

TANKAN Summary (March 1998)

163rd Short-Term Economic Survey of Principal Enterprises in Japan

96th Short-Term Economic Survey of All Enterprises in Japan

Number of Sample Companies

	Manufacturing	Nonmanufacturing	Total	Response rate
Principal enterprises	385	320	705	100.0%
All enterprises	3,984	5,324	9,308	90.9%
Small enterprises	2,079	3,276	5,355	88.8%

Not to be released before 8:50 a.m.
on Thursday, 2nd April 1998.

2nd April 1998
Research and Statistics Department
Bank of Japan

1. Business Conditions

(Principal Enterprises)

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

	Dec'97	Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Manufacturing	(-1) -11	(-15) -31	-20	-31	0
Basic materials	-18	(-21) -42	-24	-40	+2
Textiles	-33	(-35) -51	-18	-44	+7
Pulp & paper	9	(9) -18	-27	-27	-9
Chemicals	-5	(-11) -32	-27	-29	+3
Petroleum refining	-70	(-60) -70	0	-60	+10
Ceramics	-23	(-23) -47	-24	-53	-6
Iron & steel	-40	(-28) -60	-20	-56	+4
Nonferrous metals	9	(-9) -28	-37	-38	-10
Processing	-3	(-9) -21	-18	-22	-1
Food & beverages	3	(0) -10	-13	3	+13
Processed metals	-22	(-36) -50	-28	-50	0
Industrial machinery	13	(2) -7	-20	-2	+5
Electrical machinery	-3	(-2) -15	-12	-15	0
Shipbuilding & heavy machinery	-16	(-33) -67	-51	-67	0
Motor vehicles	-10	(-18) -32	-22	-50	-18
Precision machinery	9	(-9) 9	0	-9	-18
Nonmanufacturing	(-8) -20	(-22) -30	-10	-24	+6
Construction	-41	(-44) -49	-8	-44	+5
Real estate	-17	(-31) -28	-11	-26	+2
Wholesaling	-17	(-16) -26	-9	-22	+4
Retailing	-55	(-41) -66	-11	-36	+30
Transportation & communications	-17	(-15) -22	-5	-20	+2
Services	2	(-5) -13	-15	-7	+6
Leasing	6	(-7) -20	-26	-13	+7
Electric & gas utilities	0	(0) 0	0	-7	-7

(Reference)

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

FY1997 119.83 yen/U.S. dollar (117.44 yen/U.S. dollar in the December 1997 survey)

FY1998 121.71 yen/U.S. dollar 1H 121.77 yen/U.S. dollar , 2H 121.66 yen/U.S. dollar

(Small Enterprises)

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

	Dec'97	Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Manufacturing	(-16) -21	(-33) -38	-17	-44	-6
Textiles	-38	(-52) -59	-21	-58	+1
Lumber & lumber products	-54	(-66) -80	-26	-72	+8
Pulp & paper	-25	(-36) -42	-17	-37	+5
Chemicals	-7	(-15) -25	-18	-21	+4
Ceramics, stone & clay	-37	(-45) -49	-12	-60	-11
Iron & steel	-31	(-43) -48	-17	-60	-12
Nonferrous metals	-8	(-30) -31	-23	-45	-14
Food & beverages	-13	(-16) -27	-14	-21	+6
Processed metals	-22	(-32) -40	-18	-48	-8
Industrial machinery	-2	(-22) -19	-17	-38	-19
Electrical machinery	-2	(-19) -26	-24	-36	-10
Transportation machinery	-26	(-35) -37	-11	-46	-9
Nonmanufacturing	(-18) -25	(-33) -37	-12	-41	-4
Construction	-25	(-42) -32	-7	-45	-13
Real estate	-15	(-27) -29	-14	-34	-5
Wholesaling & retailing	-38	(-41) -50	-12	-49	+1
Transportation & communications	-26	(-31) -42	-16	-44	-2
Services & leasing	-11	(-19) -21	-10	-26	-5
Electric & gas utilities	-4	(-4) 4	+8	0	-4

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

	Dec'97	[DI, % points]			
		Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Supply and demand conditions * for products [6]	-27	(-28) -42	-15	-38	+4
Basic materials	-31	(-32) -51	-20	-45	+6
Processing	-22	(-24) -33	-11	-32	+1
Supply and demand conditions for products overseas [6]	-18	(-21) -31	-13	-30	+1

Inventory level of finished goods [7]	17	(11) 30	+13	20	-10
Basic materials	19	(15) 41	+22	25	-16
Processing	16	(6) 19	+3	14	-5
Wholesalers' inventory level [7]	23	(21) 36	+13	28	-8
Basic materials	29	(29) 47	+18	39	-8
Processing	19	(13) 25	+6	19	-6

3. Sales and Current Profits

(Principal Enterprises)

Sales

	FY97		FY98 (Forecast)	1H FY97	2H FY97		1H FY98 (Forecast)	2H FY98 (Forecast)	[Y/y % chg]
	(Forecast)	Revision rate			(Forecast)	Revision rate			
Manufacturing	0.6	-1.3	0.0	4.5	-2.9	-2.5	-2.2	2.0	
Domestic sales	-2.6	-1.9	0.3	0.9	-5.6	-3.6	-1.8	2.3	
Exports	11.7	+0.6	-1.1	17.4	6.6	+1.2	-3.4	1.2	
Nonmanufacturing	0.7	-0.5	-0.6	1.8	-0.3	-1.0	-0.2	-1.0	

Current Profits

	[Y/y % chg]							
Manufacturing (excluding petroleum refining)	-5.4	-8.8	0.6	12.5	-19.4	-16.6	-11.8	13.9
Basic materials (excluding petroleum refining)	3.0	-3.7	-1.0	15.2	-6.6	-7.1	-8.0	5.7
Processing	-9.1	-11.1	1.3	11.4	-24.8	-20.9	-13.5	18.2
Nonmanufacturing (excluding electric & gas utilities)	-7.5	-5.9	-0.5	-6.0	-8.9	-11.8	-6.8	6.1

Current Profit to Sales Ratio

	[Y/y % chg]							
Manufacturing (excluding petroleum refining)	4.06	-0.33	4.07	4.31	3.81	-0.65	3.88	4.24
Nonmanufacturing (excluding electric & gas utilities)	1.50	-0.08	1.50	1.63	1.38	-0.16	1.52	1.48

	Dec'97	[DI, % points]			
		Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Change in output prices * [8]	-15	(-17) -31	-16	-23	+8
Basic materials	-10	(-13) -37	-27	-24	+13
Processing	-19	(-21) -24	-5	-23	+1
Change in input prices [8]	2	(3) -13	-15	-7	+6
Basic materials	6	(6) -24	-30	-11	+13
Processing	-3	(0) -4	-1	-5	-1

*See notes 6 to 8 under *NOTES*.

(Small Enterprises)

Sales

	FY97		FY98 (Forecast)	1H FY97	2H FY97		1H FY98 (Forecast)	2H FY98 (Forecast)	[Y/y % chg]
	(Forecast)	Revision rate			(Forecast)	Revision rate			
Manufacturing	-2.2	-1.6	-1.2	0.6	-4.8	-3.1	-3.0	0.5	
Nonmanufacturing	-3.2	-1.2	-0.2	-1.4	-4.8	-2.2	-1.1	0.7	

Current Profits

	[Y/y % chg]							
Manufacturing	-22.1	-15.3	12.8	0.2	-35.2	-25.8	-10.4	33.9
Nonmanufacturing	-15.9	-5.9	9.4	-19.5	-12.9	-9.8	5.2	12.7

Current Profit to Sales Ratio

	[Y/y % chg]							
Manufacturing	2.06	-0.28	2.35	1.99	2.13	-0.61	1.83	2.83
Nonmanufacturing	2.36	-0.04	2.59	2.18	2.51	-0.15	2.32	2.82

4.Fixed Investments (Fixed Investments)

		[Y/y % chg]		
		FY97 (Forecast)	Revision rate	FY98 (Forecast)
Principal enterprises	All industries	2.0	-1.9	-4.3
	Manufacturing	9.1	-0.8	-7.2
	Nonmanufacturing	-1.4	-2.5	-2.7
Small enterprises	All industries	-7.1	-0.1	-19.2
	Manufacturing	4.6	-2.0	-24.2
	Nonmanufacturing	-11.7	+0.7	-16.9
All enterprises	All industries	-2.8	-1.3	-9.3
	Manufacturing	6.0	-1.9	-10.5
	Nonmanufacturing	-7.0	-1.0	-8.6

(Production Capacity DI <Manufacturing>)

		[DI<"Excessive" minus "Insufficient">, % points]			
	Dec'97	Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Principal enterprises	10	(10) 15	+5	15	0
Small enterprises	9	(9) 16	+7	16	0

5.Employment (Employment DI)

		[DI<"Excessive" minus "Insufficient">, % points]				
		Dec'97	Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Principal enterprises	All industries	13	(13) 15	+2	17	+2
	Manufacturing	16	(15) 21	+5	23	+2
	Nonmanufacturing	10	(8) 8	-2	9	+1
Small enterprises	All industries	2	(3) 9	+7	11	+2
	Manufacturing	3	(5) 14	+11	16	+2
	Nonmanufacturing	1	(1) 5	+4	7	+2

(Number of Employees <All Industries>)

	[Y/y % chg]			
	Mar-end'97	June-end	Sept-end	Dec-end
Principal enterprises	-2.0	-1.3	-1.8	-2.2
Small enterprises	0.3	0.4	0.7	0.5

6. Corporate Finance
(Corporate Finance-Related DIs <All Industries>)

[DI, % points]

		Dec'97	Mar'98	Change between Dec and Mar	June (Forecast)	Change between Mar and June
Principal enterprises	Financial position	7	(0) -5	-12	-8	-3
	Lending attitude of financial institutions	3	(-10) -41	-44	-38	+3
	Change in interest rate	8	(23) 42	+34	23	-19
Small enterprises	Financial position	-12	(-24) -20	-8	-32	-12
	Lending attitude of financial institutions	-1	(-14) -19	-18	-29	-10
	Change in interest rate	-7	(4) 11	+18	22	+11

* See notes 9 to 11 under *NOTES*.

(Liquidity Ratio <All Industries>)*

[Seasonally adjusted, months]

	Mar-end'97	June-end	Sept-end	Dec-end
Principal enterprises	1.35	1.30	1.29	1.33
Small enterprises	1.58	1.62	1.57	1.62

* See note 12 under *NOTES*.

(Appendix) Fixed Investments of Financial Institutions*
(Fixed Investments)

[Y/y% chg, trillion yen]

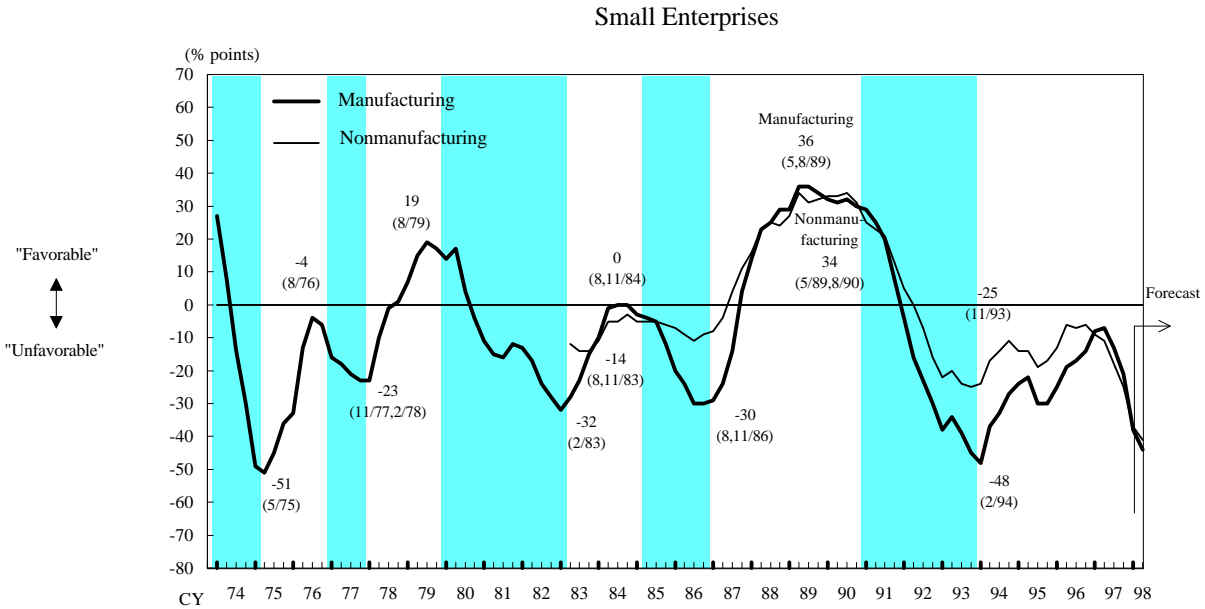
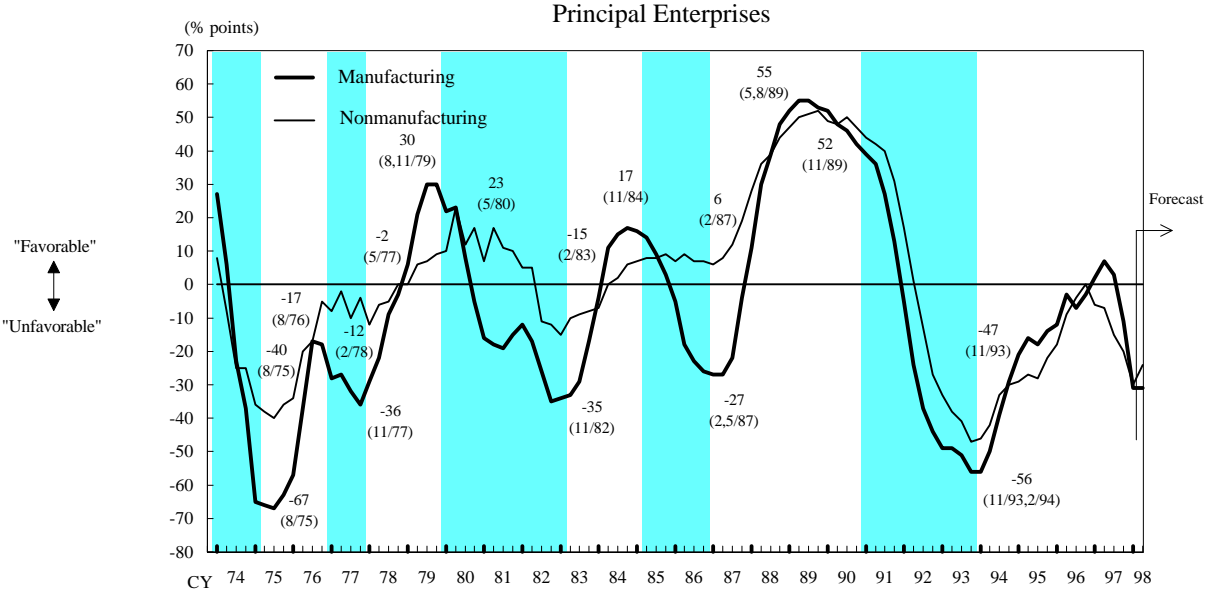
		FY97 (Forecast)	Revision rate	FY98 (Forecast)
Financial institutions	<195>	(1.3) 7.6	+2.3	(1.2) -7.7
Banks	<145>	-8.0	-11.0	7.8
Securities companies	< 25>	73.3	-10.0	61.8
Insurance companies	< 25>	21.1	+16.7	-23.5

*See notes 13 to 15 under *NOTES*.

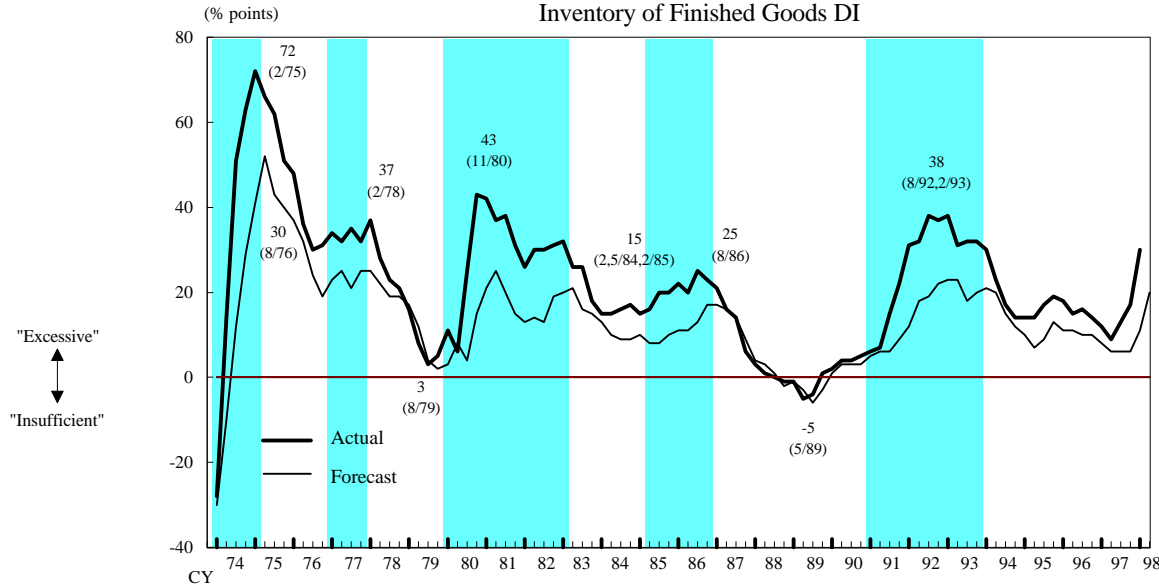
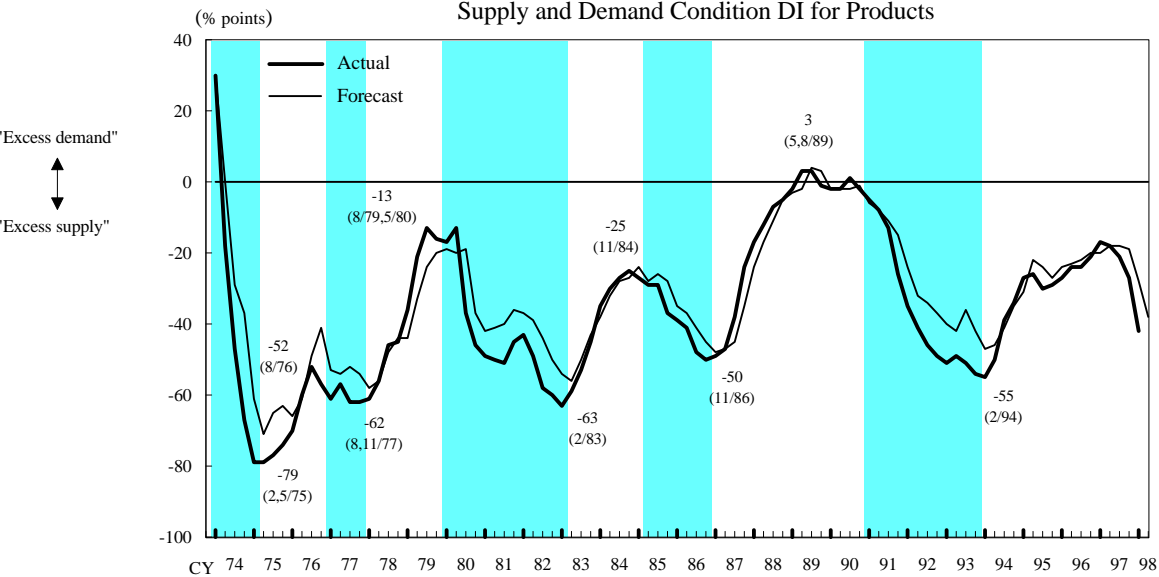
(<Reference> Investments for Computerizing)

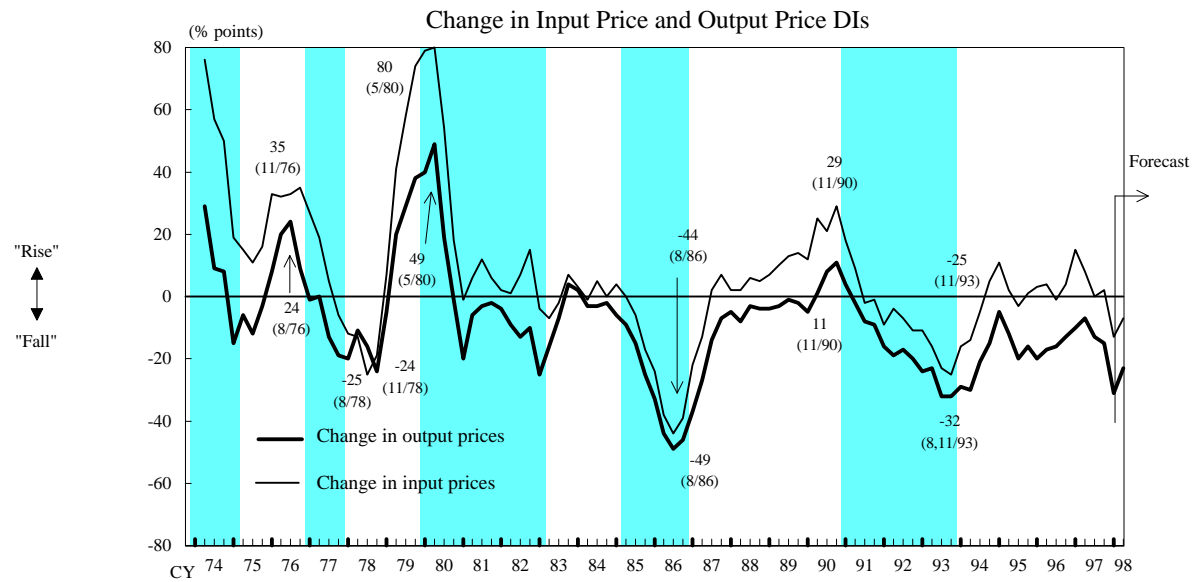
[Y/y% chg, trillion yen]

		FY96	FY97 (Forecast)	Revision rate
Financial institutions	<195>	(1.1) 4.3	(1.2) 13.1	0.0
Banks	<145>	6.5	8.6	-1.7
Securities companies	< 25>	-10.3	6.9	+3.9
Insurance companies	< 25>	5.7	28.3	+3.4

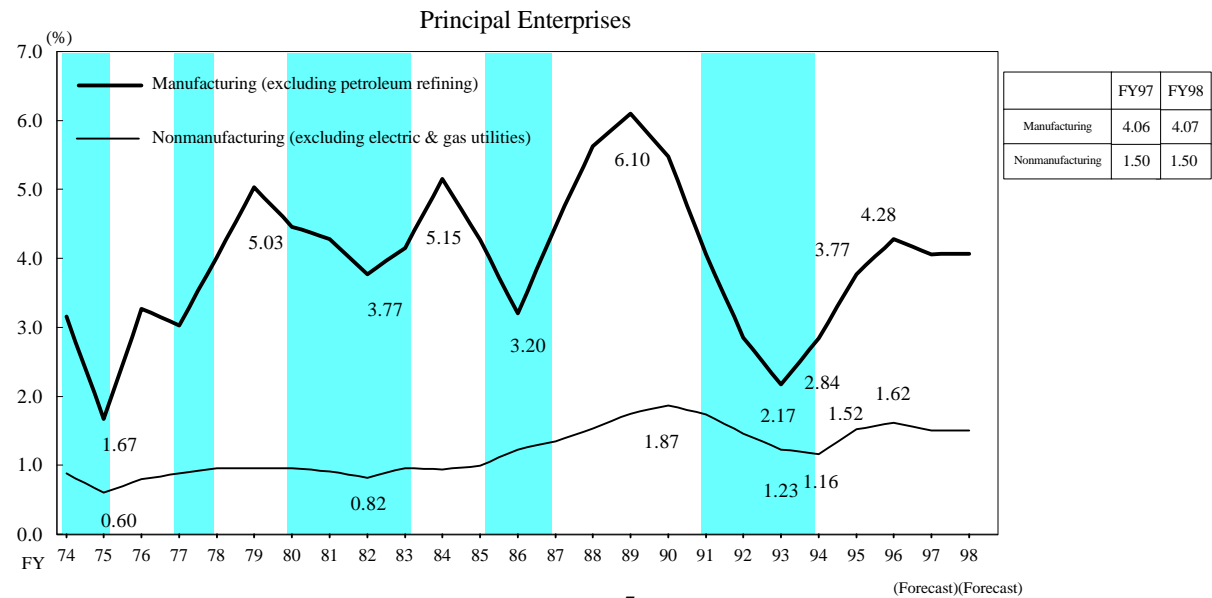


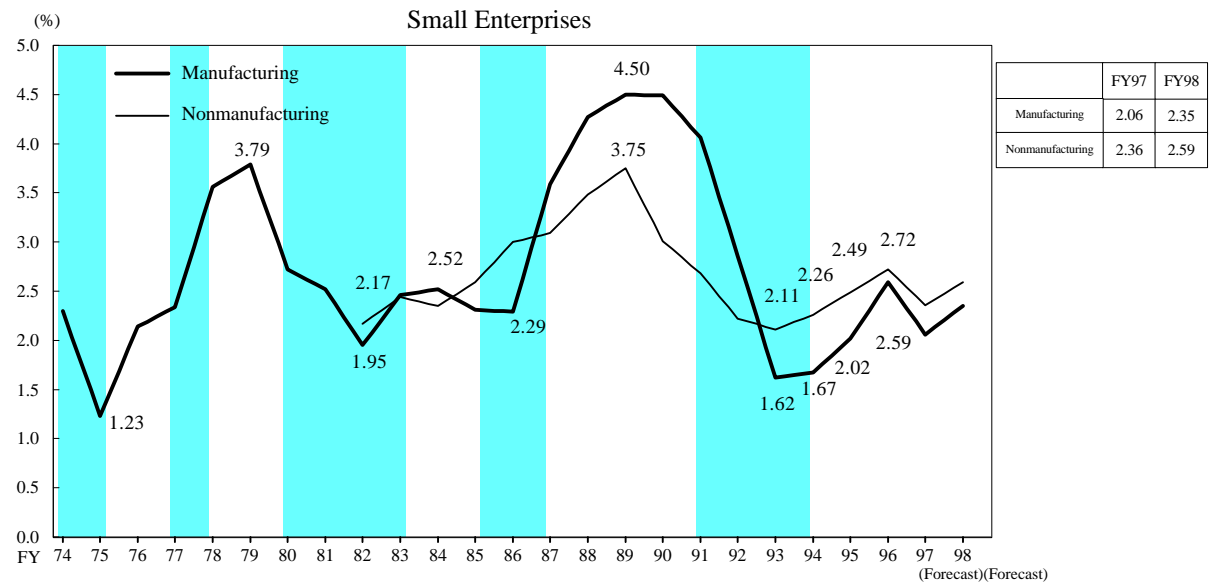
[Supply and Demand Conditions for Products; Inventories; and Prices (Principal Enterprises, Manufacturing)]



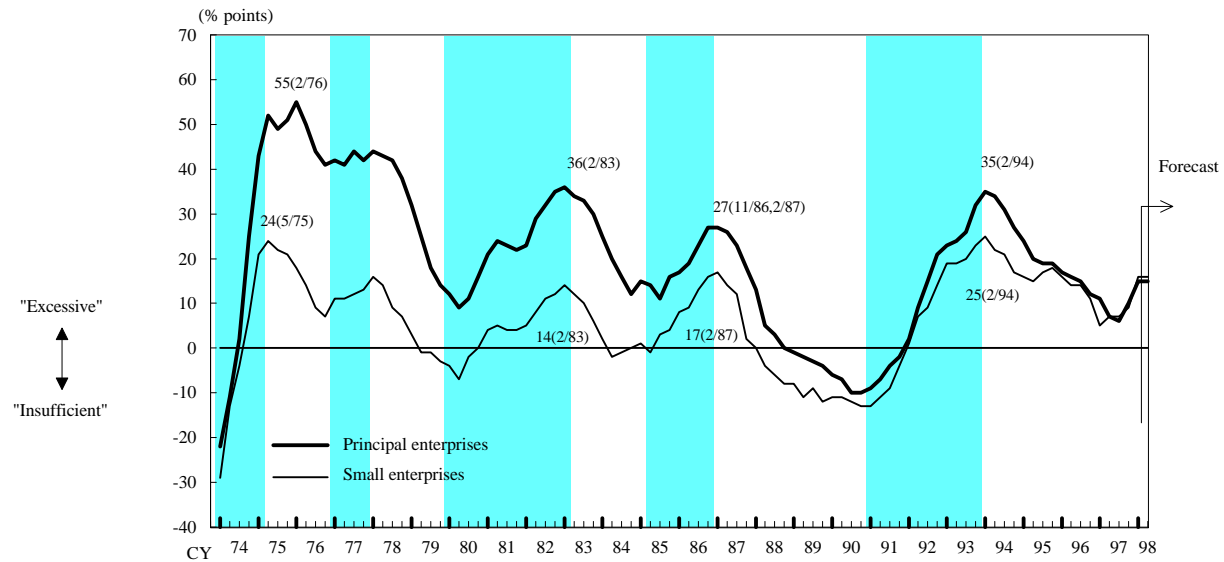


[Current Profit to Sales Ratio]



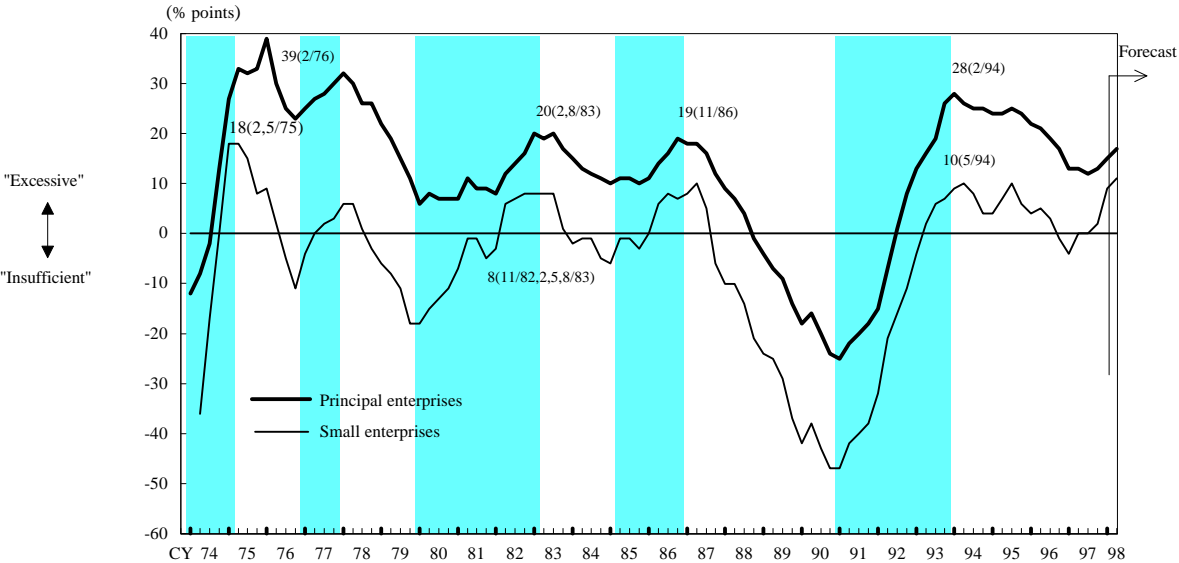


[Production Capacity DI (Manufacturing)]



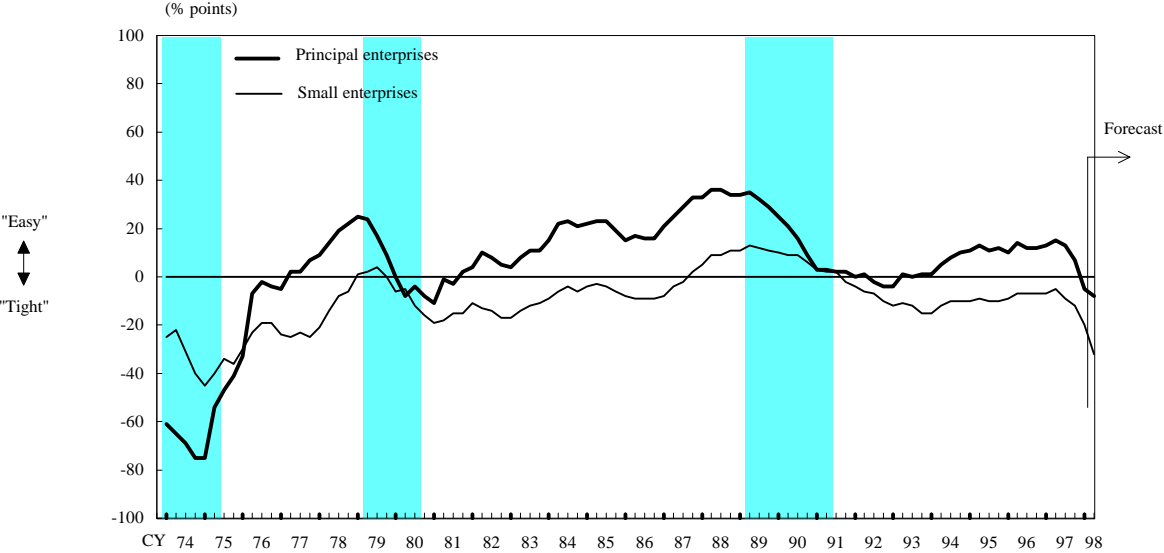
[Employment DI (All Industries)]

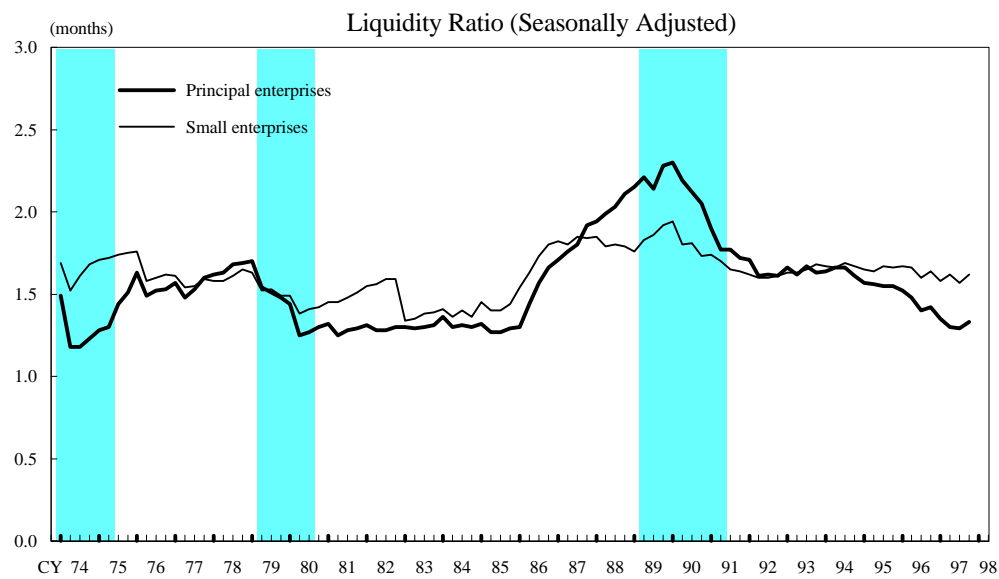
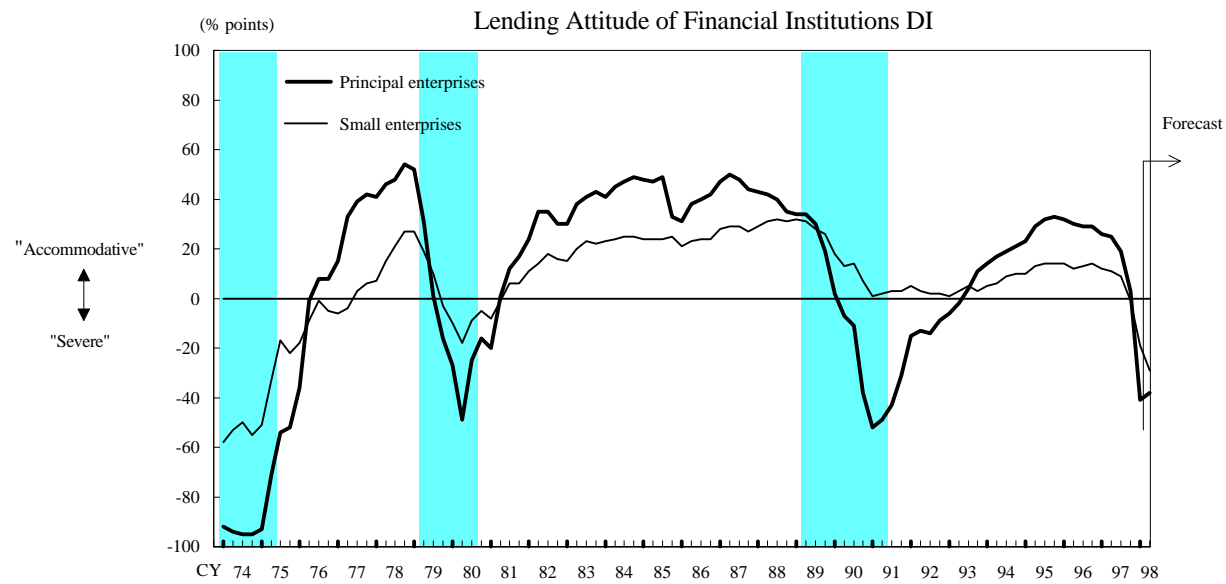
*See notes 17 and 18 under *NOTES*.



[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 December 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 December 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.