

TDB Economic Trends Research (Research & Summary for May 2013)

Economic DI was 43.0, up 0.6 points from the previous month, improving for the sixth consecutive month

Gradual economic growth is sustained in the Japanese economy accompanied by the expansion of the gap between "large firms" and "small-to-medium sized" companies

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< Overview of May 2013: Gradual increase continues >

The Economic DI (Economic DI: 0-100, 50 points is the threshold of assessment) in May 2013 stood at 43.0, up 0.6 points from the previous month, improving for the sixth consecutive month.

The domestic economy continues to maintain a gradual growth, while expanding the gap between company sizes of "large firms" and "small-to-medium" sized companies.

<Future Outlook: Gradual increase to continue>

While it is anticipated that the factor that supports the economy will shift from expectation to demand, the Economic DI continues to improve, albeit modestly. The gradual recovery of the domestic economy is predicted to continue.

Economic DI	May. 2012	June	July	Aug	Sep	Oct	Nov	Dec	Jan. 2013
	38.2	37.6	37.9	37.7	36.8	35.5	35.3	35.7	38.0
Change from prior month	▲ 0.3	▲ 0.6	0.3	▲ 0.2	▲ 0.9	▲ 1.3	▲ 0.2	0.4	2.3
Economic DI	Feb. 2013	Mar	Apr	May	Projected future DI	After 1 month	After 3 months	After 6 months	After 1 year
	39.8	41.3	42.4	43.0		43.6	44.9	45.6	48.9
Change from prior month	1.8	1.5	1.1	0.6	Change from May. 2013	0.6	1.9	2.6	5.9

*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.

< By industry >

8 out of 10 industries improved

< By size >

The gap between "large firms" and "small-to-medium sized" companies was at its largest since the commencement of this research.

< By region >

8 out of 10 regions improved, with all regions surpassing 40 for the first time since the commencement of this research.

Economic Diffusion Index (Economic DI)1/2

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Ratio to the Previous Month
Total	38.2	37.6	37.9	37.7	36.8	35.5	35.3	35.7	38.0	39.8	41.3	42.4	43.0	0.6
Large Firms	40.8	40.3	40.8	40.3	39.5	38.2	38.4	38.7	41.0	42.9	44.2	45.3	46.3	1.0
Small to Medium-sized Firms	37.4	36.8	37.1	36.9	36.0	34.6	34.4	34.7	37.1	38.9	40.4	41.5	42.0	0.5
Micro Firms	34.8	34.8	35.4	35.2	35.0	34.0	33.6	33.9	36.9	38.9	40.1	41.2	41.4	0.2

	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Ratio to the Previous Month
Agriculture, Forestry, Fisheries	35.0	34.8	34.5	35.8	35.2	33.3	33.7	34.9	36.0	36.8	35.7	35.4	39.7	4.3
Finance	37.6	38.0	37.7	37.7	37.5	35.7	36.1	36.2	41.3	42.4	41.9	44.7	44.4	▲ 0.3
Construction	35.5	36.2	37.2	38.0	38.1	38.6	39.0	38.7	41.9	43.8	45.3	46.4	47.6	1.2
Real Estate	37.9	38.2	39.2	38.5	38.3	36.7	35.7	37.0	40.9	45.7	46.8	48.8	49.2	0.4
Manufacturing	Food, Beverages, Livestock Feed	36.6	35.2	34.5	33.8	34.7	33.4	32.7	33.4	34.5	35.6	36.8	38.7	▲ 0.6
	Textile, Textile Products, Clothing	39.4	37.9	37.9	35.9	36.0	33.7	33.1	35.6	36.9	37.3	38.1	39.9	▲ 2.1
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	34.9	34.5	36.4	35.6	37.9	36.4	37.0	38.2	38.9	40.3	42.7	43.4	1.9
	Pulp, Paper and Paper Products	34.2	34.2	33.6	34.7	32.7	30.2	30.8	31.1	33.3	33.0	36.0	37.0	1.2
	Publishing, Printing	30.5	29.3	28.5	29.6	28.6	29.1	29.2	28.3	29.6	31.4	32.8	32.8	0.3
	Chemical	39.7	39.7	39.2	39.2	36.4	35.0	33.3	34.1	36.4	38.0	39.9	41.0	1.6
	Steel, Nonferrous Metals, Mining	38.4	37.7	38.0	37.2	35.6	32.1	31.9	32.6	35.5	37.6	38.5	39.7	0.3
	General Machinery	41.3	39.3	38.6	37.8	36.4	34.0	33.4	32.7	36.3	39.2	39.8	40.0	1.0
	Electrical Machinery	38.7	37.6	38.2	37.2	34.8	32.6	31.8	32.8	35.8	38.2	38.4	40.1	1.8
	Transportation Machinery, Equipment	48.2	44.9	44.4	43.1	40.5	33.3	32.8	32.6	34.2	41.2	45.6	47.0	▲ 0.5
	Precision Machinery, Medical Instruments and Equipment	37.1	39.5	39.7	39.4	36.2	33.5	32.5	32.4	33.6	36.5	36.7	39.6	▲ 0.3
	Other	33.7	30.8	33.5	32.1	32.2	29.2	30.8	31.0	31.3	34.8	35.4	33.3	▲ 2.3
	Total	38.0	37.0	37.0	36.5	35.4	33.1	32.6	33.1	35.3	37.4	38.6	39.7	0.6
Wholesale	Food, Beverages	36.8	36.0	36.2	35.2	34.1	32.4	33.5	33.9	34.6	35.3	37.1	38.0	1.4
	Textile, Textile Products, Clothing	37.2	34.2	33.8	34.4	31.8	32.0	32.4	34.3	34.7	34.6	34.5	37.5	▲ 1.1
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	35.4	35.3	36.9	37.6	37.3	38.3	39.3	39.9	42.2	43.5	44.5	46.3	▲ 0.2
	Paper Products, Stationery, Books	32.6	32.8	32.2	30.9	32.8	28.0	30.2	31.7	31.8	32.3	34.3	36.3	0.2
	Chemical	39.1	38.0	38.5	37.6	36.7	35.6	35.1	34.6	35.9	36.1	38.5	39.7	1.7
	Recycled Resources	36.7	32.2	29.0	35.1	27.0	22.4	30.1	32.1	41.9	48.8	50.6	50.6	▲ 4.0
	Steel, Nonferrous Metals, Mining Products	35.9	35.7	35.2	35.7	33.6	32.6	31.6	34.0	37.3	38.2	40.2	38.7	1.2
	Machinery, Equipment	38.7	38.8	38.8	37.9	36.9	34.6	33.7	34.1	36.8	38.8	41.0	42.1	▲ 0.2
	Other	37.6	36.1	36.0	35.5	34.1	32.8	32.8	32.2	34.0	35.3	37.1	38.1	1.2
	Total	37.4	36.7	36.8	36.4	35.3	33.9	33.9	34.5	36.5	37.7	39.5	40.5	0.4

Economic Diffusion Index (Economic DI)2/2

		May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Ratio to the Previous Month
Retail	Food,Beverages	36.4	38.0	35.5	37.2	36.7	33.1	34.7	30.6	32.9	38.8	40.5	40.5	41.0	0.5
	Textile,Textile Products,Clothing	40.7	35.6	34.2	34.0	32.2	32.9	35.5	32.9	34.6	34.8	41.4	40.7	38.6	▲ 2.1
	Drugs,Sundries	46.7	43.1	45.3	45.8	43.8	42.3	44.4	47.7	49.4	45.7	44.9	44.7	50.7	6.0
	Furniture	40.0	36.5	42.4	39.3	36.1	32.1	34.7	38.9	37.5	44.4	46.2	50.0	50.0	0.0
	Electrical Household Appliances, Information Machinery and Equipment	42.1	38.2	38.9	41.1	40.4	33.8	33.3	34.1	39.5	38.7	41.7	44.1	42.1	▲ 2.0
	Motor Vehicles,Motor Vehicle Parts	45.5	46.6	46.0	40.8	41.5	36.9	31.5	32.1	41.2	42.9	49.4	43.4	47.2	3.8
	Special Merchandise	35.0	34.9	35.3	33.6	33.0	32.4	32.7	33.0	32.7	35.1	37.0	36.9	37.2	0.3
	Various Merchandise	39.1	36.7	39.7	37.1	36.3	35.8	35.3	35.5	38.4	40.5	42.8	45.5	46.9	1.4
	Other	25.0	30.6	46.7	47.6	36.1	33.3	33.3	36.7	36.7	31.0	33.3	40.5	35.7	▲ 4.8
	Total	39.0	38.1	38.3	37.3	36.4	34.2	34.2	34.0	36.3	38.4	41.2	41.1	41.9	0.8
Transportation,Warehousing		39.5	38.1	39.2	39.5	37.6	36.7	35.3	36.9	38.0	39.5	40.6	41.5	42.6	1.1
Service	Restaurants	36.5	40.6	39.6	41.7	39.6	36.0	32.4	35.4	35.7	37.8	43.5	43.8	48.0	4.2
	Postal,Telecommunications	51.5	52.1	47.0	53.0	50.0	45.2	48.7	48.7	53.8	53.0	55.0	56.4	55.0	▲ 1.4
	Electricity,Gas,Water,Heat	47.9	45.8	40.0	35.4	41.7	37.0	42.6	37.5	43.8	45.8	40.5	48.1	48.1	0.0
	Leasing,Rentals	46.1	43.6	44.2	43.6	43.8	43.3	43.7	45.2	45.3	48.4	49.9	49.6	50.7	1.1
	Lodging, Hotels	41.4	41.7	42.4	42.2	41.7	38.1	40.0	37.2	38.4	40.1	45.8	48.2	49.1	0.9
	Recreation	38.1	35.5	33.3	36.1	35.0	37.4	36.2	36.7	38.5	38.5	40.6	41.0	38.5	▲ 2.5
	Broadcasting	43.1	45.1	39.2	40.2	41.2	38.2	40.6	38.5	41.7	37.8	43.8	43.5	49.0	5.5
	Maintenance,Guarding,Testing	37.8	39.4	38.1	38.9	39.7	37.7	38.4	37.6	40.7	44.0	43.3	43.3	44.8	1.5
	Advertising	38.3	37.2	37.3	36.1	35.9	35.1	34.7	34.5	35.4	38.9	40.8	42.5	42.4	▲ 0.1
	Information	43.3	43.5	43.9	43.7	42.5	42.2	42.8	42.2	45.2	47.3	47.7	49.5	49.3	▲ 0.2
	Labor Dispatching	51.1	51.9	49.2	50.0	48.8	46.6	42.8	44.9	44.7	48.7	50.3	50.3	50.6	0.3
	Special Services	41.6	40.0	41.2	41.6	41.1	40.5	40.4	41.1	44.3	46.9	47.3	48.7	50.8	2.1
	Medical,Welfare,Public Health	44.0	42.4	43.5	43.8	43.4	41.8	41.1	40.8	45.3	45.7	48.0	49.0	48.8	▲ 0.2
	Education	42.3	38.2	41.0	43.2	39.3	42.3	40.1	38.3	46.8	46.8	45.3	48.0	47.0	▲ 1.0
	Other	43.9	44.0	44.3	42.8	42.9	41.1	40.7	39.5	42.2	42.1	44.7	44.7	46.2	1.5
Total		42.4	41.9	42.0	42.1	41.5	40.6	40.5	40.5	43.0	45.0	46.2	47.3	47.9	0.6
Other		33.9	35.8	40.0	35.6	38.7	37.4	36.0	36.2	36.7	33.8	35.7	42.3	41.5	▲ 0.8

		May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Ratio to the Previous Month
Hokkaido		33.0	33.5	35.1	35.0	35.2	35.3	34.3	34.0	36.1	38.4	40.5	43.2	43.3	0.1
Tohoku		43.7	43.3	44.9	44.2	43.5	42.7	42.8	42.1	42.8	43.3	44.3	44.9	45.9	1.0
kitakanto		37.0	36.2	36.4	35.5	34.8	32.4	31.4	32.7	34.1	37.1	38.3	39.9	41.4	1.5
minamikanto		39.7	38.9	39.1	38.9	37.9	36.6	36.5	37.1	39.4	41.3	42.5	43.5	44.2	0.7
Hokuriku		37.2	37.3	37.7	37.5	36.5	34.2	34.6	34.2	36.9	38.4	40.3	42.0	43.5	1.5
Tokai		39.7	38.7	39.4	39.3	37.3	34.9	34.2	34.6	37.4	39.8	41.5	42.8	44.2	1.4
Kinki		36.8	36.3	36.2	36.3	35.2	33.9	33.8	34.3	36.7	38.5	39.7	40.6	40.5	▲ 0.1
Chugoku		34.9	34.3	33.5	33.9	33.1	33.0	33.1	32.6	36.2	37.2	39.4	40.4	40.4	0.0
Shikoku		36.3	36.6	36.1	35.9	35.1	34.6	34.8	36.4	38.4	39.8	39.7	41.0	41.2	0.2
Kyushu		36.7	36.4	36.6	36.0	36.5	35.2	36.0	36.0	39.0	40.5	42.6	42.6	43.0	0.4

Appendix

1. Research Subjects(Corporations: 22,910

Valid responses:10,145,Response rate:44.3%)

1.Region

Hokkaido	537	Tokai	1,120
Tohoku	588	Kinki	1,704
kitaKanto	644	Chugoku	590
minamikanto	3,340	Shikoku	323
Hokuriku	530	Kyushu	769
Total		10,145	

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		42
Finance		125
Construction		1,406
Real Estate		244
Manufacturing 3,223	Food,Beverages,Livestock Feed	350
	Textile,Textile Products,Clothing	112
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	233
	Pulp, Paper and Paper Products	103
	Publishing,Printing	182
	Chemical	392
	Steel,Nonferrous Metals,Mining	532
	General Machinery	430
	Electrical Machinery	329
	Transportation Machinery,Equipment	91
	Precision Machinery,Medical Instruments and Equipment	76
	Others	88
Wholesale 3,959	Food,Beverages	396
	Textile,Textile Products,Clothing	219
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	365
	Paper Products,Stationery,Books	120
	Chemical	315
	Recycled Resources	29
	Steel,Nonferrous Metals,Mining Products	334
	Machinery,Equipment	944
	Others	375

Retail 480	Food,Beverages	76
	Textile,Textile Products,Clothing	38
	Drugs,Sundries	25
	Furniture	13
	Electrical Household Appliances,Information Machinery and Equipment	38
	Motor Vehicles,Motor Vehicle Parts	54
	Special Merchandise	138
	Various Merchandise	54
	Others	7
Transportation,Warehousing		385
Service 1,384	Restaurants	34
	Telecommunications	10
	Electricity,Gas,Water,Heat	9
	Leasing,Rentals	118
	Lodging, Hotels	36
	Recreation	58
	Broadcasting	16
	Maintenance,Guarding,Testing	142
	Advertising	119
	Information	398
	Labor Dispatching	59
	Special Services	207
	Medical,Welfare,Public Health	95
	Education	22
	Others	123
Others		39
Total		10,145

3.Size

Large Firms	2,350	23.2%
Small to Medium-sized Firms	7,795	76.8%
micro Firms	2,330	23.0%
Total	10,145	46.1%

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 May 21 to 31, 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.