TDB Trends Research (Nationwide, Research & Summary for February 2023)

Domestic economy at a standstill- insufficient price pass-through

 \sim Amidst labor shortages and rising prices for daily necessities, gaps between regions widen \sim

(Companies researched: 27,607; Valid responses: 10,203; Response rate: 37.0%; Survey start date: May 2002)

< Trends in February 2023: Standstill >

The economic diffusion index (DI) in February 2023 was 42.1, the same as the previous month. The domestic economy remains at a standstill with insufficient progress in price pass-through and continued labor shortages.

< Future outlook: Generally continued tendency to plateau >

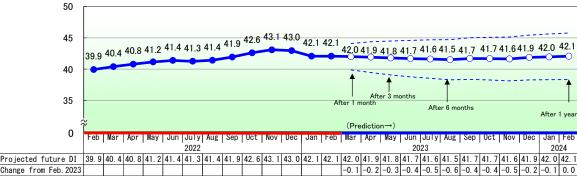
Although the outlook is bearish with many factors that could cause a downturn, the present forecast is a generally continued tendency to plateau.

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By industry: Improvement in 5 industries in spite of the harsh environment surrounding corporations, including a jump in purchase prices.

By size: Although "small and medium-sized corporations" saw an improvement for the first time in 3 months, price increases and high costs exerted downward pressure.

By region: Economic conditions worsened in 5 out of 10 regions, with the between-region gap widening to 7.6 points.



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Economic Diffusion Index (Economic DI)1/2

	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Ratio to the Previous Month
Total	39.9	40.4	40.8	41.2	41.4	41. 3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	0.0
Large Firms		43.4	43. 1	43.5	43.5	43. 4	43.8	43.6	44. 2	45.0	44.8	44.8	44.2	▲ 0.6
Small to Medium-sized Firms		39.8	40.3	40.7	41.0	40.8	41.0	41.6	42.3	42.7	42.6	41.6	41.7	0.1
Micro Firms	37.9	38.4	38. 9	39.5	40.0	39. 7	39.8	40.7	41.1	41.4	41.3	40.4	40.9	0.5

		Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		36.4	34.8	35.0	37.6	34.7	36. 3	35.9	35. 8	36. 4	37.7	37.9	37.4	38.9	1.5
Finance		41.6	42.5	41.1	42.7	42.3	41.9	41.7	43.6	43.2	44.5	44.3	44.8	43.3	▲ 1.5
Construction		42.5	42.8	41.8	42.2	42.5	43. 1	43.3	44.0	44. 2	44. 9	44.6	44.1	43.7	▲ 0.4
Real Estate		42.6	42.8	43. 2	44.7	45.9	44. 7	44.8	45. 3	44. 0	45.6	44.8	46. 1	46.3	0.2
	Food,BEWerages,Livestock Feed	33. 4	34. 2	36. 4	37.6	37.8	36. 7	36. 1	35. 5	38. 2	38.8	38.3	38. 1	37.0	▲ 1.1
	Textile, Textile Products, Clothing	31.7	33.0	34. 6	33.8	34.4	36. 1	32.6	36. 2	35. 7	36. 5	37.9	37. 7	39.0	1.3
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	42.7	41.1	41.7	41.1	40.4	40.8	39. 8	40. 2	40.9	41.9	41.0	38. 0	37.6	▲ 0.4
	Pulp, Paper and Paper Products	36.4	37.2	40.3	38.3	37.4	37.5	36.6	38. 0	40.4	40.2	39.2	39.8	36.6	▲ 3.2
	Publishing, Printing	29.5	29.6	30.7	30.3	29.7	29. 1	29.6	30.0	31.8	32.9	32.4	31.7	31.6	▲ 0.1
Manufacturing	Chemical	42.3	42.7	42.3	41.7	41.1	41.8	42.6	42.3	40.8	40.8	41.5	40.3	39. 2	▲ 1.1
	Steel, Nonferrous Metals, Mining	43.8	42.6	42.1	40.9	41.2	42.9	42.7	43.0	43.9	43.6	43.1	41.7	41.0	▲ 0.7
	General Machinery	46.7	46.7	45.9	46.9	46.3	46.3	46.2	45. 4	45.8	45.9	44.9	43.3	43.7	0.4
	Electrical Machinery	46.1	44.3	44.8	44.3	44.8	44.7	44. 2	45. 2	44.8	45.4	44.5	43.3	43.2	▲ 0.1
	Transportation Machinery, Equipment	39.9	40.0	38. 1	37.6	36.8	40.3	41.2	40.2	42.2	42.1	41.0	38.7	39.6	0.9
	Precision Machinery, Medical Instruments and Equipment	49. 5	47. 1	46. 8	48. 2	48.8	48. 5	46. 5	46. 2	46. 1	46. 1	46.3	46. 5	49.0	2.5
	Other	36.1	35.4	37. 3	39.2	38. 1	37.8	38. 2	37. 5	35. 4	35. 9	37.0	39.1	36.1	▲ 3.0
	Total	41.2	40.9	41.2	41.0	40.8	41.3	41.0	41. 1	41.6	41.9	41.5	40.4	40.0	▲ 0.4
	Food,BEWerages	30.1	32.6	36. 2	37.3	37.1	37. 0	35. 6	35.8	37. 4	38.8	38.2	37.5	38.3	0.8
	Textile, Textile Products, Clothing	24.9	25.4	28.7	31.4	31.3	29.9	29.9	29. 9	32.4	33. 1	34.0	34.7	35.9	1.2
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	39. 7	40.5	38. 6	38. 1	38.3	38. 6	38. 5	37. 5	39.8	39. 5	40.2	38. 3	37. 2	▲ 1.1
Wholesale	Paper Products,Stationery,Books	31.9	34.6	33.8	34.2	32.8	33.0	33.5	34. 5	37. 1	37.0	33.8	34.8	35.6	0.8
	Chemical	41.9	43.5	42.3	42.3	41.6	43.5	43.0	43.4	42.6	43.8	43.5	42.8	41.7	▲ 1.1
	Recycled Resources	50.5	53.2	54.0	47.5	41.4	40.9	39.6	47.0	46. 3	43.5	46.2	43.3	43.2	▲ 0.1
	Steel,Nonferrous Metals, Mining Products	40. 5	41.1	40. 3	40.0	39. 7	39. 3	39. 3	39. 8	39. 7	40. 2	39. 9	38. 5	37. 1	▲ 1.4
	Machinery, Equipment	42.4	41.9	42.5	42.0	42.9	43.1	42.6	43.3	44. 1	44. 1	43.8	43.0	43.3	0.3
	Other	33. 7	35.5	37. 3	37.8	38.1	37. 7	37. 7	38. 2	39.0	39.6	40.9	40.0	40.9	0.9
	Total	37.7	38.6	39. 2	39.4	39.4	39. 5	39. 2	39. 6	40.6	41.0	41.0	40.1	40.1	0.0

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TDB Trends Research Feb 2023

Economic	Diffusion	Index	(Economic	DI)2/2
TICOMOTITIC	DILLUSIOII	IIIUCA	(TICOHOHIIC	D1/4/4

		Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Ratio to the Previous Month
	Food,BEWerages	36.3	38.6	37.7		42.7	40.3	39. 9	40.2	39.6	43.2	42.2	42.3	40.6	▲ 1.7
	Textile, Textile Products, Clothing	23.8	30.6	33.6		33.6	37.7	33.6			38. 1	35. 4	34.2	35.7	1.5
	Drugs,Sundries	32.1	36.8	32.1	38.9	40.1	37. 1	41.9	39.5	38.9	40.6	39.0	37.2	38. 5	1.3
	Furniture	29.8	30.6	39.2	34.3	39.8	35. 2	36. 1	40.0	37.8	36.2	31.0	34.2	33.3	▲ 0.9
Retail	Electrical Household Appliances, Information Machinery and Equipment	30. 2	33. 0	33. 7	34. 7	34. 0	36. 7	32. 7	37. 1	35. 1	35. 3	37. 2	36. 3	37. 5	1. 2
	Motor Vehicles, Motor Vehicle Parts	33.5	34.7	35. 1	37. 1	36. 4	32. 4	35. 9	38.8	37.6	37.2	35. 3	38. 2	38.7	0.5
	Special Merchandise	30.9	29. 9	31.3	33. 1	34.3	33. 2	34. 7	34.0	33.5	35.4	34.8	34.4	35.3	0.9
	Various Merchandise	32.6	34.0	36.4	39. 9	37.8	40.2	38.0	36.1	41.3	41.4	42.6	42.5	41.0	▲ 1.5
	Other	40.0	43.9	34.7	41.0	39. 7	36. 9	42.3	32.1	36.5	44.9	41.1	42.3	44.8	2.5
	Total	31.9	33. 3	34.0	36.4	36.7	35. 7	36. 3	36.7	36.8	38. 2	37.4	37.5	37.7	0.2
Transportation, Warehousing		35.5	35.4	36.6	37.2	37. 1	37.8	37. 3	38.2	40.7	41.6	41.6	38.9	38.0	▲ 0.9
	Restaurants	16.9	23.8	32.8	34. 3	38.0	34.0	28. 1	31.8	39.0	39. 1	41.5	38.5	42.4	3. 9
	Postal, Telecommunications	50.0	48.5	50.0	53.0	56.0	47.0	47.9	51.9	52.4	50.0	48.3	47.6	44.4	▲ 3.2
	Electricity,Gas,Water,Heat	37.5	33. 3	35.7	40.6	34. 3	37. 7	35. 9	36.1	31.1	32.3	36.7	32.4	32.1	▲ 0.3
	Leasing,Rentals	41.0	40.2	42.0	43.3	44. 9	40.8	44.7	45.6	47.5	48.4	47.4	46.8	47.4	0.6
	Lodging, Hotels	12.8	18. 1	28.3	33.0	33.3	30.3	38.0	37.4	53.3	54.8	52. 2	48.3	48.0	▲ 0.3
	Recreation	31.2	35. 1	35.6	38.9	41.6	40.7	40.1	42.2	45.0	43.8	43.2	42.1	44.1	2.0
	Broadcasting	47.6	44.4	43.9	43.3	41.7	43.0	38. 3	46.1	43.1	41.7	39. 5	40.7	41.1	0.4
Service	Maintenance, Guarding, Testing	40.2	42.3	43.1	42.5	44.2	42. 2	43.4	42.8	42.8	43.6	45.6	42.9	42.6	▲ 0.3
	Advertising	31.5	36.4	36. 9	34.8	37.3	34. 3	36. 7	39.3	40.9	40.3	39.7	40.2	41.4	1.2
	Information	50.2	51.1	50.8	50.8	52.0	51.5	52.7	53.0	52.3	53.0	53.6	53.2	53.8	0.6
	Labor Dispatching	41.5	44. 4	45.7	47.6	45.7	46.5	49.8	47.4	48.8	46.5	50.0	48.5	47.9	▲ 0.6
	Special Services	46.2	46.9	48.1	48.1	49.6	48.7	48.3	49.4	49.0	48.8	48.7	48.5	49.2	0.7
	Medical, Welfare, Public Health	41.0	42.5	44.5	44.4	43.5	42.5	41.2	41.7	43.2	43.6	42.8	42.9	41.5	▲ 1.4
	Education	40.2	37.8	39.6	35.6	40.1	38.8	39. 7	43.7	42.1	42.8	41.2	38.4	41.9	3. 5
	Other	36.9	39.3	42.1	42.7	42.8	42.4	41.2	42.8	43.3	43.5	44.0	42.2	44.3	2. 1
	Total		43.1	44.5	44.8	45.9	44. 4	45. 4	46.3	47.1	47.3	47.7	46.6	47.4	0.8
Other		37. 3	38. 7	36.8	38. 1	35. 6	36. 6	38. 3	37.2	37.9	38. 2	36. 7	36. 5	37.0	0.5

	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Ratio to the Previous Month
Hokkaido	37.0	36. 5	37. 9	38. 9	40.1	41.0	40.2	40.7	41.2	40.9	40.8	40.1	40.6	0.5
Tohoku	37.0	37.0	37.6	39. 1	39.0	38.8	38. 1	39.3	39.9	40.3	39.4	38.0	37.2	▲ 0.8
kitakanto	40.7	40.7	42.0	42.1	42.6	42.9	43.8	42.5	43.7	43.7	43.1	40.9	41.4	0.5
minamikanto	41.5	42.1	42.4	42.7	43.2	42.6	43.3	43.6	43.8	44.4	44.7	44.1	43.9	▲ 0.2
Hokuriku	39.2	39. 2	39. 9	40.6	40.5	41.5	40.8	41.7	42.3	42.2	42.2	40.9	41.2	0.3
Tokai	39.7	40.2	40.2	40.1	39.5	39. 5	39.7	40.4	41.1	41.4	41.7	41.0	41.1	0.1
Kinki	39.8	40.5	40.8	40.9	40.9	40.9	41.1	41.5	42.3	43.0	42.7	42.0	41.8	▲ 0.2
Chugoku	40.0	40.7	39.8	40.6	41.1	41.3	40.9	41.8	42.8	43.8	43.4	41.9	41.8	▲ 0.1
Shikoku	37.1	38. 9	38. 1	38. 7	38. 4	38. 3	37. 7	38.7	40.3	40.0	39. 3	39.0	38.6	▲ 0.4
Kyushu	39.5	40.9	41.5	41.6	42.2	41.5	41.3	43.0	44.0	45.1	44.8	44.0	44.8	0.8

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TDB Trends Research Feb 2023

Appendix

1.Research Subjects(Companies researched: 27,607; Valid responses: 10,203; Response rate: 37.0%)

1.Region

8			
Hokkaido	480	Tokai	1,090
Tohoku	669	Kinki	1,758
kitaKanto	790	Chugoku	711
minamikanto	2,980	Shikoku	336
Hokuriku	536	Kyushu	853
		Total	10,203

2.Industry (10 Industries 51 Lines of business)

Agriculture,For	estry, Fisheries	98
Finance		14'
Construction		1,613
Real Estate		403
	Food,Beverages,Livestock Feed	30'
	Textile, Textile Products, Clothing	100
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	188
	Pulp, Paper and Paper Products	81
	Publishing, Printing	143
Manufacturing	Chemical	344
(2,569)	Steel, Nonferrous Metals, Mining	465
	General Machinery	431
	Electrical Machinery	279
	Transportation Machinery, Equipment	98
	Precision Machinery, Medical Instruments and Equipment	68
	Others	67
	Food,Beverages	319
	Textile, Textile Products, Clothing	147
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	270
Wholesale	Paper Products, Stationery, Books	82
(2,368)	Chemical	216
	Recycled Resources	27
	Steel, Nonferrous Metals, Mining Products	242
	Machinery, Equipment	759
	Others	306

	Total	10,20			
Others	·	3			
	Others	21			
	Education	3			
	Medical, Welfare, Public Health	15			
	Special Services	28			
	Labor Dispatching				
	Information	5			
	Advertising				
(1,923)	Maintenance,Guarding,Testing	1			
Service	Broadcasting				
	Recreation				
	Lodging, Hotels				
	Leasing,Rentals	1			
	Electricity,Gas,Water,Heat				
	Telecommunications				
	Restaurants				
ransportation	, Warehousing	4			
	Others				
	Various Merchandise				
	Special Merchandise	2			
	Motor Vehicles, Motor Vehicle Parts				
(590)	Electrical Household Appliances Information Machinery and Equipment				
Retail	Furniture				
	Drugs,Sundries				
	Textile, Textile Products, Clothing				
	Food, Beverages				

3.Size

	Large Firms	1,598	15.7%
S	Small to Medium-sized Firms	8,605	84.3%
	micro Firms	3,261	32.0%
	Total	10,203	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 February 14–28 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_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 <u>the point separating good and bad</u>, 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	Capital: More than 300 million yen	Capital: Below 300 million yen	
Other Industries*	and	or	No. of Employee: Below 20
	No. of Employee: Over 300	No. of Employee: Below 300	
Wholesale Trade	Capital: More than 100 million yen	Capital: Below 100 million yen	
	and	or	No. of Employee: Below 5
	No. of Employee: Over 100	No. of Employee: Below 100	
Retail Trade	Capital: More than 50 million yen	Capital: Below 50 million yen	
	and	or	No. of Employee: Below 5
	No. of Employee: Over 50	No. of Employee: Below 50	
Service**	Capital: More than 50 million yen	Capital: Below 50 million yen	
1	and	or	No. of Employee: Below 5
	No. of Employee: Over 100	No. of Employee: Below 100	

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 midium-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 midium-sized corporations in Small to Medium-Sized Enterprises Rasic Act