

TANKAN Summary (September 1997)

161st Short-Term Economic Survey of Principal Enterprises in Japan

94th Short-Term Economic Survey of All Enterprises in Japan

Number of Sample Companies

Principal enterprises
All enterprises
Small enterprises

Manufacturing	Nonmanufacturing	Total	Response rate
386	322	708	100.0%
4,009	5,382	9,391	91.5%
2,100	3,320	5,420	89.4%

Not to be released before 8:50 a.m.
on Wednesday, 1st October 1997.

1st October 1997

Research and Statistics Department
Bank of Japan

1. Business Conditions

(Principal Enterprises)

[DI <"Favorable" minus "Unfavorable">, % points]

	June'97	Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Manufacturing	(-1) 7	(8) 3	-4	1	-2
Basic materials	2	(2) -3	-5	-7	-4
Textiles	-13	(-11) -13	0	-23	-10
Pulp & paper	9	(9) 18	+9	9	-9
Chemicals	8	(1) 1	-7	-3	-4
Petroleum refining	-40	(-30) -40	0	-50	-10
Ceramics	12	(6) -6	-18	-18	-12
Iron & steel	-8	(-8) -24	-16	-8	+16
Nonferrous metals	33	(43) 33	0	33	0
Processing	11	(13) 8	-3	9	+1
Food & beverages	-4	(6) 4	+8	6	+2
Processed metals	0	(-7) -22	-22	-14	+8
Industrial machinery	22	(27) 22	0	17	-5
Electrical machinery	14	(23) 11	-3	20	+9
Shipbuilding & heavy machinery	-16	(0) 0	+16	0	0
Motor vehicles	18	(10) 11	-7	4	-7
Precision machinery	18	(9) 18	0	9	-9
Nonmanufacturing	(-7) -7	(-4) -15	-8	-8	+7
Construction	-36	(-34) -46	-10	-41	+5
Real estate	-3	(-14) -11	-8	-11	0
Wholesaling	-6	(7) -9	-3	4	+13
Retailing	-15	(-5) -34	-19	-14	+20
Transportation & communications	-7	(-8) -15	-8	-12	+3
Services	16	(13) 11	-5	9	-2
Leasing	0	(13) 0	0	6	+6
Electric & gas utilities	0	(0) 0	0	0	0

(Reference)

Average of predicted exchange rates for principal enterprises (manufacturing) on which replies are based:

FY97 115.07 yen/U.S. dollar (114.56 yen/U.S. dollar in the June 97 survey)
1H 116.19 yen/U.S. dollar 2H 113.99 yen/U.S. dollar

(Small Enterprises)

[DI <"Favorable" minus "Unfavorable">, % points]

	June'97	Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Manufacturing	(-13) -7	(-8) -13	-6	-16	-3
Textiles	-23	(-19) -28	-5	-35	-7
Lumber & lumber products	-11	(-16) -45	-34	-38	+7
Pulp & paper	-6	(-4) -16	-10	-8	+8
Chemicals	7	(7) -3	-10	1	+4
Ceramics, stone & clay	-24	(-28) -38	-14	-38	0
Iron & steel	-12	(-9) -17	-5	-21	-4
Nonferrous metals	-5	(-5) -1	+4	-5	-4
Food & beverages	-8	(-3) -11	-3	-6	+5
Processed metals	-2	(-2) -10	-8	-16	-6
Industrial machinery	1	(-1) 2	+1	-3	-5
Electrical machinery	2	(-2) 3	+1	-3	-6
Transportation machinery	-3	(-6) -8	-5	-19	-11
Nonmanufacturing	(-14) -11	(-13) -18	-7	-18	0
Construction	-5	(-13) -15	-10	-21	-6
Real estate	-4	(-4) -9	-5	-9	0
Wholesaling & retailing	-18	(-18) -29	-11	-24	+5
Transportation & communications	-15	(-15) -20	-5	-18	+2
Services & leasing	-5	(-4) -7	-2	-9	-2
Electric & gas utilities	16	(12) 7	-9	19	+12

2. Supply and Demand Conditions for Products; Inventories; and Prices (Principal Enterprises, Manufacturing)

	June'9 /	[DI, % points]			
		Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Supply and demand condition * for products [6]	-18	(-18) -21	-3	-19	+2
Basic materials	-21	(-22) -22	-1	-23	-1
Processing	-17	(-16) -20	-3	-16	+4
Supply and demand condition for products overseas [6]	-11	(-12) -14	-3	-16	-2

Inventory level of finished goods [7]	9	(6) 13	+4	6	-7
Basic materials	11	(8) 15	+4	9	-6
Processing	7	(4) 11	+4	4	-7
Wholesalers' inventory level [7]	14	(12) 19	+5	15	-4
Basic materials	19	(14) 23	+4	21	-2
Processing	9	(10) 15	+6	10	-5

3. Sales and Current Profits

(Principal Enterprises)

Sales

	FY96	FY97 [Y/y % chg]		1H FY97		2H FY97	
		(Forecast)	Revision rate	(Forecast)	Revision rate	(Forecast)	Revision rate
Manufacturing	6.5	2.8	-1.2	4.5	-1.0	1.3	-1.4
Domestic sales	5.3	1.4	-1.9	2.3	-1.9	0.5	-1.9
Exports	11.2	7.9	+1.2	12.2	+2.1	4.0	+0.4
Nonmanufacturing	4.1	2.2	-0.1	2.8	-0.3	1.6	0.0

Current Profits

	[Y/y % chg]						
Manufacturing (excluding petroleum refining)	20.0	6.7	-1.6	10.0	-0.2	4.2	-2.6
Basic materials (excluding petroleum refining)	15.8	7.4	+0.7	10.3	+2.7	5.2	-1.0
Processing	21.9	6.4	-2.5	9.8	-1.5	3.8	-3.3
Nonmanufacturing (excluding electric & gas utilities)	9.8	1.2	-2.7	-6.2	-1.9	8.9	-3.4

Current Profit to Sales Ratio

	[%]						
Manufacturing (excluding petroleum refining)	4.28	4.48	-0.01	4.21	+0.03	4.72	-0.06
Nonmanufacturing (excluding electric & gas utilities)	1.62	1.61	-0.04	1.60	-0.03	1.61	-0.06

	June'9 /	[DI, % points]			
		Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Change in output prices * [8]	-7	(-6) -13	-6	-14	-1
Basic materials	2	(4) -8	-10	-6	+2
Processing	-15	(-16) -16	-1	-22	-6
Change in input prices [8]	8	(6) 0	-8	3	+3
Basic materials	14	(11) 3	-11	3	0
Processing	2	(2) -2	-4	3	+5

* See notes 6 to 8 under NOTES .

(Small Enterprises)

Sales

	FY96	FY97 [Y/y % chg]		1H FY97		2H FY97	
		(Forecast)	Revision rate	(Forecast)	Revision rate	(Forecast)	Revision rate
Manufacturing	3.5	0.3	-0.4	0.6	-0.9	0.0	0.0
Nonmanufacturing	4.0	-1.2	-1.0	-0.9	-1.6	-1.5	-0.5

Current Profits

	[Y/y % chg]						
Manufacturing	30.2	3.8	-8.7	1.9	-17.1	5.0	-2.8
Nonmanufacturing	5.4	-7.0	-6.8	-24.6	-13.1	7.4	-2.3

Current Profit to Sales Ratio

	[%]						
Manufacturing	2.59	2.58	-0.31	2.01	-0.45	3.10	-0.19
Nonmanufacturing	2.72	2.48	-0.27	1.96	-0.48	2.93	-0.10

4.Fixed Investments (Fixed Investments)

		[Y/y % chg]		
		FY96	FY97 (Forecast)	Revision rate
Principal enterprises	All industries	4.0	4.6	0.0
	Manufacturing	5.7	8.9	+0.4
	Nonmanufacturing	3.2	2.5	-0.2
Small enterprises	All industries	3.5	-8.6	+5.3
	Manufacturing	2.2	0.1	+4.6
	Nonmanufacturing	4.1	-12.3	+5.6
All enterprises	All industries	4.0	-1.5	+1.5
	Manufacturing	6.7	6.0	+1.6
	Nonmanufacturing	2.8	-5.2	+1.5

(Production Capacity DI <Manufacturing>)

		[DI<"Excessive" minus "Insufficient">, % points]			
	June'97	Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Principal enterprises	7	(6) 6	-1	6	0
Small enterprises	7	(4) 7	0	6	-1

5.Employment (Employment DI)

		[DI<"Excessive" minus "Insufficient">, % points]				
		June'97	Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Principal enterprises	All industries	13	(12) 12	-1	11	-1
	Manufacturing	15	(13) 14	-1	12	-2
	Nonmanufacturing	11	(10) 11	0	9	-2
Small enterprises	All industries	0	(-3) 0	0	-2	-2
	Manufacturing	2	(0) 1	-1	-1	-2
	Nonmanufacturing	-1	(-6) 0	+1	-3	-3

(Number of Employees <All Industries>)

	[Y/y % chg]			
	Sept-end'96	Dec-end	Mar-end'97	June-end
Principal enterprises	-1.9	-1.9	-2.0	-1.3
Small enterprises	-0.3	-0.1	0.3	0.4

6. Corporate Finance

(Corporate Finance-Related DIs <All Industries>)

		[DI, % points]				
		June'97	Sept	Change between June and Sept	Dec (Forecast)	Change between Sept and Dec
Principal enterprises	Financial position *		(11)			
	[9]	15	13	-2	9	-4
	Lending attitude of financial institutions		(23)			
	[10]	25	19	-6	16	-3
Small enterprises	Change in interest rate		(33)			
	[11]	16	-13	-29	7	+20
	Financial position		(-12)			
	[9]	-5	-9	-4	-16	-7
Small enterprises	Lending attitude of financial institutions		(5)			
	[10]	11	9	-2	2	-7
	Change in interest rate		(27)			
	[11]	2	-8	-10	2	+10

* See notes 9 to 11 under *NOTES*.

(Liquidity Ratio <All Industries>)*

[Seasonally adjusted, months]				
	Sept-end'96	Dec-end	Mar-end'97	June-end
Principal enterprises	1.40	1.42	1.35	1.30
Small enterprises	1.60	1.64	1.58	1.62

* See note 12 under *NOTES*.

(Appendix) Fixed Investments of Financial Institutions*

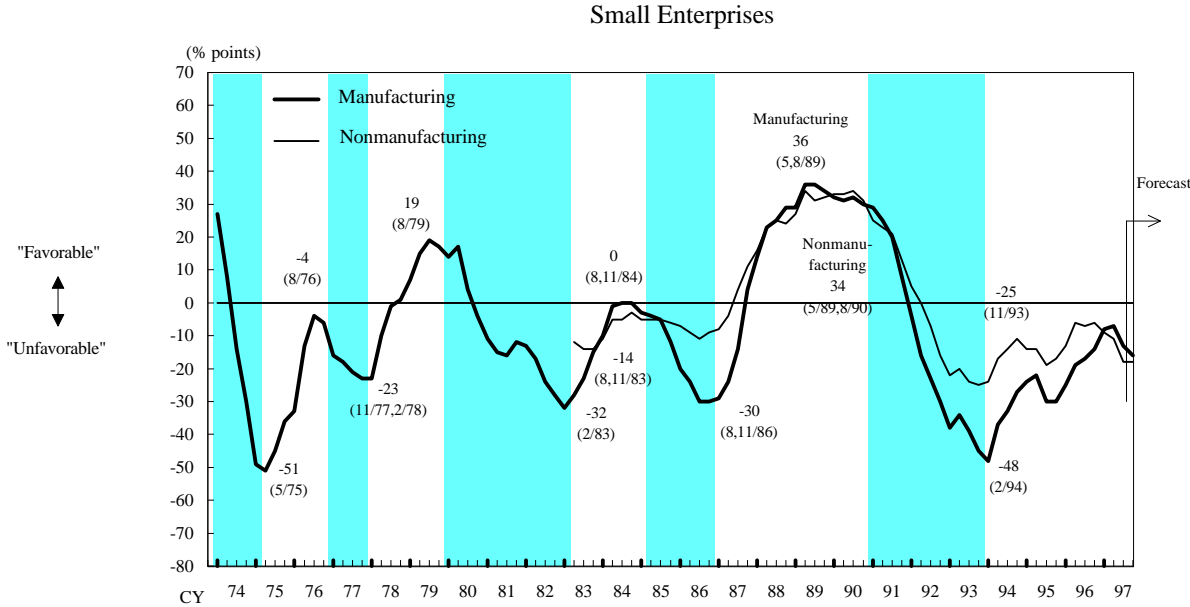
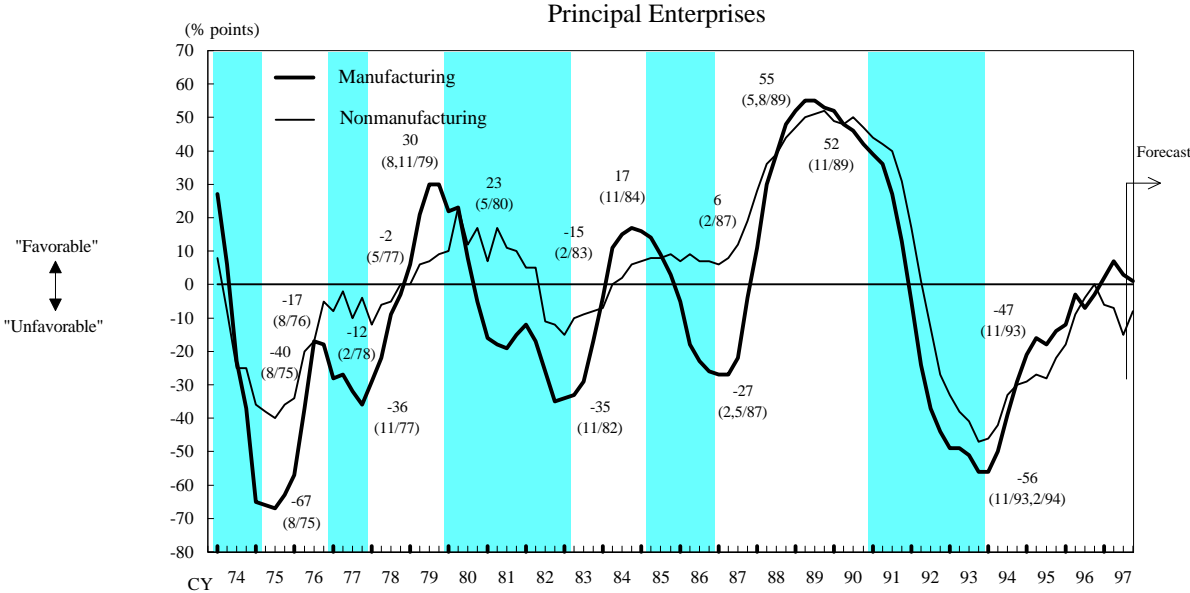
(Fixed Investments)

[Y/y% chg, trillion yen]			
	FY96	FY97 (Forecast)	Revision rate
Financial institutions <200>	(1.3) -11.2	(1.4) 7.2	-0.7
Banks <148>	-3.6	6.1	-0.3
Securities companies < 27>	5.4	63.7	+11.5
Insurance companies < 25>	-18.6	5.6	-1.8

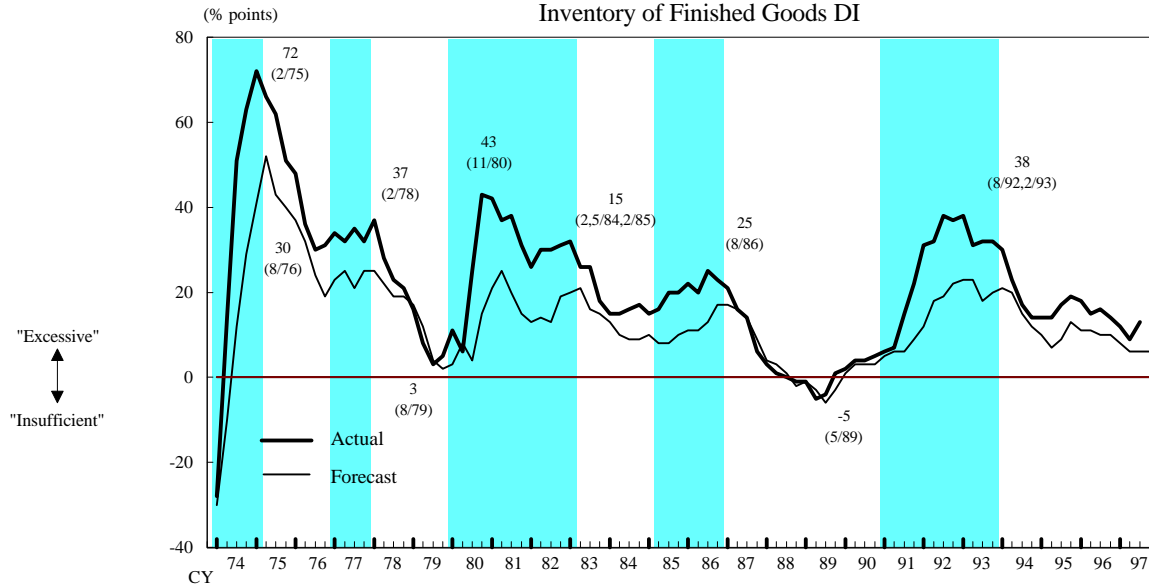
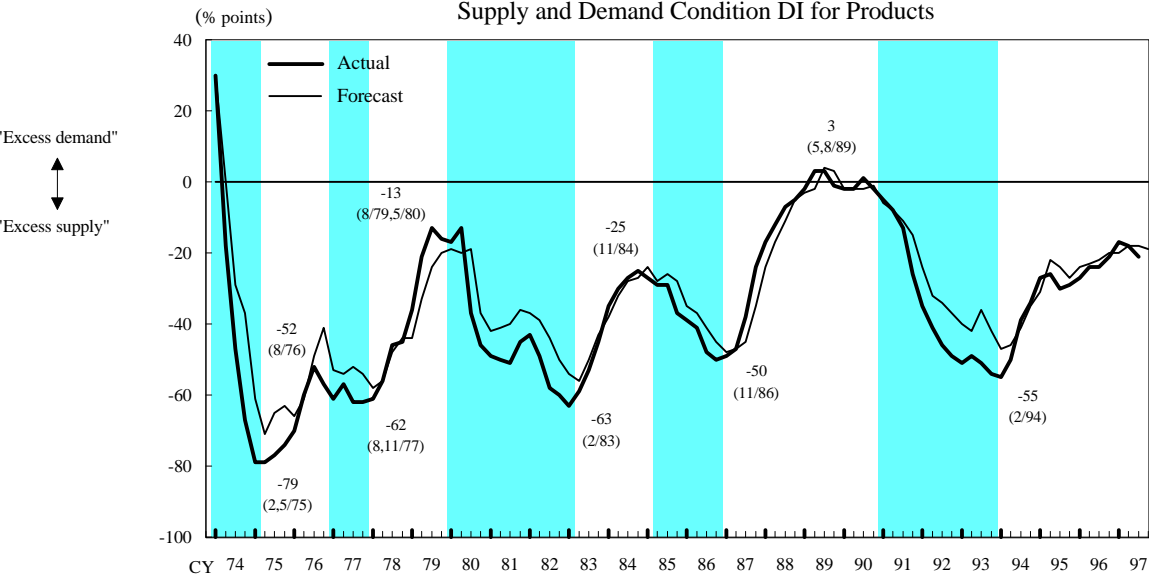
* See notes 13 to 15 under *NOTES*.

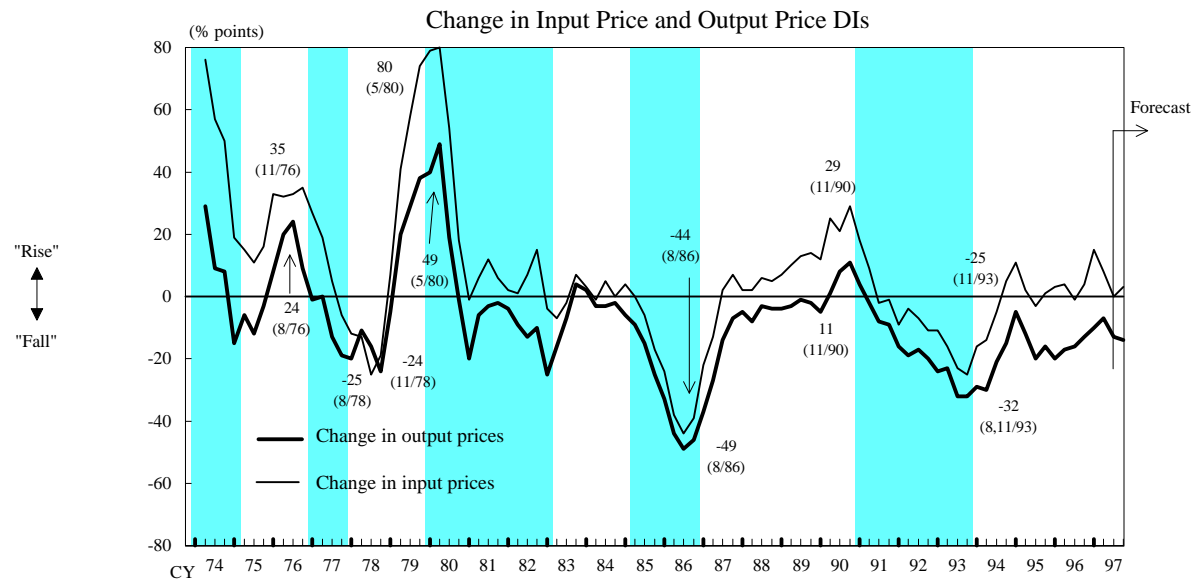
(<Reference> Investments for Computerizing)

[Y/y% chg, trillion yen]		
	FY96	FY97 (Forecast)
Financial institutions <200>	(1.1) 4.3	(1.3) 13.4
Banks <148>	6.5	11.5
Securities companies < 27>	-10.3	2.3
Insurance companies < 25>	5.7	24.1

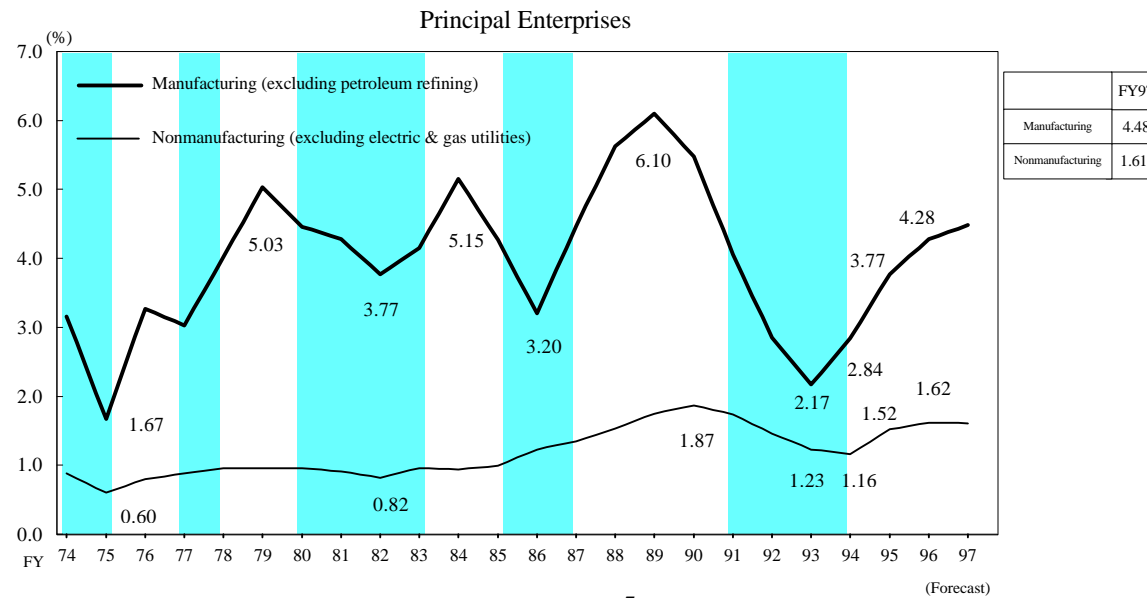


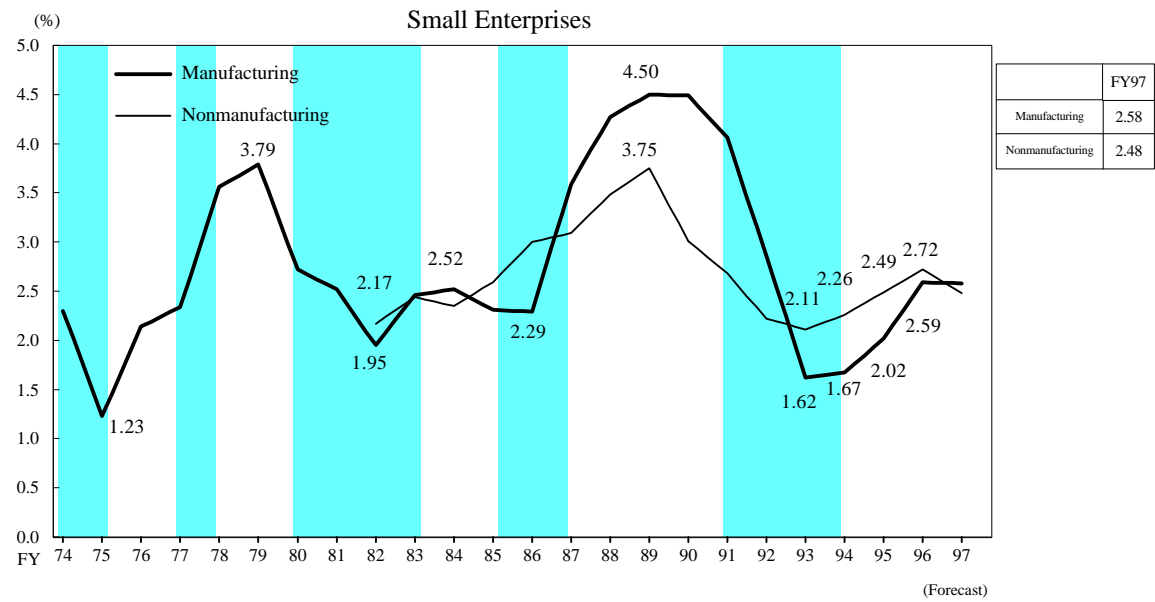
[Supply and Demand Conditions for Products; Inventories; and Prices (Principal Enterprises, Manufacturing)]



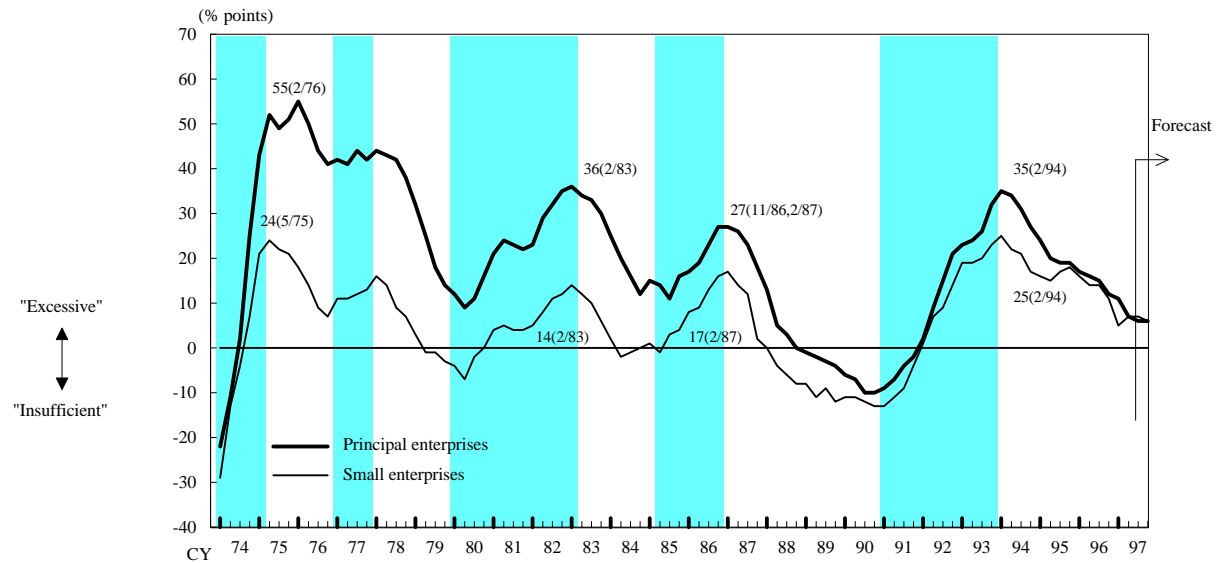


[Current Profit to Sales Ratio]



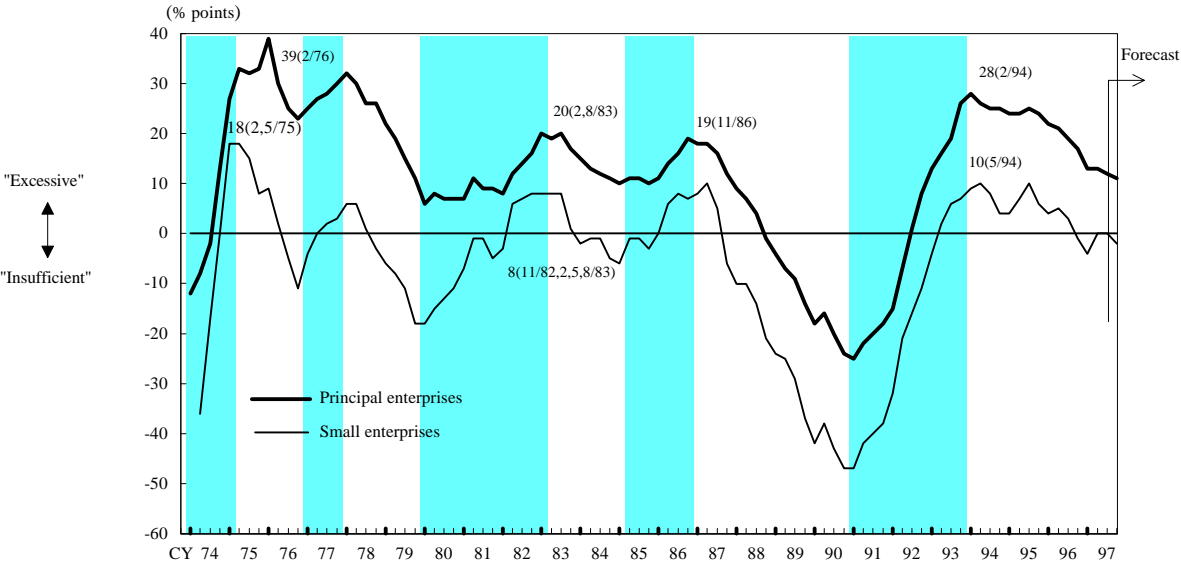


[Production Capacity DI (Manufacturing)]



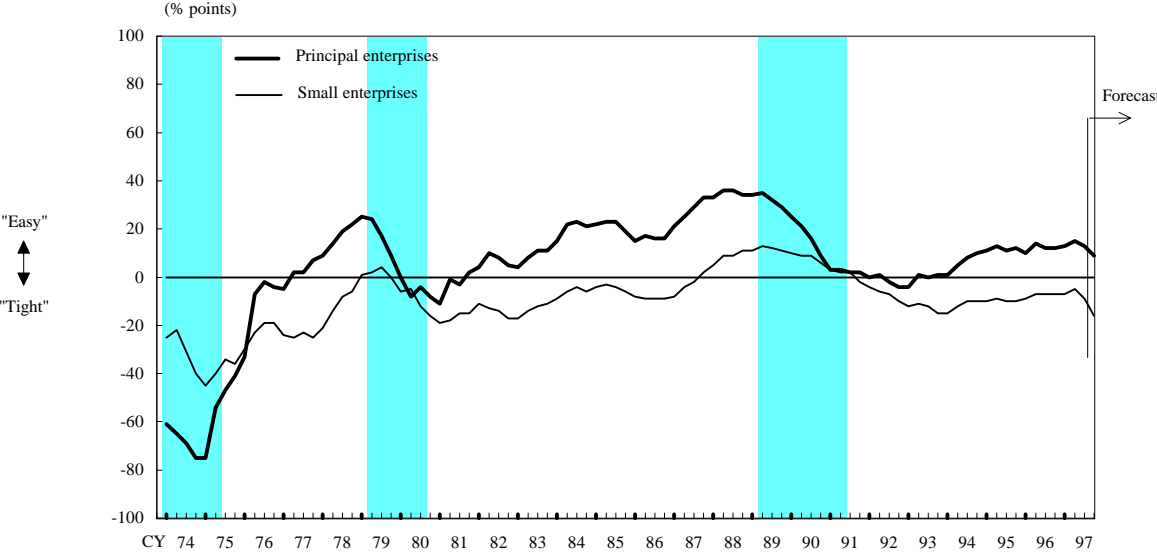
[Employment DI (All Industries)]

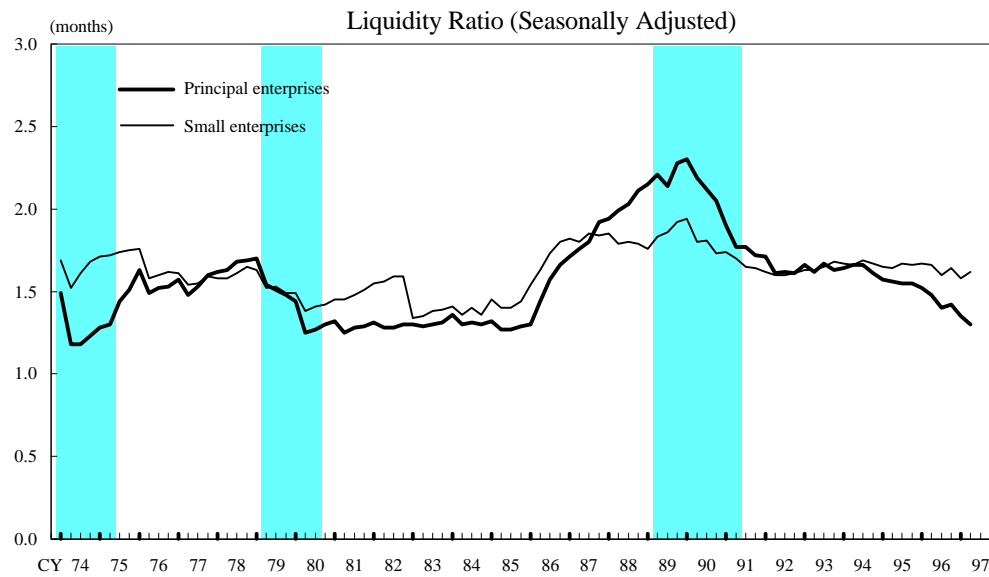
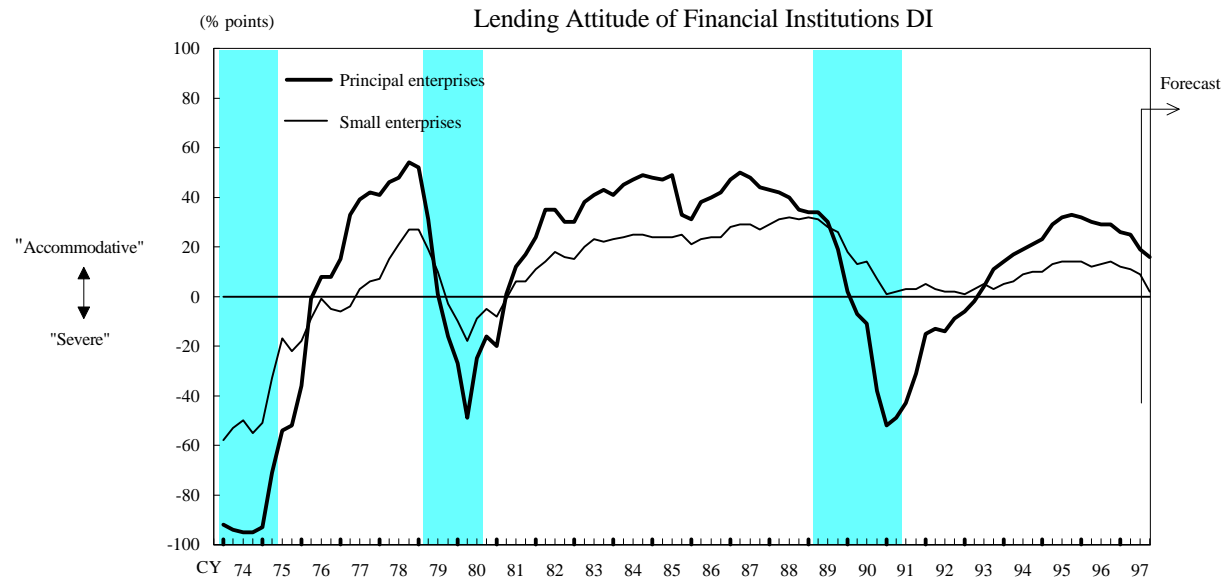
* See notes 17 and 18 under *NOTES*.



[Corporate Finance-Related Indicators (All Industries)]

Financial Position DI





NOTES

1. FY = fiscal year (April - March of the following year)
1H = first half (April - September)
2H = second half (October - March)
2. - indicates a negative figure.
3. DI (diffusion index) is the difference between the percentage share of the number of respondents choosing the first of three situations (e.g. "Favorable", "Not so favorable", and "Unfavorable") minus those choosing the third: "Favorable" minus "Unfavorable".
4. Figures in parentheses are forecasts of the previous survey, unless otherwise noted.
5. For value-based figures,
$$\text{"Revision rate" (\%)} = (\text{Projection in this survey} - \text{Previous projection}^*) / \text{Previous projection}^* \times 100$$

For ratio- or share-based figures,
$$\text{"Revision rate" (\% points)} = \text{Projection in this survey (\%)} - \text{Previous projection}^*(\%)$$

* The previous projections were conducted in June 1997, unless otherwise noted.

Notes for "2. Supply and Demand Conditions for Products; Inventories; and Prices"

6. ("Excess demand" minus "Excess supply")
7. ("Excessive or rather excessive" minus "Insufficient or rather insufficient")
8. ("Rise" minus "Fall")

Notes for "6. Corporate Finance"

9. ("Easy" minus "Tight")
10. ("Accommodative" minus "Severe")
11. ("Rise" minus "Fall")
12. "Ratio of liquidity" (month)
= (Quarter-end balance of cash and deposits
+ Quarter-end balance of securities)
/ Monthly average sales during the fiscal year
to which the quarter-end figures belong**
** "Sales" is the annual projection when the
quarter-end figures were finalized.

Notes for "(Appendix) Fixed Investments of Financial Institutions"

13. Figures in parentheses are amounts (trillion yen).
14. Figures in angle brackets are numbers of financial institutions.
15. Survey on "Investments for Computerizing" was conducted in June 1997.

CHART NOTES

16. Shaded areas indicate periods of recession (according to the Economic Planning Agency), unless otherwise noted.
17. As for employment DI, financial position DI and lending attitude of financial institutions DI, nonmanufacturing not included in small enterprises before May 1983.
18. As for "Corporate Finance-Related Indicators", shaded areas indicate periods of restraint.
19. As for the liquidity ratio, nonmanufacturing not included in small enterprises before March-end 1983.