

Economy improves for second straight month as movement to leave COVID behind accelerates

~ Consumer spending has been buoyed by increased shopper turnout, leading to improvements by industry, by scale, and by region ~

(Companies researched: 27,663; Valid responses: 11,108; Response rate: 40.2%; Survey start date: May 2002)

< Trend in April 2023: Continued improvement >

The economic diffusion index (DI) in April 2023 was 44.6, up 0.7 point from the previous month, for a second straight month of improvement. In spite of adverse factors such as labor shortages and price increases, the domestic economy has improved broadly, centered around demand related to consumer spending.

< Future outlook: Trending upward gradually but lacking in vigor >

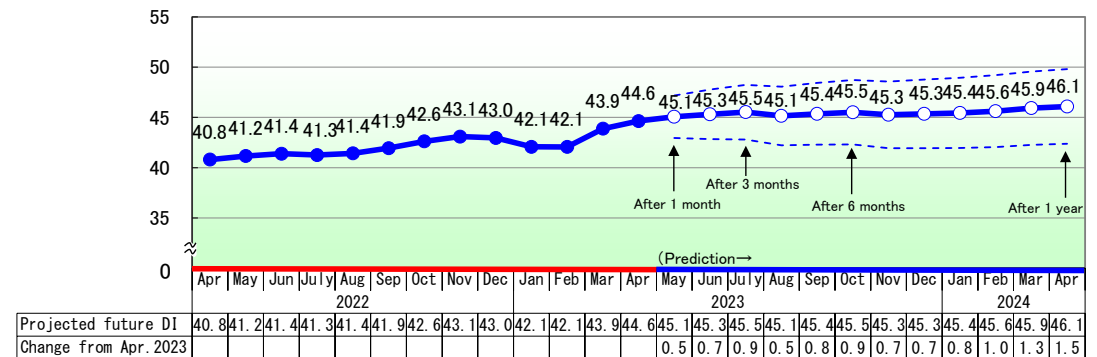
Although trending upward gradually, the economy is presently weighed down by labor shortages and price increases, and it still lacks the vigor that would boost it further.

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By industry: The virtuous circle created by increased shopper turnout has had a broad-ranging ripple effect, and improvements were observed in all 10 industries for the second straight month.

By scale: Companies of all sizes showed an improvement for the second straight month as the movement toward leaving COVID behind accelerates.

By region: All 10 regions reported a second straight month of improvement, with Kyushu accounting for the top 4 prefectures nationwide.



*: 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

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Ratio to the Previous Month
Total	40.8	41.2	41.4	41.3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	0.7
Large Firms	43.1	43.5	43.5	43.4	43.8	43.6	44.2	45.0	44.8	44.8	44.2	46.1	47.3	1.2
Small to Medium-sized Firms	40.3	40.7	41.0	40.8	41.0	41.6	42.3	42.7	42.6	41.6	41.7	43.5	44.2	0.7
Micro Firms	38.9	39.5	40.0	39.7	39.8	40.7	41.1	41.4	41.3	40.4	40.9	42.4	42.9	0.5

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	35.0	37.6	34.7	36.3	35.9	35.8	36.4	37.7	37.9	37.4	38.9	41.6	42.2	0.6	
Finance	41.1	42.7	42.3	41.9	41.7	43.6	43.2	44.5	44.3	44.8	43.3	44.0	45.0	1.0	
Construction	41.8	42.2	42.5	43.1	43.3	44.0	44.2	44.9	44.6	44.1	43.7	45.5	45.6	0.1	
Real Estate	43.2	44.7	45.9	44.7	44.8	45.3	44.0	45.6	44.8	46.1	46.3	47.5	49.6	2.1	
Manufacturing	Food,BEWerages,Livestock Feed	36.4	37.6	37.8	36.7	36.1	35.5	38.2	38.8	38.3	38.1	37.0	41.1	42.0	0.9
	Textile,Textile Products,Clothing	34.6	33.8	34.4	36.1	32.6	36.2	35.7	36.5	37.9	37.7	39.0	38.6	41.0	2.4
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	41.7	41.1	40.4	40.8	39.8	40.2	40.9	41.9	41.0	38.0	37.6	37.0	39.7	2.7
	Pulp, Paper and Paper Products	40.3	38.3	37.4	37.5	36.6	38.0	40.4	40.2	39.2	39.8	36.6	38.6	37.6	▲ 1.0
	Publishing,Printing	30.7	30.3	29.7	29.1	29.6	30.0	31.8	32.9	32.4	31.7	31.6	34.3	33.9	▲ 0.4
	Chemical	42.3	41.7	41.1	41.8	42.6	42.3	40.8	40.8	41.5	40.3	39.2	40.1	41.0	0.9
	Steel,Nonferrous Metals,Mining	42.1	40.9	41.2	42.9	42.7	43.0	43.9	43.6	43.1	41.7	41.0	41.9	41.1	▲ 0.8
	General Machinery	45.9	46.9	46.3	46.3	46.2	45.4	45.8	45.9	44.9	43.3	43.7	43.4	43.8	0.4
	Electrical Machinery	44.8	44.3	44.8	44.7	44.2	45.2	44.8	45.4	44.5	43.3	43.2	42.8	43.2	0.4
	Transportation Machinery,Equipment	38.1	37.6	36.8	40.3	41.2	40.2	42.2	42.1	41.0	38.7	39.6	41.2	41.5	0.3
	Precision Machinery,Medical Instruments and Equipment	46.8	48.2	48.8	48.5	46.5	46.2	46.1	46.1	46.3	46.5	49.0	46.8	45.6	▲ 1.2
	Other	37.3	39.2	38.1	37.8	38.2	37.5	35.4	35.9	37.0	39.1	36.1	40.8	41.9	1.1
Total	41.2	41.0	40.8	41.3	41.0	41.1	41.6	41.9	41.5	40.4	40.0	41.0	41.4	0.4	
Wholesale	Food,BEWerages	36.2	37.3	37.1	37.0	35.6	35.8	37.4	38.8	38.2	37.5	38.3	42.1	44.3	2.2
	Textile,Textile Products,Clothing	28.7	31.4	31.3	29.9	29.9	29.9	32.4	33.1	34.0	34.7	35.9	38.0	41.9	3.9
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.6	38.1	38.3	38.6	38.5	37.5	39.8	39.5	40.2	38.3	37.2	38.0	39.1	1.1
	Paper Products,Stationery,Books	33.8	34.2	32.8	33.0	33.5	34.5	37.1	37.0	33.8	34.8	35.6	37.3	37.9	0.6
	Chemical	42.3	42.3	41.6	43.5	43.0	43.4	42.6	43.8	43.5	42.8	41.7	43.5	44.9	1.4
	Recycled Resources	54.0	47.5	41.4	40.9	39.6	47.0	46.3	43.5	46.2	43.3	43.2	41.7	43.5	1.8
	Steel,Nonferrous Metals,Mining Products	40.3	40.0	39.7	39.3	39.3	39.8	39.7	40.2	39.9	38.5	37.1	37.8	37.9	0.1
	Machinery,Equipment	42.5	42.0	42.9	43.1	42.6	43.3	44.1	44.1	43.8	43.0	43.3	45.2	45.2	0.0
	Other	37.3	37.8	38.1	37.7	37.7	38.2	39.0	39.6	40.9	40.0	40.9	42.3	43.9	1.6
	Total	39.2	39.4	39.4	39.5	39.2	39.6	40.6	41.0	41.0	40.1	40.1	41.9	42.9	1.0

Economic Diffusion Index (Economic DI)2/2

		Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Ratio to the Previous Month
Retail	Food,BEWerages	37.7	41.8	42.7	40.3	39.9	40.2	39.6	43.2	42.2	42.3	40.6	42.7	49.1	6.4
	Textile,Textile Products,Clothing	33.6	33.9	33.6	37.7	33.6	34.9	38.7	38.1	35.4	34.2	35.7	39.7	36.6	▲ 3.1
	Drugs,Sundries	32.1	38.9	40.1	37.1	41.9	39.5	38.9	40.6	39.0	37.2	38.5	42.9	47.8	4.9
	Furniture	39.2	34.3	39.8	35.2	36.1	40.0	37.8	36.2	31.0	34.2	33.3	39.5	38.1	▲ 1.4
	Electrical Household Appliances, Information Machinery and Equipment	33.7	34.7	34.0	36.7	32.7	37.1	35.1	35.3	37.2	36.3	37.5	40.2	37.8	▲ 2.4
	Motor Vehicles,Motor Vehicle Parts	35.1	37.1	36.4	32.4	35.9	38.8	37.6	37.2	35.3	38.2	38.7	40.8	44.0	3.2
	Special Merchandise	31.3	33.1	34.3	33.2	34.7	34.0	33.5	35.4	34.8	34.4	35.3	38.6	39.0	0.4
	Various Merchandise	36.4	39.9	37.8	40.2	38.0	36.1	41.3	41.4	42.6	42.5	41.0	43.6	47.8	4.2
	Other	34.7	41.0	39.7	36.9	42.3	32.1	36.5	44.9	41.1	42.3	44.8	41.1	41.7	0.6
Total		34.0	36.4	36.7	35.7	36.3	36.7	36.8	38.2	37.4	37.5	37.7	40.6	42.5	1.9
Transportation,Warehousing		36.6	37.2	37.1	37.8	37.3	38.2	40.7	41.6	41.6	38.9	38.0	41.2	42.1	0.9
Service	Restaurants	32.8	34.3	38.0	34.0	28.1	31.8	39.0	39.1	41.5	38.5	42.4	49.8	50.8	1.0
	Postal,Telecommunications	50.0	53.0	56.0	47.0	47.9	51.9	52.4	50.0	48.3	47.6	44.4	52.8	52.8	0.0
	Electricity,Gas,Water,Heat	35.7	40.6	34.3	37.7	35.9	36.1	31.1	32.3	36.7	32.4	32.1	39.7	38.9	▲ 0.8
	Leasing,Rentals	42.0	43.3	44.9	40.8	44.7	45.6	47.5	48.4	47.4	46.8	47.4	48.1	50.5	2.4
	Lodging, Hotels	28.3	33.0	33.3	30.3	38.0	37.4	53.3	54.8	52.2	48.3	48.0	59.5	62.1	2.6
	Recreation	35.6	38.9	41.6	40.7	40.1	42.2	45.0	43.8	43.2	42.1	44.1	50.9	48.9	▲ 2.0
	Broadcasting	43.9	43.3	41.7	43.0	38.3	46.1	43.1	41.7	39.5	40.7	41.1	42.6	44.7	2.1
	Maintenance,Guarding,Testing	43.1	42.5	44.2	42.2	43.4	42.8	42.8	43.6	45.6	42.9	42.6	45.3	45.8	0.5
	Advertising	36.9	34.8	37.3	34.3	36.7	39.3	40.9	40.3	39.7	40.2	41.4	43.7	46.6	2.9
	Information	50.8	50.8	52.0	51.5	52.7	53.0	52.3	53.0	53.6	53.2	53.8	55.5	55.8	0.3
	Labor Dispatching	45.7	47.6	45.7	46.5	49.8	47.4	48.8	46.5	50.0	48.5	47.9	47.3	49.6	2.3
	Special Services	48.1	48.1	49.6	48.7	48.3	49.4	49.0	48.8	48.7	48.5	49.2	50.1	50.9	0.8
	Medical,Welfare,Public Health	44.5	44.4	43.5	42.5	41.2	41.7	43.2	43.6	42.8	42.9	41.5	42.2	41.8	▲ 0.4
	Education	39.6	35.6	40.1	38.8	39.7	43.7	42.1	42.8	41.2	38.4	41.9	44.4	38.4	▲ 6.0
	Other	42.1	42.7	42.8	42.4	41.2	42.8	43.3	43.5	44.0	42.2	44.3	46.5	48.6	2.1
Total		44.5	44.8	45.9	44.4	45.4	46.3	47.1	47.3	47.7	46.6	47.4	50.0	50.8	0.8
Other		36.8	38.1	35.6	36.6	38.3	37.2	37.9	38.2	36.7	36.5	37.0	38.2	39.2	1.0

		Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	Ratio to the Previous Month
Hokkaido		37.9	38.9	40.1	41.0	40.2	40.7	41.2	40.9	40.8	40.1	40.6	41.2	42.2	1.0
Tohoku		37.6	39.1	39.0	38.8	38.1	39.3	39.9	40.3	39.4	38.0	37.2	41.1	41.2	0.1
kitakanto		42.0	42.1	42.6	42.9	43.8	42.5	43.7	43.7	43.1	40.9	41.4	42.6	43.3	0.7
minamikanto		42.4	42.7	43.2	42.6	43.3	43.6	43.8	44.4	44.7	44.1	43.9	45.7	46.7	1.0
Hokuriku		39.9	40.6	40.5	41.5	40.8	41.7	42.3	42.2	42.2	40.9	41.2	42.1	42.5	0.4
Tokai		40.2	40.1	39.5	39.5	39.7	40.4	41.1	41.4	41.7	41.0	41.1	42.8	43.3	0.5
Kinki		40.8	40.9	40.9	40.9	41.1	41.5	42.3	43.0	42.7	42.0	41.8	43.6	44.3	0.7
Chugoku		39.8	40.6	41.1	41.3	40.9	41.8	42.8	43.8	43.4	41.9	41.8	44.1	44.8	0.7
Shikoku		38.1	38.7	38.4	38.3	37.7	38.7	40.3	40.0	39.3	39.0	38.6	40.0	40.7	0.7
Kyushu		41.5	41.6	42.2	41.5	41.3	43.0	44.0	45.1	44.8	44.0	44.8	46.4	48.1	1.7

Appendix

1. Research Subjects (Companies researched: 27,663; Valid responses: 11,108; Response rate: 40.2%)

1. Region

Hokkaido	503	Tokai	1,198
Tohoku	731	Kinki	1,909
kitaKanto	862	Chugoku	757
minamikanto	3,267	Shikoku	372
Hokuriku	578	Kyushu	931
		Total	11,108

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		105
Finance		146
Construction		1,729
Real Estate		481
Manufacturing (2,818)	Food, Beverages, Livestock Feed	339
	Textile, Textile Products, Clothing	118
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	215
	Pulp, Paper and Paper Products	93
	Publishing, Printing	145
	Chemical	376
	Steel, Nonferrous Metals, Mining	513
	General Machinery	470
	Electrical Machinery	295
	Transportation Machinery, Equipment	102
	Precision Machinery, Medical Instruments and Equipment	72
Others	80	
Wholesale (2,597)	Food, Beverages	337
	Textile, Textile Products, Clothing	167
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	301
	Paper Products, Stationery, Books	95
	Chemical	246
	Recycled Resources	28
	Steel, Nonferrous Metals, Mining Products	277
	Machinery, Equipment	821
	Others	325

Retail (649)	Food, Beverages	109
	Textile, Textile Products, Clothing	56
	Drugs, Sundries	46
	Furniture	21
	Electrical Household Appliances, Information Machinery and Equipment	37
	Motor Vehicles, Motor Vehicle Parts	92
	Special Merchandise	220
	Various Merchandise	54
	Others	14
Transportation, Warehousing		489
Service (2,057)	Restaurants	81
	Telecommunications	6
	Electricity, Gas, Water, Heat	12
	Leasing, Rentals	108
	Lodging, Hotels	95
	Recreation	95
	Broadcasting	19
	Maintenance, Guarding, Testing	191
	Advertising	104
	Information	561
	Labor Dispatching	84
	Special Services	316
	Medical, Welfare, Public Health	122
	Education	33
Others	230	
Others		37
Total		11,108

3. Size

Large Firms	1,704	15.3%
Small to Medium-sized Firms	9,404	84.7%
micro Firms	3,593	32.3%
Total	11,108	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 April 17– 30 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 27,000 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.