

Improvement in all ten regions for the first time in two months

- Domestic economy propped up by "Construction" -

(Companies Researched 23,710 ; Valid responses: 10,292 ; Response rate: 43.4% ;
Survey Start Date: May 2002)

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< Overview of September 2016: Recovery >

The economic diffusion index (DI) in September was 42.9, up 0.6 point from the previous month, and the first improvement in two months. In addition to having recovered from the previous month's drop due to unsettled weather, the overall economy was pushed up by the Construction-related industry because of increasing public works. The domestic economy has been back on track, supported by public demand and housing investment.

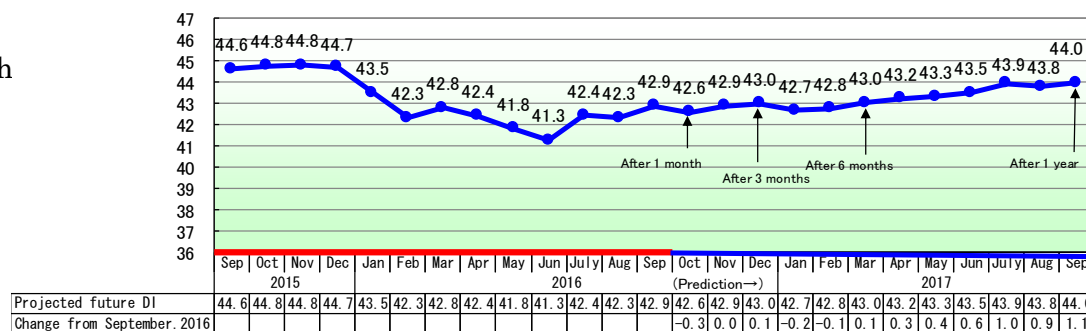
< Future Outlook: Remains unchanged >

Economic conditions will remain unchanged for the time being, although signs of a gradual uptick in the economy have emerged.

By industry: Eight industries, including "Construction," have improved, with positive impact from strong construction demand.

By size: "SMEs" and "small-scale enterprises" have improved for three consecutive months.

By region: All ten regions have improved for the first time in two months.



*: 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

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Aug-16	Ratio to the PrFDious Month
Total	44.6	44.8	44.8	44.7	43.5	42.3	42.8	42.4	41.8	41.3	42.4	42.3	42.9	0.6
Large Firms	48.2	48.4	48.4	47.9	47.1	46.0	46.5	46.2	45.7	45.1	46.6	45.7	46.5	0.8
Small to Medium-sized Firms	43.6	43.7	43.7	43.8	42.5	41.3	41.8	41.4	40.8	40.3	41.3	41.4	41.9	0.5
Micro Firms	43.2	43.2	43.1	43.3	41.8	40.3	40.8	40.3	39.7	39.6	40.3	40.6	41.3	0.7

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Aug-16	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries	44.7	44.6	45.2	46.4	43.6	44.5	42.3	42.4	42.1	43.7	42.5	40.1	41.8	1.7
Finance	46.3	47.3	46.6	46.3	45.3	44.3	44.8	45.5	44.3	45.0	45.1	43.7	44.5	0.8
Construction	49.1	49.5	49.6	49.3	47.9	45.9	46.3	45.2	44.9	44.7	46.5	46.9	48.1	1.2
Real Estate	48.7	48.7	48.9	48.4	47.1	48.0	48.2	48.1	48.3	48.4	47.8	47.3	47.0	▲ 0.3
Manufacturing	Food,BEWerages,Livestock Feed	43.6	44.3	44.5	44.1	44.2	43.2	44.2	44.6	43.4	43.0	43.0	42.1	▲ 0.3
	Textile,Textile Products,Clothing	38.8	39.8	39.4	39.3	36.4	37.6	39.8	38.2	38.4	38.2	37.0	37.8	▲ 0.5
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	40.9	40.2	38.9	40.7	38.5	38.0	38.6	37.9	38.3	37.8	40.5	40.7	▲ 0.2
	Pulp, Paper and Paper Products	40.8	41.1	42.4	41.7	40.3	36.8	37.6	40.2	38.6	38.5	40.4	39.4	▲ 0.3
	Publishing,Printing	34.8	34.8	34.6	34.7	34.0	34.6	35.3	34.1	34.0	32.9	33.5	32.8	0.9
	Chemical	44.4	44.4	44.9	45.4	44.3	42.8	42.7	43.0	42.7	42.2	43.3	41.8	2.2
	Steel,Nonferrous Metals,Mining	41.7	41.4	41.8	41.5	41.1	38.8	38.3	38.3	38.1	37.6	38.7	39.8	1.6
	General Machinery	47.3	47.9	47.3	48.6	46.0	45.5	45.7	45.3	44.0	43.6	44.9	44.3	1.0
	Electrical Machinery	45.2	45.2	45.2	44.9	43.0	42.8	42.8	42.3	40.4	40.4	41.9	41.5	1.1
	Transportation Machinery,Equipment	48.3	46.3	47.0	46.2	45.7	44.6	46.8	46.8	43.8	42.7	44.0	44.9	▲ 0.7
	Precision Machinery, Medical Instruments and Equipment	47.9	48.6	47.9	46.1	46.2	43.1	44.6	44.6	43.2	43.2	43.2	44.8	1.6
	Other	40.0	39.8	40.0	39.6	39.4	39.1	40.6	37.5	37.8	37.0	39.1	35.7	2.0
	Total	43.2	43.3	43.3	43.5	42.2	41.2	41.6	41.3	40.6	40.1	41.2	40.9	0.9
Wholesale	Food,BEWerages	43.6	43.0	43.1	42.6	41.9	40.9	42.2	42.6	41.0	40.1	41.1	40.4	▲ 0.5
	Textile,Textile Products,Clothing	36.5	37.8	34.4	34.4	33.5	32.7	33.8	35.7	34.6	35.3	33.5	34.5	▲ 1.6
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	39.5	41.3	41.5	41.8	40.5	39.1	39.4	39.2	38.4	37.6	39.0	38.9	1.0
	Paper Products,Stationery,Books	36.8	36.8	37.4	37.2	38.1	37.4	38.0	36.6	36.7	34.2	35.9	36.3	1.1
	Chemical	42.3	42.5	42.8	43.2	40.8	39.2	40.2	39.5	39.4	38.8	39.5	39.4	0.2
	Recycled Resources	25.8	29.9	26.7	32.1	25.6	28.4	30.7	39.3	33.3	28.3	29.4	35.0	▲ 1.2
	Steel,Nonferrous Metals, Mining Products	38.5	38.8	39.4	37.7	36.4	35.8	36.1	35.2	34.6	33.2	35.7	36.0	▲ 0.5
	Machinery,Equipment	43.6	43.6	43.4	43.6	42.6	41.2	41.7	40.9	41.1	39.7	40.9	40.5	0.7
	Other	40.8	41.0	41.1	41.1	39.9	39.0	39.6	39.1	38.6	38.2	38.0	38.7	▲ 0.5
	Total	41.2	41.5	41.4	41.4	40.1	39.0	39.7	39.4	38.9	37.9	38.8	38.9	0.1

Economic Diffusion Index (Economic DI)2/2

		Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Aug-16	Ratio to the PrFDious Month
Retail	Food,BEWerages	44.5	44.6	41.4	43.2	39.9	40.4	43.4	42.1	38.9	38.6	40.7	40.0	39.5	▲ 0.5
	Textile,Textile Products,Clothing	36.9	40.1	36.8	32.1	34.8	31.6	33.3	35.1	32.9	32.5	33.8	32.8	28.0	▲ 4.8
	Drugs,Sundries	46.7	48.6	50.0	49.4	45.3	45.4	46.1	42.0	41.1	37.9	42.5	42.0	42.0	▲ 0.5
	Furniture	42.9	42.9	42.9	47.2	42.9	40.5	40.5	38.1	42.9	41.7	36.1	35.4	33.3	▲ 2.1
	Electrical Household Appliances, Information Machinery and Equipment	44.6	39.6	38.7	40.7	43.8	39.2	40.4	40.7	35.8	36.6	40.2	37.9	42.7	4.8
	Motor Vehicles,Motor Vehicle Parts	38.6	39.9	38.2	37.9	40.0	37.9	38.6	40.4	37.2	37.0	39.8	40.1	42.3	2.2
	Special Merchandise	40.7	39.2	39.8	38.4	40.4	39.2	37.4	38.9	37.0	37.4	37.6	36.7	38.1	1.4
	Various Merchandise	47.3	46.5	47.3	43.8	45.0	43.7	44.8	43.3	43.7	42.6	43.2	39.9	40.6	0.7
	Other	44.4	36.1	38.9	43.3	44.4	41.7	44.4	41.7	42.9	41.7	46.7	47.2	50.0	2.8
	Total	42.2	41.6	40.9	40.2	41.0	39.5	40.1	40.2	38.0	37.7	39.3	38.4	39.3	0.9
Transportation,Warehousing		45.1	44.7	45.4	45.3	43.2	41.9	41.9	41.5	41.5	40.0	41.5	42.0	42.7	0.7
Service	Restaurants	45.3	49.2	46.2	44.4	47.1	42.1	43.6	43.1	42.3	40.2	45.3	42.2	39.0	▲ 3.2
	Postal,Telecommunications	59.3	57.6	53.0	51.5	58.3	54.2	50.0	59.1	52.4	46.2	52.6	51.1	52.0	0.9
	Electricity,Gas,Water,Heat	56.7	55.0	55.0	55.0	52.4	53.7	50.0	51.9	47.6	44.4	42.9	46.3	43.8	▲ 2.5
	Leasing,Rentals	48.0	48.0	49.2	49.7	48.1	46.2	47.1	45.9	46.7	45.5	45.9	47.2	47.4	0.2
	Lodging, Hotels	58.3	61.4	59.1	55.4	56.9	54.7	56.1	50.5	44.4	46.8	47.8	50.0	49.0	▲ 1.0
	Recreation	37.9	38.0	38.0	38.6	39.1	37.3	36.9	38.0	36.8	38.4	37.1	38.0	38.1	0.1
	Broadcasting	41.7	45.1	46.9	47.8	43.8	46.9	45.6	46.7	44.4	42.7	43.6	44.4	44.0	▲ 0.4
	Maintenance,Guarding,Testing	46.0	46.1	47.1	46.4	44.8	43.8	43.9	44.4	44.3	44.3	46.3	46.4	47.0	0.6
	Advertising	40.8	40.7	40.3	40.3	39.2	37.2	40.9	37.5	36.8	37.9	38.9	39.2	39.0	▲ 0.2
	Information	55.5	56.0	54.9	54.9	55.2	53.3	53.4	53.4	52.5	52.2	53.0	52.2	52.6	0.4
	Labor Dispatching	54.2	54.7	52.5	53.1	50.9	52.7	54.7	53.1	52.5	49.4	52.4	52.7	51.8	▲ 0.9
	Special Services	51.5	49.0	50.3	52.1	49.1	48.9	49.6	48.3	48.6	49.2	50.5	48.8	50.3	1.5
	Medical,Welfare,Public Health	42.8	42.3	44.1	42.2	39.9	39.2	42.5	41.5	41.4	41.5	41.6	42.6	44.1	1.5
	Education	42.1	45.0	50.8	46.7	46.3	46.8	47.4	43.0	42.2	43.9	48.2	43.1	45.0	1.9
	Other	49.3	49.2	50.1	49.0	45.9	47.5	47.1	46.7	45.7	46.8	46.6	48.2	47.5	▲ 0.7
	Total	49.6	49.6	49.6	49.6	48.4	47.4	48.2	47.5	46.8	46.7	47.8	47.7	47.9	0.2
Other		41.4	42.3	41.9	43.8	40.9	39.4	38.8	37.4	37.5	37.5	38.8	40.1	39.4	▲ 0.7

		Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Aug-16	Ratio to the PrFDious Month
	Hokkaido	41.8	39.3	39.8	39.4	39.0	37.9	38.6	39.2	39.6	39.4	40.5	40.6	41.0	0.4
	Tohoku	45.9	45.8	45.9	45.6	43.9	43.2	43.1	43.3	41.7	42.9	43.4	42.9	43.6	0.7
	kitakanto	42.6	43.3	43.8	43.0	41.1	40.3	41.5	40.8	41.2	40.0	41.5	41.1	42.3	1.2
	minamikanto	45.4	45.8	45.8	45.8	44.6	43.2	43.9	43.6	43.0	42.3	43.4	43.2	43.5	0.3
	Hokuriku	44.2	43.9	43.9	43.8	41.1	40.3	40.4	39.2	39.3	38.4	39.4	39.6	40.2	0.6
	Tokai	46.0	46.0	45.9	46.4	45.4	43.6	43.6	43.3	42.7	41.5	43.1	43.1	43.7	0.6
	Kinki	42.7	42.6	42.3	42.5	41.7	40.7	41.1	40.8	40.3	39.4	40.5	40.4	41.1	0.7
	Chugoku	45.0	45.6	45.8	45.8	44.8	43.7	44.3	43.1	41.5	41.5	42.4	42.2	43.0	0.8
	Shikoku	46.5	47.3	48.3	47.5	46.7	45.1	45.7	45.2	45.0	43.4	44.6	44.5	45.6	1.1
	Kyushu	45.7	46.6	46.0	45.6	44.8	44.0	44.3	43.4	41.7	42.5	44.2	44.7	45.1	0.4

Appendix

1. Research Subjects (Companies Researched 23,710; Valid Responses 10,292; Response Rate 43.4%)

Appendix

1. Region

Hokkaido	542	Tokai	1,179
Tohoku	627	Kinki	1,700
kita Kanto	706	Chugoku	584
minamikanto	3,307	Shikoku	321
Hokuriku	579	Kyushu	747
		Total	10,292

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		59
Finance		127
Construction		1,468
Real Estate		291
Manufacturing 3,223	Food, Beverages, Livestock Feed	336
	Textile, Textile Products, Clothing	114
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	251
	Pulp, Paper and Paper Products	101
	Publishing, Printing	190
	Chemical	425
	Steel, Nonferrous Metals, Mining	524
	General Machinery	447
	Electrical Machinery	343
	Transportation Machinery, Equipment	101
	Precision Machinery, Medical Instruments and Equipment	83
	Others	96
Wholesale 3,959	Food, Beverages	346
	Textile, Textile Products, Clothing	185
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	351
	Paper Products, Stationery, Books	111
	Chemical	280
	Recycled Resources	36
	Steel, Nonferrous Metals, Mining Products	316
	Machinery, Equipment	936
	Others	339

Retail 480	Food, Beverages	70
	Textile, Textile Products, Clothing	31
	Drugs, Sundries	27
	Furniture	5
	Electrical Household Appliances, Information Machinery and Equipment	41
	Motor Vehicles, Motor Vehicle Parts	65
	Special Merchandise	143
	Various Merchandise	48
	Others	6
Transportation, Warehousing		463
Service 1,384	Restaurants	41
	Telecommunications	17
	Electricity, Gas, Water, Heat	8
	Leasing, Rentals	117
	Lodging, Hotels	34
	Recreation	56
	Broadcasting	14
	Maintenance, Guarding, Testing	159
	Advertising	117
	Information	408
	Labor Dispatching	57
	Special Services	215
	Medical, Welfare, Public Health	102
	Education	20
	Others	128
Others		44
Total		10,292

3. Size

Large Firms	2,194	21.3%
Small to Medium-sized Firms	8,098	78.7%
micro Firms	2,526	24.5%
Total	10,292	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 September 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.