

Domestic economy improved for the third straight month

~ With the yen at its lowest level in 32 years, tourism-related demand is picking up, supported by National Travel Discount Program. ~

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

(Companies researched: 26,752; Valid responses: 11,632; Response rate: 43.5%; Survey start date: May 2002)

< Trends in October 2022: Tendency toward improvement >

The economic diffusion index (DI) in October 2022 was 42.6, up 0.7 points from the previous month in its third consecutive month of improvement. It has regained and exceeded its pre-pandemic level. The domestic economy showed a tendency toward improvement for the third straight month with rising demand for personal services.

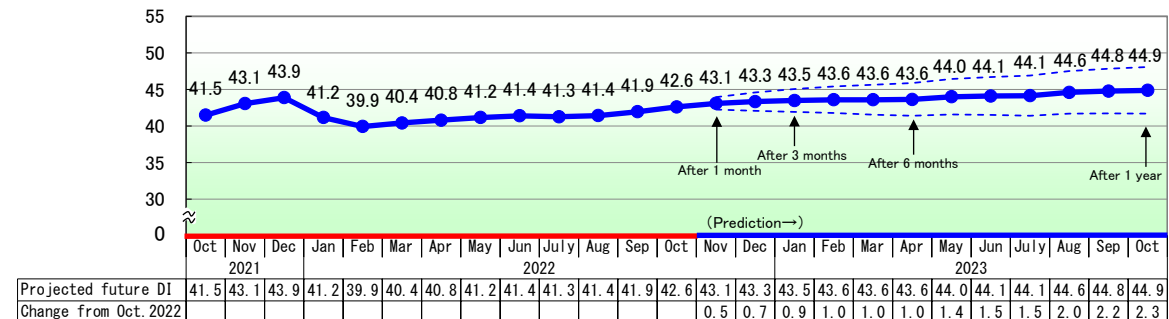
< Future outlook: Continued trend toward gradual improvement >

Service consumption and demand for DX are expected to expand, and the outlook is toward gradual improvement.

By industry: Improved in eight industries. Tourism-related demand improved greatly with the start of National Travel Discount Program.

By size: Businesses of all scales saw their first improvement in two months, and the return of foot traffic is driving personal consumption.

By region: Improvement was seen in all ten regions for the first time in a year. Tourism-related demand is giving a boost to regional economies.



*: The economic forecast DI is calculated using the Forecast Combination method of the results of the ARIMA model and the structural equation model.

Economic Diffusion Index (Economic DI)1/2

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Ratio to the Previous Month
Total	41.5	43.1	43.9	41.2	39.9	40.4	40.8	41.2	41.4	41.3	41.4	41.9	42.6	0.7
Large Firms	43.8	45.7	45.9	44.0	42.9	43.4	43.1	43.5	43.5	43.4	43.8	43.6	44.2	0.6
Small to Medium-sized Firms	41.0	42.5	43.5	40.6	39.3	39.8	40.3	40.7	41.0	40.8	41.0	41.6	42.3	0.7
Micro Firms	40.0	41.3	42.1	39.1	37.9	38.4	38.9	39.5	40.0	39.7	39.8	40.7	41.1	0.4

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	41.1	42.6	38.2	38.7	36.4	34.8	35.0	37.6	34.7	36.3	35.9	35.8	36.4	0.6	
Finance	43.0	43.3	43.8	41.9	41.6	42.5	41.1	42.7	42.3	41.9	41.7	43.6	43.2	▲ 0.4	
Construction	44.7	45.4	45.2	43.3	42.5	42.8	41.8	42.2	42.5	43.1	43.3	44.0	44.2	0.2	
Real Estate	43.6	44.7	46.7	42.9	42.6	42.8	43.2	44.7	45.9	44.7	44.8	45.3	44.0	▲ 1.3	
Manufacturing	Food,BEWerages,Livestock Feed	38.1	39.6	40.8	35.4	33.4	34.2	36.4	37.6	37.8	36.7	36.1	35.5	38.2	2.7
	Textile,Textile Products,Clothing	30.2	31.4	34.1	31.6	31.7	33.0	34.6	33.8	34.4	36.1	32.6	36.2	35.7	▲ 0.5
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	43.7	44.9	46.4	44.1	42.7	41.1	41.7	41.1	40.4	40.8	39.8	40.2	40.9	0.7
	Pulp, Paper and Paper Products	39.3	41.4	42.9	40.2	36.4	37.2	40.3	38.3	37.4	37.5	36.6	38.0	40.4	2.4
	Publishing,Printing	29.4	30.2	32.1	28.6	29.5	29.6	30.7	30.3	29.7	29.1	29.6	30.0	31.8	1.8
	Chemical	42.6	45.7	46.7	44.5	42.3	42.7	42.3	41.7	41.1	41.8	42.6	42.3	40.8	▲ 1.5
	Steel,Nonferrous Metals,Mining	44.2	45.9	46.4	44.6	43.8	42.6	42.1	40.9	41.2	42.9	42.7	43.0	43.9	0.9
	General Machinery	47.2	47.8	49.1	47.7	46.7	46.7	45.9	46.9	46.3	46.3	46.2	45.4	45.8	0.4
	Electrical Machinery	47.5	47.0	48.5	46.6	46.1	44.3	44.8	44.3	44.8	44.7	44.2	45.2	44.8	▲ 0.4
	Transportation Machinery,Equipment	37.7	43.4	45.6	41.6	39.9	40.0	38.1	37.6	36.8	40.3	41.2	40.2	42.2	2.0
Precision Machinery,Medical Instruments and Equipment	50.4	49.8	53.0	52.0	49.5	47.1	46.8	48.2	48.8	48.5	46.5	46.2	46.1	▲ 0.1	
Other	35.5	36.9	41.1	35.9	36.1	35.4	37.3	39.2	38.1	37.8	38.2	37.5	35.4	▲ 2.1	
Total	42.1	43.6	45.1	42.5	41.2	40.9	41.2	41.0	40.8	41.3	41.0	41.1	41.6	0.5	
Wholesale	Food,BEWerages	33.0	36.9	38.2	32.7	30.1	32.6	36.2	37.3	37.1	37.0	35.6	35.8	37.4	1.6
	Textile,Textile Products,Clothing	24.5	27.4	29.3	27.6	24.9	25.4	28.7	31.4	31.3	29.9	29.9	29.9	32.4	2.5
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	39.9	42.6	42.4	40.0	39.7	40.5	38.6	38.1	38.3	38.6	38.5	37.5	39.8	2.3
	Paper Products,Stationery,Books	31.8	35.0	34.2	32.7	31.9	34.6	33.8	34.2	32.8	33.0	33.5	34.5	37.1	2.6
	Chemical	44.2	45.3	45.3	43.2	41.9	43.5	42.3	42.3	41.6	43.5	43.0	43.4	42.6	▲ 0.8
	Recycled Resources	53.4	52.9	52.8	45.8	50.5	53.2	54.0	47.5	41.4	40.9	39.6	47.0	46.3	▲ 0.7
	Steel,Nonferrous Metals,Mining Products	41.6	43.2	45.2	42.3	40.5	41.1	40.3	40.0	39.7	39.3	39.3	39.8	39.7	▲ 0.1
	Machinery,Equipment	42.6	44.4	44.7	42.8	42.4	41.9	42.5	42.0	42.9	43.1	42.6	43.3	44.1	0.8
	Other	37.8	39.7	40.1	36.3	33.7	35.5	37.3	37.8	38.1	37.7	37.7	38.2	39.0	0.8
Total	39.1	41.3	41.8	39.0	37.7	38.6	39.2	39.4	39.4	39.5	39.2	39.6	40.6	1.0	

Economic Diffusion Index (Economic DI)2/2

		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Ratio to the Previous Month
Retail	Food,BEVerages	38.0	39.7	41.1	36.5	36.3	38.6	37.7	41.8	42.7	40.3	39.9	40.2	39.6	▲ 0.6
	Textile,Textile Products,Clothing	27.9	34.1	40.0	31.8	23.8	30.6	33.6	33.9	33.6	37.7	33.6	34.9	38.7	3.8
	Drugs,Sundries	45.8	37.5	38.4	36.0	32.1	36.8	32.1	38.9	40.1	37.1	41.9	39.5	38.9	▲ 0.6
	Furniture	35.6	34.5	42.9	35.6	29.8	30.6	39.2	34.3	39.8	35.2	36.1	40.0	37.8	▲ 2.2
	Electrical Household Appliances, Information Machinery and Equipment	34.6	35.9	35.5	32.3	30.2	33.0	33.7	34.7	34.0	36.7	32.7	37.1	35.1	▲ 2.0
	Motor Vehicles,Motor Vehicle Parts	35.9	37.8	36.5	35.0	33.5	34.7	35.1	37.1	36.4	32.4	35.9	38.8	37.6	▲ 1.2
	Special Merchandise	32.8	33.5	36.0	33.3	30.9	29.9	31.3	33.1	34.3	33.2	34.7	34.0	33.5	▲ 0.5
	Various Merchandise	35.9	38.0	37.5	36.2	32.6	34.0	36.4	39.9	37.8	40.2	38.0	36.1	41.3	5.2
	Other	31.7	37.9	43.3	40.0	40.0	43.9	34.7	41.0	39.7	36.9	42.3	32.1	36.5	4.4
Total		34.8	36.0	37.7	34.4	31.9	33.3	34.0	36.4	36.7	35.7	36.3	36.7	36.8	0.1
Transportation,Warehousing		37.1	39.1	40.3	37.7	35.5	35.4	36.6	37.2	37.1	37.8	37.3	38.2	40.7	2.5
Service	Restaurants	27.8	31.4	34.7	24.2	16.9	23.8	32.8	34.3	38.0	34.0	28.1	31.8	39.0	7.2
	Postal,Telecommunications	50.0	40.5	41.7	46.7	50.0	48.5	50.0	53.0	56.0	47.0	47.9	51.9	52.4	0.5
	Electricity,Gas,Water,Heat	42.6	38.9	39.7	40.0	37.5	33.3	35.7	40.6	34.3	37.7	35.9	36.1	31.1	▲ 5.0
	Leasing,Rentals	43.9	44.9	44.8	42.0	41.0	40.2	42.0	43.3	44.9	40.8	44.7	45.6	47.5	1.9
	Lodging, Hotels	22.6	30.2	29.5	12.9	12.8	18.1	28.3	33.0	33.3	30.3	38.0	37.4	53.3	15.9
	Recreation	34.0	36.7	38.4	33.3	31.2	35.1	35.6	38.9	41.6	40.7	40.1	42.2	45.0	2.8
	Broadcasting	49.1	48.1	46.9	45.8	47.6	44.4	43.9	43.3	41.7	43.0	38.3	46.1	43.1	▲ 3.0
	Maintenance,Guarding,Testing	44.3	45.3	45.7	42.3	40.2	42.3	43.1	42.5	44.2	42.2	43.4	42.8	42.8	0.0
	Advertising	32.4	36.8	37.7	32.7	31.5	36.4	36.9	34.8	37.3	34.3	36.7	39.3	40.9	1.6
	Information	50.5	51.2	52.5	50.1	50.2	51.1	50.8	50.8	52.0	51.5	52.7	53.0	52.3	▲ 0.7
	Labor Dispatching	39.7	44.3	43.3	45.1	41.5	44.4	45.7	47.6	45.7	46.5	49.8	47.4	48.8	1.4
	Special Services	47.9	49.2	50.3	47.2	46.2	46.9	48.1	48.1	49.6	48.7	48.3	49.4	49.0	▲ 0.4
	Medical,Welfare,Public Health	42.8	45.7	43.2	42.4	41.0	42.5	44.5	44.4	43.5	42.5	41.2	41.7	43.2	1.5
	Education	43.5	39.1	43.2	39.7	40.2	37.8	39.6	35.6	40.1	38.8	39.7	43.7	42.1	▲ 1.6
Other	40.6	41.7	42.4	39.3	36.9	39.3	42.1	42.7	42.8	42.4	41.2	42.8	43.3	0.5	
Total		43.6	45.3	46.1	42.8	41.4	43.1	44.5	44.8	45.9	44.4	45.4	46.3	47.1	0.8
Other		38.0	39.6	40.5	36.3	37.3	38.7	36.8	38.1	35.6	36.6	38.3	37.2	37.9	0.7

		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Ratio to the Previous Month
Hokkaido		40.8	40.8	41.1	38.6	37.0	36.5	37.9	38.9	40.1	41.0	40.2	40.7	41.2	0.5
Tohoku		40.2	42.1	41.7	38.1	37.0	37.0	37.6	39.1	39.0	38.8	38.1	39.3	39.9	0.6
kitakanto		42.8	44.4	45.0	42.3	40.7	40.7	42.0	42.1	42.6	42.9	43.8	42.5	43.7	1.2
minamikanto		42.4	43.9	44.8	42.6	41.5	42.1	42.4	42.7	43.2	42.6	43.3	43.6	43.8	0.2
Hokuriku		41.2	42.6	43.6	40.9	39.2	39.2	39.9	40.6	40.5	41.5	40.8	41.7	42.3	0.6
Tokai		40.1	42.4	44.4	41.1	39.7	40.2	40.2	40.1	39.5	39.5	39.7	40.4	41.1	0.7
Kinki		41.3	42.7	43.3	40.8	39.8	40.5	40.8	40.9	40.9	40.9	41.1	41.5	42.3	0.8
Chugoku		41.2	42.3	42.9	40.7	40.0	40.7	39.8	40.6	41.1	41.3	40.9	41.8	42.8	1.0
Shikoku		39.0	41.8	43.2	39.3	37.1	38.9	38.1	38.7	38.4	38.3	37.7	38.7	40.3	1.6
Kyushu		42.0	44.3	44.5	41.3	39.5	40.9	41.5	41.6	42.2	41.5	41.3	43.0	44.0	1.0

Appendix

1. Research Subjects (Companies researched: 26,752; Valid responses: 11,632; Response rate: 43.5%)

1. Region

Hokkaido	557	Tokai	1,300
Tohoku	780	Kinki	2,002
kitaKanto	848	Chugoku	791
minamikanto	3,435	Shikoku	379
Hokuriku	593	Kyushu	947
		Total	11,632

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		120
Finance		169
Construction		1,833
Real Estate		411
Manufacturing (2,848)	Food, Beverages, Livestock Feed	334
	Textile, Textile Products, Clothing	106
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	221
	Pulp, Paper and Paper Products	97
	Publishing, Printing	156
	Chemical	391
	Steel, Nonferrous Metals, Mining	508
	General Machinery	468
	Electrical Machinery	308
	Transportation Machinery, Equipment	107
Precision Machinery, Medical Instruments and Equipment	72	
Others	80	
Wholesale (2,735)	Food, Beverages	366
	Textile, Textile Products, Clothing	160
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	315
	Paper Products, Stationery, Books	101
	Chemical	271
	Recycled Resources	36
	Steel, Nonferrous Metals, Mining Products	297
	Machinery, Equipment	861
	Others	328

Retail (649)	Food, Beverages	114
	Textile, Textile Products, Clothing	62
	Drugs, Sundries	36
	Furniture	15
	Electrical Household Appliances, Information Machinery and Equipment	47
	Motor Vehicles, Motor Vehicle Parts	105
	Special Merchandise	212
	Various Merchandise	42
Others	16	
Transportation, Warehousing		508
Service (2,315)	Restaurants	97
	Telecommunications	7
	Electricity, Gas, Water, Heat	15
	Leasing, Rentals	120
	Lodging, Hotels	80
	Recreation	123
	Broadcasting	17
	Maintenance, Guarding, Testing	207
	Advertising	141
	Information	672
	Labor Dispatching	96
	Special Services	318
	Medical, Welfare, Public Health	103
Education	42	
Others	277	
Others		44
Total		11,632

3. Size

Large Firms	1,826	15.8%
Small to Medium-sized Firms	9,806	84.2%
micro Firms	3,685	31.7%
Total	11,632	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 Oct 18 – 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 26,000 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.