

Domestic economy worsened for the first time in seven months

~ Covid-19 resurgence holding down consumer spending ~

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

(Companies researched: 23,688; Valid responses: 11,479; Response rate: 48.5%;
Survey start date: May 2002)

< Overview of December 2020: The tendency for a pick-up has stopped >

The economic diffusion index (DI) in December 2020 was 35.0, down 0.4 points from the previous month, and worsening for the first time in seven months. The tendency for a pick-up in the domestic economy stopped due to the Covid-19 resurgence, etc.

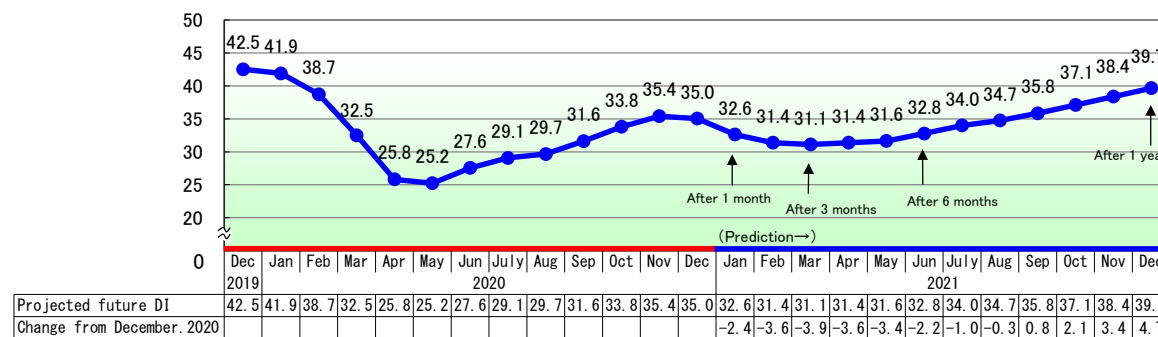
< Future outlook: Temporary setback >

The economy is expected to experience a temporary setback. However, it is believed it will show a moderate upward trend after bottoming out around spring, although it depends on the Covid-19 infection status.

By industry : Business confidence was negative in eight industries, such as “service,” “transportation and warehousing,” and “retail.”

By size : The economy deteriorated in all sizes for the first time in seven months.

By region : Of the ten regions, the economy deteriorated in eight. In particular, sightseeing and consumption-related declines were prominent.



.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

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Ratio to the Previous Month
Total	42.5	41.9	38.7	32.5	25.8	25.2	27.6	29.1	29.7	31.6	33.8	35.4	35.0	▲ 0.4
Large Firms	45.7	45.3	42.0	34.8	28.2	28.1	30.1	31.7	32.4	33.9	36.4	37.6	37.4	▲ 0.2
Small to Medium-sized Firms	41.7	41.1	38.0	32.0	25.3	24.6	27.0	28.5	29.1	31.1	33.3	34.9	34.5	▲ 0.4
Micro Firms	42.1	41.4	38.8	32.3	25.4	24.6	27.8	29.4	30.0	32.0	33.9	35.2	34.2	▲ 1.0

	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	41.7	38.4	37.9	32.8	28.2	25.1	29.6	31.4	31.0	30.3	34.4	38.7	35.4	▲ 3.3	
Finance	44.5	44.8	42.2	33.3	27.3	28.7	32.4	31.5	32.6	35.3	38.3	37.7	35.6	▲ 2.1	
Construction	51.6	50.0	47.8	41.5	33.9	33.5	36.3	37.5	38.4	40.4	41.1	41.8	40.9	▲ 0.9	
Real Estate	44.2	45.9	42.0	31.6	21.9	23.5	29.2	32.5	33.1	35.6	36.4	36.8	36.4	▲ 0.4	
Manufacturing	Food,BEWerages,Livestock Feed	39.9	38.0	34.5	28.4	24.8	24.6	27.2	29.6	30.5	32.0	34.2	36.0	32.5	▲ 3.5
	Textile,Textile Products,Clothing	32.6	30.5	29.3	23.2	16.7	17.7	17.9	19.8	20.3	23.5	24.7	26.8	26.1	▲ 0.7
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	40.2	39.9	37.2	33.4	29.2	26.5	28.1	28.3	29.8	31.3	35.1	35.4	36.0	0.6
	Pulp, Paper and Paper Products	40.6	37.3	32.0	29.2	24.0	21.4	19.3	21.0	22.9	24.1	26.2	29.2	29.3	0.1
	Publishing,Printing	32.9	30.9	29.7	23.1	16.8	14.4	16.0	15.8	18.8	20.4	21.9	22.7	21.8	▲ 0.9
	Chemical	40.1	39.0	35.8	32.1	27.5	25.3	25.9	27.3	27.8	31.1	34.4	37.7	39.3	1.6
	Steel,Nonferrous Metals,Mining	37.6	36.3	32.9	29.0	23.6	21.5	20.8	22.3	23.6	25.4	29.2	33.1	34.3	1.2
	General Machinery	38.4	37.3	35.4	31.1	25.3	23.6	23.5	24.6	25.0	26.5	29.1	31.7	33.5	1.8
	Electrical Machinery	40.4	41.0	38.5	32.7	27.6	26.1	27.0	27.5	27.7	28.9	33.0	34.8	35.5	0.7
	Transportation Machinery,Equipment	40.9	39.4	36.5	34.2	22.2	18.2	18.1	21.2	24.2	27.8	34.9	36.3	40.1	3.8
	Precision Machinery, Medical Instruments and Equipment	39.9	40.4	39.0	34.8	27.2	26.3	28.6	28.1	29.6	30.2	32.7	35.5	37.1	1.6
	Other	38.0	36.9	36.8	31.1	20.7	19.8	23.9	25.2	22.8	26.3	29.0	29.6	31.9	2.3
Total	38.6	37.6	34.9	30.3	24.7	23.0	23.6	24.9	25.9	27.8	31.0	33.3	33.9	0.6	
Wholesale	Food,BEWerages	37.4	37.3	33.1	25.6	21.3	21.0	24.5	27.3	27.2	30.2	32.0	31.6	29.5	▲ 2.1
	Textile,Textile Products,Clothing	26.5	26.2	22.0	16.4	10.3	11.4	15.8	18.2	18.0	19.4	22.6	22.3	22.7	0.4
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	43.1	42.8	38.5	34.4	27.9	27.7	29.6	30.2	30.4	31.7	33.9	35.9	36.1	0.2
	Paper Products,Stationery,Books	35.0	34.9	33.5	27.5	22.0	19.1	19.0	21.9	23.2	24.0	26.9	26.7	28.3	1.6
	Chemical	39.0	38.7	35.5	33.2	28.9	27.4	27.6	29.2	29.5	30.1	32.3	36.1	35.7	▲ 0.4
	Recycled Resources	33.3	30.8	27.1	21.2	18.7	18.8	23.8	24.5	27.8	30.2	32.9	38.7	44.4	5.7
	Steel,Nonferrous Metals, Mining Products	34.8	33.9	31.9	27.8	23.2	22.8	24.0	24.5	25.3	26.4	30.5	32.1	34.0	1.9
	Machinery,Equipment	41.7	41.2	38.2	33.0	25.9	25.1	27.4	29.0	28.6	30.6	33.1	34.6	34.4	▲ 0.2
	Other	37.1	36.7	31.5	26.5	21.4	19.8	23.1	25.1	25.4	27.6	30.6	33.0	31.6	▲ 1.4
Total	38.4	37.9	34.4	29.4	23.7	23.0	25.3	27.0	27.1	28.9	31.5	33.0	32.8	▲ 0.2	

Economic Diffusion Index (Economic DI)2/2

		Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Ratio to the Previous Month
Retail	Food,BEWerages	38.4	39.1	36.7	25.8	26.3	27.4	30.8	30.7	29.1	34.0	38.8	37.0	34.6	▲ 2.4
	Textile,Textile Products,Clothing	28.7	28.0	24.2	16.2	11.4	8.8	23.6	24.7	24.0	19.9	27.8	23.7	22.0	▲ 1.7
	Drugs,Sundries	40.2	37.7	34.7	27.5	28.7	25.3	32.7	32.7	31.3	32.6	33.3	29.8	31.3	1.5
	Furniture	31.8	31.9	29.2	22.6	10.8	15.5	31.7	40.0	38.9	38.5	37.5	38.9	35.4	▲ 3.5
	Electrical Household Appliances, Information Machinery and Equipment	38.1	38.2	36.0	28.4	19.3	21.9	33.8	29.8	30.5	30.6	34.2	33.3	29.5	▲ 3.8
	Motor Vehicles,Motor Vehicle Parts	31.9	36.7	32.9	27.9	17.0	15.8	25.4	29.3	29.3	32.4	34.6	40.2	37.2	▲ 3.0
	Special Merchandise	36.0	35.2	34.7	27.4	20.2	19.9	27.7	30.2	30.0	31.6	33.9	33.3	34.7	1.4
	Various Merchandise	36.2	37.4	34.4	29.3	32.3	29.9	34.5	40.9	36.9	37.0	37.6	37.3	39.2	1.9
	Other	47.9	48.1	43.9	31.8	26.9	30.6	31.8	26.7	25.9	33.3	33.3	34.8	33.3	▲ 1.5
	Total	35.8	36.3	34.1	26.7	21.2	21.1	29.1	31.0	30.3	32.1	34.8	35.0	34.2	▲ 0.8
Transportation,Warehousing		42.6	39.5	34.0	27.7	22.4	22.7	21.5	24.2	25.4	28.1	30.1	32.5	31.5	▲ 1.0
Service	Restaurants	40.7	41.0	32.3	14.2	4.3	5.5	13.8	13.7	12.7	14.5	18.2	21.0	15.3	▲ 5.7
	Postal,Telecommunications	52.8	64.6	57.1	50.0	30.3	33.3	43.3	41.7	42.6	46.7	41.7	47.2	38.9	▲ 8.3
	Electricity,Gas,Water,Heat	47.4	52.4	46.7	40.5	28.4	32.4	34.4	34.9	42.5	42.5	40.4	40.0	38.6	▲ 1.4
	Leasing,Rentals	50.4	50.8	46.9	34.0	27.8	29.1	30.2	31.4	32.7	34.5	34.9	37.5	36.2	▲ 1.3
	Lodging, Hotels	39.1	38.5	23.2	7.0	1.5	2.9	4.8	5.1	6.0	12.4	27.2	28.8	11.9	▲ 16.9
	Recreation	37.5	39.4	35.7	17.0	5.6	9.3	11.5	17.5	22.9	22.4	23.7	29.0	27.0	▲ 2.0
	Broadcasting	38.2	38.1	38.9	29.8	22.9	22.5	26.7	25.6	34.5	33.3	34.4	38.6	42.2	3.6
	Maintenance,Guarding,Testing	46.6	46.4	42.6	36.0	27.5	26.6	29.9	33.2	34.1	36.5	38.5	38.5	38.6	0.1
	Advertising	37.8	40.0	34.1	21.3	11.3	10.7	14.3	19.0	18.0	20.4	21.1	22.3	22.5	0.2
	Information	56.2	56.5	54.2	43.9	33.7	34.0	35.8	37.2	37.9	38.9	40.1	41.6	41.2	▲ 0.4
	Labor Dispatching	46.2	49.2	42.5	34.1	21.0	20.0	25.3	24.6	25.4	26.7	29.2	34.3	31.5	▲ 2.8
	Special Services	49.9	50.3	45.8	40.4	31.4	32.2	35.0	36.7	36.1	40.0	40.7	42.5	41.0	▲ 1.5
	Medical,Welfare,Public Health	47.7	47.8	43.2	35.9	26.4	26.1	30.5	29.9	31.0	31.4	33.6	34.9	34.8	▲ 0.1
	Education	43.1	41.4	40.0	29.7	13.9	18.8	28.0	29.5	31.7	34.0	34.7	34.0	34.0	0.0
Other	45.6	46.2	39.8	29.2	21.2	21.8	26.6	28.7	28.4	31.1	31.6	31.4	32.6	1.2	
Total	48.8	49.5	45.1	35.3	25.8	26.1	29.4	31.2	31.8	33.9	35.1	36.8	35.7	▲ 1.1	
Other		41.7	42.7	39.2	29.8	24.4	26.2	27.1	29.3	28.8	31.5	28.2	29.4	30.8	1.4

		Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Ratio to the Previous Month
Hokkaido		43.8	42.4	39.0	31.0	28.4	27.5	30.6	32.3	33.4	34.4	36.0	34.4	33.0	▲ 1.4
Tohoku		40.9	38.8	36.7	30.7	26.0	25.3	28.5	29.7	30.4	32.6	34.4	36.0	35.4	▲ 0.6
kitakanto		40.0	39.4	36.9	31.8	25.8	24.5	26.2	27.1	28.0	30.6	33.2	36.6	35.9	▲ 0.7
minamikanto		44.3	44.5	41.1	34.1	26.3	25.5	28.4	29.7	30.4	32.3	34.2	35.3	35.2	▲ 0.1
Hokuriku		39.5	37.6	35.6	29.7	24.9	25.1	26.5	27.5	28.5	30.0	31.8	34.7	35.0	0.3
Tokai		41.8	40.6	37.3	31.4	23.7	23.4	25.3	27.0	27.7	30.3	32.6	35.6	35.3	▲ 0.3
Kinki		40.5	39.8	36.3	30.4	23.9	23.8	25.9	27.8	28.1	29.5	32.4	34.1	33.9	▲ 0.2
Chugoku		42.6	41.2	39.0	33.8	27.0	25.7	27.2	29.4	29.7	32.0	34.3	35.5	34.8	▲ 0.7
Shikoku		43.8	42.7	39.5	36.4	30.8	28.5	30.3	30.5	31.5	32.6	33.9	35.3	35.4	0.1
Kyushu		45.1	45.2	41.5	35.3	27.5	27.4	29.7	32.5	31.8	34.2	36.9	37.7	36.9	▲ 0.8

Appendix

1. Research Subjects (Companies researched: 23,688; Valid responses: 11,479; Response rate: 48.5%)

Appendix

1. Region

Hokkaido	588	Tokai	1,256
Tohoku	796	Kinki	1,900
kitaKanto	863	Chugoku	671
minamikanto	3,503	Shikoku	398
Hokuriku	624	Kyushu	880
		Total	11,479

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		72
Finance		127
Construction		1,872
Real Estate		368
Manufacturing (3,150)	Food, Beverages, Livestock Feed	388
	Textile, Textile Products, Clothing	124
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	234
	Pulp, Paper and Paper Products	108
	Publishing, Printing	186
	Chemical	436
	Steel, Nonferrous Metals, Mining	534
	General Machinery	506
	Electrical Machinery	346
	Transportation Machinery, Equipment	108
	Precision Machinery, Medical Instruments and Equipment	85
	Others	95
Wholesale (3,027)	Food, Beverages	408
	Textile, Textile Products, Clothing	195
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	352
	Paper Products, Stationery, Books	103
	Chemical	294
	Recycled Resources	33
	Steel, Nonferrous Metals, Mining Products	319
	Machinery, Equipment	964
	Others	359

Retail (462)	Food, Beverages	65
	Textile, Textile Products, Clothing	31
	Drugs, Sundries	25
	Furniture	16
	Electrical Household Appliances, Information Machinery and Equipment	35
	Motor Vehicles, Motor Vehicle Parts	81
	Special Merchandise	150
	Variou Merchandise	48
Others	11	
Transportation, Warehousing		505
Service (1,850)	Restaurants	62
	Telecommunications	9
	Electricity, Gas, Water, Heat	19
	Leasing, Rentals	134
	Lodging, Hotels	35
	Recreation	58
	Broadcasting	17
	Maintenance, Guarding, Testing	183
	Advertising	103
	Information	495
	Labor Dispatching	72
	Special Services	304
	Medical, Welfare, Public Health	129
Education	26	
Others	204	
Others		46
Total		11,479

3. Size

Large Firms	2,020	17.6%
Small to Medium-sized Firms	9,459	82.4%
micro Firms	3,404	29.7%
Total	11,479	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 December 16 2020 – January 5 2021

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.