Industrial Outlook Survey of the Manufacturing Sector for Q4:2022-23

Today, the Reserve Bank released the results of 101st round of its industrial outlook survey (IOS). The survey encapsulates qualitative assessment of the business climate by Indian manufacturing companies for Q4:2022-23 and their expectations for Q1:2023-24[1] as well as outlook on selected parameters for the two subsequent quarters. In all, 1,066 companies responded in this round of the survey, which was conducted during Q4:2022-23.

Highlights:

A. Assessment for Q4: 2022-23

- Respondents from manufacturing sector were positive on demand conditions in Q4:2022-23 in terms of improved assessment for overall business situation, production, order books and capacity utilisation compared to the previous round of the survey (Table A).
- Manufacturers assessed some moderation in the pace of increase in raw material cost and wage cost and were more positive on their financial situation during the quarter.
- Respondents reported deceleration in selling prices during Q4:2022-23; the sentiments on profit margin were less pessimistic than a quarter ago.
- Overall business sentiments remained buoyant as reflected through improved business assessment index (BAI)[2] at 112.2 for Q4:2022-23, as against 108.6 in the previous quarter (Chart 1).

B. Expectations for Q1: 2023-24

- Manufacturers were less optimistic on demand conditions during Q1:2023-24 as reflected in lower expectations for production, order books, capacity utilisation and foreign trade.
- Cost pressures from financing, purchase of raw materials and wages are likely to continue during Q1:2023-24.
- Selling prices and profit margins are expected to continue to rise with some restraint; a majority of respondents expect ‘no change’.
- Business expectations index (BEI) for Q1:2023-24 exhibited further sign of normalisation by moderating notably at 126.4 from 132.9 in the previous quarter; it, however, remained highly positive (Chart 1).

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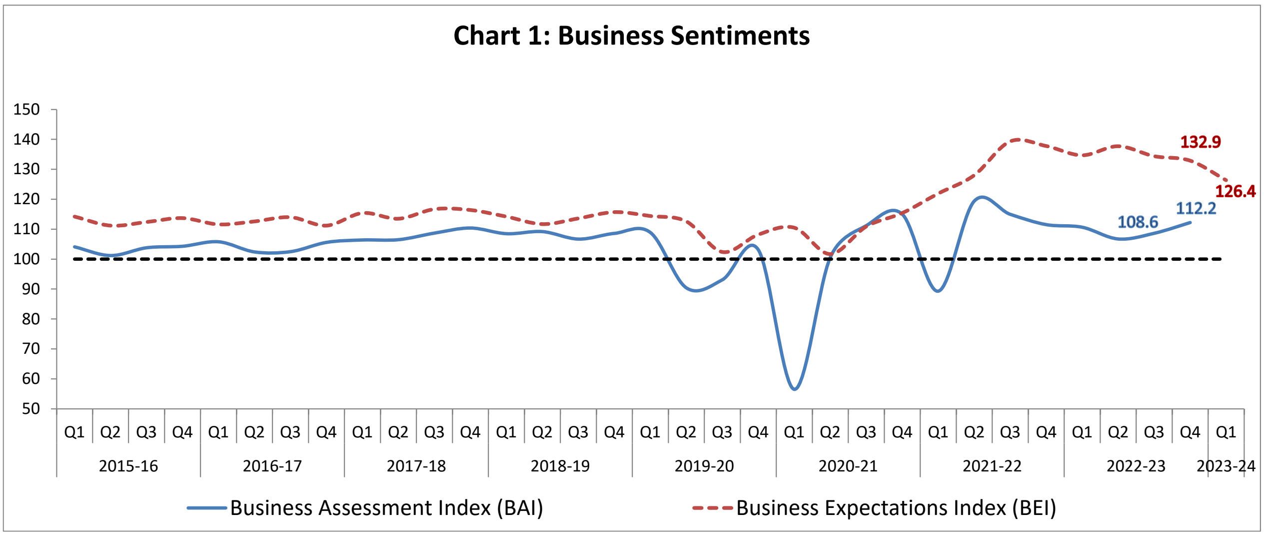
[1] The survey results reflect the respondents’ views, which are not necessarily shared by the Reserve Bank. Results of the previous survey round were released on the Bank’s website on February 08, 2023.

[2] For each survey round, two summary indices are computed – one based on assessment [*viz.*, Business Assessment Index (BAI)] and another based on expectations [*viz.*, Business Expectations Index (BEI)]. Each index is a composite indicator calculated as a simple average of nine business parameters, where each parameter is derived as a weighted net response, weights being the share of industry groups in gross value added (GVA). The nine parameters considered are: (1) overall business situation; (2) production; (3) order books; (4) inventory of raw material; (5) inventory of finished goods; (6) profit margins; (7) employment; (8) exports; and (9) capacity utilisation. BAI/BEI gives a snapshot of the business outlook in every quarter and takes values between 0 and 200, with 100 being the threshold separating expansion from contraction.



C. Expectations for Q2:2023-24 and Q3:2023-24

- Manufacturers remain highly optimistic on production, order books, employment, capacity utilisation and overall business situation (Table B).
- Overall business situation is likely to improve further.

Table A: Summary of Net responses[3] on Survey Parameters (per cent)

Parameters	Assessment period		Expectation period	
	Q3:2022-23	Q4:2022-23	Q4:2022-23	Q1:2023-24
Production	25.1	33.0	57.4	54.8
Order Books	21.0	25.4	59.4	47.8
Pending Orders	6.2	8.9	1.2	3.4
Capacity Utilisation	14.9	22.8	47.2	41.2
Inventory of Raw Materials	-10.8	-8.3	-26.8	-18.0
Inventory of Finished Goods	-9.5	-8.2	-26.1	-17.2
Exports	8.5	12.2	51.5	36.2
Imports	11.6	15.3	51.5	33.2
Employment	13.6	12.4	36.4	26.7
Financial Situation (Overall)	20.1	30.6	60.6	52.9
Availability of Finance (from internal accruals)	21.9	28.8	53.5	46.6
Availability of Finance (from banks & other sources)	17.0	23.3	49.2	40.1
Availability of Finance (from overseas, if applicable)	10.7	7.6	50.1	32.5
Cost of Finance	-31.1	-32.4	-50.5	-45.8
Cost of Raw Material	-64.9	-59.1	-60.9	-60.9
Salary/ Other Remuneration	-27.0	-21.2	-38.7	-44.3
Selling Price	10.4	9.7	39.6	28.4
Profit Margin	-8.4	-5.4	32.9	19.1
Overall Business Situation	20.3	34.4	63.1	58.3

Table B: Business Expectations of Select Parameters for extended period – Net response
(per cent)

Parameters	Round 100	Round 101		
	Q4:2022-23	Q1:2023-24	Q2:2023-24	Q3:2023-24
Overall Business Situation	63.1	58.3	58.5	60.6
Production	57.4	54.8	55.7	58.7
Order Books	59.4	47.8	52.7	53.5
Capacity Utilisation	47.2	41.2	52.4	52.9
Employment	36.4	26.7	32.5	29.7
Cost of Raw Materials	-60.9	-60.9	-55.8	-54.1
Selling Prices	39.6	28.4	34.4	30.8

Note: Please see the excel file for time series data.

[3] Net Response (NR) is the difference between the percentage of respondents reporting optimism and those reporting pessimism. It ranges between -100 to 100. Any value greater than zero indicates expansion/optimism and any value less than zero indicates contraction/pessimism. In other words, NR = (I – D), where, I is the percentage response of 'Increase/optimism', and D is the percentage response of 'Decrease/pessimism' and E is the percentage response as 'no change/equal' (*i.e.*, I+D+E=100). For example, increase in production is optimism whereas decrease in cost of raw material is optimism.

Table 1: Assessment and Expectations for Production (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	38.0	14.2	47.8	**23.8**	66.5	5.3	28.3	**61.2**
Q1:2022-23	1,239	36.6	14.4	48.9	**22.2**	70.4	4.9	24.7	**65.6**
Q2:2022-23	1,234	34.3	16.3	49.4	**18.1**	72.4	5.0	22.6	**67.4**
Q3:2022-23	1,356	40.5	15.4	44.1	**25.1**	60.8	4.6	34.5	**56.2**
Q4:2022-23	1,066	46.3	13.3	40.4	**33.0**	61.2	3.8	34.9	**57.4**
Q1:2023-24						60.6	5.8	33.6	**54.8**

'Increase' in production is optimistic.

Note: The sum of components may not add up to total due to rounding off (This is applicable for all tables).

Table 2: Assessment and Expectations for Order Books (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	34.7	13.4	51.9	**21.3**	66.2	4.7	29.1	**61.5**
Q1:2022-23	1,239	34.1	12.5	53.4	**21.7**	70.4	4.2	25.4	**66.1**
Q2:2022-23	1,234	30.7	12.1	57.2	**18.6**	72.7	4.6	22.6	**68.1**
Q3:2022-23	1,356	33.1	12.1	54.8	**21.0**	67.1	4.7	28.3	**62.4**
Q4:2022-23	1,066	37.2	11.8	51.0	**25.4**	63.3	3.9	32.8	**59.4**
Q1:2023-24						54.6	6.8	38.6	**47.8**

'Increase' in order books is optimistic.

Table 3: Assessment and Expectations for Pending Orders (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above Normal	Below Normal	Normal	Net response	Above Normal	Below Normal	Normal	Net response
Q4:2021-22	1,283	9.8	13.7	76.5	**3.9**	8.5	7.9	83.6	**-0.5**
Q1:2022-23	1,239	6.7	14.2	79.1	**7.5**	8.8	10.6	80.6	**1.8**
Q2:2022-23	1,234	10.3	17.6	72.0	**7.3**	7.7	10.3	82.1	**2.6**
Q3:2022-23	1,356	8.4	14.6	76.9	**6.2**	10.8	10.1	79.2	**-0.7**
Q4:2022-23	1,066	4.2	13.1	82.7	**8.9**	8.9	10.1	81.0	**1.2**
Q1:2023-24						4.5	8.0	87.5	**3.4**

Pending orders 'Below Normal' is optimistic.

Table 4: Assessment and Expectations for Capacity Utilisation (Main Product) (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	30.2	13.0	56.9	**17.2**	57.0	4.5	38.5	**52.6**
Q1:2022-23	1,239	29.5	12.8	57.7	**16.8**	63.5	4.5	32.0	**59.0**
Q2:2022-23	1,234	23.4	14.8	61.8	**8.6**	65.6	5.0	29.4	**60.6**
Q3:2022-23	1,356	29.8	15.0	55.2	**14.9**	51.5	4.9	43.6	**46.6**
Q4:2022-23	1,066	34.3	11.5	54.1	**22.8**	51.3	4.1	44.6	**47.2**
Q1:2023-24						46.7	5.5	47.8	**41.2**

'Increase' in capacity utilisation is optimistic.

Table 5: Assessment and Expectations for Level of CU (compared to the average in last 4 quarters)
(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above Normal	Below Normal	Normal	Net response	Above Normal	Below Normal	Normal	Net response
Q4:2021-22	1,283	12.6	10.8	76.6	**1.9**	30.1	5.8	64.2	**24.3**
Q1:2022-23	1,239	19.6	10.4	70.0	**9.2**	39.3	5.4	55.4	**33.9**
Q2:2022-23	1,234	20.5	12.8	66.7	**7.8**	50.2	6.3	43.5	**43.9**
Q3:2022-23	1,356	28.7	13.2	58.1	**15.5**	37.0	6.1	56.9	**30.9**
Q4:2022-23	1,066	19.8	10.5	69.7	**9.3**	34.7	8.1	57.2	**26.7**
Q1:2023-24						23.7	6.2	70.2	**17.5**

'Above Normal' in Level of capacity utilisation is optimistic.

Table 6: Assessment and Expectations for Assessment of Production Capacity (with regard to expected demand in next 6 months) (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		More than adequate	Less than adequate	Adequate	Net response	More than adequate	Less than adequate	Adequate	Net response
Q4:2021-22	1,283	14.1	7.1	78.8	**7.1**	30.7	4.0	65.3	**26.7**
Q1:2022-23	1,239	25.2	7.2	67.6	**18.0**	42.7	3.9	53.5	**38.8**
Q2:2022-23	1,234	21.1	6.8	72.1	**14.3**	51.5	5.4	43.0	**46.1**
Q3:2022-23	1,356	28.9	4.4	66.7	**24.6**	42.9	4.5	52.7	**38.4**
Q4:2022-23	1,066	17.3	5.7	77.0	**11.6**	42.7	3.3	53.9	**39.4**
Q1:2023-24						25.3	3.8	70.9	**21.5**

'More than adequate' in Assessment of Production Capacity is optimistic.

Table 7: Assessment and Expectations for Exports (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	25.3	12.6	62.1	**12.7**	59.2	4.5	36.4	**54.7**
Q1:2022-23	1,239	25.5	11.2	63.4	**14.3**	62.4	4.4	33.2	**58.0**
Q2:2022-23	1,234	25.2	14.0	60.8	**11.1**	65.2	4.4	30.4	**60.8**
Q3:2022-23	1,356	25.6	17.1	57.3	**8.5**	61.2	5.2	33.6	**56.0**
Q4:2022-23	1,066	25.4	13.3	61.3	**12.2**	55.5	3.9	40.6	**51.5**
Q1:2023-24						43.0	6.8	50.2	**36.2**

'Increase' in exports is optimistic.

Table 8: Assessment and Expectations for Imports (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	22.9	11.6	65.4	**11.3**	55.6	3.8	40.6	**51.8**
Q1:2022-23	1,239	23.9	9.0	67.0	**14.9**	59.7	3.4	36.9	**56.4**
Q2:2022-23	1,234	23.5	10.1	66.4	**13.4**	64.5	3.2	32.3	**61.3**
Q3:2022-23	1,356	23.8	12.2	64.0	**11.6**	60.8	3.2	36.0	**57.6**
Q4:2022-23	1,066	22.6	7.3	70.1	**15.3**	54.3	2.8	42.9	**51.5**
Q1:2023-24						37.4	4.2	58.4	**33.2**

'Increase' in imports is optimistic.

Table 9: Assessment and Expectations for level of Raw Materials Inventory (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above average	Below average	Average	Net response	Above average	Below average	Average	Net response
Q4:2021-22	1,283	14.7	6.9	78.4	**-7.8**	32.7	3.7	63.5	**-29.0**
Q1:2022-23	1,239	16.8	7.0	76.1	**-9.8**	42.4	3.6	54.0	**-38.8**
Q2:2022-23	1,234	15.0	10.5	74.5	**-4.6**	46.1	4.6	49.3	**-41.5**
Q3:2022-23	1,356	18.1	7.3	74.6	**-10.8**	32.8	7.1	60.1	**-25.7**
Q4:2022-23	1,066	13.1	4.7	82.2	**-8.3**	32.4	5.6	62.0	**-26.8**
Q1:2023-24						20.5	2.5	76.9	**-18.0**

'Below average' Inventory of raw materials is optimistic.

Table 10: Assessment and Expectations for level of Finished Goods Inventory (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Above average	Below average	Average	Net response	Above average	Below average	Average	Net response
Q4:2021-22	1,283	13.7	7.2	79.0	**-6.5**	31.1	3.9	64.9	**-27.2**
Q1:2022-23	1,239	16.4	7.4	76.2	**-9.0**	42.4	3.0	54.6	**-39.5**
Q2:2022-23	1,234	14.2	10.2	75.6	**-4.0**	45.6	4.3	50.1	**-41.3**
Q3:2022-23	1,356	17.1	7.7	75.2	**-9.5**	33.4	6.9	59.7	**-26.5**
Q4:2022-23	1,066	13.3	5.1	81.5	**-8.2**	31.9	5.8	62.3	**-26.1**
Q1:2023-24						19.9	2.8	77.3	**-17.2**

'Below average' Inventory of finished goods is optimistic.

Table 11: Assessment and Expectations for Employment (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	20.3	8.9	70.8	**11.4**	49.2	2.0	48.8	**47.2**
Q1:2022-23	1,239	23.4	8.1	68.4	**15.3**	52.7	2.5	44.7	**50.2**
Q2:2022-23	1,234	21.5	9.0	69.5	**12.5**	57.1	2.1	40.8	**54.9**
Q3:2022-23	1,356	23.0	9.4	67.7	**13.6**	45.0	1.2	53.9	**43.8**
Q4:2022-23	1,066	19.3	7.0	73.7	**12.4**	39.0	2.5	58.5	**36.4**
Q1:2023-24						29.8	3.1	67.1	**26.7**

'Increase' in employment is optimistic.

Table 12: Assessment and Expectations for Overall Financial Situation (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Q4:2021-22	1,283	33.9	13.2	53.0	**20.7**	64.0	4.7	31.3	**59.3**
Q1:2022-23	1,239	33.0	12.3	54.7	**20.6**	69.3	3.9	26.7	**65.4**
Q2:2022-23	1,234	28.7	14.8	56.4	**13.9**	70.4	3.4	26.2	**67.1**
Q3:2022-23	1,356	35.6	15.5	49.0	**20.1**	61.4	3.8	34.8	**57.7**
Q4:2022-23	1,066	40.2	9.6	50.2	**30.6**	63.9	3.3	32.8	**60.6**
Q1:2023-24						56.3	3.4	40.3	**52.9**

'Better' overall financial situation is optimistic.

Table 13: Assessment and Expectations for Working Capital Finance Requirement (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	31.4	8.1	60.5	**23.3**	54.7	2.9	42.4	**51.7**
Q1:2022-23	1,239	33.4	7.9	58.7	**25.5**	62.8	1.4	35.7	**61.4**
Q2:2022-23	1,234	29.6	6.8	63.5	**22.8**	65.0	2.6	32.5	**62.4**
Q3:2022-23	1,356	35.2	7.3	57.5	**27.9**	51.2	1.6	47.3	**49.6**
Q4:2022-23	1,066	36.4	4.3	59.3	**32.1**	52.3	1.1	46.5	**51.2**
Q1:2023-24						48.0	1.9	50.0	**46.1**

'Increase' in working capital finance is optimistic.

Table 14: Assessment and Expectations for Availability of Finance (from Internal Accruals)

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q4:2021-22	1,283	27.7	9.6	62.7	**18.1**	55.7	2.8	41.5	**52.9**
Q1:2022-23	1,239	27.8	9.7	62.4	**18.1**	62.4	2.5	35.2	**59.9**
Q2:2022-23	1,234	24.0	8.0	68.0	**15.9**	64.2	2.4	33.4	**61.9**
Q3:2022-23	1,356	31.1	9.1	59.8	**21.9**	51.3	2.0	46.7	**49.3**
Q4:2022-23	1,066	33.3	4.5	62.2	**28.8**	55.2	1.7	43.1	**53.5**
Q1:2023-24						48.7	2.0	49.3	**46.6**

'Improvement' in availability of finance is optimistic.

Table 15: Assessment and Expectations for Availability of Finance (from banks and other sources)

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q4:2021-22	1,283	24.1	8.0	68.0	**16.1**	52.0	2.1	45.9	**49.8**
Q1:2022-23	1,239	24.8	7.6	67.5	**17.2**	59.3	1.5	39.2	**57.8**
Q2:2022-23	1,234	21.9	6.5	71.6	**15.4**	62.2	1.8	36.1	**60.4**
Q3:2022-23	1,356	26.0	9.1	64.9	**17.0**	56.7	1.7	41.6	**55.1**
Q4:2022-23	1,066	27.8	4.5	67.7	**23.3**	50.5	1.3	48.2	**49.2**
Q1:2023-24						42.2	2.1	55.7	**40.1**

'Improvement' in availability of finance is optimistic.

Table 16: Assessment and Expectations for Availability of Finance (from overseas, if applicable)

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Improve	Worsen	No change	Net response	Improve	Worsen	No change	Net response
Q4:2021-22	1,283	17.9	8.7	73.4	**9.1**	52.5	1.5	46.0	**50.9**
Q1:2022-23	1,239	21.9	7.5	70.6	**14.4**	60.2	0.9	38.9	**59.2**
Q2:2022-23	1,234	17.4	6.8	75.8	**10.6**	65.8	1.2	33.0	**64.6**
Q3:2022-23	1,356	20.4	9.7	69.9	**10.7**	59.6	0.8	39.6	**58.9**
Q4:2022-23	1,066	11.1	3.6	85.3	**7.6**	51.3	1.3	47.4	**50.1**
Q1:2023-24						34.3	1.8	64.0	**32.5**

'Improvement' in availability of finance is optimistic.

Table 17: Assessment and Expectations for Cost of Finance

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	22.1	9.6	68.3	**-12.6**	50.7	2.1	47.2	**-48.6**
Q1:2022-23	1,239	30.5	6.9	62.6	**-23.6**	57.0	2.1	40.9	**-54.9**
Q2:2022-23	1,234	36.1	6.1	57.8	**-30.1**	65.6	1.6	32.8	**-64.0**
Q3:2022-23	1,356	37.0	5.9	57.1	**-31.1**	53.5	1.6	44.9	**-51.9**
Q4:2022-23	1,066	36.2	3.8	60.0	**-32.4**	51.6	1.1	47.3	**-50.5**
Q1:2023-24						47.5	1.7	50.8	**-45.8**

'Decrease' in cost of finance is optimistic.

Table 18: Assessment and Expectations for Cost of Raw Materials

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	55.0	5.5	39.4	**-49.5**	75.1	1.5	23.3	**-73.6**
Q1:2022-23	1,239	85.5	1.1	13.3	**-84.4**	78.2	1.2	20.6	**-77.0**
Q2:2022-23	1,234	77.0	4.6	18.4	**-72.5**	80.6	1.6	17.9	**-79.0**
Q3:2022-23	1,356	73.0	8.1	18.9	**-64.9**	66.8	2.6	30.7	**-64.2**
Q4:2022-23	1,066	64.5	5.4	30.2	**-59.1**	63.4	2.4	34.2	**-60.9**
Q1:2023-24						62.6	1.7	35.8	**-60.9**

'Decrease' in cost of raw materials is optimistic.

Table 19: Assessment and Expectations for Salary/Other Remuneration

(Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	24.6	6.4	69.0	**-18.2**	50.9	1.0	48.2	**-49.9**
Q1:2022-23	1,239	39.6	4.8	55.5	**-34.8**	66.3	0.7	33.0	**-65.6**
Q2:2022-23	1,234	30.8	4.4	64.7	**-26.4**	61.3	0.4	38.3	**-60.8**
Q3:2022-23	1,356	30.1	3.1	66.8	**-27.0**	46.3	0.3	53.4	**-46.0**
Q4:2022-23	1,066	23.1	1.9	75.0	**-21.2**	39.3	0.6	60.0	**-38.7**
Q1:2023-24						45.2	0.9	53.9	**-44.3**

'Decrease' in Salary / other remuneration is optimistic.

Table 20: Assessment and Expectations for Selling Price (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	30.0	9.7	60.2	**20.3**	54.0	3.7	42.3	**50.3**
Q1:2022-23	1,239	33.3	8.3	58.4	**25.0**	59.5	3.8	36.7	**55.7**
Q2:2022-23	1,234	25.1	10.7	64.2	**14.4**	63.4	3.2	33.4	**60.3**
Q3:2022-23	1,356	23.3	12.9	63.8	**10.4**	48.8	3.7	47.5	**45.1**
Q4:2022-23	1,066	21.6	11.8	66.6	**9.7**	43.2	3.6	53.1	**39.6**
Q1:2023-24						34.0	5.6	60.4	**28.4**

'Increase' in selling price is optimistic.

Table 21: Assessment and Expectations for Profit Margin (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Increase	Decrease	No change	Net response	Increase	Decrease	No change	Net response
Q4:2021-22	1,283	20.6	21.8	57.6	**-1.2**	49.5	9.7	40.8	**39.8**
Q1:2022-23	1,239	22.5	20.7	56.7	**1.8**	53.6	10.4	35.9	**43.2**
Q2:2022-23	1,234	16.2	25.5	58.2	**-9.3**	57.6	10.1	32.3	**47.4**
Q3:2022-23	1,356	17.6	26.1	56.3	**-8.4**	44.2	9.0	46.8	**35.2**
Q4:2022-23	1,066	16.2	21.6	62.1	**-5.4**	41.0	8.1	50.9	**32.9**
Q1:2023-24						30.5	11.4	58.1	**19.1**

'Increase' in profit margin is optimistic.

Table 22: Assessment and Expectations for Overall Business Situation (Percentage responses)

Quarter	Total response	Assessment				Expectations			
		Better	Worsen	No change	Net response	Better	Worsen	No change	Net response
Q4:2021-22	1,283	37.7	13.6	48.8	**24.1**	67.6	4.2	28.2	**63.4**
Q1:2022-23	1,239	36.0	13.8	50.2	**22.3**	71.8	3.8	24.4	**68.0**
Q2:2022-23	1,234	31.6	15.7	52.7	**15.8**	73.9	3.2	22.9	**70.7**
Q3:2022-23	1,356	37.7	17.4	44.9	**20.3**	63.8	4.4	31.7	**59.4**
Q4:2022-23	1,066	45.9	11.4	42.7	**34.4**	66.9	3.7	29.4	**63.1**
Q1:2023-24						62.4	4.0	33.6	**58.3**

'Better' Overall Business Situation is optimistic.

Table 23: Business Sentiments

Quarter	Business Assessment Index (BAI)	Business Expectations Index (BEI)
Q4:2021-22	111.5	137.8
Q1:2022-23	110.1	134.7
Q2:2022-23	106.7	137.5
Q3:2022-23	108.6	134.4
Q4:2022-23	112.2	132.9
Q1:2023-24		126.4