

## TDB Economic Trends Research (Research & Summary for February 2013)

**Economic DI was 39.8, up 1.8 points from the previous month, improving for the third consecutive month**

- The domestic economy is showing signs of recovery with improvements seen in a wide range of industry sectors. -

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### < Overview of February 2013 >

The Economic DI (Economic DI: 0-100, 50 points is the threshold of assessment) in February 2013 stood at 39.8, up 1.8 points from the previous month, improving for the third consecutive month.

The domestic economy is recovering with improvements seen in a wide range of industry sectors.

### < Future Outlook >

The projected DI shows improvements for “one month later”, “three months later”, and “six months later”.

It is predicted that the domestic economy will recover gradually, preceded by the change in mindsets.

**By industry: 9 out of 10 industries improved**

**By size: “Large firms” improved for the fourth consecutive month, while “small and medium-sized” and “micro” companies improved for the third consecutive month**

**By region: All 10 regions improved together for the second consecutive month**

Economic DI	Feb. 2012	Mar	Apr	May	June	July	Aug	Sep	Oct
	36.3	38.3	38.5	38.2	37.6	37.9	37.7	36.8	35.5
Change from prior month	0.4	2.0	0.2	▲ 0.3	▲ 0.6	0.3	▲ 0.2	▲ 0.9	▲ 1.3
Economic DI	Nov	Dec	Jan. 2013	Feb	Projected future DI	After 1 month	After 3 months	After 6 months	After 1 year
	35.3	35.7	38.0	39.8		41.2	42.7	44.5	45.4
Change from prior month	▲ 0.2	0.4	2.3	1.8	Change from Feb. 2013	1.4	2.9	4.7	5.6

\*1: White columns mean an improvement, yellow-shaded columns mean the value was unchanged, and blue-shaded columns mean a decrease.

\*2: 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

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Ratio to the Previous Month
Total	36.3	38.3	38.5	38.2	37.6	37.9	37.7	36.8	35.5	35.3	35.7	38.0	39.8	1.8
Large Firms	38.7	40.8	41.2	40.8	40.3	40.8	40.3	39.5	38.2	38.4	38.7	41.0	42.9	1.9
Small to Medium-sized Firms	35.6	37.5	37.7	37.4	36.8	37.1	36.9	36.0	34.6	34.4	34.7	37.1	38.9	1.8
Micro Firms	33.7	35.2	35.4	34.8	34.8	35.4	35.2	35.0	34.0	33.6	33.9	36.9	38.9	2.0

  

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Ratio to the Previous Month
Agriculture, Forestry, Fisheries	35.3	35.8	36.4	35.0	34.8	34.5	35.8	35.2	33.3	33.7	34.9	36.0	36.8	0.8
Finance	35.6	38.6	38.8	37.6	38.0	37.7	37.7	37.5	35.7	36.1	36.2	41.3	42.4	1.1
Construction	34.6	35.7	35.7	35.5	36.2	37.2	38.0	38.1	38.6	39.0	38.7	41.9	43.8	1.9
Real Estate	36.5	38.6	38.2	37.9	38.2	39.2	38.5	38.3	36.7	35.7	37.0	40.9	45.7	4.8
Manufacturing	Food, Beverages, Livestock Feed	33.8	36.7	36.7	36.6	35.2	34.5	33.8	34.7	33.4	32.7	33.4	34.5	1.1
	Textile, Textile Products, Clothing	38.0	38.9	39.9	39.4	37.9	37.9	35.9	36.0	33.7	33.1	35.6	36.9	0.4
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	34.0	36.0	35.9	34.9	34.5	36.4	35.6	37.9	36.4	37.0	38.2	38.9	1.4
	Pulp, Paper and Paper Products	31.9	34.6	36.5	34.2	34.2	33.6	34.7	32.7	30.2	30.8	31.1	33.3	▲ 0.3
	Publishing, Printing	28.5	31.8	30.8	30.5	29.3	28.5	29.6	28.6	29.1	29.2	28.3	29.6	1.8
	Chemical	37.2	39.1	39.3	39.7	39.7	39.2	39.2	36.4	35.0	33.3	34.1	36.4	1.6
	Steel, Nonferrous Metals, Mining	37.4	39.2	39.2	38.4	37.7	38.0	37.2	35.6	32.1	31.9	32.6	35.5	2.1
	General Machinery	39.9	42.4	42.4	41.3	39.3	38.6	37.8	36.4	34.0	33.4	32.7	36.3	2.9
	Electrical Machinery	36.7	38.7	38.2	38.7	37.6	38.2	37.2	34.8	32.6	31.8	32.8	35.8	2.4
	Transportation Machinery, Equipment	42.8	47.2	48.0	48.2	44.9	44.4	43.1	40.5	33.3	32.8	32.6	34.2	7.0
	Precision Machinery, Medical Instruments and Equipment	39.3	40.7	38.5	37.1	39.5	39.7	39.4	36.2	33.5	32.5	32.4	33.6	2.9
	Other	29.9	33.0	33.0	33.7	30.8	33.5	32.1	32.2	29.2	30.8	31.0	31.3	3.5
	Total	36.2	38.5	38.4	38.0	37.0	37.0	36.5	35.4	33.1	32.6	33.1	35.3	2.1
Wholesale	Food, Beverages	33.5	36.1	36.0	36.8	36.0	36.2	35.2	34.1	32.4	33.5	33.9	34.6	0.7
	Textile, Textile Products, Clothing	33.3	34.4	37.1	37.2	34.2	33.8	34.4	31.8	32.0	32.4	34.3	34.7	▲ 0.1
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	35.1	36.1	35.9	35.4	35.3	36.9	37.6	37.3	38.3	39.3	39.9	42.2	1.3
	Paper Products, Stationery, Books	28.9	34.0	35.2	32.6	32.8	32.2	30.9	32.8	28.0	30.2	31.7	31.8	0.5
	Chemical	36.5	38.7	38.9	39.1	38.0	38.5	37.6	36.7	35.6	35.1	34.6	35.9	0.2
	Recycled Resources	37.2	33.3	38.7	36.7	32.2	29.0	35.1	27.0	22.4	30.1	32.1	41.9	6.9
	Steel, Nonferrous Metals, Mining Products	36.1	38.2	38.7	35.9	35.7	35.2	35.7	33.6	32.6	31.6	34.0	37.3	0.9
	Machinery, Equipment	37.7	40.1	40.3	38.7	38.8	38.8	37.9	36.9	34.6	33.7	34.1	36.8	2.0
	Other	35.0	35.7	36.6	37.6	36.1	36.0	35.5	34.1	32.8	32.8	32.2	34.0	1.3
	Total	35.6	37.6	38.1	37.4	36.7	36.8	36.4	35.3	33.9	33.9	34.5	36.5	1.2

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

		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Ratio to the Previous Month
Retail	Food,Beverages	34.5	37.3	38.2	36.4	38.0	35.5	37.2	36.7	33.1	34.7	30.6	32.9	38.8	5.9
	Textile,Textile Products,Clothing	34.8	38.0	36.5	40.7	35.6	34.2	34.0	32.2	32.9	35.5	32.9	34.6	34.8	0.2
	Drugs,Sundries	49.2	45.3	47.9	46.7	43.1	45.3	45.8	43.8	42.3	44.4	47.7	49.4	45.7	▲ 3.7
	Furniture	37.5	39.6	38.5	40.0	36.5	42.4	39.3	36.1	32.1	34.7	38.9	37.5	44.4	6.9
	Electrical Household Appliances, Information Machinery and Equipment	38.8	40.9	38.2	42.1	38.2	38.9	41.1	40.4	33.8	33.3	34.1	39.5	38.7	▲ 0.8
	Motor Vehicles,Motor Vehicle Parts	48.2	51.5	46.7	45.5	46.6	46.0	40.8	41.5	36.9	31.5	32.1	41.2	42.9	1.7
	Special Merchandise	33.3	32.3	34.7	35.0	34.9	35.3	33.6	33.0	32.4	32.7	33.0	32.7	35.1	2.4
	Various Merchandise	37.7	39.7	41.2	39.1	36.7	39.7	37.1	36.3	35.8	35.3	35.5	38.4	40.5	2.1
	Other	44.4	30.0	33.3	25.0	30.6	46.7	47.6	36.1	33.3	33.3	36.7	36.7	31.0	▲ 5.7
	Total	37.5	38.5	38.9	39.0	38.1	38.3	37.3	36.4	34.2	34.2	34.0	36.3	38.4	2.1
Transportation,Warehousing		36.5	38.7	39.8	39.5	38.1	39.2	39.5	37.6	36.7	35.3	36.9	38.0	39.5	1.5
Service	Restaurants	35.0	39.4	37.1	36.5	40.6	39.6	41.7	39.6	36.0	32.4	35.4	35.7	37.8	2.1
	Postal,Telecommunications	51.4	47.6	47.2	51.5	52.1	47.0	53.0	50.0	45.2	48.7	48.7	53.8	53.0	▲ 0.8
	Electricity,Gas,Water,Heat	42.9	41.7	43.8	47.9	45.8	40.0	35.4	41.7	37.0	42.6	37.5	43.8	45.8	2.0
	Leasing,Rentals	41.1	43.3	40.9	46.1	43.6	44.2	43.6	43.8	43.3	43.7	45.2	45.3	48.4	3.1
	Lodging, Hotels	29.8	38.9	41.5	41.4	41.7	42.4	42.2	41.7	38.1	40.0	37.2	38.4	40.1	1.7
	Recreation	32.8	35.9	38.5	38.1	35.5	33.3	36.1	35.0	37.4	36.2	36.7	38.5	38.5	0.0
	Broadcasting	40.6	40.7	46.1	43.1	45.1	39.2	40.2	41.2	38.2	40.6	38.5	41.7	37.8	▲ 3.9
	Maintenance,Guarding,Testing	37.0	38.2	37.0	37.8	39.4	38.1	38.9	39.7	37.7	38.4	37.6	40.7	44.0	3.3
	Advertising	35.1	36.6	37.4	38.3	37.2	37.3	36.1	35.9	35.1	34.7	34.5	35.4	38.9	3.5
	Information	41.8	43.1	43.7	43.3	43.5	43.9	43.7	42.5	42.2	42.8	42.2	45.2	47.3	2.1
	Labor Dispatching	49.1	48.0	52.0	51.1	51.9	49.2	50.0	48.8	46.6	42.8	44.9	44.7	48.7	4.0
	Special Services	38.2	41.7	40.6	41.6	40.0	41.2	41.6	41.1	40.5	40.4	41.1	44.3	46.9	2.6
	Medical,Welfare,Public Health	41.2	42.6	44.7	44.0	42.4	43.5	43.8	43.4	41.8	41.1	40.8	45.3	45.7	0.4
	Education	44.2	43.2	43.8	42.3	38.2	41.0	43.2	39.3	42.3	40.1	38.3	46.8	46.8	0.0
	Other	39.7	43.0	44.7	43.9	44.0	44.3	42.8	42.9	41.1	40.7	39.5	42.2	42.1	▲ 0.1
	Total	39.5	41.6	41.9	42.4	41.9	42.0	42.1	41.5	40.6	40.5	40.5	43.0	45.0	2.0
Other		33.3	34.4	37.2	33.9	35.8	40.0	35.6	38.7	37.4	36.0	36.2	36.7	33.8	▲ 2.9

  

		Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Ratio to the Previous Month
Hokkaido		30.4	31.6	32.6	33.0	33.5	35.1	35.0	35.2	35.3	34.3	34.0	36.1	38.4	2.3
Tohoku		41.5	43.1	44.4	43.7	43.3	44.9	44.2	43.5	42.7	42.8	42.1	42.8	43.3	0.5
kitakanto		35.5	37.1	37.5	37.0	36.2	36.4	35.5	34.8	32.4	31.4	32.7	34.1	37.1	3.0
minamikanto		37.6	39.9	40.1	39.7	38.9	39.1	38.9	37.9	36.6	36.5	37.1	39.4	41.3	1.9
Hokuriku		35.8	38.0	37.9	37.2	37.3	37.7	37.5	36.5	34.2	34.6	34.2	36.9	38.4	1.5
Tokai		37.6	39.9	40.1	39.7	38.7	39.4	39.3	37.3	34.9	34.2	34.6	37.4	39.8	2.4
Kinki		35.0	36.9	37.1	36.8	36.3	36.2	36.3	35.2	33.9	33.8	34.3	36.7	38.5	1.8
Chugoku		33.5	34.7	35.2	34.9	34.3	33.5	33.9	33.1	33.0	33.1	32.6	36.2	37.2	1.0
Shikoku		36.4	37.3	36.2	36.3	36.6	36.1	35.9	35.1	34.6	34.8	36.4	38.4	39.8	1.4
Kyushu		35.4	37.4	36.9	36.7	36.4	36.6	36.0	36.5	35.2	36.0	36.0	39.0	40.5	1.5

## Appendix

### 1. Research Subjects(Corporations: 23,051

Valid responses:10,338,Response rate:44.8%)

#### 1.Region

Hokkaido	547	Tokai	1,119
Tohoku	590	Kinki	1,738
kitaKanto	657	Chugoku	619
minamikanto	3,401	Shikoku	326
Hokuriku	532	Kyushu	809
Total		10,338	

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

Agriculture,Forestry,Fisheries		39
Finance		125
Construction		1,427
Real Estate		262
Manufacturing 3,223	Food,Beverages,Livestock Feed	349
	Textile,Textile Products,Clothing	117
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	236
	Pulp, Paper and Paper Products	106
	Publishing,Printing	192
	Chemical	393
	Steel,Nonferrous Metals,Mining	530
	General Machinery	447
	Electrical Machinery	353
	Transportation Machinery,Equipment	98
Wholesale 3,959	Precision Machinery,Medical Instruments and Equipment	74
	Others	93
	Food,Beverages	393
	Textile,Textile Products,Clothing	219
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	382
	Paper Products,Stationery,Books	118
	Chemical	320
	Recycled Resources	28
	Steel,Nonferrous Metals,Mining Products	337
	Machinery,Equipment	984
	Others	380

Retail 480	Food,Beverages	79
	Textile,Textile Products,Clothing	33
	Drugs,Sundries	23
	Furniture	12
	Electrical Household Appliances,Information Machinery and Equipment	34
	Motor Vehicles,Motor Vehicle Parts	56
	Special Merchandise	144
	Various Merchandise	51
	Others	7
Transportation,Warehousing		389
Service 1,384	Restaurants	37
	Telecommunications	11
	Electricity,Gas,Water,Heat	8
	Leasing,Rentals	126
	Lodging, Hotels	37
	Recreation	61
	Broadcasting	15
	Maintenance,Guarding,Testing	142
	Advertising	126
	Information	401
	Labor Dispatching	62
	Special Services	201
	Medical,Welfare,Public Health	90
	Education	26
	Others	131
Others		34
Total		10,338

#### 3.Size

Large Firms	2,372	22.9%
Small to Medium-sized Firms	7,966	77.1%
micro Firms	2,394	23.2%
Total	10,338	46.1%

## 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 18 to 28, 2013

### 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.