

Gaps among industries underline an economy with mixed results

Wage increase and high stock prices result in strong consumer spending

(Companies Researched: 23,587; Valid Responses: 10,664; Response Rate: 45.2%; Survey Start Date: May 2002)

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< Overview of May 2015: A divided economy amidst the upward trend >

The Economic DI (Economic DI: 50 points is the threshold of assessment) in May 2015 stood at an equivalent level as the previous month at 45.3, as the economy remained mostly flat.

While some industries showed record-high business confidence, the Japanese economy is showing mixed results amidst an upward trend, as varying degrees of economic recovery have been exposed even within a same industry.

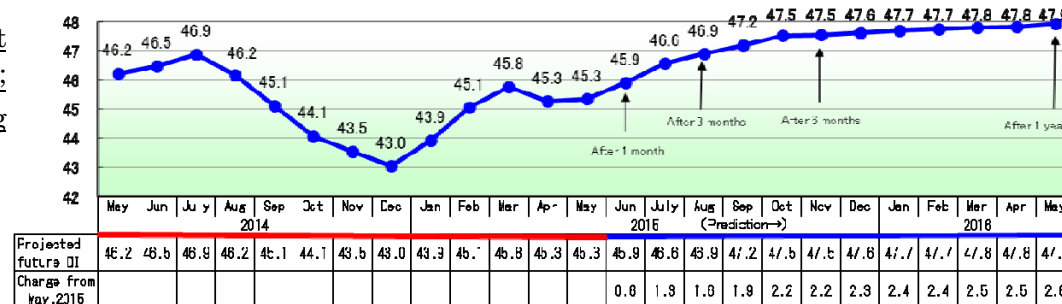
< Future Outlook: Moderate Improvement >

Concerns remain as further weakness in the yen may lead to higher import prices and negatively impact performances of small to mid-size companies; however, a moderate improvement is forecasted as recovery in consumer spending associated with income improvement becomes the driving force.

By industry : Expensive products and inbound tourism expenditure are the driving forces for "Retail"

By size : "Large companies" experience 5 straight months of improvement, while small to midsize companies remain flat

By region : 5 out of 10 regions show improvement, while "Hokkaido" stretches its improvement to 4 straight months



*: 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

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Ratio to the PrFBious Month
Total	46.2	46.5	46.9	46.2	45.1	44.1	43.5	43.0	43.9	45.1	45.8	45.3	45.3	0.0
Large Firms	49.3	50.0	49.7	49.2	48.1	47.5	46.9	46.6	47.1	48.0	48.6	48.9	49.2	0.3
Small to Medium-sized Firms	45.3	45.4	46.1	45.3	44.3	43.1	42.6	42.0	43.0	44.2	45.0	44.3	44.3	0.0
Micro Firms	45.0	45.0	45.3	44.7	44.0	42.5	42.1	41.6	42.3	43.4	44.3	43.1	43.2	0.1

		May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Ratio to the PrFBious Month
Agriculture,Forestry,Fisheries		40.7	43.0	45.1	40.9	42.1	41.8	38.6	39.5	41.3	40.0	44.0	43.7	45.0	1.3
Finance		46.6	47.5	49.2	47.9	47.1	44.9	45.3	45.2	45.1	44.7	48.0	48.1	47.4	▲ 0.7
Construction		51.7	52.7	53.5	53.2	52.8	51.6	51.0	50.3	50.4	50.4	50.8	49.3	48.6	▲ 0.7
Real Estate		48.3	48.8	47.4	46.8	47.0	45.2	43.6	44.1	45.1	47.2	48.8	48.8	49.6	0.8
Manufacturing	Food,BEWerages,Livestock Feed	40.4	40.4	39.9	39.8	39.5	39.0	36.8	37.5	37.2	39.8	43.1	42.1	44.3	2.2
	Textile,Textile Products,Clothing	43.1	41.1	41.8	42.0	39.8	39.4	36.8	38.1	36.8	39.7	37.6	40.2	41.7	1.5
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	47.5	47.0	45.0	44.6	43.3	44.0	44.1	43.3	43.2	41.9	42.1	40.3	40.9	0.6
	Pulp, Paper and Paper Products	40.5	38.7	39.4	36.2	36.1	36.7	36.1	36.3	34.8	37.3	39.3	39.8	40.0	0.2
	Publishing,Printing	35.3	34.8	34.9	33.7	33.1	31.5	31.5	31.0	31.8	33.5	34.1	34.6	34.1	▲ 0.5
	Chemical	46.7	45.6	46.6	45.8	43.4	42.4	42.9	43.3	43.2	44.5	44.6	44.1	44.4	0.3
	Steel,Nonferrous Metals,Mining	47.4	48.1	48.7	49.1	46.8	45.3	44.4	42.8	44.8	46.8	45.2	43.9	43.0	▲ 0.9
	General Machinery	52.3	52.7	53.8	52.2	51.7	50.5	50.0	48.6	49.6	51.5	52.6	52.5	51.6	▲ 0.9
	Electrical Machinery	48.1	48.8	49.9	47.3	46.2	46.1	45.9	45.8	47.3	48.4	49.7	47.7	47.3	▲ 0.4
	Transportation Machinery,Equipment	50.2	51.7	52.8	53.4	50.7	48.2	48.0	47.7	47.4	50.3	50.4	51.1	47.8	▲ 3.3
	Precision Machinery, Medical Instruments and Equipment	45.2	47.7	48.2	49.3	48.1	46.6	45.4	45.0	47.9	48.9	49.2	47.8	49.8	2.0
	Other	38.0	37.8	39.2	39.3	38.3	37.9	38.4	35.2	35.4	38.7	38.7	37.1	40.7	3.6
Total		45.9	45.9	46.3	45.6	44.2	43.4	42.9	42.3	43.0	44.6	45.1	44.4	44.5	0.1
Wholesale	Food,BEWerages	41.3	41.4	41.0	39.6	39.9	39.0	37.1	37.6	38.3	39.7	40.6	42.6	42.9	0.3
	Textile,Textile Products,Clothing	37.7	36.8	36.7	35.9	35.3	34.3	30.7	30.2	31.1	32.2	33.3	35.5	37.0	1.5
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	46.8	44.3	44.3	42.9	41.5	41.0	39.5	39.3	39.0	40.5	40.2	38.2	38.7	0.5
	Paper Products,Stationery,Books	37.0	36.0	35.9	34.6	33.8	32.9	33.5	31.8	33.2	35.1	37.7	37.3	38.1	0.8
	Chemical	41.9	43.5	43.4	42.8	40.8	40.6	40.0	37.8	38.9	41.2	41.8	42.5	43.0	0.5
	Recycled Resources	48.7	50.0	47.3	47.3	46.1	37.8	40.4	40.8	39.0	38.5	39.3	39.7	42.3	2.6
	Steel,Nonferrous Metals, Mining Products	44.2	44.4	46.0	44.9	43.5	43.2	43.8	42.1	43.9	43.5	43.2	41.2	40.3	▲ 0.9
	Machinery,Equipment	45.8	46.6	47.6	46.7	44.9	43.9	43.6	43.2	44.8	46.0	47.3	46.7	46.3	▲ 0.4
	Other	40.5	40.3	40.4	40.2	38.5	36.7	37.1	35.1	37.5	38.5	40.7	40.9	41.8	0.9
Total		43.3	43.4	43.8	42.9	41.5	40.6	40.0	39.1	40.4	41.5	42.5	42.3	42.5	0.2

Economic Diffusion Index (Economic DI)2/2

		May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Ratio to the PrFBious Month
Retail	Food,BEWerages	40.8	40.8	39.1	40.7	39.3	36.8	34.7	34.5	36.8	38.2	39.4	39.3	41.6	2.3
	Textile,Textile Products,Clothing	37.7	37.3	36.3	36.2	38.2	36.7	32.0	30.8	30.7	32.3	34.8	38.0	40.2	2.2
	Drugs,Sundries	40.7	44.3	40.8	40.7	41.7	41.1	42.6	38.9	44.6	45.3	46.0	48.1	48.0	▲ 0.1
	Furniture	31.7	33.3	28.8	30.6	37.0	22.7	27.3	26.4	28.8	33.3	27.8	35.0	40.0	5.0
	Electrical Household Appliances, Information Machinery and Equipment	38.4	37.4	39.7	37.4	36.1	36.2	36.0	34.3	39.3	39.0	43.2	38.4	41.5	3.1
	Motor Vehicles,Motor Vehicle Parts	30.9	30.7	32.1	34.4	33.0	30.1	31.8	28.7	37.8	40.7	38.8	36.5	39.9	3.4
	Special Merchandise	35.2	35.7	36.2	36.8	36.2	36.3	36.0	39.2	41.4	43.7	42.3	39.4	40.5	1.1
	Various Merchandise	43.3	45.0	42.1	41.7	41.8	41.2	39.1	40.5	42.6	41.0	40.6	47.1	49.7	2.6
	Other	33.3	27.8	36.7	43.3	37.5	40.0	40.0	41.7	33.3	36.7	38.9	41.7	36.1	▲ 5.6
	Total	37.3	37.8	37.3	37.8	37.5	36.3	35.5	35.9	39.1	40.5	40.5	40.2	42.1	1.9
Transportation,Warehousing		46.3	45.1	44.9	45.8	43.7	43.7	44.8	43.8	43.7	44.8	44.9	44.8	44.8	0.0
Service	Restaurants	46.9	49.5	49.1	48.7	46.7	42.6	45.1	39.9	44.6	45.2	49.2	50.0	49.6	▲ 0.4
	Postal,Telecommunications	45.8	50.0	53.3	50.0	50.0	46.3	48.1	50.0	56.3	53.7	48.3	54.2	53.7	▲ 0.5
	Electricity,Gas,Water,Heat	53.7	50.0	51.7	48.3	50.0	46.3	43.8	44.4	50.0	50.0	48.3	55.0	53.7	▲ 1.3
	Leasing,Rentals	54.3	52.7	53.8	51.7	51.8	49.7	49.9	49.1	50.9	50.0	49.3	49.6	47.9	▲ 1.7
	Lodging, Hotels	45.2	47.5	47.7	44.4	46.2	46.3	47.0	47.6	47.7	49.5	48.6	51.4	53.1	1.7
	Recreation	38.0	37.6	38.3	39.5	39.4	39.5	36.4	36.5	34.4	40.0	45.6	38.7	40.2	1.5
	Broadcasting	40.7	44.0	44.4	45.2	44.0	45.2	43.3	41.7	44.4	40.0	45.6	47.9	45.6	▲ 2.3
	Maintenance,Guarding,Testing	46.2	46.0	49.4	46.8	45.7	45.8	43.1	42.6	44.6	46.9	47.2	47.8	48.1	0.3
	Advertising	40.8	42.6	42.5	41.4	41.1	38.6	38.7	38.8	38.8	39.3	42.1	42.2	41.1	▲ 1.1
	Information	55.5	55.0	54.5	53.5	52.8	51.4	51.6	52.2	53.5	54.6	56.3	56.3	55.3	▲ 1.0
	Labor Dispatching	54.6	57.2	57.2	56.2	56.9	55.6	53.9	54.0	55.7	57.5	56.7	55.5	56.2	0.7
	Special Services	53.8	55.1	55.2	53.7	53.9	50.7	50.7	50.3	50.8	51.4	53.0	51.0	51.7	0.7
	Medical,Welfare,Public Health	46.6	47.9	47.6	47.1	46.2	46.2	45.0	44.1	44.7	45.7	45.3	46.1	46.3	0.2
	Education	40.3	44.7	45.1	40.7	41.7	42.4	41.7	39.9	40.5	40.2	39.5	41.2	41.1	▲ 0.1
	Other	47.2	48.1	48.7	48.4	47.2	44.9	45.2	45.0	47.4	48.1	47.2	46.1	46.8	0.7
	Total	50.1	50.6	50.9	49.7	49.2	47.7	47.3	47.2	48.3	49.2	50.3	50.1	49.9	▲ 0.2
Other		47.5	44.3	44.9	43.1	42.8	40.6	37.7	41.5	37.3	41.7	42.0	43.2	40.2	▲ 3.0

	May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Ratio to the PrFBious Month
Hokkaido	46.4	46.4	47.0	46.0	45.0	42.5	41.5	40.1	39.1	39.9	40.0	40.8	41.6	0.8
Tohoku	46.9	46.8	47.6	47.5	46.1	45.2	45.6	44.5	45.4	46.0	46.5	46.0	44.9	▲ 1.1
kitakanto	46.9	47.0	48.1	46.8	45.8	43.1	43.4	43.2	44.1	45.3	46.2	45.4	45.2	▲ 0.2
minamikanto	46.9	47.1	47.4	46.5	45.4	44.4	43.8	43.6	44.7	46.0	46.8	46.2	46.5	0.3
Hokuriku	46.2	46.2	46.5	46.3	45.2	44.3	42.8	41.9	43.6	44.6	44.4	44.4	44.8	0.4
Tokai	45.9	46.9	47.5	47.0	45.6	44.7	44.4	43.4	45.0	46.3	46.4	45.6	46.5	0.9
Kinki	44.8	44.6	45.4	44.4	43.7	42.7	42.1	41.5	42.2	43.2	44.5	43.7	43.4	▲ 0.3
Chugoku	45.3	46.3	46.5	46.4	44.5	43.9	44.0	42.9	43.6	44.4	45.5	45.4	45.6	0.2
Shikoku	44.8	45.6	45.1	44.9	44.2	44.5	43.5	43.6	43.8	45.5	46.6	47.7	46.9	▲ 0.8
Kyushu	46.7	47.4	46.4	45.9	46.0	45.4	44.2	44.7	45.3	46.6	47.2	46.2	45.6	▲ 0.6

Appendix

1. Research Subjects (Companies Researched: 23,587; Valid Responses: 10,664; Response Rate: 45.2%)

Appendix

1. Region

Hokkaido	574	Tokai	1,189
Tohoku	656	Kinki	1,768
kitaKanto	743	Chugoku	614
minamikanto	3,443	Shikoku	320
Hokuriku	572	Kyushu	785
Total		10,664	

2. Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		63
Finance		145
Construction		1,523
Real Estate		276
Manufacturing 3,223	Food,Beverages,Livestock Feed	377
	Textile,Textile Products,Clothing	109
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	247
	Pulp, Paper and Paper Products	107
	Publishing,Printing	202
	Chemical	441
	Steel,Nonferrous Metals,Mining	537
	General Machinery	468
	Electrical Machinery	359
	Transportation Machinery,Equipment	98
	Precision Machinery,Medical Instruments and Equipment	78
	Others	100
Wholesale 3,959	Food,Beverages	371
	Textile,Textile Products,Clothing	200
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	375
	Paper Products,Stationery,Books	111
	Chemical	298
	Recycled Resources	37
	Steel,Nonferrous Metals,Mining Products	336
	Machinery,Equipment	966
	Others	382

Retail 480	Food, Beverages	73
	Textile, Textile Products, Clothing	34
	Drugs, Sundries	25
	Furniture	10
	Electrical Household Appliances, Information Machinery and Equipment	39
	Motor Vehicles, Motor Vehicle Parts	53
	Special Merchandise	156
	Various Merchandise	53
	Others	6
Transportation, Warehousing		440
Service 1,384	Restaurants	41
	Telecommunications	9
	Electricity, Gas, Water, Heat	9
	Leasing, Rentals	120
	Lodging, Hotels	32
	Recreation	56
	Broadcasting	15
	Maintenance, Guarding, Testing	158
	Advertising	138
	Information	431
	Labor Dispatching	59
	Special Services	214
	Medical, Welfare, Public Health	100
	Education	15
	Others	131
Others		41
Total		10,664

3. Size

Large Firms	2,322	21.8%
Small to Medium-sized Firms	8,342	78.2%
micro Firms	2,605	24.4%
Total	10,664	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 May 18 – 31 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.