

Domestic economy slowly rallies from low level

~ Risk of downturn due to pandemic remains large ~

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(Companies researched: 23,695; Valid responses: 11,448; Response rate: 48.3%;
Survey start date: May 2002)

< Overview of October 2020: Rallied >

The economic diffusion index (DI) in October 2020 was 33.8, up (2.2 points) from the previous month, in the fifth consecutive month of increase. While remaining at a low level, the domestic economy has been slowly rallying, with production, shipments, and personal consumption all trending upward.

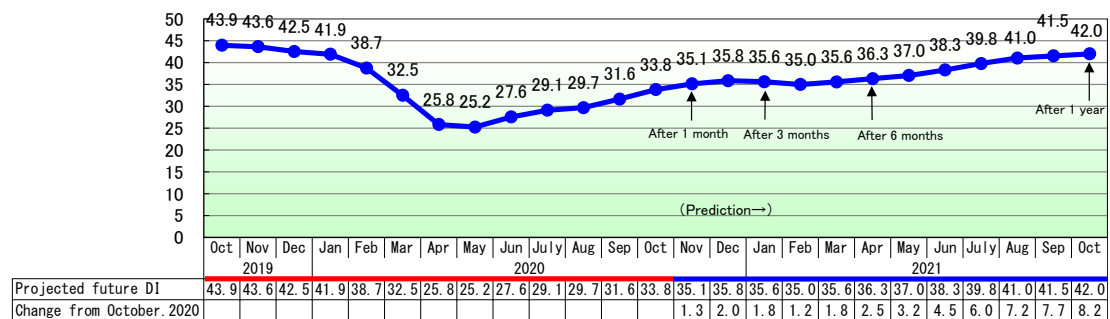
< Future outlook: Slowly trending upward >

The economy is expected to slowly trend upward amidst careful handling of the balance between preventing the spread of the novel coronavirus and resumption of economic activities.

By industry : Business confidence was positive in nine industries, many of which showed a continued trend toward rallying.

By size : Business confidence has been positive among companies of all sizes for five consecutive months, with upward rebound after production and shipments hit bottom.

By region : Business confidence has been positive in all regions for five consecutive months, with upward rebound after production and shipments hit bottom.



*: 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

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Ratio to the Previous Month
Total	43.9	43.6	42.5	41.9	38.7	32.5	25.8	25.2	27.6	29.1	29.7	31.6	33.8	2.2
Large Firms	47.1	47.0	45.7	45.3	42.0	34.8	28.2	28.1	30.1	31.7	32.4	33.9	36.4	2.5
Small to Medium-sized Firms	43.2	42.8	41.7	41.1	38.0	32.0	25.3	24.6	27.0	28.5	29.1	31.1	33.3	2.2
Micro Firms	43.9	43.5	42.1	41.4	38.8	32.3	25.4	24.6	27.8	29.4	30.0	32.0	33.9	1.9

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	42.3	42.5	41.7	38.4	37.9	32.8	28.2	25.1	29.6	31.4	31.0	30.3	34.4	4.1	
Finance	45.4	46.8	44.5	44.8	42.2	33.3	27.3	28.7	32.4	31.5	32.6	35.3	38.3	3.0	
Construction	52.1	52.2	51.6	50.0	47.8	41.5	33.9	33.5	36.3	37.5	38.4	40.4	41.1	0.7	
Real Estate	45.9	46.0	44.2	45.9	42.0	31.6	21.9	23.5	29.2	32.5	33.1	35.6	36.4	0.8	
Manufacturing	Food,BEVerages,Livestock Feed	39.1	39.7	39.9	38.0	34.5	28.4	24.8	24.6	27.2	29.6	30.5	32.0	34.2	2.2
	Textile,Textile Products,Clothing	36.1	34.6	32.6	30.5	29.3	23.2	16.7	17.7	17.9	19.8	20.3	23.5	24.7	1.2
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	44.8	43.8	40.2	39.9	37.2	33.4	29.2	26.5	28.1	28.3	29.8	31.3	35.1	3.8
	Pulp, Paper and Paper Products	40.2	41.7	40.6	37.3	32.0	29.2	24.0	21.4	19.3	21.0	22.9	24.1	26.2	2.1
	Publishing,Printing	33.0	32.7	32.9	30.9	29.7	23.1	16.8	14.4	16.0	15.8	18.8	20.4	21.9	1.5
	Chemical	41.2	40.6	40.1	39.0	35.8	32.1	27.5	25.3	25.9	27.3	27.8	31.1	34.4	3.3
	Steel,Nonferrous Metals,Mining	39.8	38.1	37.6	36.3	32.9	29.0	23.6	21.5	20.8	22.3	23.6	25.4	29.2	3.8
	General Machinery	40.8	39.9	38.4	37.3	35.4	31.1	25.3	23.6	23.5	24.6	25.0	26.5	29.1	2.6
	Electrical Machinery	42.2	40.5	40.4	41.0	38.5	32.7	27.6	26.1	27.0	27.5	27.7	28.9	33.0	4.1
	Transportation Machinery,Equipment	43.5	41.2	40.9	39.4	36.5	34.2	22.2	18.2	18.1	21.2	24.2	27.8	34.9	7.1
	Precision Machinery, Medical Instruments and Equipment	41.3	42.0	39.9	40.4	39.0	34.8	27.2	26.3	28.6	28.1	29.6	30.2	32.7	2.5
Other	37.4	38.4	38.0	36.9	36.8	31.1	20.7	19.8	23.9	25.2	22.8	26.3	29.0	2.7	
Total	40.3	39.6	38.6	37.6	34.9	30.3	24.7	23.0	23.6	24.9	25.9	27.8	31.0	3.2	
Wholesale	Food,BEVerages	38.1	37.9	37.4	37.3	33.1	25.6	21.3	21.0	24.5	27.3	27.2	30.2	32.0	1.8
	Textile,Textile Products,Clothing	28.8	28.8	26.5	26.2	22.0	16.4	10.3	11.4	15.8	18.2	18.0	19.4	22.6	3.2
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	45.1	43.4	43.1	42.8	38.5	34.4	27.9	27.7	29.6	30.2	30.4	31.7	33.9	2.2
	Paper Products,Stationery,Books	37.7	36.3	35.0	34.9	33.5	27.5	22.0	19.1	19.0	21.9	23.2	24.0	26.9	2.9
	Chemical	41.0	40.4	39.0	38.7	35.5	33.2	28.9	27.4	27.6	29.2	29.5	30.1	32.3	2.2
	Recycled Resources	34.8	29.0	33.3	30.8	27.1	21.2	18.7	18.8	23.8	24.5	27.8	30.2	32.9	2.7
	Steel,Nonferrous Metals, Mining Products	38.0	37.0	34.8	33.9	31.9	27.8	23.2	22.8	24.0	24.5	25.3	26.4	30.5	4.1
	Machinery,Equipment	42.7	42.3	41.7	41.2	38.2	33.0	25.9	25.1	27.4	29.0	28.6	30.6	33.1	2.5
	Other	37.9	37.6	37.1	36.7	31.5	26.5	21.4	19.8	23.1	25.1	25.4	27.6	30.6	3.0
Total	39.9	39.3	38.4	37.9	34.4	29.4	23.7	23.0	25.3	27.0	27.1	28.9	31.5	2.6	

Economic Diffusion Index (Economic DI)2/2

		Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Ratio to the Previous Month
Retail	Food,BEWerages	40.5	40.2	38.4	39.1	36.7	25.8	26.3	27.4	30.8	30.7	29.1	34.0	38.8	4.8
	Textile,Textile Products,Clothing	32.7	31.5	28.7	28.0	24.2	16.2	11.4	8.8	23.6	24.7	24.0	19.9	27.8	7.9
	Drugs,Sundries	35.8	37.3	40.2	37.7	34.7	27.5	28.7	25.3	32.7	32.7	31.3	32.6	33.3	0.7
	Furniture	33.3	26.9	31.8	31.9	29.2	22.6	10.8	15.5	31.7	40.0	38.9	38.5	37.5	▲ 1.0
	Electrical Household Appliances, Information Machinery and Equipment	34.3	32.3	38.1	38.2	36.0	28.4	19.3	21.9	33.8	29.8	30.5	30.6	34.2	3.6
	Motor Vehicles,Motor Vehicle Parts	34.5	31.4	31.9	36.7	32.9	27.9	17.0	15.8	25.4	29.3	29.3	32.4	34.6	2.2
	Special Merchandise	38.2	39.1	36.0	35.2	34.7	27.4	20.2	19.9	27.7	30.2	30.0	31.6	33.9	2.3
	Various Merchandise	36.5	36.5	36.2	37.4	34.4	29.3	32.3	29.9	34.5	40.9	36.9	37.0	37.6	0.6
	Other	48.1	40.7	47.9	48.1	43.9	31.8	26.9	30.6	31.8	26.7	25.9	33.3	33.3	0.0
Total		37.0	36.1	35.8	36.3	34.1	26.7	21.2	21.1	29.1	31.0	30.3	32.1	34.8	2.7
Transportation,Warehousing		44.9	45.1	42.6	39.5	34.0	27.7	22.4	22.7	21.5	24.2	25.4	28.1	30.1	2.0
Service	Restaurants	37.3	39.4	40.7	41.0	32.3	14.2	4.3	5.5	13.8	13.7	12.7	14.5	18.2	3.7
	Postal,Telecommunications	56.1	59.5	52.8	64.6	57.1	50.0	30.3	33.3	43.3	41.7	42.6	46.7	41.7	▲ 5.0
	Electricity,Gas,Water,Heat	51.2	52.2	47.4	52.4	46.7	40.5	28.4	32.4	34.4	34.9	42.5	42.5	40.4	▲ 2.1
	Leasing,Rentals	54.5	53.1	50.4	50.8	46.9	34.0	27.8	29.1	30.2	31.4	32.7	34.5	34.9	0.4
	Lodging, Hotels	41.3	42.0	39.1	38.5	23.2	7.0	1.5	2.9	4.8	5.1	6.0	12.4	27.2	14.8
	Recreation	38.2	40.7	37.5	39.4	35.7	17.0	5.6	9.3	11.5	17.5	22.9	22.4	23.7	1.3
	Broadcasting	42.9	41.7	38.2	38.1	38.9	29.8	22.9	22.5	26.7	25.6	34.5	33.3	34.4	1.1
	Maintenance,Guarding,Testing	49.1	47.3	46.6	46.4	42.6	36.0	27.5	26.6	29.9	33.2	34.1	36.5	38.5	2.0
	Advertising	40.4	39.6	37.8	40.0	34.1	21.3	11.3	10.7	14.3	19.0	18.0	20.4	21.1	0.7
	Information	57.4	57.8	56.2	56.5	54.2	43.9	33.7	34.0	35.8	37.2	37.9	38.9	40.1	1.2
	Labor Dispatching	53.3	50.9	46.2	49.2	42.5	34.1	21.0	20.0	25.3	24.6	25.4	26.7	29.2	2.5
	Special Services	51.5	50.8	49.9	50.3	45.8	40.4	31.4	32.2	35.0	36.7	36.1	40.0	40.7	0.7
	Medical,Welfare,Public Health	46.5	48.5	47.7	47.8	43.2	35.9	26.4	26.1	30.5	29.9	31.0	31.4	33.6	2.2
	Education	42.4	37.8	43.1	41.4	40.0	29.7	13.9	18.8	28.0	29.5	31.7	34.0	34.7	0.7
Other	47.9	47.9	45.6	46.2	39.8	29.2	21.2	21.8	26.6	28.7	28.4	31.1	31.6	0.5	
Total		50.6	50.4	48.8	49.5	45.1	35.3	25.8	26.1	29.4	31.2	31.8	33.9	35.1	1.2
Other		43.1	40.4	41.7	42.7	39.2	29.8	24.4	26.2	27.1	29.3	28.8	31.5	28.2	▲ 3.3

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Ratio to the Previous Month
Hokkaido	45.7	45.0	43.8	42.4	39.0	31.0	28.4	27.5	30.6	32.3	33.4	34.4	36.0	1.6
Tohoku	41.9	42.2	40.9	38.8	36.7	30.7	26.0	25.3	28.5	29.7	30.4	32.6	34.4	1.8
Kitakanto	40.9	40.0	40.0	39.4	36.9	31.8	25.8	24.5	26.2	27.1	28.0	30.6	33.2	2.6
Minamikanto	45.5	45.5	44.3	44.5	41.1	34.1	26.3	25.5	28.4	29.7	30.4	32.3	34.2	1.9
Hokuriku	42.1	40.4	39.5	37.6	35.6	29.7	24.9	25.1	26.5	27.5	28.5	30.0	31.8	1.8
Tokai	43.6	42.7	41.8	40.6	37.3	31.4	23.7	23.4	25.3	27.0	27.7	30.3	32.6	2.3
Kinki	42.2	41.9	40.5	39.8	36.3	30.4	23.9	23.8	25.9	27.8	28.1	29.5	32.4	2.9
Chugoku	44.0	43.6	42.6	41.2	39.0	33.8	27.0	25.7	27.2	29.4	29.7	32.0	34.3	2.3
Shikoku	44.4	44.0	43.8	42.7	39.5	36.4	30.8	28.5	30.3	30.5	31.5	32.6	33.9	1.3
Kyushu	46.5	46.8	45.1	45.2	41.5	35.3	27.5	27.4	29.7	32.5	31.8	34.2	36.9	2.7

Appendix

1. Research Subjects (Companies researched: 23,695; Valid responses: 11,448; Response rate: 48.3%)

Appendix

1. Region

Hokkaido	548	Tokai	1,301
Tohoku	798	Kinki	1,871
kitaKanto	848	Chugoku	667
minamikanto	3,535	Shikoku	396
Hokuriku	610	Kyushu	874
		Total	11,448

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		65
Finance		125
Construction		1,861
Real Estate		381
Manufacturing (3,173)	Food, Beverages, Livestock Feed	383
	Textile, Textile Products, Clothing	116
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	251
	Pulp, Paper and Paper Products	110
	Publishing, Printing	181
	Chemical	439
	Steel, Nonferrous Metals, Mining	547
	General Machinery	511
	Electrical Machinery	350
	Transportation Machinery, Equipment	109
	Precision Machinery, Medical Instruments and Equipment	76
	Others	100
Wholesale (3,008)	Food, Beverages	391
	Textile, Textile Products, Clothing	198
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	351
	Paper Products, Stationery, Books	99
	Chemical	294
	Recycled Resources	38
	Steel, Nonferrous Metals, Mining Products	319
	Machinery, Equipment	965
	Others	353

Retail (462)	Food, Beverages	67
	Textile, Textile Products, Clothing	33
	Drugs, Sundries	24
	Furniture	16
	Electrical Household Appliances, Information Machinery and Equipment	38
	Motor Vehicles, Motor Vehicle Parts	89
	Special Merchandise	142
	Variou Merchandise	43
Others	10	
Transportation, Warehousing		497
Service (1,827)	Restaurants	55
	Telecommunications	10
	Electricity, Gas, Water, Heat	19
	Leasing, Rentals	128
	Lodging, Hotels	38
	Recreation	62
	Broadcasting	15
	Maintenance, Guarding, Testing	185
	Advertising	109
	Information	497
	Labor Dispatching	69
	Special Services	292
	Medical, Welfare, Public Health	123
Education	24	
Others	201	
Others		49
Total		11,448

3. Size

Large Firms	2,017	17.6%
Small to Medium-sized Firms	9,431	82.4%
micro Firms	3,396	29.7%
Total	11,448	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 October 19 – 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.