

24 of the 51 business sectors have surpassed pre-Covid level

~ Recovery is expected to continue  
although the variant trend is a cause for concern. ~

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(Companies researched: 23,679; Valid responses: 11,504; Response rate: 48.6%;  
Survey start date: May 2002)

< Overview of November 2021: Recovery trend >

The economic diffusion index (DI) in November 2021 was 43.1, up 1.6 points from the previous month, and improved for the third straight month. Many positive factors have appeared since the number of new cases of infection has settled, and the domestic economy continued to recover.

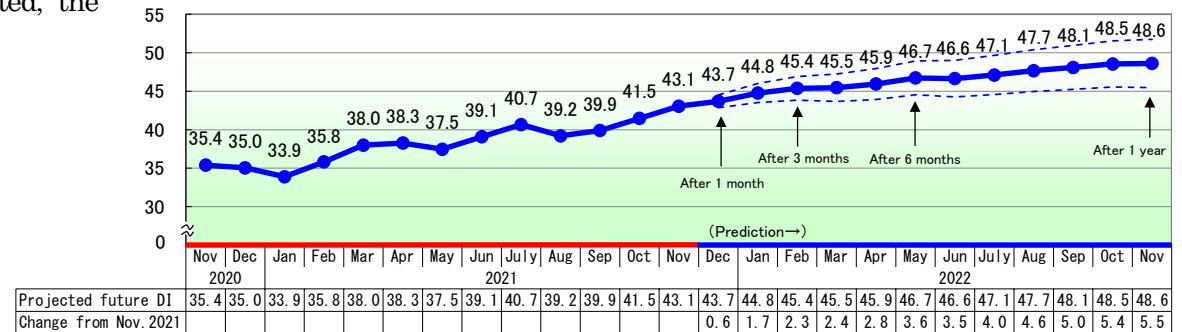
< Future outlook: Recovery trend >

While revenge consumption and recovery production are expected, the economy is believed to be on a recovery trend.

By industry: Economy has recovered to pre-Covid level in many business sectors, but unit purchase and selling prices continue to increase.

By size: Business confidence of large enterprises and SMEs surpasses pre-Covid level.

By region: Improved in nine of the ten regions. Boosted mainly in the manufacturing industry.



\*: 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

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Ratio to the Previous Month
Total	35.4	35.0	33.9	35.8	38.0	38.3	37.5	39.1	40.7	39.2	39.9	41.5	43.1	1.6
Large Firms	37.6	37.4	36.3	38.2	40.2	40.8	40.2	41.9	42.9	41.4	42.5	43.8	45.7	1.9
Small to Medium-sized Firms	34.9	34.5	33.4	35.3	37.5	37.7	36.9	38.5	40.2	38.8	39.4	41.0	42.5	1.5
Micro Firms	35.2	34.2	32.8	34.7	36.7	36.3	35.6	37.1	38.4	37.4	38.7	40.0	41.3	1.3

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	38.7	35.4	30.9	33.8	35.0	37.5	37.7	39.1	38.5	37.0	38.1	41.1	42.6	1.5	
Finance	37.7	35.6	36.1	38.3	39.2	38.3	39.5	41.7	42.8	39.7	41.5	43.0	43.3	0.3	
Construction	41.8	40.9	39.4	40.6	41.6	41.4	40.0	41.6	42.7	42.5	43.7	44.7	45.4	0.7	
Real Estate	36.8	36.4	35.5	38.3	40.6	40.8	39.4	40.9	41.8	39.4	42.6	43.6	44.7	1.1	
Manufacturing	Food,BEWerages,Livestock Feed	36.0	32.5	30.7	30.8	34.4	35.2	33.6	34.0	35.5	32.8	34.1	38.1	39.6	1.5
	Textile,Textile Products,Clothing	26.8	26.1	24.5	26.0	26.8	28.7	29.2	29.3	31.0	29.3	28.2	30.2	31.4	1.2
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	35.4	36.0	37.3	37.2	37.8	39.3	38.6	40.1	42.5	41.2	42.7	43.7	44.9	1.2
	Pulp, Paper and Paper Products	29.2	29.3	27.6	29.4	33.0	34.3	33.5	34.9	37.2	36.6	36.2	39.3	41.4	2.1
	Publishing,Printing	22.7	21.8	20.2	22.2	26.0	27.2	24.2	27.1	27.4	25.6	27.1	29.4	30.2	0.8
	Chemical	37.7	39.3	38.0	40.9	43.3	44.2	44.3	44.5	46.3	45.0	41.9	42.6	45.7	3.1
	Steel,Nonferrous Metals,Mining	33.1	34.3	33.9	37.0	39.3	40.5	39.9	43.4	46.4	45.1	43.8	44.2	45.9	1.7
	General Machinery	31.7	33.5	33.6	36.9	41.2	42.1	42.2	43.7	45.9	46.6	46.2	47.2	47.8	0.6
	Electrical Machinery	34.8	35.5	36.1	39.6	42.6	43.2	42.8	45.0	46.8	45.9	45.8	47.5	47.0	▲ 0.5
	Transportation Machinery,Equipment	36.3	40.1	40.1	40.3	45.3	45.2	45.3	47.1	50.6	48.2	37.6	37.7	43.4	5.7
	Precision Machinery, Medical Instruments and Equipment	35.5	37.1	37.9	42.4	44.6	45.6	48.7	49.1	50.5	50.9	50.8	50.4	49.8	▲ 0.6
	Other	29.6	31.9	31.5	31.4	34.1	35.3	33.0	34.1	37.6	33.9	35.3	35.5	36.9	1.4
Total	33.3	33.9	33.4	35.6	38.5	39.5	39.0	40.6	42.7	41.5	40.7	42.1	43.6	1.5	
Wholesale	Food,BEWerages	31.6	29.5	26.8	29.2	30.7	30.1	29.4	30.7	31.3	29.1	29.8	33.0	36.9	3.9
	Textile,Textile Products,Clothing	22.3	22.7	21.2	19.8	23.9	23.1	21.7	22.5	22.8	21.2	22.4	24.5	27.4	2.9
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	35.9	36.1	34.7	34.8	36.7	37.2	36.5	36.3	37.8	37.7	39.6	39.9	42.6	2.7
	Paper Products,Stationery,Books	26.7	28.3	26.3	29.3	32.2	32.4	30.6	31.4	31.2	29.2	29.6	31.8	35.0	3.2
	Chemical	36.1	35.7	34.3	37.7	39.1	40.9	40.7	42.0	42.4	40.7	42.2	44.2	45.3	1.1
	Recycled Resources	38.7	44.4	45.6	42.4	45.4	55.1	53.4	52.0	53.7	51.4	51.8	53.4	52.9	▲ 0.5
	Steel,Nonferrous Metals, Mining Products	32.1	34.0	32.6	33.4	36.0	37.2	37.5	38.7	41.1	41.1	41.6	41.6	43.2	1.6
	Machinery,Equipment	34.6	34.4	34.6	36.7	39.5	40.1	39.0	40.7	43.1	41.3	41.8	42.6	44.4	1.8
	Other	33.0	31.6	29.0	31.3	34.4	34.1	32.2	35.5	36.6	33.0	34.4	37.8	39.7	1.9
	Total	33.0	32.8	31.6	33.3	35.8	36.2	35.3	36.8	38.3	36.6	37.6	39.1	41.3	2.2

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

		Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Ratio to the Previous Month
Retail	Food,BEWerages	37.0	34.6	33.8	33.1	34.1	32.8	32.6	34.9	37.5	36.0	33.1	38.0	39.7	1.7
	Textile,Textile Products,Clothing	23.7	22.0	22.7	21.4	23.3	25.0	21.2	20.3	25.0	21.4	21.5	27.9	34.1	6.2
	Drugs,Sundries	29.8	31.3	30.2	32.5	31.1	35.8	29.3	31.4	32.5	33.3	34.6	45.8	37.5	▲ 8.3
	Furniture	38.9	35.4	34.4	36.7	38.9	42.7	40.6	39.8	36.9	34.6	32.2	35.6	34.5	▲ 1.1
	Electrical Household Appliances, Information Machinery and Equipment	33.3	29.5	28.3	36.3	34.4	37.8	30.8	35.8	37.7	33.8	33.8	34.6	35.9	1.3
	Motor Vehicles,Motor Vehicle Parts	40.2	37.2	35.7	37.6	37.0	38.3	38.6	40.7	40.5	36.8	37.2	35.9	37.8	1.9
	Special Merchandise	33.3	34.7	32.6	35.5	35.9	34.6	34.5	34.8	34.3	32.6	31.7	32.8	33.5	0.7
	Various Merchandise	37.3	39.2	38.7	36.2	37.3	32.2	31.1	33.0	35.6	27.3	33.0	35.9	38.0	2.1
	Other	34.8	33.3	30.3	33.3	35.0	40.5	25.0	33.3	35.7	37.0	35.4	31.7	37.9	6.2
	Total	35.0	34.2	32.9	34.5	34.9	34.7	33.1	34.5	35.4	32.7	32.6	34.8	36.0	1.2
Transportation,Warehousing		32.5	31.5	30.0	31.7	33.9	34.5	33.7	34.5	36.3	36.0	35.8	37.1	39.1	2.0
Service	Restaurants	21.0	15.3	10.3	12.8	18.9	14.9	13.0	20.5	19.7	14.8	15.2	27.8	31.4	3.6
	Postal,Telecommunications	47.2	38.9	46.3	38.1	43.8	38.9	40.5	27.8	42.9	39.6	41.7	50.0	40.5	▲ 9.5
	Electricity,Gas,Water,Heat	40.0	38.6	42.5	39.5	47.1	40.4	41.2	45.0	40.8	44.4	45.8	42.6	38.9	▲ 3.7
	Leasing,Rentals	37.5	36.2	33.5	32.8	35.0	35.4	35.0	38.1	41.0	37.4	39.6	43.9	44.9	1.0
	Lodging, Hotels	28.8	11.9	3.4	4.4	10.9	8.6	5.6	11.6	13.0	10.0	10.4	22.6	30.2	7.6
	Recreation	29.0	27.0	24.0	25.8	33.1	25.8	29.5	29.2	34.8	29.2	29.0	34.0	36.7	2.7
	Broadcasting	38.6	42.2	36.3	42.6	51.0	42.7	42.7	42.2	42.2	38.9	39.2	49.1	48.1	▲ 1.0
	Maintenance,Guarding,Testing	38.5	38.6	36.3	37.5	40.4	39.2	40.8	42.7	41.9	41.6	44.0	44.3	45.3	1.0
	Advertising	22.3	22.5	20.2	24.7	26.5	25.6	23.4	27.5	27.5	26.8	29.5	32.4	36.8	4.4
	Information	41.6	41.2	41.3	43.6	45.5	45.2	44.9	46.8	48.2	46.7	48.5	50.5	51.2	0.7
	Labor Dispatching	34.3	31.5	31.6	33.6	34.1	35.8	35.5	36.2	41.9	38.4	41.9	39.7	44.3	4.6
	Special Services	42.5	41.0	38.8	42.9	43.6	43.5	41.5	43.4	47.3	44.4	45.5	47.9	49.2	1.3
	Medical,Welfare,Public Health	34.9	34.8	32.7	34.7	37.1	39.1	39.2	41.2	42.1	41.1	41.4	42.8	45.7	2.9
	Education	34.0	34.0	33.3	34.0	32.1	35.7	37.1	38.7	40.3	37.5	39.0	43.5	39.1	▲ 4.4
	Other	31.4	32.6	30.9	34.2	34.5	34.8	35.2	35.8	37.4	34.7	39.2	40.6	41.7	1.1
Total	36.8	35.7	33.9	36.5	38.5	37.9	37.5	39.7	41.5	39.1	41.1	43.6	45.3	1.7	
Other	29.4	30.8	29.5	30.5	34.4	34.1	33.3	35.5	34.7	35.3	35.6	38.0	39.6	1.6	

		Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Ratio to the Previous Month
Hokkaido		34.4	33.0	32.4	33.9	35.3	36.2	34.5	37.1	38.3	38.0	38.5	40.8	40.8	0.0
Tohoku		36.0	35.4	33.8	35.4	36.8	38.0	37.7	39.3	40.0	38.4	39.0	40.2	42.1	1.9
kitakanto		36.6	35.9	34.9	37.2	39.2	39.7	39.5	41.2	42.7	41.5	40.4	42.8	44.4	1.6
minamikanto		35.3	35.2	34.0	35.9	38.4	38.7	38.4	39.8	41.0	40.0	41.4	42.4	43.9	1.5
Hokuriku		34.7	35.0	32.7	34.6	38.2	38.6	37.1	39.2	40.6	39.1	40.4	41.2	42.6	1.4
Tokai		35.6	35.3	34.1	36.1	38.4	38.9	37.9	39.4	42.0	40.0	39.1	40.1	42.4	2.3
Kinki		34.1	33.9	33.1	35.5	37.4	37.0	36.2	38.1	40.3	38.7	39.3	41.3	42.7	1.4
Chugoku		35.5	34.8	34.5	36.2	37.7	37.8	36.0	37.9	39.0	38.2	38.7	41.2	42.3	1.1
Shikoku		35.3	35.4	33.8	35.4	37.5	36.4	35.8	37.6	38.2	36.9	38.3	39.0	41.8	2.8
Kyushu		37.7	36.9	35.3	37.0	39.0	39.5	37.5	38.3	40.5	37.4	39.1	42.0	44.3	2.3

## Appendix

### 1. Research Subjects (Companies researched: 23,679; Valid responses: 11,504; Response rate: 48.6%)

#### 1. Region

Hokkaido	561	Tokai	1,327
Tohoku	845	Kinki	1,980
kitaKanto	879	Chugoku	675
minamikanto	3,298	Shikoku	400
Hokuriku	615	Kyushu	924
		<b>Total</b>	<b>11,504</b>

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

Agriculture, Forestry, Fisheries		74
Finance		124
Construction		1,905
Real Estate		387
Manufacturing (3,125)	Food, Beverages, Livestock Feed	377
	Textile, Textile Products, Clothing	118
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	247
	Pulp, Paper and Paper Products	101
	Publishing, Printing	184
	Chemical	419
	Steel, Nonferrous Metals, Mining	543
	General Machinery	518
	Electrical Machinery	335
	Transportation Machinery, Equipment	122
	Precision Machinery, Medical Instruments and Equipment	78
Others	83	
Wholesale (2,915)	Food, Beverages	386
	Textile, Textile Products, Clothing	185
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	346
	Paper Products, Stationery, Books	111
	Chemical	279
	Recycled Resources	40
	Steel, Nonferrous Metals, Mining Products	304
	Machinery, Equipment	917
	Others	347

Retail (493)	Food, Beverages	65
	Textile, Textile Products, Clothing	41
	Drugs, Sundries	28
	Furniture	14
	Electrical Household Appliances, Information Machinery and Equipment	32
	Motor Vehicles, Motor Vehicle Parts	78
	Special Merchandise	174
	Various Merchandise	50
Others	11	
Transportation, Warehousing		549
Service (1,879)	Restaurants	61
	Telecommunications	7
	Electricity, Gas, Water, Heat	15
	Leasing, Rentals	124
	Lodging, Hotels	43
	Recreation	69
	Broadcasting	18
	Maintenance, Guarding, Testing	204
	Advertising	105
	Information	485
	Labor Dispatching	70
	Special Services	308
	Medical, Welfare, Public Health	133
	Education	32
Others	205	
Others		53
<b>Total</b>		<b>11,504</b>

#### 3. Size

Large Firms	1,926	16.7%
Small to Medium-sized Firms	9,578	83.3%
micro Firms	3,421	29.7%
<b>Total</b>	<b>11,504</b>	<b>100.0%</b>

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## Survey of Corporate Attitudes towards the economic outlook for 2022

**82.5% of companies are concerned:**

**“high cost of raw materials” is a key phrase for 2022**

**— Although many more companies are expecting recovery, uncertainty looms because of supply constraints and the variant strain. —**

The TDB Business Trends Research economic diffusion index (for November 2021) improved for three months in a row. Amid the infection situation of COVID-19 having settled down, more opportunities to go out boosted consumer spending-related business confidence. However, domestic corporate goods prices recorded their highest-ever growth rate, at up 9.0% year-over-year, and the impact of supply constraints such as a rise in purchase prices and the semiconductor shortage is of concern. Furthermore, the trend of the COVID-19 variant strain is also worrying.

Teikoku Databank has conducted a survey of corporate attitudes towards the economic outlook for 2022. This survey was conducted in conjunction with the November 2021 TDB Trends Research.

\* Survey period: November 16 – November 30, 2021; Companies Surveyed: 23,679; Valid Responses: 11,504 (Response Rate: 48.6%). The survey for the economic outlook has been conducted every year since November 2006, and this is the 16th 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. 22.3% expect “recovery” in the economy for 2022, with a significant improvement in the personal services industry.**

The percentage of companies considering the economic outlook for 2022 to be in a “recovery” phase was 22.3%, an increase of 8.5 points from the economic outlook for 2021 (conducted in November 2020). In particular, the outlook for the personal services industry, such as “restaurants” (37.7%, up 24.7 points YoY), “Japanese inns and hotels” (32.6%, up 17.4 points YoY), and “entertainment service” (29.0%, up 15.2 points YoY), improved significantly.

On the other hand, the percentage of companies expecting a “worsening” phase decreased, at 12.6%, down 19.8 points from the economic outlook for 2021.

**2. Causes of concern for the economy for 2022, with a “rise in crude oil/material prices” at 82.5%, increased abruptly from last year.**

When what are causes of concern that will adversely affect the economy for 2022 was asked, a “rise in crude oil/material prices” ranked top at 82.5% (up 75.2 points YoY) (multiple answers up to 3; the same applies hereinafter). By industry in particular, the rate of concern tended to be high in the manufacturing industries, such as “building materials, furniture, ceramics & pottery manufacturing” (93.9%), “chemicals manufacturing” (93.8%), and “steel, non-ferrous, mining” (91.3%), followed by “magnifying the impact caused by infection” (39.5%), “staffing shortage” (30.6%), and “Chinese economy” (21.7%), etc.

**3. Policies required for economic recovery, “containing the infection” such as COVID-19, remained high, at 50.3%.**

With respect to the policies required for economic recovery, “containing the infection” ranked top at 50.3% (multiple answers; the same applies hereinafter) as in the previous survey. “Countermeasures against the shortages of raw materials and soaring prices” (41.4%) and “expanding support measures for SMEs” (39.4%) followed.

## 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 Nov 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 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.