

Economic plunge has come to an end

~ Still remains at a severe level,
although economic activities are gradually resuming ~

e-mail : keiki@mail.tdb.co.jp

(Companies researched: 23,681; Valid responses: 11,275; Response rate: 47.6%;
Survey start date: May 2002)

< Overview of June 2020: Recession phase >

The economic diffusion index (DI) in June 2020 was 27.6. The downturn in the domestic economy bottomed out in June since economic activities started moving again. The domestic economy has stopped its plunge since economic activities gradually started to move.

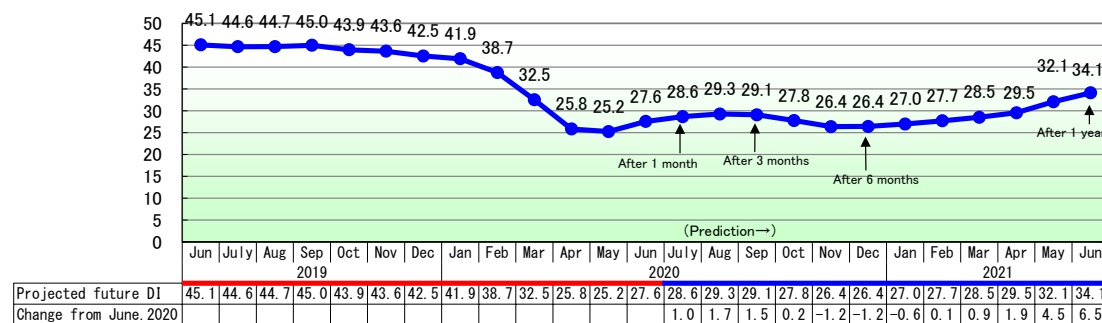
< Future outlook: Temporarily ceasing to fall >

Although the recessionary trend has temporarily stopped, weak economic fluctuations are expected to continue.

By industry : The economy is picking up in nine industries in reaction to the state of emergency declaration being lifted.

By size : The deteriorating trend has stopped in all sizes. Emergency economic measures show the effect.

By region : The economy bottomed out in all ten regions, with a sense of expectation due to the removal of restrictions on movement.



*: 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

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Ratio to tHN PrFDious Month
Total	45.4	45.1	44.6	44.7	45.0	43.9	43.6	42.5	41.9	38.7	32.5	25.8	25.2	27.6	2.4
Large Firms	48.8	48.7	47.7	47.9	48.0	47.1	47.0	45.7	45.3	42.0	34.8	28.2	28.1	30.1	2.0
Small to Medium-sized Firms	44.6	44.2	43.9	43.9	44.2	43.2	42.8	41.7	41.1	38.0	32.0	25.3	24.6	27.0	2.4
Micro Firms	44.5	44.1	43.8	44.2	45.1	43.9	43.5	42.1	41.4	38.8	32.3	25.4	24.6	27.8	3.2

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Ratio to tHN PrFDious Month	
Agriculture,Forestry,Fisheries	40.5	43.2	39.1	41.5	41.8	42.3	42.5	41.7	38.4	37.9	32.8	28.2	25.1	29.6	4.5	
Finance	44.7	44.8	45.1	44.7	45.8	45.4	46.8	44.5	44.8	42.2	33.3	27.3	28.7	32.4	3.7	
Construction	51.7	51.6	51.7	52.1	53.1	52.1	52.2	51.6	50.0	47.8	41.5	33.9	33.5	36.3	2.8	
Real Estate	47.6	48.3	47.4	46.5	48.0	45.9	46.0	44.2	45.9	42.0	31.6	21.9	23.5	29.2	5.7	
Manufacturing	Food,BEWerages,Livestock Feed	41.3	40.3	40.4	41.1	39.8	39.1	39.7	39.9	38.0	34.5	28.4	24.8	24.6	27.2	2.6
	Textile,Textile Products,Clothing	36.6	36.5	36.4	36.9	36.3	36.1	34.6	32.6	30.5	29.3	23.2	16.7	17.7	17.9	0.2
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	45.4	43.5	43.8	45.2	44.1	44.8	43.8	40.2	39.9	37.2	33.4	29.2	26.5	28.1	1.6
	Pulp, Paper and Paper Products	43.0	41.7	39.6	42.3	42.8	40.2	41.7	40.6	37.3	32.0	29.2	24.0	21.4	19.3	▲ 2.1
	Publishing,Printing	34.3	33.9	32.5	33.1	34.1	33.0	32.7	32.9	30.9	29.7	23.1	16.8	14.4	16.0	1.6
	Chemical	43.9	42.5	41.9	41.8	41.0	41.2	40.6	40.1	39.0	35.8	32.1	27.5	25.3	25.9	0.6
	Steel,Nonferrous Metals,Mining	42.9	41.8	41.5	41.2	40.4	39.8	38.1	37.6	36.3	32.9	29.0	23.6	21.5	20.8	▲ 0.7
	General Machinery	46.0	45.1	44.0	41.5	41.1	40.8	39.9	38.4	37.3	35.4	31.1	25.3	23.6	23.5	▲ 0.1
	Electrical Machinery	43.1	43.0	42.8	43.9	41.2	42.2	40.5	40.4	41.0	38.5	32.7	27.6	26.1	27.0	0.9
	Transportation Machinery,Equipment	48.1	47.5	46.4	43.4	42.3	43.5	41.2	40.9	39.4	36.5	34.2	22.2	18.2	18.1	▲ 0.1
	Precision Machinery, Medical Instruments and Equipment	44.4	42.4	43.9	43.4	42.0	41.3	42.0	39.9	40.4	39.0	34.8	27.2	26.3	28.6	2.3
Other	40.2	40.2	38.0	40.7	41.8	37.4	38.4	38.0	36.9	36.8	31.1	20.7	19.8	23.9	4.1	
Total	42.9	42.0	41.5	41.4	40.6	40.3	39.6	38.6	37.6	34.9	30.3	24.7	23.0	23.6	0.6	
Wholesale	Food,BEWerages	40.8	40.4	38.8	39.0	38.8	38.1	37.9	37.4	37.3	33.1	25.6	21.3	21.0	24.5	3.5
	Textile,Textile Products,Clothing	33.2	31.6	29.8	30.8	31.6	28.8	26.5	26.2	22.0	16.4	10.3	11.4	15.8	4.4	
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	44.7	43.8	44.7	44.6	46.0	45.1	43.4	43.1	42.8	38.5	34.4	27.9	27.7	29.6	1.9
	Paper Products,Stationery,Books	39.0	36.4	37.0	37.1	38.0	37.7	36.3	35.0	34.9	33.5	27.5	22.0	19.1	19.0	▲ 0.1
	Chemical	41.8	41.2	42.7	42.0	42.7	41.0	40.4	39.0	38.7	35.5	33.2	28.9	27.4	27.6	0.2
	Recycled Resources	40.2	37.1	32.8	32.8	30.6	34.8	29.0	33.3	30.8	27.1	21.2	18.7	18.8	23.8	5.0
	Steel,Nonferrous Metals, Mining Products	40.8	40.4	39.0	38.8	37.6	38.0	37.0	34.8	33.9	31.9	27.8	23.2	22.8	24.0	1.2
	Machinery,Equipment	44.2	44.4	43.8	43.3	44.6	42.7	42.3	41.7	41.2	38.2	33.0	25.9	25.1	27.4	2.3
	Other	40.6	40.6	40.2	40.2	40.7	37.9	37.6	37.1	36.7	31.5	26.5	21.4	19.8	23.1	3.3
	Total	41.9	41.4	41.0	40.8	41.4	39.9	39.3	38.4	37.9	34.4	29.4	23.7	23.0	25.3	2.3

Economic Diffusion Index (Economic DI)2/2

		May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Ratio to tHN PrFDious Month
Retail	Food,BEWerages	44.8	42.9	41.5	41.3	41.8	40.5	40.2	38.4	39.1	36.7	25.8	26.3	27.4	30.8	3.4
	Textile,Textile Products,Clothing	36.9	36.6	34.6	36.5	37.9	32.7	31.5	28.7	28.0	24.2	16.2	11.4	8.8	23.6	14.8
	Drugs,Sundries	41.0	38.5	40.0	37.7	40.6	35.8	37.3	40.2	37.7	34.7	27.5	28.7	25.3	32.7	7.4
	Furniture	39.6	48.5	40.9	45.0	53.0	33.3	26.9	31.8	31.9	29.2	22.6	10.8	15.5	31.7	16.2
	Electrical Household Appliances, Information Machinery and Equipment	39.1	43.5	34.3	38.9	45.0	34.3	32.3	38.1	38.2	36.0	28.4	19.3	21.9	33.8	11.9
	Motor Vehicles,Motor Vehicle Parts	41.5	42.5	39.2	41.1	41.4	34.5	31.4	31.9	36.7	32.9	27.9	17.0	15.8	25.4	9.6
	Special Merchandise	41.3	41.1	40.6	40.7	43.5	38.2	39.1	36.0	35.2	34.7	27.4	20.2	19.9	27.7	7.8
	Various Merchandise	43.8	44.7	39.3	38.9	43.1	36.5	36.5	36.2	37.4	34.4	29.3	32.3	29.9	34.5	4.6
	Other	39.6	46.3	41.7	41.7	40.5	48.1	40.7	47.9	48.1	43.9	31.8	26.9	30.6	31.8	1.2
Total		41.6	42.0	39.5	40.2	42.6	37.0	36.1	35.8	36.3	34.1	26.7	21.2	21.1	29.1	8.0
Transportation,Warehousing		46.7	45.6	44.5	45.5	46.0	44.9	45.1	42.6	39.5	34.0	27.7	22.4	22.7	21.5	▲ 1.2
Service	Restaurants	40.6	42.9	39.6	38.1	43.6	37.3	39.4	40.7	41.0	32.3	14.2	4.3	5.5	13.8	8.3
	Postal,Telecommunications	56.7	60.0	58.3	60.6	56.9	56.1	59.5	52.8	64.6	57.1	50.0	30.3	33.3	43.3	10.0
	Electricity,Gas,Water,Heat	55.6	54.5	54.2	52.6	51.3	51.2	52.2	47.4	52.4	46.7	40.5	28.4	32.4	34.4	2.0
	Leasing,Rentals	50.9	52.5	51.8	51.7	53.5	54.5	53.1	50.4	50.8	46.9	34.0	27.8	29.1	30.2	1.1
	Lodging, Hotels	50.0	44.9	40.3	39.9	47.2	41.3	42.0	39.1	38.5	23.2	7.0	1.5	2.9	4.8	1.9
	Recreation	42.0	41.5	41.8	40.9	38.7	38.2	40.7	37.5	39.4	35.7	17.0	5.6	9.3	11.5	2.2
	Broadcasting	44.1	43.3	41.1	45.2	43.1	42.9	41.7	38.2	38.1	38.9	29.8	22.9	22.5	26.7	4.2
	Maintenance,Guarding,Testing	48.2	48.8	49.3	49.8	48.6	49.1	47.3	46.6	46.4	42.6	36.0	27.5	26.6	29.9	3.3
	Advertising	40.5	40.7	40.4	38.9	40.3	40.4	39.6	37.8	40.0	34.1	21.3	11.3	10.7	14.3	3.6
	Information	58.0	57.8	58.5	58.7	57.7	57.4	57.8	56.2	56.5	54.2	43.9	33.7	34.0	35.8	1.8
	Labor Dispatching	53.9	52.8	52.7	51.0	53.2	53.3	50.9	46.2	49.2	42.5	34.1	21.0	20.0	25.3	5.3
	Special Services	49.5	50.1	49.9	51.1	51.8	51.5	50.8	49.9	50.3	45.8	40.4	31.4	32.2	35.0	2.8
	Medical,Welfare,Public Health	47.8	47.0	48.7	46.5	47.3	46.5	48.5	47.7	47.8	43.2	35.9	26.4	26.1	30.5	4.4
	Education	43.6	44.0	41.1	39.5	40.0	42.4	37.8	43.1	41.4	40.0	29.7	13.9	18.8	28.0	9.2
	Other	47.9	48.5	47.9	48.3	48.4	47.9	47.9	45.6	46.2	39.8	29.2	21.2	21.8	26.6	4.8
Total		50.6	50.8	50.8	50.7	51.0	50.6	50.4	48.8	49.5	45.1	35.3	25.8	26.1	29.4	3.3
Other		43.2	42.6	44.1	43.2	42.1	43.1	40.4	41.7	42.7	39.2	29.8	24.4	26.2	27.1	0.9

		May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Ratio to tHN PrFDious Month
Hokkaido		45.3	45.1	45.7	46.4	46.6	45.7	45.0	43.8	42.4	39.0	31.0	28.4	27.5	30.6	3.1
Tohoku		42.2	41.9	41.7	41.7	43.2	41.9	42.2	40.9	38.8	36.7	30.7	26.0	25.3	28.5	3.2
kitakanto		43.1	42.5	42.5	42.6	42.2	40.9	40.0	40.0	39.4	36.9	31.8	25.8	24.5	26.2	1.7
minamikanto		46.0	46.0	45.5	45.7	46.1	45.5	45.5	44.3	44.5	41.1	34.1	26.3	25.5	28.4	2.9
Hokuriku		44.6	44.2	43.5	44.1	43.5	42.1	40.4	39.5	37.6	35.6	29.7	24.9	25.1	26.5	1.4
Tokai		46.8	45.8	44.7	45.0	45.2	43.6	42.7	41.8	40.6	37.3	31.4	23.7	23.4	25.3	1.9
Kinki		45.0	44.6	44.0	43.8	43.9	42.2	41.9	40.5	39.8	36.3	30.4	23.9	23.8	25.9	2.1
Chugoku		45.6	45.5	45.0	44.8	45.0	44.0	43.6	42.6	41.2	39.0	33.8	27.0	25.7	27.2	1.5
Shikoku		46.7	44.8	43.1	43.8	43.9	44.4	44.0	43.8	42.7	39.5	36.4	30.8	28.5	30.3	1.8
Kyushu		46.9	47.0	47.6	46.3	47.1	46.5	46.8	45.1	45.2	41.5	35.3	27.5	27.4	29.7	2.3

Survey of Corporate Attitudes Toward the SDGs

24.4% of companies are positive about the SDGs

— **“8. Decent work and economic growth” ranks top in the goals they are working hard to address.** —

SDGs (Sustainable Development Goals) are the global goals listed in the 2030 Agenda that was agreed upon by 193 countries from around the world, with stakeholders from industry, government, academia and others in the United Nations summit in September 2015. While five years are about to have passed since their adoption, the SDGs are rapidly attracting attention as management policies not only for government and administrative bodies, but also for private companies.

Teikoku Databank has conducted a survey on corporate attitudes toward the SDGs. This survey was conducted in conjunction with the June 2020 TDB Trends Research.

*Survey period: June 17 – June 30, 2020, Companies Surveyed: 23,681, Valid Responses: 11,275 (Response Rate: 47.6%).

*Details of this survey can be found on the dedicated Economic Trend Survey HP (<https://www.tdb-di.com>).

Survey results (Summary)

1. With respect to the company’s understanding of and efforts towards the SDGs, 8.0% of companies say they “understand their meaning and significance, and are making efforts.” When combined with those saying they “understand their meaning or significance, and are making efforts” (16.4%), 24.4% of companies were positive about the SDGs. On the other hand, over 30% say they “know the terms and can understand their meaning or significance, but are not making efforts” (32.9%). When including those saying they “know the terms but cannot understand their meaning or significance” (14.8%), the results showed that nearly half of companies are not making efforts, even though they do know the SDGs.

2. For the items companies are working hard to address among the 17 SDGs, Goal 8, “Decent work and economic growth” ranked top at 27.1% (multiple answers), followed by “Affordable and clean energy” (15.9%), and “Responsible consumption and production” (14.8%). For the items companies want to address most in the future, “Decent work and economic growth” (14.8%) also showed the highest percentage (single answer).

3. With respect to the corporate value to be improved by contributing to achieving the SDGs, “Corporate favorability” ranked top at 53.3% (total of “extremely likely” and “to some extent”). “Social evaluation” also showed 50.4%, above half. Companies have strong opinions that how they are viewed from outside is favorably affected by the SDGs.

4. With respect to themes companies want to tackle in order to produce added value to achieve the SDGs, personnel-related items ranked high, such as “Secure customers and human resources” (33.8%), and “Appropriate working hours, environment, content” (30.0%), followed by environmental items like raw materials and consideration for the production process.

5. According to the question asking for the top 3 items a company values in its business management, “Customer and employee satisfaction” ranked top, followed by “Expansion of own business,” and “Contribution to society.”

Appendix

1. Research Subjects (Companies researched: 23,681; Valid responses: 11,275; Response rate: 47.6%)

Appendix

1. Region

Hokkaido	563	Tokai	1,278
Tohoku	773	Kinki	1,853
kitaKanto	871	Chugoku	654
minamikanto	3,489	Shikoku	336
Hokuriku	626	Kyushu	832
		Total	11,275

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		62
Finance		130
Construction		1,845
Real Estate		369
Manufacturing (3,108)	Food, Beverages, Livestock Feed	372
	Textile, Textile Products, Clothing	120
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	237
	Pulp, Paper and Paper Products	109
	Publishing, Printing	189
	Chemical	441
	Steel, Nonferrous Metals, Mining	537
	General Machinery	487
	Electrical Machinery	330
	Transportation Machinery, Equipment	118
Wholesale (2,961)	Precision Machinery, Medical Instruments and Equipment	78
	Others	90
	Food, Beverages	377
	Textile, Textile Products, Clothing	193
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	343
	Paper Products, Stationery, Books	102
	Chemical	281
	Recycled Resources	40
	Steel, Nonferrous Metals, Mining Products	319
	Machinery, Equipment	951
Others	355	

Retail (458)	Food, Beverages	73
	Textile, Textile Products, Clothing	29
	Drugs, Sundries	25
	Furniture	10
	Electrical Household Appliances, Information Machinery and Equipment	40
	Motor Vehicles, Motor Vehicle Parts	86
	Special Merchandise	142
	Various Merchandise	42
	Others	11
Transportation, Warehousing		490
Service (1,809)	Restaurants	59
	Telecommunications	10
	Electricity, Gas, Water, Heat	16
	Leasing, Rentals	121
	Lodging, Hotels	31
	Recreation	65
	Broadcasting	20
	Maintenance, Guarding, Testing	190
	Advertising	105
	Information	496
	Labor Dispatching	66
	Special Services	294
	Medical, Welfare, Public Health	124
Education	28	
Others	184	
Others		43
Total		11,275

3. Size

Large Firms	2,051	18.2%
Small to Medium-sized Firms	9,224	81.8%
micro Firms	3,324	29.5%
Total	11,275	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 June 17 – 30 2020

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 Calculation

The DI (Diffusion Index) is calculated by multiplying the number of responses for each assessment category by the number given in parentheses in the table below, to a seven-level assessment rated by companies.

Selection category	Extremely good	good	fairly good	neither good nor bad	fairly bad	bad	very bad
points	6	5	4	3	2	1	0
number of responses for each category	N ₆	N ₅	N ₄	N ₃	N ₂	N ₁	N ₀

Economic DI

$$= \frac{\text{Total of (Points for each category} \times \text{Number of responses for each category)}}{\text{Number of valid responses} \times N} \times \frac{1}{6} \times 100$$

$$\equiv \frac{\sum_{i=0}^6 i \times N_i}{N} \times \frac{1}{6} \times 100$$

An economic DI of 50 is **the point separating good and bad**, so a DI over 50 means “good,” and below 50 means “bad.” (The numbers are rounded off to one decimal place.) No weight is given according to a company's size, and calculations are made on the basis of “one company, one vote.”

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.