

Central bank now Japan's biggest creditor
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The Bank of Japan (BoJ) has become the single biggest holder of domestic government bonds for the first time, data showed today, underscoring the scale of its monetary easing programme.

The central bank has been aggressively buying Japanese government bonds (JGBs) since unveiling a stimulus scheme in April 2013 as part of Tokyo's wider bid to kickstart the world's number three economy.

Data supplied by the central bank on Wednesday showed it had edged out the insurance sector to hold 201 trillion yen (RM6.37 trillion) in JGBs, or 20.1% of the total, at the end of March.

Insurers collectively held 19.3% of Japan's outstanding debt. Pension funds and individuals were among the other holders of the country's low-yielding government debt.

The vast majority of the government's debt is held domestically, which is why Japan has not faced the same kind of pressure from foreign creditors as Greece and other nations did at the height of the eurozone debt crisis two years ago.

But the International Monetary Fund has led calls for Japan to tame its public debt – one of the world's heaviest burdens at more than twice the size of the economy.

Tokyo is grappling with the spiralling healthcare and social security costs in a rapidly ageing nation.

In a bid to boost Japan's US\$1.26 trillion public pension fund – the world's biggest – Tokyo is eyeing a shift away from a bond-heavy portfolio into stocks and other riskier assets in search of higher returns. – AFP, June 18, 2014.

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