

Domestic economy showed a slight recovery trend amid the uncertainty

~ Hopes for a recovery in consumer spending, but economy is expected to remain flat ~

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(Companies researched: 23,689; Valid responses: 12,000; Response rate: 50.7%; Survey start date: May 2002)

< Overview of August 2020: bottomed out >

While the pickup in resumed economic activities became a positive factor for the domestic economy in August, region-specific emergency declarations, etc., put downward pressure on business confidence. The domestic economy remained on a slight recovery trend, even though a gentle recovery movement was observed.

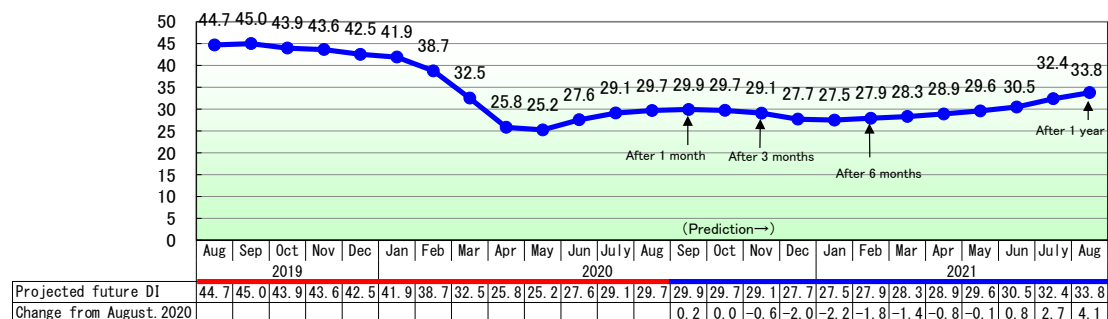
< Future outlook: Leveling-off >

Although a recovery in consumer spending is expected, it seems that the economy will continue to be flat.

By industry : Business confidence was positive in seven industries, but is still at a low level. Three industries, such as “retail,” deteriorated.

By size : Although all sizes showed positive business confidence for the third consecutive month, polarization in the same size was also seen.

By region : Business confidence was positive in nine of the ten regions, with orders for public works and support of household consumption.



*: 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

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Ratio to tHP PrFDious Month
Total	44.7	45.0	43.9	43.6	42.5	41.9	38.7	32.5	25.8	25.2	27.6	29.1	29.7	0.6
Large Firms	47.9	48.0	47.1	47.0	45.7	45.3	42.0	34.8	28.2	28.1	30.1	31.7	32.4	0.7
Small to Medium-sized Firms	43.9	44.2	43.2	42.8	41.7	41.1	38.0	32.0	25.3	24.6	27.0	28.5	29.1	0.6
Micro Firms	44.2	45.1	43.9	43.5	42.1	41.4	38.8	32.3	25.4	24.6	27.8	29.4	30.0	0.6

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Ratio to tHP PrFDious Month	
Agriculture,Forestry,Fisheries	41.5	41.8	42.3	42.5	41.7	38.4	37.9	32.8	28.2	25.1	29.6	31.4	31.0	▲ 0.4	
Finance	44.7	45.8	45.4	46.8	44.5	44.8	42.2	33.3	27.3	28.7	32.4	31.5	32.6	1.1	
Construction	52.1	53.1	52.1	52.2	51.6	50.0	47.8	41.5	33.9	33.5	36.3	37.5	38.4	0.9	
Real Estate	46.5	48.0	45.9	46.0	44.2	45.9	42.0	31.6	21.9	23.5	29.2	32.5	33.1	0.6	
Manufacturing	Food,BEWerages,Livestock Feed	41.1	39.8	39.1	39.7	39.9	38.0	34.5	28.4	24.8	24.6	27.2	29.6	30.5	0.9
	Textile,Textile Products,Clothing	36.9	36.3	36.1	34.6	32.6	30.5	29.3	23.2	16.7	17.7	17.9	19.8	20.3	0.5
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	45.2	44.1	44.8	43.8	40.2	39.9	37.2	33.4	29.2	26.5	28.1	28.3	29.8	1.5
	Pulp, Paper and Paper Products	42.3	42.8	40.2	41.7	40.6	37.3	32.0	29.2	24.0	21.4	19.3	21.0	22.9	1.9
	Publishing,Printing	33.1	34.1	33.0	32.7	32.9	30.9	29.7	23.1	16.8	14.4	16.0	15.8	18.8	3.0
	Chemical	41.8	41.0	41.2	40.6	40.1	39.0	35.8	32.1	27.5	25.3	25.9	27.3	27.8	0.5
	Steel,Nonferrous Metals,Mining	41.2	40.4	39.8	38.1	37.6	36.3	32.9	29.0	23.6	21.5	20.8	22.3	23.6	1.3
	General Machinery	41.5	41.1	40.8	39.9	38.4	37.3	35.4	31.1	25.3	23.6	23.5	24.6	25.0	0.4
	Electrical Machinery	43.9	41.2	42.2	40.5	40.4	41.0	38.5	32.7	27.6	26.1	27.0	27.5	27.7	0.2
	Transportation Machinery,Equipment	43.4	42.3	43.5	41.2	40.9	39.4	36.5	34.2	22.2	18.2	18.1	21.2	24.2	3.0
	Precision Machinery, Medical Instruments and Equipment	43.4	42.0	41.3	42.0	39.9	40.4	39.0	34.8	27.2	26.3	28.6	28.1	29.6	1.5
Other	40.7	41.8	37.4	38.4	38.0	36.9	36.8	31.1	20.7	19.8	23.9	25.2	22.8	▲ 2.4	
Total	41.4	40.6	40.3	39.6	38.6	37.6	34.9	30.3	24.7	23.0	23.6	24.9	25.9	1.0	
Wholesale	Food,BEWerages	39.0	38.8	38.1	37.9	37.4	37.3	33.1	25.6	21.3	21.0	24.5	27.3	27.2	▲ 0.1
	Textile,Textile Products,Clothing	30.8	31.6	28.8	28.8	26.5	26.2	22.0	16.4	10.3	11.4	15.8	18.2	18.0	▲ 0.2
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	44.6	46.0	45.1	43.4	43.1	42.8	38.5	34.4	27.9	27.7	29.6	30.2	30.4	0.2
	Paper Products,Stationery,Books	37.1	38.0	37.7	36.3	35.0	34.9	33.5	27.5	22.0	19.1	19.0	21.9	23.2	1.3
	Chemical	42.0	42.7	41.0	40.4	39.0	38.7	35.5	33.2	28.9	27.4	27.6	29.2	29.5	0.3
	Recycled Resources	32.8	30.6	34.8	29.0	33.3	30.8	27.1	21.2	18.7	18.8	23.8	24.5	27.8	3.3
	Steel,Nonferrous Metals, Mining Products	38.8	37.6	38.0	37.0	34.8	33.9	31.9	27.8	23.2	22.8	24.0	24.5	25.3	0.8
	Machinery,Equipment	43.3	44.6	42.7	42.3	41.7	41.2	38.2	33.0	25.9	25.1	27.4	29.0	28.6	▲ 0.4
	Other	40.2	40.7	37.9	37.6	37.1	36.7	31.5	26.5	21.4	19.8	23.1	25.1	25.4	0.3
	Total	40.8	41.4	39.9	39.3	38.4	37.9	34.4	29.4	23.7	23.0	25.3	27.0	27.1	0.1

Economic Diffusion Index (Economic DI)2/2

		Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Ratio to tHP PrFDious Month
Retail	Food,BEWerages	41.3	41.8	40.5	40.2	38.4	39.1	36.7	25.8	26.3	27.4	30.8	30.7	29.1	▲ 1.6
	Textile,Textile Products,Clothing	36.5	37.9	32.7	31.5	28.7	28.0	24.2	16.2	11.4	8.8	23.6	24.7	24.0	▲ 0.7
	Drugs,Sundries	37.7	40.6	35.8	37.3	40.2	37.7	34.7	27.5	28.7	25.3	32.7	32.7	31.3	▲ 1.4
	Furniture	45.0	53.0	33.3	26.9	31.8	31.9	29.2	22.6	10.8	15.5	31.7	40.0	38.9	▲ 1.1
	Electrical Household Appliances, Information Machinery and Equipment	38.9	45.0	34.3	32.3	38.1	38.2	36.0	28.4	19.3	21.9	33.8	29.8	30.5	0.7
	Motor Vehicles,Motor Vehicle Parts	41.1	41.4	34.5	31.4	31.9	36.7	32.9	27.9	17.0	15.8	25.4	29.3	29.3	0.0
	Special Merchandise	40.7	43.5	38.2	39.1	36.0	35.2	34.7	27.4	20.2	19.9	27.7	30.2	30.0	▲ 0.2
	Various Merchandise	38.9	43.1	36.5	36.5	36.2	37.4	34.4	29.3	32.3	29.9	34.5	40.9	36.9	▲ 4.0
	Other	41.7	40.5	48.1	40.7	47.9	48.1	43.9	31.8	26.9	30.6	31.8	26.7	25.9	▲ 0.8
	Total	40.2	42.6	37.0	36.1	35.8	36.3	34.1	26.7	21.2	21.1	29.1	31.0	30.3	▲ 0.7
Transportation,Warehousing		45.5	46.0	44.9	45.1	42.6	39.5	34.0	27.7	22.4	22.7	21.5	24.2	25.4	1.2
Service	Restaurants	38.1	43.6	37.3	39.4	40.7	41.0	32.3	14.2	4.3	5.5	13.8	13.7	12.7	▲ 1.0
	Postal,Telecommunications	60.6	56.9	56.1	59.5	52.8	64.6	57.1	50.0	30.3	33.3	43.3	41.7	42.6	0.9
	Electricity,Gas,Water,Heat	52.6	51.3	51.2	52.2	47.4	52.4	46.7	40.5	28.4	32.4	34.4	34.9	42.5	7.6
	Leasing,Rentals	51.7	53.5	54.5	53.1	50.4	50.8	46.9	34.0	27.8	29.1	30.2	31.4	32.7	1.3
	Lodging, Hotels	39.9	47.2	41.3	42.0	39.1	38.5	23.2	7.0	1.5	2.9	4.8	5.1	6.0	0.9
	Recreation	40.9	38.7	38.2	40.7	37.5	39.4	35.7	17.0	5.6	9.3	11.5	17.5	22.9	5.4
	Broadcasting	45.2	43.1	42.9	41.7	38.2	38.1	38.9	29.8	22.9	22.5	26.7	25.6	34.5	8.9
	Maintenance,Guarding,Testing	49.8	48.6	49.1	47.3	46.6	46.4	42.6	36.0	27.5	26.6	29.9	33.2	34.1	0.9
	Advertising	38.9	40.3	40.4	39.6	37.8	40.0	34.1	21.3	11.3	10.7	14.3	19.0	18.0	▲ 1.0
	Information	58.7	57.7	57.4	57.8	56.2	56.5	54.2	43.9	33.7	34.0	35.8	37.2	37.9	0.7
	Labor Dispatching	51.0	53.2	53.3	50.9	46.2	49.2	42.5	34.1	21.0	20.0	25.3	24.6	25.4	0.8
	Special Services	51.1	51.8	51.5	50.8	49.9	50.3	45.8	40.4	31.4	32.2	35.0	36.7	36.1	▲ 0.6
	Medical,Welfare,Public Health	46.5	47.3	46.5	48.5	47.7	47.8	43.2	35.9	26.4	26.1	30.5	29.9	31.0	1.1
	Education	39.5	40.0	42.4	37.8	43.1	41.4	40.0	29.7	13.9	18.8	28.0	29.5	31.7	2.2
Other	48.3	48.4	47.9	47.9	45.6	46.2	39.8	29.2	21.2	21.8	26.6	28.7	28.4	▲ 0.3	
Total	50.7	51.0	50.6	50.4	48.8	49.5	45.1	35.3	25.8	26.1	29.4	31.2	31.8	0.6	
Other		43.2	42.1	43.1	40.4	41.7	42.7	39.2	29.8	24.4	26.2	27.1	29.3	28.8	▲ 0.5

		Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Ratio to tHP PrFDious Month
Hokkaido		46.4	46.6	45.7	45.0	43.8	42.4	39.0	31.0	28.4	27.5	30.6	32.3	33.4	1.1
Tohoku		41.7	43.2	41.9	42.2	40.9	38.8	36.7	30.7	26.0	25.3	28.5	29.7	30.4	0.7
kitakanto		42.6	42.2	40.9	40.0	40.0	39.4	36.9	31.8	25.8	24.5	26.2	27.1	28.0	0.9
minamikanto		45.7	46.1	45.5	45.5	44.3	44.5	41.1	34.1	26.3	25.5	28.4	29.7	30.4	0.7
Hokuriku		44.1	43.5	42.1	40.4	39.5	37.6	35.6	29.7	24.9	25.1	26.5	27.5	28.5	1.0
Tokai		45.0	45.2	43.6	42.7	41.8	40.6	37.3	31.4	23.7	23.4	25.3	27.0	27.7	0.7
Kinki		43.8	43.9	42.2	41.9	40.5	39.8	36.3	30.4	23.9	23.8	25.9	27.8	28.1	0.3
Chugoku		44.8	45.0	44.0	43.6	42.6	41.2	39.0	33.8	27.0	25.7	27.2	29.4	29.7	0.3
Shikoku		43.8	43.9	44.4	44.0	43.8	42.7	39.5	36.4	30.8	28.5	30.3	30.5	31.5	1.0
Kyushu		46.3	47.1	46.5	46.8	45.1	45.2	41.5	35.3	27.5	27.4	29.7	32.5	31.8	▲ 0.7

Appendix

1. Research Subjects (Companies researched: 23,689; Valid responses: 12,000; Response rate: 50.7%)

Appendix

1. Region

Hokkaido	581	Tokai	1,372
Tohoku	824	Kinki	1,990
kitaKanto	907	Chugoku	690
minamikanto	3,706	Shikoku	357
Hokuriku	664	Kyushu	909
		Total	12,000

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		64
Finance		134
Construction		1,950
Real Estate		378
Manufacturing (3,322)	Food, Beverages, Livestock Feed	391
	Textile, Textile Products, Clothing	125
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	259
	Pulp, Paper and Paper Products	112
	Publishing, Printing	199
	Chemical	463
	Steel, Nonferrous Metals, Mining	567
	General Machinery	539
	Electrical Machinery	370
	Transportation Machinery, Equipment	120
	Precision Machinery, Medical Instruments and Equipment	84
	Others	93
	Wholesale (3,159)	Food, Beverages
Textile, Textile Products, Clothing		208
Construction Materials, Furniture, Ceramics, Stone and Clay Products		369
Paper Products, Stationery, Books		99
Chemical		301
Recycled Resources		39
Steel, Nonferrous Metals, Mining Products		332
Machinery, Equipment		1,005
Others		388

Retail (487)	Food, Beverages	74
	Textile, Textile Products, Clothing	32
	Drugs, Sundries	24
	Furniture	15
	Electrical Household Appliances, Information Machinery and Equipment	41
	Motor Vehicles, Motor Vehicle Parts	92
	Special Merchandise	153
	Variou Merchandise	47
Others	9	
Transportation, Warehousing		533
Service (1,922)	Restaurants	63
	Telecommunications	9
	Electricity, Gas, Water, Heat	20
	Leasing, Rentals	129
	Lodging, Hotels	36
	Recreation	64
	Broadcasting	14
	Maintenance, Guarding, Testing	197
	Advertising	113
	Information	524
	Labor Dispatching	67
	Special Services	309
	Medical, Welfare, Public Health	136
Education	30	
Others	211	
Others		51
Total		12,000

3. Size

Large Firms	2,165	18.0%
Small to Medium-sized Firms	9,835	82.0%
micro Firms	3,532	29.4%
Total	12,000	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 August 18 – 31 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.