

## Driven by manufacturing, the domestic economy improved for the second straight month

~ While the wide use of vaccination is a favorable factor for the future economy, an increase in the number of those newly infected is cause for concern. ~

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(Companies researched: 24,285; Valid responses: 10,992; Response rate: 45.3%; Survey start date: May 2002)

### < Overview of July 2021: Recovery trend >

The economic diffusion index (DI) in July 2021 was 40.7, up 1.6 points from the previous month, and improved for the second straight month. Driven by manufacturing, the recovery trend continued in the domestic economy, although the number of those newly infected kept increasing.

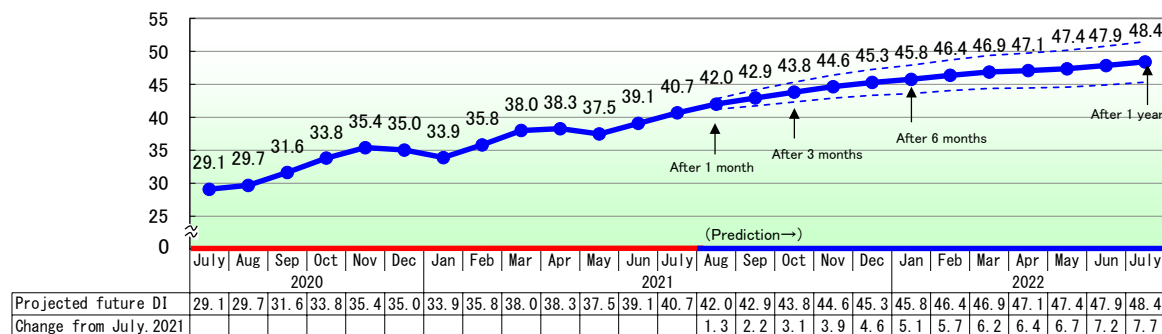
### < Future outlook: Recovery trend continues >

The economy is expected to remain in a recovery trend during a balance between economic revitalization and preventing the spread of infection.

**By industry:** The economy improved in eight industries centered on manufacturing, but the upward momentum in the purchase price per unit has strengthened.

**By size:** The economy improved in all sizes for the second straight month, with aggressive capital investment being a favorable factor.

**By region:** The economy improved in all ten regions for the second straight month, with regional economies being driven by export-related industries.



\*: 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-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Ratio to the Previous Month
Total	29.1	29.7	31.6	33.8	35.4	35.0	33.9	35.8	38.0	38.3	37.5	39.1	40.7	1.6
Large Firms	31.7	32.4	33.9	36.4	37.6	37.4	36.3	38.2	40.2	40.8	40.2	41.9	42.9	1.0
Small to Medium-sized Firms	28.5	29.1	31.1	33.3	34.9	34.5	33.4	35.3	37.5	37.7	36.9	38.5	40.2	1.7
Micro Firms	29.4	30.0	32.0	33.9	35.2	34.2	32.8	34.7	36.7	36.3	35.6	37.1	38.4	1.3

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	31.4	31.0	30.3	34.4	38.7	35.4	30.9	33.8	35.0	37.5	37.7	39.1	38.5	▲ 0.6	
Finance	31.5	32.6	35.3	38.3	37.7	35.6	36.1	38.3	39.2	38.3	39.5	41.7	42.8	1.1	
Construction	37.5	38.4	40.4	41.1	41.8	40.9	39.4	40.6	41.6	41.4	40.0	41.6	42.7	1.1	
Real Estate	32.5	33.1	35.6	36.4	36.8	36.4	35.5	38.3	40.6	40.8	39.4	40.9	41.8	0.9	
Manufacturing	Food,BEWerages,Livestock Feed	29.6	30.5	32.0	34.2	36.0	32.5	30.7	30.8	34.4	35.2	33.6	34.0	35.5	1.5
	Textile,Textile Products,Clothing	19.8	20.3	23.5	24.7	26.8	26.1	24.5	26.0	26.8	28.7	29.2	29.3	31.0	1.7
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	28.3	29.8	31.3	35.1	35.4	36.0	37.3	37.2	37.8	39.3	38.6	40.1	42.5	2.4
	Pulp, Paper and Paper Products	21.0	22.9	24.1	26.2	29.2	29.3	27.6	29.4	33.0	34.3	33.5	34.9	37.2	2.3
	Publishing,Printing	15.8	18.8	20.4	21.9	22.7	21.8	20.2	22.2	26.0	27.2	24.2	27.1	27.4	0.3
	Chemical	27.3	27.8	31.1	34.4	37.7	39.3	38.0	40.9	43.3	44.2	44.3	44.5	46.3	1.8
	Steel,Nonferrous Metals,Mining	22.3	23.6	25.4	29.2	33.1	34.3	33.9	37.0	39.3	40.5	39.9	43.4	46.4	3.0
	General Machinery	24.6	25.0	26.5	29.1	31.7	33.5	33.6	36.9	41.2	42.1	42.2	43.7	45.9	2.2
	Electrical Machinery	27.5	27.7	28.9	33.0	34.8	35.5	36.1	39.6	42.6	43.2	42.8	45.0	46.8	1.8
	Transportation Machinery,Equipment	21.2	24.2	27.8	34.9	36.3	40.1	40.1	40.3	45.3	45.2	45.3	47.1	50.6	3.5
	Precision Machinery,Medical Instruments and Equipment	28.1	29.6	30.2	32.7	35.5	37.1	37.9	42.4	44.6	45.6	48.7	49.1	50.5	1.4
	Other	25.2	22.8	26.3	29.0	29.6	31.9	31.5	31.4	34.1	35.3	33.0	34.1	37.6	3.5
Total	24.9	25.9	27.8	31.0	33.3	33.9	33.4	35.6	38.5	39.5	39.0	40.6	42.7	2.1	
Wholesale	Food,BEWerages	27.3	27.2	30.2	32.0	31.6	29.5	26.8	29.2	30.7	30.1	29.4	30.7	31.3	0.6
	Textile,Textile Products,Clothing	18.2	18.0	19.4	22.6	22.3	22.7	21.2	19.8	23.9	23.1	21.7	22.5	22.8	0.3
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	30.2	30.4	31.7	33.9	35.9	36.1	34.7	34.8	36.7	37.2	36.5	36.3	37.8	1.5
	Paper Products,Stationery,Books	21.9	23.2	24.0	26.9	26.7	28.3	26.3	29.3	32.2	32.4	30.6	31.4	31.2	▲ 0.2
	Chemical	29.2	29.5	30.1	32.3	36.1	35.7	34.3	37.7	39.1	40.9	40.7	42.0	42.4	0.4
	Recycled Resources	24.5	27.8	30.2	32.9	38.7	44.4	45.6	42.4	45.4	55.1	53.4	52.0	53.7	1.7
	Steel,Nonferrous Metals,Mining Products	24.5	25.3	26.4	30.5	32.1	34.0	32.6	33.4	36.0	37.2	37.5	38.7	41.1	2.4
	Machinery,Equipment	29.0	28.6	30.6	33.1	34.6	34.4	34.6	36.7	39.5	40.1	39.0	40.7	43.1	2.4
	Other	25.1	25.4	27.6	30.6	33.0	31.6	29.0	31.3	34.4	34.1	32.2	35.5	36.6	1.1
	Total	27.0	27.1	28.9	31.5	33.0	32.8	31.6	33.3	35.8	36.2	35.3	36.8	38.3	1.5

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

		Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Ratio to the Previous Month
Retail	Food,BEVerages	30.7	29.1	34.0	38.8	37.0	34.6	33.8	33.1	34.1	32.8	32.6	34.9	37.5	2.6
	Textile,Textile Products,Clothing	24.7	24.0	19.9	27.8	23.7	22.0	22.7	21.4	23.3	25.0	21.2	20.3	25.0	4.7
	Drugs,Sundries	32.7	31.3	32.6	33.3	29.8	31.3	30.2	32.5	31.1	35.8	29.3	31.4	32.5	1.1
	Furniture	40.0	38.9	38.5	37.5	38.9	35.4	34.4	36.7	38.9	42.7	40.6	39.8	36.9	▲ 2.9
	Electrical Household Appliances, Information Machinery and Equipment	29.8	30.5	30.6	34.2	33.3	29.5	28.3	36.3	34.4	37.8	30.8	35.8	37.7	1.9
	Motor Vehicles,Motor Vehicle Parts	29.3	29.3	32.4	34.6	40.2	37.2	35.7	37.6	37.0	38.3	38.6	40.7	40.5	▲ 0.2
	Special Merchandise	30.2	30.0	31.6	33.9	33.3	34.7	32.6	35.5	35.9	34.6	34.5	34.8	34.3	▲ 0.5
	Various Merchandise	40.9	36.9	37.0	37.6	37.3	39.2	38.7	36.2	37.3	32.2	31.1	33.0	35.6	2.6
	Other	26.7	25.9	33.3	33.3	34.8	33.3	30.3	33.3	35.0	40.5	25.0	33.3	35.7	2.4
	Total	31.0	30.3	32.1	34.8	35.0	34.2	32.9	34.5	34.9	34.7	33.1	34.5	35.4	0.9
Transportation,Warehousing		24.2	25.4	28.1	30.1	32.5	31.5	30.0	31.7	33.9	34.5	33.7	34.5	36.3	1.8
Service	Restaurants	13.7	12.7	14.5	18.2	21.0	15.3	10.3	12.8	18.9	14.9	13.0	20.5	19.7	▲ 0.8
	Postal,Telecommunications	41.7	42.6	46.7	41.7	47.2	38.9	46.3	38.1	43.8	38.9	40.5	27.8	42.9	15.1
	Electricity,Gas,Water,Heat	34.9	42.5	42.5	40.4	40.0	38.6	42.5	39.5	47.1	40.4	41.2	45.0	40.8	▲ 4.2
	Leasing,Rentals	31.4	32.7	34.5	34.9	37.5	36.2	33.5	32.8	35.0	35.4	35.0	38.1	41.0	2.9
	Lodging, Hotels	5.1	6.0	12.4	27.2	28.8	11.9	3.4	4.4	10.9	8.6	5.6	11.6	13.0	1.4
	Recreation	17.5	22.9	22.4	23.7	29.0	27.0	24.0	25.8	33.1	25.8	29.5	29.2	34.8	5.6
	Broadcasting	25.6	34.5	33.3	34.4	38.6	42.2	36.3	42.6	51.0	42.7	42.7	42.2	42.2	0.0
	Maintenance,Guarding,Testing	33.2	34.1	36.5	38.5	38.5	38.6	36.3	37.5	40.4	39.2	40.8	42.7	41.9	▲ 0.8
	Advertising	19.0	18.0	20.4	21.1	22.3	22.5	20.2	24.7	26.5	25.6	23.4	27.5	27.5	0.0
	Information	37.2	37.9	38.9	40.1	41.6	41.2	41.3	43.6	45.5	45.2	44.9	46.8	48.2	1.4
	Labor Dispatching	24.6	25.4	26.7	29.2	34.3	31.5	31.6	33.6	34.1	35.8	35.5	36.2	41.9	5.7
	Special Services	36.7	36.1	40.0	40.7	42.5	41.0	38.8	42.9	43.6	43.5	41.5	43.4	47.3	3.9
	Medical,Welfare,Public Health	29.9	31.0	31.4	33.6	34.9	34.8	32.7	34.7	37.1	39.1	39.2	41.2	42.1	0.9
	Education	29.5	31.7	34.0	34.7	34.0	34.0	33.3	34.0	32.1	35.7	37.1	38.7	40.3	1.6
	Other	28.7	28.4	31.1	31.6	31.4	32.6	30.9	34.2	34.5	34.8	35.2	35.8	37.4	1.6
Total	31.2	31.8	33.9	35.1	36.8	35.7	33.9	36.5	38.5	37.9	37.5	39.7	41.5	1.8	
Other	29.3	28.8	31.5	28.2	29.4	30.8	29.5	30.5	34.4	34.1	33.3	35.5	34.7	▲ 0.8	

		Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Ratio to the Previous Month
	Hokkaido	32.3	33.4	34.4	36.0	34.4	33.0	32.4	33.9	35.3	36.2	34.5	37.1	38.3	1.2
	Tohoku	29.7	30.4	32.6	34.4	36.0	35.4	33.8	35.4	36.8	38.0	37.7	39.3	40.0	0.7
	kitakanto	27.1	28.0	30.6	33.2	36.6	35.9	34.9	37.2	39.2	39.7	39.5	41.2	42.7	1.5
	minamikanto	29.7	30.4	32.3	34.2	35.3	35.2	34.0	35.9	38.4	38.7	38.4	39.8	41.0	1.2
	Hokuriku	27.5	28.5	30.0	31.8	34.7	35.0	32.7	34.6	38.2	38.6	37.1	39.2	40.6	1.4
	Tokai	27.0	27.7	30.3	32.6	35.6	35.3	34.1	36.1	38.4	38.9	37.9	39.4	42.0	2.6
	Kinki	27.8	28.1	29.5	32.4	34.1	33.9	33.1	35.5	37.4	37.0	36.2	38.1	40.3	2.2
	Chugoku	29.4	29.7	32.0	34.3	35.5	34.8	34.5	36.2	37.7	37.8	36.0	37.9	39.0	1.1
	Shikoku	30.5	31.5	32.6	33.9	35.3	35.4	33.8	35.4	37.5	36.4	35.8	37.6	38.2	0.6
	Kyushu	32.5	31.8	34.2	36.9	37.7	36.9	35.3	37.0	39.0	39.5	37.5	38.3	40.5	2.2

## Highest ever average proportion of women in managerial posts recorded, but still at 8.9%.

— Large companies are positive about encouraging men to take childcare leave, but SMEs are static —

Women's empowerment is becoming crucial for companies due to the shrinking working population and increasing number of double income households. The Childcare and Family Care Leave Act that includes measures to encourage men to take childcare leave was revised in June 2021, with the primary objective of promoting women's participation and advancement by reducing their housekeeping burden, etc. While there has been such a movement, the target by 2020 that the government set, for the "proportion of women in leadership positions at 30%", was not achieved, and its target date was modified to "achievement early in the 2020s". The path to realize a society in which women play active roles continues to be tough.

Teikoku Databank has conducted a survey of corporate attitudes towards promotion of women. This survey was conducted in conjunction with the July 2021 TDB Trends Research.

\* Survey period: July 15 – July 31, 2021, Companies Surveyed: 24,285, Valid Responses: 10,992 (Response Rate: 45.3%). The survey for promotion of women has been conducted every July since 2013. This is the 9th survey.

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

### Survey results (Summary)

1. The proportion of women in managerial posts averaged 8.9%, up 1.1 percentage points y-o-y, which was the largest increase ever. Although it remained at a low level, it replaced the previous highest record. Those companies which exceed the government target for the "proportion of women in managerial posts at 30% or more", accounted for 8.6% (up 1.1 percentage points y-o-y). The proportions of women among all employees and among executive officers averaged 26.5% (up 0.7 percentage point y-o-y), and 11.8% (up 1.0 percentage point y-o-y), respectively.

2. 22.6% of companies anticipate an increase in women in managerial posts in their companies, up 0.9 percentage point y-o-y. The percentage in large companies stood at 33.9%, but in SMEs remained at 19.1%, and in small companies at 11.4%, respectively. On the other hand, those companies which anticipate no change reached almost 60%, at 58.9%.

3. Companies that promote women's participation and advancement accounted for 46.9%, up 4.3 percentage points from 2020 (42.6%) in which there was a large drop. If we look at the details, those "promoting the appointment of in-house human resources", and "promoting the appointment of human resources from outside companies" accounted for 40.7% (up 3.0 percentage points y-o-y), and 11.5% (up 1.3 percentage points y-o-y), respectively. On the other hand, the result showed that approximately 40% of companies are "not promoting" the appointment of women.

4. With respect to the question about the status of encouraging men to take childcare leave, 9.5% of companies said they are "aggressively encouraging them to take such leave", and 41.1% said they "will encourage in the future". Approximately half of all companies had a positive thought about men taking childcare leave. However, the percentage in SMEs and small companies is largely below that in large companies, which highlighted the difficulty of their challenge in responding to staff shortages arising from childcare leave.

## Appendix

### 1. Research Subjects (Companies researched: 24,285; Valid responses: 10,992; Response rate: 45.3%)

#### 1. Region

Hokkaido	519	Tokai	1,319
Tohoku	682	Kinki	1,781
kita Kanto	809	Chugoku	662
minamikanto	3,310	Shikoku	381
Hokuriku	577	Kyushu	952
		<b>Total</b>	<b>10,992</b>

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

Agriculture, Forestry, Fisheries		68
Finance		114
Construction		1,762
Real Estate		346
Manufacturing (3,013)	Food, Beverages, Livestock Feed	367
	Textile, Textile Products, Clothing	113
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	230
	Pulp, Paper and Paper Products	99
	Publishing, Printing	174
	Chemical	419
	Steel, Nonferrous Metals, Mining	531
	General Machinery	477
	Electrical Machinery	328
	Transportation Machinery, Equipment	112
	Precision Machinery, Medical Instruments and Equipment	74
Others	89	
Wholesale (2,864)	Food, Beverages	378
	Textile, Textile Products, Clothing	178
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	346
	Paper Products, Stationery, Books	100
	Chemical	275
	Recycled Resources	36
	Steel, Nonferrous Metals, Mining Products	302
	Machinery, Equipment	909
	Others	340

Retail (470)	Food, Beverages	72
	Textile, Textile Products, Clothing	40
	Drugs, Sundries	20
	Furniture	14
	Electrical Household Appliances, Information Machinery and Equipment	38
	Motor Vehicles, Motor Vehicle Parts	77
	Special Merchandise	158
	Various Merchandise	44
	Others	7
Transportation, Warehousing		513
Service (1,793)	Restaurants	55
	Telecommunications	7
	Electricity, Gas, Water, Heat	20
	Leasing, Rentals	126
	Lodging, Hotels	41
	Recreation	68
	Broadcasting	17
	Maintenance, Guarding, Testing	197
	Advertising	95
	Information	473
	Labor Dispatching	64
	Special Services	287
	Medical, Welfare, Public Health	116
Education	36	
Others	191	
Others		49
<b>Total</b>		<b>10,992</b>

#### 3. Size

Large Firms	1,839	16.7%
Small to Medium-sized Firms	9,153	83.3%
micro Firms	3,216	29.3%
<b>Total</b>	<b>10,992</b>	<b>100.0%</b>

## 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 15 – 31 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 24,000 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 <sub>6</sub>	N <sub>5</sub>	N <sub>4</sub>	N <sub>3</sub>	N <sub>2</sub>	N <sub>1</sub>	N <sub>0</sub>

Economic DI

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

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

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.