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BOJ March 2022 Tankan Survey

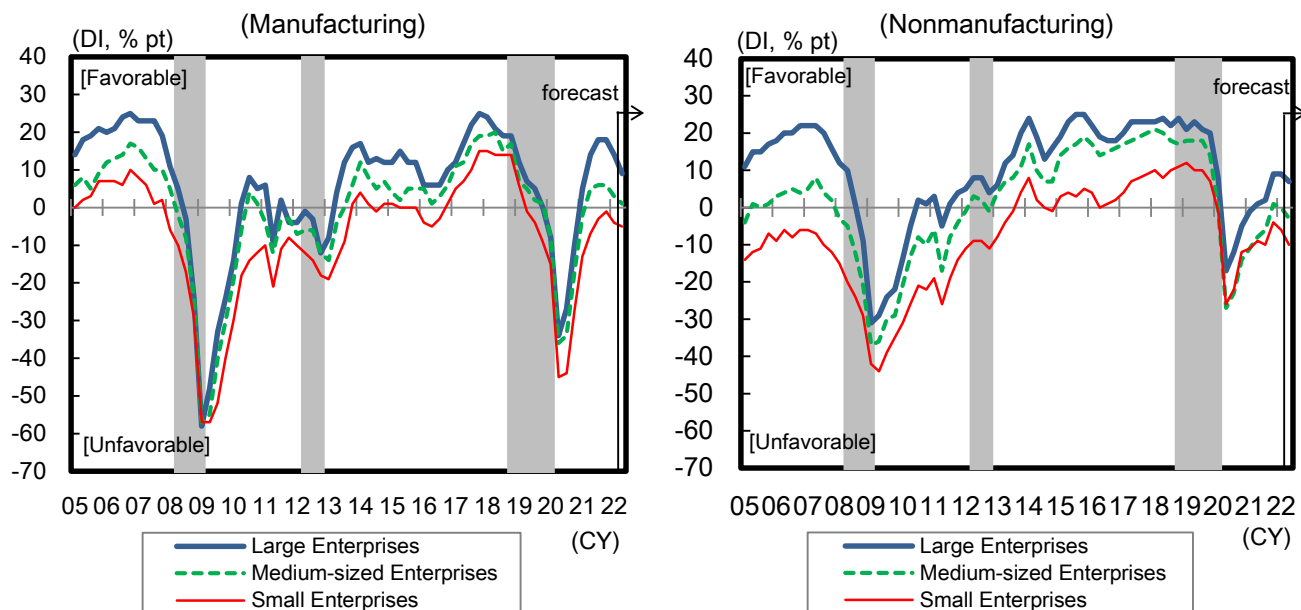
Rising tensions associated with Ukraine situation bring downward pressure on business conditions DI (forecast)

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Summary

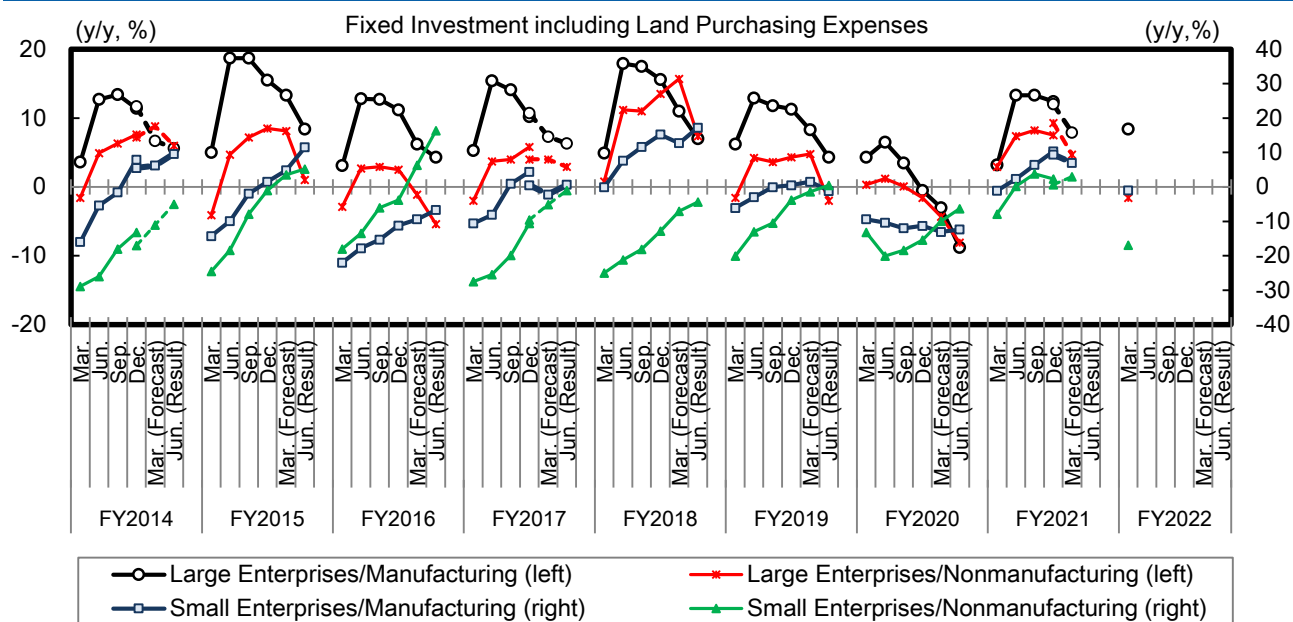
- The results of the BOJ March 2022 Tankan survey of corporate sentiment were as follows: business conditions DI (actual result) for large manufacturers were at +14%pt (-3%pt in comparison with the previous survey), while large non-manufacturers were at +9%pt (-1%pt in comparison with the previous survey). Business conditions DI (actual result) for large manufacturers declined due mostly to the deterioration of the earnings environment as a result of the high price of commodity. Meanwhile, business conditions DI (actual result) for large non-manufacturers worsened due to the spread of COVID-19 and the implementation of Special Stricter Measures, which held down domestic economic activities.
- Business conditions DI (forecast) for large manufacturers was at +9%pt (-5%pt) in comparison with the current survey), while large non-manufacturers were at +7%pt (-2%pt). While there are positive influences such as the resumption of economic activity and the mitigation of supply constraints, these appear to have been counterbalanced by the negative influence of rising tensions associated with the Ukraine situation.
- The FY2022 capex projection for all enterprises in all industries (incl. investment in properties, but not investment in software or research & development) is +0.8% y/y. Looking at the projection by industry, manufacturers overall was at +9.0%, with non-manufacturers (all enterprises) at -4.0%. A high growth rate was seen in manufacturers for the March survey, with high growth seen in software investment for both manufacturers and non-manufacturers (all enterprises). Growth is seen in capex projections associated with digitalization and “greening”.

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.)

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					
	Dec. 2021 Survey		March 2022 Survey				Dec. 2021 Survey		March 2022 Survey			
	Actual result	Forecast	Actual result	Changes	Forecast	Changes	Actual result	Forecast	Actual result	Changes	Forecast	Changes
Manufacturing	17	13	14	-3	9	-5	-1	-1	-4	-3	-5	-1
Textiles	0	6	0	0	-6	-6	-42	-38	-44	-2	-40	4
Lumber & Wood products	25	7	20	-5	0	-20	-5	-10	-3	2	-7	-4
Pulp & Paper	11	-4	-3	-14	-11	-8	-12	-7	-21	-9	-21	0
Chemicals	31	20	28	-3	16	-12	11	1	0	-11	-7	-7
Petroleum & Coal products	27	6	27	0	7	-20	2	-9	-7	-9	-26	-19
Ceramics, Stone & Clay	9	14	0	-9	-7	-7	3	7	1	-2	-12	-13
Iron & Steel	10	6	10	0	-10	-20	27	19	13	-14	13	0
Nonferrous metals	15	15	21	6	15	-6	25	17	29	4	17	-12
Food & Beverages	2	-1	-5	-7	-6	-1	-21	-6	-25	-4	-14	11
Processed metals	6	-6	3	-3	0	-3	4	12	1	-3	5	4
General-purpose machinery	30	20	31	1	30	-1	7	-1	6	-1	1	-5
Production machinery	40	39	43	3	36	-7	8	6	1	-7	3	2
Business oriented machinery	25	13	22	-3	13	-9	20	12	16	-4	14	-2
Electrical machinery	29	25	24	-5	24	0	12	6	9	-3	7	-2
Shipbuilding & Heavy machinery, etc.	-23	-23	-23	0	-19	4	-9	-12	-7	2	-6	1
Motor vehicles	-8	3	-15	-7	-1	14	-19	4	-15	4	-3	12
Basic materials	18	12	16	-2	4	-12	2	-2	-3	-5	-9	-6
Processing	16	14	12	-4	12	0	-2	0	-5	-3	-2	3
Nonmanufacturing	10	9	9	-1	7	-2	-3	-6	-6	-3	-10	-4
Construction	16	14	14	-2	8	-6	11	2	10	-1	-3	-13
Real estate	26	22	20	-6	21	1	10	2	10	0	1	-9
Goods rental & Leasing	23	13	23	0	17	-6	-4	-2	-3	1	-2	1
Wholesaling	17	13	20	3	8	-12	-6	-9	-9	-3	-16	-7
Retailing	6	2	2	-4	5	3	-23	-14	-23	0	-21	2
Transport & Postal activities	-2	-1	-2	0	-1	1	-13	-13	-21	-8	-20	1
Communications	20	20	27	7	27	0	24	27	17	-7	13	-4
Information services	33	26	38	5	29	-9	18	12	24	6	17	-7
Electric & Gas utilities	-14	-14	-13	1	-12	1	11	7	12	1	-4	-16
Services for businesses	43	29	38	-5	22	-16	6	2	5	-1	0	-5
Services for individuals	-2	2	-14	-12	2	16	-27	-22	-30	-3	-17	13
Accommodations, Eating & Drinking services	-51	-30	-56	-5	-38	18	-36	-26	-66	-30	-40	26
All industries	14	10	11	-3	8	-3	-3	-4	-6	-3	-8	-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"