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

## Domestic economy at a standstill- insufficient price pass-through

~ Amidst labor shortages and rising prices for daily necessities, gaps between regions widen $\sim$
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(Companies researched: 27,607; Valid responses: 10,203; Response rate: 37.0\%; Survey start date: May 2002)

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

## <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. 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.
< 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.

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



## 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 <br> Previous <br> 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 | 42.9 | 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 | 39.3 | 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 <br> Previous <br> 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 | A 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 |
| Manufacturing | 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 |
|  | 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, <br> 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 |
| Wholesale | 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 | A 1.1 |
|  | 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 | A 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 |

Economic Diffusion Index (Economic DI)2/2

|  |  | 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 <br> Previous <br> Month |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Retail | Food,BEWerages | 36.3 | 38.6 | 37.7 | 41.8 | 42.7 | 40.3 | 39.9 | 40.2 | 39.6 | 43.2 | 42.2 | 42.3 | 40.6 | . 7 |
|  | Textile,Textile Products,Clothing | 23.8 | 30.6 | 33.6 | 33.9 | 33.6 | 37.7 | 33.6 | 34.9 | 38.7 | 38.1 | 35.4 | 34.2 | 35.7 | . 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 | . 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 |
|  | Electrical Household Appliances, <br> 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 |
| Service | 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 | 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 |
|  | 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 | 4 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 | 41.4 | 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 | 4 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 | 4 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 |

## Appendix

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

2.Industry (10 Industries 51 Lines of business)


| $\begin{aligned} & \text { Retail } \\ & (590) \end{aligned}$ | Food,Beverages | 89 |
| :---: | :---: | :---: |
|  | Textile,Textile Products,Clothing | 49 |
|  | Drugs,Sundries | 52 |
|  | Furniture | 17 |
|  | Electrical Household Appliances,Information Machinery and Equipment | 36 |
|  | Motor Vehicles,Motor Vehicle Parts | 81 |
|  | Special Merchandise | 200 |
|  | Various Merchandise | 50 |
|  | Others | 16 |
| Transportation, Warehousing |  | 457 |
| Service $(1,923)$ | Restaurants | 81 |
|  | Telecommunications | 6 |
|  | Electricity,Gas,Water,Heat | 13 |
|  | Leasing,Rentals | 103 |
|  | Lodging, Hotels | 82 |
|  | Recreation | 94 |
|  | Broadcasting | 15 |
|  | Maintenance,Guarding,Testing | 181 |
|  | Advertising | 95 |
|  | Information | 523 |
|  | Labor Dispatching | 78 |
|  | Special Services | 285 |
|  | Medical,Welfare,Public Health | 122 |
|  | Education | 35 |
|  | Others | 210 |
| Others |  | 36 |
|  | Total | 10,203 |

## 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 <br> for each category | $\mathrm{N}_{6}$ | $\mathrm{~N}_{5}$ | $\mathrm{~N}_{4}$ | $\mathrm{~N}_{3}$ | $\mathrm{~N}_{2}$ | $\mathrm{~N}_{1}$ | $\mathrm{~N}_{0}$ |

## 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 <br> or <br> No. of Employee: Below 300 | No. of Employee: Below 20 |
| Wholesale Trade | Capital: More than 100 million yen and <br> No. of Employee: Over 100 | Capital: Below 100 million yen 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 No. of Employee: Below 50 | No. of Employee: Below 5 |
| Service ${ }^{* *}$ | Capital: More than 50 million yen <br> and <br> No. of Employee: Over 100 | Capital: Below 50 million yen No. of Employee: Below 100 | No. of Employee: Below 5 |

Note 1: 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.
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Note2: Smal to Medium-Sized Firms refer to companies that rank in the bottom 50 o in terms of sales volum

