

Economic DI was 43.6, up 1.1 points from the previous month, improving for the first time in two months

Abenomics effect also manifests in small-to-medium enterprises (SMEs)

<Overview of July 2013: Continues to improve>

The Economic DI (Economic DI: 0-100, 50 points is the threshold of assessment) in July 2013 stood at 43.6, up 1.1 points from the previous month, improving for the first time in two months. It reached a high level for the first time in six years and two months since May 2007 (43.8); a period before the rise of the subprime mortgage crisis.

Although there was a momentary decline as the Japanese economy was experiencing recovery, the economy continues to show an upward trend, with increases in exports led by weakening of the yen in addition to, in terms of domestic demands, improving housing sales.

<Future Outlook: The improvement will continue>

Even when foreign economy risks are weighted, the recovery of the domestic economy is expected to continue due to many positive factors including public projects, exports, and last-minute surges in demands.

By industry

9 out of 10 industries improved

By size

“Small-to-mid” firms improved more than “large” firms. For the first time in two months, companies from all sizes improved.

By region

All ten regions improved for the first time in five months since February 2013. Hokkaido came in for the first time since the start of the research.

Economic DI	July. 2012	Aug	Sep	Oct	Nov	Dec	Jan. 2013	Feb	Mar
	37.9	37.7	36.8	35.5	35.3	35.7	38.0	39.8	41.3
Change from prior month	0.3	▲ 0.2	▲ 0.9	▲ 1.3	▲ 0.2	0.4	2.3	1.8	1.5
Economic DI	Apr. 2013	May	Jun	July	Projected future DI	After 1 month	After 3 months	After 6 months	After 1 year
	42.4	43.0	42.5	43.6		44.3	44.8	45.3	47.7
Change from prior month	1.1	0.6	▲ 0.5	1.1	Change from July. 2013	0.7	1.2	1.7	4.1

*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

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Ratio to the Previous Month
Total	37.9	37.7	36.8	35.5	35.3	35.7	38.0	39.8	41.3	42.4	43.0	42.5	43.6	1.1
Large Firms	40.8	40.3	39.5	38.2	38.4	38.7	41.0	42.9	44.2	45.3	46.3	45.9	47.0	1.1
Small to Medium-sized Firms	37.1	36.9	36.0	34.6	34.4	34.7	37.1	38.9	40.4	41.5	42.0	41.4	42.6	1.2
Micro Firms	35.4	35.2	35.0	34.0	33.6	33.9	36.9	38.9	40.1	41.2	41.4	41.1	42.2	1.1

		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		34.5	35.8	35.2	33.3	33.7	34.9	36.0	36.8	35.7	35.4	39.7	39.5	41.0	1.5
Finance		37.7	37.7	37.5	35.7	36.1	36.2	41.3	42.4	41.9	44.7	44.4	44.0	44.6	0.6
Construction		37.2	38.0	38.1	38.6	39.0	38.7	41.9	43.8	45.3	46.4	47.6	47.5	49.4	1.9
Real Estate		39.2	38.5	38.3	36.7	35.7	37.0	40.9	45.7	46.8	48.8	49.2	47.7	49.3	1.6
Manufacturing	Food,Beverages,Livestock Feed	34.5	33.8	34.7	33.4	32.7	33.4	34.5	35.6	36.8	38.7	38.1	38.7	39.3	0.6
	Textile,Textile Products,Clothing	37.9	35.9	36.0	33.7	33.1	35.6	36.9	37.3	38.1	39.9	37.8	37.8	40.2	2.4
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	36.4	35.6	37.9	36.4	37.0	38.2	38.9	40.3	42.7	43.4	45.3	46.5	47.4	0.9
	Pulp, Paper and Paper Products	33.6	34.7	32.7	30.2	30.8	31.1	33.3	33.0	36.0	37.0	38.2	34.9	36.0	1.1
	Publishing,Printing	28.5	29.6	28.6	29.1	29.2	28.3	29.6	31.4	32.8	32.8	33.1	31.9	32.1	0.2
	Chemical	39.2	39.2	36.4	35.0	33.3	34.1	36.4	38.0	39.9	41.0	42.6	42.1	42.4	0.3
	Steel,Nonferrous Metals,Mining	38.0	37.2	35.6	32.1	31.9	32.6	35.5	37.6	38.5	39.7	40.0	39.8	42.3	2.5
	General Machinery	38.6	37.8	36.4	34.0	33.4	32.7	36.3	39.2	39.8	40.0	41.0	40.8	42.8	2.0
	Electrical Machinery	38.2	37.2	34.8	32.6	31.8	32.8	35.8	38.2	38.4	40.1	41.9	40.2	42.3	2.1
	Transportation Machinery,Equipment	44.4	43.1	40.5	33.3	32.8	32.6	34.2	41.2	45.6	47.0	46.5	47.6	48.0	0.4
	Precision Machinery, Medical Instruments and Equipment	39.7	39.4	36.2	33.5	32.5	32.4	33.6	36.5	36.7	39.6	39.3	38.7	39.3	0.6
	Other	33.5	32.1	32.2	29.2	30.8	31.0	31.3	34.8	35.4	35.6	33.3	33.7	35.9	2.2
Total		37.0	36.5	35.4	33.1	32.6	33.1	35.3	37.4	38.6	39.7	40.3	40.0	41.4	1.4
Wholesale	Food,Beverages	36.2	35.2	34.1	32.4	33.5	33.9	34.6	35.3	37.1	38.0	39.4	38.6	39.7	1.1
	Textile,Textile Products,Clothing	33.8	34.4	31.8	32.0	32.4	34.3	34.7	34.6	34.5	37.5	36.4	36.3	36.6	0.3
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	36.9	37.6	37.3	38.3	39.3	39.9	42.2	43.5	44.5	46.3	46.1	46.8	47.7	0.9
	Paper Products,Stationery,Books	32.2	30.9	32.8	28.0	30.2	31.7	31.8	32.3	34.3	36.3	36.5	35.3	35.2	▲ 0.1
	Chemical	38.5	37.6	36.7	35.6	35.1	34.6	35.9	36.1	38.5	39.7	41.4	40.2	41.0	0.8
	Recycled Resources	29.0	35.1	27.0	22.4	30.1	32.1	41.9	48.8	50.6	50.6	46.6	43.1	46.5	3.4
	Steel,Nonferrous Metals, Mining Products	35.2	35.7	33.6	32.6	31.6	34.0	37.3	38.2	40.2	38.7	39.9	39.0	41.4	2.4
	Machinery,Equipment	38.8	37.9	36.9	34.6	33.7	34.1	36.8	38.8	41.0	42.1	41.9	40.4	42.3	1.9
	Other	36.0	35.5	34.1	32.8	32.8	32.2	34.0	35.3	37.1	38.1	39.3	38.8	38.9	0.1
	Total		36.8	36.4	35.3	33.9	33.9	34.5	36.5	37.7	39.5	40.5	40.9	40.1	41.4

Economic Diffusion Index (Economic DI)2/2

		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Ratio to the Previous Month
Retail	Food,Beverages	35.5	37.2	36.7	33.1	34.7	30.6	32.9	38.8	40.5	40.5	41.0	38.2	40.0	1.8
	Textile,Textile Products,Clothing	34.2	34.0	32.2	32.9	35.5	32.9	34.6	34.8	41.4	40.7	38.6	39.2	38.6	▲ 0.6
	Drugs,Sundries	45.3	45.8	43.8	42.3	44.4	47.7	49.4	45.7	44.9	44.7	50.7	44.0	46.7	2.7
	Furniture	42.4	39.3	36.1	32.1	34.7	38.9	37.5	44.4	46.2	50.0	50.0	48.8	57.4	8.6
	Electrical Household Appliances, Information Machinery and Equipment	38.9	41.1	40.4	33.8	33.3	34.1	39.5	38.7	41.7	44.1	42.1	47.5	44.1	▲ 3.4
	Motor Vehicles,Motor Vehicle Parts	46.0	40.8	41.5	36.9	31.5	32.1	41.2	42.9	49.4	43.4	47.2	43.8	45.0	1.2
	Special Merchandise	35.3	33.6	33.0	32.4	32.7	33.0	32.7	35.1	37.0	36.9	37.2	37.0	37.0	0.0
	Various Merchandise	39.7	37.1	36.3	35.8	35.3	35.5	38.4	40.5	42.8	45.5	46.9	46.2	45.7	▲ 0.5
	Other	46.7	47.6	36.1	33.3	33.3	36.7	36.7	31.0	33.3	40.5	35.7	38.9	37.5	▲ 1.4
Total		38.3	37.3	36.4	34.2	34.2	34.0	36.3	38.4	41.2	41.1	41.9	40.9	41.1	0.2
Transportation,Warehousing		39.2	39.5	37.6	36.7	35.3	36.9	38.0	39.5	40.6	41.5	42.6	41.7	42.9	1.2
Service	Restaurants	39.6	41.7	39.6	36.0	32.4	35.4	35.7	37.8	43.5	43.8	48.0	47.5	45.2	▲ 2.3
	Postal,Telecommunications	47.0	53.0	50.0	45.2	48.7	48.7	53.8	53.0	55.0	56.4	55.0	54.5	51.7	▲ 2.8
	Electricity,Gas,Water,Heat	40.0	35.4	41.7	37.0	42.6	37.5	43.8	45.8	40.5	48.1	48.1	51.7	48.1	▲ 3.6
	Leasing,Rentals	44.2	43.6	43.8	43.3	43.7	45.2	45.3	48.4	49.9	49.6	50.7	50.7	51.2	0.5
	Lodging, Hotels	42.4	42.2	41.7	38.1	40.0	37.2	38.4	40.1	45.8	48.2	49.1	48.3	51.4	3.1
	Recreation	33.3	36.1	35.0	37.4	36.2	36.7	38.5	38.5	40.6	41.0	38.5	40.5	36.7	▲ 3.8
	Broadcasting	39.2	40.2	41.2	38.2	40.6	38.5	41.7	37.8	43.8	43.5	49.0	44.0	45.1	1.1
	Maintenance,Guarding,Testing	38.1	38.9	39.7	37.7	38.4	37.6	40.7	44.0	43.3	43.3	44.8	43.7	43.5	▲ 0.2
	Advertising	37.3	36.1	35.9	35.1	34.7	34.5	35.4	38.9	40.8	42.5	42.4	42.6	42.3	▲ 0.3
	Information	43.9	43.7	42.5	42.2	42.8	42.2	45.2	47.3	47.7	49.5	49.3	48.7	49.4	0.7
	Labor Dispatching	49.2	50.0	48.8	46.6	42.8	44.9	44.7	48.7	50.3	50.3	50.6	52.2	52.6	0.4
	Special Services	41.2	41.6	41.1	40.5	40.4	41.1	44.3	46.9	47.3	48.7	50.8	47.7	50.4	2.7
	Medical,Welfare,Public Health	43.5	43.8	43.4	41.8	41.1	40.8	45.3	45.7	48.0	49.0	48.8	47.3	45.7	▲ 1.6
	Education	41.0	43.2	39.3	42.3	40.1	38.3	46.8	46.8	45.3	48.0	47.0	46.7	46.4	▲ 0.3
	Other	44.3	42.8	42.9	41.1	40.7	39.5	42.2	42.1	44.7	44.7	46.2	46.2	47.0	0.8
Total		42.0	42.1	41.5	40.6	40.5	40.5	43.0	45.0	46.2	47.3	47.9	47.2	47.6	0.4
Other		40.0	35.6	38.7	37.4	36.0	36.2	36.7	33.8	35.7	42.3	41.5	41.4	38.9	▲ 2.5

		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Ratio to the Previous Month
Hokkaido		35.1	35.0	35.2	35.3	34.3	34.0	36.1	38.4	40.5	43.2	43.3	44.8	47.4	2.6
Tohoku		44.9	44.2	43.5	42.7	42.8	42.1	42.8	43.3	44.3	44.9	45.9	45.8	45.9	0.1
kitakanto		36.4	35.5	34.8	32.4	31.4	32.7	34.1	37.1	38.3	39.9	41.4	40.1	42.8	2.7
minamikanto		39.1	38.9	37.9	36.6	36.5	37.1	39.4	41.3	42.5	43.5	44.2	43.5	44.1	0.6
Hokuriku		37.7	37.5	36.5	34.2	34.6	34.2	36.9	38.4	40.3	42.0	43.5	42.8	45.2	2.4
Tokai		39.4	39.3	37.3	34.9	34.2	34.6	37.4	39.8	41.5	42.8	44.2	43.0	44.4	1.4
Kinki		36.2	36.3	35.2	33.9	33.8	34.3	36.7	38.5	39.7	40.6	40.5	40.0	40.9	0.9
Chugoku		33.5	33.9	33.1	33.0	33.1	32.6	36.2	37.2	39.4	40.4	40.4	40.2	41.7	1.5
Shikoku		36.1	35.9	35.1	34.6	34.8	36.4	38.4	39.8	39.7	41.0	41.2	41.2	42.2	1.0
Kyushu		36.6	36.0	36.5	35.2	36.0	36.0	39.0	40.5	42.6	42.6	43.0	42.5	43.7	1.2

Corporate Attitudes toward Female Representation

In over 80% of companies, less than 10% of managerial positions are occupied by a woman

22.0% of companies believe that there will be more female managerial employees in the future

As the declining birth rate and aging of population progresses in Japan, the working-age population is declining, making securing the labor force a major issue for economic growth. Therefore, attention is being paid toward women as a labor force. As the number of employees who leave work for childbirth and childrearing decline, companies are proposing new growth strategies that aim to increase the percentage of women in leadership positions and enable them to work sufficiently.

Based on such developments, Teikoku Databank conducted a survey on the companies' perception on female representation. This survey was conducted in conjunction to the July 2013 TDB Trends Research.

Survey results (summary)

1. 66.3% of companies surveyed said that the female employment ratio was "under 30%". Furthermore, over 80% of companies had less than 10% female employees in managerial posts.
2. However, 16.8% of companies saw an increase in their ratio of female managerial positions within the past 5 years. Meanwhile, 22.0% of companies believe that the number of female managerial employees will increase in the future.

3. Concerning action guidelines for increasing company vitality (positive action), over 40% of surveyed companies said that they are "actively recruiting and promoting women who have zeal and skills". Furthermore, there are many companies who are "improving facilities such as women's bathrooms, break rooms, and changing rooms" (39.7%) and "enforcing thorough skill-oriented human resource management and/or institutionalizing performance assessment criteria that do not make judgment based on gender" (38.9%).

4. Only 6.0% of companies have developed a plan for facilitating employee's work-life balance for work and childrearing (an action plan for employers regarding countermeasures to support the development of the next generation) and had it certified.

Appendix

1. Research Subjects(Corporations: 23,226

Valid responses:10,395,Response rate:44.8%)

1.Region

Hokkaido	532	Tokai	1,145
Tohoku	612	Kinki	1,766
kitaKanto	663	Chugoku	624
minamikanto	3,405	Shikoku	319
Hokuriku	552	Kyushu	777
Total		10,395	

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		37
Finance		126
Construction		1,377
Real Estate		253
Manufacturing 3,223	Food,Beverages,Livestock Feed	378
	Textile,Textile Products,Clothing	117
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	244
	Pulp, Paper and Paper Products	113
	Publishing,Printing	191
	Chemical	408
	Steel,Nonferrous Metals,Mining	558
	General Machinery	450
	Electrical Machinery	368
	Transportation Machinery,Equipment	106
	Precision Machinery,Medical Instruments and Equipment	84
	Others	92
Wholesale 3,959	Food,Beverages	395
	Textile,Textile Products,Clothing	211
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	381
	Paper Products,Stationery,Books	115
	Chemical	320
	Recycled Resources	33
	Steel,Nonferrous Metals,Mining Products	336
	Machinery,Equipment	962
	Others	363

Retail 480	Food,Beverages	78
	Textile,Textile Products,Clothing	38
	Drugs,Sundries	25
	Furniture	9
	Electrical Household Appliances,Information Machinery and Equipment	34
	Motor Vehicles,Motor Vehicle Parts	50
	Special Merchandise	147
	Various Merchandise	50
	Others	4
	Transportation,Warehousing	443
Service 1,384	Restaurants	35
	Telecommunications	10
	Electricity,Gas,Water,Heat	9
	Leasing,Rentals	113
	Lodging, Hotels	36
	Recreation	54
	Broadcasting	17
	Maintenance,Guarding,Testing	143
	Advertising	125
	Information	416
	Labor Dispatching	57
	Special Services	206
	Medical,Welfare,Public Health	98
	Education	23
	Others	124
Others		33
Total		10,395

3.Size

Large Firms	2,420	23.3%
Small to Medium-sized Firms	7,975	76.7%
micro Firms	2,373	22.8%
Total	10,395	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 July 19 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.