

The Euromoney Japan Debt Capital Markets Forum

The only annual event dedicated to Japan's Debt Capital Markets

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28 February 2008 • Queen Elizabeth II Conference Centre, London

w 08.15-08.55	Registration & Coffee	
08.55-09.00	Euromoney Welcoming Remarks: Christopher Garnett, Director, Euromoney Conferences	
09.00-09.20	Keynote Address: Naoyuki Shinohara, Vice Minister of Finance for International Affairs	
09.20-10.20	<p>JGBs</p> <p>The BoJ characterizes the economy as “expanding moderately” but as 2007 drew to a close Japan’s rates remained stubbornly fixed at 0.5% with little prospect of an up-tick in the near term. The US is entering a cycle of rate cutting – the differential between the US and Japan’s base rates will close further making JGBs relatively more attractive. Further dollar weakness may prompt a period of yen appreciation adding further weight to holding JGBs. During this period of global economic uncertainty does Japanese sovereign debt offer an oasis of stability to UK and European investors?</p> <ul style="list-style-type: none"> • What are the current indicators for the return of much needed inflation in Japan? • Should investors be re-weighting their yen exposure as the credit crunch continues? • UK and European pension funds are hungry for long-dated assets. The MoF has extended the duration of its paper to 40 years – what percentage should JGBs make up in a long dated portfolio? • What options in terms of structures, tenures and denominations is the MOF considering for its fundraising in 2008 and 2009? <p>Moderator: Mark Johnson, Editor, Euromoney Conferences Panellists: Frank Burke, Senior Portfolio Manager, Insight Investment Alexander Düring, Head of Relative Value Research Asia-Pacific, Deutsche Securities Masaaki Kaizuka, Director of Market Finance Division, Ministry of Finance of Japan Tomoya Masanao, Executive Vice President and Head of Japan Portfolio Management, PIMCO Takashi Nishimura, Quantitative Analyst, Fixed Income Research Division, Mitsubishi UFJ Securities John Richards, Head of Research, Asia Pacific, RBS Global Banking & Markets</p>	
10.25-11.10	Workshop A Hosted by Nikko Citigroup	Workshop B: Hosted by The Royal Bank of Scotland
	<p>New Solvency Regulations - The Life Insurers: Potential Market Implications</p> <p>Moderator: Brian McCappin, Managing Director Co-Head of Fixed Income, Member of the Executive Committee</p> <p>Speakers: Ken Uchiyama Katsuhide Takahashi, Vice President Senior Credit Analyst, Fixed Income Department Junji Hisatsugu, Managing Director, Head of Japan Global Macro Sales, Fixed Income Department</p>	<p>Japanese inflation products: a global context</p> <ul style="list-style-type: none"> • Best in class for global linker portfolios in 2008? • What is special about JGBs: pitfalls and opportunities • Will behaviour converge to global norms? • What’s on the horizon in terms of new products? <p>Speakers: Mark Capleton, Head of European Rates Research, RBS Global Banking & Markets Masaaki Kaizuka, Director, Market Finance Division, Ministry of Finance Gus Sekhon, Director, Yen Inflation Trading, RBS Global Banking & Markets</p>
11.10-11.40	Coffee break	

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11.40-12.25	<p>Workshop C Hosted by Deutsche Bank</p> <p>Reform of Japan's public institutions Japanese government and public institutions are the focus of intense scrutiny of their roles and performance as the country seeks to stabilize its long-term financial management in the face of a uniquely challenging, aging demographic profile. Understanding political progress towards reform, and the nature of change underway at these institutions presents investors with unique investment opportunities in Japan's future.</p> <p>Speakers: Alexander Düring, Head of Relative Value Research Asia-Pacific, Deutsche Securities Tetsuya Kodama, Head of Debt Capital Markets, Deutsche Securities</p>	<p>Workshop D Hosted by Daiwa Securities</p> <p>Euroyen vs the Samurai Alternative</p> <ul style="list-style-type: none"> • Japanese Investor Trends • Issuance Trends : Domestic and International • Changing mix of issuers in the international issuance segment • Dominant concerns for market players (i.e. sub prime) • Growth constraints on international issuance • Challenges in approaching this market for new vs established borrowers • Borrower experiences <p>Speakers: Paul Brown, Executive Director, Debt Capital Markets, Daiwa Securities</p>
12.25-13.30	Lunch	
13.30-14.20	<p>Muni Bonds</p> <p>In 2006 the withdrawal of the common coupon rate and terms for Japan's municipal bonds set the prefectures and cities of Japan on a new course of financial self-determination and will allow investors to differentiate between issuers. The 'Trinity reforms' will reduce the state's direct lending to the municipals, cut their share of national taxes and encourage financial self sufficiency. Freedom will increase levels of sophistication from this heavyweight sector of Japan's debt markets. Japan's prefectural and municipal governments are projected to raise 66% of their news funds from the private sector in fiscal 2008. Currently the average tenure of issue is eight years whilst public work projects have an average lifespan of 23 years. This creates a huge asset liability mismatch for these Borrowers and opportunity for lenders. What can European investors expect from this vast new market worth Y200 trillion and what are the primary incentives to buy into the market?</p> <ul style="list-style-type: none"> • Spread: currently the structure of the euro and yen swap curve allows Euribor plus 18-20 bp in the 30 year zone. European public sector debt normally gives a Euribor minus return. • Stability of credit: The quality of Japanese municipal credit allows some European covered bonds to include Japanese public sector bonds as collateral. • Tax: From January 2008, munis will get the same tax exemption measures for non-resident investors. • A pipeline of long dated paper matching some of the needs of UK and European pension funds. • Met Tokyo has led the way into the international markets – which city/region will be next to look for funding outside Japan in 2008? • Will other Municipalities / Prefectures look to gain ratings either from Japanese or global agencies? <p>Moderator: John Orchard, Managing Director, <i>Euroweek</i> Speakers: Akane Enatsu, Senior Credit Analyst, Fixed Income, Nikko Citigroup Kazuhiko Shiotani, Managing Director, Tokyo, Financial Security Assurance (FSA)</p>	
14.25-15.10	<p>Workshop E Hosted by Mitsubishi UFJ Securities</p> <p>Japanese Local Government Bonds : Basics and 2008 Market Outlook</p> <ul style="list-style-type: none"> • The System: What Investors Should Know About Japanese Local Public Finance and Local Government Bond Market • 2008 Market Outlook: Tax Exemption Measures For Non-Japanese Investors and The New Law Relating to the Financial Soundness of Local Governments • Analysis and Recommendations: Credit Analysis of Local Governments and Our Recommendations <p>Chair: Mark Goldman, Managing Director, Fixed Income Sales, Mitsubishi UFJ Securities International</p>	

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	<p>Speakers: Masatoshi Odera, Managing Director , Head of Capital Markets Group, Mitsubishi UFJ Securities Nobuhiko Anbiru, Senior Credit Analyst, Mitsubishi UFJ Securities</p>
15.15-15.30	<p>Presentation by the Development Bank of Japan (DBJ) <i>An overview of the DBJ</i> Yoichiro Yokoyama, Director General, Treasury Department, DBJ</p>
15.30-16.00	Coffee Break
16.00-16.45	<p>Japan in 2028</p> <ul style="list-style-type: none"> • What does China and India's ascendancy foretell for Japan's economy and corporate strategy in the long run? • As a financial centre, Japan has lost considerable ground to Hong Kong and Singapore. Can this trend be reversed? What steps must the Government take to reposition Tokyo as a major centre of international finance? • What are the implications for the fund management industry as it copes with the changing savings and spending patterns of a much older population? • Changing gender roles and the decline of the salaryman culture to a more meritocratic system will have a profound impact not only on Japanese businesses, but the fund management industry too. What are the opportunities and challenges ahead? <p>Moderator: William Pesek, , Asia-Pacific Columnist, <i>Bloomberg</i> Julian Jessop, Chief International Economist, Capital Economics Paola Subacchi, Head of the International Economics Programme, Chatham House Louis Turner, Chief Executive and co-founder of the Asia-Pacific Technology Network</p>
16.50-17.40	<p>Japan's Economy</p> <p>Japan may have avoided a direct hit from the sub-prime fiasco, but as the US and global economies batten down the hatches for a difficult 2008, what will be the impact on Japan?</p> <ul style="list-style-type: none"> • Is there enough forward momentum from domestic demand to avoid falling back into the void should export demand from the US dramatically decrease as US consumers stop spending? • Are the Asian economies sufficiently decoupled from the USA to the Japanese economy to keep expanding based on trade with China and Europe? • Japan has the world's largest savings pool with 51.6% of all financial assets held in cash and deposits. Would a sharp hike in rates provide the necessary kick to stimulate sluggish private consumption which would balance growth prospects? The baby boomers entering retirement over the coming 18 months would benefit immensely from higher rates which would quickly translate into the broader economy through increased expenditure. Burned by 2000, is the BoJ being too timid? • Misallocation of capital leading to market bubbles can be sparked by the cost of capital being too low. Is Japan becoming too used to money on the cheap and what are the real long term dangers of feeding this addiction? • The carry trade, underpinned by retail Japanese investors looking offshore for yield and the darling of the global leveraged finance community, has been a source of funding for speculative investment strategies for several years. All markets move both ways. If the yen was to suddenly and sharply appreciate what is the danger level for the Japanese economy? When would the profits of corporate Japan start being significantly eroded, damaging the broader economy: Dollar - Yen105? Dollar - Yen100? • Japan must balance the oncoming contraction of its workforce with its need to increase productivity to improve its trend growth rate. How can this be achieved? <p>Moderator: Mark Johnson, Editor, Euromoney Conferences Panellists: Bill Allen, Chief Economist, Denholm Hall and Visiting Fellow, Cass Business School Diana Choyleva, Director, Lombard Street Research Ben Eldred, Head of G3 Economics, Daiwa Securities Andrew Milligan, Head of Global Strategy, Standard Life Investments</p>
17.40	Close of Conference
19.00-21.00	Cocktail Reception at the Houses of Parliament. Attendance by private invitation

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