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BOJ September 2024 Tankan Survey

Business conditions DI (actual result) for large non-manufacturers improves despite effects of the typhoon

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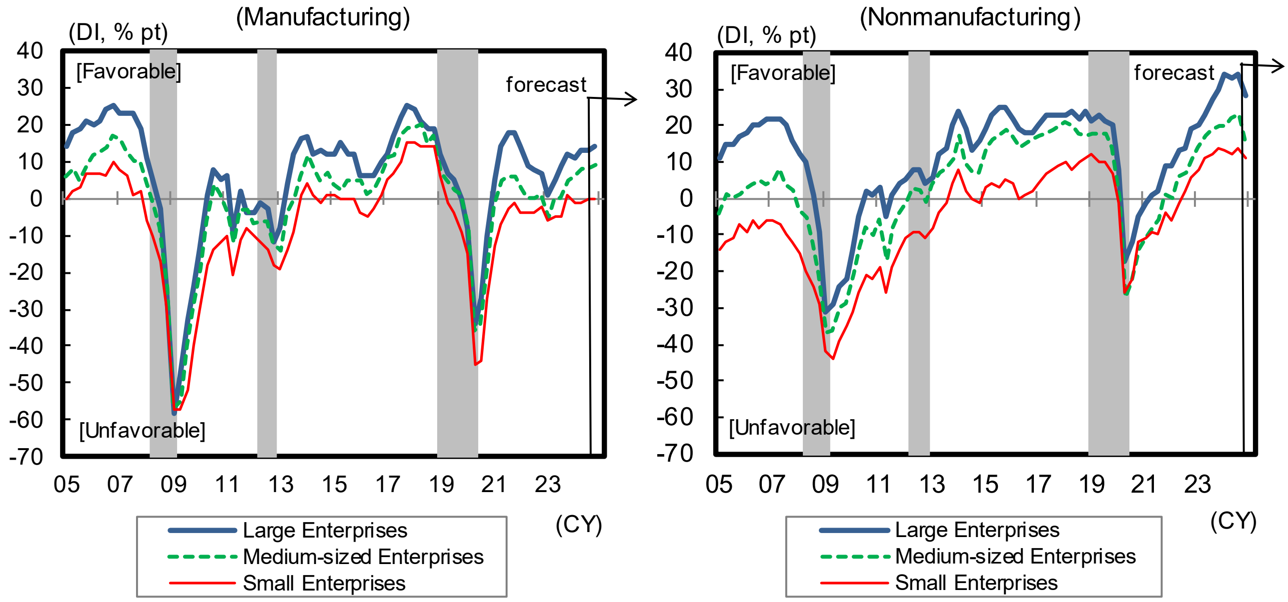
Summary

- The results of the BOJ September 2024 Tankan survey of corporate sentiment were as follows: business conditions DI (actual result) for large manufacturers were at +13%pt (0%pt change in comparison with the previous survey), while large non-manufacturers were at +34%pt (+1%pt in comparison with the previous survey). Business sentiment has improved more than expected recently, despite the negative effects some industries experienced from the typhoon which struck at the end of August.

- Looking at the breakdown of large manufacturers, business conditions DI (actual result) declined for the basic materials industries due to the slowdown in the Chinese economy and other factors. Motor vehicles also worsened (-5%pt in comparison with the previous survey) due to the negative effects of the typhoon. On the other hand, electrical machinery improved (+10%pt) backed by the recovery of the silicon cycle. As for large non-manufacturers, business conditions DI (actual result) recovered rapidly for retailing (+9%pt), while services for individuals worsened significantly (-11%pt) due to the impact of the typhoon.

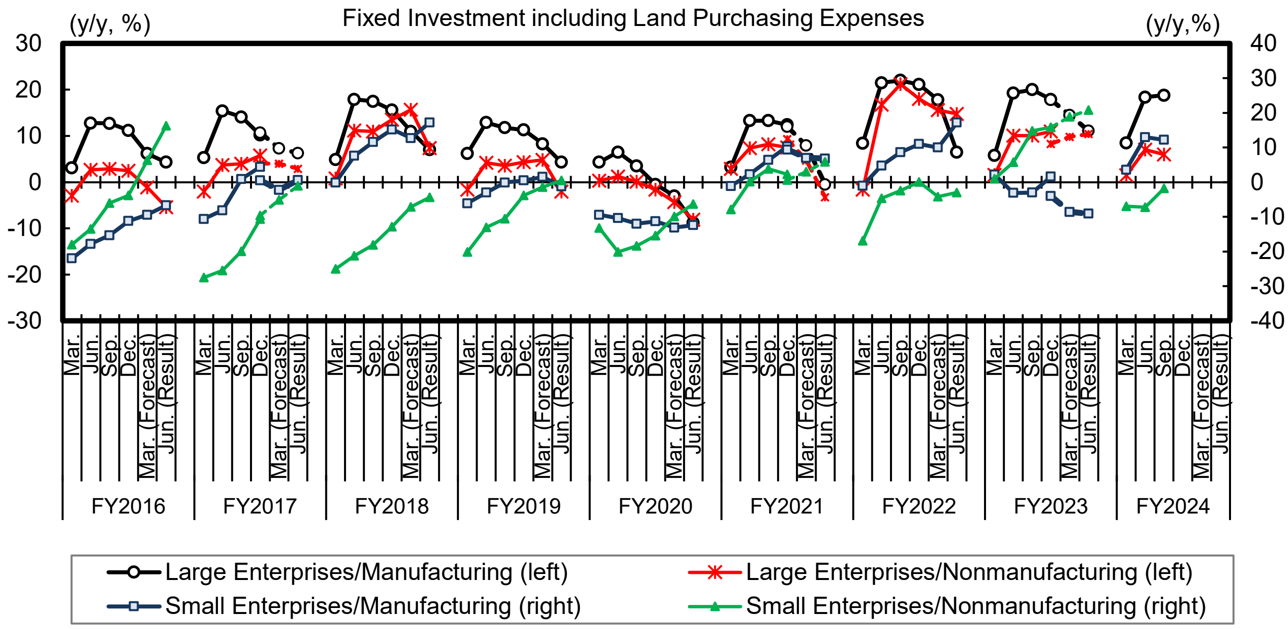
- The FY2023 capex projection for all enterprises in all industries (incl. investment in properties, but not investment in software or research & development) is +8.9% y/y. Results were solid, with the March and June surveys following the same pattern of revision as in FY2021, when the planned values were close to each other. Manufacturing up by +17.0% and non-manufacturing up by +4.4%. While manufacturing's planned values were at a high level, those of non-manufacturing were at their lowest point since 2021 surveys.

Business Conditions DI Chart 1



Source: Bank of Japan, Cabinet Office; compiled by DIR.
Note: Shaded areas denote economic downturns. The dashed line is based on regular reviews of companies covered in the Tankan survey.

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



Source: Bank of Japan; compiled by DIR.
Note: The dashed line is based on regular reviews of companies covered in the Tankan survey.

Business Conditions DI

Chart 3

(DI, % pt)

	Large Enterprises						Small Enterprises					
	June 2024 Survey		Sept. 2024 Survey				June 2024 Survey		Sept. 2024 Survey			
	Actual result	Forecast	Actual result	Changes	Forecast	Changes	Actual result	Forecast	Actual result	Changes	Forecast	Changes
Manufacturing	13	14	13	0	14	1	-1	0	0	1	0	0
Textiles	22	22	23	1	15	-8	-19	-25	-18	1	-17	1
Lumber & Wood products	15	-8	0	-15	-15	-15	-10	-13	-16	-6	-16	0
Pulp & Paper	11	11	18	7	14	-4	-2	-10	-10	-8	-5	5
Chemicals	10	13	15	5	19	4	6	5	5	-1	6	1
Petroleum & Coal products	17	17	-9	-26	17	26	-8	-8	-14	-6	-10	4
Ceramics, Stone & Clay	35	30	25	-10	15	-10	-1	3	-7	-6	3	10
Iron & Steel	0	8	-5	-5	0	5	-20	-14	-21	-1	-18	3
Nonferrous metals	6	9	12	6	12	0	-6	7	1	7	3	2
Food & Beverages	21	11	15	-6	15	0	15	11	10	-5	11	1
Processed metals	3	9	11	8	13	2	1	-1	-3	-4	-7	-4
General-purpose machinery	27	29	23	-4	18	-5	13	2	14	1	4	-10
Production machinery	11	16	13	2	16	3	-4	-1	-3	1	-6	-3
Business oriented machinery	22	13	22	0	22	0	14	18	13	-1	13	0
Electrical machinery	1	9	11	10	12	1	0	2	8	8	3	-5
Shipbuilding & Heavy machinery, etc.	14	18	23	9	18	-5	11	18	13	2	21	8
Motor vehicles	12	10	7	-5	9	2	0	5	9	9	6	-3
Basic materials	14	14	13	-1	13	0	-8	-7	-9	-1	-7	2
Processing	13	14	13	0	15	2	4	5	6	2	3	-3
Nonmanufacturing	33	27	34	1	28	-6	12	8	14	2	11	-3
Construction	25	20	31	6	21	-10	15	10	17	2	14	-3
Real estate	50	43	51	1	46	-5	19	12	21	2	15	-6
Goods rental & Leasing	29	21	29	0	25	-4	26	22	30	4	22	-8
Wholesaling	32	25	29	-3	21	-8	8	2	8	0	3	-5
Retailing	19	18	28	9	21	-7	6	1	7	1	5	-2
Transport & Postal activities	29	27	27	-2	28	1	7	3	10	3	7	-3
Communications	40	40	35	-5	35	0	20	8	21	1	16	-5
Information services	54	51	53	-1	47	-6	33	29	31	-2	24	-7
Electric & Gas utilities	20	10	16	-4	16	0	14	8	11	-3	10	-1
Services for businesses	40	35	45	5	43	-2	16	13	14	-2	15	1
Services for individuals	29	29	18	-11	21	3	17	9	12	-5	9	-3
Accommodations, Eating & Drinking services	49	42	52	3	42	-10	20	16	21	1	16	-5
All industries	22	20	23	1	21	-2	7	5	8	1	6	-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"