

Improvement mainly in the manufacturing industry for the third straight month

~ Worsening in services targeting individuals due to the declaration of a state of emergency etc., and increasing polarization in business confidence ~

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

(Companies researched: 23,707; Valid responses: 11,003; Response rate: 46.4%; Survey start date: May 2002)

< Overview of April 2021: Upswing >

The economic diffusion index (DI) in April 2021 was 38.3, up 0.3 points from the previous month, and improved for the third straight month. Amid suppressed economic activities, the domestic economy improved for the third straight month, mainly in the manufacturing industry.

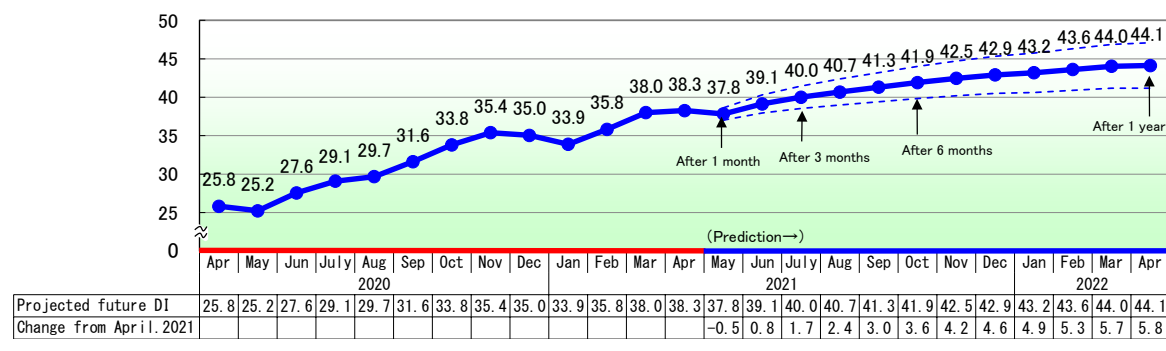
< Future outlook: Moderate upswing trend >

Although a temporary depression is seen, the economy is expected to improve at a moderate pace.

By industry: The economy in the manufacturing industry has been improving, but worsened in services targeting individuals.

By size: The economy improved for the third straight month in “large enterprises” and “SMEs”, but worsened in “small enterprises”.

By region: The economy improved in eight of the ten regions. “Semi-state of emergency coronavirus measures” affected business confidence in each region.



*: 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

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Ratio to the Previous Month
Total	25.8	25.2	27.6	29.1	29.7	31.6	33.8	35.4	35.0	33.9	35.8	38.0	38.3	0.3
Large Firms	28.2	28.1	30.1	31.7	32.4	33.9	36.4	37.6	37.4	36.3	38.2	40.2	40.8	0.6
Small to Medium-sized Firms	25.3	24.6	27.0	28.5	29.1	31.1	33.3	34.9	34.5	33.4	35.3	37.5	37.7	0.2
Micro Firms	25.4	24.6	27.8	29.4	30.0	32.0	33.9	35.2	34.2	32.8	34.7	36.7	36.3	▲ 0.4

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	28.2	25.1	29.6	31.4	31.0	30.3	34.4	38.7	35.4	30.9	33.8	35.0	37.5	2.5	
Finance	27.3	28.7	32.4	31.5	32.6	35.3	38.3	37.7	35.6	36.1	38.3	39.2	38.3	▲ 0.9	
Construction	33.9	33.5	36.3	37.5	38.4	40.4	41.1	41.8	40.9	39.4	40.6	41.6	41.4	▲ 0.2	
Real Estate	21.9	23.5	29.2	32.5	33.1	35.6	36.4	36.8	36.4	35.5	38.3	40.6	40.8	0.2	
Manufacturing	Food,BEWerages,Livestock Feed	24.8	24.6	27.2	29.6	30.5	32.0	34.2	36.0	32.5	30.7	30.8	34.4	35.2	0.8
	Textile,Textile Products,Clothing	16.7	17.7	17.9	19.8	20.3	23.5	24.7	26.8	26.1	24.5	26.0	26.8	28.7	1.9
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	29.2	26.5	28.1	28.3	29.8	31.3	35.1	35.4	36.0	37.3	37.2	37.8	39.3	1.5
	Pulp, Paper and Paper Products	24.0	21.4	19.3	21.0	22.9	24.1	26.2	29.2	29.3	27.6	29.4	33.0	34.3	1.3
	Publishing,Printing	16.8	14.4	16.0	15.8	18.8	20.4	21.9	22.7	21.8	20.2	22.2	26.0	27.2	1.2
	Chemical	27.5	25.3	25.9	27.3	27.8	31.1	34.4	37.7	39.3	38.0	40.9	43.3	44.2	0.9
	Steel,Nonferrous Metals,Mining	23.6	21.5	20.8	22.3	23.6	25.4	29.2	33.1	34.3	33.9	37.0	39.3	40.5	1.2
	General Machinery	25.3	23.6	23.5	24.6	25.0	26.5	29.1	31.7	33.5	33.6	36.9	41.2	42.1	0.9
	Electrical Machinery	27.6	26.1	27.0	27.5	27.7	28.9	33.0	34.8	35.5	36.1	39.6	42.6	43.2	0.6
	Transportation Machinery,Equipment	22.2	18.2	18.1	21.2	24.2	27.8	34.9	36.3	40.1	40.1	40.3	45.3	45.2	▲ 0.1
	Precision Machinery,Medical Instruments and Equipment	27.2	26.3	28.6	28.1	29.6	30.2	32.7	35.5	37.1	37.9	42.4	44.6	45.6	1.0
	Other	20.7	19.8	23.9	25.2	22.8	26.3	29.0	29.6	31.9	31.5	31.4	34.1	35.3	1.2
Total	24.7	23.0	23.6	24.9	25.9	27.8	31.0	33.3	33.9	33.4	35.6	38.5	39.5	1.0	
Wholesale	Food,BEWerages	21.3	21.0	24.5	27.3	27.2	30.2	32.0	31.6	29.5	26.8	29.2	30.7	30.1	▲ 0.6
	Textile,Textile Products,Clothing	10.3	11.4	15.8	18.2	18.0	19.4	22.6	22.3	22.7	21.2	19.8	23.9	23.1	▲ 0.8
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	27.9	27.7	29.6	30.2	30.4	31.7	33.9	35.9	36.1	34.7	34.8	36.7	37.2	0.5
	Paper Products,Stationery,Books	22.0	19.1	19.0	21.9	23.2	24.0	26.9	26.7	28.3	26.3	29.3	32.2	32.4	0.2
	Chemical	28.9	27.4	27.6	29.2	29.5	30.1	32.3	36.1	35.7	34.3	37.7	39.1	40.9	1.8
	Recycled Resources	18.7	18.8	23.8	24.5	27.8	30.2	32.9	38.7	44.4	45.6	42.4	45.4	55.1	9.7
	Steel,Nonferrous Metals,Mining Products	23.2	22.8	24.0	24.5	25.3	26.4	30.5	32.1	34.0	32.6	33.4	36.0	37.2	1.2
	Machinery,Equipment	25.9	25.1	27.4	29.0	28.6	30.6	33.1	34.6	34.4	34.6	36.7	39.5	40.1	0.6
	Other	21.4	19.8	23.1	25.1	25.4	27.6	30.6	33.0	31.6	29.0	31.3	34.4	34.1	▲ 0.3
	Total	23.7	23.0	25.3	27.0	27.1	28.9	31.5	33.0	32.8	31.6	33.3	35.8	36.2	0.4

Economic Diffusion Index (Economic DI)2/2

		Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Ratio to the Previous Month
Retail	Food,BEVerages	26.3	27.4	30.8	30.7	29.1	34.0	38.8	37.0	34.6	33.8	33.1	34.1	32.8	▲ 1.3
	Textile,Textile Products,Clothing	11.4	8.8	23.6	24.7	24.0	19.9	27.8	23.7	22.0	22.7	21.4	23.3	25.0	1.7
	Drugs,Sundries	28.7	25.3	32.7	32.7	31.3	32.6	33.3	29.8	31.3	30.2	32.5	31.1	35.8	4.7
	Furniture	10.8	15.5	31.7	40.0	38.9	38.5	37.5	38.9	35.4	34.4	36.7	38.9	42.7	3.8
	Electrical Household Appliances, Information Machinery and Equipment	19.3	21.9	33.8	29.8	30.5	30.6	34.2	33.3	29.5	28.3	36.3	34.4	37.8	3.4
	Motor Vehicles,Motor Vehicle Parts	17.0	15.8	25.4	29.3	29.3	32.4	34.6	40.2	37.2	35.7	37.6	37.0	38.3	1.3
	Special Merchandise	20.2	19.9	27.7	30.2	30.0	31.6	33.9	33.3	34.7	32.6	35.5	35.9	34.6	▲ 1.3
	Various Merchandise	32.3	29.9	34.5	40.9	36.9	37.0	37.6	37.3	39.2	38.7	36.2	37.3	32.2	▲ 5.1
	Other	26.9	30.6	31.8	26.7	25.9	33.3	33.3	34.8	33.3	30.3	33.3	35.0	40.5	5.5
	Total	21.2	21.1	29.1	31.0	30.3	32.1	34.8	35.0	34.2	32.9	34.5	34.9	34.7	▲ 0.2
Transportation,Warehousing		22.4	22.7	21.5	24.2	25.4	28.1	30.1	32.5	31.5	30.0	31.7	33.9	34.5	0.6
Service	Restaurants	4.3	5.5	13.8	13.7	12.7	14.5	18.2	21.0	15.3	10.3	12.8	18.9	14.9	▲ 4.0
	Postal,Telecommunications	30.3	33.3	43.3	41.7	42.6	46.7	41.7	47.2	38.9	46.3	38.1	43.8	38.9	▲ 4.9
	Electricity,Gas,Water,Heat	28.4	32.4	34.4	34.9	42.5	42.5	40.4	40.0	38.6	42.5	39.5	47.1	40.4	▲ 6.7
	Leasing,Rentals	27.8	29.1	30.2	31.4	32.7	34.5	34.9	37.5	36.2	33.5	32.8	35.0	35.4	0.4
	Lodging, Hotels	1.5	2.9	4.8	5.1	6.0	12.4	27.2	28.8	11.9	3.4	4.4	10.9	8.6	▲ 2.3
	Recreation	5.6	9.3	11.5	17.5	22.9	22.4	23.7	29.0	27.0	24.0	25.8	33.1	25.8	▲ 7.3
	Broadcasting	22.9	22.5	26.7	25.6	34.5	33.3	34.4	38.6	42.2	36.3	42.6	51.0	42.7	▲ 8.3
	Maintenance,Guarding,Testing	27.5	26.6	29.9	33.2	34.1	36.5	38.5	38.6	36.3	37.5	40.4	39.2	▲ 1.2	
	Advertising	11.3	10.7	14.3	19.0	18.0	20.4	21.1	22.3	22.5	20.2	24.7	26.5	25.6	▲ 0.9
	Information	33.7	34.0	35.8	37.2	37.9	38.9	40.1	41.6	41.2	41.3	43.6	45.5	45.2	▲ 0.3
	Labor Dispatching	21.0	20.0	25.3	24.6	25.4	26.7	29.2	34.3	31.5	31.6	33.6	34.1	35.8	1.7
	Special Services	31.4	32.2	35.0	36.7	36.1	40.0	40.7	42.5	41.0	38.8	42.9	43.6	43.5	▲ 0.1
	Medical,Welfare,Public Health	26.4	26.1	30.5	29.9	31.0	31.4	33.6	34.9	34.8	32.7	34.7	37.1	39.1	2.0
	Education	13.9	18.8	28.0	29.5	31.7	34.0	34.7	34.0	34.0	33.3	34.0	32.1	35.7	3.6
	Other	21.2	21.8	26.6	28.7	28.4	31.1	31.6	31.4	32.6	30.9	34.2	34.5	34.8	0.3
Total	25.8	26.1	29.4	31.2	31.8	33.9	35.1	36.8	35.7	33.9	36.5	38.5	37.9	▲ 0.6	
Other	24.4	26.2	27.1	29.3	28.8	31.5	28.2	29.4	30.8	29.5	30.5	34.4	34.1	▲ 0.3	

		Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Ratio to the Previous Month
Hokkaido		28.4	27.5	30.6	32.3	33.4	34.4	36.0	34.4	33.0	32.4	33.9	35.3	36.2	0.9
Tohoku		26.0	25.3	28.5	29.7	30.4	32.6	34.4	36.0	35.4	33.8	35.4	36.8	38.0	1.2
Kitakanto		25.8	24.5	26.2	27.1	28.0	30.6	33.2	36.6	35.9	34.9	37.2	39.2	39.7	0.5
Minamikanto		26.3	25.5	28.4	29.7	30.4	32.3	34.2	35.3	35.2	34.0	35.9	38.4	38.7	0.3
Hokuriku		24.9	25.1	26.5	27.5	28.5	30.0	31.8	34.7	35.0	32.7	34.6	38.2	38.6	0.4
Tokai		23.7	23.4	25.3	27.0	27.7	30.3	32.6	35.6	35.3	34.1	36.1	38.4	38.9	0.5
Kinki		23.9	23.8	25.9	27.8	28.1	29.5	32.4	34.1	33.9	33.1	35.5	37.4	37.0	▲ 0.4
Chugoku		27.0	25.7	27.2	29.4	29.7	32.0	34.3	35.5	34.8	34.5	36.2	37.7	37.8	0.1
Shikoku		30.8	28.5	30.3	30.5	31.5	32.6	33.9	35.3	35.4	33.8	35.4	37.5	36.4	▲ 1.1
Kyushu		27.5	27.4	29.7	32.5	31.8	34.2	36.9	37.7	36.9	35.3	37.0	39.0	39.5	0.5

Survey of Corporate Attitudes towards Capital Investment for 2021

**58.0% of companies have a capital investment plan,
up from last year**

**— Companies making capital investments for decarbonization
remained below 10% —**

While uncertainty about the outlook for domestic and overseas economies cannot be dispelled due to the impact of COVID-19, etc., digitalization in anticipation of labor saving and efficiency, and response to the global environment, etc., are expected to be positive factors in capital investment trends. The government also continues to pursue capital investment support, etc., as subsidy programs to counter COVID-19, and actively promotes capital investment policies such as creation of a tax system to encourage investment in digital transformation (DX), and for decarbonization in “Tax Reform Outline for 2021”.

Therefore, Teikoku Databank has conducted a survey of corporate attitudes towards capital investment plans, etc., for 2021. This survey was conducted in conjunction with the April 2021 TDB Trends Research.

* Survey period: April 16 – 30, 2021: Companies Surveyed: 23,707; Valid Responses: 11,003 (Response Rate: 46.4%). The survey of capital investment has been conducted every April since April 2017, and this is the 5th such survey.

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

Survey results (Summary)

1. Companies responding that they “have” plans to make capital investments in 2021 increased by 5.2 points from that in the previous survey (April 2020, 52.8%), to 58.0%. By size, all size companies responding they have plans increased from last year. Large companies in particular increased substantially. By industry, “manufacturing” ranked top at 70.1%, with the largest increase from that in the previous survey (an increase of 9.2 points from that in the previous survey).
2. With respect to capital investment details, “replacement of equipment” was top (41.0%), followed by “maintenance and repair of existing equipment” (33.2%), “informatization-related (IT investments)” (30.3%), and “labor saving/rationalization” (27.8%). Some companies expressed the opinion that they aggressively make capital investments through special loans under the COVID-19 crisis, while quite a few companies said they have made no progress in capital investment, considering future repayments.
3. With respect to the main funding methods, “own resources” accounted for the highest percentage at 43.2%. Long-term and short-term borrowing from financial institutions stood at over 30%. Own resources and borrowing from financial institutions account for a large portion of corporate funding. The amount to be spent on capital investment averaged 125.72 million yen.
4. Reasons for not making capital investments included, “the future cannot be foreseen” (55.0%) remaining at the top, even though it decreased by 9.4 points from that in the previous survey, followed by “equipment in its current state is at the appropriate level”, a substantial increase (32.6%, an increase of 7.3 points from that in the previous survey). SMEs had higher percentages of “the burden of borrowing is large”, and “cash on hand is small” than did the large companies, and the results show that SMEs refrain from making capital investments due to financial concerns.

Appendix

1. Research Subjects (Companies researched: 23,707; Valid responses: 11,003; Response rate: 46.4%)

1. Region

Hokkaido	525	Tokai	1,182
Tohoku	736	Kinki	1,899
kitaKanto	809	Chugoku	635
minamikanto	3,335	Shikoku	427
Hokuriku	598	Kyushu	857
		Total	11,003

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		72
Finance		114
Construction		1,826
Real Estate		361
Manufacturing (2,996)	Food, Beverages, Livestock Feed	362
	Textile, Textile Products, Clothing	121
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	230
	Pulp, Paper and Paper Products	109
	Publishing, Printing	178
	Chemical	402
	Steel, Nonferrous Metals, Mining	514
	General Machinery	493
	Electrical Machinery	330
	Transportation Machinery, Equipment	100
	Precision Machinery, Medical Instruments and Equipment	72
	Others	85
	Wholesale (2,914)	Food, Beverages
Textile, Textile Products, Clothing		200
Construction Materials, Furniture, Ceramics, Stone and Clay Products		338
Paper Products, Stationery, Books		103
Chemical		281
Recycled Resources		36
Steel, Nonferrous Metals, Mining Products		316
Machinery, Equipment		905
Others		351

Retail (467)	Food, Beverages	68
	Textile, Textile Products, Clothing	36
	Drugs, Sundries	27
	Furniture	16
	Electrical Household Appliances, Information Machinery and Equipment	37
	Motor Vehicles, Motor Vehicle Parts	84
	Special Merchandise	149
	Various Merchandise	43
Others	7	
Transportation, Warehousing		473
Service (1,735)	Restaurants	58
	Telecommunications	9
	Electricity, Gas, Water, Heat	19
	Leasing, Rentals	119
	Lodging, Hotels	35
	Recreation	53
	Broadcasting	16
	Maintenance, Guarding, Testing	178
	Advertising	105
	Information	451
	Labor Dispatching	62
	Special Services	279
	Medical, Welfare, Public Health	125
Education	28	
Others	198	
Others		45
Total		11,003

3. Size

Large Firms	1,902	17.3%
Small to Medium-sized Firms	9,101	82.7%
micro Firms	3,301	30.0%
Total	11,003	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 April 16 – 30 2021

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

EconomicDI

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

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

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.