

The weaker economy was hit further by the 2016 Kumamoto Earthquake

- Enterprise risk emerging from both the natural and human disasters -

(Companies Researched 23,432; Valid Responses 10,246; Response Rate 43.7%; Survey Start Date: May 2002)

e-mail : keiki@mail.tdb.co.jp

< Overview of April 2016: Again deteriorated >

The Economic DI (Economic DI: 50 points is the threshold of assessment) in April 2016 fell again, 0.4 points from the previous month to 42.4 for the first time in 2 months. Amid various risks incurred by the corporate sector, the 2016 Kumamoto Earthquake gave the final blow especially to manufacturing and tourism industries, deteriorating the domestic economy once again.

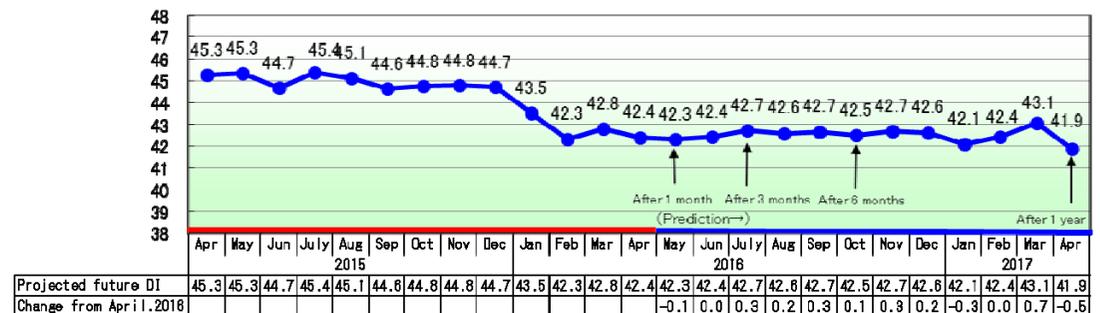
< Future Outlook: Remaining at a standstill >

The future economy is likely to remain at a standstill due to a lack of drivers for economic growth.

By industry: [Inns and hotels have deteriorated significantly since the Great East Japan Earthquake.](#)

By size: [While all size categories have deteriorated across the board, small- and mid-sized transportation and warehousing businesses have been suffering from a slowdown in freight movement.](#)

By region: [While 8 out of 10 regions have deteriorated, Kyushu Island could be a trigger for uncertainty.](#)



*: 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-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Ratio to the PrFDious Month
Total	45.3	45.3	44.7	45.4	45.1	44.6	44.8	44.8	44.7	43.5	42.3	42.8	42.4	▲ 0.4
Large Firms	48.9	49.2	48.4	48.8	48.9	48.2	48.4	48.4	47.9	47.1	46.0	46.5	46.2	▲ 0.3
Small to Medium-sized Firms	44.3	44.3	43.6	44.5	44.1	43.6	43.7	43.7	43.8	42.5	41.3	41.8	41.4	▲ 0.4
Micro Firms	43.1	43.2	43.1	43.4	43.2	43.2	43.2	43.1	43.3	41.8	40.3	40.8	40.3	▲ 0.5

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Ratio to the PrFDious Month	
Agriculture,Forestry,Fisheries	43.7	45.0	41.9	42.9	44.7	44.7	44.6	45.2	46.4	43.6	44.5	42.3	42.4	0.1	
Finance	48.1	47.4	49.2	48.1	46.5	46.3	47.3	46.6	46.3	45.3	44.3	44.8	45.5	0.7	
Construction	49.3	48.6	47.7	48.6	48.8	49.1	49.5	49.6	49.3	47.9	45.9	46.3	45.2	▲ 1.1	
Real Estate	48.8	49.6	49.1	49.8	48.4	48.7	48.7	48.9	48.4	47.1	48.0	48.2	48.1	▲ 0.1	
Manufacturing	Food,BEWerages,Livestock Feed	42.1	44.3	43.1	43.4	43.0	43.6	44.3	44.5	44.1	44.2	43.2	44.2	44.6	0.4
	Textile,Textile Products,Clothing	40.2	41.7	39.4	39.4	40.2	38.8	39.8	39.4	39.3	36.4	37.6	39.8	38.2	▲ 1.6
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	40.3	40.9	40.3	41.2	41.2	40.9	40.2	38.9	40.7	38.5	38.0	38.6	37.9	▲ 0.7
	Pulp, Paper and Paper Products	39.8	40.0	39.0	39.7	42.0	40.8	41.1	42.4	41.7	40.3	36.8	37.6	40.2	2.6
	Publishing,Printing	34.6	34.1	33.5	33.7	34.9	34.8	34.8	34.6	34.7	34.0	34.6	35.3	34.1	▲ 1.2
	Chemical	44.1	44.4	43.9	44.7	45.3	44.4	44.4	44.9	45.4	44.3	42.8	42.7	43.0	0.3
	Steel,Nonferrous Metals,Mining	43.9	43.0	42.9	43.6	42.8	41.7	41.4	41.8	41.5	41.1	38.8	38.3	38.3	0.0
	General Machinery	52.5	51.6	51.3	51.9	50.3	47.3	47.9	47.3	48.6	46.0	45.5	45.7	45.3	▲ 0.4
	Electrical Machinery	47.7	47.3	47.4	47.4	44.8	45.2	45.2	45.2	44.9	43.0	42.8	42.8	42.3	▲ 0.5
	Transportation Machinery,Equipment	51.1	47.8	49.7	50.9	50.8	48.3	46.3	47.0	46.2	45.7	44.6	46.8	46.8	0.0
	Precision Machinery, Medical Instruments and Equipment	47.8	49.8	49.4	50.4	51.2	47.9	48.6	47.9	46.1	46.2	43.1	44.6	44.6	0.0
	Other	37.1	40.7	37.8	39.2	37.7	40.0	39.8	40.0	39.6	39.4	39.1	40.6	37.5	▲ 3.1
	Total	44.4	44.5	44.0	44.6	44.2	43.2	43.3	43.3	43.5	42.2	41.2	41.6	41.3	▲ 0.3
Wholesale	Food,BEWerages	42.6	42.9	43.0	44.1	42.7	43.6	43.0	43.1	42.6	41.9	40.9	42.2	42.6	0.4
	Textile,Textile Products,Clothing	35.5	37.0	34.8	34.4	34.7	36.5	37.8	34.4	34.4	33.5	32.7	33.8	35.7	1.9
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	38.2	38.7	38.1	39.8	39.7	39.5	41.3	41.5	41.8	40.5	39.1	39.4	39.2	▲ 0.2
	Paper Products,Stationery,Books	37.3	38.1	34.5	37.1	36.5	36.8	36.8	37.4	37.2	38.1	37.4	38.0	36.6	▲ 1.4
	Chemical	42.5	43.0	43.1	43.9	42.6	42.3	42.5	42.8	43.2	40.8	39.2	40.2	39.5	▲ 0.7
	Recycled Resources	39.7	42.3	40.1	35.8	36.0	25.8	29.9	26.7	32.1	25.6	28.4	30.7	39.3	8.6
	Steel,Nonferrous Metals, Mining Products	41.2	40.3	39.3	40.4	40.3	38.5	38.8	39.4	37.7	36.4	35.8	36.1	35.2	▲ 0.9
	Machinery,Equipment	46.7	46.3	45.1	45.6	45.3	43.6	43.6	43.4	43.6	42.6	41.2	41.7	40.9	▲ 0.8
	Other	40.9	41.8	42.0	42.4	41.4	40.8	41.0	41.1	41.1	39.9	39.0	39.6	39.1	▲ 0.5
	Total	42.3	42.5	41.7	42.5	41.9	41.2	41.5	41.4	41.4	40.1	39.0	39.7	39.4	▲ 0.3

Economic Diffusion Index (Economic DI)2/2

		Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Ratio to the PrFDious Month
Retail	Food,BEVerages	39.3	41.6	42.7	45.0	44.0	44.5	44.6	41.4	43.2	39.9	40.4	43.4	42.1	▲ 1.3
	Textile,Textile Products,Clothing	38.0	40.2	37.0	38.6	38.7	36.9	40.1	36.8	32.1	34.8	31.6	33.3	35.1	▲ 1.8
	Drugs,Sundries	48.1	48.0	48.6	49.3	48.7	46.7	48.6	50.0	49.4	45.3	45.4	46.1	42.0	▲ 4.1
	Furniture	35.0	40.0	43.3	41.7	41.7	42.9	42.9	42.9	42.9	47.2	42.9	40.5	40.5	▲ 2.4
	Electrical Household Appliances, Information Machinery and Equipment	38.4	41.5	40.6	38.9	38.3	44.6	39.6	38.7	40.7	43.8	39.2	40.4	40.7	0.3
	Motor Vehicles,Motor Vehicle Parts	36.5	39.9	37.2	38.3	38.7	38.6	39.9	38.2	37.9	40.0	37.9	38.6	40.4	1.8
	Special Merchandise	39.4	40.5	38.0	39.9	41.6	40.7	39.2	39.8	38.4	40.4	39.2	37.4	38.9	1.5
	Various Merchandise	47.1	49.7	48.1	48.8	49.0	47.3	46.5	47.3	43.8	45.0	43.7	44.8	43.3	▲ 1.5
	Other	41.7	36.1	43.3	35.7	44.4	44.4	36.1	38.9	43.3	44.4	41.7	44.4	41.7	▲ 2.7
	Total	40.2	42.1	40.7	41.9	42.4	42.2	41.6	40.9	40.2	41.0	39.5	40.1	40.2	0.1
Transportation,Warehousing		44.8	44.8	42.6	44.4	44.9	45.1	44.7	45.4	45.3	43.2	41.9	41.9	41.5	▲ 0.4
Service	Restaurants	50.0	49.6	48.3	47.4	51.3	45.3	49.2	46.2	44.4	47.1	42.1	43.6	43.1	▲ 0.5
	Postal,Telecommunications	54.2	53.7	50.0	47.0	53.0	59.3	57.6	53.0	51.5	58.3	54.2	50.0	59.1	9.1
	Electricity,Gas,Water,Heat	55.0	53.7	53.0	50.0	51.9	56.7	55.0	55.0	55.0	52.4	53.7	50.0	51.9	1.9
	Leasing,Rentals	49.6	47.9	47.9	48.7	49.9	48.0	48.0	49.2	49.7	48.1	46.2	47.1	45.9	▲ 1.2
	Lodging, Hotels	51.4	53.1	54.2	59.2	59.0	58.3	61.4	59.1	55.4	56.9	54.7	56.1	50.5	▲ 5.6
	Recreation	38.7	40.2	37.9	37.3	38.0	37.9	38.0	38.0	38.6	39.1	37.3	36.9	38.0	1.1
	Broadcasting	47.9	45.6	46.1	49.1	46.1	41.7	45.1	46.9	47.8	43.8	46.9	45.6	46.7	1.1
	Maintenance,Guarding,Testing	47.8	48.1	47.4	47.6	47.4	46.0	46.1	47.1	46.4	44.8	43.8	43.9	44.4	0.5
	Advertising	42.2	41.1	41.0	39.8	40.7	40.8	40.7	40.3	40.3	39.2	37.2	40.9	37.5	▲ 3.4
	Information	56.3	55.3	55.4	56.4	55.8	55.5	56.0	54.9	54.9	55.2	53.3	53.4	53.4	0.0
	Labor Dispatching	55.5	56.2	56.3	54.4	55.0	54.2	54.7	52.5	53.1	50.9	52.7	54.7	53.1	▲ 1.6
	Special Services	51.0	51.7	50.9	52.0	51.4	51.5	49.0	50.3	52.1	49.1	48.9	49.6	48.3	▲ 1.3
	Medical,Welfare,Public Health	46.1	46.3	43.3	45.3	43.6	42.8	42.3	44.1	42.2	39.9	39.2	42.5	41.5	▲ 1.0
	Education	41.2	41.1	44.4	40.6	44.1	42.1	45.0	50.8	46.7	46.3	46.8	47.4	43.0	▲ 4.4
	Other	46.1	46.8	49.5	50.9	48.5	49.3	49.2	50.1	49.0	45.9	47.5	47.1	46.7	▲ 0.4
Total	50.1	49.9	49.7	50.4	50.1	49.6	49.6	49.6	49.6	48.4	47.4	48.2	47.5	▲ 0.7	
Other		43.2	40.2	41.9	42.6	40.7	41.4	42.3	41.9	43.8	40.9	39.4	38.8	37.4	▲ 1.4

		Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	Ratio to the PrFDious Month
Hokkaido		40.8	41.6	40.9	41.8	41.8	41.8	39.3	39.8	39.4	39.0	37.9	38.6	39.2	0.6
Tohoku		46.0	44.9	45.0	46.3	46.1	45.9	45.8	45.9	45.6	43.9	43.2	43.1	43.3	0.2
kitakanto		45.4	45.2	44.8	45.0	45.2	42.6	43.3	43.8	43.0	41.1	40.3	41.5	40.8	▲ 0.7
minamikanto		46.2	46.5	46.1	46.8	46.1	45.4	45.8	45.8	45.8	44.6	43.2	43.9	43.6	▲ 0.3
Hokuriku		44.4	44.8	43.8	44.3	44.6	44.2	43.9	43.9	43.8	41.1	40.3	40.4	39.2	▲ 1.2
Tokai		45.6	46.5	45.3	46.9	46.5	46.0	46.0	45.9	46.4	45.4	43.6	43.6	43.3	▲ 0.3
Kinki		43.7	43.4	42.6	43.2	43.1	42.7	42.6	42.3	42.5	41.7	40.7	41.1	40.8	▲ 0.3
Chugoku		45.4	45.6	44.8	45.5	44.9	45.0	45.6	45.8	45.8	44.8	43.7	44.3	43.1	▲ 1.2
Shikoku		47.7	46.9	46.3	45.6	47.7	46.5	47.3	48.3	47.5	46.7	45.1	45.7	45.2	▲ 0.5
Kyushu		46.2	45.6	44.3	44.9	44.5	45.7	46.6	46.0	45.6	44.8	44.0	44.3	43.4	▲ 0.9

Appendix

1. Research Subjects (Companies Researched: 23,432; Valid Responses 10,246; Response Rate 43.7%)

Appendix

1. Region

Hokkaido	541	Tokai	1,150
Tohoku	642	Kinki	1,696
kitaKanto	719	Chugoku	585
minamikanto	3,358	Shikoku	322
Hokuriku	559	Kyushu	674
		Total	10,246

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		55
Finance		126
Construction		1,492
Real Estate		270
Manufacturing 3,223	Food, Beverages, Livestock Feed	331
	Textile, Textile Products, Clothing	117
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	239
	Pulp, Paper and Paper Products	99
	Publishing, Printing	195
	Chemical	417
	Steel, Nonferrous Metals, Mining	518
	General Machinery	447
	Electrical Machinery	341
	Transportation Machinery, Equipment	105
	Precision Machinery, Medical Instruments and Equipment	77
Others	97	
Wholesale 3,959	Food, Beverages	355
	Textile, Textile Products, Clothing	189
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	363
	Paper Products, Stationery, Books	108
	Chemical	290
	Recycled Resources	45
	Steel, Nonferrous Metals, Mining Products	317
	Machinery, Equipment	913
	Others	341

Retail 480	Food, Beverages	72
	Textile, Textile Products, Clothing	37
	Drugs, Sundries	29
	Furniture	7
	Electrical Household Appliances, Information Machinery and Equipment	34
	Motor Vehicles, Motor Vehicle Parts	61
	Special Merchandise	135
	Various Merchandise	47
Others	6	
Transportation, Warehousing		441
Service 1,384	Restaurants	34
	Telecommunications	11
	Electricity, Gas, Water, Heat	9
	Leasing, Rentals	118
	Lodging, Hotels	35
	Recreation	57
	Broadcasting	15
	Maintenance, Guarding, Testing	160
	Advertising	115
	Information	426
	Labor Dispatching	54
	Special Services	212
	Medical, Welfare, Public Health	98
Education	19	
Others	126	
Others	41	
Total		10,246

3. Size

Large Firms	2,170	21.2%
Small to Medium-sized Firms	8,076	78.8%
micro Firms	2,539	24.8%
Total	10,246	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 15 – 30 2016

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.