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# BOJ June 2021 Tankan Survey

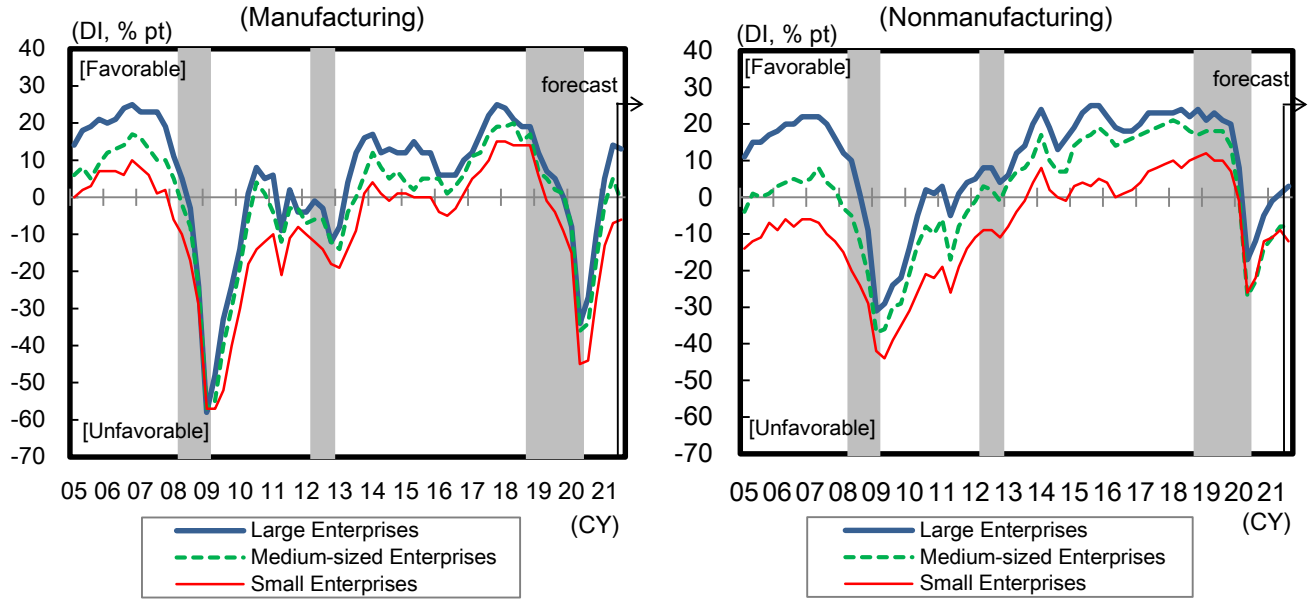
**Business conditions DI improve for both manufacturing and non-manufacturing, but there is a widening disparity between industries**

Economic Research Dept.  
**Shotaro Kugo**

## Summary

- The BOJ June 2021 Tankan survey of corporate sentiment improved in both manufacturing and non-manufacturing in comparison to the previous survey, with business conditions DI (actual result) for large manufacturers at +14%pt, up by +9%pt in comparison to the previous survey, and large non-manufacturers at +1%pt, up by +2%pt. Business conditions DI continued to improve for large manufacturers with the expansion of world trade volume. Meanwhile, large non-manufacturers are still in the early stages of recovery. In some non-manufacturing industries, the impact of the spread of the COVID-19 infection remains strong, with the level of business conditions DI much lower than before the pandemic.
- Business conditions DI (forecast) for large manufacturers was at +13%pt (-1%pt in comparison to the current survey), while large non-manufacturers were at +3%pt (+2%pt). Expectations for normalization of economic activities are seen to be increasing with progress in vaccination, centering on the non-manufacturing industries.
- The FY2021 capex projection for all enterprises in all industries (incl. investment in properties, but not investment in software or research & development) is +7.1% y/y, revised upwards from the previous survey's +0.5%. The fact that corporations are showing a proactive stance toward capex despite there being no expectations of the COVID-19 being brought quickly under control is considered to be a positive sign.

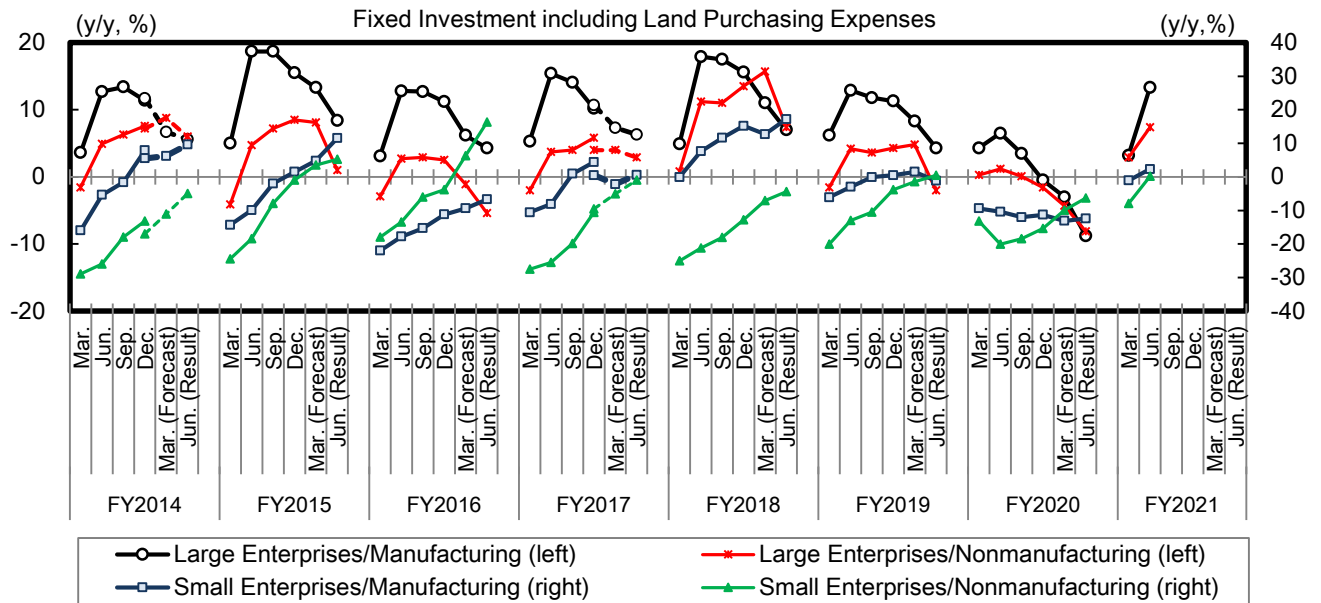
Business Conditions DI Chart 1



Source: Bank of Japan, Cabinet Office; compiled by DIR.

Note: Shaded areas denote economic downturns. (Latest results are provisional.) The most recent economic troughs are estimated by DIR.

Developments of Fixed Investment including Land Purchasing Expenses (excl. software investment) Chart 2



Source: Bank of Japan; compiled by DIR.

## Business Conditions DI

## Chart 3

(DI, % pt)

	Large Enterprises						Small Enterprises					
	March 2021 Survey		June 2021 Survey				March 2021 Survey		June 2021 Survey			
	Actual result	Forecast	Actual result	Changes	Forecast	Changes	Actual result	Forecast	Actual result	Changes	Forecast	Changes
Manufacturing	5	4	14	9	13	-1	-13	-12	-7	6	-6	1
Textiles	-21	-22	-16	5	-8	8	-49	-49	-48	1	-38	10
Lumber & Wood products	-6	-6	18	24	-12	-30	-21	-25	-22	-1	-20	2
Pulp & Paper	-8	-4	4	12	4	0	-16	-22	-19	-3	-19	0
Chemicals	5	5	23	18	19	-4	-1	-4	9	10	-3	-12
Petroleum & Coal products	19	7	12	-7	7	-5	-3	-17	-5	-2	-10	-5
Ceramics, Stone & Clay	-3	-4	5	8	7	2	-5	-7	-11	-6	-9	2
Iron & Steel	-5	0	5	10	5	0	-14	-5	13	27	12	-1
Nonferrous metals	15	6	33	18	18	-15	9	5	28	19	18	-10
Food & Beverages	4	0	8	4	1	-7	-26	-18	-27	-1	-14	13
Processed metals	3	-8	6	3	-2	-8	-13	-8	5	18	3	-2
General-purpose machinery	12	21	34	22	23	-11	3	-8	4	1	-6	-10
Production machinery	8	11	26	18	29	3	-21	-9	-5	16	-2	3
Business oriented machinery	-2	-3	8	10	5	-3	-5	-8	9	14	6	-3
Electrical machinery	18	18	28	10	27	-1	-3	-2	1	4	6	5
Shipbuilding & Heavy machinery, etc.	-44	-40	-18	26	-18	0	-21	-27	-20	1	-24	-4
Motor vehicles	10	6	3	-7	12	9	14	17	11	-3	19	8
Basic materials	1	-1	13	12	9	-4	-13	-16	-6	7	-8	-2
Processing	7	6	16	9	14	-2	-14	-10	-6	8	-5	1
Nonmanufacturing	-1	-1	1	2	3	2	-11	-16	-9	2	-12	-3
Construction	22	7	15	-7	7	-8	9	-7	10	1	-3	-13
Real estate	15	11	13	-2	20	7	-4	-10	0	4	-5	-5
Goods rental & Leasing	14	10	20	6	14	-6	-23	-13	-20	3	-10	10
Wholesaling	-7	-3	7	14	10	3	-19	-22	-14	5	-17	-3
Retailing	19	8	2	-17	-2	-4	-5	-10	-11	-6	-17	-6
Transport & Postal activities	-19	-7	-10	9	-4	6	-25	-24	-20	5	-19	1
Communications	29	29	31	2	23	-8	29	15	27	-2	13	-14
Information services	31	21	26	-5	15	-11	7	1	10	3	2	-8
Electric & Gas utilities	-21	-16	-18	3	-24	-6	20	5	13	-7	13	0
Services for businesses	24	18	26	2	32	6	0	-9	0	0	-3	-3
Services for individuals	-51	-25	-31	20	-8	23	-41	-35	-39	2	-31	8
Accommodations, Eating & Drinking services	-81	-58	-74	7	-47	27	-75	-59	-74	1	-48	26
All industries	2	2	8	6	8	0	-12	-15	-8	4	-10	-2

Source: Bank of Japan.

Note: 1. DI = "Favorable" minus "Unfavorable"; % pt.

2. Changes in forecast = "Forecast of the current survey" minus "Actual result of the current survey"