

14 December 2022 (No. of pages:3)

Japanese report: 14 Dec 2022

BOJ December 2022 Tankan Survey

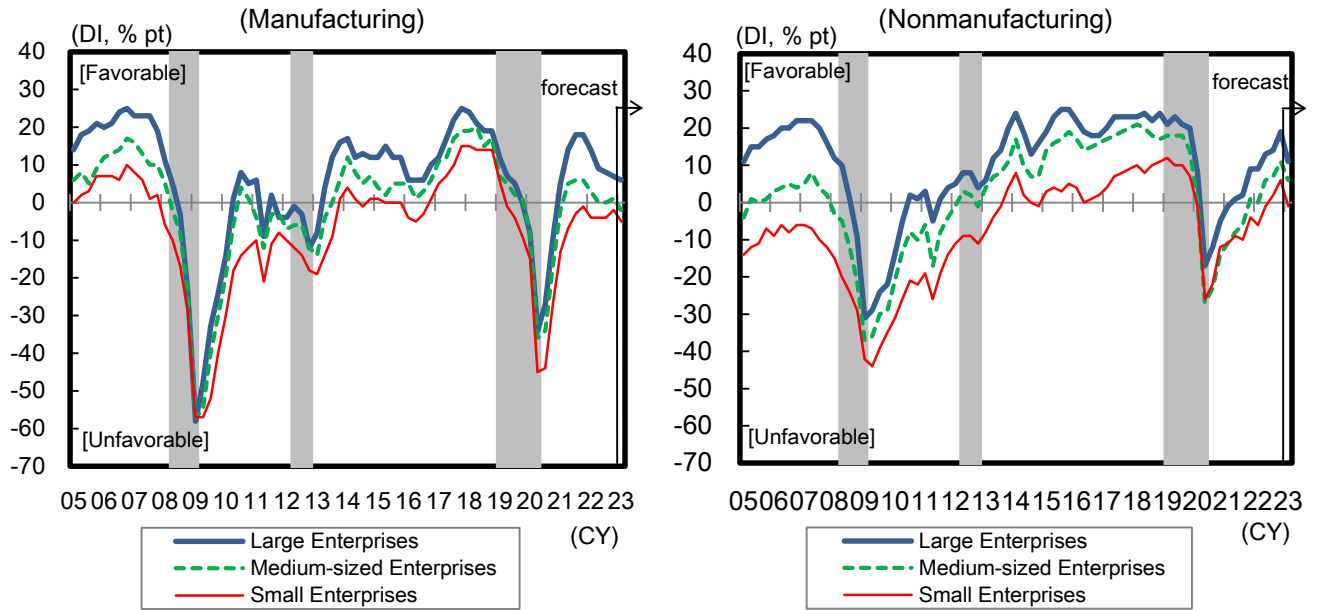
Normalization of economic activity provides positive factor, but worsening supply & demand domestically and overseas brings concern for the future

Economic Research Dept.
Shotaro Kugo

Summary

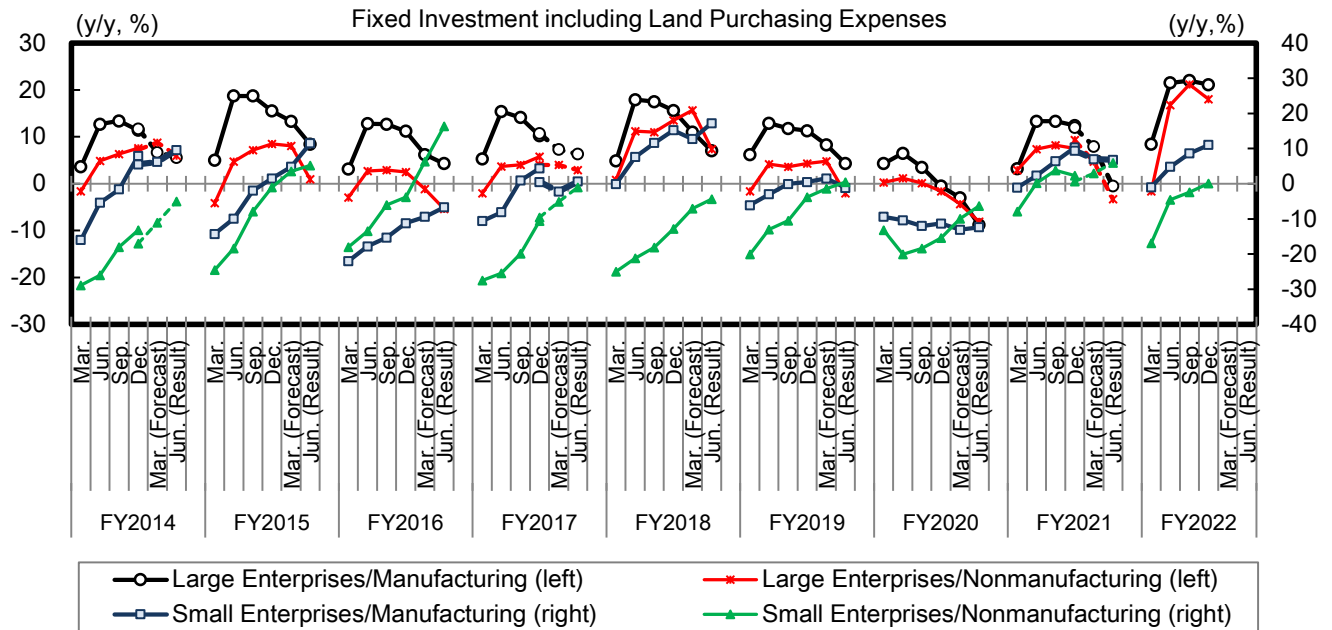
- The results of the BOJ December 2022 Tankan survey of corporate sentiment were as follows: business conditions DI (actual result) for large manufacturers were at +7%pt (-1%pt in comparison with the previous survey), while large non-manufacturers were at +19%pt (+5%pt in comparison with the previous survey). Looking at the breakdown of large manufacturers, business conditions DI (actual result) for the processing industries improved at +2%pt (in comparison with the previous survey), while the basic materials industries worsened at -5%pt (in comparison with the previous survey), bringing downward pressure on overall results. In contrast to the large manufacturing industries, business conditions DI (actual result) for large non-manufacturing industries increased for a wide range of industries, reflecting the positive impact of the ongoing normalization of domestic economic activity.
- Looking at DI of Domestic Supply & Demand Conditions for Products and Services (actual result), large manufacturers were at 0%pt (± 0 %pt in comparison to the previous survey) and large non-manufacturers were at -7%pt (+1%pt). As for the forecast, large non-manufacturers see business marking time, while large manufacturers expect the situation to worsen at -2%pt in comparison to the current survey. As for DI of Overseas Supply & Demand Conditions for Products (actual result), deterioration was seen in both the processing industries (-5%pt in comparison to the previous survey) and basic materials (-4%pt in comparison to the previous survey). While the tightening of domestic supply and demand appears to be stagnant, there are signs of easing in supply and demand centering on overseas markets.
- The FY2022 capex projection for all enterprises in all industries (including investment in properties, but not investment in software or research & development) is +15.1% y/y. Looking at the projection by industry for enterprises of all sizes, manufacturers were at +20.3%, with non-manufacturers at +12.1%. Capex which had been planned for FY2021 but subsequently delayed has now appeared and this may have had a strong influence. However, expectations for progress in the normalization of economic activity will continue to boost corporate willingness to invest in capex.

Business Conditions DI Chart 1



Source: Bank of Japan, Cabinet Office; compiled by DIR.
 Note: Shaded areas denote economic downturns.

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					
	Sept. 2022 Survey		Dec. 2022 Survey				Sept. 2022 Survey		Dec. 2022 Survey			
	Actual result	Forecast	Actual result	Changes	Forecast	Changes	Actual result	Forecast	Actual result	Changes	Forecast	Changes
Manufacturing	8	9	7	-1	6	-1	-4	-5	-2	2	-5	-3
Textiles	-9	6	-3	6	6	9	-27	-29	-20	7	-24	-4
Lumber & Wood products	-7	-20	-7	0	-13	-6	-6	-10	-7	-1	-14	-7
Pulp & Paper	-14	-17	-22	-8	-15	7	-10	-8	-9	1	-7	2
Chemicals	16	14	8	-8	0	-8	4	-4	3	-1	-1	-4
Petroleum & Coal products	7	-14	-33	-40	-20	13	-12	-19	-14	-2	-16	-2
Ceramics, Stone & Clay	9	0	10	1	-5	-15	-9	-14	-11	-2	-10	1
Iron & Steel	18	13	18	0	13	-5	10	5	20	10	9	-11
Nonferrous metals	3	3	6	3	9	3	16	9	13	-3	3	-10
Food & Beverages	-14	-6	-8	6	-6	2	-11	-7	-9	2	-9	0
Processed metals	0	-3	8	8	0	-8	3	5	7	4	6	-1
General-purpose machinery	31	28	31	0	23	-8	4	-4	11	7	-3	-14
Production machinery	33	31	30	-3	28	-2	0	-2	-2	-2	-3	-1
Business oriented machinery	27	27	30	3	25	-5	7	8	8	1	12	4
Electrical machinery	20	22	18	-2	12	-6	2	-2	6	4	-6	-12
Shipbuilding & Heavy machinery, etc.	-19	-15	-12	7	-8	4	-6	-10	-10	-4	-8	2
Motor vehicles	-15	-3	-14	1	-11	3	-20	2	-23	-3	-8	15
Basic materials	8	5	3	-5	0	-3	-4	-8	-1	3	-6	-5
Processing	8	12	10	2	9	-1	-4	-2	-3	1	-3	0
Nonmanufacturing	14	11	19	5	11	-8	2	-3	6	4	-1	-7
Construction	16	13	21	5	12	-9	9	2	11	2	2	-9
Real estate	27	22	27	0	19	-8	14	3	11	-3	4	-7
Goods rental & Leasing	30	20	27	-3	20	-7	16	6	23	7	12	-11
Wholesaling	21	19	27	6	13	-14	0	-6	7	7	-7	-14
Retailing	3	3	8	5	9	1	-15	-14	-6	9	-8	-2
Transport & Postal activities	14	4	17	3	5	-12	-9	-12	-2	7	-4	-2
Communications	21	21	14	-7	21	7	14	17	14	0	11	-3
Information services	36	34	40	4	36	-4	27	19	21	-6	15	-6
Electric & Gas utilities	-17	-17	-17	0	-17	0	2	7	2	0	7	5
Services for businesses	36	31	35	-1	31	-4	15	8	11	-4	6	-5
Services for individuals	2	15	20	18	14	-6	-7	-4	-2	5	-1	1
Accommodations, Eating & Drinking services	-28	-23	0	28	-18	-18	-21	-22	2	23	-13	-15
All industries	11	11	13	2	8	-5	0	-4	4	4	-2	-6

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"