

**Domestic economy worsened, albeit slightly,
for the first time in five months**

~ Amid wave of price hikes, additional blow by rapid increase in people infected ~

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

(Companies researched: 25,723; Valid responses: 11,503; Response rate: 44.7%;
Survey start date: May 2002)

< Overview of July 2022: Worsening slightly >

The economic diffusion index (DI) in July 2022 was 41.3, down 0.1 from the previous month, worsening for the first time in five months. The domestic economy worsened, albeit slightly, for the first time in five months, being affected by consumer spending-related downward pressure due to increases in people infected, although seasonal demand appeared in some parts.

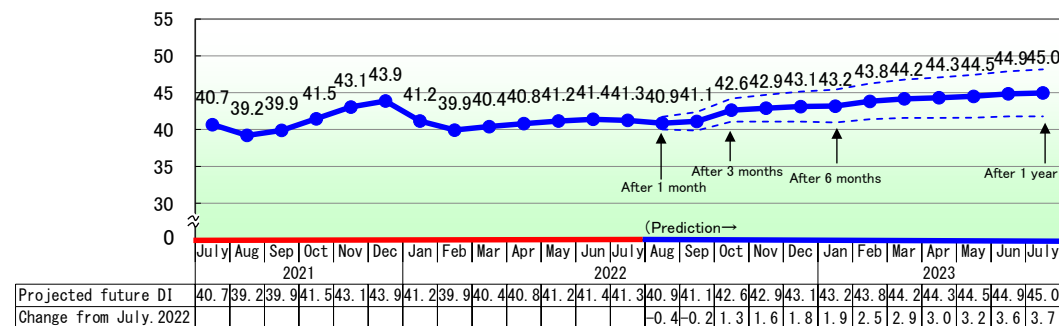
< Future outlook: Generally flat trend, while downward pressure increases >

It is believed that the economy will gradually level off, while downward pressure increases.

By industry: Downward pressure on services targeted at individuals due to rebound of COVID-19.

By size: Worsened for the first time in five months in SMEs and small-sized enterprises.

By region: Polarized, with improvement in four regions, and worsening in four regions. Sluggish growth due to postponed travel support measures.



*: 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-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Ratio to the Previous Month
Total	40.7	39.2	39.9	41.5	43.1	43.9	41.2	39.9	40.4	40.8	41.2	41.4	41.3	▲ 0.1
Large Firms	42.9	41.4	42.5	43.8	45.7	45.9	44.0	42.9	43.4	43.1	43.5	43.5	43.4	▲ 0.1
Small to Medium-sized Firms	40.2	38.8	39.4	41.0	42.5	43.5	40.6	39.3	39.8	40.3	40.7	41.0	40.8	▲ 0.2
Micro Firms	38.4	37.4	38.7	40.0	41.3	42.1	39.1	37.9	38.4	38.9	39.5	40.0	39.7	▲ 0.3

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Ratio to the Previous Month	
Agriculture, Forestry, Fisheries	38.5	37.0	38.1	41.1	42.6	38.2	38.7	36.4	34.8	35.0	37.6	34.7	36.3	1.6	
Finance	42.8	39.7	41.5	43.0	43.3	43.8	41.9	41.6	42.5	41.1	42.7	42.3	41.9	▲ 0.4	
Construction	42.7	42.5	43.7	44.7	45.4	45.2	43.3	42.5	42.8	41.8	42.2	42.5	43.1	0.6	
Real Estate	41.8	39.4	42.6	43.6	44.7	46.7	42.9	42.6	42.8	43.2	44.7	45.9	44.7	▲ 1.2	
Manufacturing	Food, BEverages, Livestock Feed	35.5	32.8	34.1	38.1	39.6	40.8	35.4	33.4	34.2	36.4	37.6	37.8	36.7	▲ 1.1
	Textile, Textile Products, Clothing	31.0	29.3	28.2	30.2	31.4	34.1	31.6	31.7	33.0	34.6	33.8	34.4	36.1	1.7
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	42.5	41.2	42.7	43.7	44.9	46.4	44.1	42.7	41.1	41.7	41.1	40.4	40.8	0.4
	Pulp, Paper and Paper Products	37.2	36.6	36.2	39.3	41.4	42.9	40.2	36.4	37.2	40.3	38.3	37.4	37.5	0.1
	Publishing, Printing	27.4	25.6	27.1	29.4	30.2	32.1	28.6	29.5	29.6	30.7	30.3	29.7	29.1	▲ 0.6
	Chemical	46.3	45.0	41.9	42.6	45.7	46.7	44.5	42.3	42.7	42.3	41.7	41.1	41.8	0.7
	Steel, Nonferrous Metals, Mining	46.4	45.1	43.8	44.2	45.9	46.4	44.6	43.8	42.6	42.1	40.9	41.2	42.9	1.7
	General Machinery	45.9	46.6	46.2	47.2	47.8	49.1	47.7	46.7	46.7	45.9	46.9	46.3	46.3	0.0
	Electrical Machinery	46.8	45.9	45.8	47.5	47.0	48.5	46.6	46.1	44.3	44.8	44.3	44.8	44.7	▲ 0.1
	Transportation Machinery, Equipment	50.6	48.2	37.6	37.7	43.4	45.6	41.6	39.9	40.0	38.1	37.6	36.8	40.3	3.5
	Precision Machinery, Medical Instruments and Equipment	50.5	50.9	50.8	50.4	49.8	53.0	52.0	49.5	47.1	46.8	48.2	48.8	48.5	▲ 0.3
	Other	37.6	33.9	35.3	35.5	36.9	41.1	35.9	36.1	35.4	37.3	39.2	38.1	37.8	▲ 0.3
Total	42.7	41.5	40.7	42.1	43.6	45.1	42.5	41.2	40.9	41.2	41.0	40.8	41.3	0.5	
Wholesale	Food, BEverages	31.3	29.1	29.8	33.0	36.9	38.2	32.7	30.1	32.6	36.2	37.3	37.1	37.0	▲ 0.1
	Textile, Textile Products, Clothing	22.8	21.2	22.4	24.5	27.4	29.3	27.6	24.9	25.4	28.7	31.4	31.3	29.9	▲ 1.4
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	37.8	37.7	39.6	39.9	42.6	42.4	40.0	39.7	40.5	38.6	38.1	38.3	38.6	0.3
	Paper Products, Stationery, Books	31.2	29.2	29.6	31.8	35.0	34.2	32.7	31.9	34.6	33.8	34.2	32.8	33.0	0.2
	Chemical	42.4	40.7	42.2	44.2	45.3	45.3	43.2	41.9	43.5	42.3	42.3	41.6	43.5	1.9
	Recycled Resources	53.7	51.4	51.8	53.4	52.9	52.8	45.8	50.5	53.2	54.0	47.5	41.4	40.9	▲ 0.5
	Steel, Nonferrous Metals, Mining Products	41.1	41.1	41.6	41.6	43.2	45.2	42.3	40.5	41.1	40.3	40.0	39.7	39.3	▲ 0.4
	Machinery, Equipment	43.1	41.3	41.8	42.6	44.4	44.7	42.8	42.4	41.9	42.5	42.0	42.9	43.1	0.2
	Other	36.6	33.0	34.4	37.8	39.7	40.1	36.3	33.7	35.5	37.3	37.8	38.1	37.7	▲ 0.4
	Total	38.3	36.6	37.6	39.1	41.3	41.8	39.0	37.7	38.6	39.2	39.4	39.4	39.5	0.1

Economic Diffusion Index (Economic DI)2/2

		Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Ratio to the Previous Month
Retail	Food,BEWerages	37.5	36.0	33.1	38.0	39.7	41.1	36.5	36.3	38.6	37.7	41.8	42.7	40.3	▲ 2.4
	Textile,Textile Products,Clothing	25.0	21.4	21.5	27.9	34.1	40.0	31.8	23.8	30.6	33.6	33.9	33.6	37.7	4.1
	Drugs,Sundries	32.5	33.3	34.6	45.8	37.5	38.4	36.0	32.1	36.8	32.1	38.9	40.1	37.1	▲ 3.0
	Furniture	36.9	34.6	32.2	35.6	34.5	42.9	35.6	29.8	30.6	39.2	34.3	39.8	35.2	▲ 4.6
	Electrical Household Appliances, Information Machinery and Equipment	37.7	33.8	33.8	34.6	35.9	35.5	32.3	30.2	33.0	33.7	34.7	34.0	36.7	2.7
	Motor Vehicles,Motor Vehicle Parts	40.5	36.8	37.2	35.9	37.8	36.5	35.0	33.5	34.7	35.1	37.1	36.4	32.4	▲ 4.0
	Special Merchandise	34.3	32.6	31.7	32.8	33.5	36.0	33.3	30.9	29.9	31.3	33.1	34.3	33.2	▲ 1.1
	Various Merchandise	35.6	27.3	33.0	35.9	38.0	37.5	36.2	32.6	34.0	36.4	39.9	37.8	40.2	2.4
	Other	35.7	37.0	35.4	31.7	37.9	43.3	40.0	40.0	43.9	34.7	41.0	39.7	36.9	▲ 2.8
Total		35.4	32.7	32.6	34.8	36.0	37.7	34.4	31.9	33.3	34.0	36.4	36.7	35.7	▲ 1.0
Transportation,Warehousing		36.3	36.0	35.8	37.1	39.1	40.3	37.7	35.5	35.4	36.6	37.2	37.1	37.8	0.7
Service	Restaurants	19.7	14.8	15.2	27.8	31.4	34.7	24.2	16.9	23.8	32.8	34.3	38.0	34.0	▲ 4.0
	Postal,Telecommunications	42.9	39.6	41.7	50.0	40.5	41.7	46.7	50.0	48.5	50.0	53.0	56.0	47.0	▲ 9.0
	Electricity,Gas,Water,Heat	40.8	44.4	45.8	42.6	38.9	39.7	40.0	37.5	33.3	35.7	40.6	34.3	37.7	3.4
	Leasing,Rentals	41.0	37.4	39.6	43.9	44.9	44.8	42.0	41.0	40.2	42.0	43.3	44.9	40.8	▲ 4.1
	Lodging, Hotels	13.0	10.0	10.4	22.6	30.2	29.5	12.9	12.8	18.1	28.3	33.0	33.3	30.3	▲ 3.0
	Recreation	34.8	29.2	29.0	34.0	36.7	38.4	33.3	31.2	35.1	35.6	38.9	41.6	40.7	▲ 0.9
	Broadcasting	42.2	38.9	39.2	49.1	48.1	46.9	45.8	47.6	44.4	43.9	43.3	41.7	43.0	1.3
	Maintenance,Guarding,Testing	41.9	41.6	44.0	44.3	45.3	45.7	42.3	40.2	42.3	43.1	42.5	44.2	42.2	▲ 2.0
	Advertising	27.5	26.8	29.5	32.4	36.8	37.7	32.7	31.5	36.4	36.9	34.8	37.3	34.3	▲ 3.0
	Information	48.2	46.7	48.5	50.5	51.2	52.5	50.1	50.2	51.1	50.8	50.8	52.0	51.5	▲ 0.5
	Labor Dispatching	41.9	38.4	41.9	39.7	44.3	43.3	45.1	41.5	44.4	45.7	47.6	45.7	46.5	0.8
	Special Services	47.3	44.4	45.5	47.9	49.2	50.3	47.2	46.2	46.9	48.1	48.1	49.6	48.7	▲ 0.9
	Medical,Welfare,Public Health	42.1	41.1	41.4	42.8	45.7	43.2	42.4	41.0	42.5	44.5	44.4	43.5	42.5	▲ 1.0
	Education	40.3	37.5	39.0	43.5	39.1	43.2	39.7	40.2	37.8	39.6	35.6	40.1	38.8	▲ 1.3
Other	37.4	34.7	39.2	40.6	41.7	42.4	39.3	36.9	39.3	42.1	42.7	42.8	42.4	▲ 0.4	
Total		41.5	39.1	41.1	43.6	45.3	46.1	42.8	41.4	43.1	44.5	44.8	45.9	44.4	▲ 1.5
Other		34.7	35.3	35.6	38.0	39.6	40.5	36.3	37.3	38.7	36.8	38.1	35.6	36.6	1.0

		Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Ratio to the Previous Month
Hokkaido		38.3	38.0	38.5	40.8	40.8	41.1	38.6	37.0	36.5	37.9	38.9	40.1	41.0	0.9
Tohoku		40.0	38.4	39.0	40.2	42.1	41.7	38.1	37.0	37.0	37.6	39.1	39.0	38.8	▲ 0.2
Kitakanto		42.7	41.5	40.4	42.8	44.4	45.0	42.3	40.7	40.7	42.0	42.1	42.6	42.9	0.3
minamikanto		41.0	40.0	41.4	42.4	43.9	44.8	42.6	41.5	42.1	42.4	42.7	43.2	42.6	▲ 0.6
Hokuriku		40.6	39.1	40.4	41.2	42.6	43.6	40.9	39.2	39.2	39.9	40.6	40.5	41.5	1.0
Tokai		42.0	40.0	39.1	40.1	42.4	44.4	41.1	39.7	40.2	40.2	40.1	39.5	39.5	0.0
Kinki		40.3	38.7	39.3	41.3	42.7	43.3	40.8	39.8	40.5	40.8	40.9	40.9	40.9	0.0
Chugoku		39.0	38.2	38.7	41.2	42.3	42.9	40.7	40.0	40.7	39.8	40.6	41.1	41.3	0.2
Shikoku		38.2	36.9	38.3	39.0	41.8	43.2	39.3	37.1	38.9	38.1	38.7	38.4	38.3	▲ 0.1
Kyushu		40.5	37.4	39.1	42.0	44.3	44.5	41.3	39.5	40.9	41.5	41.6	42.2	41.5	▲ 0.7

Appendix

1. Research Subjects (Companies researched: 25,723; Valid responses: 11,503; Response rate: 44.7%)

1. Region

Hokkaido	576	Tokai	1,327
Tohoku	769	Kinki	1,978
kitaKanto	874	Chugoku	790
minamikanto	3,266	Shikoku	379
Hokuriku	598	Kyushu	946
		Total	11,503

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		164
Finance		180
Construction		1,872
Real Estate		416
Manufacturing (2,929)	Food, Beverages, Livestock Feed	348
	Textile, Textile Products, Clothing	108
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	228
	Pulp, Paper and Paper Products	95
	Publishing, Printing	175
	Chemical	392
	Steel, Nonferrous Metals, Mining	520
	General Machinery	486
	Electrical Machinery	305
	Transportation Machinery, Equipment	113
	Precision Machinery, Medical Instruments and Equipment	77
	Others	82
Wholesale (2,800)	Food, Beverages	386
	Textile, Textile Products, Clothing	185
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	316
	Paper Products, Stationery, Books	99
	Chemical	265
	Recycled Resources	31
	Steel, Nonferrous Metals, Mining Products	285
	Machinery, Equipment	891
	Others	342

Retail (624)	Food, Beverages	91
	Textile, Textile Products, Clothing	53
	Drugs, Sundries	35
	Furniture	18
	Electrical Household Appliances, Information Machinery and Equipment	59
	Motor Vehicles, Motor Vehicle Parts	109
	Special Merchandise	199
	Various Merchandise	46
Others		14
Transportation, Warehousing		529
Service (1,943)	Restaurants	100
	Telecommunications	11
	Electricity, Gas, Water, Heat	19
	Leasing, Rentals	118
	Lodging, Hotels	49
	Recreation	81
	Broadcasting	19
	Maintenance, Guarding, Testing	198
	Advertising	104
	Information	490
	Labor Dispatching	67
	Special Services	318
	Medical, Welfare, Public Health	104
Education	40	
Others	225	
Others		46
Total		11,503

3. Size

Large Firms	1,844	16.0%
Small to Medium-sized Firms	9,659	84.0%
micro Firms	3,669	31.9%
Total	11,503	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 15 – 31 2022

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 25,000 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

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

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

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.