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# BOJ June 2023 Tankan Survey

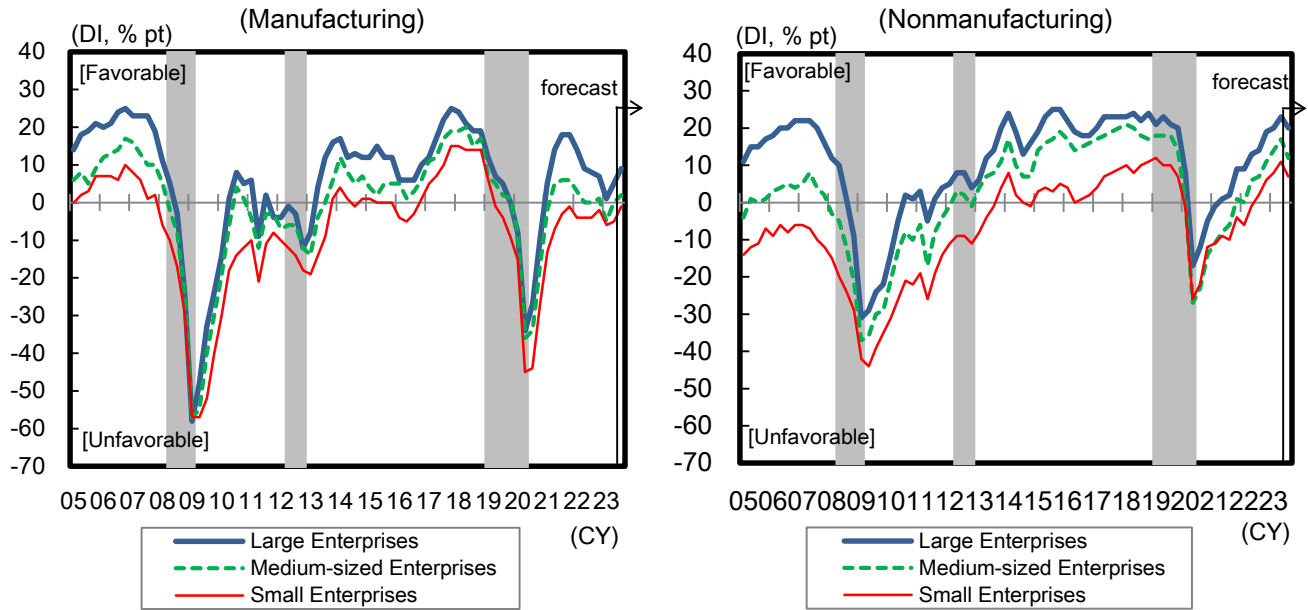
## Business conditions DI (actual result) for large manufacturers picking up

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### Summary

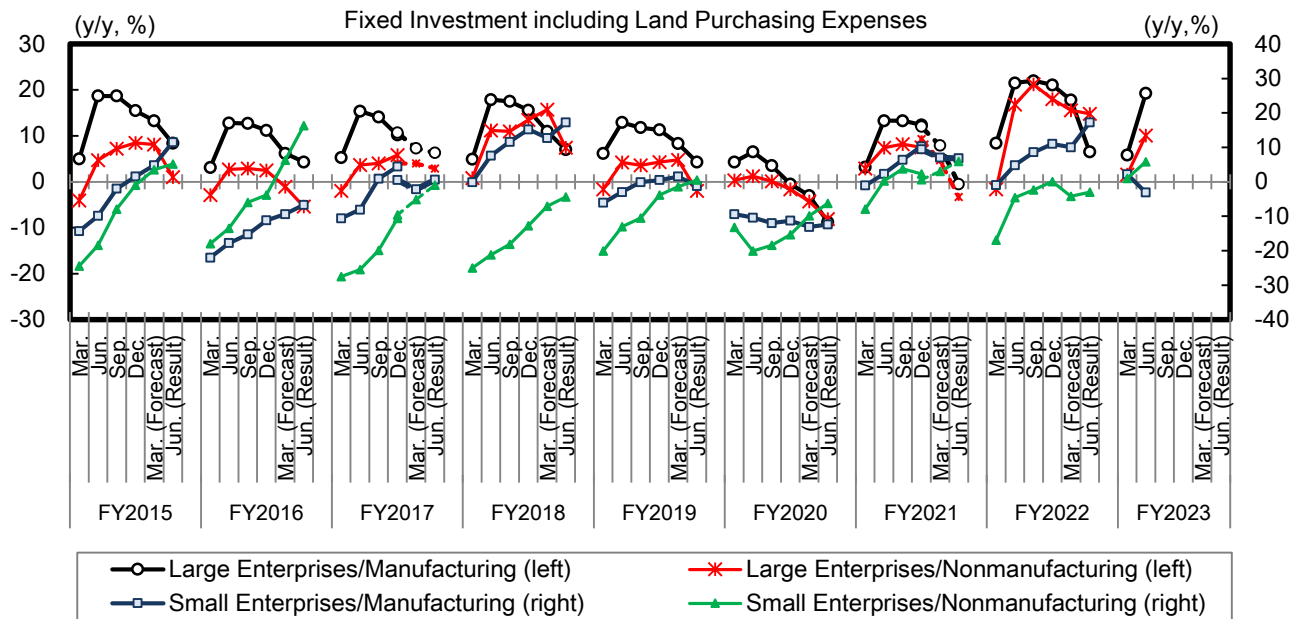
- The results of the BOJ June 2023 Tankan survey of corporate sentiment were as follows: business conditions DI (actual result) for large manufacturers were at +5%pt (+4%pt in comparison with the previous survey), while large non-manufacturers were at +23%pt (+3%pt in comparison with the previous survey).
- Looking at the breakdown of large manufacturers, the basic materials industries saw a rise in business conditions DI (actual result) in a broad range of industries. Shifting our view to the processing industries, we see that there was an increase in business conditions DI (actual result) for food & beverages (+17%pt in comparison with the previous survey). While the price of raw materials soars, price pass-through is progressing, bringing improvements to profitability, which is believed to be behind these results. As for large non-manufacturers, business conditions DI (actual result) also rose for accommodations, eating & drinking services (+36%pt) and services for individuals (+4%pt).
- Looking at the difference between output price DI (actual result) and input price DI (actual result), both large manufacturers and large non-manufacturers improved their profitability. It appears that progress is being made in price pass-through in response to the rapid cost increases. As for the forecast, large manufacturers expect continued improvements. Price pass-through is expected to continue even as the input price DI declines by limiting the extent to which sales price declines. On the other hand, there are signs that the difference between output price DI (forecast) and input price DI (forecast) may worsen in the future for non-manufacturers. It should therefore be noted that price pass-through could weaken in the future for them.
- The FY2023 capex projection for all enterprises in all industries (including investment in properties, but not investment in software or research & development) is +11.8% y/y. Looking at the projection by industry for enterprises of all sizes, manufacturers were at +15.1%, with non-manufacturers at +9.9%. The June survey showed a relatively high growth rate for this time of year with solid results. As a whole, the survey indicates a growing appetite for capital investment in response to the shift to green technologies and efforts towards digitalization.

Business Conditions DI Chart 1



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

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 2023 Survey		June 2023 Survey				March 2023 Survey		June 2023 Survey			
	Actual result	Forecast	Actual result	Changes	Forecast	Changes	Actual result	Forecast	Actual result	Changes	Forecast	Changes
Manufacturing	1	3	5	4	9	4	-6	-4	-5	1	-1	4
Textiles	-3	7	3	6	9	6	-21	-23	-22	-1	-25	-3
Lumber & Wood products	-20	-13	-7	13	0	7	-15	-20	-24	-9	-17	7
Pulp & Paper	-25	-3	-7	18	0	7	-16	-4	-12	4	-4	8
Chemicals	-1	0	-2	-1	2	4	-7	-2	-3	4	2	5
Petroleum & Coal products	-46	-13	-6	40	-6	0	-14	-14	-5	9	0	5
Ceramics, Stone & Clay	-2	-3	-2	0	21	23	-10	-5	-7	3	-2	5
Iron & Steel	13	3	18	5	18	0	11	1	0	-11	6	6
Nonferrous metals	-3	3	3	6	0	-3	3	0	3	0	2	-1
Food & Beverages	-11	-5	6	17	0	-6	-8	-3	2	10	3	1
Processed metals	0	-6	-14	-14	-3	11	0	7	3	3	4	1
General-purpose machinery	16	9	18	2	18	0	7	-3	4	-3	3	-1
Production machinery	24	17	20	-4	20	0	1	3	-8	-9	2	10
Business oriented machinery	30	22	28	-2	25	-3	7	8	1	-6	6	5
Electrical machinery	3	6	2	-1	10	8	-3	-9	-8	-5	0	8
Shipbuilding & Heavy machinery, etc.	-8	-3	7	15	0	-7	-6	2	-1	5	8	9
Motor vehicles	-9	0	5	14	9	4	-24	-7	0	24	8	8
Basic materials	-5	0	1	6	6	5	-8	-8	-8	0	-4	4
Processing	4	6	7	3	10	3	-5	-1	-3	2	2	5
Nonmanufacturing	20	15	23	3	20	-3	8	3	11	3	7	-4
Construction	21	13	21	0	17	-4	13	3	14	1	6	-8
Real estate	30	25	32	2	20	-12	12	6	10	-2	7	-3
Goods rental & Leasing	33	20	30	-3	20	-10	22	17	26	4	25	-1
Wholesaling	27	12	28	1	18	-10	9	-2	8	-1	5	-3
Retailing	18	11	17	-1	14	-3	4	-1	5	1	3	-2
Transport & Postal activities	10	10	13	3	13	0	-6	-5	-1	5	2	3
Communications	14	21	14	0	21	7	18	21	23	5	23	0
Information services	42	39	45	3	41	-4	21	12	20	-1	14	-6
Electric & Gas utilities	-15	-19	-14	1	10	24	3	7	14	11	14	0
Services for businesses	30	28	26	-4	28	2	16	11	17	1	9	-8
Services for individuals	24	35	28	4	34	6	2	5	6	4	8	2
Accommodations, Eating & Drinking services	0	13	36	36	33	-3	3	5	17	14	13	-4
All industries	10	9	13	3	14	1	3	0	5	2	4	-1

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"