

## Improvement in willingness for capital investment; leads to an upward trend

Notable sings of growth associated with machine production

(Companies Researched:23,336; Valid Responses: 10,845; Response Rate:46.5%;  
Survey Start Date: May 2002)

### < Overview of March 2015: Upward trend >

The Economic DI (Economic DI: 50 points is the threshold of assessment) in March 2015 stood at 45.8, up 0.7 point from the previous month, showing an improvement for three consecutive months.

The Japanese economy in March showed an uptrend, as companies exhibited moderate improvement in willingness for capital investment.

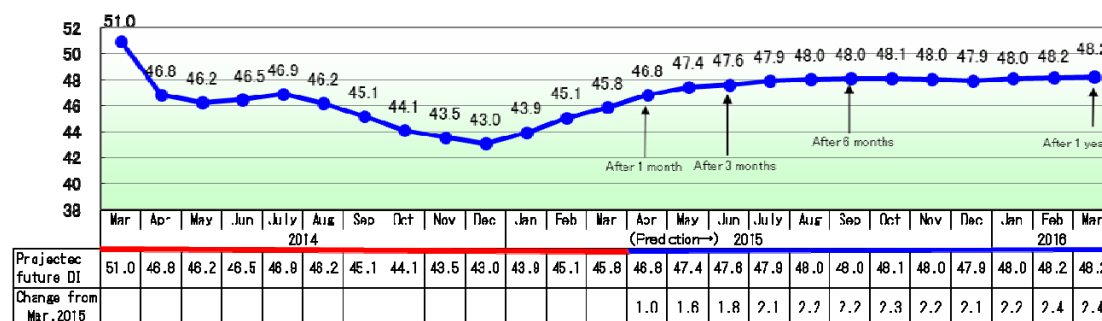
### < Future Outlook: Moderate improvement >

The impact of consumer tax-hike will come to light from April and onward; Japanese economy is expected to show moderate improvement as wage increase raises real median household income and consumer spending works as the drive in bringing an upward trend.

By industry : Improvement in in-vehicle electronic devices and machine tools/industrial machinery due to a rise in automobile export

By size : Small-scale businesses exhibit the biggest improvement due to robustness in advertising and information services

By region : 9 out of 10 regions show improvement; biggest improvement shown by the Kinki region which had continuously remained substandard



\*: 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

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Ratio to the PrEZious Month
Total	51.0	46.8	46.2	46.5	46.9	46.2	45.1	44.1	43.5	43.0	43.9	45.1	45.8	0.7
Large Firms	53.6	49.5	49.3	50.0	49.7	49.2	48.1	47.5	46.9	46.6	47.1	48.0	48.6	0.6
Small to Medium-sized Firms	50.2	46.0	45.3	45.4	46.1	45.3	44.3	43.1	42.6	42.0	43.0	44.2	45.0	0.8
Micro Firms	49.7	45.6	45.0	45.0	45.3	44.7	44.0	42.5	42.1	41.6	42.3	43.4	44.3	0.9

	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Ratio to the PrEZious Month
Agriculture,Forestry,Fisheries	41.9	42.0	40.7	43.0	45.1	40.9	42.1	41.8	38.6	39.5	41.3	40.0	44.0	4.0
Finance	48.5	46.5	46.6	47.5	49.2	47.9	47.1	44.9	45.3	45.2	45.1	44.7	48.0	3.3
Construction	56.0	52.9	51.7	52.7	53.5	53.2	52.8	51.6	51.0	50.3	50.4	50.4	50.8	0.4
Real Estate	50.0	48.8	48.3	48.8	47.4	46.8	47.0	45.2	43.6	44.1	45.1	47.2	48.8	1.6
Manufacturing	Food,BEWerages,Livestock Feed	42.1	39.7	40.4	40.4	39.9	39.8	39.5	39.0	36.8	37.5	37.2	39.8	3.3
	Textile,Textile Products,Clothing	45.8	41.5	43.1	41.1	41.8	42.0	39.8	39.4	36.8	38.1	36.8	39.7	▲ 2.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	55.5	48.6	47.5	47.0	45.0	44.6	43.3	44.0	44.1	43.3	43.2	41.9	0.2
	Pulp, Paper and Paper Products	47.4	42.8	40.5	38.7	39.4	36.2	36.1	36.7	36.1	36.3	34.8	37.3	2.0
	Publishing,Printing	40.0	36.8	35.3	34.8	34.9	33.7	33.1	31.5	31.5	31.0	31.8	33.5	0.6
	Chemical	50.2	47.5	46.7	45.6	46.6	45.8	43.4	42.4	42.9	43.3	43.2	44.5	0.1
	Steel,Nonferrous Metals,Mining	52.5	47.5	47.4	48.1	48.7	49.1	46.8	45.3	44.4	42.8	44.8	46.8	▲ 1.6
	General Machinery	54.7	51.6	52.3	52.7	53.8	52.2	51.7	50.5	50.0	48.6	49.6	51.5	1.1
	Electrical Machinery	49.6	47.0	48.1	48.8	49.9	47.3	46.2	46.1	45.9	45.8	47.3	48.4	1.3
	Transportation Machinery,Equipment	54.6	50.8	50.2	51.7	52.8	53.4	50.7	48.2	48.0	47.7	47.4	50.3	0.1
	Precision Machinery,Medical Instruments and Equipment	48.4	42.9	45.2	47.7	48.2	49.3	48.1	46.6	45.4	45.0	47.9	49.2	0.3
	Other	47.0	40.5	38.0	37.8	39.2	39.3	38.3	37.9	38.4	35.2	35.4	38.7	0.0
	Total	49.7	45.9	45.9	45.9	46.3	45.6	44.2	43.4	42.9	42.3	43.0	44.6	0.5
Wholesale	Food,BEWerages	42.2	39.1	41.3	41.4	41.0	39.6	39.9	39.0	37.1	37.6	38.3	39.7	0.9
	Textile,Textile Products,Clothing	41.5	38.8	37.7	36.8	36.7	35.9	35.3	34.3	30.7	30.2	31.1	32.2	1.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	56.2	50.0	46.8	44.3	44.3	42.9	41.5	41.0	39.5	39.3	39.0	40.5	▲ 0.3
	Paper Products,Stationery,Books	48.0	40.3	37.0	36.0	35.9	34.6	33.8	32.9	33.5	31.8	33.2	35.1	2.6
	Chemical	48.7	43.5	41.9	43.5	43.4	42.8	40.8	40.6	40.0	37.8	38.9	41.2	0.6
	Recycled Resources	44.3	49.5	48.7	50.0	47.3	47.3	46.1	37.8	40.4	40.8	39.0	38.5	0.8
	Steel,Nonferrous Metals,Mining Products	52.0	45.2	44.2	44.4	46.0	44.9	43.5	43.2	43.8	42.1	43.9	43.5	▲ 0.3
	Machinery,Equipment	53.0	47.7	45.8	46.6	47.6	46.7	44.9	43.9	43.6	43.2	44.8	46.0	1.3
	Other	46.0	40.9	40.5	40.3	40.4	40.2	38.5	36.7	37.1	35.1	37.5	38.5	2.2
	Total	49.6	44.6	43.3	43.4	43.8	42.9	41.5	40.6	40.0	39.1	40.4	41.5	1.0

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

		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Ratio to the PrEzious Month
Retail	Food,BEWerages	44.0	37.1	40.8	40.8	39.1	40.7	39.3	36.8	34.7	34.5	36.8	38.2	39.4	1.2
	Textile,Textile Products,Clothing	40.8	36.1	37.7	37.3	36.3	36.2	38.2	36.7	32.0	30.8	30.7	32.3	34.8	2.5
	Drugs,Sundries	55.6	39.9	40.7	44.3	40.8	40.7	41.7	41.1	42.6	38.9	44.6	45.3	46.0	0.7
	Furniture	63.6	35.0	31.7	33.3	28.8	30.6	37.0	22.7	27.3	26.4	28.8	33.3	27.8	▲ 5.5
	Electrical Household Appliances, Information Machinery and Equipment	56.7	45.1	38.4	37.4	39.7	37.4	36.1	36.2	36.0	34.3	39.3	39.0	43.2	4.2
	Motor Vehicles,Motor Vehicle Parts	56.5	32.7	30.9	30.7	32.1	34.4	33.0	30.1	31.8	28.7	37.8	40.7	38.8	▲ 1.9
	Special Merchandise	39.9	34.7	35.2	35.7	36.2	36.8	36.2	36.3	36.0	39.2	41.4	43.7	42.3	▲ 1.4
	Various Merchandise	55.2	37.3	43.3	45.0	42.1	41.7	41.8	41.2	39.1	40.5	42.6	41.0	40.6	▲ 0.4
	Other	45.8	33.3	33.3	27.8	36.7	43.3	37.5	40.0	40.0	41.7	33.3	36.7	38.9	2.2
	Total	47.1	36.4	37.3	37.8	37.3	37.8	37.5	36.3	35.5	35.9	39.1	40.5	40.5	0.0
Transportation,Warehousing		51.8	46.5	46.3	45.1	44.9	45.8	43.7	43.7	44.8	43.8	43.7	44.8	44.9	0.1
Service	Restaurants	47.4	46.9	46.9	49.5	49.1	48.7	46.7	42.6	45.1	39.9	44.6	45.2	49.2	4.0
	Postal,Telecommunications	50.0	51.9	45.8	50.0	53.3	50.0	50.0	46.3	48.1	50.0	56.3	53.7	48.3	▲ 5.4
	Electricity,Gas,Water,Heat	48.5	53.7	53.7	50.0	51.7	48.3	50.0	46.3	43.8	44.4	50.0	50.0	48.3	▲ 1.7
	Leasing,Rentals	56.2	55.7	54.3	52.7	53.8	51.7	51.8	49.7	49.9	49.1	50.9	50.0	49.3	▲ 0.7
	Lodging, Hotels	48.4	44.9	45.2	47.5	47.7	44.4	46.2	46.3	47.0	47.6	47.7	49.5	48.6	▲ 0.9
	Recreation	43.3	39.5	38.0	37.6	38.3	39.5	39.4	39.5	36.4	36.5	34.4	40.0	45.6	5.6
	Broadcasting	47.9	41.2	40.7	44.0	44.4	45.2	44.0	45.2	43.3	41.7	44.4	40.0	45.6	5.6
	Maintenance,Guarding,Testing	52.6	46.8	46.2	46.0	49.4	46.8	45.7	45.8	43.1	42.6	44.6	46.9	47.2	0.3
	Advertising	47.7	42.5	40.8	42.6	42.5	41.4	41.1	38.6	38.7	38.8	38.8	39.3	42.1	2.8
	Information	56.3	54.2	55.5	55.0	54.5	53.5	52.8	51.4	51.6	52.2	53.5	54.6	56.3	1.7
	Labor Dispatching	57.8	57.5	54.6	57.2	57.2	56.2	56.9	55.6	53.9	54.0	55.7	57.5	56.7	▲ 0.8
	Special Services	55.8	54.2	53.8	55.1	55.2	53.7	53.9	50.7	50.7	50.3	50.8	51.4	53.0	1.6
	Medical,Welfare,Public Health	50.7	48.3	46.6	47.9	47.6	47.1	46.2	46.2	45.0	44.1	44.7	45.7	45.3	▲ 0.4
	Education	45.7	42.1	40.3	44.7	45.1	40.7	41.7	42.4	41.7	39.9	40.5	40.2	39.5	▲ 0.7
	Other	48.6	46.9	47.2	48.1	48.7	48.4	47.2	44.9	45.2	45.0	47.4	48.1	47.2	▲ 0.9
	Total	52.9	50.5	50.1	50.6	50.9	49.7	49.2	47.7	47.3	47.2	48.3	49.2	50.3	1.1
Other		52.1	46.0	47.5	44.3	44.9	43.1	42.8	40.6	37.7	41.5	37.3	41.7	42.0	0.3

		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Ratio to the PrEzious Month
Hokkaido		50.2	47.2	46.4	46.4	47.0	46.0	45.0	42.5	41.5	40.1	39.1	39.9	40.0	0.1
Tohoku		51.5	47.2	46.9	46.8	47.6	47.5	46.1	45.2	45.6	44.5	45.4	46.0	46.5	0.5
kitakanto		50.2	46.3	46.9	47.0	48.1	46.8	45.8	43.1	43.4	43.2	44.1	45.3	46.2	0.9
minamikanto		50.8	47.5	46.9	47.1	47.4	46.5	45.4	44.4	43.8	43.6	44.7	46.0	46.8	0.8
Hokuriku		51.3	47.1	46.2	46.2	46.5	46.3	45.2	44.3	42.8	41.9	43.6	44.6	44.4	▲ 0.2
Tokai		52.3	46.3	45.9	46.9	47.5	47.0	45.6	44.7	44.4	43.4	45.0	46.3	46.4	0.1
Kinki		49.8	45.5	44.8	44.6	45.4	44.4	43.7	42.7	42.1	41.5	42.2	43.2	44.5	1.3
Chugoku		51.1	46.8	45.3	46.3	46.5	46.4	44.5	43.9	44.0	42.9	43.6	44.4	45.5	1.1
Shikoku		52.6	46.1	44.8	45.6	45.1	44.9	44.2	44.5	43.5	43.6	43.8	45.5	46.6	1.1
Kyushu		51.8	47.4	46.7	47.4	46.4	45.9	46.0	45.4	44.2	44.7	45.3	46.6	47.2	0.6

## Appendix

### 1. Research Subjects (Companies Researched: 23,336; Valid Responses: 10,845; Response Rate: 46.5%)

Appendix

#### 1. Region

Hokkaido	582	Tokai	1,213
Tohoku	676	Kinki	1,824
kitaKanto	730	Chugoku	626
minamikanto	3,477	Shikoku	341
Hokuriku	577	Kyushu	799
Total		10,845	

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

Agriculture, Forestry, Fisheries		50
Finance		123
Construction		1,494
Real Estate		281
Manufacturing 3,223	Food, Beverages, Livestock Feed	376
	Textile, Textile Products, Clothing	122
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	251
	Pulp, Paper and Paper Products	115
	Publishing, Printing	214
	Chemical	446
	Steel, Nonferrous Metals, Mining	540
	General Machinery	477
	Electrical Machinery	372
	Transportation Machinery, Equipment	112
Wholesale 3,959	Precision Machinery, Medical Instruments and Equipment	79
	Others	100
	Food, Beverages	383
	Textile, Textile Products, Clothing	197
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	391
	Paper Products, Stationery, Books	123
	Chemical	312
	Recycled Resources	42
	Steel, Nonferrous Metals, Mining Products	359
	Machinery, Equipment	997
	Others	384

Retail 480	Food, Beverages	72
	Textile, Textile Products, Clothing	35
	Drugs, Sundries	29
	Furniture	12
	Electrical Household Appliances, Information Machinery and Equipment	39
	Motor Vehicles, Motor Vehicle Parts	52
	Special Merchandise	151
	Various Merchandise	55
Service 1,384	Others	6
	Transportation, Warehousing	471
	Restaurants	41
	Telecommunications	10
	Electricity, Gas, Water, Heat	10
	Leasing, Rentals	125
	Lodging, Hotels	35
	Recreation	62
	Broadcasting	15
	Maintenance, Guarding, Testing	148
	Advertising	129
	Information	445
	Labor Dispatching	57
	Special Services	214
	Medical, Welfare, Public Health	103
	Education	19
	Others	126
Others		44
Total		10,845

#### 3. Size

Large Firms	2,347	21.6%
Small to Medium-sized Firms	8,498	78.4%
micro Firms	2,633	24.3%
Total	10,845	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 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.