

TANKAN Summary (December 2003)

119th Short-Term Economic Survey of All Enterprises in Japan

186th Short-Term Economic Survey of Principal Enterprises in Japan

Not to be released before 8:50 a.m. on
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Research and Statistics Department

Bank of Japan

Number of sample enterprises

	Manufacturing	Nonmanufacturing	Total	Response rate
All Enterprises	3,561	4,643	8,204	98.3%
Large enterprises	738	627	1,365	99.2%
Medium-sized enterprises	1,036	1,576	2,612	98.4%
Small enterprises	1,787	2,440	4,227	97.9%
Principal Enterprises	369	291	660	99.8%
(Memo) Financial institutions	-	-	168	100.0%

Responding Period: November 10th to December 11th.

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

(yen per US dollar)

	FY2002			FY2003		
		1H	2H		1H	2H
June 2003 survey	122.37	123.74	121.06	117.88	117.97	117.79
Sept 2003 survey	-	-	-	117.99	118.47	117.53
Dec 2003 survey	-	-	-	114.68	118.08	111.40

1. Business Conditions

(Net percentage of respondents who reported "Favorable")

	Large enterprises						Medium-sized enterprises						Small enterprises					
	Sept 2003 survey		Dec 2003 survey				Sept 2003 survey		Dec 2003 survey				Sept 2003 survey		Dec 2003 survey			
	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Manufacturing	1	3	11	10	8	-3	-10	-8	-1	9	-5	-4	-23	-19	-13	10	-15	-2
Textiles	-34	-14	-14	20	-3	11	-41	-41	-32	9	-33	-1	-47	-43	-43	4	-37	6
Lumber & wood products	-11	-11	11	22	-11	-22	-14	-23	-10	4	-20	-10	-26	-27	-17	9	-25	-8
Pulp & paper	21	29	29	8	29	0	-20	-13	-7	13	-7	0	-22	-16	-12	10	-13	-1
Chemicals	6	5	13	7	9	-4	-12	-6	-4	8	-3	1	-13	-11	-5	8	-7	-2
Petroleum & coal products	-29	-29	0	29	-15	-15	-10	-10	20	30	0	-20	-19	-28	-15	4	-19	-4
Ceramics, stone & clay	-22	-26	-13	9	-13	0	-32	-21	-24	8	-23	1	-55	-49	-49	6	-47	2
Iron & steel	15	19	27	12	23	-4	11	0	8	-3	3	-5	-9	-11	-1	8	-11	-10
Nonferrous metals	-35	-25	10	45	0	-10	-4	9	9	13	18	9	-4	-5	9	13	9	0
Food & beverages	0	6	2	2	6	4	-6	-4	-2	4	-3	-1	-18	-12	-15	3	-16	-1
Processed metals	-7	4	14	21	7	-7	-28	-17	-14	14	-11	3	-25	-21	-13	12	-16	-3
Industrial machinery	15	14	19	4	19	0	-14	-11	-7	7	-10	-3	-13	-10	0	13	0	0
Electrical machinery	-5	3	7	12	8	1	-5	-7	6	11	-2	-8	-25	-18	-2	23	-7	-5
Shipbuilding & heavy machinery	-40	-60	-60	-20	-40	20	25	33	25	0	17	-8	-35	-26	-36	-1	-36	0
Motor vehicles	24	17	35	11	26	-9	12	7	17	5	14	-3	21	11	22	1	15	-7
Precision machinery	0	0	15	15	4	-11	7	4	25	18	14	-11	-7	-7	3	10	-5	-8
Basic materials	-6	-3	9	15	5	-4	-18	-14	-9	9	-10	-1	-30	-28	-23	7	-23	0
Processing	2	6	11	9	10	-1	-7	-6	2	9	-3	-5	-18	-15	-8	10	-10	-2
Nonmanufacturing	-13	-8	-9	4	-7	2	-25	-22	-21	4	-20	1	-31	-30	-28	3	-29	-1
Construction	-26	-30	-29	-3	-25	4	-25	-27	-29	-4	-31	-2	-36	-43	-36	0	-44	-8
Real estate	20	20	20	0	20	0	4	0	0	-4	8	8	-12	-11	-4	8	-4	0
Wholesaling	4	4	16	12	13	-3	-20	-17	-16	4	-15	1	-35	-30	-31	4	-32	-1
Retailing	-14	0	-13	1	-5	8	-32	-22	-28	4	-22	6	-45	-40	-44	1	-40	4
Transportation	-17	-12	-9	8	-15	-6	-26	-25	-17	9	-24	-7	-28	-29	-22	6	-24	-2
Communications	40	20	22	-18	11	-11	0	-12	0	0	0	0	23	16	30	7	15	-15
Electric & gas utilities	-6	12	12	18	12	0	0	0	0	0	0	0	-15	-7	-4	11	-4	0
Services	-17	-10	-11	6	-9	2	-25	-24	-20	5	-19	1	-23	-20	-20	3	-22	-2
Leasing	-11	-11	11	22	0	-11	-15	-20	-7	8	-15	-8	-27	-28	-20	7	-19	1
All industries	-6	-2	1	7	1	0	-20	-16	-14	6	-13	1	-28	-26	-22	6	-24	-2

	All Enterprises					
Manufacturing	-15	-12	-5	10	-7	-2
Nonmanufacturing	-27	-24	-23	4	-24	-1
All industries	-21	-19	-15	6	-17	-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 Investment) / 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 2003 survey		Dec 2003 survey			
	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Manufacturing	-3	1	8	11	7	-1
Textiles	-36	-21	-15	21	-12	3
Pulp & paper	-11	11	11	22	22	11
Chemicals	6	1	6	0	3	-3
Petroleum refining	-29	-29	-14	15	-29	-15
Ceramics, stone & clay	-12	-12	-6	6	-6	0
Iron & steel	9	13	22	13	22	0
Nonferrous metals	-42	-37	-16	26	-15	1
Food & beverages	19	25	16	-3	13	-3
Processed metals	-7	-7	-8	-1	-8	0
Industrial machinery	3	10	17	14	20	3
Electrical machinery	-2	2	6	8	12	6
Shipbuilding & heavy machinery	-83	-83	-83	0	-67	16
Motor vehicles	41	28	48	7	38	-10
Precision machinery	0	10	60	60	40	-20
Basic materials	-11	-7	0	11	0	0
Processing	5	8	14	9	14	0
Nonmanufacturing	-8	-2	-1	7	1	2
Construction	-32	-38	-35	-3	-32	3
Real estate	7	4	7	0	14	7
Wholesaling	7	10	13	6	10	-3
Retailing	-10	0	-8	2	0	8
Transportation	-7	2	3	10	2	-1
Communications	0	-14	0	0	0	0
Electric & gas utilities	0	7	7	7	7	0
Services	-21	-2	-9	12	0	9
Leasing	7	7	29	22	22	-7
All industries	-5	-1	4	9	4	0

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

(%, % points)

	Sept 2003 survey			Dec 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises	Large enterprises	Medium-sized enterprises	Small enterprises
Manufacturing	1	-10	-23	11	-1	-13
1.Favorable	15	14	12	22	19	16
2.Not so favorable	71	62	53	67	61	55
3.Unfavorable	14	24	35	11	20	29
Nonmanufacturing	-13	-25	-31	-9	-21	-28
1.Favorable	10	8	7	12	10	8
2.Not so favorable	67	59	55	67	59	56
3.Unfavorable	23	33	38	21	31	36

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

2. Supply and Demand Conditions, Inventories, and Prices

(% points)

		Large enterprises					
		Sept 2003 survey		Dec 2003 survey			
		Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Supply and demand conditions for products and services	Manufacturing	-23	-23	-19	4	-20	-1
Diffusion index of "Excess demand" minus	Basic materials	-27	-28	-22	5	-21	1
"Excess supply"	Processing	-21	-21	-17	4	-20	-3
Overseas supply and demand conditions for products :	Manufacturing	-12	-12	-6	6	-7	-1
Diffusion index of "Excess demand" minus	Basic materials	-17	-17	-12	5	-11	1
"Excess supply"	Processing	-10	-10	-4	6	-5	-1

Inventory level of finished goods and merchandise:	Manufacturing	20	14	20	0	13	-7
Diffusion index of "Excessive or somewhat excessive"	Basic materials	23	17	24	1	17	-7
minus "Insufficient or somewhat insufficient"	Processing	19	12	18	-1	12	-6
Wholesalers' inventory level:	Manufacturing	22	19	18	-4	16	-2
Diffusion index of "Excessive or somewhat excessive"	Basic materials	24	21	25	1	19	-6
minus "Insufficient or somewhat insufficient"	Processing	21	17	16	-5	15	-1

Change in output prices:	Manufacturing	-23	-23	-21	2	-24	-3
Diffusion index of "Rise" minus "Fall"	Basic materials	-11	-10	-4	7	-11	-7
	Processing	-28	-28	-29	-1	-29	0
Change in input prices:	Manufacturing	-2	-4	-1	1	-1	0
Diffusion index of "Rise" minus "Fall"	Basic materials	8	6	12	4	9	-3
	Processing	-5	-8	-5	0	-6	-1

(% points)

		Small enterprises					
		Sept 2003 survey		Dec 2003 survey			
		Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Supply and demand conditions for products and services	Manufacturing	-41	-40	-36	5	-37	-1
Diffusion index of "Excess demand" minus	Basic materials	-49	-49	-48	1	-48	0
"Excess supply"	Processing	-35	-35	-30	5	-31	-1
Overseas Supply and demand conditions for products:	Manufacturing	-27	-27	-22	5	-21	1
Diffusion index of "Excess demand" minus	Basic materials	-34	-37	-31	3	-32	-1
"Excess supply"	Processing	-22	-23	-17	5	-16	1

Inventory level of finished goods and merchandise:	Manufacturing	23	17	20	-3	15	-5
Diffusion index of "Excessive or somewhat excessive"	Basic materials	31	25	29	-2	24	-5
minus "Insufficient or somewhat insufficient"	Processing	17	13	15	-2	10	-5
Wholesalers' inventory level:	Manufacturing	30	29	27	-3	26	-1
Diffusion index of "Excessive or somewhat excessive"	Basic materials	41	38	36	-5	36	0
minus "Insufficient or somewhat insufficient"	Processing	24	22	22	-2	21	-1

Change in output prices:	Manufacturing	-29	-29	-26	3	-28	-2
Diffusion index of "Rise" minus "Fall"	Basic materials	-23	-22	-21	2	-20	1
	Processing	-32	-34	-30	2	-33	-3
Change in input prices:	Manufacturing	5	7	9	4	13	4
Diffusion index of "Rise" minus "Fall"	Basic materials	10	12	15	5	18	3
	Processing	2	4	7	5	9	2

3. Sales and Current Profits

Sales

		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	1.3	-	-0.3	0.5
	Domestic Sales	-1.0	-	-0.9	-0.4
	Exports	9.3	-	1.5	3.3
	Nonmanufacturing	-2.7	-	-1.4	-0.6
Medium-sized enterprises	Manufacturing	2.5	-	2.8	0.4
	Nonmanufacturing	0.4	-	0.7	-0.6
Small enterprises	Manufacturing	1.6	-	2.5	0.8
	Nonmanufacturing	-1.7	-	-0.1	0.4
All Enterprises	All industries	-0.5	-	0.0	-0.1
Principal Enterprises	Manufacturing	0.8	-	-1.5	0.6
	Nonmanufacturing	-4.2	-	-2.5	-0.4

(Year-to-year growth rate, %)

1H FY2002	2H FY2002		1H FY2003		2H FY2003	
		Adjustment ratio		Adjustment ratio	(Forecast)	Adjustment ratio
-1.5	4.0	-	0.2	0.6	-0.8	0.4
-3.9	1.9	-	-0.3	-0.6	-1.4	-0.2
7.0	11.6	-	2.0	4.4	1.0	2.3
-4.7	-0.7	-	-1.7	-0.7	-1.1	-0.5
0.4	4.4	-	2.3	0.0	3.3	0.7
-1.6	2.4	-	0.2	-0.7	1.1	-0.5
-1.2	4.3	-	2.7	0.8	2.3	0.8
-3.1	-0.4	-	-0.2	0.8	-0.1	0.1
-2.6	1.5	-	-0.1	-0.1	0.1	-0.1
-1.8	3.4	-	-0.8	0.7	-2.1	0.6
-6.5	-1.9	-	-2.6	-0.7	-2.5	-0.2

Current Profits

		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	38.2	-	14.1	-1.2
	Basic materials	12.9	-	17.4	-0.4
	Processing	54.9	-	12.5	-1.5
	Nonmanufacturing	9.1	-	2.8	-0.2
Medium-sized enterprises	Manufacturing	17.9	-	16.3	-0.6
	Nonmanufacturing	5.7	-	10.6	-0.5
Small enterprises	Manufacturing	45.6	-	31.2	3.4
	Nonmanufacturing	5.7	-	5.3	-0.5
All Enterprises	All industries	16.4	-	10.0	-0.4
Principal Enterprises	Manufacturing excluding petroleum refining	46.1	-	11.1	-0.8
	Nonmanufacturing excluding electric & gas utilities	17.9	-	9.4	3.4

(Year-to-year growth rate, %)

1H FY2002	2H FY2002		1H FY2003		2H FY2003	
		Adjustment ratio		Adjustment ratio	(Forecast)	Adjustment ratio
11.1	68.0	-	29.1	7.3	3.1	-7.8
-7.6	36.1	-	30.2	6.3	7.6	-6.0
23.7	88.6	-	28.6	7.8	1.0	-8.7
5.2	13.2	-	-1.1	12.7	6.5	-9.4
17.4	18.2	-	21.4	-4.4	13.3	1.8
-3.3	12.8	-	14.4	4.4	8.1	-3.7
46.5	45.1	-	43.4	7.8	24.4	0.8
6.1	5.4	-	5.1	3.4	5.4	-3.2
7.0	24.7	-	13.5	6.9	7.4	-5.5
18.9	73.9	-	28.4	8.6	-1.0	-8.0
9.8	25.8	-	15.7	19.8	4.1	-8.3

Ratio of Current Profit to Sales

		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	4.10	-	4.69	-0.08
	Nonmanufacturing	2.85	-	2.97	0.01
Medium-sized enterprises	Manufacturing	3.73	-	4.22	-0.05
	Nonmanufacturing	2.01	-	2.21	0.01
Small enterprises	Manufacturing	2.46	-	3.16	0.08
	Nonmanufacturing	2.49	-	2.63	-0.02
All Enterprises	All industries	2.81	-	3.09	-0.01
Principal Enterprises	Manufacturing excluding petroleum refining	4.51	-	5.09	-0.07
	Nonmanufacturing excluding electric & gas utilities	2.31	-	2.60	0.10

(%, % points)

1H FY2002	2H FY2002		1H FY2003		2H FY2003	
		Adjustment ratio		Adjustment ratio	(Forecast)	Adjustment ratio
3.59	4.58	-	4.62	0.29	4.76	-0.42
2.91	2.79	-	2.92	0.34	3.01	-0.30
2.79	4.61	-	3.32	-0.15	5.06	0.05
1.69	2.31	-	1.93	0.10	2.47	-0.08
1.83	3.06	-	2.55	0.16	3.72	-0.01
2.22	2.74	-	2.34	0.06	2.90	-0.09
2.52	3.08	-	2.86	0.19	3.30	-0.19
3.86	5.10	-	5.03	0.36	5.14	-0.48
2.21	2.41	-	2.63	0.45	2.58	-0.22

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

4. Fixed Investment

Fixed Investment		(Year-to-year growth rate, %)			
		FY2002	FY2003		
		Adjustment ratio	(Forecast)	Adjustment ratio	
Large enterprises	Manufacturing	-17.4	-	11.1	0.0
	Nonmanufacturing	-11.1	-	1.6	1.3
	All industries	-13.6	-	5.2	0.7
Medium-sized enterprises	Manufacturing	-11.5	-	4.8	3.0
	Nonmanufacturing	-2.0	-	2.8	-0.7
	All industries	-3.2	-	3.0	-0.3
Small enterprises	Manufacturing	-4.0	-	-1.7	7.1
	Nonmanufacturing	-2.5	-	1.2	5.9
	All industries	-2.9	-	0.5	6.2
All Enterprises	Manufacturing	-14.2	-	7.6	1.6
	Nonmanufacturing	-5.4	-	2.1	1.1
	All industries	-7.7	-	3.4	1.3

Software Investment		(Year-to-year growth rate, %)			
		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	-7.8	-	-2.9	1.3
	Nonmanufacturing	10.6	-	1.3	-4.2
	All industries	2.2	-	-0.4	-2.1
Medium-sized enterprises	Manufacturing	5.3	-	18.8	4.7
	Nonmanufacturing	-4.5	-	8.8	2.1
	All industries	-3.9	-	9.5	2.3
Small enterprises	Manufacturing	7.0	-	-0.2	-6.9
	Nonmanufacturing	-6.9	-	15.3	8.0
	All industries	-4.4	-	12.3	5.1
All Enterprises	Manufacturing	-5.8	-	-0.8	0.9
	Nonmanufacturing	1.3	-	6.2	0.0
	All industries	-0.7	-	4.3	0.2

Software and Fixed Investment		(Year-to-year growth rate, %)			
		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Manufacturing	-16.6	-	9.7	0.1
	Nonmanufacturing	-9.7	-	1.6	0.8
	All industries	-12.4	-	4.7	0.5
Medium-sized enterprises	Manufacturing	-11.0	-	5.4	3.1
	Nonmanufacturing	-2.2	-	3.1	-0.5
	All industries	-3.2	-	3.4	-0.1
Small enterprises	Manufacturing	-3.6	-	-1.7	6.5
	Nonmanufacturing	-2.7	-	1.8	6.0
	All industries	-2.9	-	1.0	6.1
All Enterprises	Manufacturing	-13.6	-	7.0	1.6
	Nonmanufacturing	-5.0	-	2.4	1.1
	All industries	-7.2	-	3.5	1.2

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

		Sept 2003 survey		Dec 2003 survey			
		Actual result	Forecast	Actual result	Forecast		Changes
					Changes in revision		
Large enterprises	Manufacturing	17	15	14	-3	12	-2
	Nonmanufacturing	7	6	6	-1	5	-1
	All industries	13	11	11	-2	9	-2
Medium-sized enterprises	Manufacturing	18	15	12	-6	11	-1
	Nonmanufacturing	4	1	4	0	2	-2
	All industries	9	7	7	-2	6	-1
Small enterprises	Manufacturing	18	15	15	-3	14	-1
	Nonmanufacturing	8	6	7	-1	5	-2
	All industries	12	10	10	-2	9	-1
All Enterprises	Manufacturing	19	15	14	-5	13	-1
	Nonmanufacturing	6	5	6	0	4	-2
	All industries	11	9	10	-1	8	-2

5. Employment

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

		Sept 2003 survey		Dec 2003 survey			
		Actual result	Forecast	Actual result	Forecast		Changes
					Changes in revision		
Large enterprises	Manufacturing	20	19	18	-2	16	-2
	Nonmanufacturing	16	13	13	-3	9	-4
	All industries	17	16	16	-1	13	-3
Medium-sized enterprises	Manufacturing	14	14	12	-2	12	0
	Nonmanufacturing	6	2	4	-2	1	-3
	All industries	9	7	7	-2	5	-2
Small enterprises	Manufacturing	14	12	10	-4	9	-1
	Nonmanufacturing	9	9	8	-1	7	-1
	All industries	11	10	9	-2	7	-2
All Enterprises	Manufacturing	14	13	12	-2	11	-1
	Nonmanufacturing	9	7	7	-2	5	-2
	All industries	12	10	9	-3	8	-1
Principal Enterprises	Manufacturing	20	16	20	0	16	-4
	Nonmanufacturing	17	16	14	-3	11	-3
	All industries	19	16	16	-3	14	-2

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

	Dec 2002	Mar 2003	June 2003	Sept 2003
Large enterprises	-4.0	-2.2	-1.8	-1.4
Medium-sized enterprises	0.7	0.7	0.9	0.0
Small enterprises	-2.2	-1.8	-1.6	-0.2
All Enterprises	-2.0	-1.1	-0.9	-0.6
Principal Enterprises	-6.5	-5.7	-4.2	-3.6

Number of New Graduates Hired *(All industries)
(special survey for December) (Year-to-year growth rate, %)

	FY2003	FY2004
Large enterprises	-12.8	-4.8
Medium-sized enterprises	-12.2	-6.0
Small enterprises	-19.8	-3.1
All Enterprises	-14.1	-5.0
Principal Enterprises	-14.2	-2.2

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

6. Corporate Finance

Financial Position (All industries) (Diffusion index of "Easy" minus "Tight", % points)

	Sept 2003 survey		Dec 2003 survey			
	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Large enterprises	12	10	13	1	10	-3
Medium-sized enterprises	-4	-8	-3	1	-8	-5
Small enterprises	-12	-19	-10	2	-17	-7
All Enterprises	-6	-11	-4	2	-9	-5
Principal Enterprises	10	7	11	1	9	-2

Lending Attitude of Financial Institutions(All industries)

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

	Sept 2003 survey		Dec 2003 survey			
	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Large enterprises	8	5	11	3	9	-2
Medium-sized enterprises	-2	-5	0	2	-3	-3
Small enterprises	-5	-11	-4	1	-7	-3
All Enterprises	-3	-6	0	3	-3	-3
Principal Enterprises	2	0	6	4	5	-1

Change in Interest Rate on Loans (All industries) (Diffusion index of "Rise" minus "Fall", % points)

	Sept 2003 survey		Dec 2003 survey			
	Actual result	Forecast	Actual result	Changes in revision	Forecast	Changes
Large enterprises	14	23	9	-5	14	5
Medium-sized enterprises	12	23	10	-2	16	6
Small enterprises	13	24	11	-2	20	9
All Enterprises	13	23	11	-2	18	7
Principal Enterprises	16	21	9	-7	12	3

Liquidity Ratio (All industries) (months)

	Dec 2002	Mar 2003	June 2003	Sept 2003
Large enterprises	0.95	0.96	0.97	0.95
Medium-sized enterprises	1.08	1.09	1.03	1.04
Small enterprises	1.71	1.73	1.66	1.68
All Enterprises	1.15	1.16	1.13	1.13
Principal Enterprises	0.90	0.90	0.93	0.89
(Seasonally adjusted)	0.90	0.87	0.95	0.90

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

7. Overseas Activities (special survey for June and December)

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

		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Large enterprises	Overseas production	8.5	1.3	3.6	1.4
	Share of overseas production	21.78	0.22	22.44	0.12
	Overseas investment	8.8	3.2	4.3	3.3
	Share of overseas investment	34.84	0.71	33.43	0.81
Principal Enterprises	Overseas production	3.4	1.3	3.4	1.8
	Share of overseas production	25.67	0.25	26.47	0.18
	Overseas investment	4.5	3.7	2.8	6.5
	Share of overseas investment	39.85	0.91	37.80	1.68

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

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

3. Percentages share of overseas production

= Value of overseas production / (Value of sales + Value of overseas production) * 100

Percentages share of overseas investment

= Value of overseas investment / (Value of domestic investment + Value of overseas investment) * 100

4. The figures include respondents with no overseas affiliates.

Appendix: Fixed Investment of Financial Institutions

(Year-to-year growth rate, %)

		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Fixed Investment of Financial institutions		-41.6	-	73.8	-2.7
	Banks	-37.9	-	16.9	-4.1
	Securities companies	-34.2	-	12.4	-3.3
	Insurance companies	-48.1	-	186.2	-1.7

Software Investment of Financial institutions		-16.4	-	9.9	1.0
	Banks	-24.3	-	15.2	0.2
	Securities companies	11.4	-	4.0	5.4
	Insurance companies	-5.8	-	-0.7	0.4

Software and Fixed Investment of Financial institutions		-32.1	-	44.1	-1.4
	Banks	-32.2	-	16.1	-2.2
	Securities companies	-4.8	-	6.1	3.0
	Insurance companies	-38.1	-	118.8	-1.3

(special survey for June and December) (Year-to-year growth rate, %)

		FY2002		FY2003	
			Adjustment ratio	(Forecast)	Adjustment ratio
Investment for Computerizing of Financial institutions		-23.5	-	14.5	-2.3
	Banks	-29.4	-	19.4	-3.7
	Securities companies	1.8	-	7.9	6.6
	Insurance companies	-13.3	-	2.3	-2.6

Reference Charts [Business Conditions]

Note: Shaded areas indicate periods of recession (according to the Cabinet Office), unless otherwise noted.

Peaks and Bottoms of Business Conditions

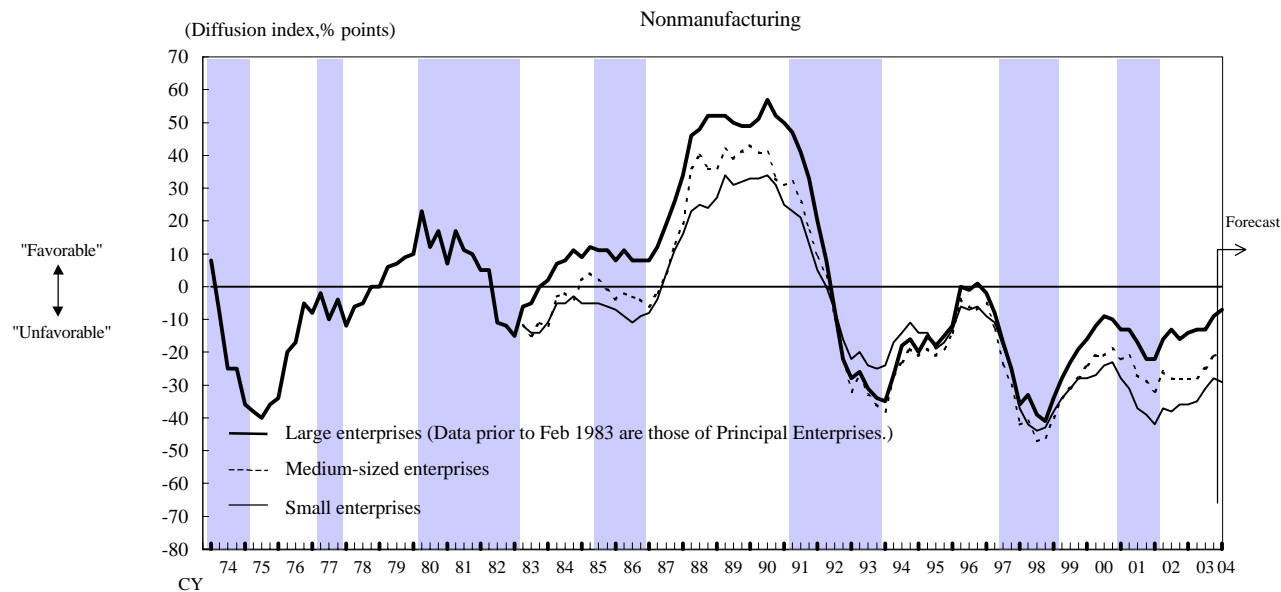
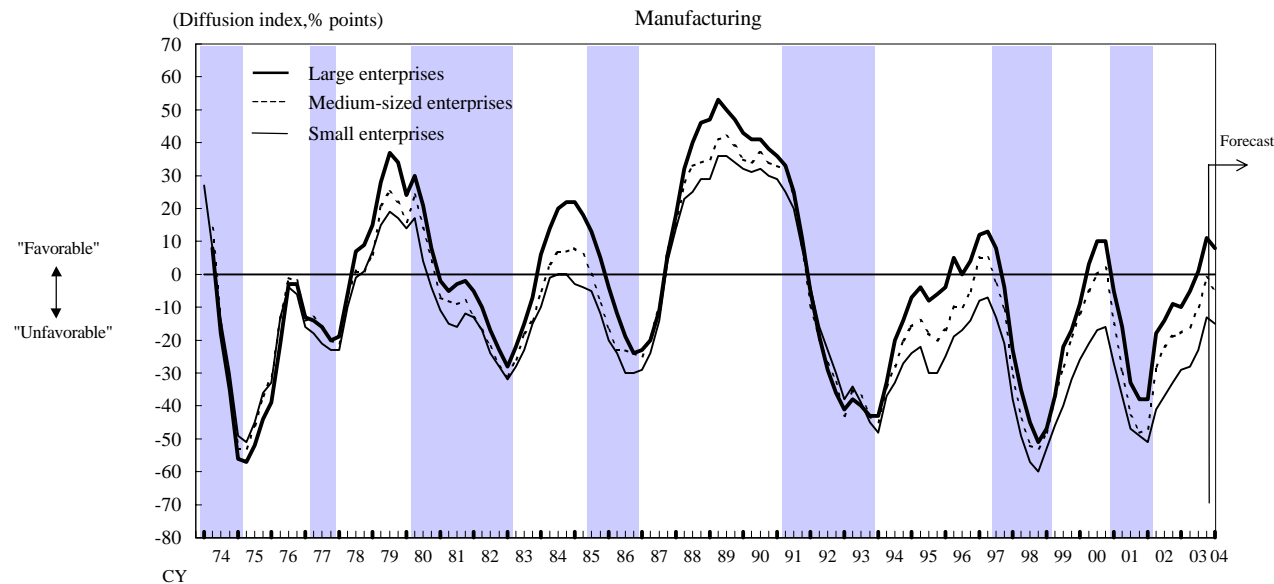
(Net percentage of respondents who reported "Favorable")

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)
13 (6/97)	-51 (12/98)	5 (3,6/97)	-53 (12/98)	-7 (6/97)	-60 (12/98)
10 (9,12/00)	-38 (12/01,3/02)	2 (12/00)	-48 (12/01)	-16 (12/00)	-51 (3/02)

	December 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	11	-1	-13
Forecast	8	-5	-15

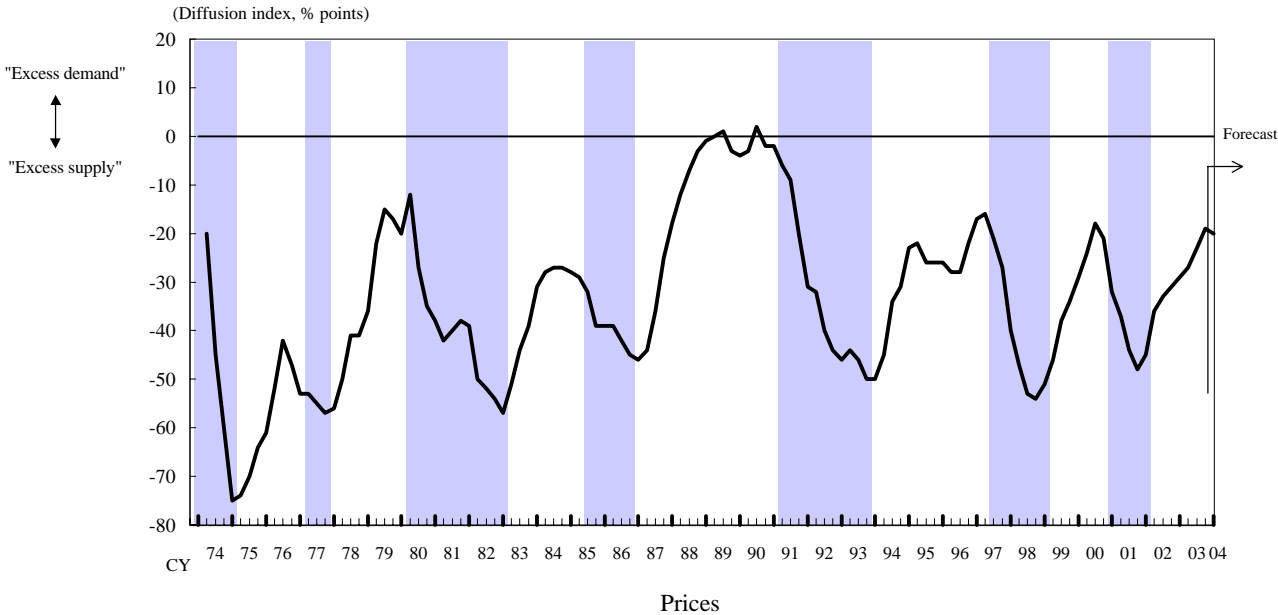
Nonmanufacturing					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
	-6 (5/83)		-15 (8/83)		-14 (8,11/83)
12 (5/85)	8 (2,8,11/86,2/87)	4 (5/85)	-6 (2/87)	-3 (11/84)	-11 (8/86)
57 (8/90)	-35 (2/94)	43 (2/90)	-38 (2/94)	34 (5/89,8/90)	-25 (11/93)
1 (11/96)	-41 (12/98)	-4 (5/96)	-47 (9/98)	-6 (5,11/96)	-44 (9/98)
-9 (9/00)	-22 (12/01,3/02)	-19 (12/00)	-32 (3/02)	-23 (12/00)	-42 (3/02)

	December 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	-9	-21	-28
Forecast	-7	-20	-29



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

Supply and Demand Conditions for Products and Services



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

(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)
-16 (6/97)	-54 (12/98)
-18 (9/00)	-48 (12/01)

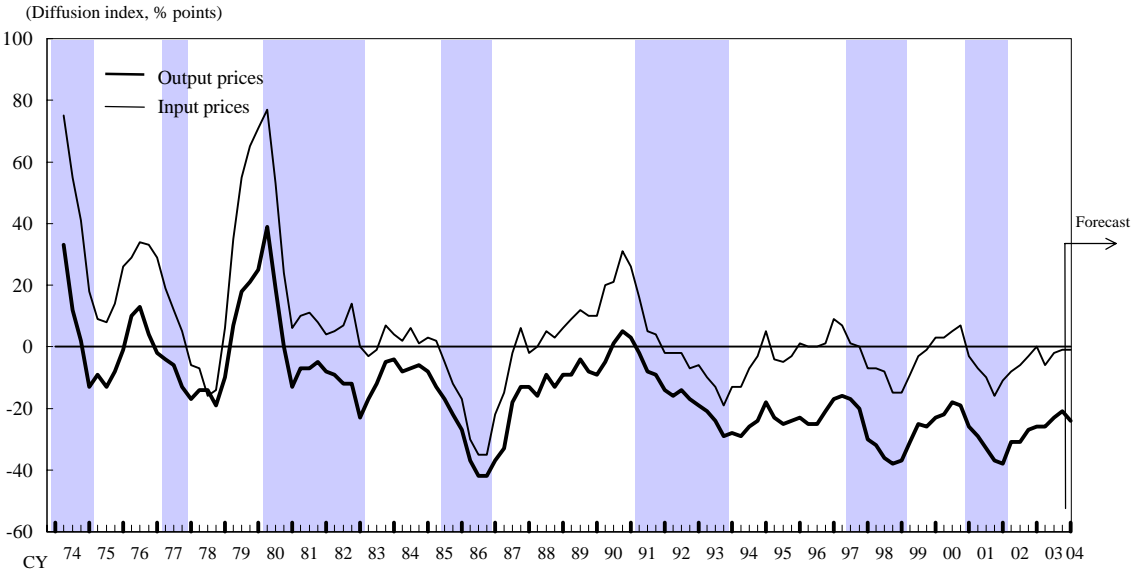
December 2003 survey	
Actual result	-19
Forecast	-20

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)
-16 (6/97)	-38 (12/98)	9 (3/97)	-15 (12/98,3/99)
-18 (9/00)	-38 (3/02)	7 (12/00)	-16 (12/01)

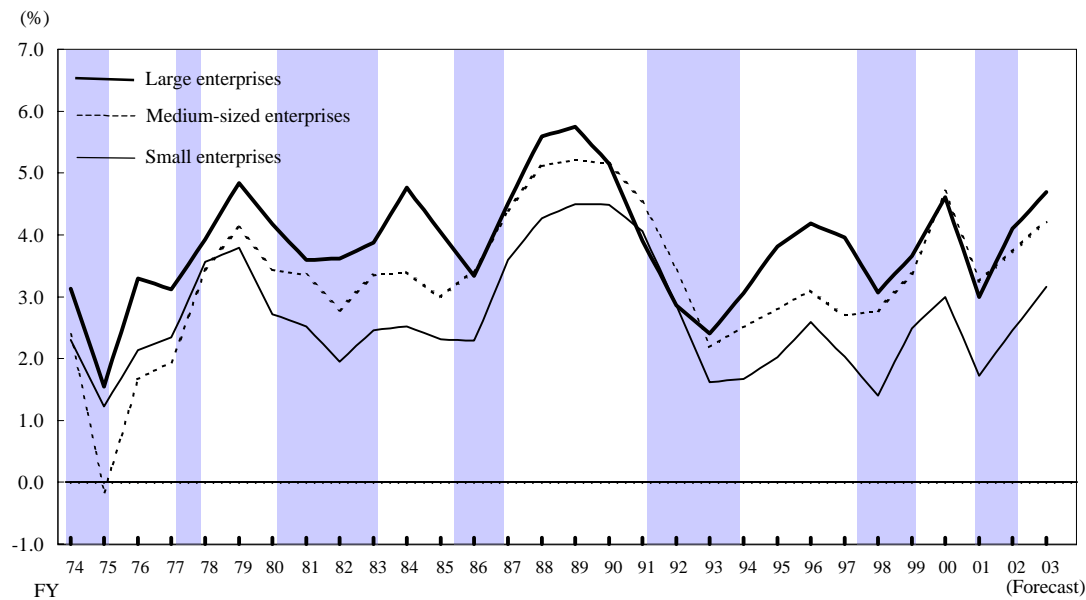
December 2003 survey		
	Output prices	Input prices
Actual result	-21	-1
Forecast	-24	-1



[Ratio of Current Profit to Sales]

Manufacturing

Note: There is no continuity between the figures before FY1997 and those after FY1998, as the calculation method of the All Enterprises TANKAN was changed from simple aggregates to population estimates from the March 1999 survey.

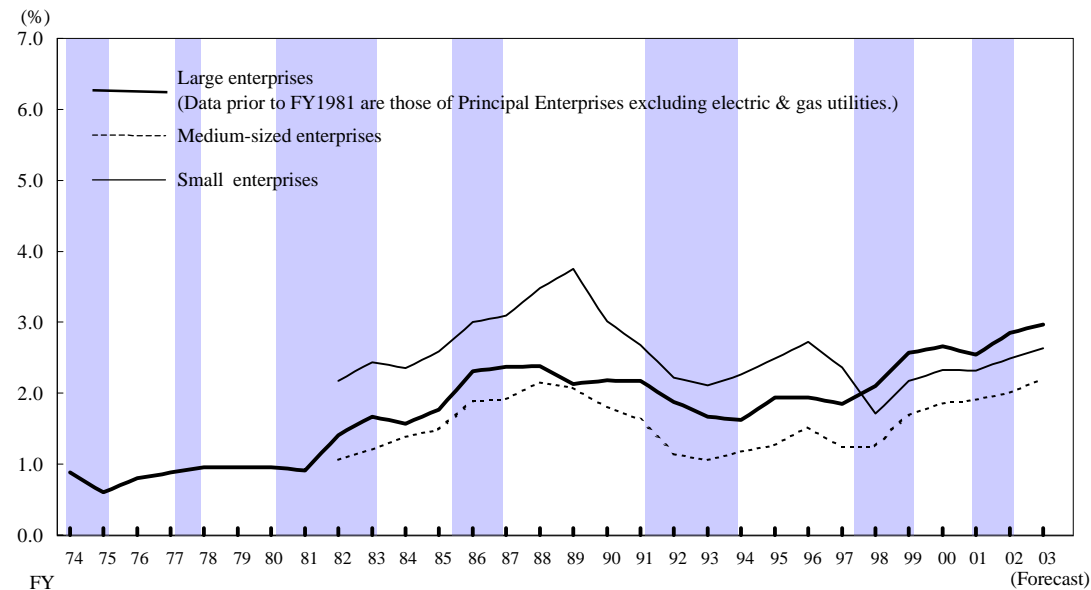


Peaks and Bottoms of Ratio of Current Profit to Sales (%)

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)
4.18 (FY96)	3.07 (FY98)	3.10 (FY96)	2.70 (FY97)	2.59 (FY96)	1.40 (FY98)
4.61 (FY00)	3.00 (FY01)	4.70 (FY00)	3.24 (FY01)	3.00 (FY00)	1.72 (FY01)

	December 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
FY 2002	4.10	3.73	2.46
FY 2003 (Forecast)	4.69	4.22	3.16

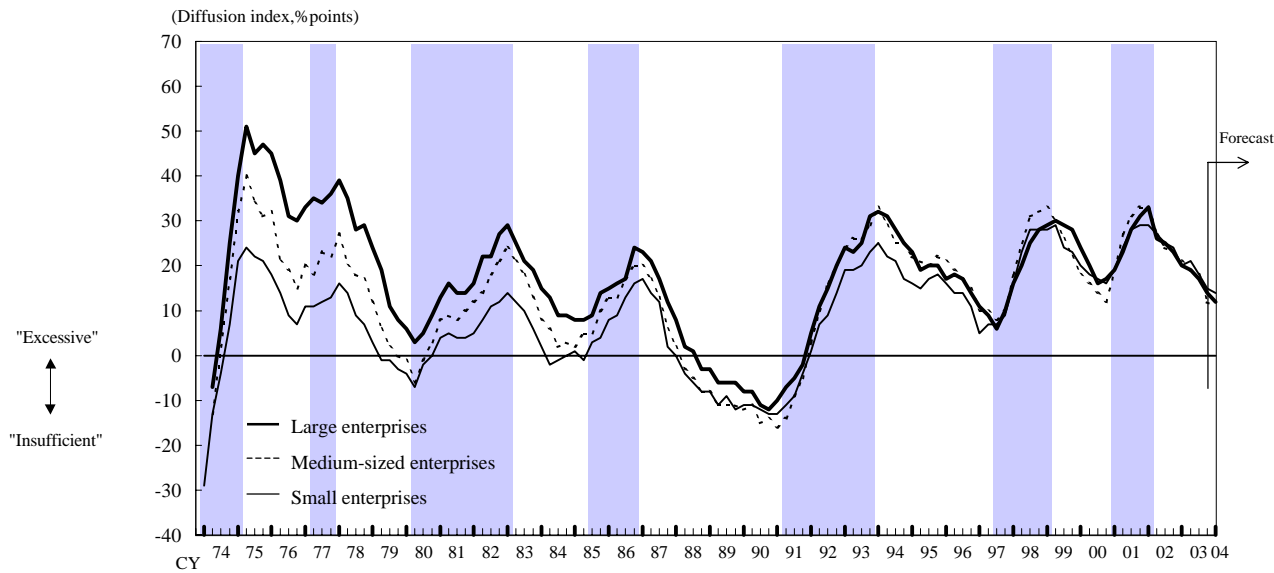
Nonmanufacturing



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)	—	—	2.44 (FY83)	2.35 (FY84)
2.38 (FY88)	1.62 (FY94)	2.16 (FY88)	1.06 (FY93)	3.75 (FY89)	2.11 (FY93)
1.94 (FY95,96)	1.85 (FY97)	1.52 (FY96)	1.25 (FY97,98)	2.72 (FY96)	1.71 (FY98)
2.66 (FY00)	2.54 (FY01)			2.33 (FY00)	2.32 (FY01)

	December 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
FY 2002	2.85	2.01	2.49
FY 2003 (Forecast)	2.97	2.21	2.63

[Production Capacity (Manufacturing)]



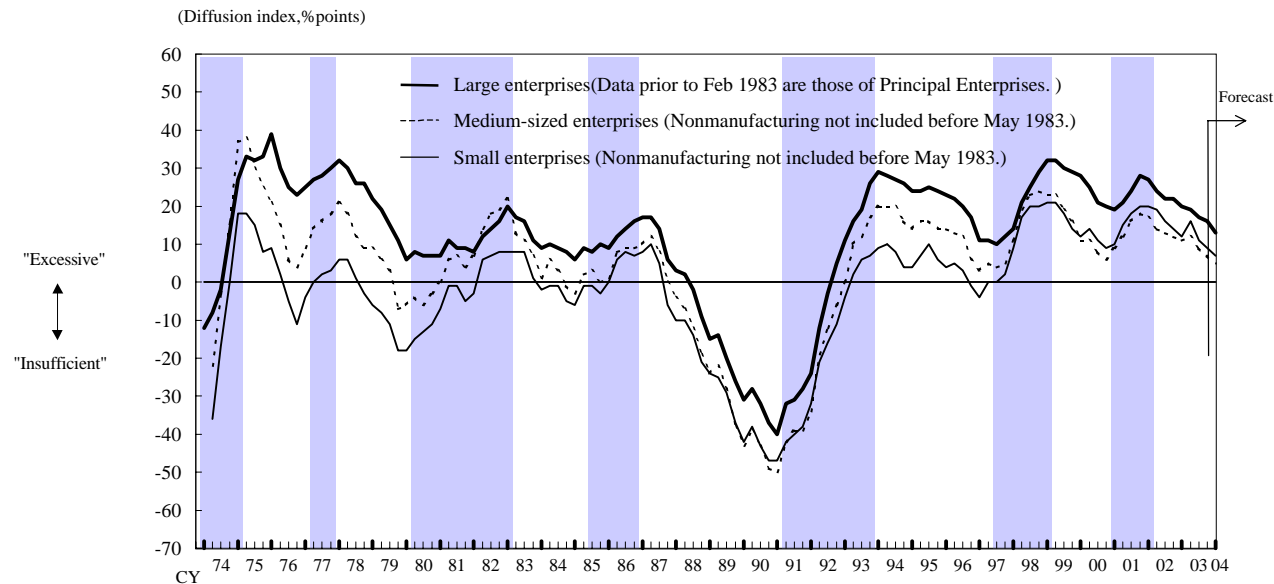
Peaks and Bottoms of Production Capacity

(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)	6 (9/97)	33 (2/94)	8 (9/97)	25 (2/94)	5 (3/97)
30 (6/99)	16 (9/00)	33 (3/99)	12 (12/00)	29 (6/99)	16 (12/00)
33 (3/02)		33 (12/01,3/02)		29 (12/01,3/02)	

	December 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	14	12	15
Forecast	12	11	14

[Employment Conditions (All industries)]



Peaks and Bottoms of Employment Conditions

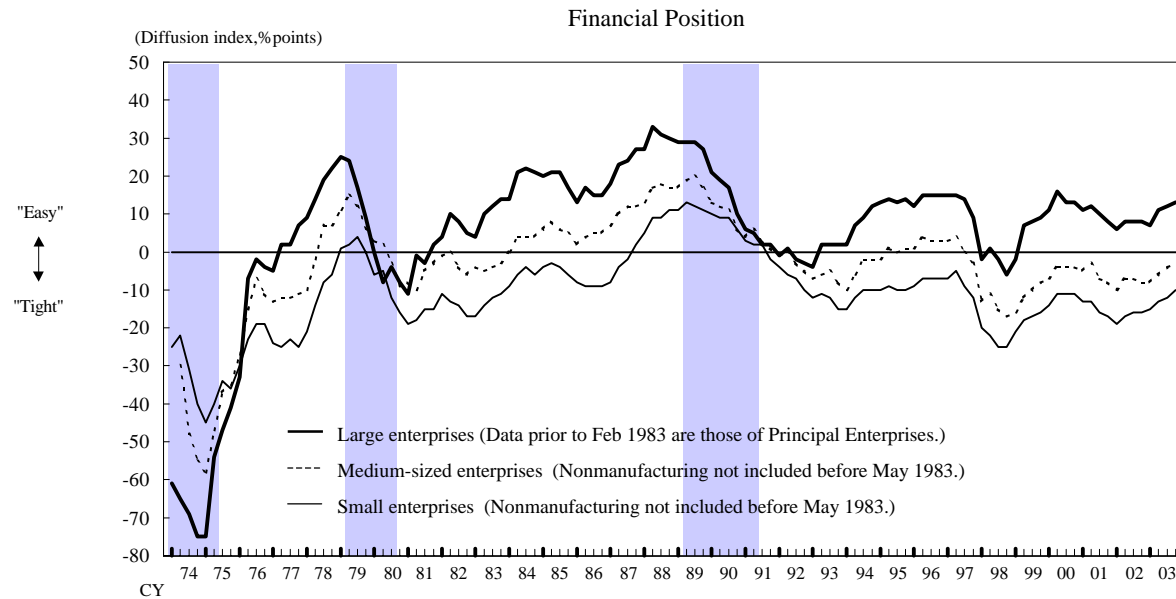
(Net percentage of respondents who reported "Excessive employment")

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)	10 (9/97)	20 (2,5,8/94)	3 (3/97)	10 (5/94,8/95)	-4 (3/97)
32 (3,6/99)	19 (3/01)	24 (12/98)	6 (12/00)	21 (3,6/99)	9 (12/00)
28 (12/01)		18 (12/01)		20 (12/01,3/02)	

	December 2003 survey		
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	16	7	9
Forecast	13	5	7

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

[Corporate Finance (All industries)]

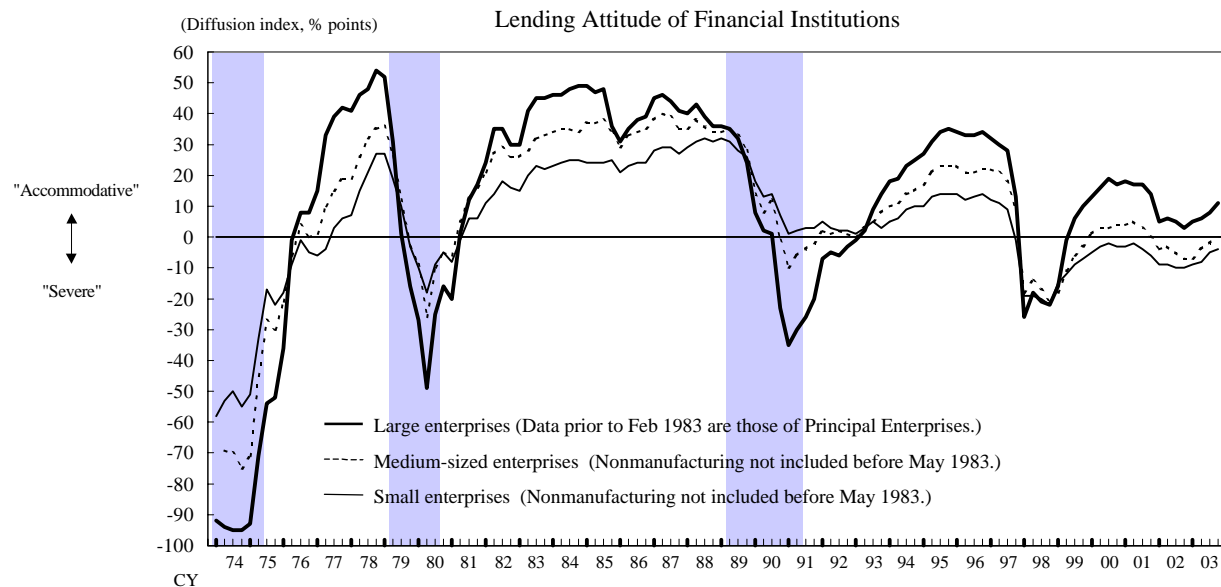


Peaks and Bottoms of Financial Position

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

All industries					
Large enterprises		Medium-sized enterprises		Small enterprises	
Peak	Bottom	Peak	Bottom	Peak	Bottom
33 (5/88)	-6 (12/98)	20 (8/89)	-17 (12/98)	13 (5/89)	-25 (9,12/98)

December 2003 survey			
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	13	-3	-10



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)	-35 (2/91)	40 (5/87)	-21 (12/98)	32 (8/88,2/89)	-22 (12/98)

December 2003 survey			
	Large enterprises	Medium-sized enterprises	Small enterprises
Actual result	11	0	-4