

# Lessons from Japan's CPIIS

Bank of Japan  
March 1, 2006

# I . Background

- ✓ What is the legal basis for portfolio investment (PI) statistics in Japan?

## **Foreign Exchange and Foreign Trade Law**

Ministry of Finance (MOF) has the authority to collect data.

Compilation work is turned over to the Bank of Japan (BOJ).

Flow data of PI = components of monthly BOP

Stock data of PI = components of annual IIP

CPIS data = compiled from the same sources as IIP

# I . Background (continued)

✓ How long does it take to publish statistics from the contract day?

<i>(1) Weekly statistics</i>	<i>5 business days</i>	} Compiled from daily reporting Published as International Transactions in Securities
<i>(2) Monthly statistics</i>	<i>2 weeks</i>	
<i>(3) Monthly BOP statistics</i>	<i>6 weeks</i>	
<i>(4) Annual IIP statistics</i>	<i>5 months</i>	

✓ What information is available from each of the 4 types of statistics above?

## II . Degree of detail

### (1) Weekly statistics

#### 1. Purchases and Sales of Foreign Securities by Residents

	Equity Securities			Bonds and Notes			Subtotal Net	Money Market Instruments			Total Net
	Sales	Purchases	Net	Sales	Purchases	Net		Sales	Purchases	Net	
8 - 14 Jan. 2006	3,200	3,968	-768	18,034	18,097	-63	-831	1,131	1,312	-181	-1,012
15 - 21 Jan. 2006	3,693	2,943	749	17,227	14,843	2,384	3,134	2,552	3,386	-834	2,299
22 - 28 Jan. 2006	3,657	3,888	-230	24,793	22,090	2,703	2,473	2,183	1,687	496	2,969
29 Jan - 4 Feb. 2006	3,066	3,975r	-909r	20,480r	18,065r	2,415r	1,506r	1,401	1,730	-329	1,177r
5 - 11 Feb. 2006	4,031	3,437	593	19,310	20,590	-1,280	-687	1,100	1,481	-381	-1,068

#### 2. Purchases and Sales of Domestic Securities by Non-Residents

	Equity Securities			Bonds and Notes			Subtotal Net	Money Market Instruments			Total Net
	Purchases	Sales	Net	Purchases	Sales	Net		Purchases	Sales	Net	
8 - 14 Jan. 2006	53,801	52,645	1,157	17,503	12,508	4,995	6,152	6,635	6,752	-118	6,034
15 - 21 Jan. 2006	68,488	66,024	2,464	22,322	14,002	8,319	10,783	5,916	5,023	893	11,676
22 - 28 Jan. 2006	58,506	54,987	3,519	19,668	18,129	1,539	5,057	7,585	4,204	3,381	8,438
29 Jan - 4 Feb. 2006	61,759r	58,778r	2,982r	19,747r	21,288r	-1,541r	1,440r	7,969	8,170	-201	1,239r
5 - 11 Feb. 2006	59,165	61,694	-2,529	17,610	23,245	-5,635	-8,164	4,269	5,282	-1,013	-9,177

# II . Degree of detail (continued)

## (2) Monthly statistics

### 1. Purchases and Sales of Foreign Securities by Residents

	Equity Securities			Bonds and Notes			Subtotal	Money Market Instruments			Total
	Sales	Purchases	Net	Sales	Purchases	Net	Net	Sales	Purchases	Net	Net
1-10 January 2006	2,673	3,097	-424	24,804	24,458	346	-78	1,652	1,468	184	106
11-20 January 2006	5,662	5,477	185	30,148	28,440	1,709	1,894	3,256	4,251	-995	898
21-31 January 2006	4,918	5,488	-570	33,160	29,402	3,759	3,189	2,632	2,152	481	3,669
Total January 2006	13,253	14,062	-809	88,113	82,299	5,814	A 5,004	7,540	7,871	-331	C 4,674

The "Net" column shows the difference of capital inflow and outflow.

A positive difference indicates net sales of foreign securities by residents (capital inflow), and a negative difference indicates net purchases of foreign securities by residents (capital outflow).

### 2. Purchases and Sales of Domestic Securities by Non-Residents

	Equity Securities			Bonds and Notes			Subtotal	Money Market Instruments			Total
	Purchases	Sales	Net	Purchases	Sales	Net	Net	Purchases	Sales	Net	Net
1-10 January 2006	48,894	47,489	1,405	20,183	18,536	1,647	3,052	3,639	595	3,044	6,096
11-20 January 2006	108,539	103,998	4,541	34,864	22,256	12,608	17,149	11,454	11,486	-31	17,118
21-31 January 2006	85,111	77,930	7,182	27,308	25,772	1,535	8,717	10,957	10,924	33	8,750
Total January 2006	242,544	229,417	13,128	82,355	66,565	15,790	B 28,917	26,051	23,004	3,046	D 31,964

The "Net" column shows the difference of capital inflow and outflow.

A positive difference indicates net foreign purchases of domestic securities (capital inflow) and a negative difference indicates net foreign sales of domestic securities (capital outflow).

Subtotal Net A + B	33,922	total Net C + D	36,638
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## II. Degree of detail (continued)

### (2) Monthly statistics broken down by types of Japanese investors

Purchases and Sales of Foreign Securities by Residents by Types of Investors  
(Unit: 100 million Yen)

		Total			Equity Securities		
		Sales	Purchases	Net	Sales	Purchases	Net
<b>a+b+c</b>		<b>108,906</b>	<b>104,232</b>	<b>4,674</b>	<b>13,253</b>	<b>14,062</b>	<b>-809</b>
	a. Public Sector	23	0	23	0	0	0
	b. Banks	37,958	28,897	9,061	75	258	-183
	Banks (banking accounts)	33,944	27,014	6,930	61	191	-130
	Trust BK (banking accounts)	4,014	1,883	2,131	14	67	-53
	c. Other Sector	70,925	75,335	-4,410	13,178	13,805	-626
	Banks (trust accounts)	24,210	27,123	-2,913	10,099	8,962	1,137
	Securities companies	12,570	15,256	-2,687	510	591	-81
	Life insurance companies	13,394	12,264	1,130	488	736	-248
	Non-life insurance companies	510	355	155	12	22	-9
	Investment trust companies	13,471	16,618	-3,147	1,627	3,069	-1,442
Others	6,770	3,719	3,052	442	426	16	
		Bonds and Notes			Money Market Instruments		
		Sales	Purchases	Net	Sales	Purchases	Net
<b>a+b+c</b>		<b>88,113</b>	<b>82,299</b>	<b>5,814</b>	<b>7,540</b>	<b>7,871</b>	<b>-331</b>
	a. Public Sector	23	0	23	0	0	0
	b. Banks	36,462	27,470	8,991	1,421	1,169	252
	Banks (banking accounts)	33,087	26,262	6,825	796	561	235
	Trust BK (banking accounts)	3,374	1,208	2,166	625	608	18
	c. Other Sector	51,628	54,829	-3,200	6,119	6,702	-583
	Banks (trust accounts)	11,871	15,064	-3,193	2,241	3,098	-857
	Securities companies	11,453	13,274	-1,821	607	1,392	-785
	Life insurance companies	12,872	11,498	1,374	34	30	4
	Non-life insurance companies	483	333	149	15	0	15
	Investment trust companies	9,769	11,474	-1,705	2,075	2,075	0
Others	5,181	3,186	1,995	1,147	107	1,040	

## II . Degree of detail (continued)

### (3) Monthly BOP statistics

Data sources other than from designated daily reporters are comprised of..

*(a) designated monthly reporters*

*(b) Other reporters with transaction exceeding 100 million yen*

*(c) Report on the issue and redemption of Samurai bonds*

*(d) ITRS reports*

## II . Degree of detail (continued)

### (3) BOP statistics

From January 2005, asset side of PI can be analyzed from the perspective of

( i ) 9 types of Japanese investors

( ii ) 10 types of quotation currency

( iii ) country breakdown of Sovereign Bonds

( iv ) 45-country and 8-regional breakdown

( i ) to ( iv ) are available respectively for equity, long-term securities and short-term securities.

# II . Degree of detail (continued)

## (4) IIP statistics - Assets

### I. International Investment Position of Japan (Assets) — Excludes securities lending transactions from "Portfolio Investment" and "Other Investment"

(Billion Yen)

End of Year	Assets Total	1. Direct Investment			2. Portfolio Investment					
		(1) Equity Capital	(2) Reinvested Earnings	(3) Other Capital	(1) Equity Securities	Public Sector	Banks	Other Sectors		
1996	302,237	29,999	23,109	1,883	5,007	111,165	17,991	0	2,071	15,920
1997	346,524	35,334	31,485	142	3,707	121,794	20,635	0	3,539	17,096
1998	336,778	31,216	27,296	971	2,950	127,720	24,207	0	2,016	22,191
1999	303,613	25,425	22,057	565	2,803	131,687	29,170	0	2,027	27,142
2000	341,206	31,993	27,444	1,800	2,749	150,115	30,133	0	735	29,397
2001	379,781	39,555	32,806	3,905	2,844	169,990	29,965	0	636	29,329
2002	365,940	36,478	30,209	3,960	2,309	167,203	25,277	0	541	24,736
2003	385,538	35,932	28,527	5,213	2,192	184,353	29,394	3	552	28,840
2004	433,864	38,581	30,112	6,463	2,006	209,247	37,972	0	609	37,363

(Billion Yen)

End of Year	2. Portfolio Investment									3. Financial Derivatives			
	(2) Debt Securities									Public Sector	Banks	Other Sectors	
	a. Bonds and Notes			b. Money Market Instruments			Public Sector	Banks	Other Sectors				
		Public Sector	Banks	Other Sectors		Public Sector	Banks	Other Sectors					
1996	93,174	89,348	7,516	21,333	60,498	3,826	70	1,360	2,396	461	0	345	115
1997	101,158	97,088	8,385	25,259	63,444	4,071	38	1,085	2,947	572	0	430	142
1998	103,513	99,866	8,564	23,363	67,939	3,648	12	928	2,708	589	0	425	164
1999	102,518	96,452	7,460	23,632	65,359	6,066	17	990	5,059	455	0	297	159
2000	119,982	112,086	7,718	33,425	70,943	7,897	3	1,022	6,872	381	0	282	99
2001	140,025	132,443	6,948	40,098	85,396	7,582	8	1,094	6,480	395	0	249	146
2002	141,926	136,149	5,626	40,989	89,533	5,777	13	1,800	3,964	404	0	230	174
2003	154,959	150,708	1,926	45,298	103,485	4,250	13	1,602	2,636	524	0	310	214
2004	171,275	167,635	1,673	51,156	114,806	3,641	7	1,353	2,281	599	0	321	278

# II . Degree of detail (continued)

## (4) IIP statistics - Liabilities

II. International Investment Position of Japan (Liabilities) — Excludes securities lending transactions from "Portfolio Investment" and "Other Investment"

(Billion Yen)

End of Year	Liabilities Total	1. Direct Investment			2. Portfolio Investment				
		(1) Equity Capital	(2) Reinvested Earnings	(3) Other Capital	(1) Equity Securities	Banks	Other Sectors		
1996	198,878	3,473	1,287	1,498	688	66,077	36,256	3,602	32,654
1997	221,938	3,519	1,474	1,421	623	76,978	36,036	2,591	33,446
1998	203,504	3,013	1,301	1,186	526	76,334	34,913	2,268	32,645
1999	218,878	4,713	2,570	1,125	1,019	118,392	84,414	4,289	80,125
2000	208,159	5,782	3,542	1,238	1,003	101,609	63,222	3,712	59,510
2001	200,524	6,632	4,548	1,140	944	87,752	49,563	1,492	48,071
2002	190,631	9,369	5,166	1,484	2,720	73,189	40,757	1,061	39,697
2003	212,720	9,610	6,116	1,456	2,039	92,873	60,085	3,368	56,717
2004	248,067	10,098	6,347	1,610	2,142	120,091	77,393	6,385	71,007

(Billion Yen)

End of Year	2. Portfolio Investment							3. Financial Derivatives					
	(2) Debt Securities												
	a. Bonds and Notes			b. Money Market Instruments									
		Public Sector	Banks	Other Sectors		Public Sector	Banks	Other Sectors		Public Sector	Banks	Other Sectors	
1996	29,821	24,017	13,237	806	9,974	5,804	5,643	0	161	315	0	277	38
1997	40,942	33,395	20,500	764	12,132	7,547	7,278	166	103	533	0	367	166
1998	41,421	31,251	21,774	758	8,718	10,170	10,168	2	0	525	0	365	161
1999	33,978	27,717	17,522	824	9,371	6,261	6,254	1	6	317	0	255	61
2000	38,387	32,981	23,872	1,068	8,041	5,406	5,406	0	0	366	0	256	111
2001	38,189	33,546	23,651	1,520	8,375	4,643	4,643	0	0	467	0	325	143
2002	32,432	27,799	19,135	1,138	7,527	4,633	4,582	0	50	445	0	330	115
2003	32,788	27,108	18,160	1,759	7,188	5,680	5,680	0	0	727	0	401	326
2004	42,699	33,846	24,158	2,041	7,647	8,852	8,772	1	79	1,121	0	632	490

## II. Degree of detail (continued)

### (4) Regional IIP statistics - Assets

Region and Country	Item	Portfolio Investment				Financial Derivatives	
		Equity Securities	Debt Securities	Bonds and Notes	Money Market Instruments		
<b>Total</b>		<b>2,092,471</b>	<b>379,717</b>	<b>1,712,755</b>	<b>1,676,349</b>	<b>36,406</b>	<b>5,987</b>
<b>Asia</b>		<b>30,294</b>	<b>18,372</b>	<b>11,922</b>	<b>11,510</b>	<b>412</b>	<b>60</b>
	P.R.China	4,918	4,367	551	551	-	0
	Hong Kong	10,058	9,460	598	569	29	9
	Taiwan	889	833	56	56	-	0
	R.Korea	6,472	982	5,491	5,450	41	-
	Singapore	3,455	1,761	1,694	1,375	319	50
	Thailand	1,022	283	739	721	18	0
	Indonesia	199	118	82	77	4	-
	Malaysia	1,376	189	1,187	1,187	-	-
	Philippines	1,452	164	1,288	1,288	-	-
	India	398	214	184	184	-	1
<b>North America</b>		<b>759,098</b>	<b>191,738</b>	<b>567,359</b>	<b>554,430</b>	<b>12,930</b>	<b>957</b>
	U.S.A.	722,990	183,449	539,542	526,628	12,914	909
	Canada	36,107	8,290	27,818	27,802	16	49
<b>Central and South America</b>		<b>315,567</b>	<b>32,726</b>	<b>282,842</b>	<b>271,604</b>	<b>11,238</b>	<b>90</b>
	Mexico	2,005	109	1,896	1,895	0	-
	Brazil	2,765	142	2,623	2,623	-	-
	Cayman Isl.	279,314	23,840	255,474	244,257	11,216	79
<b>Oceania</b>		<b>46,236</b>	<b>8,541</b>	<b>37,695</b>	<b>36,475</b>	<b>1,220</b>	<b>56</b>
	Australia	43,337	8,277	35,060	33,842	1,218	18
	New Zealand	2,887	254	2,633	2,630	3	38
<b>Western Europe</b>		<b>811,619</b>	<b>125,653</b>	<b>685,966</b>	<b>675,637</b>	<b>10,329</b>	<b>4,824</b>
	Germany	164,126	10,614	153,512	152,042	1,470	268
	U.K.	129,964	45,963	84,001	80,444	3,557	3,177
	France	129,235	15,409	113,826	112,284	1,542	974
	Netherlands	74,308	7,690	66,619	64,225	2,394	203
	Italy	68,791	6,263	62,529	62,529	-	-
	Belgium	19,645	1,671	17,974	17,794	180	3
	Luxembourg	74,824	6,141	68,682	68,003	679	12
	Switzerland	12,701	10,795	1,906	1,906	-	179
	Sweden	24,626	3,535	21,091	21,059	32	1
	Spain	25,205	5,498	19,707	19,707	-	4
<b>Eastern Europe, Russia, etc.</b>		<b>3,985</b>	<b>123</b>	<b>3,862</b>	<b>3,862</b>	-	-
	Russia	353	62	291	291	-	-
<b>Middle East</b>		<b>1,181</b>	<b>52</b>	<b>1,129</b>	<b>1,129</b>	-	-
	Saudi Arabia	-	-	-	-	-	-
	U.A.E.	2	-	2	2	-	-
	Iran	-	-	-	-	-	-
<b>Africa</b>		<b>2,557</b>	<b>111</b>	<b>2,447</b>	<b>2,447</b>	-	-
	R.South Africa	1,449	106	1,343	1,343	-	-
<b>International Organization</b>		<b>102,874</b>	-	<b>102,874</b>	<b>102,816</b>	<b>58</b>	-
<b>OECD Countries (1)</b>		<b>1,628,502</b>	<b>327,070</b>	<b>1,301,432</b>	<b>1,276,912</b>	<b>24,520</b>	<b>5,837</b>
<b>ASEAN (2)</b>		<b>7,548</b>	<b>2,515</b>	<b>5,033</b>	<b>4,691</b>	<b>342</b>	<b>50</b>
<b>EU (3)</b>		<b>788,332</b>	<b>114,043</b>	<b>674,289</b>	<b>664,280</b>	<b>10,009</b>	<b>4,644</b>

The "Regional Portfolio Investment Position (Assets)" is categorized according to the nationality of security issuer.

## II. Degree of detail (continued)

### (4) Regional IIP statistics - Liabilities

Region and Country	Item	Portfolio Investment				Financial Derivatives	
		Equity Securities	Debt Securities	Bonds and Notes	Money Market Instruments		
<b>Total</b>		<b>1,200,912</b>	<b>773,926</b>	<b>426,986</b>	<b>338,463</b>	<b>88,523</b>	<b>11,212</b>
<b>Asia</b>		<b>75,955</b>	<b>14,438</b>	<b>61,517</b>	<b>54,294</b>	<b>7,223</b>	<b>58</b>
	P.R.China	13,580	27	13,553	13,553	0	4
	Hong Kong	13,067	9,431	3,636	2,178	1,458	8
	Taiwan	839	623	216	216	-	-
	R.Korea	16,678	482	16,196	15,382	814	0
	Singapore	24,110	3,499	20,611	18,251	2,360	46
	Thailand	3,188	22	3,166	575	2,591	0
	Indonesia	9	2	7	7	-	-
	Malaysia	2,799	14	2,785	2,785	-	0
	Philippines	599	2	597	-	-	-
	India	12	5	7	7	-	-
<b>North America</b>		<b>373,908</b>	<b>324,332</b>	<b>49,576</b>	<b>30,317</b>	<b>19,259</b>	<b>1,653</b>
	U.S.A.	363,125	315,354	47,771	28,612	19,159	1,589
	Canada	10,783	8,978	1,805	1,705	100	64
<b>Central and South America</b>		<b>17,006</b>	<b>3,136</b>	<b>13,870</b>	<b>13,870</b>	-	<b>17</b>
	Mexico	0	0	-	-	-	0
	Brazil	5	5	-	-	-	-
	Cayman Isl.	10,991	978	10,013	10,013	-	6
<b>Oceania</b>		<b>11,303</b>	<b>7,535</b>	<b>3,768</b>	<b>3,764</b>	<b>4</b>	<b>50</b>
	Australia	10,599	6,955	3,644	3,644	-	15
	New Zealand	626	563	63	63	-	35
<b>Western Europe</b>		<b>636,522</b>	<b>383,361</b>	<b>253,161</b>	<b>218,727</b>	<b>34,434</b>	<b>9,435</b>
	Germany	35,981	16,168	19,813	10,723	9,090	310
	U.K.	352,009	210,592	141,417	137,261	4,157	6,114
	France	38,495	21,102	17,393	9,742	7,651	2,513
	Netherlands	26,455	17,763	8,692	8,003	689	208
	Italy	10,641	7,356	3,285	832	2,452	-
	Belgium	31,821	23,738	8,083	7,693	390	19
	Luxembourg	63,312	41,189	22,123	14,718	7,405	0
	Switzerland	29,841	19,253	10,588	10,438	150	255
	Sweden	6,243	4,545	1,698	1,498	200	6
	Spain	728	182	546	134	412	3
<b>Eastern Europe, Russia, etc.</b>		<b>3,222</b>	<b>0</b>	<b>3,222</b>	<b>94</b>	<b>3,128</b>	-
	Russia	0	0	-	-	-	-
<b>Middle East</b>		<b>31,520</b>	<b>22,875</b>	<b>8,645</b>	<b>8,645</b>	-	-
	Saudi Arabia	7,646	2,968	4,678	4,678	-	-
	U.A.E.	18,328	15,391	2,937	2,937	-	-
	Iran	1	1	-	-	-	-
<b>Africa</b>		<b>326</b>	<b>322</b>	<b>4</b>	<b>4</b>	-	-
	R.South Africa	112	108	4	4	-	-
<b>International Organization</b>		<b>46,339</b>	<b>15,345</b>	<b>30,994</b>	<b>6,519</b>	<b>24,475</b>	-
<b>OECD Countries (1)</b>		<b>1,040,486</b>	<b>715,175</b>	<b>325,312</b>	<b>268,027</b>	<b>57,285</b>	<b>11,138</b>
<b>ASEAN (2)</b>		<b>31,752</b>	<b>3,870</b>	<b>27,882</b>	<b>22,931</b>	<b>4,951</b>	<b>46</b>
<b>EU (3)</b>		<b>598,157</b>	<b>362,772</b>	<b>235,385</b>	<b>198,324</b>	<b>37,062</b>	<b>9,181</b>

"Regional Portfolio Investment Position (Liabilities)" is categorized according to the nationality of either the final investor or the transactor.

## II . Degree of detail (continued)

- In Japan CPIS data takes advantage of IIP sources. It provides disaggregated information of asset side of IIP, in terms of both countries and holding sectors.
- Data on asset side is superior to that on liability side, because it exempts from custodial bias.

# III. Compilation Method for IIP and CPIS

## ✓ What is the main data source?

Report on the amount outstanding of foreign securities investment

## ✓ The above report is submitted by designated daily reporters and designated monthly reporters. It is characterized by its composition, i.e. it is **comprised of 3 parts**.

## ✓ Which parts in the report are used for IIP and which part is used for CPIS?

# III. Compilation Method for IIP and CPIS (continued)

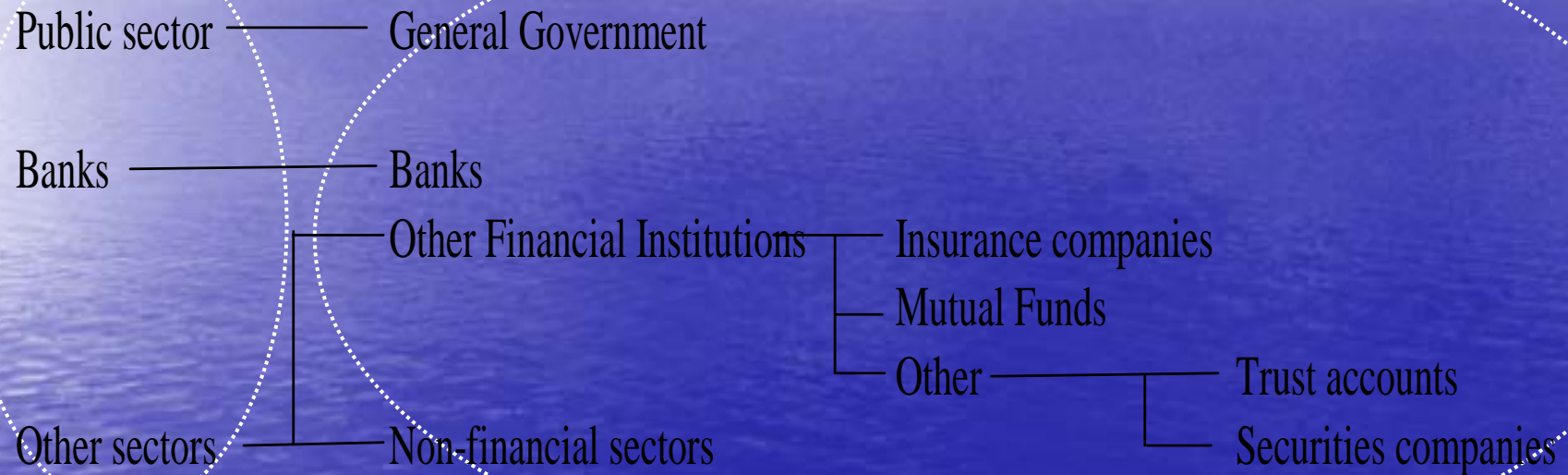
Report on the amount outstanding of foreign securities investment is comprised of..

- 1 Own position (held by foreign custodians)*
- 2 Position (held by domestic custodians)*
- 3 Customers' position held by domestic custodians*

For the purpose of compiling IIP, the 1st and 3rd parts suffice as data sources.

Because Japan's IIP breakdowns of holding sectors are not disaggregated enough in light of CPIS demand, Japan's CPIS derives information from the 2<sup>nd</sup> part above in addition to IIP.

# III. Compilation Method for IIP and CPIS (continued)



Compiled for IIP

Compiled for CPIS only

## IV-1. Implications of CPIS data

### *Equities*

38 trillion-yen foreign equities are held by Japanese investors at the end of 2004.

CPIS data indicates that...

- Trust accounts acting on behalf of pension funds hold 70 % (26 trillion yen).
- Of trust accounts' total investment, assets in US account for 50 %.

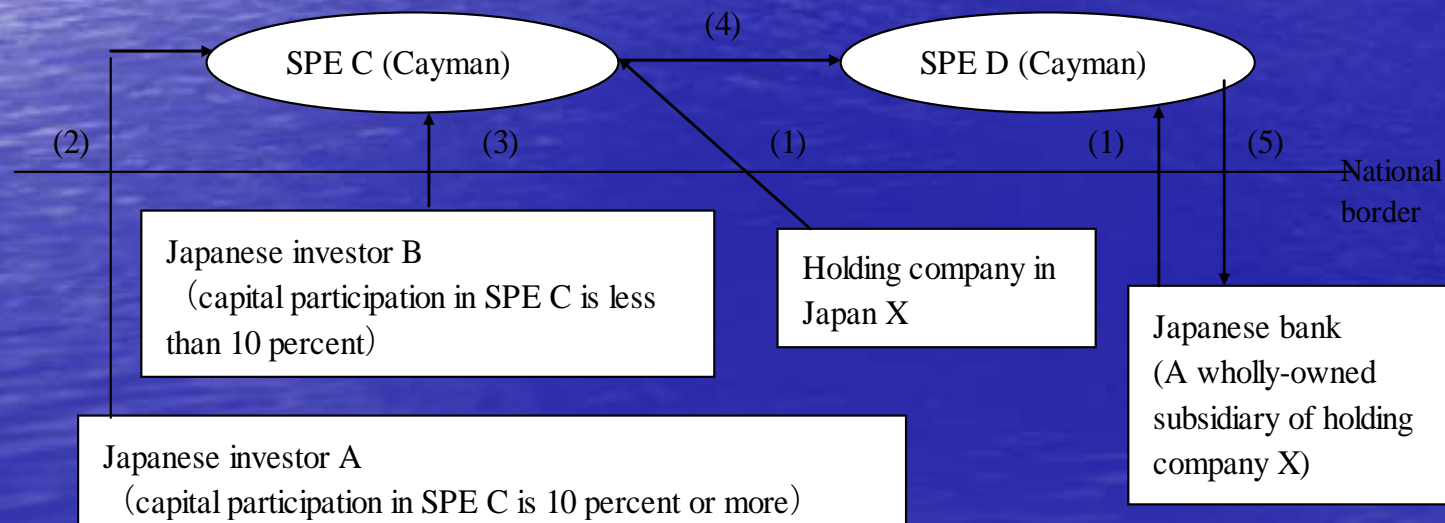
## IV-1. Implications of CPIS data *Equities* (continued)

- *Cayman Islands* come in 3<sup>rd</sup> (6%), following the US (48%) and the UK (12%).
- 35 % of total equities issued in *Cayman Islands* and held by Japanese investors is due to Japanese insurance sectors (see next slide).

# IV-1. Implications of CPIS data *Equities (continued)*

- ✓ Why are equities in Cayman Islands held by Japanese insurance sectors?

Capital flow shown as an arrowhead (3) below is recorded under Japan's outward portfolio investment.



## IV-1. Implications of CPIS data *Equities* (continued)

- ✓ As for the treatment of DR, CPIS manual (paragraph 3.82) recommends that the financial institutions issuing the receipts should be “*looked through*”.
- ✓ In the case shown in the previous slide, is it appropriate or desirable to apply the above logic to *look through* the SPE established in Cayman Islands?

## IV-2. Implications of CPIS data

### *Long-term debt securities*

168 trillion-yen foreign long-term debt securities are held by Japanese investors at the end of 2004.

CPIS data indicates that...

- Bank sector represents 30 %, with the largest increase of assets in *Cayman Islands*.
- The other financial institutions also give rise to investment in *Cayman Islands* (see next slide).

## IV-2. Implications of CPIS data

### *Long-term debt securities (continued)*

- ✓ Long-term debt securities in Cayman Islands held by Japanese non-bank financial institutions include structured bond denominated in **Japanese yen**.
- ✓ For example, reverse dual currency bonds or callable debt securities are issued in Cayman Islands. **Though being foreign securities, those assets are underlied by JGB in many cases.**

## IV-2. Implications of CPIS data

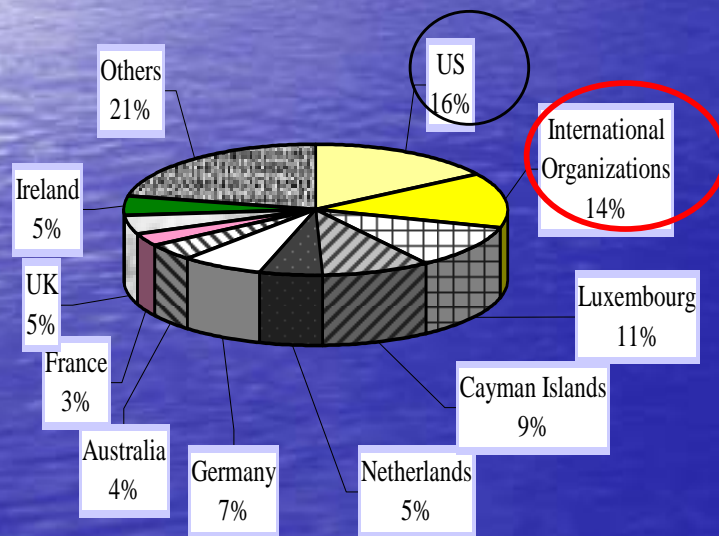
### *Long-term debt securities (continued)*

- Japanese non-financial sectors, mainly households, have their strong preference for bonds denominated in high-interest currencies.
- Such bonds are issued at offshore market often by *International Organizations* and acquired by securities companies which bring them to Japanese market.

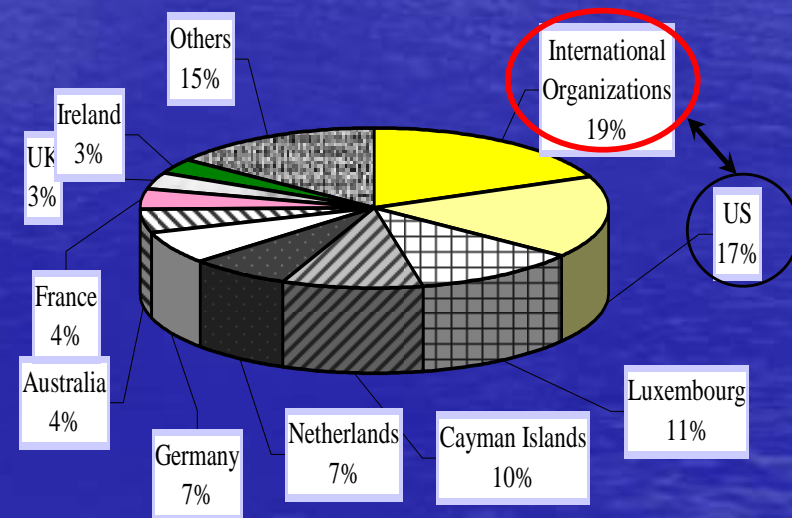
## IV-2. Implications of CPIS data

### *Long-term debt securities (continued)*

- Japanese non-financial sectors have the largest long-term debt securities in *International Organizations*.



end of 2002 (total 2.9 trillion yen)



end of 2004 (total 3.5 trillion yen)

## V. Conclusions

CPIIS data has the advantages in that it...

- complements IIP data.
- enables statistics users to have a more complete picture of Japan's portfolio investment.
- contributes to compilation work of more reliable IIP data.

## V. Conclusions (Continued)

- CPIS data would be more useful if it could collect asset-side data from Middle Eastern Countries.
- The issue of *look through* might be worth of discussion.
- **What should be represented by BOP/IIP?**  
*money flow vs. ultimate risk*  
*individual transaction vs. total structure*

**Thank you for your attention!**