

**Severe economic situation continued,
although there were signs of some recovery**

~ Economic stagnation due to re-spread of
COVID-19 infection is the biggest downside risk ~

e-mail : keiki@mail.tdb.co.jp

(Companies researched, 23,680; Valid responses, 11,732; Response rate, 49.5%;
Survey start date: May 2002)

< Overview of July 2020: Recession phase >

The domestic economy showed signs of recovery in July, although at a low level, through the contribution from resumption of economic activities. The domestic economy showed some signs of recovery, but it continued to be at a severe level.

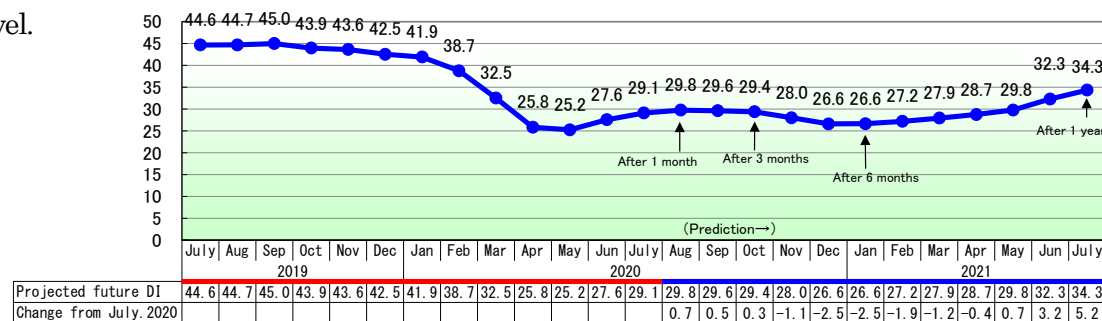
< Future outlook: Ceasing to fall >

While re-stagnation of economic activities is going to be the biggest risk factor for the future economy, it seems that the economy continues to be at a low level.

By industry : Business confidence was positive in nine industries, but is still at a low level.

By size : Severe business confidence continues, although a recovery continues for the second consecutive month in all sizes.

By region : Signs of recovery were seen in all ten regions, but some regions were affected by intense rainfall.



*: 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

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Ratio to tHO PrFDious Month
Total	44.6	44.7	45.0	43.9	43.6	42.5	41.9	38.7	32.5	25.8	25.2	27.6	29.1	1.5
Large Firms	47.7	47.9	48.0	47.1	47.0	45.7	45.3	42.0	34.8	28.2	28.1	30.1	31.7	1.6
Small to Medium-sized Firms	43.9	43.9	44.2	43.2	42.8	41.7	41.1	38.0	32.0	25.3	24.6	27.0	28.5	1.5
Micro Firms	43.8	44.2	45.1	43.9	43.5	42.1	41.4	38.8	32.3	25.4	24.6	27.8	29.4	1.6

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Ratio to tHO PrFDious Month	
Agriculture,Forestry,Fisheries	39.1	41.5	41.8	42.3	42.5	41.7	38.4	37.9	32.8	28.2	25.1	29.6	31.4	1.8	
Finance	45.1	44.7	45.8	45.4	46.8	44.5	44.8	42.2	33.3	27.3	28.7	32.4	31.5	▲ 0.9	
Construction	51.7	52.1	53.1	52.1	52.2	51.6	50.0	47.8	41.5	33.9	33.5	36.3	37.5	1.2	
Real Estate	47.4	46.5	48.0	45.9	46.0	44.2	45.9	42.0	31.6	21.9	23.5	29.2	32.5	3.3	
Manufacturing	Food,BEWerages,Livestock Feed	40.4	41.1	39.8	39.1	39.7	39.9	38.0	34.5	28.4	24.8	24.6	27.2	29.6	2.4
	Textile,Textile Products,Clothing	36.4	36.9	36.3	36.1	34.6	32.6	30.5	29.3	23.2	16.7	17.7	17.9	19.8	1.9
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	43.8	45.2	44.1	44.8	43.8	40.2	39.9	37.2	33.4	29.2	26.5	28.1	28.3	0.2
	Pulp, Paper and Paper Products	39.6	42.3	42.8	40.2	41.7	40.6	37.3	32.0	29.2	24.0	21.4	19.3	21.0	1.7
	Publishing,Printing	32.5	33.1	34.1	33.0	32.7	32.9	30.9	29.7	23.1	16.8	14.4	16.0	15.8	▲ 0.2
	Chemical	41.9	41.8	41.0	41.2	40.6	40.1	39.0	35.8	32.1	27.5	25.3	25.9	27.3	1.4
	Steel,Nonferrous Metals,Mining	41.5	41.2	40.4	39.8	38.1	37.6	36.3	32.9	29.0	23.6	21.5	20.8	22.3	1.5
	General Machinery	44.0	41.5	41.1	40.8	39.9	38.4	37.3	35.4	31.1	25.3	23.6	23.5	24.6	1.1
	Electrical Machinery	42.8	43.9	41.2	42.2	40.5	40.4	41.0	38.5	32.7	27.6	26.1	27.0	27.5	0.5
	Transportation Machinery,Equipment	46.4	43.4	42.3	43.5	41.2	40.9	39.4	36.5	34.2	22.2	18.2	18.1	21.2	3.1
	Precision Machinery, Medical Instruments and Equipment	43.9	43.4	42.0	41.3	42.0	39.9	40.4	39.0	34.8	27.2	26.3	28.6	28.1	▲ 0.5
Other	38.0	40.7	41.8	37.4	38.4	38.0	36.9	36.8	31.1	20.7	19.8	23.9	25.2	1.3	
Total	41.5	41.4	40.6	40.3	39.6	38.6	37.6	34.9	30.3	24.7	23.0	23.6	24.9	1.3	
Wholesale	Food,BEWerages	38.8	39.0	38.8	38.1	37.9	37.4	37.3	33.1	25.6	21.3	21.0	24.5	27.3	2.8
	Textile,Textile Products,Clothing	29.8	30.8	31.6	28.8	28.8	26.5	26.2	22.0	16.4	10.3	11.4	15.8	18.2	2.4
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	44.7	44.6	46.0	45.1	43.4	43.1	42.8	38.5	34.4	27.9	27.7	29.6	30.2	0.6
	Paper Products,Stationery,Books	37.0	37.1	38.0	37.7	36.3	35.0	34.9	33.5	27.5	22.0	19.1	19.0	21.9	2.9
	Chemical	42.7	42.0	42.7	41.0	40.4	39.0	38.7	35.5	33.2	28.9	27.4	27.6	29.2	1.6
	Recycled Resources	32.8	32.8	30.6	34.8	29.0	33.3	30.8	27.1	21.2	18.7	18.8	23.8	24.5	0.7
	Steel,Nonferrous Metals, Mining Products	39.0	38.8	37.6	38.0	37.0	34.8	33.9	31.9	27.8	23.2	22.8	24.0	24.5	0.5
	Machinery,Equipment	43.8	43.3	44.6	42.7	42.3	41.7	41.2	38.2	33.0	25.9	25.1	27.4	29.0	1.6
	Other	40.2	40.2	40.7	37.9	37.6	37.1	36.7	31.5	26.5	21.4	19.8	23.1	25.1	2.0
	Total	41.0	40.8	41.4	39.9	39.3	38.4	37.9	34.4	29.4	23.7	23.0	25.3	27.0	1.7

*: 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)2/2

		Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Ratio to tHO PrFDious Month
Retail	Food,BEWerages	41.5	41.3	41.8	40.5	40.2	38.4	39.1	36.7	25.8	26.3	27.4	30.8	30.7	▲ 0.1
	Textile,Textile Products,Clothing	34.6	36.5	37.9	32.7	31.5	28.7	28.0	24.2	16.2	11.4	8.8	23.6	24.7	1.1
	Drugs,Sundries	40.0	37.7	40.6	35.8	37.3	40.2	37.7	34.7	27.5	28.7	25.3	32.7	32.7	0.0
	Furniture	40.9	45.0	53.0	33.3	26.9	31.8	31.9	29.2	22.6	10.8	15.5	31.7	40.0	8.3
	Electrical Household Appliances, Information Machinery and Equipment	34.3	38.9	45.0	34.3	32.3	38.1	38.2	36.0	28.4	19.3	21.9	33.8	29.8	▲ 4.0
	Motor Vehicles,Motor Vehicle Parts	39.2	41.1	41.4	34.5	31.4	31.9	36.7	32.9	27.9	17.0	15.8	25.4	29.3	3.9
	Special Merchandise	40.6	40.7	43.5	38.2	39.1	36.0	35.2	34.7	27.4	20.2	19.9	27.7	30.2	2.5
	Various Merchandise	39.3	38.9	43.1	36.5	36.5	36.2	37.4	34.4	29.3	32.3	29.9	34.5	40.9	6.4
	Other	41.7	41.7	40.5	48.1	40.7	47.9	48.1	43.9	31.8	26.9	30.6	31.8	26.7	▲ 5.1
	Total	39.5	40.2	42.6	37.0	36.1	35.8	36.3	34.1	26.7	21.2	21.1	29.1	31.0	1.9
Transportation,Warehousing		44.5	45.5	46.0	44.9	45.1	42.6	39.5	34.0	27.7	22.4	22.7	21.5	24.2	2.7
Service	Restaurants	39.6	38.1	43.6	37.3	39.4	40.7	41.0	32.3	14.2	4.3	5.5	13.8	13.7	▲ 0.1
	Postal,Telecommunications	58.3	60.6	56.9	56.1	59.5	52.8	64.6	57.1	50.0	30.3	33.3	43.3	41.7	▲ 1.6
	Electricity,Gas,Water,Heat	54.2	52.6	51.3	51.2	52.2	47.4	52.4	46.7	40.5	28.4	32.4	34.4	34.9	0.5
	Leasing,Rentals	51.8	51.7	53.5	54.5	53.1	50.4	50.8	46.9	34.0	27.8	29.1	30.2	31.4	1.2
	Lodging, Hotels	40.3	39.9	47.2	41.3	42.0	39.1	38.5	23.2	7.0	1.5	2.9	4.8	5.1	0.3
	Recreation	41.8	40.9	38.7	38.2	40.7	37.5	39.4	35.7	17.0	5.6	9.3	11.5	17.5	6.0
	Broadcasting	41.1	45.2	43.1	42.9	41.7	38.2	38.1	38.9	29.8	22.9	22.5	26.7	25.6	▲ 1.1
	Maintenance,Guarding,Testing	49.3	49.8	48.6	49.1	47.3	46.6	46.4	42.6	36.0	27.5	26.6	29.9	33.2	3.3
	Advertising	40.4	38.9	40.3	40.4	39.6	37.8	40.0	34.1	21.3	11.3	10.7	14.3	19.0	4.7
	Information	58.5	58.7	57.7	57.4	57.8	56.2	56.5	54.2	43.9	33.7	34.0	35.8	37.2	1.4
	Labor Dispatching	52.7	51.0	53.2	53.3	50.9	46.2	49.2	42.5	34.1	21.0	20.0	25.3	24.6	▲ 0.7
	Special Services	49.9	51.1	51.8	51.5	50.8	49.9	50.3	45.8	40.4	31.4	32.2	35.0	36.7	1.7
	Medical,Welfare,Public Health	48.7	46.5	47.3	46.5	48.5	47.7	47.8	43.2	35.9	26.4	26.1	30.5	29.9	▲ 0.6
	Education	41.1	39.5	40.0	42.4	37.8	43.1	41.4	40.0	29.7	13.9	18.8	28.0	29.5	1.5
	Other	47.9	48.3	48.4	47.9	47.9	45.6	46.2	39.8	29.2	21.2	21.8	26.6	28.7	2.1
Total	50.8	50.7	51.0	50.6	50.4	48.8	49.5	45.1	35.3	25.8	26.1	29.4	31.2	1.8	
Other		44.1	43.2	42.1	43.1	40.4	41.7	42.7	39.2	29.8	24.4	26.2	27.1	29.3	2.2

		Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Ratio to tHO PrFDious Month
Hokkaido		45.7	46.4	46.6	45.7	45.0	43.8	42.4	39.0	31.0	28.4	27.5	30.6	32.3	1.7
Tohoku		41.7	41.7	43.2	41.9	42.2	40.9	38.8	36.7	30.7	26.0	25.3	28.5	29.7	1.2
kitakanto		42.5	42.6	42.2	40.9	40.0	40.0	39.4	36.9	31.8	25.8	24.5	26.2	27.1	0.9
minamikanto		45.5	45.7	46.1	45.5	45.5	44.3	44.5	41.1	34.1	26.3	25.5	28.4	29.7	1.3
Hokuriku		43.5	44.1	43.5	42.1	40.4	39.5	37.6	35.6	29.7	24.9	25.1	26.5	27.5	1.0
Tokai		44.7	45.0	45.2	43.6	42.7	41.8	40.6	37.3	31.4	23.7	23.4	25.3	27.0	1.7
Kinki		44.0	43.8	43.9	42.2	41.9	40.5	39.8	36.3	30.4	23.9	23.8	25.9	27.8	1.9
Chugoku		45.0	44.8	45.0	44.0	43.6	42.6	41.2	39.0	33.8	27.0	25.7	27.2	29.4	2.2
Shikoku		43.1	43.8	43.9	44.4	44.0	43.8	42.7	39.5	36.4	30.8	28.5	30.3	30.5	0.2
Kyushu		47.6	46.3	47.1	46.5	46.8	45.1	45.2	41.5	35.3	27.5	27.4	29.7	32.5	2.8

Appendix

1. Research Subjects (Companies researched: 23,680; Valid responses: 11,732; Response rate: 49.5%)

Appendix

1. Region

Hokkaido	567	Tokai	1,367
Tohoku	823	Kinki	1,945
kitaKanto	886	Chugoku	677
minamikanto	3,617	Shikoku	350
Hokuriku	649	Kyushu	851
		Total	11,732

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		69
Finance		128
Construction		1,898
Real Estate		386
Manufacturing (3,274)	Food, Beverages, Livestock Feed	388
	Textile, Textile Products, Clothing	129
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	252
	Pulp, Paper and Paper Products	119
	Publishing, Printing	194
	Chemical	461
	Steel, Nonferrous Metals, Mining	564
	General Machinery	520
	Electrical Machinery	357
	Transportation Machinery, Equipment	118
	Precision Machinery, Medical Instruments and Equipment	80
Others	92	
Wholesale (3,090)	Food, Beverages	398
	Textile, Textile Products, Clothing	202
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	368
	Paper Products, Stationery, Books	102
	Chemical	294
	Recycled Resources	34
	Steel, Nonferrous Metals, Mining Products	332
	Machinery, Equipment	984
	Others	376

Retail (470)	Food, Beverages	70
	Textile, Textile Products, Clothing	31
	Drugs, Sundries	25
	Furniture	15
	Electrical Household Appliances, Information Machinery and Equipment	43
	Motor Vehicles, Motor Vehicle Parts	91
	Special Merchandise	143
	Various Merchandise	42
	Others	10
Transportation, Warehousing		518
Service (1,850)	Restaurants	57
	Telecommunications	10
	Electricity, Gas, Water, Heat	21
	Leasing, Rentals	130
	Lodging, Hotels	33
	Recreation	62
	Broadcasting	15
	Maintenance, Guarding, Testing	194
	Advertising	108
	Information	509
	Labor Dispatching	69
	Special Services	287
Medical, Welfare, Public Health	127	
Education	26	
Others	202	
Others		49
Total		11,732

3. Size

Large Firms	2,092	17.8%
Small to Medium-sized Firms	9,640	82.2%
micro Firms	3,435	29.3%
Total	11,732	100.0%

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 July 16 – 30 2020

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.