

## TDB Trends Research (Nationwide) - Research & Summary for November 2013

### Economic DI was 48.3, reaching an historic high

The Japanese economy sees overall improvement, including small and medium-sized enterprises and regional areas

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(Companies researched: 22,863; Valid responses: 10,493; Response rate: 45.9%;  
Research start date: May 2002)

#### <Overview of November 2013: Overall improvement>

The Economic DI (Economic DI: 0-100, 50 points is the threshold of assessment) in November 2013 stood at 48.3, up 1.5 points from the previous month, improving for five months in a row. The Economic DI surpassed that of the March 2006 period (47.9), reaching the highest level since the commencement of survey in May 2002.

The Japanese economy exhibits signs of overall improvement

#### <Future Outlook: The economic upswing will continue>

Japanese corporate activity, supported by the firm domestic and foreign demand, is predicted to become further active; thus, the Japanese economy is expected to continue to improve.

By industry: 8 out of 10 industries improved, with 16 business sectors reaching an Economic DI of 50 or higher.

By size: “Large” and “small”-scale firms produced new record high results, with the Economic DI of “large-scale” firms surpassing 50.

By region: All 10 regions improved for 5 months in a row, with 7 regions producing new record high results.

|                         |       |      |           |      |                       |               |                |                |              |
|-------------------------|-------|------|-----------|------|-----------------------|---------------|----------------|----------------|--------------|
| Economic DI             | Nov   | Dec  | Jan. 2013 | Feb  | Mar                   | Apr           | May            | Jun            | July         |
|                         | 35.3  | 35.7 | 38.0      | 39.8 | 41.3                  | 42.4          | 43.0           | 42.5           | 43.6         |
| Change from prior month | ▲ 0.2 | 0.4  | 2.3       | 1.8  | 1.5                   | 1.1           | 0.6            | ▲ 0.5          | 1.1          |
| Economic DI             | Aug   | Sep  | Oct       | Nov  | Projected future DI   | After 1 month | After 3 months | After 6 months | After 1 year |
|                         | 44.6  | 46.1 | 46.8      | 48.3 |                       | 48.9          | 49.6           | 49.2           | 50.6         |
| Change from prior month | 1.0   | 1.5  | 0.7       | 1.5  | Change from Nov. 2013 | 0.6           | 1.3            | 0.9            | 2.3          |

\*1: White columns mean an improvement, yellow-shaded columns mean the value was unchanged, and blue-shaded columns mean a decrease.

\*2: 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

|                             | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Ratio to the Previous Month |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Total                       | 35.3   | 35.7   | 38.0   | 39.8   | 41.3   | 42.4   | 43.0   | 42.5   | 43.6   | 44.6   | 46.1   | 46.8   | 48.3   | 1.5                         |
| Large Firms                 | 38.4   | 38.7   | 41.0   | 42.9   | 44.2   | 45.3   | 46.3   | 45.9   | 47.0   | 48.2   | 49.6   | 50.0   | 51.4   | 1.4                         |
| Small to Medium-sized Firms | 34.4   | 34.7   | 37.1   | 38.9   | 40.4   | 41.5   | 42.0   | 41.4   | 42.6   | 43.5   | 45.0   | 45.9   | 47.4   | 1.5                         |
| Micro Firms                 | 33.6   | 33.9   | 36.9   | 38.9   | 40.1   | 41.2   | 41.4   | 41.1   | 42.2   | 43.1   | 45.1   | 45.8   | 46.9   | 1.1                         |

|                                |   | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Ratio to the Previous Month |
|--------------------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Agriculture,Forestry,Fisheries |   | 33.7   | 34.9   | 36.0   | 36.8   | 35.7   | 35.4   | 39.7   | 39.5   | 41.0   | 37.8   | 40.1   | 40.8   | 40.3   | ▲ 0.5                       |
| Finance                        |   | 36.1   | 36.2   | 41.3   | 42.4   | 41.9   | 44.7   | 44.4   | 44.0   | 44.6   | 45.0   | 45.6   | 46.4   | 45.7   | ▲ 0.7                       |
| Construction                   |   | 39.0   | 38.7   | 41.9   | 43.8   | 45.3   | 46.4   | 47.6   | 47.5   | 49.4   | 50.7   | 53.8   | 54.8   | 56.6   | 1.8                         |
| Real Estate                    |   | 35.7   | 37.0   | 40.9   | 45.7   | 46.8   | 48.8   | 49.2   | 47.7   | 49.3   | 48.4   | 49.9   | 48.8   | 49.5   | 0.7                         |
| Manufacturing                  | Food,Beverages,Livestock Feed                                       | 32.7   | 33.4   | 34.5   | 35.6   | 36.8   | 38.7   | 38.1   | 38.7   | 39.3   | 39.0   | 40.4   | 40.0   | 41.3   | 1.3                         |
|                                | Textile,Textile Products,Clothing                                   | 33.1   | 35.6   | 36.9   | 37.3   | 38.1   | 39.9   | 37.8   | 37.8   | 40.2   | 39.9   | 40.3   | 40.4   | 40.1   | ▲ 0.3                       |
|                                | Construction Materials,Furniture, Ceramics,Stone and Clay Products  | 37.0   | 38.2   | 38.9   | 40.3   | 42.7   | 43.4   | 45.3   | 46.5   | 47.4   | 49.6   | 49.9   | 53.1   | 55.0   | 1.9                         |
|                                | Pulp, Paper and Paper Products                                      | 30.8   | 31.1   | 33.3   | 33.0   | 36.0   | 37.0   | 38.2   | 34.9   | 36.0   | 37.3   | 38.6   | 40.0   | 42.9   | 2.9                         |
|                                | Publishing,Printing   | 29.2   | 28.3   | 29.6   | 31.4   | 32.8   | 32.8   | 33.1   | 31.9   | 32.1   | 31.7   | 33.8   | 34.7   | 33.6   | ▲ 1.1                       |
|                                | Chemical  | 33.3   | 34.1   | 36.4   | 38.0   | 39.9   | 41.0   | 42.6   | 42.1   | 42.4   | 43.9   | 45.0   | 46.5   | 48.2   | 1.7                         |
|                                | Steel,Nonferrous Metals,Mining                                      | 31.9   | 32.6   | 35.5   | 37.6   | 38.5   | 39.7   | 40.0   | 39.8   | 42.3   | 44.1   | 46.2   | 48.2   | 50.4   | 2.2                         |
|                                | General Machinery   | 33.4   | 32.7   | 36.3   | 39.2   | 39.8   | 40.0   | 41.0   | 40.8   | 42.8   | 44.0   | 46.0   | 46.8   | 49.7   | 2.9                         |
|                                | Electrical Machinery  | 31.8   | 32.8   | 35.8   | 38.2   | 38.4   | 40.1   | 41.9   | 40.2   | 42.3   | 43.3   | 43.7   | 44.6   | 47.6   | 3.0                         |
|                                | Transportation Machinery,Equipment                                  | 32.8   | 32.6   | 34.2   | 41.2   | 45.6   | 47.0   | 46.5   | 47.6   | 48.0   | 49.9   | 51.4   | 50.3   | 53.7   | 3.4                         |
|                                | Precision Machinery, Medical Instruments and Equipment              | 32.5   | 32.4   | 33.6   | 36.5   | 36.7   | 39.6   | 39.3   | 38.7   | 39.3   | 40.8   | 42.9   | 44.4   | 45.2   | 0.8                         |
|                                | Other   | 30.8   | 31.0   | 31.3   | 34.8   | 35.4   | 35.6   | 33.3   | 33.7   | 35.9   | 35.1   | 36.7   | 34.8   | 38.0   | 3.2                         |
| Total                          |   | 32.6   | 33.1   | 35.3   | 37.4   | 38.6   | 39.7   | 40.3   | 40.0   | 41.4   | 42.5   | 43.9   | 44.9   | 46.9   | 2.0                         |
| Wholesale                      | Food,Beverages  | 33.5   | 33.9   | 34.6   | 35.3   | 37.1   | 38.0   | 39.4   | 38.6   | 39.7   | 39.7   | 41.0   | 39.2   | 40.3   | 1.1                         |
|                                | Textile,Textile Products,Clothing                                   | 32.4   | 34.3   | 34.7   | 34.6   | 34.5   | 37.5   | 36.4   | 36.3   | 36.6   | 36.5   | 37.8   | 37.7   | 38.2   | 0.5                         |
|                                | Construction Materials, Furniture,Ceramics, Stone and Clay Products | 39.3   | 39.9   | 42.2   | 43.5   | 44.5   | 46.3   | 46.1   | 46.8   | 47.7   | 49.2   | 50.3   | 53.4   | 54.6   | 1.2                         |
|                                | Paper Products,Stationery,Books                                     | 30.2   | 31.7   | 31.8   | 32.3   | 34.3   | 36.3   | 36.5   | 35.3   | 35.2   | 34.9   | 37.2   | 37.6   | 38.3   | 0.7                         |
|                                | Chemical  | 35.1   | 34.6   | 35.9   | 36.1   | 38.5   | 39.7   | 41.4   | 40.2   | 41.0   | 41.9   | 43.2   | 43.9   | 45.8   | 1.9                         |
|                                | Recycled Resources  | 30.1   | 32.1   | 41.9   | 48.8   | 50.6   | 50.6   | 46.6   | 43.1   | 46.5   | 44.4   | 49.4   | 52.1   | 54.3   | 2.2                         |
|                                | Steel,Nonferrous Metals, Mining Products                            | 31.6   | 34.0   | 37.3   | 38.2   | 40.2   | 38.7   | 39.9   | 39.0   | 41.4   | 43.4   | 44.9   | 47.8   | 50.0   | 2.2                         |
|                                | Machinery,Equipment   | 33.7   | 34.1   | 36.8   | 38.8   | 41.0   | 42.1   | 41.9   | 40.4   | 42.3   | 43.4   | 44.4   | 45.6   | 47.6   | 2.0                         |
|                                | Other   | 32.8   | 32.2   | 34.0   | 35.3   | 37.1   | 38.1   | 39.3   | 38.8   | 38.9   | 39.4   | 40.7   | 40.2   | 41.9   | 1.7                         |
|                                | Total   |        | 33.9   | 34.5   | 36.5   | 37.7   | 39.5   | 40.5   | 40.9   | 40.1   | 41.4   | 42.2   | 43.5   | 44.3   | 45.9                        |

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

|                            |  | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Ratio to the Previous Month |
|----------------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Retail                     | Food,Beverages   | 34.7   | 30.6   | 32.9   | 38.8   | 40.5   | 40.5   | 41.0   | 38.2   | 40.0   | 39.9   | 39.1   | 38.6   | 39.6   | 1.0                         |
|                            | Textile,Textile Products,Clothing                                    | 35.5   | 32.9   | 34.6   | 34.8   | 41.4   | 40.7   | 38.6   | 39.2   | 38.6   | 34.5   | 39.9   | 35.4   | 36.3   | 0.9                         |
|                            | Drugs,Sundries   | 44.4   | 47.7   | 49.4   | 45.7   | 44.9   | 44.7   | 50.7   | 44.0   | 46.7   | 45.8   | 46.7   | 50.0   | 49.3   | ▲ 0.7                       |
|                            | Furniture  | 34.7   | 38.9   | 37.5   | 44.4   | 46.2   | 50.0   | 50.0   | 48.8   | 57.4   | 41.7   | 51.5   | 48.6   | 55.0   | 6.4                         |
|                            | Electrical Household Appliances, Information Machinery and Equipment | 33.3   | 34.1   | 39.5   | 38.7   | 41.7   | 44.1   | 42.1   | 47.5   | 44.1   | 46.1   | 49.2   | 46.2   | 46.4   | 0.2                         |
|                            | Motor Vehicles,Motor Vehicle Parts                                   | 31.5   | 32.1   | 41.2   | 42.9   | 49.4   | 43.4   | 47.2   | 43.8   | 45.0   | 47.8   | 47.7   | 47.2   | 51.3   | 4.1                         |
|                            | Special Merchandise  | 32.7   | 33.0   | 32.7   | 35.1   | 37.0   | 36.9   | 37.2   | 37.0   | 37.0   | 37.4   | 37.6   | 39.7   | 39.3   | ▲ 0.4                       |
|                            | Various Merchandise  | 35.3   | 35.5   | 38.4   | 40.5   | 42.8   | 45.5   | 46.9   | 46.2   | 45.7   | 45.4   | 46.5   | 42.7   | 47.9   | 5.2                         |
|                            | Other  | 33.3   | 36.7   | 36.7   | 31.0   | 33.3   | 40.5   | 35.7   | 38.9   | 37.5   | 33.3   | 41.7   | 33.3   | 38.9   | 5.6                         |
|                            | Total  | 34.2   | 34.0   | 36.3   | 38.4   | 41.2   | 41.1   | 41.9   | 40.9   | 41.1   | 41.1   | 42.4   | 41.7   | 43.0   | 1.3                         |
| Transportation,Warehousing |  | 35.3   | 36.9   | 38.0   | 39.5   | 40.6   | 41.5   | 42.6   | 41.7   | 42.9   | 43.7   | 46.4   | 46.7   | 47.8   | 1.1                         |
| Service                    | Restaurants  | 32.4   | 35.4   | 35.7   | 37.8   | 43.5   | 43.8   | 48.0   | 47.5   | 45.2   | 45.6   | 44.3   | 38.9   | 40.5   | 1.6                         |
|                            | Postal,Telecommunications  | 48.7   | 48.7   | 53.8   | 53.0   | 55.0   | 56.4   | 55.0   | 54.5   | 51.7   | 55.6   | 51.7   | 54.5   | 50.0   | ▲ 4.5                       |
|                            | Electricity,Gas,Water,Heat   | 42.6   | 37.5   | 43.8   | 45.8   | 40.5   | 48.1   | 48.1   | 51.7   | 48.1   | 48.1   | 45.8   | 48.6   | 50.0   | 1.4                         |
|                            | Leasing,Rentals  | 43.7   | 45.2   | 45.3   | 48.4   | 49.9   | 49.6   | 50.7   | 50.7   | 51.2   | 51.6   | 53.5   | 57.0   | 56.2   | ▲ 0.8                       |
|                            | Lodging, Hotels  | 40.0   | 37.2   | 38.4   | 40.1   | 45.8   | 48.2   | 49.1   | 48.3   | 51.4   | 50.8   | 50.9   | 46.9   | 49.5   | 2.6                         |
|                            | Recreation   | 36.2   | 36.7   | 38.5   | 38.5   | 40.6   | 41.0   | 38.5   | 40.5   | 36.7   | 38.6   | 39.5   | 39.2   | 40.8   | 1.6                         |
|                            | Broadcasting   | 40.6   | 38.5   | 41.7   | 37.8   | 43.8   | 43.5   | 49.0   | 44.0   | 45.1   | 45.4   | 49.1   | 48.1   | 45.1   | ▲ 3.0                       |
|                            | Maintenance,Guarding,Testing   | 38.4   | 37.6   | 40.7   | 44.0   | 43.3   | 43.3   | 44.8   | 43.7   | 43.5   | 45.0   | 45.7   | 47.6   | 46.3   | ▲ 1.3                       |
|                            | Advertising  | 34.7   | 34.5   | 35.4   | 38.9   | 40.8   | 42.5   | 42.4   | 42.6   | 42.3   | 42.5   | 41.9   | 43.2   | 41.0   | ▲ 2.2                       |
|                            | Information  | 42.8   | 42.2   | 45.2   | 47.3   | 47.7   | 49.5   | 49.3   | 48.7   | 49.4   | 50.6   | 51.3   | 51.8   | 53.3   | 1.5                         |
|                            | Labor Dispatching  | 42.8   | 44.9   | 44.7   | 48.7   | 50.3   | 50.3   | 50.6   | 52.2   | 52.6   | 54.5   | 55.7   | 57.2   | 57.5   | 0.3                         |
|                            | Special Services   | 40.4   | 41.1   | 44.3   | 46.9   | 47.3   | 48.7   | 50.8   | 47.7   | 50.4   | 52.8   | 53.5   | 55.3   | 54.9   | ▲ 0.4                       |
|                            | Medical,Welfare,Public Health  | 41.1   | 40.8   | 45.3   | 45.7   | 48.0   | 49.0   | 48.8   | 47.3   | 45.7   | 46.9   | 45.0   | 47.3   | 50.3   | 3.0                         |
|                            | Education  | 40.1   | 38.3   | 46.8   | 46.8   | 45.3   | 48.0   | 47.0   | 46.7   | 46.4   | 47.1   | 42.0   | 43.8   | 44.2   | 0.4                         |
|                            | Other  | 40.7   | 39.5   | 42.2   | 42.1   | 44.7   | 44.7   | 46.2   | 46.2   | 47.0   | 47.9   | 49.6   | 48.2   | 49.8   | 1.6                         |
| Total                      |  | 40.5   | 40.5   | 43.0   | 45.0   | 46.2   | 47.3   | 47.9   | 47.2   | 47.6   | 48.8   | 49.3   | 50.1   | 50.6   | 0.5                         |
| Other                      |  | 36.0   | 36.2   | 36.7   | 33.8   | 35.7   | 42.3   | 41.5   | 41.4   | 38.9   | 40.1   | 42.8   | 40.6   | 42.2   | 1.6                         |

  

|             |  | Nov-12 | Dec-12 | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Ratio to the Previous Month |
|-------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Hokkaido    |  | 34.3   | 34.0   | 36.1   | 38.4   | 40.5   | 43.2   | 43.3   | 44.8   | 47.4   | 48.6   | 50.2   | 51.3   | 51.4   | 0.1                         |
| Tohoku      |  | 42.8   | 42.1   | 42.8   | 43.3   | 44.3   | 44.9   | 45.9   | 45.8   | 45.9   | 46.9   | 49.0   | 50.1   | 50.8   | 0.7                         |
| kitakanto   |  | 31.4   | 32.7   | 34.1   | 37.1   | 38.3   | 39.9   | 41.4   | 40.1   | 42.8   | 43.0   | 44.0   | 44.9   | 47.0   | 2.1                         |
| minamikanto |  | 36.5   | 37.1   | 39.4   | 41.3   | 42.5   | 43.5   | 44.2   | 43.5   | 44.1   | 44.8   | 46.4   | 46.6   | 48.1   | 1.5                         |
| Hokuriku    |  | 34.6   | 34.2   | 36.9   | 38.4   | 40.3   | 42.0   | 43.5   | 42.8   | 45.2   | 45.7   | 47.9   | 48.3   | 50.1   | 1.8                         |
| Tokai       |  | 34.2   | 34.6   | 37.4   | 39.8   | 41.5   | 42.8   | 44.2   | 43.0   | 44.4   | 45.4   | 46.7   | 47.2   | 49.1   | 1.9                         |
| Kinki       |  | 33.8   | 34.3   | 36.7   | 38.5   | 39.7   | 40.6   | 40.5   | 40.0   | 40.9   | 42.2   | 43.4   | 44.7   | 46.3   | 1.6                         |
| Chugoku     |  | 33.1   | 32.6   | 36.2   | 37.2   | 39.4   | 40.4   | 40.4   | 40.2   | 41.7   | 43.1   | 44.7   | 46.5   | 48.0   | 1.5                         |
| Shikoku     |  | 34.8   | 36.4   | 38.4   | 39.8   | 39.7   | 41.0   | 41.2   | 41.2   | 42.2   | 43.4   | 44.5   | 45.5   | 48.8   | 3.3                         |
| Kyushu      |  | 36.0   | 36.0   | 39.0   | 40.5   | 42.6   | 42.6   | 43.0   | 42.5   | 43.7   | 45.4   | 46.8   | 47.8   | 48.7   | 0.9                         |

## Appendix

### 1. Research Subjects(Corporations: 22,863

Valid responses:10,493,Response rate:45.9%)

#### 1.Region

|             |       |         |       |
|-------------|-------|---------|-------|
| Hokkaido    | 561   | Tokai   | 1,184 |
| Tohoku      | 610   | Kinki   | 1,749 |
| kitaKanto   | 693   | Chugoku | 628   |
| minamikanto | 3,401 | Shikoku | 315   |
| Hokuriku    | 537   | Kyushu  | 815   |
| Total       |       | 10,493  |       |

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

|                                |   |       |
|--------------------------------|---|-------|
| Agriculture,Forestry,Fisheries |   | 55    |
| Finance                        |   | 120   |
| Construction                   |   | 1,392 |
| Real Estate                    |   | 258   |
| Manufacturing<br>3,223         | Food,Beverages,Livestock Feed                                     | 368   |
|                                | Textile,Textile Products,Clothing                                 | 116   |
|                                | Construction Materials,Furniture,Ceramics,Stone and Clay Products | 241   |
|                                | Pulp, Paper and Paper Products                                    | 105   |
|                                | Publishing,Printing   | 197   |
|                                | Chemical  | 413   |
|                                | Steel,Nonferrous Metals,Mining                                    | 559   |
|                                | General Machinery   | 468   |
|                                | Electrical Machinery  | 382   |
|                                | Transportation Machinery,Equipment                                | 117   |
|                                | Precision Machinery,Medical Instruments and Equipment             | 80    |
|                                | Others  | 93    |
| Wholesale<br>3,959             | Food,Beverages  | 395   |
|                                | Textile,Textile Products,Clothing                                 | 208   |
|                                | Construction Materials,Furniture,Ceramics,Stone and Clay Products | 366   |
|                                | Paper Products,Stationery,Books                                   | 115   |
|                                | Chemical  | 317   |
|                                | Recycled Resources  | 31    |
|                                | Steel,Nonferrous Metals,Mining Products                           | 325   |
|                                | Machinery,Equipment   | 955   |
|                                | Others  | 383   |

|                            |   |        |
|----------------------------|---|--------|
| Retail<br>480              | Food,Beverages  | 72     |
|                            | Textile,Textile Products,Clothing                                   | 40     |
|                            | Drugs,Sundries  | 23     |
|                            | Furniture   | 10     |
|                            | Electrical Household Appliances,Information Machinery and Equipment | 32     |
|                            | Motor Vehicles,Motor Vehicle Parts                                  | 53     |
|                            | Special Merchandise   | 140    |
|                            | Various Merchandise   | 48     |
|                            | Others  | 3      |
| Transportation,Warehousing |   | 436    |
| Service<br>1,384           | Restaurants   | 37     |
|                            | Telecommunications  | 11     |
|                            | Electricity,Gas,Water,Heat  | 12     |
|                            | Leasing,Rentals   | 126    |
|                            | Lodging, Hotels   | 34     |
|                            | Recreation  | 56     |
|                            | Broadcasting  | 17     |
|                            | Maintenance,Guarding,Testing  | 146    |
|                            | Advertising   | 128    |
|                            | Information   | 458    |
|                            | Labor Dispatching   | 67     |
|                            | Special Services  | 199    |
|                            | Medical,Welfare,Public Health                                       | 100    |
|                            | Education   | 20     |
|                            | Others  | 134    |
| Others                     |   | 32     |
| Total                      |   | 10,493 |

#### 3.Size

|                             |        |       |
|-----------------------------|--------|-------|
| Large Firms                 | 2,446  | 23.3% |
| Small to Medium-sized Firms | 8,047  | 76.7% |
| micro Firms                 | 2,339  | 22.3% |
| Total                       | 10,493 | 45.6% |

## 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 November 19 – 30, 2013

### 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<br>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<br>(Micro Firms included)              | Micro Firms               |
|-------------------------------------|--|--|---------------------------|
| Manufacturing and Other Industries* | Capital: More than 300 million yen<br>and<br>No. of Employee: Over 300 | Capital: Below 300 million yen<br>or<br>No. of Employee: Below 300 | No. of Employee: Below 20 |
| Wholesale Trade                     | Capital: More than 100 million yen<br>and<br>No. of Employee: Over 100 | Capital: Below 100 million yen<br>or<br>No. of Employee: Below 100 | No. of Employee: Below 5  |
| Retail Trade                        | Capital: More than 50 million yen<br>and<br>No. of Employee: Over 50   | Capital: Below 50 million yen<br>or<br>No. of Employee: Below 50   | No. of Employee: Below 5  |
| Service**                           | Capital: More than 50 million yen<br>and<br>No. of Employee: Over 100  | Capital: Below 50 million yen<br>or<br>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.