

## Bipolar trend continues; economy declines for two months in a row

Sever weather a cause of aggravation

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(Companies Researched: 23,257; Valid Responses: 10,752; Response Rate: 46.2%;  
Survey Start Date: May 2002)

### <Overview of September 2015: Bipolar trend continues>

The Economic DI (Economic DI: 50 points is the threshold of assessment) in September 2015 stood at 44.6, down 0.5 points from the previous month and declining for two months in a row.

The Japanese economy is showing a bipolar trend as torrential rainfalls exhibit downward pressure on the economy, in addition to a weakened production activity caused by volatile domestic and international economy.

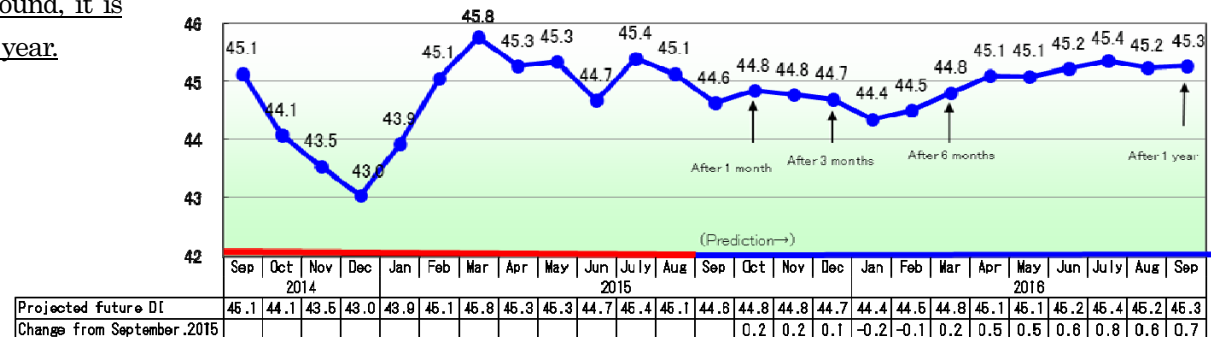
### <Future Outlook: Upward trend after the turn of the year >

Although the Japanese economy lacks positive elements to turn around, it is expected that the situation will gradually pick up after the turn of the year.

By industry: 5 out of 10 industries worsen; stagnant production in machinery-related industries causes a ripple effect in relevant businesses

By size: 'Large corporations' worsen for the first time in three months; sluggishness in automobile and industrial machinery stands out most

By region: 7 out of 10 regions worsen as a result of torrential rain in the 'Northern Kanto' region



\*: Economic DIs are calculated based on the structural ARIMA model, in which economic statistics are incorporated to the ARIMA model.

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

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Ratio to the PrFDios Month
Total	45.1	44.1	43.5	43.0	43.9	45.1	45.8	45.3	45.3	44.7	45.4	45.1	44.6	▲ 0.5
Large Firms	48.1	47.5	46.9	46.6	47.1	48.0	48.6	48.9	49.2	48.4	48.8	48.9	48.2	▲ 0.7
Small to Medium-sized Firms	44.3	43.1	42.6	42.0	43.0	44.2	45.0	44.3	44.3	43.6	44.5	44.1	43.6	▲ 0.5
Micro Firms	44.0	42.5	42.1	41.6	42.3	43.4	44.3	43.1	43.2	43.1	43.4	43.2	43.2	0.0

		Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries		42.1	41.8	38.6	39.5	41.3	40.0	44.0	43.7	45.0	41.9	42.9	44.7	44.7	0.0
Finance		47.1	44.9	45.3	45.2	45.1	44.7	48.0	48.1	47.4	49.2	48.1	46.5	46.3	▲ 0.2
Construction		52.8	51.6	51.0	50.3	50.4	50.4	50.8	49.3	48.6	47.7	48.6	48.8	49.1	0.3
Real Estate		47.0	45.2	43.6	44.1	45.1	47.2	48.8	48.8	49.6	49.1	49.8	48.4	48.7	0.3
Manufacturing	Food,BEWerages,Livestock Feed	39.5	39.0	36.8	37.5	37.2	39.8	43.1	42.1	44.3	43.1	43.4	43.0	43.6	0.6
	Textile,Textile Products,Clothing	39.8	39.4	36.8	38.1	36.8	39.7	37.6	40.2	41.7	39.4	39.4	40.2	38.8	▲ 1.4
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	43.3	44.0	44.1	43.3	43.2	41.9	42.1	40.3	40.9	40.3	41.2	41.2	40.9	▲ 0.3
	Pulp, Paper and Paper Products	36.1	36.7	36.1	36.3	34.8	37.3	39.3	39.8	40.0	39.0	39.7	42.0	40.8	▲ 1.2
	Publishing,Printing	33.1	31.5	31.5	31.0	31.8	33.5	34.1	34.6	34.1	33.5	33.7	34.9	34.8	▲ 0.1
	Chemical	43.4	42.4	42.9	43.3	43.2	44.5	44.6	44.1	44.4	43.9	44.7	45.3	44.4	▲ 0.9
	Steel,Nonferrous Metals,Mining	46.8	45.3	44.4	42.8	44.8	46.8	45.2	43.9	43.0	42.9	43.6	42.8	41.7	▲ 1.1
	General Machinery	51.7	50.5	50.0	48.6	49.6	51.5	52.6	52.5	51.6	51.3	51.9	50.3	47.3	▲ 3.0
	Electrical Machinery	46.2	46.1	45.9	45.8	47.3	48.4	49.7	47.7	47.3	47.4	47.4	44.8	45.2	0.4
	Transportation Machinery,Equipment	50.7	48.2	48.0	47.7	47.4	50.3	50.4	51.1	47.8	49.7	50.9	50.8	48.3	▲ 2.5
	Precision Machinery, Medical Instruments and Equipment	48.1	46.6	45.4	45.0	47.9	48.9	49.2	47.8	49.8	49.4	50.4	51.2	47.9	▲ 3.3
	Other	38.3	37.9	38.4	35.2	35.4	38.7	38.7	37.1	40.7	37.8	39.2	37.7	40.0	2.3
Total		44.2	43.4	42.9	42.3	43.0	44.6	45.1	44.4	44.5	44.0	44.6	44.2	43.2	▲ 1.0
Wholesale	Food,BEWerages	39.9	39.0	37.1	37.6	38.3	39.7	40.6	42.6	42.9	43.0	44.1	42.7	43.6	0.9
	Textile,Textile Products,Clothing	35.3	34.3	30.7	30.2	31.1	32.2	33.3	35.5	37.0	34.8	34.4	34.7	36.5	1.8
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	41.5	41.0	39.5	39.3	39.0	40.5	40.2	38.2	38.7	38.1	39.8	39.7	39.5	▲ 0.2
	Paper Products,Stationery,Books	33.8	32.9	33.5	31.8	33.2	35.1	37.7	37.3	38.1	34.5	37.1	36.5	36.8	0.3
	Chemical	40.8	40.6	40.0	37.8	38.9	41.2	41.8	42.5	43.0	43.1	43.9	42.6	42.3	▲ 0.3
	Recycled Resources	46.1	37.8	40.4	40.8	39.0	38.5	39.3	39.7	42.3	40.1	35.8	36.0	25.8	▲ 10.2
	Steel,Nonferrous Metals, Mining Products	43.5	43.2	43.8	42.1	43.9	43.5	43.2	41.2	40.3	39.3	40.4	40.3	38.5	▲ 1.8
	Machinery,Equipment	44.9	43.9	43.6	43.2	44.8	46.0	47.3	46.7	46.3	45.1	45.6	45.3	43.6	▲ 1.7
	Other	38.5	36.7	37.1	35.1	37.5	38.5	40.7	40.9	41.8	42.0	42.4	41.4	40.8	▲ 0.6
	Total		41.5	40.6	40.0	39.1	40.4	41.5	42.5	42.3	42.5	41.7	42.5	41.9	41.2

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

		Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Ratio to the PrFDious Month
Retail	Food,BEWerages	39.3	36.8	34.7	34.5	36.8	38.2	39.4	39.3	41.6	42.7	45.0	44.0	44.5	0.5
	Textile,Textile Products,Clothing	38.2	36.7	32.0	30.8	30.7	32.3	34.8	38.0	40.2	37.0	38.6	38.7	36.9	▲ 1.8
	Drugs,Sundries	41.7	41.1	42.6	38.9	44.6	45.3	46.0	48.1	48.0	48.6	49.3	48.7	46.7	▲ 2.0
	Furniture	37.0	22.7	27.3	26.4	28.8	33.3	27.8	35.0	40.0	43.3	41.7	41.7	42.9	1.2
	Electrical Household Appliances, Information Machinery and Equipment	36.1	36.2	36.0	34.3	39.3	39.0	43.2	38.4	41.5	40.6	38.9	38.3	44.6	6.3
	Motor Vehicles,Motor Vehicle Parts	33.0	30.1	31.8	28.7	37.8	40.7	38.8	36.5	39.9	37.2	38.3	38.7	38.6	▲ 0.1
	Special Merchandise	36.2	36.3	36.0	39.2	41.4	43.7	42.3	39.4	40.5	38.0	39.9	41.6	40.7	▲ 0.9
	Various Merchandise	41.8	41.2	39.1	40.5	42.6	41.0	40.6	47.1	49.7	48.1	48.8	49.0	47.3	▲ 1.7
	Other	37.5	40.0	40.0	41.7	33.3	36.7	38.9	41.7	36.1	43.3	35.7	44.4	44.4	0.0
	Total	37.5	36.3	35.5	35.9	39.1	40.5	40.5	40.2	42.1	40.7	41.9	42.4	42.2	▲ 0.2
Transportation,Warehousing		43.7	43.7	44.8	43.8	43.7	44.8	44.9	44.8	44.8	42.6	44.4	44.9	45.1	0.2
Service	Restaurants	46.7	42.6	45.1	39.9	44.6	45.2	49.2	50.0	49.6	48.3	47.4	51.3	45.3	▲ 6.0
	Postal,Telecommunications	50.0	46.3	48.1	50.0	56.3	53.7	48.3	54.2	53.7	50.0	47.0	53.0	59.3	6.3
	Electricity,Gas,Water,Heat	50.0	46.3	43.8	44.4	50.0	50.0	48.3	55.0	53.7	53.0	50.0	51.9	56.7	4.8
	Leasing,Rentals	51.8	49.7	49.9	49.1	50.9	50.0	49.3	49.6	47.9	47.9	48.7	49.9	48.0	▲ 1.9
	Lodging, Hotels	46.2	46.3	47.0	47.6	47.7	49.5	48.6	51.4	53.1	54.2	59.2	59.0	58.3	▲ 0.7
	Recreation	39.4	39.5	36.4	36.5	34.4	40.0	45.6	38.7	40.2	37.9	37.3	38.0	37.9	▲ 0.1
	Broadcasting	44.0	45.2	43.3	41.7	44.4	40.0	45.6	47.9	45.6	46.1	49.1	46.1	41.7	▲ 4.4
	Maintenance,Guarding,Testing	45.7	45.8	43.1	42.6	44.6	46.9	47.2	47.8	48.1	47.4	47.6	47.4	46.0	▲ 1.4
	Advertising	41.1	38.6	38.7	38.8	38.8	39.3	42.1	42.2	41.1	41.0	39.8	40.7	40.8	0.1
	Information	52.8	51.4	51.6	52.2	53.5	54.6	56.3	56.3	55.3	55.4	56.4	55.8	55.5	▲ 0.3
	Labor Dispatching	56.9	55.6	53.9	54.0	55.7	57.5	56.7	55.5	56.2	56.3	54.4	55.0	54.2	▲ 0.8
	Special Services	53.9	50.7	50.7	50.3	50.8	51.4	53.0	51.0	51.7	50.9	52.0	51.4	51.5	0.1
	Medical,Welfare,Public Health	46.2	46.2	45.0	44.1	44.7	45.7	45.3	46.1	46.3	43.3	45.3	43.6	42.8	▲ 0.8
	Education	41.7	42.4	41.7	39.9	40.5	40.2	39.5	41.2	41.1	44.4	40.6	44.1	42.1	▲ 2.0
	Other	47.2	44.9	45.2	45.0	47.4	48.1	47.2	46.1	46.8	49.5	50.9	48.5	49.3	0.8
	Total	49.2	47.7	47.3	47.2	48.3	49.2	50.3	50.1	49.9	49.7	50.4	50.1	49.6	▲ 0.5
Other		42.8	40.6	37.7	41.5	37.3	41.7	42.0	43.2	40.2	41.9	42.6	40.7	41.4	0.7

	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Ratio to the PrFDious Month
Hokkaido	45.0	42.5	41.5	40.1	39.1	39.9	40.0	40.8	41.6	40.9	41.8	41.8	41.8	0.0
Tohoku	46.1	45.2	45.6	44.5	45.4	46.0	46.5	46.0	44.9	45.0	46.3	46.1	45.9	▲ 0.2
kitakanto	45.8	43.1	43.4	43.2	44.1	45.3	46.2	45.4	45.2	44.8	45.0	45.2	42.6	▲ 2.6
minamikanto	45.4	44.4	43.8	43.6	44.7	46.0	46.8	46.2	46.5	46.1	46.8	46.1	45.4	▲ 0.7
Hokuriku	45.2	44.3	42.8	41.9	43.6	44.6	44.4	44.4	44.8	43.8	44.3	44.6	44.2	▲ 0.4
Tokai	45.6	44.7	44.4	43.4	45.0	46.3	46.4	45.6	46.5	45.3	46.9	46.5	46.0	▲ 0.5
Kinki	43.7	42.7	42.1	41.5	42.2	43.2	44.5	43.7	43.4	42.6	43.2	43.1	42.7	▲ 0.4
Chugoku	44.5	43.9	44.0	42.9	43.6	44.4	45.5	45.4	45.6	44.8	45.5	44.9	45.0	0.1
Shikoku	44.2	44.5	43.5	43.6	43.8	45.5	46.6	47.7	46.9	46.3	45.6	47.7	46.5	▲ 1.2
Kyushu	46.0	45.4	44.2	44.7	45.3	46.6	47.2	46.2	45.6	44.3	44.9	44.5	45.7	1.2

## Appendix

### 1. Research Subjects (Companies Researched: 23,257 ; Valid Responses: 10,752; Response Rate: 46.2%)

Appendix

#### 1. Region

Hokkaido	575	Tokai	1,201
Tohoku	675	Kinki	1,807
kita Kanto	739	Chugoku	599
minamikanto	3,471	Shikoku	333
Hokuriku	573	Kyushu	779
		Total	10,752

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

Agriculture, Forestry, Fisheries		60
Finance		139
Construction		1,534
Real Estate		288
Manufacturing 3,223	Food, Beverages, Livestock Feed	351
	Textile, Textile Products, Clothing	106
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	252
	Pulp, Paper and Paper Products	109
	Publishing, Printing	197
	Chemical	432
	Steel, Nonferrous Metals, Mining	554
	General Machinery	464
	Electrical Machinery	367
	Transportation Machinery, Equipment	105
	Precision Machinery, Medical Instruments and Equipment	79
	Others	95
Wholesale 3,959	Food, Beverages	370
	Textile, Textile Products, Clothing	192
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	384
	Paper Products, Stationery, Books	112
	Chemical	305
	Recycled Resources	42
	Steel, Nonferrous Metals, Mining Products	335
	Machinery, Equipment	1,001
	Others	364

Retail 480	Food, Beverages	73
	Textile, Textile Products, Clothing	37
	Drugs, Sundries	25
	Furniture	7
	Electrical Household Appliances, Information Machinery and Equipment	40
	Motor Vehicles, Motor Vehicle Parts	60
	Special Merchandise	151
	Various Merchandise	50
	Others	6
Transportation, Warehousing		449
Service 1,384	Restaurants	39
	Telecommunications	9
	Electricity, Gas, Water, Heat	10
	Leasing, Rentals	123
	Lodging, Hotels	38
	Recreation	55
	Broadcasting	18
	Maintenance, Guarding, Testing	160
	Advertising	132
	Information	448
	Labor Dispatching	59
	Special Services	226
	Medical, Welfare, Public Health	104
	Education	19
	Others	140
Others		37
Total		10,752

#### 3. Size

Large Firms	2,349	21.8%
Small to Medium-sized Firms	8,403	78.2%
micro Firms	2,633	24.5%
Total	10,752	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 September 14 – 30 2015

### 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 20,000 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 Formula

The DI (Diffusion Index) is calculated by attaching a number (in parenthesis in the diagram below) to each of seven possible responses. Then multiplying the percentage of each response by the appropriate number, and adding the results.

Very Bad	Bad	Moderately Bad	Neither Good or Bad	Moderately Good	Good	Very Good
( 0 )	( 1/6 )	( 2/6 )	( 3/6 )	( 4/6 )	( 5/6 )	( 6/6 )
0	16.7	33.3	DI=50 Dividing point	66.7	83.3	100

A DI over 50 is in the range of “Good.” A score under 50 is “Bad.” The number 50 is the dividing point (“Neither Good or Bad”). All numbers are rounded off to the hundredth. It should be noted that no weight is given to a company's responses based on its size. Calculations are made according to a “one company, one vote” rule.

For example, all corporations rated ‘Very Good’.

$$DI = 6/6 \times 100(\%) = 100$$

All corporations rated ‘Neither Good nor Bad’.

$$DI = 3/6 \times 100(\%) = 50$$

### 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.