

Economic DI improved for the first time in four months

~ Disaster recovery and reconstruction and construction demand rippled across related industries ~

(Companies researched: 23,052 ; Valid responses: 9,746 ; Response rate: 42.3 %;
Survey start date: May 2002)

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< Overview of November 2018: Weak domestic economy >

The economic diffusion index (DI) in November 2018 was 49.5, up 0.5 point from the previous month, and the first improvement in four months. The domestic economy has improved because construction demand, such as disaster recovery, reconstruction work and housing construction, has rippled across related industries. Along with the contribution of demand towards the end of the year and stability in fuel price, the weakening trend temporarily receded.

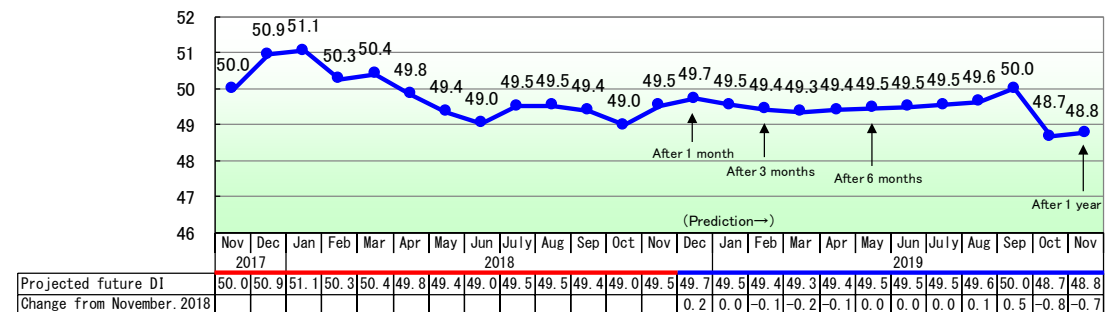
< Future outlook: Uncertainty has intensified >

While capital investment is going to support the domestic economy, last-minute demand due to the hike in the consumption tax rate is expected. On the other hand, there are concerns about the reactionary decline and overseas risks, and uncertainty has intensified.

By industry : Seven industries improved. Expansion in construction demand rippled across related industries.

By size : “SMEs” and “small enterprises” improved for the first time in three months.

By region : Six of the ten regions improved. Recovery and reconstruction from natural disasters are progressing.



*: Economic DIs are calculated based on the structural ARIMA model, in which economic statistics are incorporated to the ARIMA model.

Economic Diffusion Index (Economic DI)1/2

	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Ratio to the PrFDious Month
Total	50.0	50.9	51.1	50.3	50.4	49.8	49.4	49.0	49.5	49.5	49.4	49.0	49.5	0.5
Large Firms	52.1	53.0	53.2	52.2	52.5	52.2	51.6	51.3	51.8	51.6	51.4	51.4	51.4	0.0
Small to Medium-sized Firms	49.4	50.4	50.5	49.8	49.9	49.3	48.8	48.5	48.9	49.0	48.9	48.4	49.0	0.6
Micro Firms	48.7	49.8	49.6	49.0	49.2	48.1	48.1	47.6	48.1	48.4	48.4	47.9	48.2	0.3

	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Ratio to the PrFDious Month	
Agriculture,Forestry,Fisheries	46.7	49.2	47.1	45.5	44.4	43.5	44.2	43.3	43.4	45.7	43.8	41.5	40.7	▲ 0.8	
Finance	49.0	48.9	49.6	48.0	50.3	49.4	47.8	47.2	49.5	47.5	48.5	46.2	47.1	0.9	
Construction	53.7	54.2	54.0	53.4	52.9	51.4	51.8	51.9	52.8	53.1	53.8	53.4	53.9	0.5	
Real Estate	50.3	51.3	52.3	52.1	53.1	50.9	51.0	51.1	50.5	51.1	50.7	49.3	49.3	0.0	
Manufacturing	Food,BEWerages,Livestock Feed	42.9	44.8	44.0	43.2	41.9	42.9	43.4	43.1	43.3	42.9	42.0	42.4	0.4	
	Textile,Textile Products,Clothing	39.6	42.0	39.1	41.3	42.4	42.4	42.7	42.8	42.1	41.8	41.9	41.4	0.2	
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	46.8	48.0	46.8	46.2	46.3	45.7	45.8	45.9	46.6	45.6	45.2	46.1	1.4	
	Pulp, Paper and Paper Products	45.6	48.7	46.6	44.1	45.8	46.3	43.1	45.2	44.5	44.5	45.4	44.3	2.2	
	Publishing,Printing	35.4	35.8	36.4	37.4	37.1	36.2	36.3	33.7	35.0	33.8	34.6	33.2	1.6	
	Chemical	53.3	54.1	53.9	53.2	53.8	52.3	51.8	51.6	52.2	51.3	51.4	50.4	1.0	
	Steel,Nonferrous Metals,Mining	56.6	56.3	57.6	55.6	55.6	53.7	53.5	53.3	54.1	54.2	52.8	53.0	1.4	
	General Machinery	59.3	60.8	62.4	62.0	61.2	60.9	60.6	60.3	60.7	59.9	59.1	58.1	57.5	▲ 0.6
	Electrical Machinery	54.5	55.7	56.9	56.5	54.8	54.9	53.4	53.4	52.8	52.0	53.3	52.9	52.5	▲ 0.4
	Transportation Machinery,Equipment	58.6	56.9	57.9	56.6	59.8	57.6	58.4	57.3	56.6	58.7	58.3	56.9	56.4	▲ 0.5
	Precision Machinery,Medical Instruments and Equipment	55.1	54.7	57.4	56.2	54.8	57.5	56.6	57.2	55.1	54.8	54.3	53.7	53.4	▲ 0.3
Other	40.9	42.6	43.4	43.1	43.8	43.2	44.3	42.5	41.5	40.7	42.6	42.8	41.8	▲ 1.0	
Total	51.2	52.1	52.6	51.9	51.6	51.0	50.8	50.4	50.6	50.2	50.0	49.5	50.0	0.5	
Wholesale	Food,BEWerages	42.4	43.5	42.9	42.1	43.0	42.9	42.8	42.4	40.9	41.9	41.3	40.6	1.3	
	Textile,Textile Products,Clothing	36.1	37.4	37.2	35.5	37.2	37.2	36.8	37.3	35.9	37.3	35.1	35.3	▲ 1.8	
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	45.1	46.7	46.2	44.9	44.7	45.0	43.3	44.4	44.8	44.2	44.8	43.9	3.0	
	Paper Products,Stationery,Books	38.9	38.4	37.6	34.9	36.8	38.0	37.5	36.2	35.4	36.6	36.9	36.5	1.6	
	Chemical	48.6	50.7	49.7	49.0	49.1	49.1	49.1	46.8	48.9	48.1	47.1	47.0	0.8	
	Recycled Resources	57.8	58.3	56.2	51.0	51.9	49.5	46.6	50.6	48.2	51.2	47.8	49.4	▲ 5.4	
	Steel,Nonferrous Metals,Mining Products	50.5	52.3	53.1	51.9	50.8	49.7	48.2	47.8	48.0	50.3	49.2	49.4	▲ 0.6	
	Machinery,Equipment	50.9	52.1	52.3	51.4	51.8	51.1	50.6	50.0	50.9	51.0	50.2	49.6	0.3	
	Other	42.7	43.7	43.9	42.8	43.8	45.4	43.4	43.3	43.2	42.4	42.4	43.4	44.0	0.6
Total	46.5	47.9	47.8	46.6	47.1	47.0	46.1	45.7	45.9	46.3	45.6	45.4	46.0	0.6	

Economic Diffusion Index (Economic DI)2/2

		Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Ratio to the PrFDious Month
Retail	Food,BEWerages	45.2	45.3	44.1	45.6	46.1	47.4	45.7	45.2	44.5	45.3	45.7	44.4	45.5	1.1
	Textile,Textile Products,Clothing	32.7	35.6	41.0	38.2	37.3	38.9	36.7	32.1	34.6	32.7	30.6	32.7	31.3	▲ 1.4
	Drugs,Sundries	46.2	44.4	46.4	45.7	47.2	44.9	47.1	42.9	41.0	41.3	40.2	38.4	42.4	4.0
	Furniture	45.0	40.7	43.9	35.2	35.0	36.7	35.2	38.3	38.3	37.0	37.0	37.9	37.5	▲ 0.4
	Electrical Household Appliances, Information Machinery and Equipment	43.9	47.7	41.9	40.4	45.7	46.5	40.2	41.9	45.5	43.7	42.8	40.6	39.7	▲ 0.9
	Motor Vehicles,Motor Vehicle Parts	45.6	44.2	49.2	47.8	48.3	48.2	43.5	42.9	45.0	43.5	46.1	40.8	41.5	0.7
	Special Merchandise	38.8	41.5	41.9	42.5	42.9	41.0	39.7	39.7	40.7	39.1	39.1	39.7	43.3	3.6
	Various Merchandise	45.7	46.4	46.9	46.0	47.5	49.6	44.1	44.2	48.2	46.5	43.6	46.4	43.6	▲ 2.8
	Other	43.3	50.0	50.0	43.3	41.7	36.1	41.7	33.3	36.1	40.5	38.9	41.7	38.1	▲ 3.6
	Total	42.4	43.4	44.3	43.8	44.8	44.6	42.0	41.3	42.7	41.7	41.6	40.9	42.1	1.2
Transportation,Warehousing		50.7	52.5	50.7	49.6	50.5	50.0	49.3	48.7	50.3	50.3	49.5	48.7	50.1	1.4
Service	Restaurants	42.9	44.9	45.2	43.6	44.2	44.7	45.0	42.5	42.7	42.5	39.3	37.0	37.6	0.6
	Postal,Telecommunications	57.7	56.4	56.1	59.1	57.7	56.9	50.0	54.5	55.6	55.0	56.1	59.7	57.1	▲ 2.6
	Electricity,Gas,Water,Heat	59.5	54.2	60.4	58.3	61.1	54.2	56.3	57.4	56.3	57.4	59.3	56.7	57.1	0.4
	Leasing,Rentals	54.9	55.9	56.9	56.0	56.0	55.2	51.5	52.9	54.5	54.2	55.9	56.5	57.1	0.6
	Lodging, Hotels	51.9	48.0	46.9	48.7	52.0	51.7	50.6	50.0	45.2	46.6	43.6	41.0	45.5	4.5
	Recreation	39.0	42.2	41.7	42.2	42.5	41.5	39.5	40.9	39.8	40.0	39.9	35.5	40.6	5.1
	Broadcasting	44.4	47.6	47.6	47.4	47.0	39.7	37.2	40.3	42.3	38.5	41.7	40.5	40.0	▲ 0.5
	Maintenance,Guarding,Testing	51.6	50.3	51.5	50.7	51.1	49.9	50.2	48.5	50.5	52.3	51.8	51.4	51.6	0.2
	Advertising	41.8	41.5	46.1	42.3	43.4	44.2	43.0	40.2	41.7	41.4	42.3	42.3	41.2	▲ 1.1
	Information	57.6	58.4	59.4	58.8	58.6	59.4	58.4	58.8	58.7	59.1	59.7	59.8	60.7	0.9
	Labor Dispatching	59.0	57.9	58.6	56.5	57.9	57.8	59.0	59.1	59.3	59.2	58.0	59.4	58.8	▲ 0.6
	Special Services	53.2	55.5	53.4	53.1	54.3	53.6	53.7	54.6	54.8	55.3	53.9	55.0	54.6	▲ 0.4
	Medical,Welfare,Public Health	47.9	48.3	47.6	48.6	48.1	48.8	48.0	46.8	46.1	48.2	48.3	48.8	48.3	▲ 0.5
	Education	40.5	42.4	45.1	41.7	44.2	42.4	42.8	40.6	42.6	46.5	46.4	43.8	43.5	▲ 0.3
	Other	53.9	52.6	51.6	51.3	51.8	50.7	50.8	50.0	51.3	50.2	51.6	49.3	49.8	0.5
Total	52.5	53.0	53.4	52.7	53.1	52.8	52.1	52.0	52.4	52.8	52.9	52.9	53.2	0.3	
Other		47.9	48.2	47.8	47.9	50.8	49.2	50.0	46.3	46.1	45.0	46.3	46.2	45.3	▲ 0.9

		Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Ratio to the PrFDious Month
Hokkaido		48.6	48.4	47.8	45.7	46.6	46.2	45.8	46.5	46.6	47.5	44.3	43.9	45.2	1.3
Tohoku		47.2	47.9	46.9	46.1	46.4	45.7	45.0	44.2	46.8	46.6	46.4	45.9	46.5	0.6
kitakanto		51.2	52.9	52.3	51.7	51.4	50.7	49.8	49.4	50.6	50.0	50.0	49.0	48.5	▲ 0.5
minamikanto		50.5	51.3	51.8	51.0	51.5	50.7	50.3	50.2	50.3	50.0	50.4	49.8	50.4	0.6
Hokuriku		49.0	49.9	49.7	47.7	48.5	48.7	48.5	48.7	49.4	49.8	49.3	49.4	49.3	▲ 0.1
Tokai		51.2	52.5	52.6	52.5	52.3	51.9	51.9	50.9	51.6	51.8	51.4	51.3	51.8	0.5
Kinki		49.0	50.8	51.1	50.3	50.0	49.7	48.8	48.4	48.6	49.4	48.9	48.8	49.7	0.9
Chugoku		50.1	50.6	50.8	50.1	49.6	48.7	48.7	47.9	47.0	47.1	48.0	48.6	48.5	▲ 0.1
Shikoku		48.5	49.0	49.4	48.5	48.4	48.2	47.8	47.2	47.5	47.9	47.0	47.6	47.2	▲ 0.4
Kyushu		51.3	51.7	51.7	51.8	51.7	51.4	50.4	49.8	50.9	50.6	50.8	49.1	50.6	1.5

Appendix

1. Research Subjects (Companies Researched 23,052 ; Valid responses: 9,746 ; Response rate: 42.3%)

Appendix

1. Region

Hokkaido	509	Tokai	1,055
Tohoku	624	Kinki	1,606
kitaKanto	721	Chugoku	540
minamikanto	3,170	Shikoku	281
Hokuriku	537	Kyushu	703
		Total	9,746

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		52
Finance		115
Construction		1,448
Real Estate		294
Manufacturing 3,223	Food, Beverages, Livestock Feed	312
	Textile, Textile Products, Clothing	99
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	213
	Pulp, Paper and Paper Products	99
	Publishing, Printing	172
	Chemical	408
	Steel, Nonferrous Metals, Mining	464
	General Machinery	423
	Electrical Machinery	312
	Transportation Machinery, Equipment	97
	Precision Machinery, Medical Instruments and Equipment	73
Others	87	
Wholesale 3,959	Food, Beverages	341
	Textile, Textile Products, Clothing	171
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	316
	Paper Products, Stationery, Books	95
	Chemical	267
	Recycled Resources	28
	Steel, Nonferrous Metals, Mining Products	297
	Machinery, Equipment	862
	Others	335

3. Size

Large Firms	1,987	20.4%
Small to Medium-sized Firms	7,759	79.6%
micro Firms	2,554	26.2%
Total	9,746	100.0%

Retail 480	Food, Beverages	63
	Textile, Textile Products, Clothing	25
	Drugs, Sundries	22
	Furniture	8
	Electrical Household Appliances, Information Machinery and Equipment	34
	Motor Vehicles, Motor Vehicle Parts	57
	Special Merchandise	122
	Various Merchandise	47
Others	7	
Transportation, Warehousing		410
Service 1,384	Restaurants	43
	Telecommunications	14
	Electricity, Gas, Water, Heat	7
	Leasing, Rentals	104
	Lodging, Hotels	26
	Recreation	53
	Broadcasting	15
	Maintenance, Guarding, Testing	158
	Advertising	97
	Information	427
	Labor Dispatching	59
	Special Services	250
	Medical, Welfare, Public Health	100
Education	23	
Others	156	
Others		39
Total		9,746

2. Research Items

- *Business Confidence (current, in 3 months, in 6 months, in 1 year)
- *Business Conditions (sales, purchasing and selling unit price, inventory, capacity utilization ratio, number of employees, overtime work hours)

3. Research Period and Methodology

Internet-based survey conducted November 16– 30 2018

The explanation of the Economic Diffusion Index

Research Purpose/Researched Terms

TDB Economic Trend Research (started from May 2002) is a monthly statistical survey conducted for over 20,000 nationwide corporations on their general business activities including the current condition and future outlook of the industry business performance and operating climate. The primary purpose of such a survey is to assess the current state of Japan's economy.

Selection of the Subject Corporations

Companies of all sizes in all domestic industries are eligible to participate in the survey.

DI Calculation

The DI (Diffusion Index) is calculated by multiplying the number of responses for each assessment category by the number given in parentheses in the table below, to a seven-level assessment rated by companies.

Selection category	Extremely good	good	fairly good	neither good nor bad	fairly bad	bad	very bad
points	6	5	4	3	2	1	0
number of responses for each category	N ₆	N ₅	N ₄	N ₃	N ₂	N ₁	N ₀

Economic DI

$$= \frac{\text{Total of (Points for each category} \times \text{Number of responses for each category)}}{\text{Number of valid responses}N} \times \frac{1}{6} \times 100$$

$$= \frac{\sum_{i=0}^6 i \times N_i}{N} \times \frac{1}{6} \times 100$$

An economic DI of 50 is **the point separating good and bad**, so a DI over 50 means “good,” and below 50 means “bad.” (The numbers are rounded off to one decimal place.) No weight is given according to a company's size, and calculations are made on the basis of “one company, one vote.”

Size Classification

Industry	Large Firms	Small to Medium-Sized Firms (Micro Firms included)	Micro Firms
Manufacturing and Other Industries*	Capital: More than 300 million yen and No. of Employee: Over 300	Capital: Below 300 million yen or No. of Employee: Below 300	No. of Employee: Below 20
Wholesale Trade	Capital: More than 100 million yen and No. of Employee: Over 100	Capital: Below 100 million yen or No. of Employee: Below 100	No. of Employee: Below 5
Retail Trade	Capital: More than 50 million yen and No. of Employee: Over 50	Capital: Below 50 million yen or No. of Employee: Below 50	No. of Employee: Below 5
Service**	Capital: More than 50 million yen and No. of Employee: Over 100	Capital: Below 50 million yen or No. of Employee: Below 100	No. of Employee: Below 5

Note1: Large Firms refer to companies that rank in the top 3% in terms of sales volume according to the type of business, among small to medium-sized corporations excluding micro firms, which are defined in Small and Medium Enterprises Basic Act.

Note2: Small to Medium-Sized Firms refer to companies that rank in the bottom 50% in terms of sales volume according to the type of business, among those not categorized as small to medium-sized corporations in Small to Medium-Sized Enterprises Basic Act.