

## Summer bonuses stimulate personal consumption, recovery continues

- Expansion of capital investment and expectations for Tokyo Olympic special demand -

(Companies researched: 23,927 ; Valid responses: 10,045; Response rate: 42.0%;  
Survey start date: May 2002)

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### < Trend for June 2017: Recovery continues >

The economic diffusion index (DI) for June rose 0.3 points over last month to 46.8, marking the 5th straight month of relatively flat growth. Domestic business continues to recover due to stimulated personal consumption thanks to summer bonuses aided by robust automotive-related production and expanded IT demand.

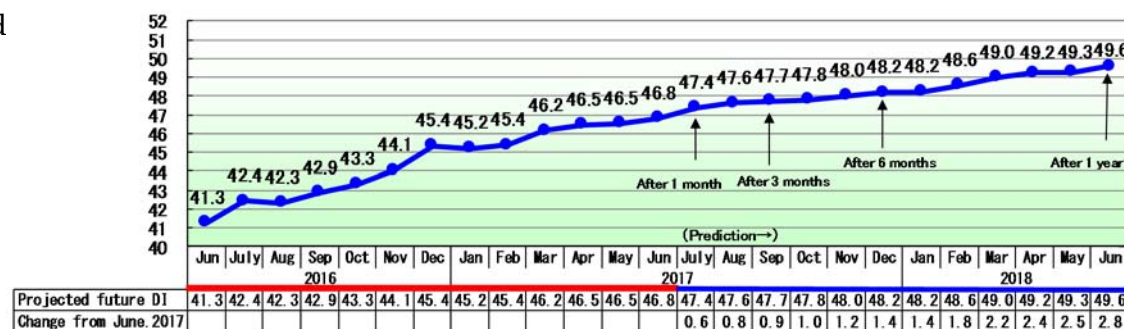
### < Forecast: Recovery trend to continue >

Although future domestic business will be affected by uncertainty in the situation overseas, the recovery trend is expected to continue thanks to expanded capital investment spurred by favorable export and production and Tokyo Olympic special demand.

By industry: Five of ten industries showed improvement, good performance is expected for durable consumer goods.

By size: “Large companies” experienced the first downturn in five months, while retailing of “small and mid-sized companies” did well.

By region: Seven of ten regions saw improvement, and overall improvement was seen in key regional industries.



\*: 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

	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Ratio to the PrFDious Month
Total	41.3	42.4	42.3	42.9	43.3	44.1	45.4	45.2	45.4	46.2	46.5	46.5	46.8	0.3
Large Firms	45.1	46.6	45.7	46.5	46.5	47.0	48.4	48.2	48.3	48.9	49.4	49.9	49.8	▲ 0.1
Small to Medium-sized Firms	40.3	41.3	41.4	41.9	42.4	43.3	44.5	44.4	44.6	45.4	45.7	45.6	46.0	0.4
Micro Firms	39.6	40.3	40.6	41.3	41.9	42.9	43.9	43.5	44.1	44.4	44.5	44.4	44.4	0.0

		Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries		43.7	42.5	40.1	41.8	41.2	44.6	47.3	43.3	45.1	45.5	47.0	45.4	45.3	▲ 0.1
Finance		45.0	45.1	43.7	44.5	44.1	45.2	45.9	46.4	45.5	45.6	46.0	46.4	46.3	▲ 0.1
Construction		44.7	46.5	46.9	48.1	48.6	49.2	49.7	49.2	49.5	49.3	49.0	49.5	49.5	0.0
Real Estate		48.4	47.8	47.3	47.0	46.2	47.7	48.7	49.3	49.9	49.4	49.7	50.7	49.4	▲ 1.3
Manufacturing	Food,BEWerages,Livestock Feed	43.0	43.0	42.1	41.8	42.2	42.2	43.4	41.9	42.1	42.7	43.0	42.6	43.5	0.9
	Textile,Textile Products,Clothing	38.2	37.0	37.8	37.3	36.6	36.7	38.0	36.3	37.7	38.6	38.8	39.4	37.8	▲ 1.6
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	37.8	40.5	40.7	40.5	41.7	42.5	43.5	43.3	42.8	43.2	42.4	43.4	43.4	0.0
	Pulp, Paper and Paper Products	38.5	40.4	39.4	39.1	40.1	40.3	43.0	43.3	42.0	42.0	42.9	42.5	43.4	0.9
	Publishing,Printing	32.9	33.5	32.8	33.7	34.4	35.0	35.7	33.9	34.6	36.5	35.6	33.4	35.1	1.7
	Chemical	42.2	43.3	41.8	44.0	43.8	45.5	48.2	47.5	47.9	48.5	49.9	50.3	50.2	▲ 0.1
	Steel,Nonferrous Metals,Mining	37.6	38.7	39.8	41.4	42.5	44.3	45.7	45.9	46.2	47.0	47.5	47.3	49.6	2.3
	General Machinery	43.6	44.9	44.3	45.3	46.7	47.9	50.3	49.9	51.1	52.9	54.1	54.5	54.8	0.3
	Electrical Machinery	40.4	41.9	41.5	42.6	44.5	44.4	45.5	46.3	47.1	47.8	48.6	49.3	49.7	0.4
	Transportation Machinery,Equipment	42.7	44.0	44.9	44.2	46.9	46.6	48.6	49.5	49.3	52.5	50.3	52.0	52.7	0.7
	Precision Machinery, Medical Instruments and Equipment	43.2	42.6	43.2	44.8	44.0	44.8	46.3	46.7	49.4	48.1	50.0	51.7	51.5	▲ 0.2
	Other	37.0	39.1	35.7	37.7	37.3	39.4	39.6	39.2	41.3	41.3	40.1	38.2	38.5	0.3
Total		40.1	41.2	40.9	41.8	42.7	43.5	45.2	44.8	45.4	46.3	46.7	46.9	47.5	0.6
Wholesale	Food,BEWerages	40.1	41.1	40.4	39.9	39.9	40.1	41.5	40.6	40.4	41.0	41.7	42.7	41.8	▲ 0.9
	Textile,Textile Products,Clothing	35.3	33.5	34.5	32.9	31.9	33.1	34.0	33.7	33.4	32.6	34.7	34.5	35.0	0.5
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	37.6	39.0	38.9	39.9	40.3	42.6	43.2	42.1	42.6	42.8	41.8	43.2	42.8	▲ 0.4
	Paper Products,Stationery,Books	34.2	35.9	36.3	37.4	36.1	37.5	37.7	38.6	38.4	38.3	38.5	36.1	38.4	2.3
	Chemical	38.8	39.5	39.4	39.6	40.9	40.4	43.1	44.4	42.8	44.5	46.0	45.1	45.3	0.2
	Recycled Resources	28.3	29.4	35.0	33.8	36.9	44.0	49.5	49.1	50.0	54.9	49.5	49.0	51.8	2.8
	Steel,Nonferrous Metals, Mining Products	33.2	35.7	36.0	35.5	36.8	39.6	42.6	42.5	42.9	44.0	43.5	41.3	43.1	1.8
	Machinery,Equipment	39.7	40.9	40.5	41.2	41.6	42.5	44.2	44.8	44.3	45.8	46.3	46.1	46.6	0.5
	Other	38.2	38.0	38.7	38.2	37.6	37.9	39.9	40.1	39.2	39.9	41.1	42.0	41.4	▲ 0.6
	Total		37.9	38.8	38.9	39.0	39.3	40.4	42.1	42.2	41.8	42.8	43.2	43.1	43.4

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

		Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Ratio to the PrFDious Month
Retail	Food,BEWerages	38.6	40.7	40.0	39.5	37.6	37.7	40.6	37.4	41.5	41.4	39.0	39.9	42.9	3.0
	Textile,Textile Products,Clothing	32.5	33.8	32.8	28.0	27.6	32.4	31.3	32.7	29.0	30.9	31.8	33.9	34.4	0.5
	Drugs,Sundries	37.9	42.5	42.5	42.0	38.3	41.1	42.0	43.5	46.0	44.3	46.0	46.4	44.4	▲ 2.0
	Furniture	41.7	36.1	35.4	33.3	37.5	37.5	30.0	33.3	38.1	33.3	35.7	35.7	40.7	5.0
	Electrical Household Appliances, Information Machinery and Equipment	36.6	40.2	37.9	42.7	41.2	37.8	38.6	40.5	39.9	43.0	41.7	38.1	41.9	3.8
	Motor Vehicles,Motor Vehicle Parts	37.0	39.8	40.1	42.3	39.3	40.2	41.0	43.5	46.3	47.7	41.9	41.5	44.4	2.9
	Special Merchandise	37.4	37.6	36.7	38.1	36.5	36.3	37.1	38.3	39.1	38.8	38.3	39.1	39.8	0.7
	Various Merchandise	42.6	43.2	39.9	40.6	41.7	44.4	44.6	42.0	45.3	44.6	44.3	45.0	48.7	3.7
	Other	41.7	46.7	47.2	50.0	46.7	46.7	46.7	45.8	45.8	40.0	40.0	41.7	41.7	0.0
	Total	37.7	39.3	38.4	39.3	37.5	38.3	39.1	39.4	40.9	41.1	39.8	40.2	42.1	1.9
Transportation,Warehousing		40.0	41.5	42.0	42.7	44.0	44.4	46.1	45.0	43.8	45.6	47.0	46.8	45.7	▲ 1.1
Service	Restaurants	40.2	45.3	42.2	39.0	37.0	38.0	37.5	42.3	39.0	45.1	45.0	41.1	43.0	1.9
	Postal,Telecommunications	46.2	52.6	51.1	52.0	53.7	57.7	46.2	55.1	52.8	58.3	54.2	51.3	56.9	5.6
	Electricity,Gas,Water,Heat	44.4	42.9	46.3	43.8	43.3	50.0	41.7	50.0	52.4	47.2	52.4	52.4	57.1	4.7
	Leasing,Rentals	45.5	45.9	47.2	47.4	49.0	49.3	48.9	47.9	48.2	50.1	48.9	50.2	50.0	▲ 0.2
	Lodging, Hotels	46.8	47.8	50.0	49.0	49.4	44.3	47.5	43.5	45.6	49.4	48.9	49.4	47.9	▲ 1.5
	Recreation	38.4	37.1	38.0	38.1	37.8	37.0	36.9	37.7	37.1	39.2	39.1	40.9	40.8	▲ 0.1
	Broadcasting	42.7	43.6	44.4	44.0	47.9	50.0	49.0	45.6	47.8	47.8	47.8	46.7	42.9	▲ 3.8
	Maintenance,Guarding,Testing	44.3	46.3	46.4	47.0	47.0	48.2	47.1	47.4	47.8	48.6	49.4	48.9	49.7	0.8
	Advertising	37.9	38.9	39.2	39.0	39.8	38.9	40.9	38.6	39.8	41.0	42.3	41.8	40.6	▲ 1.2
	Information	52.2	53.0	52.2	52.6	52.3	52.7	53.2	54.3	54.8	55.3	56.1	55.6	55.7	0.1
	Labor Dispatching	49.4	52.4	52.7	51.8	52.5	51.4	54.4	54.4	50.8	54.6	55.8	52.3	54.8	2.5
	Special Services	49.2	50.5	48.8	50.3	50.8	50.3	52.8	51.9	51.8	52.6	53.2	52.3	52.3	0.0
	Medical,Welfare,Public Health	41.5	41.6	42.6	44.1	43.5	43.6	44.0	43.6	44.7	46.4	47.7	47.9	48.3	0.4
	Education	43.9	48.2	43.1	45.0	45.6	43.1	43.7	46.7	44.4	43.7	41.1	43.5	42.1	▲ 1.4
	Other	46.8	46.6	48.2	47.5	47.4	47.9	47.9	47.1	49.6	50.1	50.0	49.3	50.8	1.5
	Total	46.7	47.8	47.7	47.9	48.1	48.2	48.7	48.8	49.1	50.4	50.9	50.4	50.7	0.3
Other		37.5	38.8	40.1	39.4	41.5	38.6	39.5	39.9	40.8	40.2	42.1	41.7	42.2	0.5

		Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Ratio to the PrFDious Month
Hokkaido		39.4	40.5	40.6	41.0	42.1	42.5	42.6	42.2	43.2	43.9	44.3	46.1	45.7	▲ 0.4
Tohoku		42.9	43.4	42.9	43.6	44.7	44.8	44.6	44.2	43.6	44.7	45.2	45.4	45.4	0.0
kitakanto		40.0	41.5	41.1	42.3	42.3	43.3	45.0	44.9	44.2	45.4	46.6	46.4	47.0	0.6
minamikanto		42.3	43.4	43.2	43.5	44.0	45.0	46.1	46.3	46.5	47.1	47.4	47.3	47.7	0.4
Hokuriku		38.4	39.4	39.6	40.2	40.1	41.8	43.0	43.4	42.8	44.1	44.3	45.3	45.9	0.6
Tokai		41.5	43.1	43.1	43.7	43.6	44.2	46.4	45.7	45.9	46.6	46.8	46.4	47.3	0.9
Kinki		39.4	40.5	40.4	41.1	41.6	42.4	43.7	43.7	44.1	45.1	45.2	44.7	44.9	0.2
Chugoku		41.5	42.4	42.2	43.0	43.6	43.9	45.8	44.6	45.1	46.3	46.1	46.0	46.5	0.5
Shikoku		43.4	44.6	44.5	45.6	45.1	45.8	47.2	46.2	46.5	46.1	46.9	46.8	47.0	0.2
Kyushu		42.5	44.2	44.7	45.1	45.6	46.7	48.0	48.1	49.0	48.7	49.1	49.5	48.9	▲ 0.6

## Appendix

### 1.Research Subjects(Companies Researched 23,927; Valid responses: 10,045; Response rate: 42.0%)

Appendix

#### 1.Region

Hokkaido	516	Tokai	1,136
Tohoku	616	Kinki	1,690
kitaKanto	693	Chugoku	555
minamikanto	3,258	Shikoku	308
Hokuriku	543	Kyushu	730
Total		10,045	

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

Agriculture,Forestry,Fisheries		53
Finance		118
Construction		1,431
Real Estate		295
Manufacturing 3,223	Food,Beverages,Livestock Feed	314
	Textile,Textile Products,Clothing	113
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	231
	Pulp, Paper and Paper Products	106
	Publishing,Printing	188
	Chemical	414
	Steel,Nonferrous Metals,Mining	498
	General Machinery	453
	Electrical Machinery	331
	Transportation Machinery,Equipment	100
	Precision Machinery,Medical Instruments and Equipment	67
	Others	90
Wholesale 3,959	Food,Beverages	344
	Textile,Textile Products,Clothing	185
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	339
	Paper Products,Stationery,Books	112
	Chemical	276
	Recycled Resources	37
	Steel,Nonferrous Metals,Mining Products	293
	Machinery,Equipment	876
	Others	350

Retail 480	Food,Beverages	66
	Textile,Textile Products,Clothing	31
	Drugs,Sundries	27
	Furniture	9
	Electrical Household Appliances,Information Machinery and Equipment	43
	Motor Vehicles,Motor Vehicle Parts	62
	Special Merchandise	140
	Various Merchandise	50
	Others	4
Transportation,Warehousing		455
Service 1,384	Restaurants	43
	Telecommunications	12
	Electricity,Gas,Water,Heat	7
	Leasing,Rentals	109
	Lodging, Hotels	24
	Recreation	58
	Broadcasting	14
	Maintenance,Guarding,Testing	158
	Advertising	106
	Information	424
	Labor Dispatching	55
	Special Services	227
	Medical,Welfare,Public Health	97
	Education	21
	Others	146
Others		43
Total		10,045

#### 3.Size

Large Firms	2,069	20.6%
Small to Medium sized Firms	7,976	79.4%
micro Firms	2,577	25.7%
Total	10,045	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 June 19 – 30 2017

### 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.