TDB Trends Research (Nationwide, Research & Summary for February 2022)

While Covid-19 infection continues,
Ukraine situation follows.
～ Future economy depends very much on economic sanctions
against Russia ～

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(Companies researched: 24,213; Valid responses: 11,562; Response rate: 47.8%;
Survey start date: May 2002)

< Overview of February 2022: Decline continues >

The economic diffusion index (DI) in February 2022 was 39.9, down 1.3 points from the previous month, and worsened for the second straight month. The domestic economy continues to experience a slump, with a number of negative factors such as the spread of the Omicron variant, and fuel price increases.
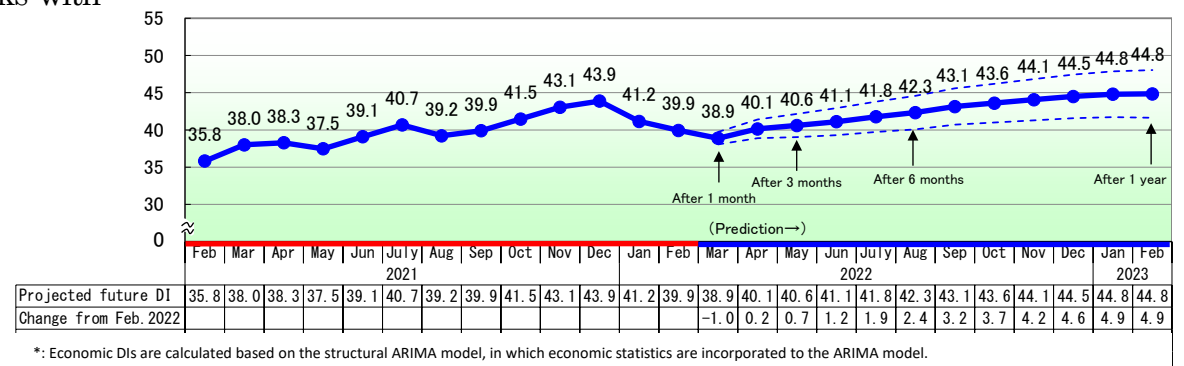
< Future outlook: While the economy has been steady, carefully watch downside risks >

The economy is expected to remain steady, but downside risks with increasing geopolitical uncertainty must be watched carefully.

By industry: Worsened in 41 businesses in 9 industries. Growing concerns about soaring crude oil prices in response to the Ukraine situation.

By size: Worsened in all sizes for the second straight month, adversely affected by spread of the Omicron variant, etc.

By region: Worsened in all ten regions for the second straight month. The impact of heavy snow was also a negative factor.

	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
						2021												2022							2023
Projected future DI	35.8	38.0	38.3	37.5	39.1	40.7	39.2	39.9	41.5	43.1	43.9	41.2	39.9	38.9	40.1	40.6	41.1	41.8	42.3	43.1	43.6	44.1	44.5	44.8	44.8
Change from Feb. 2022														-1.0	0.2	0.7	1.2	1.9	2.4	3.2	3.7	4.2	4.6	4.9	4.9

*: 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

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Ratio to the Previous Month
Total	35.8	38.0	38.3	37.5	39.1	40.7	39.2	39.9	41.5	43.1	43.9	41.2	39.9	▲ 1.3
Large Firms	38.2	40.2	40.8	40.2	41.9	42.9	41.4	42.5	43.8	45.7	45.9	44.0	42.9	▲ 1.1
Small to Medium-sized Firms	35.3	37.5	37.7	36.9	38.5	40.2	38.8	39.4	41.0	42.5	43.5	40.6	39.3	▲ 1.3
Micro Firms	34.7	36.7	36.3	35.6	37.1	38.4	37.4	38.7	40.0	41.3	42.1	39.1	37.9	▲ 1.2

		Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		33.8	35.0	37.5	37.7	39.1	38.5	37.0	38.1	41.1	42.6	38.2	38.7	36.4	▲ 2.3
Finance		38.3	39.2	38.3	39.5	41.7	42.8	39.7	41.5	43.0	43.3	43.8	41.9	41.6	▲ 0.3
Construction		40.6	41.6	41.4	40.0	41.6	42.7	42.5	43.7	44.7	45.4	45.2	43.3	42.5	▲ 0.8
Real Estate		38.3	40.6	40.8	39.4	40.9	41.8	39.4	42.6	43.6	44.7	46.7	42.9	42.6	▲ 0.3
Manufacturing	Food,BEWerages,Livestock Feed	30.8	34.4	35.2	33.6	34.0	35.5	32.8	34.1	38.1	39.6	40.8	35.4	33.4	▲ 2.0
	Textile,Textile Products,Clothing	26.0	26.8	28.7	29.2	29.3	31.0	29.3	28.2	30.2	31.4	34.1	31.6	31.7	0.1
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	37.2	37.8	39.3	38.6	40.1	42.5	41.2	42.7	43.7	44.9	46.4	44.1	42.7	▲ 1.4
	Pulp, Paper and Paper Products	29.4	33.0	34.3	33.5	34.9	37.2	36.6	36.2	39.3	41.4	42.9	40.2	36.4	▲ 3.8
	Publishing,Printing	22.2	26.0	27.2	24.2	27.1	27.4	25.6	27.1	29.4	30.2	32.1	28.6	29.5	0.9
	Chemical	40.9	43.3	44.2	44.3	44.5	46.3	45.0	41.9	42.6	45.7	46.7	44.5	42.3	▲ 2.2
	Steel,Nonferrous Metals,Mining	37.0	39.3	40.5	39.9	43.4	46.4	45.1	43.8	44.2	45.9	46.4	44.6	43.8	▲ 0.8
	General Machinery	36.9	41.2	42.1	42.2	43.7	45.9	46.6	46.2	47.2	47.8	49.1	47.7	46.7	▲ 1.0
	Electrical Machinery	39.6	42.6	43.2	42.8	45.0	46.8	45.9	45.8	47.5	47.0	48.5	46.6	46.1	▲ 0.5
	Transportation Machinery,Equipment	40.3	45.3	45.2	45.3	47.1	50.6	48.2	37.6	37.7	43.4	45.6	41.6	39.9	▲ 1.7
	Precision Machinery, Medical Instruments and Equipment	42.4	44.6	45.6	48.7	49.1	50.5	50.9	50.8	50.4	49.8	53.0	52.0	49.5	▲ 2.5
	Other	31.4	34.1	35.3	33.0	34.1	37.6	33.9	35.3	35.5	36.9	41.1	35.9	36.1	0.2
	Total	35.6	38.5	39.5	39.0	40.6	42.7	41.5	40.7	42.1	43.6	45.1	42.5	41.2	▲ 1.3
Wholesale	Food,BEWerages	29.2	30.7	30.1	29.4	30.7	31.3	29.1	29.8	33.0	36.9	38.2	32.7	30.1	▲ 2.6
	Textile,Textile Products,Clothing	19.8	23.9	23.1	21.7	22.5	22.8	21.2	22.4	24.5	27.4	29.3	27.6	24.9	▲ 2.7
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	34.8	36.7	37.2	36.5	36.3	37.8	37.7	39.6	39.9	42.6	42.4	40.0	39.7	▲ 0.3
	Paper Products,Stationery,Books	29.3	32.2	32.4	30.6	31.4	31.2	29.2	29.6	31.8	35.0	34.2	32.7	31.9	▲ 0.8
	Chemical	37.7	39.1	40.9	40.7	42.0	42.4	40.7	42.2	44.2	45.3	45.3	43.2	41.9	▲ 1.3
	Recycled Resources	42.4	45.4	55.1	53.4	52.0	53.7	51.4	51.8	53.4	52.9	52.8	45.8	50.5	4.7
	Steel,Nonferrous Metals, Mining Products	33.4	36.0	37.2	37.5	38.7	41.1	41.1	41.6	41.6	43.2	45.2	42.3	40.5	▲ 1.8
	Machinery,Equipment	36.7	39.5	40.1	39.0	40.7	43.1	41.3	41.8	42.6	44.4	44.7	42.8	42.4	▲ 0.4
	Other	31.3	34.4	34.1	32.2	35.5	36.6	33.0	34.4	37.8	39.7	40.1	36.3	33.7	▲ 2.6
	Total	33.3	35.8	36.2	35.3	36.8	38.3	36.6	37.6	39.1	41.3	41.8	39.0	37.7	▲ 1.3

Economic Diffusion Index (Economic DI)2/2

		Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Ratio to the Previous Month
Retail	Food,BEWerages	33.1	34.1	32.8	32.6	34.9	37.5	36.0	33.1	38.0	39.7	41.1	36.5	36.3	▲ 0.2
	Textile,Textile Products,Clothing	21.4	23.3	25.0	21.2	20.3	25.0	21.4	21.5	27.9	34.1	40.0	31.8	23.8	▲ 8.0
	Drugs,Sundries	32.5	31.1	35.8	29.3	31.4	32.5	33.3	34.6	45.8	37.5	38.4	36.0	32.1	▲ 3.9
	Furniture	36.7	38.9	42.7	40.6	39.8	36.9	34.6	32.2	35.6	34.5	42.9	35.6	29.8	▲ 5.8
	Electrical Household Appliances, Information Machinery and Equipment	36.3	34.4	37.8	30.8	35.8	37.7	33.8	33.8	34.6	35.9	35.5	32.3	30.2	▲ 2.1
	Motor Vehicles,Motor Vehicle Parts	37.6	37.0	38.3	38.6	40.7	40.5	36.8	37.2	35.9	37.8	36.5	35.0	33.5	▲ 1.5
	Special Merchandise	35.5	35.9	34.6	34.5	34.8	34.3	32.6	31.7	32.8	33.5	36.0	33.3	30.9	▲ 2.4
	Various Merchandise	36.2	37.3	32.2	31.1	33.0	35.6	27.3	33.0	35.9	38.0	37.5	36.2	32.6	▲ 3.6
	Other	33.3	35.0	40.5	25.0	33.3	35.7	37.0	35.4	31.7	37.9	43.3	40.0	40.0	0.0
	Total	34.5	34.9	34.7	33.1	34.5	35.4	32.7	32.6	34.8	36.0	37.7	34.4	31.9	▲ 2.5
Transportation,Warehousing		31.7	33.9	34.5	33.7	34.5	36.3	36.0	35.8	37.1	39.1	40.3	37.7	35.5	▲ 2.2
Service	Restaurants	12.8	18.9	14.9	13.0	20.5	19.7	14.8	15.2	27.8	31.4	34.7	24.2	16.9	▲ 7.3
	Postal,Telecommunications	38.1	43.8	38.9	40.5	27.8	42.9	39.6	41.7	50.0	40.5	41.7	46.7	50.0	3.3
	Electricity,Gas,Water,Heat	39.5	47.1	40.4	41.2	45.0	40.8	44.4	45.8	42.6	38.9	39.7	40.0	37.5	▲ 2.5
	Leasing,Rentals	32.8	35.0	35.4	35.0	38.1	41.0	37.4	39.6	43.9	44.9	44.8	42.0	41.0	▲ 1.0
	Lodging, Hotels	4.4	10.9	8.6	5.6	11.6	13.0	10.0	10.4	22.6	30.2	29.5	12.9	12.8	▲ 0.1
	Recreation	25.8	33.1	25.8	29.5	29.2	34.8	29.2	29.0	34.0	36.7	38.4	33.3	31.2	▲ 2.1
	Broadcasting	42.6	51.0	42.7	42.7	42.2	42.2	38.9	39.2	49.1	48.1	46.9	45.8	47.6	1.8
	Maintenance,Guarding,Testing	37.5	40.4	39.2	40.8	42.7	41.9	41.6	44.0	44.3	45.3	45.7	42.3	40.2	▲ 2.1
	Advertising	24.7	26.5	25.6	23.4	27.5	27.5	26.8	29.5	32.4	36.8	37.7	32.7	31.5	▲ 1.2
	Information	43.6	45.5	45.2	44.9	46.8	48.2	46.7	48.5	50.5	51.2	52.5	50.1	50.2	0.1
	Labor Dispatching	33.6	34.1	35.8	35.5	36.2	41.9	38.4	41.9	39.7	44.3	43.3	45.1	41.5	▲ 3.6
	Special Services	42.9	43.6	43.5	41.5	43.4	47.3	44.4	45.5	47.9	49.2	50.3	47.2	46.2	▲ 1.0
	Medical,Welfare,Public Health	34.7	37.1	39.1	39.2	41.2	42.1	41.1	41.4	42.8	45.7	43.2	42.4	41.0	▲ 1.4
	Education	34.0	32.1	35.7	37.1	38.7	40.3	37.5	39.0	43.5	39.1	43.2	39.7	40.2	0.5
	Other	34.2	34.5	34.8	35.2	35.8	37.4	34.7	39.2	40.6	41.7	42.4	39.3	36.9	▲ 2.4
	Total	36.5	38.5	37.9	37.5	39.7	41.5	39.1	41.1	43.6	45.3	46.1	42.8	41.4	▲ 1.4
Other		30.5	34.4	34.1	33.3	35.5	34.7	35.3	35.6	38.0	39.6	40.5	36.3	37.3	1.0

	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Ratio to the Previous Month
Hokkaido	33.9	35.3	36.2	34.5	37.1	38.3	38.0	38.5	40.8	40.8	41.1	38.6	37.0	▲ 1.6
Tohoku	35.4	36.8	38.0	37.7	39.3	40.0	38.4	39.0	40.2	42.1	41.7	38.1	37.0	▲ 1.1
kitakanto	37.2	39.2	39.7	39.5	41.2	42.7	41.5	40.4	42.8	44.4	45.0	42.3	40.7	▲ 1.6
minamikanto	35.9	38.4	38.7	38.4	39.8	41.0	40.0	41.4	42.4	43.9	44.8	42.6	41.5	▲ 1.1
Hokuriku	34.6	38.2	38.6	37.1	39.2	40.6	39.1	40.4	41.2	42.6	43.6	40.9	39.2	▲ 1.7
Tokai	36.1	38.4	38.9	37.9	39.4	42.0	40.0	39.1	40.1	42.4	44.4	41.1	39.7	▲ 1.4
Kinki	35.5	37.4	37.0	36.2	38.1	40.3	38.7	39.3	41.3	42.7	43.3	40.8	39.8	▲ 1.0
Chugoku	36.2	37.7	37.8	36.0	37.9	39.0	38.2	38.7	41.2	42.3	42.9	40.7	40.0	▲ 0.7
Shikoku	35.4	37.5	36.4	35.8	37.6	38.2	36.9	38.3	39.0	41.8	43.2	39.3	37.1	▲ 2.2
Kyushu	37.0	39.0	39.5	37.5	38.3	40.5	37.4	39.1	42.0	44.3	44.5	41.3	39.5	▲ 1.8

Appendix

1.Research Subjects(Companies researched: 24,213; Valid responses: 11,562; Response rate: 47.8%)

1.Region

Hokkaido	577	Tokai	1,273
Tohoku	806	Kinki	1,953
kitaKanto	914	Chugoku	715
minamikanto	3,310	Shikoku	428
Hokuriku	616	Kyushu	970
		Total	11,562

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries			76
Finance			113
Construction			1,957
Real Estate			392
Manufacturing (3,083)	Food,Beverages,Livestock Feed		385
	Textile,Textile Products,Clothing		112
	Construction Materials,Furniture,Ceramics,Stone and Clay Products		235
	Pulp, Paper and Paper Products		102
	Publishing,Printing		181
	Chemical		424
	Steel,Nonferrous Metals,Mining		552
	General Machinery		483
	Electrical Machinery		331
	Transportation Machinery,Equipment		115
	Precision Machinery,Medical Instruments and Equipment		74
	Others		89
Wholesale (2,920)	Food,Beverages		395
	Textile,Textile Products,Clothing		190
	Construction Materials,Furniture,Ceramics,Stone and Clay Products		343
	Paper Products,Stationery,Books		104
	Chemical		267
	Recycled Resources		35
	Steel,Nonferrous Metals,Mining Products		308
	Machinery,Equipment		927
	Others		351

Retail (528)	Food,Beverages	74
	Textile,Textile Products,Clothing	35
	Drugs,Sundries	27
	Furniture	14
	Electrical Household Appliances,Information Machinery and Equipment	42
	Motor Vehicles,Motor Vehicle Parts	96
	Special Merchandise	185
	Various Merchandise	45
	Others	10
Transportation,Warehousing		550
Service (1,897)	Restaurants	68
	Telecommunications	11
	Electricity,Gas,Water,Heat	16
	Leasing,Rentals	124
	Lodging, Hotels	47
	Recreation	63
	Broadcasting	21
	Maintenance,Guarding,Testing	215
	Advertising	98
	Information	488
	Labor Dispatching	67
	Special Services	304
	Medical,Welfare,Public Health	122
	Education	39
	Others	214
Others		46
Total		11,562

3.Size

Large Firms	1,912	16.5%
Small to Medium-sized Firms	9,650	83.5%
micro Firms	3,503	30.3%
Total	11,562	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 February 14 – 28 2022

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 24,000 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 Calculation

The DI（Diffusion Index） is calculated by multiplying the number of responses for each assessment category by the number given in parentheses in the table below, to a seven-level assessment rated by companies.

Selection category	Extremely good	good	fairly good	neither good nor bad	fairly bad	bad	very bad
points	6	5	4	3	2	1	0
number of responses for each category	N_6	N_5	N_4	N_3	N_2	N_1	N_0

Economic DI

$$= \frac{\text{Total of (Points for each category} \times \text{Number of responses for each category)}}{\text{Number of valid responses } N} \times \frac{1}{6} \times 100$$

$$\equiv \frac{\sum_{i=0}^{6} i \times N_i}{N} \times \frac{1}{6} \times 100$$

An economic DI of 50 is **the point separating good and bad**, so a DI over 50 means "good," and below 50 means "bad." (The numbers are rounded off to one decimal place.) No weight is given according to a company's size, and calculations are made on the basis of "one company, one vote."

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 midium-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 midium-sized corporations in Small to Medium-Sized Enterprises Basic Act.