

Domestic business confidence marked a new record high

~ Economic DI of 51.1, improvement for eight consecutive months ~

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(Companies researched: 23,089 ; Valid responses: 10,161 ; Response rate: 44.0% ; Survey start date: May 2002)

<Overview of January 2018: Expansion>

The economic diffusion index (DI) in January 2018 was 51.1, up 0.2 points from the previous month, and an improvement for eight consecutive months. This DI marks a record high since the commencement of the research in February 2002. (The highest DI in the past was 51.0 in March 2014). The domestic economy continued to expand through an increase in seasonal demand because of the cold snap, in addition to the strong manufacturing industry, especially of machinery.

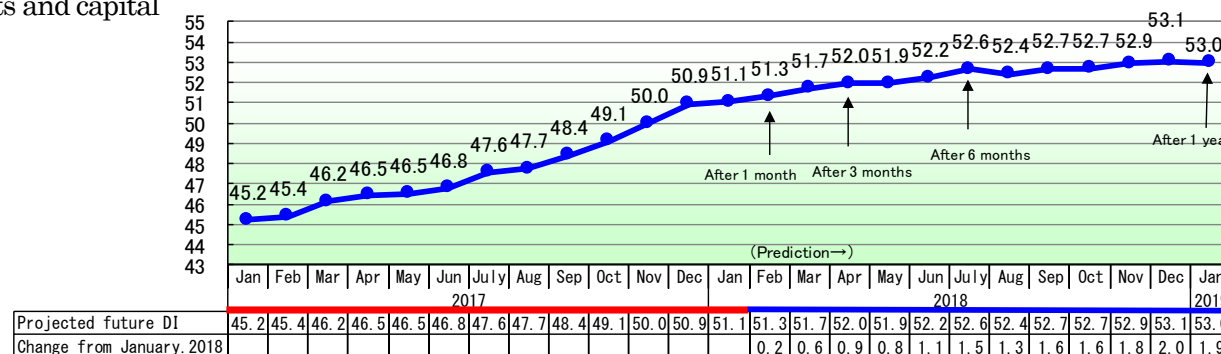
<Future outlook: Expansion continues>

The expansion in the domestic economy is expected to continue, with a continuing strong corporate sector performance, such as in exports and capital investments.

By industry : Three industries, such as "manufacturing" and "services," marked record highs.

By size : While business confidence of "SMEs" marked a new record high, there was a negative impact due to a shortage of workers.

By region : Of the ten regions, three regions and ten prefectures set new record highs.



*: 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-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Ratio to the PrFDious Month
Total	45.2	45.4	46.2	46.5	46.5	46.8	47.6	47.7	48.4	49.1	50.0	50.9	51.1	0.2
Large Firms	48.2	48.3	48.9	49.4	49.9	49.8	50.3	50.5	51.3	51.6	52.1	53.0	53.2	0.2
Small to Medium-sized Firms	44.4	44.6	45.4	45.7	45.6	46.0	46.8	47.0	47.7	48.5	49.4	50.4	50.5	0.1
Micro Firms	43.5	44.1	44.4	44.5	44.4	44.4	45.6	45.7	46.7	47.6	48.7	49.8	49.6	▲ 0.2

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries	43.3	45.1	45.5	47.0	45.4	45.3	44.9	44.5	45.6	47.5	46.7	49.2	47.1	▲ 2.1
Finance	46.4	45.5	45.6	46.0	46.4	46.3	47.2	46.8	48.0	47.9	49.0	48.9	49.6	0.7
Construction	49.2	49.5	49.3	49.0	49.5	49.5	50.4	50.7	51.7	52.7	53.7	54.2	54.0	▲ 0.2
Real Estate	49.3	49.9	49.4	49.7	50.7	49.4	49.6	49.3	49.9	50.9	50.3	51.3	52.3	1.0
Manufacturing	Food,BEWerages,Livestock Feed	41.9	42.1	42.7	43.0	42.6	43.5	43.5	42.9	43.0	42.8	42.9	44.8	▲ 0.8
	Textile,Textile Products,Clothing	36.3	37.7	38.6	38.8	39.4	37.8	37.9	38.4	37.7	38.6	39.6	39.1	▲ 2.9
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	43.3	42.8	43.2	42.4	43.4	43.4	45.3	45.6	47.0	46.8	48.0	46.8	▲ 1.2
	Pulp, Paper and Paper Products	43.3	42.0	42.0	42.9	42.5	43.4	43.8	41.9	44.4	46.6	45.6	48.7	▲ 2.1
	Publishing,Printing	33.9	34.6	36.5	35.6	33.4	35.1	34.2	34.6	36.4	35.7	35.4	35.8	0.6
	Chemical	47.5	47.9	48.5	49.9	50.3	50.2	51.4	50.5	51.8	52.5	53.3	54.1	▲ 0.2
	Steel,Nonferrous Metals,Mining	45.9	46.2	47.0	47.5	47.3	49.6	51.1	51.6	53.0	54.3	56.6	56.3	1.3
	General Machinery	49.9	51.1	52.9	54.1	54.5	54.8	56.5	56.2	57.2	59.3	59.3	60.8	1.6
	Electrical Machinery	46.3	47.1	47.8	48.6	49.3	49.7	50.3	51.5	52.2	53.7	54.5	55.7	1.2
	Transportation Machinery,Equipment	49.5	49.3	52.5	50.3	52.0	52.7	52.2	54.7	54.8	54.2	58.6	56.9	1.0
	Precision Machinery, Medical Instruments and Equipment	46.7	49.4	48.1	50.0	51.7	51.5	50.4	51.8	51.5	53.2	55.1	54.7	2.7
	Other	39.2	41.3	41.3	40.1	38.2	38.5	40.3	39.7	41.6	39.6	40.9	42.6	0.8
Total		44.8	45.4	46.3	46.7	46.9	47.5	48.5	48.6	49.4	50.3	51.2	52.6	0.5
Wholesale	Food,BEWerages	40.6	40.4	41.0	41.7	42.7	41.8	42.2	41.3	41.6	41.1	42.4	43.5	▲ 0.6
	Textile,Textile Products,Clothing	33.7	33.4	32.6	34.7	34.5	35.0	34.3	34.2	35.3	35.4	36.1	37.4	▲ 0.2
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	42.1	42.6	42.8	41.8	43.2	42.8	43.0	43.8	44.0	44.2	45.1	46.7	▲ 0.5
	Paper Products,Stationery,Books	38.6	38.4	38.3	38.5	36.1	38.4	37.4	35.7	38.8	38.4	38.9	37.6	▲ 0.8
	Chemical	44.4	42.8	44.5	46.0	45.1	45.3	46.5	47.2	47.5	48.1	48.6	50.7	▲ 1.0
	Recycled Resources	49.1	50.0	54.9	49.5	49.0	51.8	49.5	55.4	52.4	51.6	57.8	58.3	▲ 2.1
	Steel,Nonferrous Metals, Mining Products	42.5	42.9	44.0	43.5	41.3	43.1	45.1	45.6	46.2	49.5	50.5	52.3	0.8
	Machinery,Equipment	44.8	44.3	45.8	46.3	46.1	46.6	48.0	48.2	48.5	49.3	50.9	52.1	0.2
	Other	40.1	39.2	39.9	41.1	42.0	41.4	42.1	41.3	42.0	42.0	42.7	43.7	0.2
Total		42.2	41.8	42.8	43.2	43.1	43.4	44.2	44.3	44.8	45.5	46.5	47.9	▲ 0.1

Economic Diffusion Index (Economic DI)2/2

		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Ratio to the PrFDious Month
Retail	Food,BEWerages	37.4	41.5	41.4	39.0	39.9	42.9	41.1	44.3	44.4	42.1	45.2	45.3	44.1	▲ 1.2
	Textile,Textile Products,Clothing	32.7	29.0	30.9	31.8	33.9	34.4	34.6	35.1	34.4	37.5	32.7	35.6	41.0	5.4
	Drugs,Sundries	43.5	46.0	44.3	46.0	46.4	44.4	43.8	46.8	44.2	44.9	46.2	44.4	46.4	2.0
	Furniture	33.3	38.1	33.3	35.7	35.7	40.7	39.6	37.5	41.7	40.9	45.0	40.7	43.9	3.2
	Electrical Household Appliances, Information Machinery and Equipment	40.5	39.9	43.0	41.7	38.1	41.9	41.7	44.6	40.2	43.9	43.9	47.7	41.9	▲ 5.8
	Motor Vehicles,Motor Vehicle Parts	43.5	46.3	47.7	41.9	41.5	44.4	44.4	45.5	46.2	45.3	45.6	44.2	49.2	5.0
	Special Merchandise	38.3	39.1	38.8	38.3	39.1	39.8	39.7	39.8	39.7	39.6	38.8	41.5	41.9	0.4
	Various Merchandise	42.0	45.3	44.6	44.3	45.0	48.7	46.5	45.8	45.7	46.3	45.7	46.4	46.9	0.5
	Other	45.8	45.8	40.0	40.0	41.7	41.7	38.9	44.4	46.7	46.7	43.3	50.0	50.0	0.0
	Total	39.4	40.9	41.1	39.8	40.2	42.1	41.5	42.7	42.2	42.4	42.4	43.4	44.3	0.9
Transportation,Warehousing		45.0	43.8	45.6	47.0	46.8	45.7	47.7	48.4	49.0	49.9	50.7	52.5	50.7	▲ 1.8
Service	Restaurants	42.3	39.0	45.1	45.0	41.1	43.0	43.9	41.9	45.2	45.1	42.9	44.9	45.2	0.3
	Postal,Telecommunications	55.1	52.8	58.3	54.2	51.3	56.9	55.6	54.2	59.1	54.5	57.7	56.4	56.1	▲ 0.3
	Electricity,Gas,Water,Heat	50.0	52.4	47.2	52.4	52.4	57.1	52.4	52.8	57.1	58.3	59.5	54.2	60.4	6.2
	Leasing,Rentals	47.9	48.2	50.1	48.9	50.2	50.0	50.6	49.7	52.0	54.2	54.9	55.9	56.9	1.0
	Lodging, Hotels	43.5	45.6	49.4	48.9	49.4	47.9	46.9	47.4	41.7	43.6	51.9	48.0	46.9	▲ 1.1
	Recreation	37.7	37.1	39.2	39.1	40.9	40.8	40.1	38.3	40.0	39.1	39.0	42.2	41.7	▲ 0.5
	Broadcasting	45.6	47.8	47.8	47.8	46.7	42.9	46.2	47.2	47.2	46.2	44.4	47.6	47.6	0.0
	Maintenance,Guarding,Testing	47.4	47.8	48.6	49.4	48.9	49.7	50.2	51.4	51.3	50.3	51.6	50.3	51.5	1.2
	Advertising	38.6	39.8	41.0	42.3	41.8	40.6	41.0	41.9	40.5	43.6	41.8	41.5	46.1	4.6
	Information	54.3	54.8	55.3	56.1	55.6	55.7	56.6	56.1	57.2	57.9	57.6	58.4	59.4	1.0
	Labor Dispatching	54.4	50.8	54.6	55.8	52.3	54.8	54.8	58.6	57.5	58.2	59.0	57.9	58.6	0.7
	Special Services	51.9	51.8	52.6	53.2	52.3	52.3	52.6	53.4	53.2	53.3	53.2	55.5	53.4	▲ 2.1
	Medical,Welfare,Public Health	43.6	44.7	46.4	47.7	47.9	48.3	45.2	46.1	47.4	44.1	47.9	48.3	47.6	▲ 0.7
	Education	46.7	44.4	43.7	41.1	43.5	42.1	42.5	42.5	41.7	41.0	40.5	42.4	45.1	2.7
	Other	47.1	49.6	50.1	50.0	49.3	50.8	50.2	50.5	50.7	50.6	53.9	52.6	51.6	▲ 1.0
Total		48.8	49.1	50.4	50.9	50.4	50.7	50.9	51.1	51.5	51.8	52.5	53.0	53.4	0.4
Other		39.9	40.8	40.2	42.1	41.7	42.2	41.7	42.4	43.6	43.3	47.9	48.2	47.8	▲ 0.4

		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Ratio to the PrFDious Month
Hokkaido		42.2	43.2	43.9	44.3	46.1	45.7	48.4	48.8	48.6	48.6	48.6	48.4	47.8	▲ 0.6
Tohoku		44.2	43.6	44.7	45.2	45.4	45.4	45.7	45.4	45.9	45.9	47.2	47.9	46.9	▲ 1.0
kitakanto		44.9	44.2	45.4	46.6	46.4	47.0	48.3	47.8	49.1	50.2	51.2	52.9	52.3	▲ 0.6
minamikanto		46.3	46.5	47.1	47.4	47.3	47.7	48.2	48.2	49.1	49.7	50.5	51.3	51.8	0.5
Hokuriku		43.4	42.8	44.1	44.3	45.3	45.9	47.5	48.0	48.8	49.3	49.0	49.9	49.7	▲ 0.2
Tokai		45.7	45.9	46.6	46.8	46.4	47.3	48.1	48.8	49.2	50.0	51.2	52.5	52.6	0.1
Kinki		43.7	44.1	45.1	45.2	44.7	44.9	45.6	46.1	46.7	48.0	49.0	50.8	51.1	0.3
Chugoku		44.6	45.1	46.3	46.1	46.0	46.5	47.0	47.7	47.8	48.6	50.1	50.6	50.8	0.2
Shikoku		46.2	46.5	46.1	46.9	46.8	47.0	47.0	46.8	48.5	48.2	48.5	49.0	49.4	0.4
Kyushu		48.1	49.0	48.7	49.1	49.5	48.9	49.4	49.4	49.9	50.5	51.3	51.7	51.7	0.0

Appendix

1.Research Subjects(Companies Researched 23,089; Valid responses: 10,161 ; Response rate: 44.0%)

Appendix

1.Region

Hokkaido	520	Tokai	1,120
Tohoku	634	Kinki	1,699
kitaKanto	739	Chugoku	579
minamikanto	3,254	Shikoku	313
Hokuriku	570	Kyushu	733
Total			10,161

2.Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		57
Finance		126
Construction		1,490
Real Estate		303
Manufacturing 3,223	Food, Beverages, Livestock Feed	318
	Textile, Textile Products, Clothing	110
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	233
	Pulp, Paper and Paper Products	102
	Publishing, Printing	178
	Chemical	428
	Steel, Nonferrous Metals, Mining	505
	General Machinery	452
	Electrical Machinery	333
	Transportation Machinery, Equipment	101
	Precision Machinery, Medical Instruments and Equipment	72
	Others	83
Wholesale 3,959	Food, Beverages	358
	Textile, Textile Products, Clothing	179
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	342
	Paper Products, Stationery, Books	105
	Chemical	272
	Recycled Resources	35
	Steel, Nonferrous Metals, Mining Products	307
	Machinery, Equipment	899
	Others	351

3.Size

Large Firms	2,097	20.6%
Small to Medium-sized Firms	8,064	79.4%
micro Firms	2,643	26.0%
Total	10,161	100.0%

Retail 480	Food, Beverages	65
	Textile, Textile Products, Clothing	26
	Drugs, Sundries	23
	Furniture	11
	Electrical Household Appliances, Information Machinery and Equipment	39
	Motor Vehicles, Motor Vehicle Parts	64
	Special Merchandise	127
	Various Merchandise	43
	Others	5
Transportation, Warehousing		443
Service 1,384	Restaurants	35
	Telecommunications	11
	Electricity, Gas, Water, Heat	8
	Leasing, Rentals	106
	Lodging, Hotels	27
	Recreation	58
	Broadcasting	14
	Maintenance, Guarding, Testing	158
	Advertising	107
	Information	436
	Labor Dispatching	56
	Special Services	242
	Medical, Welfare, Public Health	103
	Education	24
	Others	146
Others		45
Total		10,161

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 2018

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.