

**Domestic economy slows slightly for first time in five months**

~ Cost burden of energy and living expenses was negative contributor  
Effects of rises in real interest rates will be watched closely ~

(Companies researched: 27,163; Valid responses: 11,680; Response rate: 43.0%; Survey start date: May 2002)

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< Trends in December 2022: Tendency toward improvement ends >

The economic diffusion index (DI) in December 2022 was 43.0, down 0.1 point from the previous month, showing the first deterioration in five months. The domestic economy slowed for the first time in five months, owing in part to the increase in production costs and living expenses amidst the surge in the number of COVID-19 patients.

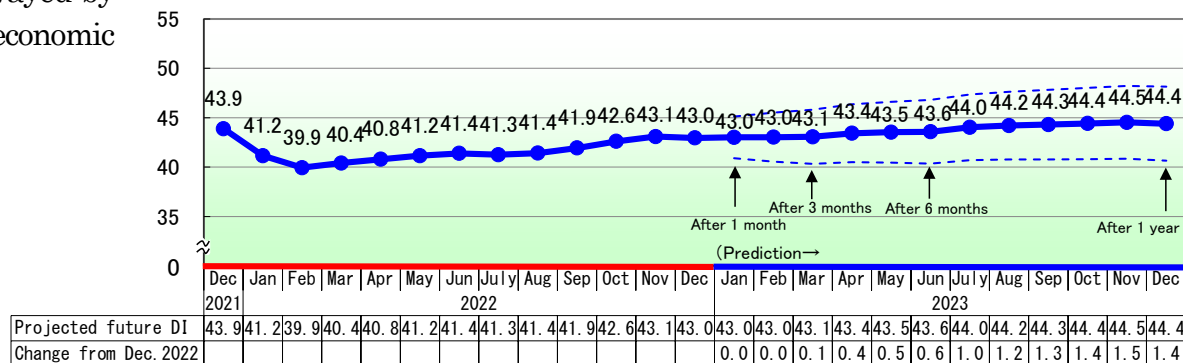
< Future outlook: Economy will plateau >

The domestic economy is expected to generally plateau, swayed by the effects of the rises in real interest rates and overseas economic conditions, etc.

**By industry: Downturn in 6 industries, 33 business categories. Continued high raw material prices and the increase in COVID-19 cases were negative factors**

**By size: First across-the-board downturn in five months for businesses of all sizes, albeit mild**

**By region: Worsened in seven of the ten regions. Delay in price pass-through was compounded by inclement weather**



## Economic Diffusion Index (Economic DI)1/2

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Ratio to the Previous Month
Total	43.9	41.2	39.9	40.4	40.8	41.2	41.4	41.3	41.4	41.9	42.6	43.1	43.0	▲ 0.1
Large Firms	45.9	44.0	42.9	43.4	43.1	43.5	43.5	43.4	43.8	43.6	44.2	45.0	44.8	▲ 0.2
Small to Medium-sized Firms	43.5	40.6	39.3	39.8	40.3	40.7	41.0	40.8	41.0	41.6	42.3	42.7	42.6	▲ 0.1
Micro Firms	42.1	39.1	37.9	38.4	38.9	39.5	40.0	39.7	39.8	40.7	41.1	41.4	41.3	▲ 0.1

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	38.2	38.7	36.4	34.8	35.0	37.6	34.7	36.3	35.9	35.8	36.4	37.7	37.9	0.2	
Finance	43.8	41.9	41.6	42.5	41.1	42.7	42.3	41.9	41.7	43.6	43.2	44.5	44.3	▲ 0.2	
Construction	45.2	43.3	42.5	42.8	41.8	42.2	42.5	43.1	43.3	44.0	44.2	44.9	44.6	▲ 0.3	
Real Estate	46.7	42.9	42.6	42.8	43.2	44.7	45.9	44.7	44.8	45.3	44.0	45.6	44.8	▲ 0.8	
Manufacturing	Food,BEWerages,Livestock Feed	40.8	35.4	33.4	34.2	36.4	37.6	37.8	36.7	36.1	35.5	38.2	38.8	38.3	▲ 0.5
	Textile,Textile Products,Clothing	34.1	31.6	31.7	33.0	34.6	33.8	34.4	36.1	32.6	36.2	35.7	36.5	37.9	1.4
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	46.4	44.1	42.7	41.1	41.7	41.1	40.4	40.8	39.8	40.2	40.9	41.9	41.0	▲ 0.9
	Pulp, Paper and Paper Products	42.9	40.2	36.4	37.2	40.3	38.3	37.4	37.5	36.6	38.0	40.4	40.2	39.2	▲ 1.0
	Publishing,Printing	32.1	28.6	29.5	29.6	30.7	30.3	29.7	29.1	29.6	30.0	31.8	32.9	32.4	▲ 0.5
	Chemical	46.7	44.5	42.3	42.7	42.3	41.7	41.1	41.8	42.6	42.3	40.8	40.8	41.5	0.7
	Steel,Nonferrous Metals,Mining	46.4	44.6	43.8	42.6	42.1	40.9	41.2	42.9	42.7	43.0	43.9	43.6	43.1	▲ 0.5
	General Machinery	49.1	47.7	46.7	46.7	45.9	46.9	46.3	46.3	46.2	45.4	45.8	45.9	44.9	▲ 1.0
	Electrical Machinery	48.5	46.6	46.1	44.3	44.8	44.3	44.8	44.7	44.2	45.2	44.8	45.4	44.5	▲ 0.9
	Transportation Machinery,Equipment	45.6	41.6	39.9	40.0	38.1	37.6	36.8	40.3	41.2	40.2	42.2	42.1	41.0	▲ 1.1
	Precision Machinery,Medical Instruments and Equipment	53.0	52.0	49.5	47.1	46.8	48.2	48.8	48.5	46.5	46.2	46.1	46.1	46.3	0.2
	Other	41.1	35.9	36.1	35.4	37.3	39.2	38.1	37.8	38.2	37.5	35.4	35.9	37.0	1.1
Total	45.1	42.5	41.2	40.9	41.2	41.0	40.8	41.3	41.0	41.1	41.6	41.9	41.5	▲ 0.4	
Wholesale	Food,BEWerages	38.2	32.7	30.1	32.6	36.2	37.3	37.1	37.0	35.6	35.8	37.4	38.8	38.2	▲ 0.6
	Textile,Textile Products,Clothing	29.3	27.6	24.9	25.4	28.7	31.4	31.3	29.9	29.9	29.9	32.4	33.1	34.0	0.9
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	42.4	40.0	39.7	40.5	38.6	38.1	38.3	38.6	38.5	37.5	39.8	39.5	40.2	0.7
	Paper Products,Stationery,Books	34.2	32.7	31.9	34.6	33.8	34.2	32.8	33.0	33.5	34.5	37.1	37.0	33.8	▲ 3.2
	Chemical	45.3	43.2	41.9	43.5	42.3	42.3	41.6	43.5	43.0	43.4	42.6	43.8	43.5	▲ 0.3
	Recycled Resources	52.8	45.8	50.5	53.2	54.0	47.5	41.4	40.9	39.6	47.0	46.3	43.5	46.2	2.7
	Steel,Nonferrous Metals,Mining Products	45.2	42.3	40.5	41.1	40.3	40.0	39.7	39.3	39.3	39.8	39.7	40.2	39.9	▲ 0.3
	Machinery,Equipment	44.7	42.8	42.4	41.9	42.5	42.0	42.9	43.1	42.6	43.3	44.1	44.1	43.8	▲ 0.3
	Other	40.1	36.3	33.7	35.5	37.3	37.8	38.1	37.7	37.7	38.2	39.0	39.6	40.9	1.3
	Total	41.8	39.0	37.7	38.6	39.2	39.4	39.4	39.5	39.2	39.6	40.6	41.0	41.0	0.0

## Economic Diffusion Index (Economic DI)2/2

		Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Ratio to the Previous Month
Retail	Food,BEWerages	41.1	36.5	36.3	38.6	37.7	41.8	42.7	40.3	39.9	40.2	39.6	43.2	42.2	▲ 1.0
	Textile,Textile Products,Clothing	40.0	31.8	23.8	30.6	33.6	33.9	33.6	37.7	33.6	34.9	38.7	38.1	35.4	▲ 2.7
	Drugs,Sundries	38.4	36.0	32.1	36.8	32.1	38.9	40.1	37.1	41.9	39.5	38.9	40.6	39.0	▲ 1.6
	Furniture	42.9	35.6	29.8	30.6	39.2	34.3	39.8	35.2	36.1	40.0	37.8	36.2	31.0	▲ 5.2
	Electrical Household Appliances, Information Machinery and Equipment	35.5	32.3	30.2	33.0	33.7	34.7	34.0	36.7	32.7	37.1	35.1	35.3	37.2	1.9
	Motor Vehicles, Motor Vehicle Parts	36.5	35.0	33.5	34.7	35.1	37.1	36.4	32.4	35.9	38.8	37.6	37.2	35.3	▲ 1.9
	Special Merchandise	36.0	33.3	30.9	29.9	31.3	33.1	34.3	33.2	34.7	34.0	33.5	35.4	34.8	▲ 0.6
	Various Merchandise	37.5	36.2	32.6	34.0	36.4	39.9	37.8	40.2	38.0	36.1	41.3	41.4	42.6	1.2
	Other	43.3	40.0	40.0	43.9	34.7	41.0	39.7	36.9	42.3	32.1	36.5	44.9	41.1	▲ 3.8
	Total	37.7	34.4	31.9	33.3	34.0	36.4	36.7	35.7	36.3	36.7	36.8	38.2	37.4	▲ 0.8
Transportation,Warehousing		40.3	37.7	35.5	35.4	36.6	37.2	37.1	37.8	37.3	38.2	40.7	41.6	41.6	0.0
Service	Restaurants	34.7	24.2	16.9	23.8	32.8	34.3	38.0	34.0	28.1	31.8	39.0	39.1	41.5	2.4
	Postal,Telecommunications	41.7	46.7	50.0	48.5	50.0	53.0	56.0	47.0	47.9	51.9	52.4	50.0	48.3	▲ 1.7
	Electricity,Gas,Water,Heat	39.7	40.0	37.5	33.3	35.7	40.6	34.3	37.7	35.9	36.1	31.1	32.3	36.7	4.4
	Leasing,Rentals	44.8	42.0	41.0	40.2	42.0	43.3	44.9	40.8	44.7	45.6	47.5	48.4	47.4	▲ 1.0
	Lodging, Hotels	29.5	12.9	12.8	18.1	28.3	33.0	33.3	30.3	38.0	37.4	53.3	54.8	52.2	▲ 2.6
	Recreation	38.4	33.3	31.2	35.1	35.6	38.9	41.6	40.7	40.1	42.2	45.0	43.8	43.2	▲ 0.6
	Broadcasting	46.9	45.8	47.6	44.4	43.9	43.3	41.7	43.0	38.3	46.1	43.1	41.7	39.5	▲ 2.2
	Maintenance,Guarding,Testing	45.7	42.3	40.2	42.3	43.1	42.5	44.2	42.2	43.4	42.8	42.8	43.6	45.6	2.0
	Advertising	37.7	32.7	31.5	36.4	36.9	34.8	37.3	34.3	36.7	39.3	40.9	40.3	39.7	▲ 0.6
	Information	52.5	50.1	50.2	51.1	50.8	50.8	52.0	51.5	52.7	53.0	52.3	53.0	53.6	0.6
	Labor Dispatching	43.3	45.1	41.5	44.4	45.7	47.6	45.7	46.5	49.8	47.4	48.8	46.5	50.0	3.5
	Special Services	50.3	47.2	46.2	46.9	48.1	48.1	49.6	48.7	48.3	49.4	49.0	48.8	48.7	▲ 0.1
	Medical,Welfare,Public Health	43.2	42.4	41.0	42.5	44.5	44.4	43.5	42.5	41.2	41.7	43.2	43.6	42.8	▲ 0.8
	Education	43.2	39.7	40.2	37.8	39.6	35.6	40.1	38.8	39.7	43.7	42.1	42.8	41.2	▲ 1.6
	Other	42.4	39.3	36.9	39.3	42.1	42.7	42.8	42.4	41.2	42.8	43.3	43.5	44.0	0.5
Total	46.1	42.8	41.4	43.1	44.5	44.8	45.9	44.4	45.4	46.3	47.1	47.3	47.7	0.4	
Other		40.5	36.3	37.3	38.7	36.8	38.1	35.6	36.6	38.3	37.2	37.9	38.2	36.7	▲ 1.5

		Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Ratio to the Previous Month
Hokkaido		41.1	38.6	37.0	36.5	37.9	38.9	40.1	41.0	40.2	40.7	41.2	40.9	40.8	▲ 0.1
Tohoku		41.7	38.1	37.0	37.0	37.6	39.1	39.0	38.8	38.1	39.3	39.9	40.3	39.4	▲ 0.9
Kitakanto		45.0	42.3	40.7	40.7	42.0	42.1	42.6	42.9	43.8	42.5	43.7	43.7	43.1	▲ 0.6
Minamikanto		44.8	42.6	41.5	42.1	42.4	42.7	43.2	42.6	43.3	43.6	43.8	44.4	44.7	0.3
Hokuriku		43.6	40.9	39.2	39.2	39.9	40.6	40.5	41.5	40.8	41.7	42.3	42.2	42.2	0.0
Tokai		44.4	41.1	39.7	40.2	40.2	40.1	39.5	39.5	39.7	40.4	41.1	41.4	41.7	0.3
Kinki		43.3	40.8	39.8	40.5	40.8	40.9	40.9	40.9	41.1	41.5	42.3	43.0	42.7	▲ 0.3
Chugoku		42.9	40.7	40.0	40.7	39.8	40.6	41.1	41.3	40.9	41.8	42.8	43.8	43.4	▲ 0.4
Shikoku		43.2	39.3	37.1	38.9	38.1	38.7	38.4	38.3	37.7	38.7	40.3	40.0	39.3	▲ 0.7
Kyushu		44.5	41.3	39.5	40.9	41.5	41.6	42.2	41.5	41.3	43.0	44.0	45.1	44.8	▲ 0.3

## Appendix

### 1. Research Subjects (Companies researched: 27,163; Valid responses: 11,680; Response rate: 43.0%)

#### 1. Region

Hokkaido	561	Tokai	1,266
Tohoku	792	Kinki	1,985
kitaKanto	898	Chugoku	788
minamikanto	3,423	Shikoku	383
Hokuriku	596	Kyushu	988
		<b>Total</b>	<b>11,680</b>

#### 2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		123
Finance		169
Construction		1,793
Real Estate		451
Manufacturing (2,908)	Food, Beverages, Livestock Feed	339
	Textile, Textile Products, Clothing	116
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	223
	Pulp, Paper and Paper Products	88
	Publishing, Printing	167
	Chemical	399
	Steel, Nonferrous Metals, Mining	523
	General Machinery	484
	Electrical Machinery	306
	Transportation Machinery, Equipment	106
	Precision Machinery, Medical Instruments and Equipment	76
	Others	81
Wholesale (2,707)	Food, Beverages	345
	Textile, Textile Products, Clothing	162
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	311
	Paper Products, Stationery, Books	98
	Chemical	271
	Recycled Resources	35
	Steel, Nonferrous Metals, Mining Products	276
	Machinery, Equipment	872
	Others	337

#### 3. Size

Large Firms	1,843	15.8%
Small to Medium-sized Firms	9,837	84.2%
micro Firms	3,683	31.5%
<b>Total</b>	<b>11,680</b>	<b>100.0%</b>

Retail (659)	Food, Beverages	107
	Textile, Textile Products, Clothing	56
	Drugs, Sundries	41
	Furniture	21
	Electrical Household Appliances, Information Machinery and Equipment	47
	Motor Vehicles, Motor Vehicle Parts	100
	Special Merchandise	209
	Various Merchandise	63
Others	15	
Transportation, Warehousing		516
Service (2,309)	Restaurants	102
	Telecommunications	10
	Electricity, Gas, Water, Heat	15
	Leasing, Rentals	111
	Lodging, Hotels	115
	Recreation	112
	Broadcasting	19
	Maintenance, Guarding, Testing	212
	Advertising	117
	Information	635
	Labor Dispatching	92
	Special Services	323
	Medical, Welfare, Public Health	148
	Education	38
Others	260	
Others		45
<b>Total</b>		<b>11,680</b>

## 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 2022 – January 5 2023

### 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 <sub>6</sub>	N <sub>5</sub>	N <sub>4</sub>	N <sub>3</sub>	N <sub>2</sub>	N <sub>1</sub>	N <sub>0</sub>

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.