

## Major downturn for “construction”, while the overall economy takes a pause

Sluggish public works apply downward pressure on economic growth

(Companies Researched: 23,211; Valid Responses: 10,720; Response Rate: 46.2%; Survey Start Date: May 2002)

### < Overview of April 2015: Temporary pause amid an upward trend >

The Economic DI (Economic DI: 50 points is the threshold of assessment) in April 2015 stood at 45.3, down 0.5 point from the previous month, showing a downturn for the first time in four months.

The Japanese economy, while maintaining an upward trend, came to a pause due to adverse factors such as sluggish consumer spending and public works..

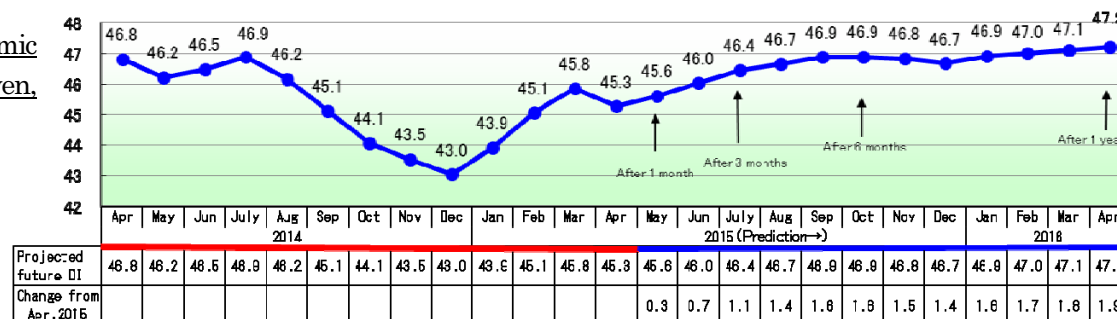
### < Future Outlook: Moderate Improvement >

A moderate improvement is anticipated to follow the temporary drop in economic growth, by way of export expansion backed by continuing weakness of the yen, and income improvement due to a rise in wage and willingness to hire.

By industry : ” Construction ” drops for the first time in 4 months; “retail” highlights varying performance among categories.

By size : ” Small and medium sized enterprises ” and “small scale enterprises” drop significantly

By region : 7 out of 10 regions deteriorate; varying degree of work orders for public works among regions



\*: 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

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Ratio to the PrFaiious Month
Total	46.8	46.2	46.5	46.9	46.2	45.1	44.1	43.5	43.0	43.9	45.1	45.8	45.3	▲ 0.5
Large Firms	49.5	49.3	50.0	49.7	49.2	48.1	47.5	46.9	46.6	47.1	48.0	48.6	48.9	0.3
Small to Medium-sized Firms	46.0	45.3	45.4	46.1	45.3	44.3	43.1	42.6	42.0	43.0	44.2	45.0	44.3	▲ 0.7
Micro Firms	45.6	45.0	45.0	45.3	44.7	44.0	42.5	42.1	41.6	42.3	43.4	44.3	43.1	▲ 1.2

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Ratio to the PrFaiious Month
Agriculture,Forestry,Fisheries	42.0	40.7	43.0	45.1	40.9	42.1	41.8	38.6	39.5	41.3	40.0	44.0	43.7	▲ 0.3
Finance	46.5	46.6	47.5	49.2	47.9	47.1	44.9	45.3	45.2	45.1	44.7	48.0	48.1	0.1
Construction	52.9	51.7	52.7	53.5	53.2	52.8	51.6	51.0	50.3	50.4	50.4	50.8	49.3	▲ 1.5
Real Estate	48.8	48.3	48.8	47.4	46.8	47.0	45.2	43.6	44.1	45.1	47.2	48.8	48.8	0.0
Manufacturing	Food,BEWerages,Livestock Feed	39.7	40.4	40.4	39.9	39.8	39.5	39.0	36.8	37.5	37.2	39.8	43.1	▲ 1.0
	Textile,Textile Products,Clothing	41.5	43.1	41.1	41.8	42.0	39.8	39.4	36.8	38.1	36.8	39.7	37.6	2.6
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	48.6	47.5	47.0	45.0	44.6	43.3	44.0	44.1	43.3	43.2	41.9	42.1	▲ 1.8
	Pulp, Paper and Paper Products	42.8	40.5	38.7	39.4	36.2	36.1	36.7	36.1	36.3	34.8	37.3	39.3	0.5
	Publishing,Printing	36.8	35.3	34.8	34.9	33.7	33.1	31.5	31.0	31.8	33.5	34.1	34.6	0.5
	Chemical	47.5	46.7	45.6	46.6	45.8	43.4	42.4	42.9	43.3	43.2	44.5	44.6	▲ 0.5
	Steel,Nonferrous Metals,Mining	47.5	47.4	48.1	48.7	49.1	46.8	45.3	44.4	42.8	44.8	46.8	45.2	▲ 1.3
	General Machinery	51.6	52.3	52.7	53.8	52.2	51.7	50.5	50.0	48.6	49.6	51.5	52.6	▲ 0.1
	Electrical Machinery	47.0	48.1	48.8	49.9	47.3	46.2	46.1	45.9	45.8	47.3	48.4	49.7	▲ 2.0
	Transportation Machinery,Equipment	50.8	50.2	51.7	52.8	53.4	50.7	48.2	48.0	47.7	47.4	50.3	51.1	0.7
	Precision Machinery, Medical Instruments and Equipment	42.9	45.2	47.7	48.2	49.3	48.1	46.6	45.4	45.0	47.9	48.9	49.2	▲ 1.4
	Other	40.5	38.0	37.8	39.2	39.3	38.3	37.9	38.4	35.2	35.4	38.7	37.1	▲ 1.6
	Total	45.9	45.9	45.9	46.3	45.6	44.2	43.4	42.9	42.3	43.0	44.6	44.4	▲ 0.7
Wholesale	Food,BEWerages	39.1	41.3	41.4	41.0	39.6	39.9	39.0	37.1	37.6	38.3	39.7	40.6	2.0
	Textile,Textile Products,Clothing	38.8	37.7	36.8	36.7	35.9	35.3	34.3	30.7	30.2	31.1	32.2	33.3	2.2
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	50.0	46.8	44.3	44.3	42.9	41.5	41.0	39.5	39.3	39.0	40.5	40.2	▲ 2.0
	Paper Products,Stationery,Books	40.3	37.0	36.0	35.9	34.6	33.8	32.9	33.5	31.8	33.2	35.1	37.7	▲ 0.4
	Chemical	43.5	41.9	43.5	43.4	42.8	40.8	40.6	40.0	37.8	38.9	41.2	41.8	0.7
	Recycled Resources	49.5	48.7	50.0	47.3	47.3	46.1	37.8	40.4	40.8	39.0	38.5	39.3	0.4
	Steel,Nonferrous Metals, Mining Products	45.2	44.2	44.4	46.0	44.9	43.5	43.2	43.8	42.1	43.9	43.5	43.2	▲ 2.0
	Machinery,Equipment	47.7	45.8	46.6	47.6	46.7	44.9	43.9	43.6	43.2	44.8	46.0	47.3	▲ 0.6
	Other	40.9	40.5	40.3	40.4	40.2	38.5	36.7	37.1	35.1	37.5	38.5	40.9	0.2
	Total	44.6	43.3	43.4	43.8	42.9	41.5	40.6	40.0	39.1	40.4	41.5	42.5	▲ 0.2

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

		Apr-14	May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Ratio to the PrFAious Month
Retail	Food,BEWerages	37.1	40.8	40.8	39.1	40.7	39.3	36.8	34.7	34.5	36.8	38.2	39.4	39.3	▲ 0.1
	Textile,Textile Products,Clothing	36.1	37.7	37.3	36.3	36.2	38.2	36.7	32.0	30.8	30.7	32.3	34.8	38.0	3.2
	Drugs,Sundries	39.9	40.7	44.3	40.8	40.7	41.7	41.1	42.6	38.9	44.6	45.3	46.0	48.1	2.1
	Furniture	35.0	31.7	33.3	28.8	30.6	37.0	22.7	27.3	26.4	28.8	33.3	27.8	35.0	7.2
	Electrical Household Appliances, Information Machinery and Equipment	45.1	38.4	37.4	39.7	37.4	36.1	36.2	36.0	34.3	39.3	39.0	43.2	38.4	▲ 4.8
	Motor Vehicles,Motor Vehicle Parts	32.7	30.9	30.7	32.1	34.4	33.0	30.1	31.8	28.7	37.8	40.7	38.8	36.5	▲ 2.3
	Special Merchandise	34.7	35.2	35.7	36.2	36.8	36.2	36.3	36.0	39.2	41.4	43.7	42.3	39.4	▲ 2.9
	Various Merchandise	37.3	43.3	45.0	42.1	41.7	41.8	41.2	39.1	40.5	42.6	41.0	40.6	47.1	6.5
	Other	33.3	33.3	27.8	36.7	43.3	37.5	40.0	40.0	41.7	33.3	36.7	38.9	41.7	2.8
	Total	36.4	37.3	37.8	37.3	37.8	37.5	36.3	35.5	35.9	39.1	40.5	40.5	40.2	▲ 0.3
Transportation,Warehousing		46.5	46.3	45.1	44.9	45.8	43.7	43.7	44.8	43.8	43.7	44.8	44.9	44.8	▲ 0.1
Service	Restaurants	46.9	46.9	49.5	49.1	48.7	46.7	42.6	45.1	39.9	44.6	45.2	49.2	50.0	0.8
	Postal,Telecommunications	51.9	45.8	50.0	53.3	50.0	50.0	46.3	48.1	50.0	56.3	53.7	48.3	54.2	5.9
	Electricity,Gas,Water,Heat	53.7	53.7	50.0	51.7	48.3	50.0	46.3	43.8	44.4	50.0	50.0	48.3	55.0	6.7
	Leasing,Rentals	55.7	54.3	52.7	53.8	51.7	51.8	49.7	49.9	49.1	50.9	50.0	49.3	49.6	0.3
	Lodging, Hotels	44.9	45.2	47.5	47.7	44.4	46.2	46.3	47.0	47.6	47.7	49.5	48.6	51.4	2.8
	Recreation	39.5	38.0	37.6	38.3	39.5	39.4	39.5	36.4	36.5	34.4	40.0	45.6	38.7	▲ 6.9
	Broadcasting	41.2	40.7	44.0	44.4	45.2	44.0	45.2	43.3	41.7	44.4	40.0	45.6	47.9	2.3
	Maintenance,Guarding,Testing	46.8	46.2	46.0	49.4	46.8	45.7	45.8	43.1	42.6	44.6	46.9	47.2	47.8	0.6
	Advertising	42.5	40.8	42.6	42.5	41.4	41.1	38.6	38.7	38.8	38.8	39.3	42.1	42.2	0.1
	Information	54.2	55.5	55.0	54.5	53.5	52.8	51.4	51.6	52.2	53.5	54.6	56.3	56.3	0.0
	Labor Dispatching	57.5	54.6	57.2	57.2	56.2	56.9	55.6	53.9	54.0	55.7	57.5	56.7	55.5	▲ 1.2
	Special Services	54.2	53.8	55.1	55.2	53.7	53.9	50.7	50.7	50.3	50.8	51.4	53.0	51.0	▲ 2.0
	Medical,Welfare,Public Health	48.3	46.6	47.9	47.6	47.1	46.2	46.2	45.0	44.1	44.7	45.7	45.3	46.1	0.8
	Education	42.1	40.3	44.7	45.1	40.7	41.7	42.4	41.7	39.9	40.5	40.2	39.5	41.2	1.7
	Other	46.9	47.2	48.1	48.7	48.4	47.2	44.9	45.2	45.0	47.4	48.1	47.2	46.1	▲ 1.1
Total		50.5	50.1	50.6	50.9	49.7	49.2	47.7	47.3	47.2	48.3	49.2	50.3	50.1	▲ 0.2
Other		46.0	47.5	44.3	44.9	43.1	42.8	40.6	37.7	41.5	37.3	41.7	42.0	43.2	1.2

	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Oct-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Jun-14	Ratio to the PrFAious Month
Hokkaido	47.2	46.4	46.4	47.0	46.0	45.0	42.5	41.5	40.1	39.1	39.9	40.0	40.8	0.8
Tohoku	47.2	46.9	46.8	47.6	47.5	46.1	45.2	45.6	44.5	45.4	46.0	46.5	46.0	▲ 0.5
kitakanto	46.3	46.9	47.0	48.1	46.8	45.8	43.1	43.4	43.2	44.1	45.3	46.2	45.4	▲ 0.8
minamikanto	47.5	46.9	47.1	47.4	46.5	45.4	44.4	43.8	43.6	44.7	46.0	46.8	46.2	▲ 0.6
Hokuriku	47.1	46.2	46.2	46.5	46.3	45.2	44.3	42.8	41.9	43.6	44.6	44.4	44.4	0.0
Tokai	46.3	45.9	46.9	47.5	47.0	45.6	44.7	44.4	43.4	45.0	46.3	46.4	45.6	▲ 0.8
Kinki	45.5	44.8	44.6	45.4	44.4	43.7	42.7	42.1	41.5	42.2	43.2	44.5	43.7	▲ 0.8
Chugoku	46.8	45.3	46.3	46.5	46.4	44.5	43.9	44.0	42.9	43.6	44.4	45.5	45.4	▲ 0.1
Shikoku	46.1	44.8	45.6	45.1	44.9	44.2	44.5	43.5	43.6	43.8	45.5	46.6	47.7	1.1
Kyushu	47.4	46.7	47.4	46.4	45.9	46.0	45.4	44.2	44.7	45.3	46.6	47.2	46.2	▲ 1.0

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## Corporate Attitudes Toward the My Number ID System

### Over 90% of the companies acknowledge the My Number ID System, but have yet to make the preparations

Average cost per company expected to be 1.09 million yen

Ahead of next year's introduction of the My Number social security and tax identity system intended for all Japanese nationals, the respective municipalities will begin notifying the numbers to their residents from October 2015. Once introduced, these numbers will be used for disaster control, in addition to social security and tax purposes. Beginning 2016, companies are required to process the numbers for tax and social security procedures, as well as collect and manage the numbers of their employees and respective family members, thereby making it necessary for the companies themselves to tackle various preparations beforehand.

Teikoku Databank conducted a survey on corporate attitudes toward their preparation and reaction regarding the My Number ID. This research was conducted in conjunction with the April 2015 TDB Trends Research.

\*Survey Period: April 16-30, 2015; Companies Researched: 23,211; Valid Responses: 10,720 (Response Rate 46.2%)

\*Details regarding this survey can be found on an exclusive website for Trends Research Survey (<http://www.tdb-di.com/>).

#### Survey Results(Summary)

1. 95% of the companies had some sort of an idea regarding the My Number ID system, approximately 40% acknowledged the details. Their method of acquiring information regarding the system was through media outlets, such as “newspaper” and “TV”.

2. Less than 20% of the companies had made, or were in the process of the necessary arrangements for the My Number ID system. Approximately 60% of the companies planned on preparing for the change, but had not done anything yet. Details of their preparations included “updating the payroll system,” which accounted for half of their answers, followed by “updating social security related paperwork” and “establishing basic policy and rules of handling”, which accounted for about 30%, respectively.

3. The cost of transitioning to the My Number ID system is 1.09 million yen per company. Larger number of employees will mean more cost, and companies with employees of more than 1,000 will likely face a cost of 5.81 million yen.

4. Approximately 40% of the companies did not acknowledge that the My Number ID system also applies to businesses. In particular, over half of the companies with less than five employees were unable to acknowledge this fact..

## Appendix

### 1. Research Subjects (Companies Researched: 23,211; Valid Responses: 10,720; Response Rate: 46.2%)

Appendix

#### 1. Region

Hokkaido	559	Tokai	1,195
Tohoku	661	Kinki	1,810
kitaKanto	725	Chugoku	625
minamikanto	3,441	Shikoku	331
Hokuriku	584	Kyushu	789
		Total	10,720

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

Industry (30 Industries or Lines of Business)		
Agriculture,Forestry,Fisheries		61
Finance		133
Construction		1,490
Real Estate		279
Manufacturing 3,223	Food,Beverages,Livestock Feed	357
	Textile,Textile Products,Clothing	110
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	256
	Pulp, Paper and Paper Products	109
	Publishing,Printing	200
	Chemical	444
	Steel,Nonferrous Metals,Mining	540
	General Machinery	468
	Electrical Machinery	370
	Transportation Machinery,Equipment	102
	Precision Machinery,Medical Instruments and Equipment	76
	Others	103
Wholesale 3,959	Food,Beverages	377
	Textile,Textile Products,Clothing	195
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	385
	Paper Products,Stationery,Books	125
	Chemical	310
	Recycled Resources	34
	Steel,Nonferrous Metals,Mining Products	347
	Machinery,Equipment	969
	Others	385

Retail 480	Food, Beverages	76
	Textile, Textile Products, Clothing	39
	Drugs, Sundries	26
	Furniture	10
	Electrical Household Appliances, Information Machinery and Equipment	33
	Motor Vehicles, Motor Vehicle Parts	48
	Special Merchandise	150
	Various Merchandise	51
	Others	6
Transportation, Warehousing		466
Service 1,384	Restaurants	39
	Telecommunications	8
	Electricity, Gas, Water, Heat	10
	Leasing, Rentals	123
	Lodging, Hotels	36
	Recreation	56
	Broadcasting	16
	Maintenance, Guarding, Testing	165
	Advertising	132
	Information	429
	Labor Dispatching	55
	Special Services	218
	Medical, Welfare, Public Health	107
	Education	19
	Others	133
Others		44
Total		10,720

#### 3. Size

Large Firms	2,345	21.9%
Small to Medium-sized Firms	8,375	78.1%
micro Firms	2,567	23.9%
Total	10,720	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 April 16 – 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.