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

The domestic economy gradually improved due to solid year-end demand

~ In 2024, attention must be paid to the future of wage increases and interest rate trends, and there are concerns about the impact of the Noto Peninsula Earthquake ~

(Companies researched: 27,143; Valid responses: 11,407; Response rate: 42.0%; Survey start date: May 2002)

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< Trend in December 2023: Slight improvement continues >

The economic diffusion index (DI) in December 2023 was 44.9, up 0.1 points from the previous month, for a third straight month of improvement.

While year-end demand was solid, a slump in seasonal products caused by the warm winter and the automaker's fraud were negative factors.
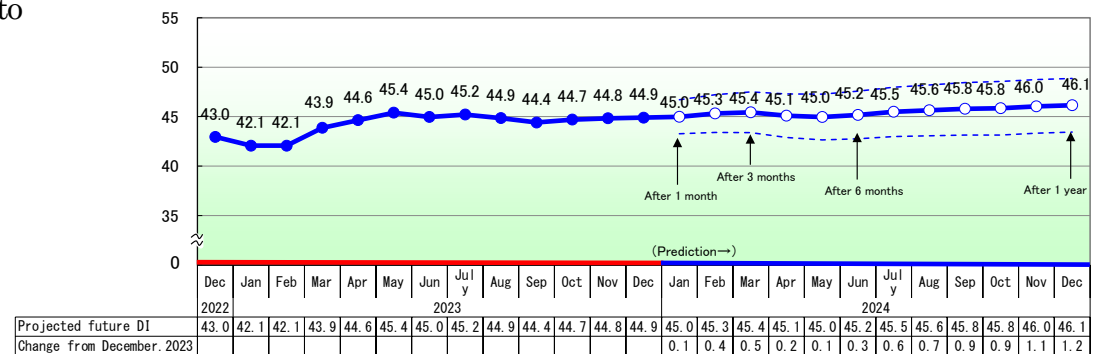
< Future outlook: Remain unchanged >

The domestic economy is expected to remain unchanged due to sustained wage increases and interest rate trends.

By industry: Supported by year-end demand, improvements were made in 6 industries including "transportation, warehousing" and "retail".

By scale: Although "small to medium-sized firms" and "micro firms" improved slightly, polarization within each scale group continued.

By region: While improvements were made in 5 out of 10 regions, there are concerns about the earthquake impact.

	Dec 2022	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
						2023													2024						
Projected future DI	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	44.8	44.9	45.0	45.3	45.4	45.1	45.0	45.2	45.5	45.6	45.8	45.8	46.0	46.1
Change from December. 2023														0.1	0.4	0.5	0.2	0.1	0.3	0.6	0.7	0.9	0.9	1.1	1.2

*: 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

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Ratio to the Previous Month
Total	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	44.8	44.9	0.1
Large Firms	44.8	44.8	44.2	46.1	47.3	48.1	47.7	48.6	48.0	47.8	47.9	48.4	48.1	▲ 0.3
Small to Medium-sized Firms	42.6	41.6	41.7	43.5	44.2	44.9	44.5	44.6	44.3	43.8	44.1	44.2	44.3	0.1
Micro Firms	41.3	40.4	40.9	42.4	42.9	43.9	43.6	43.4	43.5	43.0	43.4	43.1	43.3	0.2

		Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		37.9	37.4	38.9	41.6	42.2	44.8	46.7	42.5	43.0	42.1	43.0	40.1	40.5	0.4
Finance		44.3	44.8	43.3	44.0	45.0	47.8	48.1	47.4	48.8	46.8	47.3	48.0	47.0	▲ 1.0
Construction		44.6	44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	47.5	47.8	47.2	▲ 0.6
Real Estate		44.8	46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	48.7	47.9	47.5	▲ 0.4
Manufacturing	Food,BEWerages,Livestock Feed	38.3	38.1	37.0	41.1	42.0	43.7	43.6	43.1	44.5	42.6	43.4	44.0	44.6	0.6
	Textile,Textile Products,Clothing	37.9	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	43.0	41.5	40.8	40.1	▲ 0.7
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	41.0	38.0	37.6	37.0	39.7	39.0	38.4	37.9	38.2	39.0	40.3	41.5	40.3	▲ 1.2
	Pulp, Paper and Paper Products	39.2	39.8	36.6	38.6	37.6	38.6	35.8	36.1	36.1	36.9	37.7	37.2	38.5	1.3
	Publishing,Printing	32.4	31.7	31.6	34.3	33.9	35.4	33.9	33.4	33.9	32.3	32.5	33.1	34.2	1.1
	Chemical	41.5	40.3	39.2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	41.4	42.7	42.2	▲ 0.5
	Steel,Nonferrous Metals,Mining	43.1	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	41.5	41.9	42.0	0.1
	General Machinery	44.9	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	40.7	40.5	40.6	0.1
	Electrical Machinery	44.5	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	42.3	43.0	42.5	▲ 0.5
	Transportation Machinery,Equipment	41.0	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	46.9	47.2	44.7	▲ 2.5
	Precision Machinery,Medical Instruments and Equipment	46.3	46.5	49.0	46.8	45.6	46.2	46.8	45.4	42.9	44.2	42.9	43.4	44.3	0.9
	Other	37.0	39.1	36.1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	39.4	40.7	39.9	▲ 0.8
	Total	41.5	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	41.1	41.6	41.5	▲ 0.1
Wholesale	Food,BEWerages	38.2	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	43.3	44.5	45.7	1.2
	Textile,Textile Products,Clothing	34.0	34.7	35.9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	36.1	36.0	36.3	0.3
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	40.2	38.3	37.2	38.0	39.1	38.4	37.3	38.4	38.0	38.1	38.0	38.3	38.9	0.6
	Paper Products,Stationery,Books	33.8	34.8	35.6	37.3	37.9	40.3	36.5	38.2	38.6	38.5	38.4	40.1	40.7	0.6
	Chemical	43.5	42.8	41.7	43.5	44.9	46.8	45.3	45.2	45.1	44.5	44.9	45.1	45.4	0.3
	Recycled Resources	46.2	43.3	43.2	41.7	43.5	40.4	38.9	42.2	40.9	43.9	45.2	42.4	43.8	1.4
	Steel,Nonferrous Metals,Mining Products	39.9	38.5	37.1	37.8	37.9	38.1	37.5	37.9	34.7	36.7	37.0	38.1	38.2	0.1
	Machinery,Equipment	43.8	43.0	43.3	45.2	45.2	46.0	45.4	45.3	44.7	43.8	43.9	44.1	44.7	0.6
	Other	40.9	40.0	40.9	42.3	43.9	44.9	43.2	42.6	42.7	41.7	43.1	43.2	42.9	▲ 0.3
	Total	41.0	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	41.7	42.1	42.7	0.6

Economic Diffusion Index (Economic DI)2/2

		Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Ratio to the Previous Month
Retail	Food,BEWerages	42.2	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	45.5	44.9	46.4	1.5
	Textile,Textile Products,Clothing	35.4	34.2	35.7	39.7	36.6	38.3	40.4	41.4	41.2	36.6	42.7	39.3	40.0	0.7
	Drugs,Sundries	39.0	37.2	38.5	42.9	47.8	47.4	45.9	45.3	42.6	42.5	43.8	44.7	46.1	1.4
	Furniture	31.0	34.2	33.3	39.5	38.1	34.7	33.3	32.5	30.2	36.3	27.2	32.4	32.7	0.3
	Electrical Household Appliances, Information Machinery and Equipment	37.2	36.3	37.5	40.2	37.8	40.5	38.6	41.3	40.2	42.7	42.5	44.0	42.7	▲ 1.3
	Motor Vehicles,Motor Vehicle Parts	35.3	38.2	38.7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	42.4	40.2	39.7	▲ 0.5
	Special Merchandise	34.8	34.4	35.3	38.6	39.0	39.4	40.1	38.8	38.7	39.1	39.4	38.1	38.3	0.2
	Various Merchandise	42.6	42.5	41.0	43.6	47.8	45.8	44.9	48.1	48.5	45.9	45.3	44.3	44.1	▲ 0.2
	Other	41.1	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	46.2	47.2	51.3	4.1
	Total	37.4	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	41.9	41.2	41.5	0.3
Transportation,Warehousing		41.6	38.9	38.0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	44.1	43.8	44.5	0.7
Service	Restaurants	41.5	38.5	42.4	49.8	50.8	56.7	53.6	55.6	52.2	51.8	47.4	49.4	54.0	4.6
	Postal,Telecommunications	48.3	47.6	44.4	52.8	52.8	58.3	53.3	60.4	54.8	57.4	59.5	57.1	54.2	▲ 2.9
	Electricity,Gas,Water,Heat	36.7	32.4	32.1	39.7	38.9	44.0	44.1	44.8	43.5	46.3	44.1	50.0	42.7	▲ 7.3
	Leasing,Rentals	47.4	46.8	47.4	48.1	50.5	49.7	52.1	49.8	49.0	49.2	52.5	52.9	51.6	▲ 1.3
	Lodging, Hotels	52.2	48.3	48.0	59.5	62.1	59.8	55.1	56.6	55.5	57.6	59.7	64.3	56.9	▲ 7.4
	Recreation	43.2	42.1	44.1	50.9	48.9	50.4	47.6	49.3	48.8	46.2	46.3	44.8	47.9	3.1
	Broadcasting	39.5	40.7	41.1	42.6	44.7	47.4	43.1	44.7	46.1	45.6	42.6	45.6	43.3	▲ 2.3
	Maintenance,Guarding,Testing	45.6	42.9	42.6	45.3	45.8	47.3	48.0	48.4	47.4	47.8	46.8	49.0	46.9	▲ 2.1
	Advertising	39.7	40.2	41.4	43.7	46.6	45.0	45.0	44.8	45.2	45.4	45.2	45.6	45.1	▲ 0.5
	Information	53.6	53.2	53.8	55.5	55.8	56.2	56.8	57.0	56.4	55.5	56.0	55.4	56.3	0.9
	Labor Dispatching	50.0	48.5	47.9	47.3	49.6	50.7	52.0	52.0	50.9	48.9	50.9	52.3	50.0	▲ 2.3
	Special Services	48.7	48.5	49.2	50.1	50.9	52.3	51.7	52.2	51.3	51.2	52.0	51.1	50.3	▲ 0.8
	Medical,Welfare,Public Health	42.8	42.9	41.5	42.2	41.8	44.6	44.8	44.2	43.4	42.4	43.6	41.8	43.2	1.4
	Education	41.2	38.4	41.9	44.4	38.4	42.2	41.4	40.7	43.8	46.4	45.6	42.6	44.4	1.8
	Other	44.0	42.2	44.3	46.5	48.6	47.5	49.2	48.2	47.9	47.2	47.6	47.2	48.1	0.9
	Total	47.7	46.6	47.4	50.0	50.8	51.6	51.6	51.7	50.8	50.4	50.8	50.8	50.9	0.1
Other		36.7	36.5	37.0	38.2	39.2	41.2	39.8	40.9	40.8	39.2	40.1	38.2	42.8	4.6

	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Ratio to the Previous Month
Hokkaido	40.8	40.1	40.6	41.2	42.2	43.0	43.9	45.6	44.8	43.6	43.7	43.3	43.3	0.0
Tohoku	39.4	38.0	37.2	41.1	41.2	41.6	41.7	42.1	41.8	41.5	41.4	41.3	40.3	▲ 1.0
kitakanto	43.1	40.9	41.4	42.6	43.3	43.4	42.8	43.1	43.1	42.9	43.0	42.6	43.0	0.4
minamikanto	44.7	44.1	43.9	45.7	46.7	47.2	47.2	47.4	46.6	46.4	46.3	46.7	46.6	▲ 0.1
Hokuriku	42.2	40.9	41.2	42.1	42.5	44.0	43.7	43.6	43.1	42.5	42.1	42.3	42.5	0.2
Tokai	41.7	41.0	41.1	42.8	43.3	44.6	43.8	44.4	44.4	43.6	44.4	45.1	44.8	▲ 0.3
Kinki	42.7	42.0	41.8	43.6	44.3	45.4	43.9	43.8	43.6	43.2	43.7	44.1	44.6	0.5
Chugoku	43.4	41.9	41.8	44.1	44.8	44.9	44.7	45.3	44.3	44.1	44.9	44.2	43.9	▲ 0.3
Shikoku	39.3	39.0	38.6	40.0	40.7	43.0	41.7	42.6	41.8	41.2	41.4	41.3	42.5	1.2
Kyushu	44.8	44.0	44.8	46.4	48.1	48.5	48.2	48.0	48.3	47.7	48.6	48.7	49.0	0.3

Appendix

1.Research Subjects(Companies researched: 27,143; Valid responses: 11,407; Response rate: 42.0%)

1.Region

Hokkaido	528	Tokai	1,215
Tohoku	799	Kinki	1,897
kitaKanto	909	Chugoku	759
minamikanto	3,346	Shikoku	373
Hokuriku	590	Kyushu	991
		Total	11,407

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		109
Finance		163
Construction		1,720
Real Estate		501
Manufacturing (2,823)	Food,Beverages,Livestock Feed	331
	Textile,Textile Products,Clothing	109
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	215
	Pulp, Paper and Paper Products	90
	Publishing,Printing	163
	Chemical	373
	Steel,Nonferrous Metals,Mining	498
	General Machinery	465
	Electrical Machinery	316
	Transportation Machinery,Equipment	114
	Precision Machinery,Medical Instruments and Equipment	73
	Others	76
Wholesale (2,586)	Food,Beverages	334
	Textile,Textile Products,Clothing	158
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	297
	Paper Products,Stationery,Books	122
	Chemical	249
	Recycled Resources	32
	Steel,Nonferrous Metals,Mining Products	255
	Machinery,Equipment	820
	Others	319

Retail (792)	Food,Beverages	153
	Textile,Textile Products,Clothing	90
	Drugs,Sundries	55
	Furniture	26
	Electrical Household Appliances,Information Machinery and Equipment	50
	Motor Vehicles,Motor Vehicle Parts	120
	Special Merchandise	234
	Various Merchandise	51
	Others	13
Transportation,Warehousing		485
Service (2,191)	Restaurants	120
	Telecommunications	12
	Electricity,Gas,Water,Heat	16
	Leasing,Rentals	107
	Lodging, Hotels	106
	Recreation	119
	Broadcasting	15
	Maintenance,Guarding,Testing	202
	Advertising	102
	Information	568
	Labor Dispatching	90
	Special Services	346
	Medical,Welfare,Public Health	129
	Education	42
	Others	217
Others		37
Total		11,407

3.Size

Large Firms	1,744	15.3%
Small to Medium-sized Firms	9,663	84.7%
micro Firms	3,792	33.2%
Total	11,407	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 December 18 2023 – January 5 2024

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 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 Basic Act.