

## TDB Trends Research (Research & Summary for June 2013)

**Economic DI was 42.5, down 0.5 points from the previous month, worsening for the first time in seven months**

The Japanese economy is currently at a temporary standstill, with the improvement from expectations for Abenomics at a lull

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### <Overview of June 2013: At a standstill>

The Economic DI (Economic DI: 0-100, 50 points is the threshold of assessment) in June 2013 stood at 42.5, down 0.5 points from the previous month, worsening for the first time in seven months.

The Japanese economy is currently at a temporary standstill, with the improvement from expectations for Abenomics at a lull.

### <Future Outlook: Gradual recovery>

The worsening of the corporate mindset will remain something temporary; though, it will face a critical period in future as to whether it will tie in to demands. It is believed that the Japanese economy will gradually recover, despite uncertainty.

### < By industry >

**All 10 industries worsened for the first time in two years and three months since March 2011**

### < By size >

**“Large firms” “small-to-mid” and “micro” companies all worsened.**

### < By region >

**8 out of 10 regions worsened**

Economic DI	June. 2012	July	Aug	Sep	Oct	Nov	Dec	Jan. 2013	Feb
	37.6	37.9	37.7	36.8	35.5	35.3	35.7	38.0	39.8
Change from prior month	▲ 0.6	0.3	▲ 0.2	▲ 0.9	▲ 1.3	▲ 0.2	0.4	2.3	1.8
Economic DI	Mar. 2013	Apr	May	Jun	Projected future DI	After 1 month	After 3 months	After 6 months	After 1 year
	41.3	42.4	43.0	42.5		42.6	42.9	43.6	46.2
Change from prior month	1.5	1.1	0.6	▲ 0.5	Change from June. 2013	0.1	0.4	1.1	3.7

\*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

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Ratio to the Previous Month
Total	37.6	37.9	37.7	36.8	35.5	35.3	35.7	38.0	39.8	41.3	42.4	43.0	42.5	▲ 0.5
Large Firms	40.3	40.8	40.3	39.5	38.2	38.4	38.7	41.0	42.9	44.2	45.3	46.3	45.9	▲ 0.4
Small to Medium-sized Firms	36.8	37.1	36.9	36.0	34.6	34.4	34.7	37.1	38.9	40.4	41.5	42.0	41.4	▲ 0.6
Micro Firms	34.8	35.4	35.2	35.0	34.0	33.6	33.9	36.9	38.9	40.1	41.2	41.4	41.1	▲ 0.3

		Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		34.8	34.5	35.8	35.2	33.3	33.7	34.9	36.0	36.8	35.7	35.4	39.7	39.5	▲ 0.2
Finance		38.0	37.7	37.7	37.5	35.7	36.1	36.2	41.3	42.4	41.9	44.7	44.4	44.0	▲ 0.4
Construction		36.2	37.2	38.0	38.1	38.6	39.0	38.7	41.9	43.8	45.3	46.4	47.6	47.5	▲ 0.1
Real Estate		38.2	39.2	38.5	38.3	36.7	35.7	37.0	40.9	45.7	46.8	48.8	49.2	47.7	▲ 1.5
Manufacturing	Food,Beverages,Livestock Feed	35.2	34.5	33.8	34.7	33.4	32.7	33.4	34.5	35.6	36.8	38.7	38.1	38.7	0.6
	Textile,Textile Products,Clothing	37.9	37.9	35.9	36.0	33.7	33.1	35.6	36.9	37.3	38.1	39.9	37.8	37.8	0.0
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	34.5	36.4	35.6	37.9	36.4	37.0	38.2	38.9	40.3	42.7	43.4	45.3	46.5	1.2
	Pulp, Paper and Paper Products	34.2	33.6	34.7	32.7	30.2	30.8	31.1	33.3	33.0	36.0	37.0	38.2	34.9	▲ 3.3
	Publishing,Printing	29.3	28.5	29.6	28.6	29.1	29.2	28.3	29.6	31.4	32.8	32.8	33.1	31.9	▲ 1.2
	Chemical	39.7	39.2	39.2	36.4	35.0	33.3	34.1	36.4	38.0	39.9	41.0	42.6	42.1	▲ 0.5
	Steel,Nonferrous Metals,Mining	37.7	38.0	37.2	35.6	32.1	31.9	32.6	35.5	37.6	38.5	39.7	40.0	39.8	▲ 0.2
	General Machinery	39.3	38.6	37.8	36.4	34.0	33.4	32.7	36.3	39.2	39.8	40.0	41.0	40.8	▲ 0.2
	Electrical Machinery	37.6	38.2	37.2	34.8	32.6	31.8	32.8	35.8	38.2	38.4	40.1	41.9	40.2	▲ 1.7
	Transportation Machinery,Equipment	44.9	44.4	43.1	40.5	33.3	32.8	32.6	34.2	41.2	45.6	47.0	46.5	47.6	1.1
	Precision Machinery, Medical Instruments and Equipment	39.5	39.7	39.4	36.2	33.5	32.5	32.4	33.6	36.5	36.7	39.6	39.3	38.7	▲ 0.6
	Other	30.8	33.5	32.1	32.2	29.2	30.8	31.0	31.3	34.8	35.4	35.6	33.3	33.7	0.4
Total		37.0	37.0	36.5	35.4	33.1	32.6	33.1	35.3	37.4	38.6	39.7	40.3	40.0	▲ 0.3
Wholesale	Food,Beverages	36.0	36.2	35.2	34.1	32.4	33.5	33.9	34.6	35.3	37.1	38.0	39.4	38.6	▲ 0.8
	Textile,Textile Products,Clothing	34.2	33.8	34.4	31.8	32.0	32.4	34.3	34.7	34.6	34.5	37.5	36.4	36.3	▲ 0.1
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	35.3	36.9	37.6	37.3	38.3	39.3	39.9	42.2	43.5	44.5	46.3	46.1	46.8	0.7
	Paper Products,Stationery,Books	32.8	32.2	30.9	32.8	28.0	30.2	31.7	31.8	32.3	34.3	36.3	36.5	35.3	▲ 1.2
	Chemical	38.0	38.5	37.6	36.7	35.6	35.1	34.6	35.9	36.1	38.5	39.7	41.4	40.2	▲ 1.2
	Recycled Resources	32.2	29.0	35.1	27.0	22.4	30.1	32.1	41.9	48.8	50.6	50.6	46.6	43.1	▲ 3.5
	Steel,Nonferrous Metals, Mining Products	35.7	35.2	35.7	33.6	32.6	31.6	34.0	37.3	38.2	40.2	38.7	39.9	39.0	▲ 0.9
	Machinery,Equipment	38.8	38.8	37.9	36.9	34.6	33.7	34.1	36.8	38.8	41.0	42.1	41.9	40.4	▲ 1.5
	Other	36.1	36.0	35.5	34.1	32.8	32.8	32.2	34.0	35.3	37.1	38.1	39.3	38.8	▲ 0.5
	Total		36.7	36.8	36.4	35.3	33.9	33.9	34.5	36.5	37.7	39.5	40.5	40.9	40.1

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

		Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Ratio to the Previous Month
Retail	Food,Beverages	38.0	35.5	37.2	36.7	33.1	34.7	30.6	32.9	38.8	40.5	40.5	41.0	38.2	▲ 2.8
	Textile,Textile Products,Clothing	35.6	34.2	34.0	32.2	32.9	35.5	32.9	34.6	34.8	41.4	40.7	38.6	39.2	0.6
	Drugs,Sundries	43.1	45.3	45.8	43.8	42.3	44.4	47.7	49.4	45.7	44.9	44.7	50.7	44.0	▲ 6.7
	Furniture	36.5	42.4	39.3	36.1	32.1	34.7	38.9	37.5	44.4	46.2	50.0	50.0	48.8	▲ 1.2
	Electrical Household Appliances, Information Machinery and Equipment	38.2	38.9	41.1	40.4	33.8	33.3	34.1	39.5	38.7	41.7	44.1	42.1	47.5	5.4
	Motor Vehicles,Motor Vehicle Parts	46.6	46.0	40.8	41.5	36.9	31.5	32.1	41.2	42.9	49.4	43.4	47.2	43.8	▲ 3.4
	Special Merchandise	34.9	35.3	33.6	33.0	32.4	32.7	33.0	32.7	35.1	37.0	36.9	37.2	37.0	▲ 0.2
	Various Merchandise	36.7	39.7	37.1	36.3	35.8	35.3	35.5	38.4	40.5	42.8	45.5	46.9	46.2	▲ 0.7
	Other	30.6	46.7	47.6	36.1	33.3	33.3	36.7	36.7	31.0	33.3	40.5	35.7	38.9	3.2
	Total	38.1	38.3	37.3	36.4	34.2	34.2	34.0	36.3	38.4	41.2	41.1	41.9	40.9	▲ 1.0
Transportation,Warehousing		38.1	39.2	39.5	37.6	36.7	35.3	36.9	38.0	39.5	40.6	41.5	42.6	41.7	▲ 0.9
Service	Restaurants	40.6	39.6	41.7	39.6	36.0	32.4	35.4	35.7	37.8	43.5	43.8	48.0	47.5	▲ 0.5
	Postal,Telecommunications	52.1	47.0	53.0	50.0	45.2	48.7	48.7	53.8	53.0	55.0	56.4	55.0	54.5	▲ 0.5
	Electricity,Gas,Water,Heat	45.8	40.0	35.4	41.7	37.0	42.6	37.5	43.8	45.8	40.5	48.1	48.1	51.7	3.6
	Leasing,Rentals	43.6	44.2	43.6	43.8	43.3	43.7	45.2	45.3	48.4	49.9	49.6	50.7	50.7	0.0
	Lodging, Hotels	41.7	42.4	42.2	41.7	38.1	40.0	37.2	38.4	40.1	45.8	48.2	49.1	48.3	▲ 0.8
	Recreation	35.5	33.3	36.1	35.0	37.4	36.2	36.7	38.5	38.5	40.6	41.0	38.5	40.5	2.0
	Broadcasting	45.1	39.2	40.2	41.2	38.2	40.6	38.5	41.7	37.8	43.8	43.5	49.0	44.0	▲ 5.0
	Maintenance,Guarding,Testing	39.4	38.1	38.9	39.7	37.7	38.4	37.6	40.7	44.0	43.3	43.3	44.8	43.7	▲ 1.1
	Advertising	37.2	37.3	36.1	35.9	35.1	34.7	34.5	35.4	38.9	40.8	42.5	42.4	42.6	0.2
	Information	43.5	43.9	43.7	42.5	42.2	42.8	42.2	45.2	47.3	47.7	49.5	49.3	48.7	▲ 0.6
	Labor Dispatching	51.9	49.2	50.0	48.8	46.6	42.8	44.9	44.7	48.7	50.3	50.3	50.6	52.2	1.6
	Special Services	40.0	41.2	41.6	41.1	40.5	40.4	41.1	44.3	46.9	47.3	48.7	50.8	47.7	▲ 3.1
	Medical,Welfare,Public Health	42.4	43.5	43.8	43.4	41.8	41.1	40.8	45.3	45.7	48.0	49.0	48.8	47.3	▲ 1.5
	Education	38.2	41.0	43.2	39.3	42.3	40.1	38.3	46.8	46.8	45.3	48.0	47.0	46.7	▲ 0.3
	Other	44.0	44.3	42.8	42.9	41.1	40.7	39.5	42.2	42.1	44.7	44.7	46.2	46.2	0.0
Total		41.9	42.0	42.1	41.5	40.6	40.5	40.5	43.0	45.0	46.2	47.3	47.9	47.2	▲ 0.7
Other		35.8	40.0	35.6	38.7	37.4	36.0	36.2	36.7	33.8	35.7	42.3	41.5	41.4	▲ 0.1

  

		Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Ratio to the Previous Month
Hokkaido		33.5	35.1	35.0	35.2	35.3	34.3	34.0	36.1	38.4	40.5	43.2	43.3	44.8	1.5
Tohoku		43.3	44.9	44.2	43.5	42.7	42.8	42.1	42.8	43.3	44.3	44.9	45.9	45.8	▲ 0.1
kitakanto		36.2	36.4	35.5	34.8	32.4	31.4	32.7	34.1	37.1	38.3	39.9	41.4	40.1	▲ 1.3
minamikanto		38.9	39.1	38.9	37.9	36.6	36.5	37.1	39.4	41.3	42.5	43.5	44.2	43.5	▲ 0.7
Hokuriku		37.3	37.7	37.5	36.5	34.2	34.6	34.2	36.9	38.4	40.3	42.0	43.5	42.8	▲ 0.7
Tokai		38.7	39.4	39.3	37.3	34.9	34.2	34.6	37.4	39.8	41.5	42.8	44.2	43.0	▲ 1.2
Kinki		36.3	36.2	36.3	35.2	33.9	33.8	34.3	36.7	38.5	39.7	40.6	40.5	40.0	▲ 0.5
Chugoku		34.3	33.5	33.9	33.1	33.0	33.1	32.6	36.2	37.2	39.4	40.4	40.4	40.2	▲ 0.2
Shikoku		36.6	36.1	35.9	35.1	34.6	34.8	36.4	38.4	39.8	39.7	41.0	41.2	41.2	0.0
Kyushu		36.4	36.6	36.0	36.5	35.2	36.0	36.0	39.0	40.5	42.6	42.6	43.0	42.5	▲ 0.5

## Appendix

### 1. Research Subjects(Corporations: 22,750

Valid responses:10,157,Response rate:44.6%)

#### 1.Region

Hokkaido	528	Tokai	1,101
Tohoku	597	Kinki	1,705
kitaKanto	641	Chugoku	611
minamikanto	3,349	Shikoku	322
Hokuriku	527	Kyushu	776
Total		10,157	

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

Agriculture,Forestry,Fisheries		38
Finance		125
Construction		1,399
Real Estate		251
Manufacturing 3,223	Food,Beverages,Livestock Feed	351
	Textile,Textile Products,Clothing	111
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	227
	Pulp, Paper and Paper Products	104
	Publishing,Printing	187
	Chemical	387
	Steel,Nonferrous Metals,Mining	511
	General Machinery	432
	Electrical Machinery	347
	Transportation Machinery,Equipment	90
	Precision Machinery,Medical Instruments and Equipment	81
	Others	91
Wholesale 3,959	Food,Beverages	390
	Textile,Textile Products,Clothing	222
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	363
	Paper Products,Stationery,Books	113
	Chemical	315
	Recycled Resources	29
	Steel,Nonferrous Metals,Mining Products	323
	Machinery,Equipment	949
	Others	370

Retail 480	Food,Beverages	76
	Textile,Textile Products,Clothing	37
	Drugs,Sundries	25
	Furniture	14
	Electrical Household Appliances,Information Machinery and Equipment	33
	Motor Vehicles,Motor Vehicle Parts	54
	Special Merchandise	141
	Various Merchandise	48
	Others	6
Transportation,Warehousing		404
Service 1,384	Restaurants	33
	Telecommunications	11
	Electricity,Gas,Water,Heat	10
	Leasing,Rentals	127
	Lodging, Hotels	39
	Recreation	56
	Broadcasting	14
	Maintenance,Guarding,Testing	145
	Advertising	122
	Information	396
	Labor Dispatching	61
	Special Services	206
	Medical,Welfare,Public Health	100
	Education	25
	Others	133
Others		35
Total		10,157

#### 3.Size

Large Firms	2,354	23.2%
Small to Medium-sized Firms	7,803	76.8%
micro Firms	2,361	23.2%
Total	10,157	46.4%

## 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 June 18 to 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 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.