

# TANKAN Summary (December 1999)

103rd Short-Term Economic Survey of All Enterprises in Japan

170th Short-Term Economic Survey of Principal Enterprises in Japan

Not to be released before 8:50 a.m. on  
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December 13, 1999

Research and Statistics Department

Bank of Japan

Number of sample enterprises

	Manufacturing	Nonmanufacturing	Total	Response rate
All Enterprises	3,856	5,350	9,206	95.1%
Large enterprises	775	652	1,427	97.8%
Medium-sized enterprises	1,110	1,805	2,915	95.5%
Small enterprises	1,971	2,893	4,864	94.0%
Principal Enterprises	381	312	693	100.0%
(Memo) Financial institutions	-	-	191	100.0%

Responding Period: November 11th to December 10th.

Memo: Average of predicted exchange rates expected by large manufacturing enterprises

( yen per US dollar )

	FY1998			FY1999		
		1H	2H		1H	2H
June 1999 survey	128.24	134.55	121.54	116.78	117.01	116.57
Sept 1999 survey	-	-	-	115.17	116.88	113.58
Dec 1999 survey	-	-	-	112.37	116.94	107.93

\*All figures are based on a revision of sample enterprises of All Enterprises Tankan in March 1999.

## 1. Business Conditions

(Net percentage of respondents who reported "Favorable")

	Large enterprises						Medium-sized enterprises						Small enterprises					
	Sept 1999 survey		Dec 1999 survey				Sept 1999 survey		Dec 1999 survey				Sept 1999 survey		Dec 1999 survey			
	Actual result	Forecast	Actual result		Forecast	Changes	Actual result	Forecast	Actual result		Forecast	Changes	Actual result	Forecast	Actual result		Forecast	Changes
			Changes in revision						Changes in revision						Changes in revision			
Manufacturing	-22	-16	-17	5	-9	8	-28	-22	-19	9	-19	0	-40	-34	-32	8	-30	2
Textiles	-50	-37	-38	12	-25	13	-59	-45	-51	8	-45	6	-62	-62	-62	0	-52	10
Lumber & wood products	0	22	22	22	0	-22	-48	-35	-29	19	-21	8	-34	-37	-28	6	-31	-3
Pulp & paper	-50	-13	-25	25	-13	12	-6	-10	-9	-3	-9	0	-26	-25	-21	5	-21	0
Chemicals	-6	-11	-5	1	-1	4	-8	-11	-4	4	-7	-3	-13	-1	-3	10	-3	0
Petroleum & coal products	-56	-44	-33	23	-33	0	-75	-42	-64	11	-27	37	-37	-36	-20	17	-25	-5
Ceramics, stone & clay	-53	-52	-43	10	-26	17	-47	-34	-32	15	-37	-5	-49	-41	-28	21	-28	0
Iron & steel	-59	-37	-48	11	-44	4	-60	-35	-45	15	-38	7	-71	-56	-57	14	-57	0
Nonferrous metals	-33	-29	-28	5	-4	24	-29	-29	-22	7	-35	-13	-45	-30	-30	15	-24	6
Food & beverages	10	9	6	-4	12	6	-2	1	-3	-1	-6	-3	-24	-11	-18	6	-13	5
Processed metals	-24	-21	-21	3	-11	10	-44	-31	-33	11	-19	14	-49	-45	-36	13	-36	0
Industrial machinery	-50	-41	-43	7	-26	17	-62	-48	-48	14	-42	6	-54	-43	-46	8	-37	9
Electrical machinery	-7	5	-1	6	8	9	-3	-3	5	8	3	-2	-25	-23	-13	12	-15	-2
Shipbuilding & heavy machinery	-30	-50	-30	0	-40	-10	-50	-67	-50	0	-75	-25	-60	-60	-62	-2	-69	-7
Motor vehicles	-26	-20	-17	9	-13	4	-28	-30	-17	11	-20	-3	-30	-29	-24	6	-24	0
Precision machinery	-30	-23	-26	4	-15	11	-25	-23	-16	9	-19	-3	-31	-23	-23	8	-14	9
Basic materials	-31	-24	-23	8	-15	8	-37	-28	-29	8	-27	2	-45	-40	-36	9	-34	2
Processing	-19	-13	-14	5	-7	7	-24	-19	-16	8	-16	0	-37	-31	-29	8	-27	2
Nonmanufacturing	-23	-18	-19	4	-16	3	-31	-23	-28	3	-24	4	-31	-28	-28	3	-27	1
Construction	-31	-30	-27	4	-29	-2	-23	-19	-25	-2	-27	-2	-22	-23	-19	3	-27	-8
Real estate	9	8	9	0	17	8	17	5	13	-4	13	0	-13	-18	-14	-1	-15	-1
Wholesaling	-17	-13	-12	5	-4	8	-31	-19	-29	2	-22	7	-32	-27	-31	1	-25	6
Retailing	-27	-15	-27	0	-16	11	-39	-25	-37	2	-27	10	-49	-41	-45	4	-37	8
Transportation	-37	-31	-29	8	-30	-1	-42	-36	-36	6	-36	0	-41	-36	-34	7	-33	1
Communications	8	0	16	8	17	1	33	33	20	-13	30	10	30	35	36	6	36	0
Electric & gas utilities	0	0	-6	-6	0	6	0	10	0	0	10	10	0	0	0	0	-4	-4
Services	-15	-12	-9	6	-6	3	-27	-24	-21	6	-23	-2	-27	-26	-23	4	-21	2
Leasing	11	0	-11	-22	-22	-11	-19	-14	-16	3	-21	-5	-40	-38	-30	10	-33	-3
All industries	-23	-17	-18	5	-13	5	-30	-23	-24	6	-22	2	-35	-30	-30	5	-27	3

	All Enterprises					
Manufacturing	-33	-27	-26	7	-23	3
Nonmanufacturing	-30	-25	-27	3	-25	2
All industries	-32	-26	-26	6	-24	2

(Notes) 1. Response rate = The number of enterprises responding to the question of Business Conditions (or that of financial institutions responding to the question of Fixed Investments) / The number of sample enterprises \* 100

2. Actual result: Judgement at the time of the survey, Forecast: Judgement at the time of three months hence.

Changes in revision of actual results = "Actual results of current survey" minus "Actual results of the previous survey".

Changes of forecast = "Forecast of current survey" minus "Actual results of current survey".

## 1. Business Conditions (Continued)

(Net percentage of respondents who reported "Favorable")

	Principal Enterprises					
	Sept 1999 survey		Dec 1999 survey			
	Actual result	Forecast	Actual result		Forecast	
				Changes in revision		Changes
Manufacturing	-35	-27	-28	7	-18	10
Textiles	-68	-56	-62	6	-50	12
Pulp & paper	-55	-18	-27	28	-9	18
Chemicals	-19	-23	-13	6	-12	1
Petroleum refining	-67	-44	-44	23	-33	11
Ceramics, stone & clay	-71	-59	-65	6	-24	41
Iron & steel	-63	-38	-46	17	-42	4
Nonferrous metals	-40	-30	-40	0	-15	25
Food & beverages	12	12	15	3	12	-3
Processed metals	-15	-15	-8	7	0	8
Industrial machinery	-55	-43	-43	12	-31	12
Electrical machinery	-14	-2	-15	-1	7	22
Shipbuilding & heavy machinery	-50	-50	-50	0	-50	0
Motor vehicles	-24	-21	-14	10	-17	-3
Precision machinery	-30	-20	-30	0	-10	20
Basic materials	-47	-37	-37	10	-25	12
Processing	-24	-18	-19	5	-12	7
Nonmanufacturing	-19	-15	-19	0	-15	4
Construction	-37	-39	-37	0	-41	-4
Real estate	3	3	-3	-6	9	12
Wholesaling	-24	-14	-22	2	-11	11
Retailing	-33	-21	-40	-7	-26	14
Transportation	-25	-22	-25	0	-24	1
Communications	0	0	0	0	0	0
Electric & gas utilities	0	0	0	0	0	0
Services	-14	-11	-5	9	-4	1
Leasing	0	7	-7	-7	0	7
All industries	-28	-22	-25	3	-17	8

<Memo> Percentage share of the number of respondents choosing each alternatives (Actual result)

(%, % points)

	Sept 1999 survey			Dec 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises	Large enterprises	Medium-sized enterprises	Small enterprises
Manufacturing	-22	-28	-40	-17	-19	-32
1.Favorable	10	11	8	11	14	10
2.Not so favorable	58	50	44	61	53	48
3.Unfavorable	32	39	48	28	33	42
Nonmanufacturing	-23	-31	-31	-19	-28	-28
1.Favorable	7	8	8	8	9	8
2.Not so favorable	63	53	53	65	54	56
3.Unfavorable	30	39	39	27	37	36

(Note) Business Conditions DI = Percentage share of enterprises responding for "Favorable" minus "Unfavorable"

## 2. Supply and Demand Conditions for Products, Inventories, and Prices

(% points)

		Large enterprises					
		Sept 1999 survey		Dec 1999 survey			
		Actual result	Forecast	Actual result		Forecast	
					Changes in revision		Changes
Supply and demand conditions for products:	Manufacturing	-38	-33	-34	4	-31	3
Diffusion index of "Excess demand" minus	Basic materials	-49	-40	-42	7	-38	4
"Excess supply"	Processing	-33	-31	-32	1	-29	3
Supply and demand conditions for products overseas:	Manufacturing	-22	-21	-17	5	-16	1
Diffusion index of "Excess demand" minus	Basic materials	-32	-29	-23	9	-20	3
"Excess supply"	Processing	-18	-18	-14	4	-14	0

Inventory level of finished goods and merchandise:	Manufacturing	29	19	25	-4	18	-7
Diffusion index of "Excessive or somewhat excessive"	Basic materials	31	21	28	-3	20	-8
minus "Insufficient or somewhat insufficient"	Processing	28	18	25	-3	17	-8
Wholesalers' inventory level:	Manufacturing	34	28	29	-5	25	-4
Diffusion index of "Excessive or somewhat excessive"	Basic materials	41	34	34	-7	30	-4
minus "Insufficient or somewhat insufficient"	Processing	29	25	26	-3	22	-4

Change in output prices:	Manufacturing	-25	-23	-26	-1	-23	3
Diffusion index of "Rise" minus "Fall"	Basic materials	-10	-2	-8	2	-2	6
	Processing	-31	-31	-33	-2	-31	2
Change in input prices:	Manufacturing	-3	0	-1	2	2	3
Diffusion index of "Rise" minus "Fall"	Basic materials	13	16	12	-1	18	6
	Processing	-9	-7	-6	3	-4	2

(% points)

		Small enterprises					
		Sept 1999 survey		Dec 1999 survey			
		Actual result	Forecast	Actual result		Forecast	
					Changes in revision		Changes
Supply and demand conditions for products:	Manufacturing	-57	-53	-52	5	-50	2
Diffusion index of "Excess demand" minus	Basic materials	-66	-63	-62	4	-59	3
"Excess supply"	Processing	-50	-47	-46	4	-45	1
Supply and demand conditions for products overseas:	Manufacturing	-38	-37	-37	1	-36	1
Diffusion index of "Excess demand" minus	Basic materials	-48	-47	-47	1	-48	-1
"Excess supply"	Processing	-33	-32	-30	3	-31	-1

Inventory level of finished goods and merchandise:	Manufacturing	28	20	25	-3	19	-6
Diffusion index of "Excessive or somewhat excessive"	Basic materials	36	26	33	-3	27	-6
minus "Insufficient or somewhat insufficient"	Processing	22	15	19	-3	14	-5
Wholesalers' inventory level:	Manufacturing	43	37	40	-3	36	-4
Diffusion index of "Excessive or somewhat excessive"	Basic materials	52	46	50	-2	46	-4
minus "Insufficient or somewhat insufficient"	Processing	36	31	33	-3	29	-4

Change in output prices:	Manufacturing	-32	-32	-33	-1	-32	1
Diffusion index of "Rise" minus "Fall"	Basic materials	-27	-24	-30	-3	-26	4
	Processing	-35	-38	-35	0	-36	-1
Change in input prices:	Manufacturing	-3	2	-1	2	5	6
Diffusion index of "Rise" minus "Fall"	Basic materials	0	7	3	3	11	8
	Processing	-5	-1	-3	2	-1	2

### 3. Sales and Current Profits

#### Sales

		FY1998		FY1999	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	-6.6	-	0.2	-0.2
	Domestic Sales	-7.5	-	0.7	-0.5
	Exports	-3.3	-	-1.7	0.8
	Nonmanufacturing	-11.4	-	-3.8	-2.7
Medium-sized enterprises	Manufacturing	-8.0	-	1.0	-0.9
	Nonmanufacturing	-6.2	-	1.7	0.1
Small enterprises	Manufacturing	-7.5	-	-1.8	0.0
	Nonmanufacturing	-3.9	-	-1.7	0.8
All Enterprises	All industries	-7.7	-	-1.0	-0.7
Principal Enterprises	Manufacturing	-6.9	-	-0.2	-0.4
	Nonmanufacturing	-10.0	-	-4.8	-2.2

(Year-to-year growth rate, %)

1H FY1998	2H FY1998		1H FY1999		2H FY1999	
		Adjustment ratio		Adjustment ratio	(Forecast)	Adjustment ratio
-6.9	-6.3	-	-2.8	0.2	3.1	-0.5
-9.2	-5.8	-	-1.8	-0.6	3.1	-0.3
1.6	-8.0	-	-6.1	2.9	3.1	-1.1
-10.1	-12.5	-	-6.8	-3.0	-0.9	-2.4
-8.9	-7.1	-	-1.7	-1.1	3.5	-0.7
-6.6	-5.7	-	-1.1	-0.3	4.4	0.4
-7.8	-7.3	-	-3.8	0.3	0.3	-0.3
-4.5	-3.3	-	-1.5	1.8	-1.8	0.0
-7.6	-7.8	-	-3.4	-0.7	1.3	-0.8
-7.2	-6.5	-	-3.3	0.0	2.9	-0.7
-8.0	-11.8	-	-8.7	-2.6	-1.0	-1.8

#### Current Profits

		FY1998		FY1999	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	-29.4	-	19.2	-1.9
	Basic materials	-26.3	-	26.6	0.9
	Processing	-30.8	-	15.7	-3.4
	Nonmanufacturing	-6.8	-	6.1	2.0
Medium-sized enterprises	Manufacturing	-29.2	-	22.7	-9.4
	Nonmanufacturing	4.9	-	23.5	0.3
Small enterprises	Manufacturing	-39.1	-	58.2	0.0
	Nonmanufacturing	-7.4	-	13.1	0.3
All Enterprises	All industries	-16.1	-	16.8	-0.6
Principal Enterprises	Manufacturing excluding petroleum refining	-30.2	-	12.0	-4.4
	Nonmanufacturing excluding electric & gas utilities	-3.9	-	6.0	2.5

(Year-to-year growth rate, %)

1H FY1998	2H FY1998		1H FY1999		2H FY1999	
		Adjustment ratio		Adjustment ratio	(Forecast)	Adjustment ratio
-26.2	-33.0	-	-5.5	10.3	49.7	-9.8
-26.3	-26.3	-	12.0	10.5	42.0	-5.8
-26.2	-36.2	-	-12.9	10.2	53.9	-11.6
-19.7	7.2	-	13.6	9.6	0.0	-4.2
-35.5	-23.8	-	-0.6	-20.0	39.6	-2.7
-8.0	14.1	-	39.2	3.9	14.3	-2.1
-62.5	-19.5	-	98.5	2.5	42.5	-1.3
-9.0	-6.3	-	14.6	9.1	12.1	-5.1
-23.0	-9.5	-	12.4	6.1	20.3	-5.2
-25.4	-35.6	-	-16.0	11.1	47.7	-13.2
-13.8	6.9	-	15.5	8.8	-2.2	-3.3

#### Ratio of Current Profit to Sales

		FY1998		FY1999	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	3.07	-	3.65	-0.07
	Nonmanufacturing	2.10	-	2.31	0.10
Medium-sized enterprises	Manufacturing	2.77	-	3.37	-0.32
	Nonmanufacturing	1.25	-	1.52	0.00
Small enterprises	Manufacturing	1.40	-	2.25	0.00
	Nonmanufacturing	1.71	-	1.97	-0.01
All Enterprises	All industries	1.97	-	2.32	0.00
Principal Enterprises	Manufacturing excluding petroleum refining	3.01	-	3.40	-0.13
	Nonmanufacturing excluding electric & gas utilities	1.64	-	1.83	0.09

(%, % points)

1H FY1998	2H FY1998		1H FY1999		2H FY1999	
		Adjustment ratio		Adjustment ratio	(Forecast)	Adjustment ratio
3.44	2.71	-	3.34	0.30	3.94	-0.40
1.92	2.27	-	2.34	0.26	2.29	-0.04
2.39	3.14	-	2.42	-0.57	4.24	-0.09
0.94	1.56	-	1.32	0.05	1.71	-0.04
0.79	1.99	-	1.64	0.04	2.82	-0.03
1.46	1.95	-	1.69	0.11	2.23	-0.12
1.80	2.13	-	2.10	0.14	2.53	-0.12
3.45	2.58	-	3.00	0.30	3.75	-0.53
1.55	1.72	-	1.97	0.21	1.71	-0.02

(Note) Adjustment ratios are calculated as the percentage change of the figures between present and previous surveys.

## 4. Fixed Investments

Fixed Investments		(Year-to-year growth rate, %)			
		FY1998		FY1999	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	-9.4	-	-10.9	-1.2
	Nonmanufacturing	-3.6	-	-10.8	-1.8
	All industries	-5.8	-	-10.8	-1.6
Medium-sized enterprises	Manufacturing	-7.8	-	-15.5	1.0
	Nonmanufacturing	-0.8	-	-4.0	1.3
	All industries	-1.7	-	-5.3	1.2
Small enterprises	Manufacturing	-5.9	-	-25.4	5.2
	Nonmanufacturing	-2.1	-	-13.3	9.0
	All industries	-3.2	-	-16.6	8.0
All Enterprises	Manufacturing	-8.5	-	-14.2	0.1
	Nonmanufacturing	-2.2	-	-8.2	1.1
	All industries	-3.9	-	-9.8	0.9
Principal Enterprises	Manufacturing	-9.3	-	-10.8	-0.8
	Nonmanufacturing	-4.7	-	-3.3	-1.1
	All industries	-6.3	-	-5.8	-1.0

Production Capacity (Manufacturing) (Net percentage of respondents who reported "Excessive capacity")

	Sept 1999 survey		Dec 1999 survey			
	Actual result	Forecast	Actual result			Changes
				Changes in revision	Forecast	
Large enterprises	29	26	28	-1	25	-3
Medium-sized enterprises	26	24	22	-4	22	0
Small enterprises	24	21	23	-1	20	-3
All respondents of All Enterprises	26	23	23	-3	21	-2
Principal Enterprises	31	28	31	0	27	-4

## 5. Overseas Activities (special survey for June and December)

Overseas Production (Manufacturing) (Year-to-year growth rate, %)

		FY1998		FY1999	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Overseas production	2.2	1.6	1.7	0.4
	Share of overseas production	18.28	0.24	18.50	0.13
Principal Enterprises	Overseas production	1.9	0.0	1.3	-1.5
	Share of overseas production	21.06	-0.01	21.30	-0.15

Overseas Investments (Manufacturing) (Year-to-year growth rate, %)

		FY1998		FY1999	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Overseas investments	-10.1	-1.4	-13.9	-7.2
	Share of overseas investments	25.54	-0.27	24.90	-1.44
Principal Enterprises	Overseas investments	-10.3	-0.7	-16.1	-8.1
	Share of overseas investments	29.33	-0.15	28.19	-1.57

## 6. Employment

Employment Conditions (Net percentage of respondents who reported "Excessive employment")

		Sept 1999 survey		Dec 1999 survey			
		Actual result	Forecast	Actual result			Changes
					Changes in revision	Forecast	
Large enterprises	Manufacturing	36	32	36	0	31	-5
	Nonmanufacturing	21	16	22	1	17	-5
	All industries	30	25	29	-1	25	-4
Medium-sized enterprises	Manufacturing	30	26	26	-4	23	-3
	Nonmanufacturing	12	8	11	-1	5	-6
	All industries	19	15	16	-3	12	-4
Small enterprises	Manufacturing	24	21	20	-4	19	-1
	Nonmanufacturing	12	8	10	-2	8	-2
	All industries	18	14	14	-4	13	-1
All respondents of All Enterprises	Manufacturing	29	25	25	-4	23	-2
	Nonmanufacturing	14	9	12	-2	8	-4
	All industries	20	16	18	-2	14	-4
Principal Enterprises	Manufacturing	41	35	40	-1	35	-5
	Nonmanufacturing	20	16	20	0	14	-6
	All industries	32	26	31	-1	26	-5

Number of Employees (All industries) (Year-to-year growth rate, %)

	Dec 1998	Mar 1999	June 1999	Sept 1999
Large enterprises	-0.7	-1.5	-1.4	-2.6
Medium-sized enterprises	-1.2	-1.4	-1.2	-1.1
Small enterprises	-2.1	-2.9	-3.2	-2.8
All Enterprises	-1.3	-1.9	-1.8	-2.2
Principal Enterprises	-1.9	-2.2	-2.8	-3.2

Hiring New Graduates \*(All industries)(special survey for December)

	(Year-to-year growth rate, %)		
	FY1998	FY1999	FY2000
Large enterprises	-	-21.7	-29.7
Medium-sized enterprises	-	-22.1	-19.9
Small enterprises	-	-29.6	-7.9
All Enterprises	-	-23.8	-20.6
Principal Enterprises	11.8	-21.8	-35.6

\*Percentage change of scheduled figures against the actual figures of the previous year.

(Note) As for Principal Enterprises, since FY2000 figures of hiring new graduates are based on a revision of sample enterprises ; until FY1999 figures are calculated on the pre-revision basis.

(Notes) 1. In principle, overseas production and investments of affiliates are aggregated.

2. Partly includes yen conversion estimates in the case of foreign currency dominated transaction.

3. Percentages share of overseas production = Value of overseas production / (Value of sales + Value of overseas production) \* 100

Percentages share of overseas investments = Value of overseas investments / (Value of domestic investments + Value of overseas investments) \* 100

4. The figures include respondents with no overseas affiliates.

## 7. Corporate Finance

Financial Position (All industries)		(Diffusion index of "Easy" minus "Tight", % points)				
	Sept 1999 survey		Dec 1999 survey			
	Actual result	Forecast	Actual result	Forecast		Changes
				Changes in revision		
Large enterprises	8	2	9	1	4	-5
Medium-sized enterprises	-10	-15	-8	2	-14	-6
Small enterprises	-17	-25	-16	1	-23	-7
All Enterprises	-11	-18	-9	2	-16	-7
Principal Enterprises	3	-1	6	3	1	-5

Lending Attitude of Financial Institutions(All industries)		(Diffusion index of "Accommodative" minus "Severe", % points)				
	Sept 1999 survey		Dec 1999 survey			
	Actual result	Forecast	Actual result	Forecast		Changes
				Changes in revision		
Large enterprises	6	2	10	4	6	-4
Medium-sized enterprises	-6	-11	-3	3	-7	-4
Small enterprises	-9	-15	-7	2	-12	-5
All Enterprises	-5	-10	-3	2	-7	-4
Principal Enterprises	-2	-5	4	6	-1	-5

Change in Interest Rate on Loan (All industries)		(Diffusion index of "Rise" minus "Fall", % points)				
	Sept 1999 survey		Dec 1999 survey			
	Actual result	Forecast	Actual result	Forecast		Changes
				Changes in revision		
Large enterprises	4	22	10	6	18	8
Medium-sized enterprises	5	19	7	2	17	10
Small enterprises	7	17	5	-2	14	9
All Enterprises	6	19	6	0	15	9
Principal Enterprises	5	24	15	10	18	3

Liquidity Ratio (All industries)		(months)		
	Dec 1998	Mar 1999	June 1999	Sept 1999
Large enterprises	1.51	1.47	1.42	1.47
Medium-sized enterprises	1.35	1.33	1.26	1.28
Small enterprises	1.82	1.77	1.79	1.80
All Enterprises	1.53	1.49	1.45	1.48
Principal Enterprises	1.49	1.46	1.41	1.45
(Seasonally adjusted)	1.51	1.42	1.43	1.45

Liquidity Ratio

$$= \frac{\text{Quarter-end balance of cash, deposits, and short-term investment in securities}}{\text{Monthly average sales during the fiscal year which covers the related quarter}}$$

## Appendix: Fixed Investments of Financial Institutions

Fixed Investments		(Year-to-year growth rate, %)			
		FY1998	Adjustment ratio	FY1999	Adjustment ratio
				(Forecast)	
Financial institutions	< 191 >	-20.0	-	-5.3	-3.9
	Banks < 142 >	-4.4	-	-15.1	-3.1
	Securities companies < 24 >	-5.2	-	6.5	9.8
	Insurance companies < 25 >	-33.3	-	5.0	-5.5

Investments for Computerizing (special survey for June and December)		(Year-to-year growth rate, %)			
		FY1998	Adjustment ratio	FY1999	Adjustment ratio
				(Forecast)	
Financial institutions	< 191 >	2.7	-	-0.3	-2.8
	Banks < 142 >	5.1	-	2.6	-0.9
	Securities companies < 24 >	1.1	-	-6.6	0.9
	Insurance companies < 25 >	-2.5	-	-5.8	-8.5

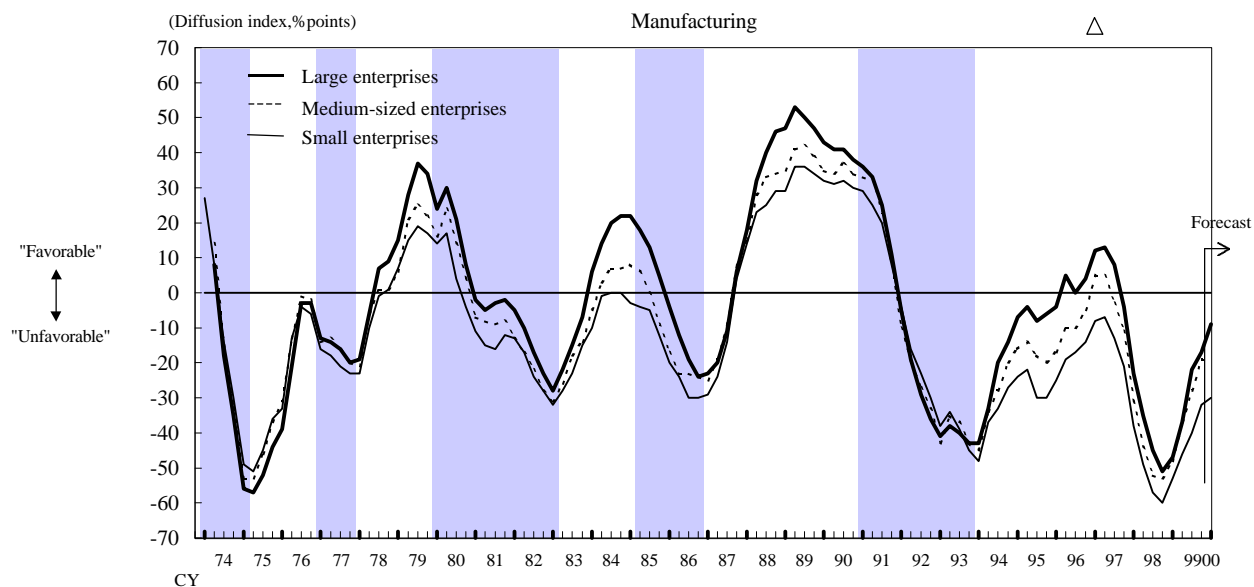
(Note) Figures in parentheses are the number of respective financial institutions.

## Reference Charts

### [Business Conditions]

Note: Shaded areas indicate periods of recession (according to the Economic Planning Agency), unless otherwise noted.

△ on right top of chart shows the recent peak. Since March 1999 figures are based on a revision of All Enterprises Tankan ; until December 1998 figures are calculated on the pre-revision basis.

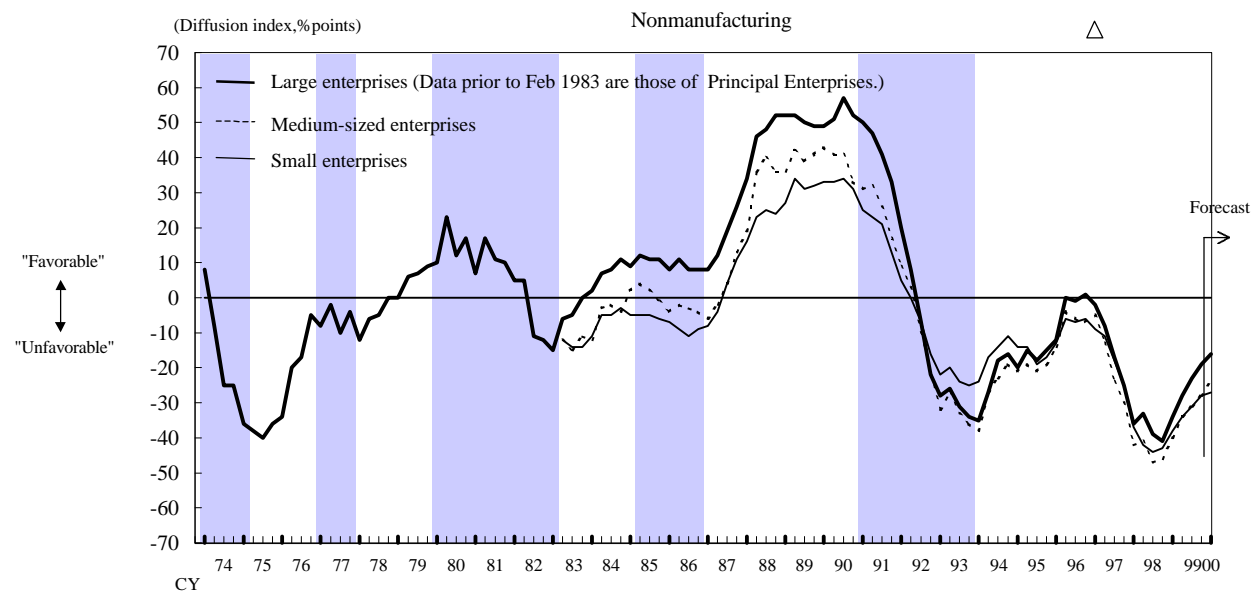


### Peaks and Bottoms of Business Conditions

(Net percentage of respondents who reported "Favorable")

Manufacturing					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
	-57 (5/75)		-53 (2,5/75)		-51 (5/75)
-3 (8,11/76)	-20 (11/77)	-1 (8/76)	-21 (2/78)	-4 (8/76)	-23 (11/77,2/78)
37 (8/79)	-28 (2/83)	25 (8/79)	-31 (2/83)	19 (8/79)	-32 (2/83)
22 (11/84,2/85)	-24 (11/86)	8 (2/85)	-25 (2/87)	0 (8,11/84)	-30 (8,11/86)
53 (5/89)	-43 (11/93,2/94)	42 (8/89)	-45 (2/94)	36 (5,8/89)	-48 (2/94)

	December 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	-17	-19	-32
Forecast	-9	-19	-30



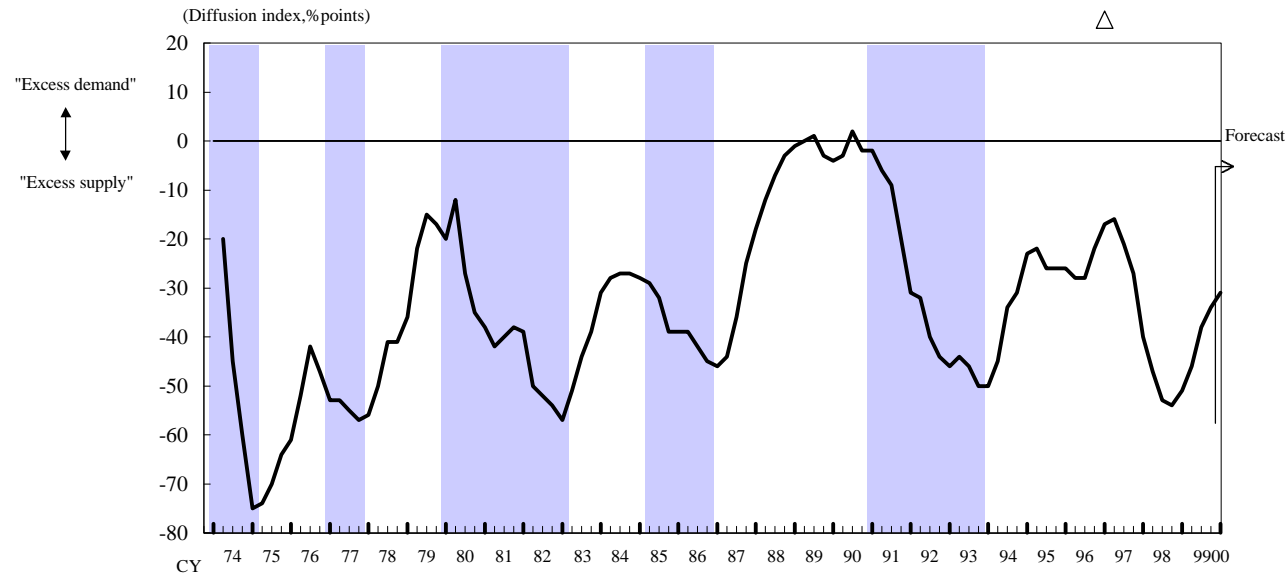
(Net percentage of respondents who reported "Favorable")

Nonmanufacturing					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
	-6 (5/83)		-15 (8/83)		-14 (8,11/83)
12 (5/85)	8 (2,8,11/86,2/87)	4 (5/85)	-6 (2/87)	-3 (11/84)	-11 (8/86)
57 (8/90)	-35 (2/94)	43 (2/90)	-38 (2/94)	34 (5/89,8/90)	-25 (11/93)

	December 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	-19	-28	-28
Forecast	-16	-24	-27

# [Supply and Demand Conditions and Prices (Large Manufacturing Enterprises of All Enterprises)]

## Supply and Demand Conditions for Products



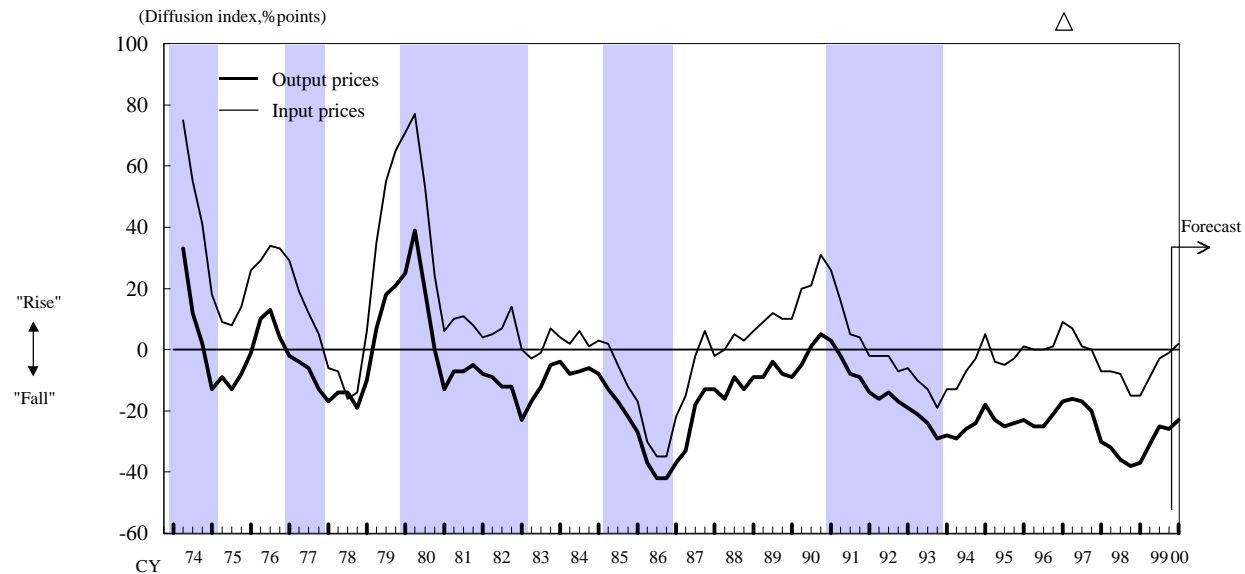
## Peaks and Bottoms of Supply and Demand Conditions for Products

(Diffusion index of "Excess demand" minus "Excess supply", % points)

Large manufacturing enterprises	
Peak	Bottom
	-75 (2/75)
-42 (8/76)	-57 (11/77)
-12 (5/80)	-57 (2/83)
-27 (8,11/84)	-46 (2/87)
2 (8/90)	-50 (11/93,2/94)

December 1999 survey	
Actual result	-34
Forecast	-31

## Prices



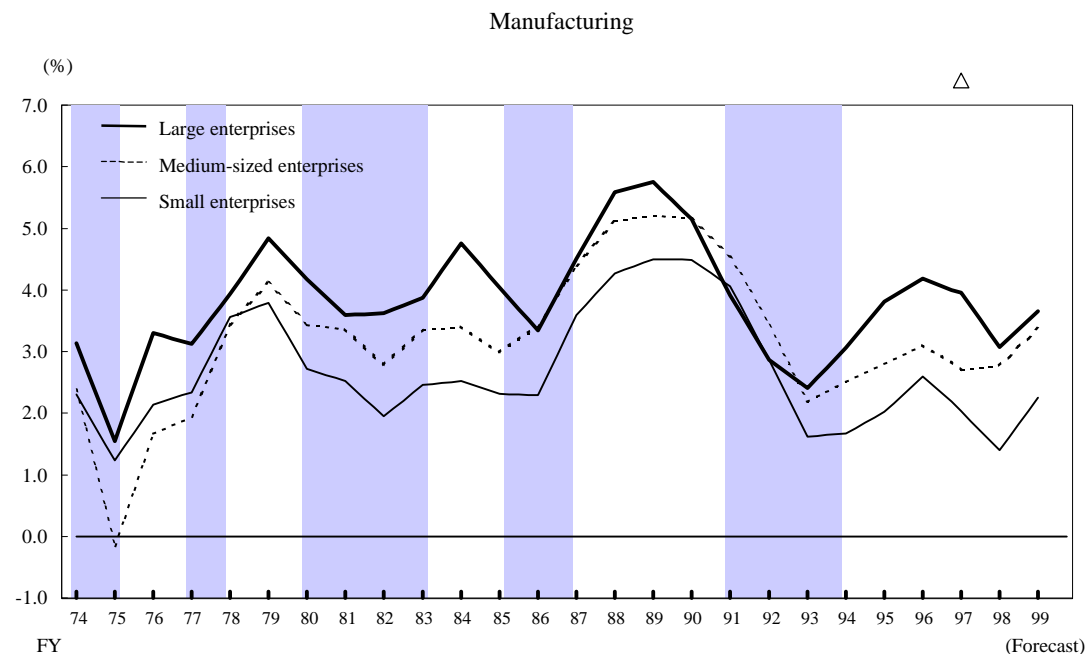
## Peaks and Bottoms of Prices

(Diffusion index of "Rise" minus "Fall", % points)

Large manufacturing enterprises			
Output prices		Input prices	
Peak	Bottom	Peak	Bottom
	-13 (2,8/75)		8 (8/75)
13 (8/76)	-19 (11/78)	34 (8/76)	-16 (8/78)
39 (5/80)	-23 (2/83)	77 (5/80)	4 (2/82)
-4 (2/84)	-42 (8,11/86)	14 (11/82)	-35 (8,11/86)
5 (11/90)	-29 (11/93,5/94)	31 (11/90)	-19 (11/93)

December 1999 survey		
	Output prices	Input prices
Actual result	-26	-1
Forecast	-23	2

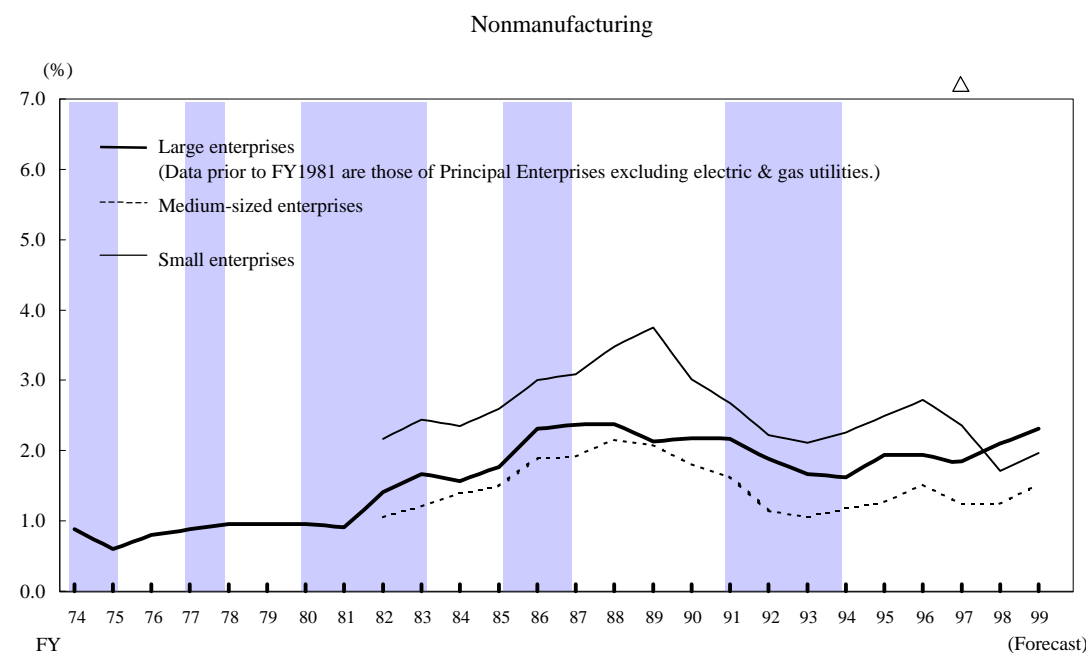
[Ratio of Current Profit to Sales]



Peaks and Bottoms of Ratio of Current Profit to Sales (%)

Manufacturing					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
	1.55 (FY75)		-0.16 (FY75)		1.23 (FY75)
4.84 (FY79)	3.59 (FY81)	4.12 (FY79)	2.78 (FY82)	3.79 (FY79)	1.95 (FY82)
4.76 (FY84)	3.34 (FY86)	3.40 (FY84)	2.99 (FY85)	2.52 (FY84)	2.29 (FY86)
5.75 (FY89)	2.41 (FY93)	5.21 (FY89)	2.19 (FY93)	4.50 (FY89)	1.62 (FY93)

	December 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
FY 1998	3.07	2.77	1.40
FY 1999 (Forecast)	3.65	3.37	2.25

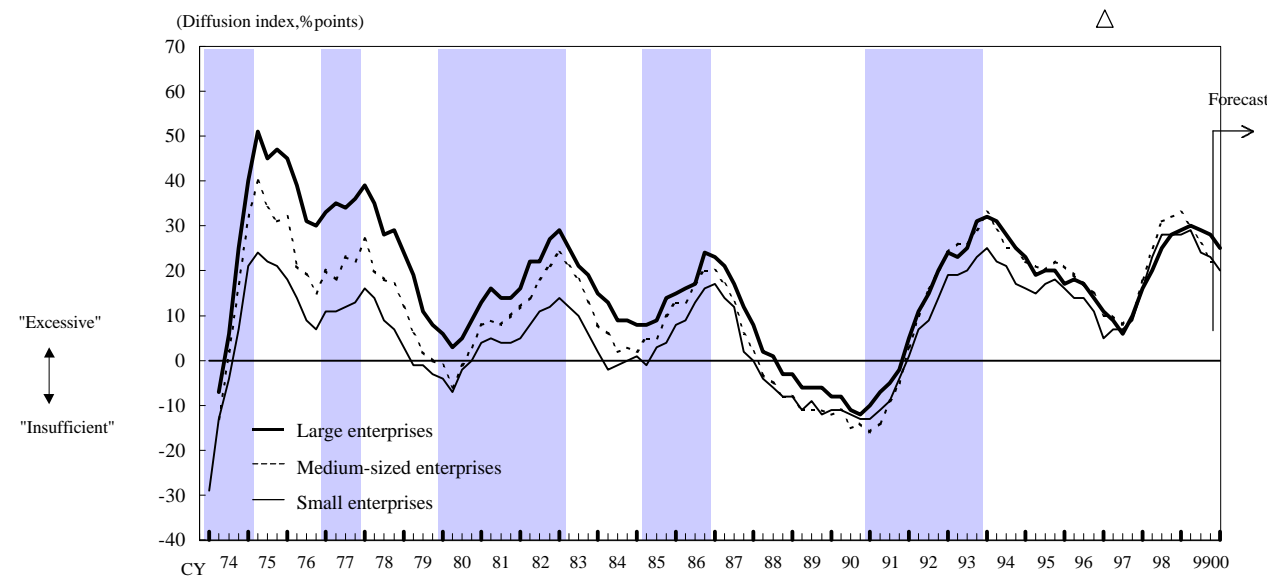


Nonmanufacturing					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
	1.41 (FY82)		1.06 (FY82)		2.17 (FY82)
1.67 (FY83)	1.57 (FY84)	2.16 (FY88)	1.06 (FY93)	2.44 (FY83)	2.35 (FY84)
2.38 (FY88)	1.62 (FY94)			3.75 (FY89)	2.11 (FY93)

	December 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
FY 1998	2.10	1.25	1.71
FY 1999 (Forecast)	2.31	1.52	1.97



## [Production Capacity (Manufacturing)]



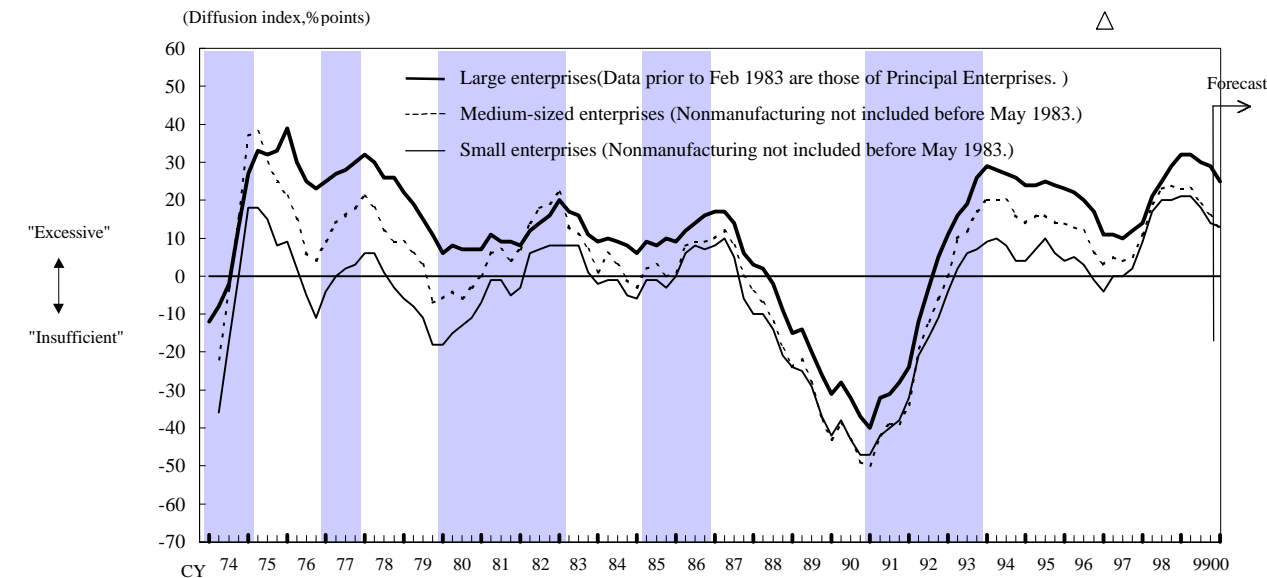
### Peaks and Bottoms of Production Capacity

(Net percentage of respondents who reported "Excessive capacity")

Manufacturing					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
51 (5/75)	30 (11/76)	40 (5/75)	15 (11/76)	24 (5/75)	7 (11/76)
39 (2/78)	3 (5/80)	27 (2/78)	-6 (5/80)	16 (2/78)	-7 (5/80)
29 (2/83)	8 (2,5/85)	24 (2/83)	2 (8/84,2/85)	14 (2/83)	-2 (5/84)
24 (11/86)	-12 (11/90)	20 (11/86,2/87)	-16 (2/91)	17 (2/87)	-13 (11/90,2/91)
32 (2/94)		33 (2/94)		25 (2/94)	

	December 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	28	22	23
Forecast	25	22	20

## [Employment Conditions (All industries)]



### Peaks and Bottoms of Employment Conditions

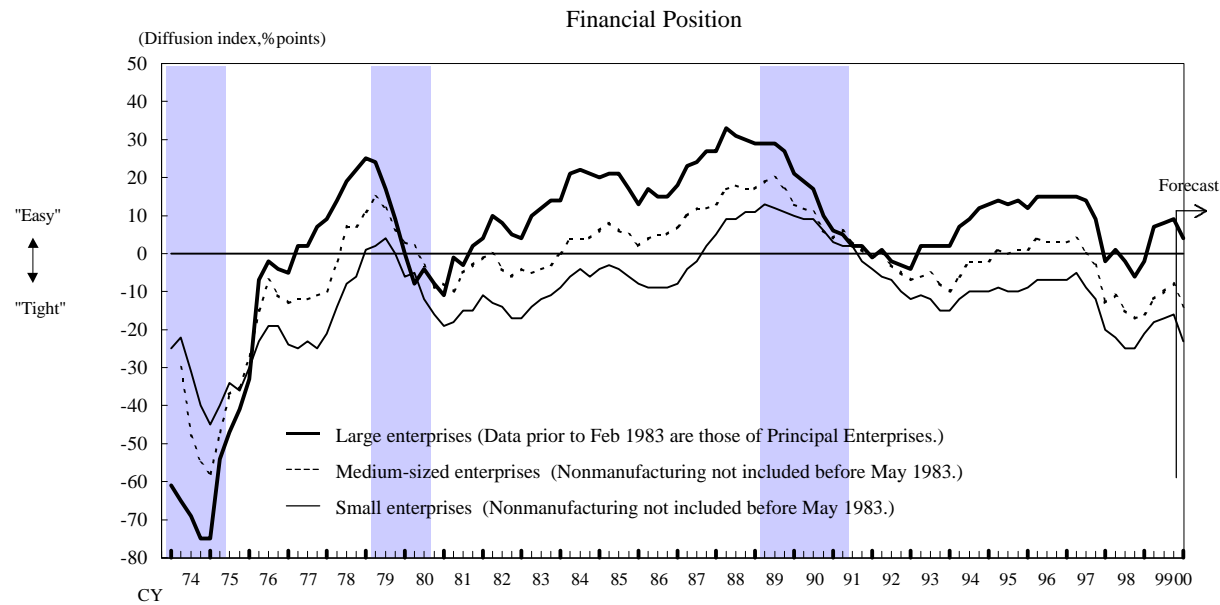
(Net percentage of respondents who reported "Excessive employment")

All industries					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
17 (5/83)	6 (2/85)	13 (5/83)	-3 (2/85)	8 (5,8/83)	-6 (2/85)
17 (2,5/87)	-40 (2/91)	12 (5/87)	-50 (2/91)	10 (5/87)	-47 (11/90,2/91)
29 (2/94)		20 (2,5,8/94)		10 (5/94,8/95)	

	December 1999 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	29	16	14
Forecast	25	12	13

## [Corporate Finance (All industries)]

Note: Shaded areas indicate periods in which the official discount rate had been raised.

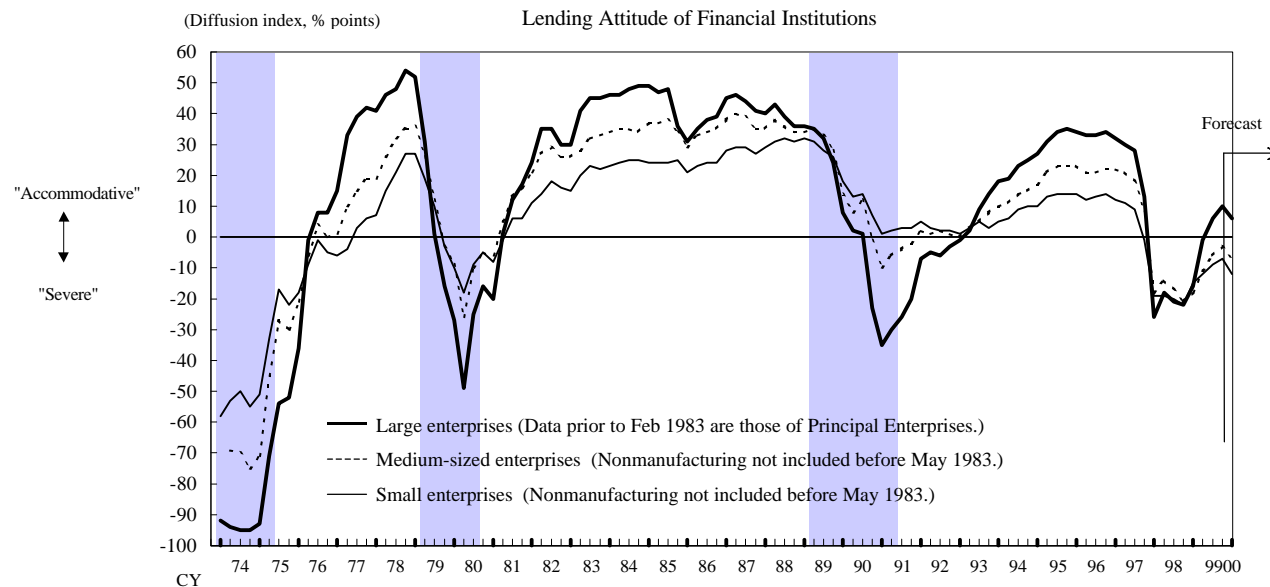


### Peaks and Bottoms of Financial Position

(Diffusion index of "Easy" minus "Tight", % points)

All industries					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
22 (8/84)	13 (2/86)	8 (5/85)	2 (2/86)	-3 (5/85)	-9 (5.8,11/86)
33 (5/88)	-4 (2/93)	20 (8/89)	-10 (2/94)	13 (5/89)	-15 (11/93,2/95)

December 1999 survey			
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	9	-8	-16
Forecast	4	-14	-23



### Peaks and Bottoms of Lending Attitude of Financial Institutions

(Diffusion index of "Accommodative" minus "Severe", % points)

All industries					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
49 (11/84,2/85)	31 (2/86)	38 (8/85)	29 (2/86)	25 (8,11/84,11/85)	21 (2/86)
46 (5/87)	-35 (2/91)	40 (5/87)	-10 (2/91)	32 (8/88,2/89)	1 (2/91,2/93)

December 1999 survey			
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	10	-3	-7
Forecast	6	-7	-12