

Domestic economy improves for the first time in four months

～ Efforts to move past COVID are accelerating thanks to strong tourism and entertainment coinciding with season demand ～

(Companies researched: 27,628; Valid responses: 11,428; Response rate: 41.4%; Survey start date: May 2002)

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< Trends in March 2023: Turning upward >

The economic diffusion index (DI) in March 2023 was 43.9, up 1.8 points from the previous month, the first improvement in four months. Though some concerns still exist, the domestic economy turned upward, driven by consumption activity brought about by larger numbers of people going out in public.

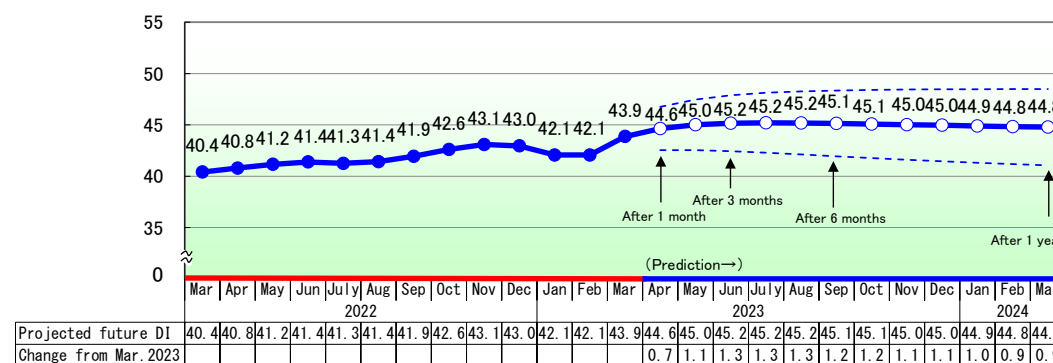
< Future outlook: Economy will largely trend flat >

Going forward, despite the existence of factors that may cause downward shifts such as soaring raw materials costs, economic trends are expected to largely trend flat.

By industry: Improvement in all 10 industries. Realization of a virtuous cycle thanks to a more vitalized market made possible through more relaxed mask regulations and other factors.

By size: All scales improved for the first time in four months, driven by tourism and other factors.

By region: Improvement in all 10 regions, with local economies being boosted thanks to various factors, such as more people going out in public.



*: 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

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Ratio to the Previous Month
Total	40.4	40.8	41.2	41.4	41.3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	1.8
Large Firms	43.4	43.1	43.5	43.5	43.4	43.8	43.6	44.2	45.0	44.8	44.8	44.2	46.1	1.9
Small to Medium-sized Firms	39.8	40.3	40.7	41.0	40.8	41.0	41.6	42.3	42.7	42.6	41.6	41.7	43.5	1.8
Micro Firms	38.4	38.9	39.5	40.0	39.7	39.8	40.7	41.1	41.4	41.3	40.4	40.9	42.4	1.5

			Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Ratio to the Previous Month
Agriculture,Forestry,Fisheries			34.8	35.0	37.6	34.7	36.3	35.9	35.8	36.4	37.7	37.9	37.4	38.9	41.6	2.7
Finance			42.5	41.1	42.7	42.3	41.9	41.7	43.6	43.2	44.5	44.3	44.8	43.3	44.0	0.7
Construction			42.8	41.8	42.2	42.5	43.1	43.3	44.0	44.2	44.9	44.6	44.1	43.7	45.5	1.8
Real Estate			42.8	43.2	44.7	45.9	44.7	44.8	45.3	44.0	45.6	44.8	46.1	46.3	47.5	1.2
Manufacturing	Food,BEWerages,Livestock Feed	34.2	36.4	37.6	37.8	36.7	36.1	35.5	38.2	38.8	38.3	38.1	37.0	41.1		4.1
	Textile,Textile Products,Clothing	33.0	34.6	33.8	34.4	36.1	32.6	36.2	35.7	36.5	37.9	37.7	39.0	38.6		▲ 0.4
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	41.1	41.7	41.1	40.4	40.8	39.8	40.2	40.9	41.9	41.0	38.0	37.6	37.0		▲ 0.6
	Pulp, Paper and Paper Products	37.2	40.3	38.3	37.4	37.5	36.6	38.0	40.4	40.2	39.2	39.8	36.6	38.6		2.0
	Publishing,Printing	29.6	30.7	30.3	29.7	29.1	29.6	30.0	31.8	32.9	32.4	31.7	31.6	34.3		2.7
	Chemical	42.7	42.3	41.7	41.1	41.8	42.6	42.3	40.8	40.8	41.5	40.3	39.2	40.1		0.9
	Steel,Nonferrous Metals,Mining	42.6	42.1	40.9	41.2	42.9	42.7	43.0	43.9	43.6	43.1	41.7	41.0	41.9		0.9
	General Machinery	46.7	45.9	46.9	46.3	46.3	46.2	45.4	45.8	45.9	44.9	43.3	43.7	43.4		▲ 0.3
	Electrical Machinery	44.3	44.8	44.3	44.8	44.7	44.2	45.2	44.8	45.4	44.5	43.3	43.2	42.8		▲ 0.4
	Transportation Machinery,Equipment	40.0	38.1	37.6	36.8	40.3	41.2	40.2	42.2	42.1	41.0	38.7	39.6	41.2		1.6
	Precision Machinery, Medical Instruments and Equipment	47.1	46.8	48.2	48.8	48.5	46.5	46.2	46.1	46.1	46.3	46.5	49.0	46.8		▲ 2.2
	Other	35.4	37.3	39.2	38.1	37.8	38.2	37.5	35.4	35.9	37.0	39.1	36.1	40.8		4.7
Total		40.9	41.2	41.0	40.8	41.3	41.0	41.1	41.6	41.9	41.5	40.4	41.0		1.0	
Wholesale	Food,BEWerages	32.6	36.2	37.3	37.1	37.0	35.6	35.8	37.4	38.8	38.2	37.5	38.3	42.1		3.8
	Textile,Textile Products,Clothing	25.4	28.7	31.4	31.3	29.9	29.9	29.9	32.4	33.1	34.0	34.7	35.9	38.0		2.1
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	40.5	38.6	38.1	38.3	38.6	38.5	37.5	39.8	39.5	40.2	38.3	37.2	38.0		0.8
	Paper Products,Stationery,Books	34.6	33.8	34.2	32.8	33.0	33.5	34.5	37.1	37.0	33.8	34.8	35.6	37.3		1.7
	Chemical	43.5	42.3	42.3	41.6	43.5	43.0	43.4	42.6	43.8	43.5	42.8	41.7	43.5		1.8
	Recycled Resources	53.2	54.0	47.5	41.4	40.9	39.6	47.0	46.3	43.5	46.2	43.3	43.2	41.7		▲ 1.5
	Steel,Nonferrous Metals, Mining Products	41.1	40.3	40.0	39.7	39.3	39.3	39.8	39.7	40.2	39.9	38.5	37.1	37.8		0.7
	Machinery,Equipment	41.9	42.5	42.0	42.9	43.1	42.6	43.3	44.1	44.1	43.8	43.0	43.3	45.2		1.9
	Other	35.5	37.3	37.8	38.1	37.7	37.7	38.2	39.0	39.6	40.9	40.0	40.9	42.3		1.4
	Total		38.6	39.2	39.4	39.4	39.5	39.2	39.6	40.6	41.0	41.0	40.1	40.1	41.9	

Economic Diffusion Index (Economic DI)2/2

		Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Ratio to the Previous Month
Retail	Food,BEWerages	38.6	37.7	41.8	42.7	40.3	39.9	40.2	39.6	43.2	42.2	42.3	40.6	42.7	2.1
	Textile,Textile Products,Clothing	30.6	33.6	33.9	33.6	37.7	33.6	34.9	38.7	38.1	35.4	34.2	35.7	39.7	4.0
	Drugs,Sundries	36.8	32.1	38.9	40.1	37.1	41.9	39.5	38.9	40.6	39.0	37.2	38.5	42.9	4.4
	Furniture	30.6	39.2	34.3	39.8	35.2	36.1	40.0	37.8	36.2	31.0	34.2	33.3	39.5	6.2
	Electrical Household Appliances, Information Machinery and Equipment	33.0	33.7	34.7	34.0	36.7	32.7	37.1	35.1	35.3	37.2	36.3	37.5	40.2	2.7
	Motor Vehicles,Motor Vehicle Parts	34.7	35.1	37.1	36.4	32.4	35.9	38.8	37.6	37.2	35.3	38.2	38.7	40.8	2.1
	Special Merchandise	29.9	31.3	33.1	34.3	33.2	34.7	34.0	33.5	35.4	34.8	34.4	35.3	38.6	3.3
	Various Merchandise	34.0	36.4	39.9	37.8	40.2	38.0	36.1	41.3	41.4	42.6	42.5	41.0	43.6	2.6
	Other	43.9	34.7	41.0	39.7	36.9	42.3	32.1	36.5	44.9	41.1	42.3	44.8	41.1	▲ 3.7
	Total	33.3	34.0	36.4	36.7	35.7	36.3	36.7	36.8	38.2	37.4	37.5	37.7	40.6	2.9
Transportation,Warehousing		35.4	36.6	37.2	37.1	37.8	37.3	38.2	40.7	41.6	41.6	38.9	38.0	41.2	3.2
Service	Restaurants	23.8	32.8	34.3	38.0	34.0	28.1	31.8	39.0	39.1	41.5	38.5	42.4	49.8	7.4
	Postal,Telecommunications	48.5	50.0	53.0	56.0	47.0	47.9	51.9	52.4	50.0	48.3	47.6	44.4	52.8	8.4
	Electricity,Gas,Water,Heat	33.3	35.7	40.6	34.3	37.7	35.9	36.1	31.1	32.3	36.7	32.4	32.1	39.7	7.6
	Leasing,Rentals	40.2	42.0	43.3	44.9	40.8	44.7	45.6	47.5	48.4	47.4	46.8	47.4	48.1	0.7
	Lodging, Hotels	18.1	28.3	33.0	33.3	30.3	38.0	37.4	53.3	54.8	52.2	48.3	48.0	59.5	11.5
	Recreation	35.1	35.6	38.9	41.6	40.7	40.1	42.2	45.0	43.8	43.2	42.1	44.1	50.9	6.8
	Broadcasting	44.4	43.9	43.3	41.7	43.0	38.3	46.1	43.1	41.7	39.5	40.7	41.1	42.6	1.5
	Maintenance,Guarding,Testing	42.3	43.1	42.5	44.2	42.2	43.4	42.8	42.8	43.6	45.6	42.9	42.6	45.3	2.7
	Advertising	36.4	36.9	34.8	37.3	34.3	36.7	39.3	40.9	40.3	39.7	40.2	41.4	43.7	2.3
	Information	51.1	50.8	50.8	52.0	51.5	52.7	53.0	52.3	53.0	53.6	53.2	53.8	55.5	1.7
	Labor Dispatching	44.4	45.7	47.6	45.7	46.5	49.8	47.4	48.8	46.5	50.0	48.5	47.9	47.3	▲ 0.6
	Special Services	46.9	48.1	48.1	49.6	48.7	48.3	49.4	49.0	48.8	48.7	48.5	49.2	50.1	0.9
	Medical,Welfare,Public Health	42.5	44.5	44.4	43.5	42.5	41.2	41.7	43.2	43.6	42.8	42.9	41.5	42.2	0.7
	Education	37.8	39.6	35.6	40.1	38.8	39.7	43.7	42.1	42.8	41.2	38.4	41.9	44.4	2.5
	Other	39.3	42.1	42.7	42.8	42.4	41.2	42.8	43.3	43.5	44.0	42.2	44.3	46.5	2.2
Total		43.1	44.5	44.8	45.9	44.4	45.4	46.3	47.1	47.3	47.7	46.6	47.4	50.0	2.6
Other		38.7	36.8	38.1	35.6	36.6	38.3	37.2	37.9	38.2	36.7	36.5	37.0	38.2	1.2

	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Ratio to the Previous Month
Hokkaido	36.5	37.9	38.9	40.1	41.0	40.2	40.7	41.2	40.9	40.8	40.1	40.6	41.2	0.6
Tohoku	37.0	37.6	39.1	39.0	38.8	38.1	39.3	39.9	40.3	39.4	38.0	37.2	41.1	3.9
kitakanto	40.7	42.0	42.1	42.6	42.9	43.8	42.5	43.7	43.7	43.1	40.9	41.4	42.6	1.2
minamikanto	42.1	42.4	42.7	43.2	42.6	43.3	43.6	43.8	44.4	44.7	44.1	43.9	45.7	1.8
Hokuriku	39.2	39.9	40.6	40.5	41.5	40.8	41.7	42.3	42.2	42.2	40.9	41.2	42.1	0.9
Tokai	40.2	40.2	40.1	39.5	39.5	39.7	40.4	41.1	41.4	41.7	41.0	41.1	42.8	1.7
Kinki	40.5	40.8	40.9	40.9	40.9	41.1	41.5	42.3	43.0	42.7	42.0	41.8	43.6	1.8
Chugoku	40.7	39.8	40.6	41.1	41.3	40.9	41.8	42.8	43.8	43.4	41.9	41.8	44.1	2.3
Shikoku	38.9	38.1	38.7	38.4	38.3	37.7	38.7	40.3	40.0	39.3	39.0	38.6	40.0	1.4
Kyushu	40.9	41.5	41.6	42.2	41.5	41.3	43.0	44.0	45.1	44.8	44.0	44.8	46.4	1.6

Appendix

1. Research Subjects (Companies researched: 27,628; Valid responses: 11,428; Response rate: 41.4%)

1. Region

Hokkaido	536	Tokai	1,241
Tohoku	764	Kinki	1,931
kitaKanto	900	Chugoku	791
minamikanto	3,362	Shikoku	360
Hokuriku	585	Kyushu	958
		Total	11,428

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		105
Finance		158
Construction		1,772
Real Estate		480
Manufacturing (2,875)	Food, Beverages, Livestock Feed	344
	Textile, Textile Products, Clothing	111
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	220
	Pulp, Paper and Paper Products	83
	Publishing, Printing	158
	Chemical	384
	Steel, Nonferrous Metals, Mining	524
	General Machinery	483
	Electrical Machinery	306
	Transportation Machinery, Equipment	108
	Precision Machinery, Medical Instruments and Equipment	74
	Others	80
Wholesale (2,665)	Food, Beverages	344
	Textile, Textile Products, Clothing	170
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	315
	Paper Products, Stationery, Books	92
	Chemical	258
	Recycled Resources	30
	Steel, Nonferrous Metals, Mining Products	274
	Machinery, Equipment	849
	Others	333

Retail (698)	Food, Beverages	110
	Textile, Textile Products, Clothing	60
	Drugs, Sundries	52
	Furniture	19
	Electrical Household Appliances, Information Machinery and Equipment	39
	Motor Vehicles, Motor Vehicle Parts	112
	Special Merchandise	236
	Various Merchandise	55
	Others	15
Transportation, Warehousing		505
Service (2,129)	Restaurants	97
	Telecommunications	6
	Electricity, Gas, Water, Heat	13
	Leasing, Rentals	105
	Lodging, Hotels	104
	Recreation	93
	Broadcasting	18
	Maintenance, Guarding, Testing	206
	Advertising	113
	Information	594
	Labor Dispatching	88
	Special Services	315
	Medical, Welfare, Public Health	120
	Education	36
	Others	221
Others		41
Total		11,428

3. Size

Large Firms	1,765	15.4%
Small to Medium-sized Firms	9,663	84.6%
micro Firms	3,669	32.1%
Total	11,428	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 March 17– 31 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.