

8. Corporate profits • Firms' judgments

Corporate profits are improving as a whole, although some weaknesses remain.

Firms' judgments on current business conditions appear to be pausing for picking up.

Year-on-year changes, %, Surveyed in Mar. 2022

| Current profits | FY 2018 Results | FY 2019 Results | FY 2021 Plan | FY 2022 | | FY 2022 Plan | FY 2022 | |
|-------------------|-----------------------|-----------------------|--------------------|---------|---------|--------------------|---------|---------|
| | | | | Apr-Sep | Oct-Mar | | Apr-Sep | Oct-Mar |
| All industries | ▲ 9.6 | ▲ 20.1 | 32.0 | 69.8 | 6.6 | ▲ 0.9 | ▲ 2.5 | 0.9 |
| Large enterprises | | | | | | | | |
| Manufacturing | ▲ 17.5 | ▲ 1.4 | 42.0 | 110.5 | 0.8 | ▲ 2.9 | ▲ 4.3 | ▲ 1.0 |
| Nonmanufacturing | ▲ 7.8 | ▲ 37.9 | 34.1 | 33.1 | 35.1 | 0.5 | 1.7 | ▲ 0.8 |
| Small enterprises | | | | | | | | |
| Manufacturing | ▲ 18.1 | ▲ 10.2 | 37.1 | 114.3 | ▲ 0.4 | ▲ 4.9 | ▲ 12.9 | 3.5 |
| Nonmanufacturing | 0.7 | ▲ 16.1 | 10.3 | 45.5 | ▲ 7.5 | 0.0 | 0.1 | 0.0 |

(Source) TANKAN (Short-term Economic Survey), Bank of Japan

Year-on-year changes ; (): Percentage changes from the previous quarter, seasonally adjusted

| Current profits | CY 2020 | CY 2021 | FY 2020 | FY 2021 | 2021 | | 2022 | |
|------------------------------------|------------|------------|------------|------------|--------------|-------------|-------------|------------|
| | | | | | Apr-Jun | Jul-Sep | Oct-Dec | Jan-Mar |
| Full scale | | | | | | | | |
| All industries | -27.3 | 41.8 | -15.6 | 36.8 | 93.9(2.8) | 35.1(-6.4) | 24.7(17.4) | 13.7(0.2) |
| Manufacturing | -21.7 | 68.7 | -4.3 | 53.2 | 159.4(7.5) | 71.0(-7.3) | 22.1(11.0) | 18.4(5.9) |
| Nonmanufacturing | -29.8 | 28.2 | -20.9 | 27.7 | 64.2(-0.2) | 17.0(-5.7) | 26.4(21.8) | 10.9(-3.4) |
| Large and medium-sized enterprises | -26.8 | 45.0 | -12.2 | 37.9 | 74.1(9.4) | 38.0(-10.0) | 27.1(9.8) | 18.5(8.6) |
| Small enterprises | -28.4 | 33.4 | -23.9 | 33.8 | 278.6(-15.0) | 26.9(6.5) | 19.8(40.1) | 3.1(-19.6) |

(Note) Except pure holding company that has financial institutions in subsidiary company

(Source) Financial Statements Statistics of Corporations by Industry, Quarterly, Ministry of Finance

%points

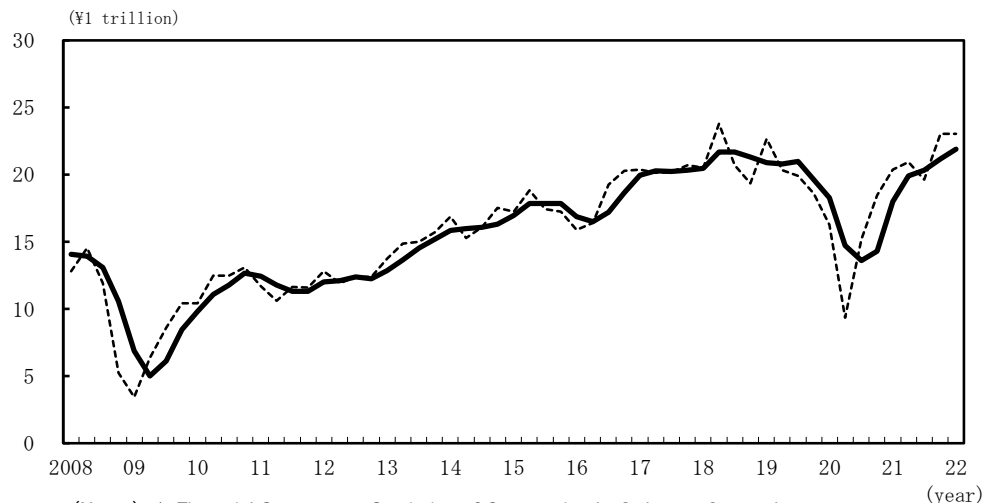
→ Forecast

| Business Conditions (D.I.) | 2020 | | 2021 | | 2022 | | 2022 | |
|----------------------------|------|-----|------|-----|------|-----|------|-----|
| | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun |
| Full scale | | | | | | | | |
| All industries | -28 | -15 | -8 | -3 | -2 | 2 | 0 | -3 |
| Manufacturing | -37 | -20 | -6 | 2 | 5 | 6 | 2 | 0 |
| Nonmanufacturing | -21 | -11 | -9 | -7 | -7 | 0 | -2 | -5 |
| Large enterprises | | | | | | | | |
| Manufacturing | -27 | -10 | 5 | 14 | 18 | 18 | 14 | 9 |
| Nonmanufacturing | -12 | -5 | -1 | 1 | 2 | 9 | 9 | 7 |
| Small enterprises | | | | | | | | |
| Manufacturing | -44 | -27 | -13 | -7 | -3 | -1 | -4 | -5 |
| Nonmanufacturing | -22 | -12 | -11 | -9 | -10 | -4 | -6 | -10 |

(Note) D.I. = Percentage of respondents reporting "Favorable" - Percentage of respondents reporting "Unfavorable"

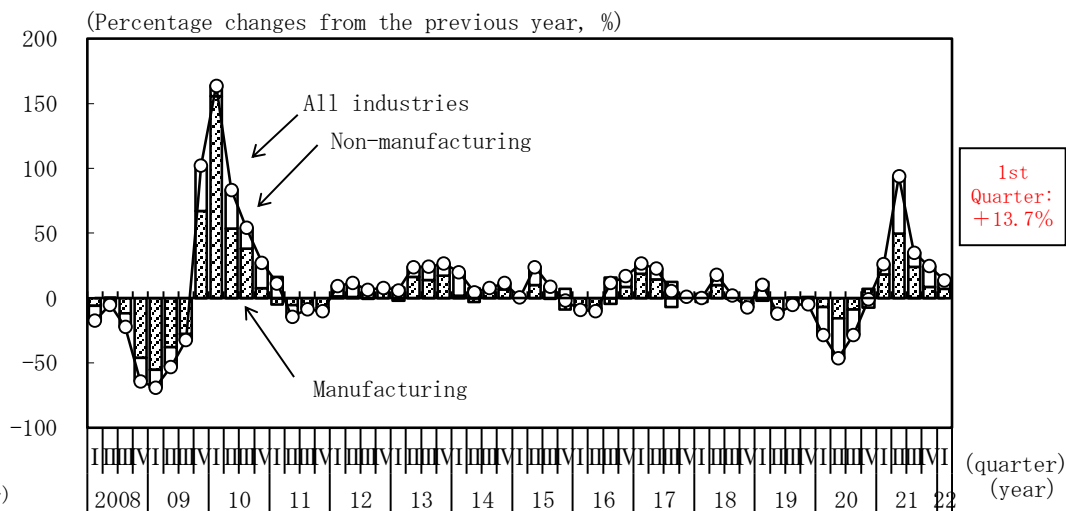
(Source) TANKAN (Short-term Economic Survey), Bank of Japan

<Corporate Profits> Trend of current profits



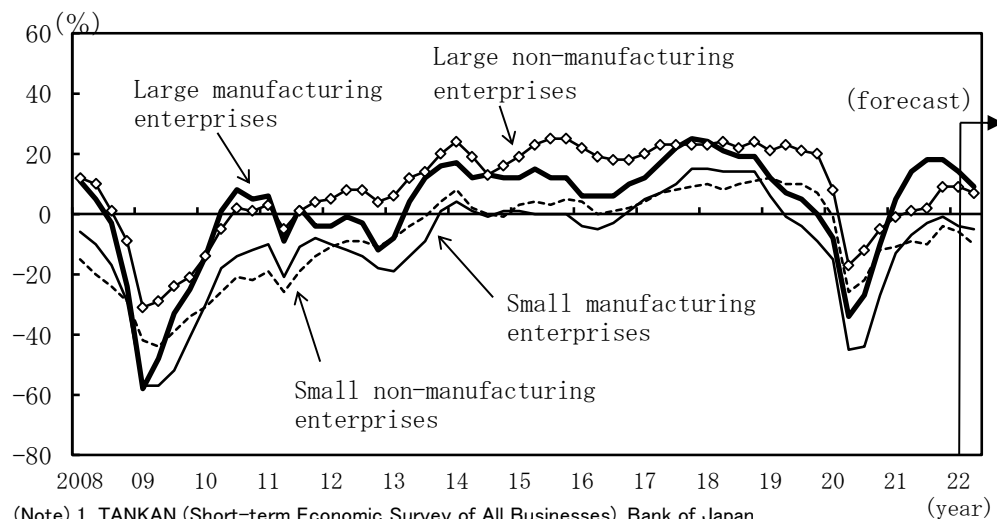
- (Notes) 1. Financial Statements Statistics of Corporation by Industry, Quarterly, Ministry of Finance
2. Full scale; all industries; except pure holding company that has financial institutions in subsidiary company.
3. The solid line is a 3-quarter moving average.
4. The dotted line is seasonally adjusted by Cabinet Office.

Year-on-year changes by manufacturing/non-manufacturing



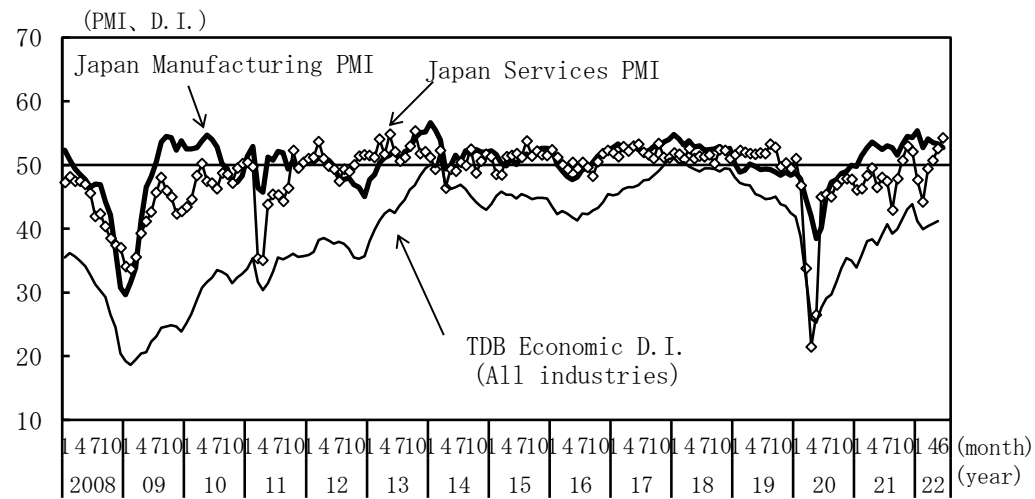
- (Notes) 1. Financial Statements Statistics of Corporation by Industry, Quarterly, Ministry of Finance
2. Full scale

<Business Conditions> Changes in BOJ TANKAN business conditions D.I.



- (Note) 1. TANKAN (Short-term Economic Survey of All Businesses), Bank of Japan.
2. D.I. = Percentage of respondents reporting "Favorable" - "Unfavorable."

Changes in indexes of business conditions in various surveys



- (Note) 1. S&P Global Inc., Teikoku Databank Ltd.
2. PMI = Percentage of respondents reporting "Higher" + "No change" / 2 (seasonally adjusted). D.I. is the weighted average of the appropriate number attaching to each of seven responses by the percentage of each response.