non-yen bond investors, 78 interest rate swaps investors, 110 interest rate structured notes investors, 50 credit linked notes investors, and 67 repackaged notes investors. Top 5 leading dealers cited including ties. Source: Greenwich Associates 2013 Japanese Fixed-Income Investors Study

Securities at 8.3%. Daiwa Securities and Goldman Sachs are tied with market shares of 6.8% and 6.3% respectively. These firms are the 2013 Greenwich Share Leaders in Japanese Government Bonds.

Gains by Mitsubishi UFJ Morgan Stanley Securities have propelled that firm into a tie with Daiwa Securities at the top of the market in secondary trading of yen-denominated investment-grade credit bonds, with both firms claiming market shares of 18.2–18.5%. SMBC Nikko Securities and Mizuho Securities are next, tied with market shares of approximately 15–16%, followed by Nomura Securities at 13.8%. These firms are the 2013 Greenwich Share Leaders in Secondary Yen Investment-Grade Credit Bonds.

“With volumes down so precipitously, foreign dealers are finding it difficult to support robust JGB businesses, so they are focusing on other products, including credit bonds,” says Greenwich Associates consultant Tim Sangston. “As a result, even though domestic dealers now control some 80% of trading volumes in investment-grade yen credit bonds, a limited number of foreign dealers including Citi, Bank of America Merrill Lynch and Barclays are focusing on this product and showing some momentum.”

Foreign firms already dominate trading in non-yen bonds. Among Japanese securities firms, only Nomura, with its relatively robust international presence, ranks among the market leaders. Deutsche Bank holds a commanding position with a market share of 13.5%, followed by Citi and Barclays, which are tied with market shares of 8.7–9.4%, and Nomura and J.P. Morgan, which are tied at approximately 8.0%. These firms are the 2013 Greenwich Share Leaders in Non-Yen Bonds.

## Quality Leaders

Every year, Greenwich Associates asks institutions participating in our Japanese fixed-income research to name the dealers they use and to rate them in a series of service quality categories. Firms that receive scores that top those of competitors by a statistically significant margin are named Greenwich Quality Leaders. In yen-denominated fixed income, Mitsubishi UFJ Morgan Stanley Securities, Mizuho Securities and Nomura Securities are the 2013 Greenwich Quality Leaders in Japanese Fixed-Income Sales. Nomura is the 2013 Greenwich Quality Leader in Japanese Fixed-Income Research, and the 2013 Greenwich Quality Leaders in Japanese Yen-Denominated Fixed-Income Trading are Mitsubishi UFJ Morgan Stanley Securities and Mizuho.

In non-yen (international) fixed income, Citi is the 2013 Greenwich Quality Leader in both Fixed-Income Sales and Trading, and Barclays is the 2013 Greenwich Quality Leader in Fixed-Income Research.

## Interest Rate Derivatives

BNP Paribas and Deutsche Bank are tied at the top of the market in Japanese interest rate swaps trading with market shares of approximately 13–14%, followed by Barclays and Nomura, which are tied at 8.6–9.5%, and Mitsubishi UFJ Morgan Stanley Securities and UBS, which are tied at 6.2–6.7%. Nomura is the clear leader in structured notes with a market share of 17.4%. Next, Mizuho and Daiwa are tied with market shares at 10.7–12.1%, followed by Mitsubishi UFS Morgan Stanley Securities and Barclays, tied at about 9.0%. These firms are the 2013 Greenwich Share Leaders in these products.

## Greenwich Quality Leaders — 2013



### Japanese Fixed-Income Sales Quality — Yen Bonds

#### Dealer

Mitsubishi UFJ Morgan Stanley Securities  
Mizuho Securities  
Nomura Securities

### Japanese Fixed-Income Research Quality — Yen Bonds

#### Dealer

Nomura Securities

### Japanese Fixed-Income Trading Quality — Yen Bonds

#### Dealer

Mitsubishi UFJ Morgan Stanley Securities  
Mizuho Securities

### Japanese Fixed-Income Sales Quality — Non-Yen Bonds

#### Dealer

Citi

### Japanese Fixed-Income Research Quality — Non-Yen Bonds

#### Dealer

Barclays

### Japanese Fixed-Income Trading Quality — Non-Yen Bonds

#### Dealer

Citi

Note: Based on responses from 318 yen bond investors, 155 non-yen bond investors and 186 interest rate derivatives investors. Leading dealers are displayed in alphabetical order. Source: Greenwich Associates 2013 Japanese Fixed-Income Investors Study

## Structured Credit

In 2013, Greenwich Associates expanded the scope of its Japanese fixed-income research to include two new structured credit products: credit-linked notes/loans (CLNs/CLLs) and repackaged notes. Mitsubishi UFJ Morgan Stanley Securities dominates the market for CLNs/CLLs, with an impressive market share of 20%, followed by Nomura Securities and Mizuho Securities, which are tied at approximately 14–15%. In repackaged notes, Nomura Securities and Bank of America Merrill Lynch lead the market by a wide margin with market shares of 23.0% and 20.8%, respectively.

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## Methodology

*Between May and July 2013, Greenwich Associates conducted 318 interviews with senior investment professionals in Japan investing in domestic fixed income and 155 interviews with senior investment professionals in Japan investing in international fixed income. Interviews were conducted with banks, investment companies and insurance companies.*

*The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.*

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