

## Business Confidence Tends to be Dichotomized More

- Business confidence expects to rise due to anticipation for
- economic measures after the turn of the year

e-mail : [keiki@mail.tdb.co.jp](mailto:keiki@mail.tdb.co.jp)

(Company Researched: 23,283, Valid Responses: 10,833, Response Rate: 46.5%, Survey Start Date: May 2002)

### < Overview of August, 2015, Slight aggravation >

The Economic DI (Economic DI: 50 points is the threshold of assessment) in August 2015 stood at 45.1, down 0.3 points from the previous month and dropping for the first time in two months.

In August, business confidence tended to be dichotomized by industry, region, and business size. Although domestic economy turned downwards due to simultaneous global stock selloff that started in China, employment status and income level steadily remained flat and business confidence did not drop significantly.

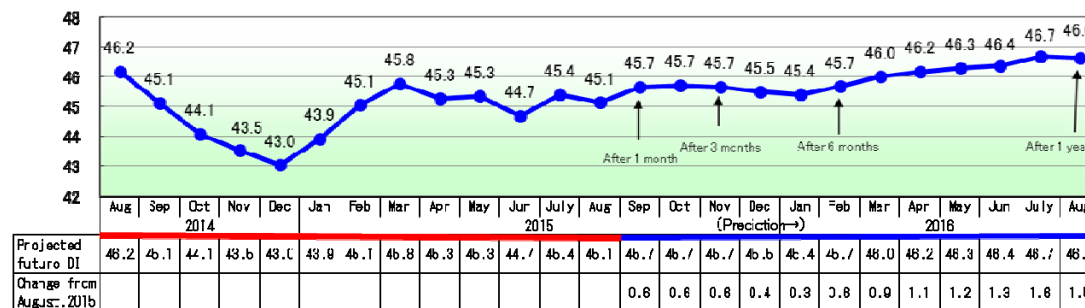
### < Future Outlook: Upward trend after the turn of the year >

The Japanese economy is expected to experience a slight downward trend this year, however, it is expected to move upwards due to economic measures after the turn of the year.

By Industry: Dichotomization of improvement and aggravation was shown among industries.

By size: “Small and medium size enterprises” dropped for the first time in two months. Finance and real estate showed downward tendency

By region: 6 out of 10 regions deteriorate. Outcome was different depending on the regions.



\*: 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

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Ratio to the PrFDious Month
Total	46.2	45.1	44.1	43.5	43.0	43.9	45.1	45.8	45.3	45.3	44.7	45.4	45.1	▲ 0.3
Large Firms	49.2	48.1	47.5	46.9	46.6	47.1	48.0	48.6	48.9	49.2	48.4	48.8	48.9	0.1
Small to Medium-sized Firms	45.3	44.3	43.1	42.6	42.0	43.0	44.2	45.0	44.3	44.3	43.6	44.5	44.1	▲ 0.4
Micro Firms	44.7	44.0	42.5	42.1	41.6	42.3	43.4	44.3	43.1	43.2	43.1	43.4	43.2	▲ 0.2

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries	40.9	42.1	41.8	38.6	39.5	41.3	40.0	44.0	43.7	45.0	41.9	42.9	44.7	1.8
Finance	47.9	47.1	44.9	45.3	45.2	45.1	44.7	48.0	48.1	47.4	49.2	48.1	46.5	▲ 1.6
Construction	53.2	52.8	51.6	51.0	50.3	50.4	50.4	50.8	49.3	48.6	47.7	48.6	48.8	0.2
Real Estate	46.8	47.0	45.2	43.6	44.1	45.1	47.2	48.8	48.8	49.6	49.1	49.8	48.4	▲ 1.4
Manufacturing	Food,BEWerages,Livestock Feed	39.8	39.5	39.0	36.8	37.5	37.2	39.8	43.1	42.1	44.3	43.1	43.4	▲ 0.4
	Textile,Textile Products,Clothing	42.0	39.8	39.4	36.8	38.1	36.8	39.7	37.6	40.2	41.7	39.4	39.4	0.8
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	44.6	43.3	44.0	44.1	43.3	43.2	41.9	42.1	40.3	40.9	41.2	41.2	0.0
	Pulp, Paper and Paper Products	36.2	36.1	36.7	36.1	36.3	34.8	37.3	39.3	39.8	40.0	39.0	39.7	2.3
	Publishing,Printing	33.7	33.1	31.5	31.5	31.0	31.8	33.5	34.1	34.6	34.1	33.5	33.7	1.2
	Chemical	45.8	43.4	42.4	42.9	43.3	43.2	44.5	44.6	44.1	44.4	43.9	44.7	0.6
	Steel,Nonferrous Metals,Mining	49.1	46.8	45.3	44.4	42.8	44.8	46.8	45.2	43.9	43.0	42.9	43.6	▲ 0.8
	General Machinery	52.2	51.7	50.5	50.0	48.6	49.6	51.5	52.6	52.5	51.6	51.3	51.9	▲ 1.6
	Electrical Machinery	47.3	46.2	46.1	45.9	45.8	47.3	48.4	49.7	47.7	47.3	47.4	47.4	▲ 2.6
	Transportation Machinery,Equipment	53.4	50.7	48.2	48.0	47.7	47.4	50.3	50.4	51.1	47.8	49.7	50.9	▲ 0.1
	Precision Machinery, Medical Instruments and Equipment	49.3	48.1	46.6	45.4	45.0	47.9	48.9	49.2	47.8	49.8	49.4	50.4	0.8
	Other	39.3	38.3	37.9	38.4	35.2	35.4	38.7	38.7	37.1	40.7	37.8	39.2	▲ 1.5
Total		45.6	44.2	43.4	42.9	42.3	43.0	44.6	45.1	44.4	44.5	44.0	44.6	▲ 0.4
Wholesale	Food,BEWerages	39.6	39.9	39.0	37.1	37.6	38.3	39.7	40.6	42.6	42.9	43.0	44.1	▲ 1.4
	Textile,Textile Products,Clothing	35.9	35.3	34.3	30.7	30.2	31.1	32.2	33.3	35.5	37.0	34.8	34.4	0.3
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	42.9	41.5	41.0	39.5	39.3	39.0	40.5	40.2	38.2	38.7	38.1	39.8	▲ 0.1
	Paper Products,Stationery,Books	34.6	33.8	32.9	33.5	31.8	33.2	35.1	37.7	37.3	38.1	34.5	37.1	▲ 0.6
	Chemical	42.8	40.8	40.6	40.0	37.8	38.9	41.2	41.8	42.5	43.0	43.1	43.9	▲ 1.3
	Recycled Resources	47.3	46.1	37.8	40.4	40.8	39.0	38.5	39.3	39.7	42.3	40.1	35.8	0.2
	Steel,Nonferrous Metals, Mining Products	44.9	43.5	43.2	43.8	42.1	43.9	43.5	43.2	41.2	40.3	39.3	40.4	▲ 0.1
	Machinery,Equipment	46.7	44.9	43.9	43.6	43.2	44.8	46.0	47.3	46.7	46.3	45.1	45.6	▲ 0.3
	Other	40.2	38.5	36.7	37.1	35.1	37.5	38.5	40.7	40.9	41.8	42.0	42.4	▲ 1.0
	Total	42.9	41.5	40.6	40.0	39.1	40.4	41.5	42.5	42.3	42.5	41.7	42.5	▲ 0.6

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

		Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Ratio to the PrFDious Month
Retail	Food,BEWerages	40.7	39.3	36.8	34.7	34.5	36.8	38.2	39.4	39.3	41.6	42.7	45.0	44.0	▲ 1.0
	Textile,Textile Products,Clothing	36.2	38.2	36.7	32.0	30.8	30.7	32.3	34.8	38.0	40.2	37.0	38.6	38.7	0.1
	Drugs,Sundries	40.7	41.7	41.1	42.6	38.9	44.6	45.3	46.0	48.1	48.0	48.6	49.3	48.7	▲ 0.6
	Furniture	30.6	37.0	22.7	27.3	26.4	28.8	33.3	27.8	35.0	40.0	43.3	41.7	41.7	0.0
	Electrical Household Appliances, Information Machinery and Equipment	37.4	36.1	36.2	36.0	34.3	39.3	39.0	43.2	38.4	41.5	40.6	38.9	38.3	▲ 0.6
	Motor Vehicles,Motor Vehicle Parts	34.4	33.0	30.1	31.8	28.7	37.8	40.7	38.8	36.5	39.9	37.2	38.3	38.7	0.4
	Special Merchandise	36.8	36.2	36.3	36.0	39.2	41.4	43.7	42.3	39.4	40.5	38.0	39.9	41.6	1.7
	Various Merchandise	41.7	41.8	41.2	39.1	40.5	42.6	41.0	40.6	47.1	49.7	48.1	48.8	49.0	0.2
	Other	43.3	37.5	40.0	40.0	41.7	33.3	36.7	38.9	41.7	36.1	43.3	35.7	44.4	8.7
Total		37.8	37.5	36.3	35.5	35.9	39.1	40.5	40.5	40.2	42.1	40.7	41.9	42.4	0.5
Transportation,Warehousing		45.8	43.7	43.7	44.8	43.8	43.7	44.8	44.9	44.8	44.8	42.6	44.4	44.9	0.5
Service	Restaurants	48.7	46.7	42.6	45.1	39.9	44.6	45.2	49.2	50.0	49.6	48.3	47.4	51.3	3.9
	Postal,Telecommunications	50.0	50.0	46.3	48.1	50.0	56.3	53.7	48.3	54.2	53.7	50.0	47.0	53.0	6.0
	Electricity,Gas,Water,Heat	48.3	50.0	46.3	43.8	44.4	50.0	50.0	48.3	55.0	53.7	53.0	50.0	51.9	1.9
	Leasing,Rentals	51.7	51.8	49.7	49.9	49.1	50.9	50.0	49.3	49.6	47.9	47.9	48.7	49.9	1.2
	Lodging, Hotels	44.4	46.2	46.3	47.0	47.6	47.7	49.5	48.6	51.4	53.1	54.2	59.2	59.0	▲ 0.2
	Recreation	39.5	39.4	39.5	36.4	36.5	34.4	40.0	45.6	38.7	40.2	37.9	37.3	38.0	0.7
	Broadcasting	45.2	44.0	45.2	43.3	41.7	44.4	40.0	45.6	47.9	45.6	46.1	49.1	46.1	▲ 3.0
	Maintenance,Guarding,Testing	46.8	45.7	45.8	43.1	42.6	44.6	46.9	47.2	47.8	48.1	47.4	47.6	47.4	▲ 0.2
	Advertising	41.4	41.1	38.6	38.7	38.8	38.8	39.3	42.1	42.2	41.1	41.0	39.8	40.7	0.9
	Information	53.5	52.8	51.4	51.6	52.2	53.5	54.6	56.3	56.3	55.3	55.4	56.4	55.8	▲ 0.6
	Labor Dispatching	56.2	56.9	55.6	53.9	54.0	55.7	57.5	56.7	55.5	56.2	56.3	54.4	55.0	0.6
	Special Services	53.7	53.9	50.7	50.7	50.3	50.8	51.4	53.0	51.0	51.7	50.9	52.0	51.4	▲ 0.6
	Medical,Welfare,Public Health	47.1	46.2	46.2	45.0	44.1	44.7	45.7	45.3	46.1	46.3	43.3	45.3	43.6	▲ 1.7
	Education	40.7	41.7	42.4	41.7	39.9	40.5	40.2	39.5	41.2	41.1	44.4	40.6	44.1	3.5
	Other	48.4	47.2	44.9	45.2	45.0	47.4	48.1	47.2	46.1	46.8	49.5	50.9	48.5	▲ 2.4
Total		49.7	49.2	47.7	47.3	47.2	48.3	49.2	50.3	50.1	49.9	49.7	50.4	50.1	▲ 0.3
Other		43.1	42.8	40.6	37.7	41.5	37.3	41.7	42.0	43.2	40.2	41.9	42.6	40.7	▲ 1.9

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Ratio to the PrFDious Month
Hokkaido	46.0	45.0	42.5	41.5	40.1	39.1	39.9	40.0	40.8	41.6	40.9	41.8	41.8	0.0
Tohoku	47.5	46.1	45.2	45.6	44.5	45.4	46.0	46.5	46.0	44.9	45.0	46.3	46.1	▲ 0.2
kitakanto	46.8	45.8	43.1	43.4	43.2	44.1	45.3	46.2	45.4	45.2	44.8	45.0	45.2	0.2
minamikanto	46.5	45.4	44.4	43.8	43.6	44.7	46.0	46.8	46.2	46.5	46.1	46.8	46.1	▲ 0.7
Hokuriku	46.3	45.2	44.3	42.8	41.9	43.6	44.6	44.4	44.4	44.8	43.8	44.3	44.6	0.3
Tokai	47.0	45.6	44.7	44.4	43.4	45.0	46.3	46.4	45.6	46.5	45.3	46.9	46.5	▲ 0.4
Kinki	44.4	43.7	42.7	42.1	41.5	42.2	43.2	44.5	43.7	43.4	42.6	43.2	43.1	▲ 0.1
Chugoku	46.4	44.5	43.9	44.0	42.9	43.6	44.4	45.5	45.4	45.6	44.8	45.5	44.9	▲ 0.6
Shikoku	44.9	44.2	44.5	43.5	43.6	43.8	45.5	46.6	47.7	46.9	46.3	45.6	47.7	2.1
Kyushu	45.9	46.0	45.4	44.2	44.7	45.3	46.6	47.2	46.2	45.6	44.3	44.9	44.5	▲ 0.4

## Appendix

### 1. Research Subjects (Companies Researched: 23,283 ; Valid Responses: 10,833; Response Rate: 46.5%)

Appendix

#### 1. Region

Hokkaido	564	Tokai	1,204
Tohoku	685	Kinki	1,811
kita Kanto	759	Chugoku	606
minamikanto	3,509	Shikoku	331
Hokuriku	576	Kyushu	788
Total		10,833	

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

Agriculture, Forestry, Fisheries		63
Finance		139
Construction		1,521
Real Estate		288
Manufacturing 3,223	Food, Beverages, Livestock Feed	369
	Textile, Textile Products, Clothing	116
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	251
	Pulp, Paper and Paper Products	104
	Publishing, Printing	196
	Chemical	442
	Steel, Nonferrous Metals, Mining	549
	General Machinery	483
	Electrical Machinery	364
	Transportation Machinery, Equipment	104
Wholesale 3,959	Precision Machinery, Medical Instruments and Equipment	85
	Others	95
	Food, Beverages	378
	Textile, Textile Products, Clothing	194
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	372
	Paper Products, Stationery, Books	116
	Chemical	300
	Recycled Resources	44
	Steel, Nonferrous Metals, Mining Products	338
	Machinery, Equipment	982
	Others	381

Retail 480	Food, Beverages	78
	Textile, Textile Products, Clothing	34
	Drugs, Sundries	25
	Furniture	10
	Electrical Household Appliances, Information Machinery and Equipment	37
	Motor Vehicles, Motor Vehicle Parts	59
	Special Merchandise	154
	Various Merchandise	51
	Others	6
Transportation, Warehousing		468
Service 1,384	Restaurants	39
	Telecommunications	11
	Electricity, Gas, Water, Heat	9
	Leasing, Rentals	117
	Lodging, Hotels	35
	Recreation	61
	Broadcasting	17
	Maintenance, Guarding, Testing	165
	Advertising	133
	Information	457
	Labor Dispatching	57
	Special Services	221
	Medical, Welfare, Public Health	119
	Education	17
	Others	136
Others		43
Total		10,833

#### 3. Size

Large Firms	2,362	21.8%
Small to Medium-sized Firms	8,471	78.2%
micro Firms	2,648	24.4%
Total	10,833	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 August 18 – 31 2015

### 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.