

1 October 2021 (No. of pages:3)

Japanese report: 01 Oct 2021

BOJ September 2021 Tankan Survey

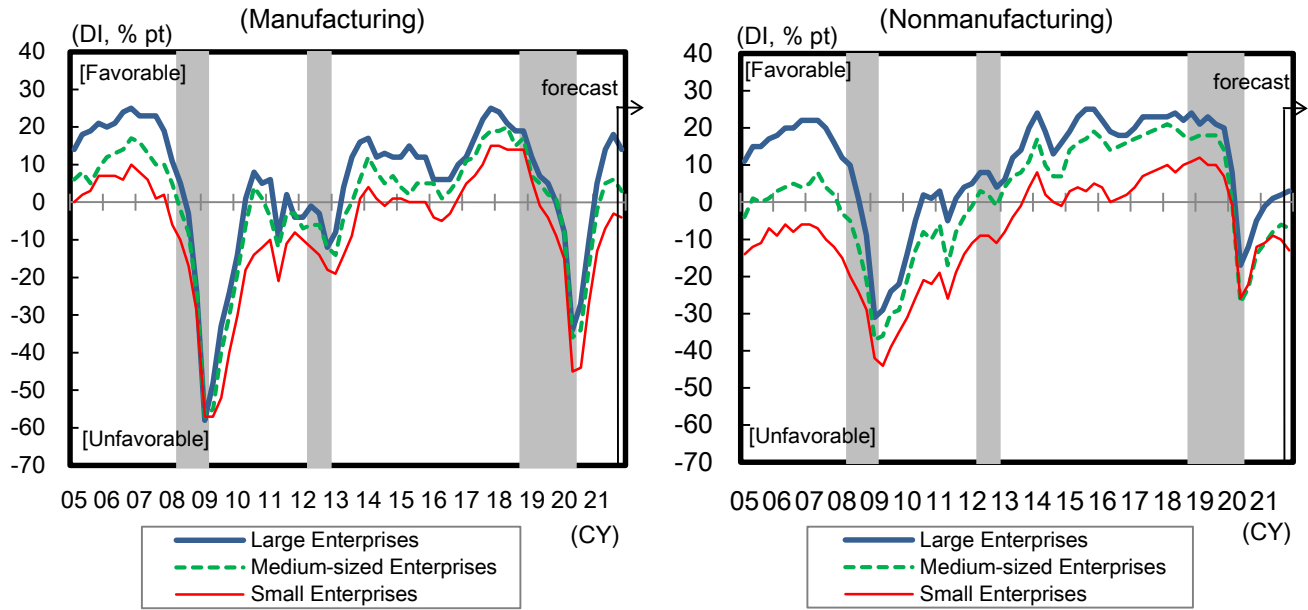
Business conditions DI improve for both large manufacturers and large non-manufacturers

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Summary

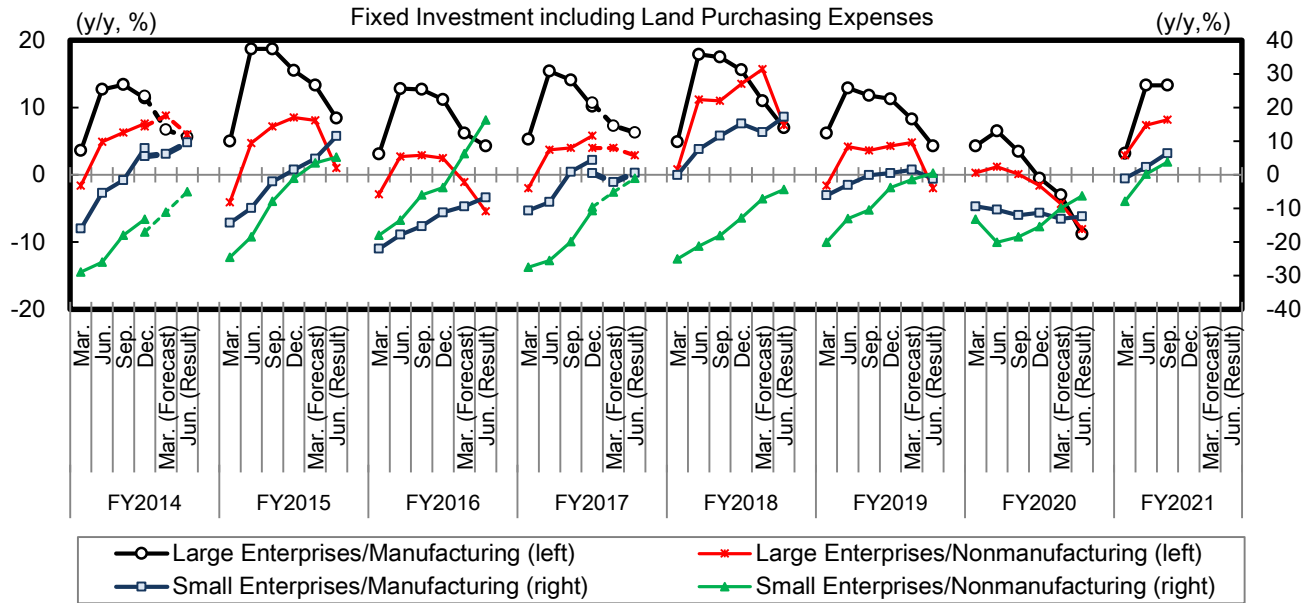
- The BOJ September 2021 Tankan survey of corporate sentiment improved in both manufacturing and non-manufacturing in comparison to the previous survey, with business conditions DI for large manufacturers at +18%pt, up by +4%pt in comparison to the previous survey, and large non-manufacturers at +2%pt, up by +1%pt. The level of business conditions DI differs greatly between manufacturing and non-manufacturing. But while the gap remains between industries, business conditions DI in manufacturing, which has stood out since the coronavirus crisis, appears to be gradually moving toward a pause in its rapid improvement.
- Business conditions DI (forecast) for large manufacturers was at +14%pt (-4%pt in comparison with the current survey), while large non-manufacturers were at +3%pt (+1%pt). In the manufacturing industry, the forecast is expected to deteriorate in many of the materials industries whose business conditions DI (actual result) have improved across the board.
- The FY2021 capex projection for all enterprises in all industries (incl. investment in properties, but not investment in software or research & development) is +7.9% y/y, revised upwards from the previous survey's +7.1%. The manufacturing industry overall shows a favorable outlook for the future at +12.0%, reflecting the global economic recovery.

Business Conditions DI Chart 1



Source: Bank of Japan, Cabinet Office; compiled by DIR.
 Note: Shaded areas denote economic down turns. (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					
	June 2021 Survey		Sept. 2021 Survey				June 2021 Survey		Sept. 2021 Survey			
	Actual result	Forecast	Actual result	Changes	Forecast	Changes	Actual result	Forecast	Actual result	Changes	Forecast	Changes
Manufacturing	14	13	18	4	14	-4	-7	-6	-3	4	-4	-1
Textiles	-16	-8	-8	8	-8	0	-48	-38	-45	3	-37	8
Lumber & Wood products	18	-12	24	6	0	-24	-22	-20	-10	12	-18	-8
Pulp & Paper	4	4	19	15	11	-8	-19	-19	-22	-3	-24	-2
Chemicals	23	19	31	8	20	-11	9	-3	5	-4	0	-5
Petroleum & Coal products	12	7	18	6	6	-12	-5	-10	-3	2	-3	0
Ceramics, Stone & Clay	5	7	4	-1	5	1	-11	-9	-10	1	3	13
Iron & Steel	5	5	13	8	7	-6	13	12	25	12	14	-11
Nonferrous metals	33	18	33	0	12	-21	28	18	31	3	18	-13
Food & Beverages	8	1	9	1	2	-7	-27	-14	-24	3	-15	9
Processed metals	6	-2	9	3	3	-6	5	3	4	-1	2	-2
General-purpose machinery	34	23	34	0	27	-7	4	-6	8	4	0	-8
Production machinery	26	29	34	8	38	4	-5	-2	5	10	5	0
Business oriented machinery	8	5	16	8	8	-8	9	6	10	1	8	-2
Electrical machinery	28	27	30	2	26	-4	1	6	10	9	6	-4
Shipbuilding & Heavy machinery, etc.	-18	-18	-26	-8	-18	8	-20	-24	-20	0	-19	1
Motor vehicles	3	12	-7	-10	2	9	11	19	7	-4	1	-6
Basic materials	13	9	20	7	11	-9	-6	-8	-3	3	-5	-2
Processing	16	14	17	1	14	-3	-6	-5	-3	3	-4	-1
Nonmanufacturing	1	3	2	1	3	1	-9	-12	-10	-1	-13	-3
Construction	15	7	17	2	13	-4	10	-3	6	-4	-2	-8
Real estate	13	20	12	-1	18	6	0	-5	-2	-2	-8	-6
Goods rental & Leasing	20	14	10	-10	7	-3	-20	-10	-16	4	-15	1
Wholesaling	7	10	15	8	15	0	-14	-17	-11	3	-12	-1
Retailing	2	-2	-4	-6	0	4	-11	-17	-21	-10	-18	3
Transport & Postal activities	-10	-4	-3	7	-3	0	-20	-19	-16	4	-20	-4
Communications	31	23	29	-2	21	-8	27	13	23	-4	13	-10
Information services	26	15	25	-1	25	0	10	2	19	9	9	-10
Electric & Gas utilities	-18	-24	-21	-3	-24	-3	13	13	15	2	13	-2
Services for businesses	26	32	38	12	30	-8	0	-3	1	1	-4	-5
Services for individuals	-31	-8	-45	-14	-18	27	-39	-31	-40	-1	-36	4
Accommodations, Eating & Drinking services	-74	-47	-74	0	-59	15	-74	-48	-70	4	-60	10
All industries	8	8	10	2	9	-1	-8	-10	-8	0	-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"