

## Domestic economy worsened for the first time in five months due to omicron variant

~ Suppressed corporate activities again, a surge in raw materials cost  
also exerted downward pressure ~

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(Companies researched: 24,072; Valid responses: 11,981; Response rate: 49.8%;  
Survey start date: May 2002)

### < Overview of January 2022: Heavy slump >

The economic diffusion index (DI) in January 2022 was 41.2, down 2.7 points from the previous month, and worsened for the first time in five months. The domestic economy experienced a heavy slump, such as corporate activities were suppressed again due to a rapid increase in the numbers of infection.

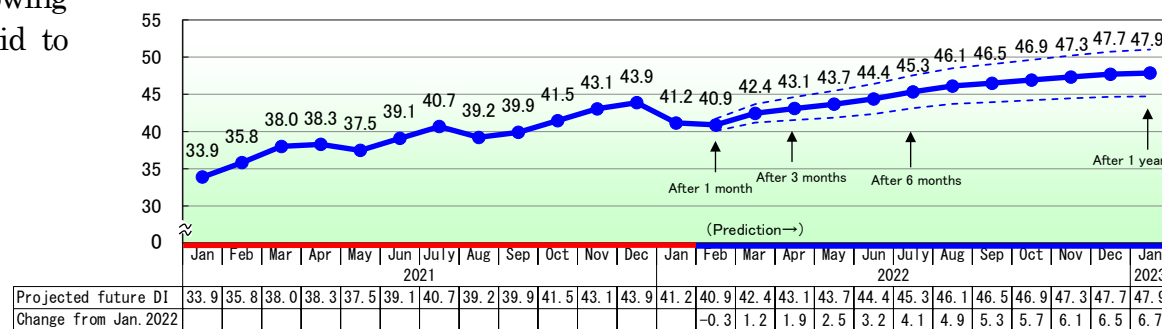
### < Future outlook: Gradual recovery following a temporary depression >

The economy is believed to be on a gradual trend of recovery following a temporary depression. However, close attention must be paid to downside risk trends.

By industry: The spread of the omicron variant became a negative factor in many business sectors.

By size: Worsened in all sized for the first time in five months, with a heavy slump in SMEs.

By region: Worsened in all ten regions for the first time in five months, with downward factors of the infection spreading and heavy snow.



\*: 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

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Ratio to the Previous Month
Total	33.9	35.8	38.0	38.3	37.5	39.1	40.7	39.2	39.9	41.5	43.1	43.9	41.2	▲ 2.7
Large Firms	36.3	38.2	40.2	40.8	40.2	41.9	42.9	41.4	42.5	43.8	45.7	45.9	44.0	▲ 1.9
Small to Medium-sized Firms	33.4	35.3	37.5	37.7	36.9	38.5	40.2	38.8	39.4	41.0	42.5	43.5	40.6	▲ 2.9
Micro Firms	32.8	34.7	36.7	36.3	35.6	37.1	38.4	37.4	38.7	40.0	41.3	42.1	39.1	▲ 3.0

																Ratio to the Previous Month
		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22		
Agriculture,Forestry,Fisheries		30.9	33.8	35.0	37.5	37.7	39.1	38.5	37.0	38.1	41.1	42.6	38.2	38.7	0.5	
Finance		36.1	38.3	39.2	38.3	39.5	41.7	42.8	39.7	41.5	43.0	43.3	43.8	41.9	▲ 1.9	
Construction		39.4	40.6	41.6	41.4	40.0	41.6	42.7	42.5	43.7	44.7	45.4	45.2	43.3	▲ 1.9	
Real Estate		35.5	38.3	40.6	40.8	39.4	40.9	41.8	39.4	42.6	43.6	44.7	46.7	42.9	▲ 3.8	
Manufacturing	Food,BEWerages,Livestock Feed	30.7	30.8	34.4	35.2	33.6	34.0	35.5	32.8	34.1	38.1	39.6	40.8	35.4	▲ 5.4	
	Textile,Textile Products,Clothing	24.5	26.0	26.8	28.7	29.2	29.3	31.0	29.3	28.2	30.2	31.4	34.1	31.6	▲ 2.5	
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	37.3	37.2	37.8	39.3	38.6	40.1	42.5	41.2	42.7	43.7	44.9	46.4	44.1	▲ 2.3	
	Pulp, Paper and Paper Products	27.6	29.4	33.0	34.3	33.5	34.9	37.2	36.6	36.2	39.3	41.4	42.9	40.2	▲ 2.7	
	Publishing,Printing	20.2	22.2	26.0	27.2	24.2	27.1	27.4	25.6	27.1	29.4	30.2	32.1	28.6	▲ 3.5	
	Chemical	38.0	40.9	43.3	44.2	44.3	44.5	46.3	45.0	41.9	42.6	45.7	46.7	44.5	▲ 2.2	
	Steel,Nonferrous Metals,Mining	33.9	37.0	39.3	40.5	39.9	43.4	46.4	45.1	43.8	44.2	45.9	46.4	44.6	▲ 1.8	
	General Machinery	33.6	36.9	41.2	42.1	42.2	43.7	45.9	46.6	46.2	47.2	47.8	49.1	47.7	▲ 1.4	
	Electrical Machinery	36.1	39.6	42.6	43.2	42.8	45.0	46.8	45.9	45.8	47.5	47.0	48.5	46.6	▲ 1.9	
	Transportation Machinery,Equipment	40.1	40.3	45.3	45.2	45.3	47.1	50.6	48.2	37.6	37.7	43.4	45.6	41.6	▲ 4.0	
	Precision Machinery, Medical Instruments and Equipment	37.9	42.4	44.6	45.6	48.7	49.1	50.5	50.9	50.8	50.4	49.8	53.0	52.0	▲ 1.0	
	Other	31.5	31.4	34.1	35.3	33.0	34.1	37.6	33.9	35.3	35.5	36.9	41.1	35.9	▲ 5.2	
Total		33.4	35.6	38.5	39.5	39.0	40.6	42.7	41.5	40.7	42.1	43.6	45.1	42.5	▲ 2.6	
Wholesale	Food,BEWerages	26.8	29.2	30.7	30.1	29.4	30.7	31.3	29.1	29.8	33.0	36.9	38.2	32.7	▲ 5.5	
	Textile,Textile Products,Clothing	21.2	19.8	23.9	23.1	21.7	22.5	22.8	21.2	22.4	24.5	27.4	29.3	27.6	▲ 1.7	
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	34.7	34.8	36.7	37.2	36.5	36.3	37.8	37.7	39.6	39.9	42.6	42.4	40.0	▲ 2.4	
	Paper Products,Stationery,Books	26.3	29.3	32.2	32.4	30.6	31.4	31.2	29.2	29.6	31.8	35.0	34.2	32.7	▲ 1.5	
	Chemical	34.3	37.7	39.1	40.9	40.7	42.0	42.4	40.7	42.2	44.2	45.3	45.3	43.2	▲ 2.1	
	Recycled Resources	45.6	42.4	45.4	55.1	53.4	52.0	53.7	51.4	51.8	53.4	52.9	52.8	45.8	▲ 7.0	
	Steel,Nonferrous Metals, Mining Products	32.6	33.4	36.0	37.2	37.5	38.7	41.1	41.1	41.6	41.6	43.2	45.2	42.3	▲ 2.9	
	Machinery,Equipment	34.6	36.7	39.5	40.1	39.0	40.7	43.1	41.3	41.8	42.6	44.4	44.7	42.8	▲ 1.9	
	Other	29.0	31.3	34.4	34.1	32.2	35.5	36.6	33.0	34.4	37.8	39.7	40.1	36.3	▲ 3.8	
	Total		31.6	33.3	35.8	36.2	35.3	36.8	38.3	36.6	37.6	39.1	41.3	41.8	39.0	▲ 2.8

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

		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Ratio to the Previous Month
Retail	Food,BEWerages	33.8	33.1	34.1	32.8	32.6	34.9	37.5	36.0	33.1	38.0	39.7	41.1	36.5	▲ 4.6
	Textile,Textile Products,Clothing	22.7	21.4	23.3	25.0	21.2	20.3	25.0	21.4	21.5	27.9	34.1	40.0	31.8	▲ 8.2
	Drugs,Sundries	30.2	32.5	31.1	35.8	29.3	31.4	32.5	33.3	34.6	45.8	37.5	38.4	36.0	▲ 2.4
	Furniture	34.4	36.7	38.9	42.7	40.6	39.8	36.9	34.6	32.2	35.6	34.5	42.9	35.6	▲ 7.3
	Electrical Household Appliances, Information Machinery and Equipment	28.3	36.3	34.4	37.8	30.8	35.8	37.7	33.8	33.8	34.6	35.9	35.5	32.3	▲ 3.2
	Motor Vehicles,Motor Vehicle Parts	35.7	37.6	37.0	38.3	38.6	40.7	40.5	36.8	37.2	35.9	37.8	36.5	35.0	▲ 1.5
	Special Merchandise	32.6	35.5	35.9	34.6	34.5	34.8	34.3	32.6	31.7	32.8	33.5	36.0	33.3	▲ 2.7
	Various Merchandise	38.7	36.2	37.3	32.2	31.1	33.0	35.6	27.3	33.0	35.9	38.0	37.5	36.2	▲ 1.3
	Other	30.3	33.3	35.0	40.5	25.0	33.3	35.7	37.0	35.4	31.7	37.9	43.3	40.0	▲ 3.3
	Total	32.9	34.5	34.9	34.7	33.1	34.5	35.4	32.7	32.6	34.8	36.0	37.7	34.4	▲ 3.3
Transportation,Warehousing		30.0	31.7	33.9	34.5	33.7	34.5	36.3	36.0	35.8	37.1	39.1	40.3	37.7	▲ 2.6
Service	Restaurants	10.3	12.8	18.9	14.9	13.0	20.5	19.7	14.8	15.2	27.8	31.4	34.7	24.2	▲ 10.5
	Postal,Telecommunications	46.3	38.1	43.8	38.9	40.5	27.8	42.9	39.6	41.7	50.0	40.5	41.7	46.7	5.0
	Electricity,Gas,Water,Heat	42.5	39.5	47.1	40.4	41.2	45.0	40.8	44.4	45.8	42.6	38.9	39.7	40.0	0.3
	Leasing,Rentals	33.5	32.8	35.0	35.4	35.0	38.1	41.0	37.4	39.6	43.9	44.9	44.8	42.0	▲ 2.8
	Lodging, Hotels	3.4	4.4	10.9	8.6	5.6	11.6	13.0	10.0	10.4	22.6	30.2	29.5	12.9	▲ 16.6
	Recreation	24.0	25.8	33.1	25.8	29.5	29.2	34.8	29.2	29.0	34.0	36.7	38.4	33.3	▲ 5.1
	Broadcasting	36.3	42.6	51.0	42.7	42.7	42.2	42.2	38.9	39.2	49.1	48.1	46.9	45.8	▲ 1.1
	Maintenance,Guarding,Testing	36.3	37.5	40.4	39.2	40.8	42.7	41.9	41.6	44.0	44.3	45.3	45.7	42.3	▲ 3.4
	Advertising	20.2	24.7	26.5	25.6	23.4	27.5	27.5	26.8	29.5	32.4	36.8	37.7	32.7	▲ 5.0
	Information	41.3	43.6	45.5	45.2	44.9	46.8	48.2	46.7	48.5	50.5	51.2	52.5	50.1	▲ 2.4
	Labor Dispatching	31.6	33.6	34.1	35.8	35.5	36.2	41.9	38.4	41.9	39.7	44.3	43.3	45.1	1.8
	Special Services	38.8	42.9	43.6	43.5	41.5	43.4	47.3	44.4	45.5	47.9	49.2	50.3	47.2	▲ 3.1
	Medical,Welfare,Public Health	32.7	34.7	37.1	39.1	39.2	41.2	42.1	41.1	41.4	42.8	45.7	43.2	42.4	▲ 0.8
	Education	33.3	34.0	32.1	35.7	37.1	38.7	40.3	37.5	39.0	43.5	39.1	43.2	39.7	▲ 3.5
	Other	30.9	34.2	34.5	34.8	35.2	35.8	37.4	34.7	39.2	40.6	41.7	42.4	39.3	▲ 3.1
Total		33.9	36.5	38.5	37.9	37.5	39.7	41.5	39.1	41.1	43.6	45.3	46.1	42.8	▲ 3.3
Other		29.5	30.5	34.4	34.1	33.3	35.5	34.7	35.3	35.6	38.0	39.6	40.5	36.3	▲ 4.2

		Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Ratio to the Previous Month
Hokkaido		32.4	33.9	35.3	36.2	34.5	37.1	38.3	38.0	38.5	40.8	40.8	41.1	38.6	▲ 2.5
Tohoku		33.8	35.4	36.8	38.0	37.7	39.3	40.0	38.4	39.0	40.2	42.1	41.7	38.1	▲ 3.6
kitakanto		34.9	37.2	39.2	39.7	39.5	41.2	42.7	41.5	40.4	42.8	44.4	45.0	42.3	▲ 2.7
minamikanto		34.0	35.9	38.4	38.7	38.4	39.8	41.0	40.0	41.4	42.4	43.9	44.8	42.6	▲ 2.2
Hokuriku		32.7	34.6	38.2	38.6	37.1	39.2	40.6	39.1	40.4	41.2	42.6	43.6	40.9	▲ 2.7
Tokai		34.1	36.1	38.4	38.9	37.9	39.4	42.0	40.0	39.1	40.1	42.4	44.4	41.1	▲ 3.3
Kinki		33.1	35.5	37.4	37.0	36.2	38.1	40.3	38.7	39.3	41.3	42.7	43.3	40.8	▲ 2.5
Chugoku		34.5	36.2	37.7	37.8	36.0	37.9	39.0	38.2	38.7	41.2	42.3	42.9	40.7	▲ 2.2
Shikoku		33.8	35.4	37.5	36.4	35.8	37.6	38.2	36.9	38.3	39.0	41.8	43.2	39.3	▲ 3.9
Kyushu		35.3	37.0	39.0	39.5	37.5	38.3	40.5	37.4	39.1	42.0	44.3	44.5	41.3	▲ 3.2

## Appendix

### 1. Research Subjects (Companies researched: 24,072; Valid responses: 11,981; Response rate: 49.8%)

#### 1. Region

Hokkaido	578	Tokai	1,323
Tohoku	836	Kinki	2,085
kitaKanto	929	Chugoku	736
minamikanto	3,470	Shikoku	411
Hokuriku	633	Kyushu	980
Total		11,981	

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

Agriculture, Forestry, Fisheries		72
Finance		123
Construction		2,010
Real Estate		415
Manufacturing (3,201)	Food, Beverages, Livestock Feed	395
	Textile, Textile Products, Clothing	113
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	248
	Pulp, Paper and Paper Products	107
	Publishing, Printing	182
	Chemical	430
	Steel, Nonferrous Metals, Mining	576
	General Machinery	523
	Electrical Machinery	341
	Transportation Machinery, Equipment	113
	Precision Machinery, Medical Instruments and Equipment	83
	Others	90
Wholesale (3,058)	Food, Beverages	412
	Textile, Textile Products, Clothing	196
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	356
	Paper Products, Stationery, Books	113
	Chemical	287
	Recycled Resources	40
	Steel, Nonferrous Metals, Mining Products	315
	Machinery, Equipment	973
	Others	366

Retail (546)	Food, Beverages	80
	Textile, Textile Products, Clothing	44
	Drugs, Sundries	31
	Furniture	15
	Electrical Household Appliances, Information Machinery and Equipment	47
	Motor Vehicles, Motor Vehicle Parts	92
	Special Merchandise	181
	Various Merchandise	46
	Others	10
Transportation, Warehousing		549
Service (1,956)	Restaurants	64
	Telecommunications	10
	Electricity, Gas, Water, Heat	15
	Leasing, Rentals	127
	Lodging, Hotels	44
	Recreation	70
	Broadcasting	16
	Maintenance, Guarding, Testing	222
	Advertising	99
	Information	511
	Labor Dispatching	68
	Special Services	326
	Medical, Welfare, Public Health	129
	Education	39
	Others	216
Others		51
Total		11,981

#### 3. Size

Large Firms	1,987	16.6%
Small to Medium-sized Firms	9,994	83.4%
micro Firms	3,624	30.2%
Total	11,981	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 January 18 – 31 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 <sub>6</sub>	N <sub>5</sub>	N <sub>4</sub>	N <sub>3</sub>	N <sub>2</sub>	N <sub>1</sub>	N <sub>0</sub>

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 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.