

Highest increase in purchase prices in the last 20 years,
price pass-through cannot keep up with the increase.

~ While lifting the “semi-emergency coronavirus measures”, the economy improved only slightly due to the situation in Ukraine and earthquake. ~

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(Companies researched: 24,561; Valid responses: 11,765; Response rate: 47.9%;
Survey start date: May 2002)

< Overview of March 2022: Halted downward trend >

The economic diffusion index (DI) in March 2022 was 40.4, up 0.5 points from the previous month, and improved for the first time in three months. The unit purchase price DI hit a record high due to skyrocketing raw materials prices, etc. The domestic economy halted its downward trend, and improved slightly, while both positive and negative factors emerged.

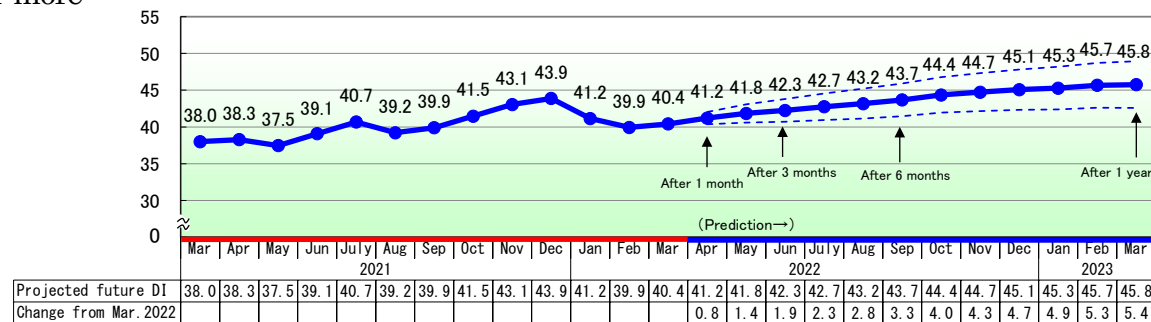
< Future outlook: Gentle upward >

It is believed that the economy will gradually improve, with more people turning out, with downside risks.

By industry: Improved in seven industries with increased flow of people, but the unit purchase price DI hit a record high in eight industries.

By size: Although improved in all sizes for the first time in three months, the high cost of raw materials was a downward factor.

By region: Improved in six of the ten regions, but with some impact of the Fukushima offshore earthquake.



*: 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

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Ratio to the Previous Month
Total	38.0	38.3	37.5	39.1	40.7	39.2	39.9	41.5	43.1	43.9	41.2	39.9	40.4	0.5
Large Firms	40.2	40.8	40.2	41.9	42.9	41.4	42.5	43.8	45.7	45.9	44.0	42.9	43.4	0.5
Small to Medium-sized Firms	37.5	37.7	36.9	38.5	40.2	38.8	39.4	41.0	42.5	43.5	40.6	39.3	39.8	0.5
Micro Firms	36.7	36.3	35.6	37.1	38.4	37.4	38.7	40.0	41.3	42.1	39.1	37.9	38.4	0.5

	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	35.0	37.5	37.7	39.1	38.5	37.0	38.1	41.1	42.6	38.2	38.7	36.4	34.8	▲ 1.6	
Finance	39.2	38.3	39.5	41.7	42.8	39.7	41.5	43.0	43.3	43.8	41.9	41.6	42.5	0.9	
Construction	41.6	41.4	40.0	41.6	42.7	42.5	43.7	44.7	45.4	45.2	43.3	42.5	42.8	0.3	
Real Estate	40.6	40.8	39.4	40.9	41.8	39.4	42.6	43.6	44.7	46.7	42.9	42.6	42.8	0.2	
Manufacturing	Food,BEWerages,Livestock Feed	34.4	35.2	33.6	34.0	35.5	32.8	34.1	38.1	39.6	40.8	35.4	33.4	34.2	0.8
	Textile,Textile Products,Clothing	26.8	28.7	29.2	29.3	31.0	29.3	28.2	30.2	31.4	34.1	31.6	31.7	33.0	1.3
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.8	39.3	38.6	40.1	42.5	41.2	42.7	43.7	44.9	46.4	44.1	42.7	41.1	▲ 1.6
	Pulp, Paper and Paper Products	33.0	34.3	33.5	34.9	37.2	36.6	36.2	39.3	41.4	42.9	40.2	36.4	37.2	0.8
	Publishing,Printing	26.0	27.2	24.2	27.1	27.4	25.6	27.1	29.4	30.2	32.1	28.6	29.5	29.6	0.1
	Chemical	43.3	44.2	44.3	44.5	46.3	45.0	41.9	42.6	45.7	46.7	44.5	42.3	42.7	0.4
	Steel,Nonferrous Metals,Mining	39.3	40.5	39.9	43.4	46.4	45.1	43.8	44.2	45.9	46.4	44.6	43.8	42.6	▲ 1.2
	General Machinery	41.2	42.1	42.2	43.7	45.9	46.6	46.2	47.2	47.8	49.1	47.7	46.7	46.7	0.0
	Electrical Machinery	42.6	43.2	42.8	45.0	46.8	45.9	45.8	47.5	47.0	48.5	46.6	46.1	44.3	▲ 1.8
	Transportation Machinery,Equipment	45.3	45.2	45.3	47.1	50.6	48.2	37.6	37.7	43.4	45.6	41.6	39.9	40.0	0.1
	Precision Machinery,Medical Instruments and Equipment	44.6	45.6	48.7	49.1	50.5	50.9	50.8	50.4	49.8	53.0	52.0	49.5	47.1	▲ 2.4
Other	34.1	35.3	33.0	34.1	37.6	33.9	35.3	35.5	36.9	41.1	35.9	36.1	35.4	▲ 0.7	
Total	38.5	39.5	39.0	40.6	42.7	41.5	40.7	42.1	43.6	45.1	42.5	41.2	40.9	▲ 0.3	
Wholesale	Food,BEWerages	30.7	30.1	29.4	30.7	31.3	29.1	29.8	33.0	36.9	38.2	32.7	30.1	32.6	2.5
	Textile,Textile Products,Clothing	23.9	23.1	21.7	22.5	22.8	21.2	22.4	24.5	27.4	29.3	27.6	24.9	25.4	0.5
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	36.7	37.2	36.5	36.3	37.8	37.7	39.6	39.9	42.6	42.4	40.0	39.7	40.5	0.8
	Paper Products,Stationery,Books	32.2	32.4	30.6	31.4	31.2	29.2	29.6	31.8	35.0	34.2	32.7	31.9	34.6	2.7
	Chemical	39.1	40.9	40.7	42.0	42.4	40.7	42.2	44.2	45.3	45.3	43.2	41.9	43.5	1.6
	Recycled Resources	45.4	55.1	53.4	52.0	53.7	51.4	51.8	53.4	52.9	52.8	45.8	50.5	53.2	2.7
	Steel,Nonferrous Metals,Mining Products	36.0	37.2	37.5	38.7	41.1	41.1	41.6	41.6	43.2	45.2	42.3	40.5	41.1	0.6
	Machinery,Equipment	39.5	40.1	39.0	40.7	43.1	41.3	41.8	42.6	44.4	44.7	42.8	42.4	41.9	▲ 0.5
	Other	34.4	34.1	32.2	35.5	36.6	33.0	34.4	37.8	39.7	40.1	36.3	33.7	35.5	1.8
	Total	35.8	36.2	35.3	36.8	38.3	36.6	37.6	39.1	41.3	41.8	39.0	37.7	38.6	0.9

Economic Diffusion Index (Economic DI)2/2

		Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Ratio to the Previous Month
Retail	Food,BEWerages	34.1	32.8	32.6	34.9	37.5	36.0	33.1	38.0	39.7	41.1	36.5	36.3	38.6	2.3
	Textile,Textile Products,Clothing	23.3	25.0	21.2	20.3	25.0	21.4	21.5	27.9	34.1	40.0	31.8	23.8	30.6	6.8
	Drugs,Sundries	31.1	35.8	29.3	31.4	32.5	33.3	34.6	45.8	37.5	38.4	36.0	32.1	36.8	4.7
	Furniture	38.9	42.7	40.6	39.8	36.9	34.6	32.2	35.6	34.5	42.9	35.6	29.8	30.6	0.8
	Electrical Household Appliances, Information Machinery and Equipment	34.4	37.8	30.8	35.8	37.7	33.8	33.8	34.6	35.9	35.5	32.3	30.2	33.0	2.8
	Motor Vehicles,Motor Vehicle Parts	37.0	38.3	38.6	40.7	40.5	36.8	37.2	35.9	37.8	36.5	35.0	33.5	34.7	1.2
	Special Merchandise	35.9	34.6	34.5	34.8	34.3	32.6	31.7	32.8	33.5	36.0	33.3	30.9	29.9	▲ 1.0
	Various Merchandise	37.3	32.2	31.1	33.0	35.6	27.3	33.0	35.9	38.0	37.5	36.2	32.6	34.0	1.4
	Other	35.0	40.5	25.0	33.3	35.7	37.0	35.4	31.7	37.9	43.3	40.0	40.0	43.9	3.9
	Total	34.9	34.7	33.1	34.5	35.4	32.7	32.6	34.8	36.0	37.7	34.4	31.9	33.3	1.4
Transportation,Warehousing		33.9	34.5	33.7	34.5	36.3	36.0	35.8	37.1	39.1	40.3	37.7	35.5	35.4	▲ 0.1
Service	Restaurants	18.9	14.9	13.0	20.5	19.7	14.8	15.2	27.8	31.4	34.7	24.2	16.9	23.8	6.9
	Postal,Telecommunications	43.8	38.9	40.5	27.8	42.9	39.6	41.7	50.0	40.5	41.7	46.7	50.0	48.5	▲ 1.5
	Electricity,Gas,Water,Heat	47.1	40.4	41.2	45.0	40.8	44.4	45.8	42.6	38.9	39.7	40.0	37.5	33.3	▲ 4.2
	Leasing,Rentals	35.0	35.4	35.0	38.1	41.0	37.4	39.6	43.9	44.9	44.8	42.0	41.0	40.2	▲ 0.8
	Lodging, Hotels	10.9	8.6	5.6	11.6	13.0	10.0	10.4	22.6	30.2	29.5	12.9	12.8	18.1	5.3
	Recreation	33.1	25.8	29.5	29.2	34.8	29.2	29.0	34.0	36.7	38.4	33.3	31.2	35.1	3.9
	Broadcasting	51.0	42.7	42.7	42.2	42.2	38.9	39.2	49.1	48.1	46.9	45.8	47.6	44.4	▲ 3.2
	Maintenance,Guarding,Testing	40.4	39.2	40.8	42.7	41.9	41.6	44.0	44.3	45.3	45.7	42.3	40.2	42.3	2.1
	Advertising	26.5	25.6	23.4	27.5	27.5	26.8	29.5	32.4	36.8	37.7	32.7	31.5	36.4	4.9
	Information	45.5	45.2	44.9	46.8	48.2	46.7	48.5	50.5	51.2	52.5	50.1	50.2	51.1	0.9
	Labor Dispatching	34.1	35.8	35.5	36.2	41.9	38.4	41.9	39.7	44.3	43.3	45.1	41.5	44.4	2.9
	Special Services	43.6	43.5	41.5	43.4	47.3	44.4	45.5	47.9	49.2	50.3	47.2	46.2	46.9	0.7
	Medical,Welfare,Public Health	37.1	39.1	39.2	41.2	42.1	41.1	41.4	42.8	45.7	43.2	42.4	41.0	42.5	1.5
	Education	32.1	35.7	37.1	38.7	40.3	37.5	39.0	43.5	39.1	43.2	39.7	40.2	37.8	▲ 2.4
Other	34.5	34.8	35.2	35.8	37.4	34.7	39.2	40.6	41.7	42.4	39.3	36.9	39.3	2.4	
Total	38.5	37.9	37.5	39.7	41.5	39.1	41.1	43.6	45.3	46.1	42.8	41.4	43.1	1.7	
Other		34.4	34.1	33.3	35.5	34.7	35.3	35.6	38.0	39.6	40.5	36.3	37.3	38.7	1.4

		Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Ratio to the Previous Month
Hokkaido		35.3	36.2	34.5	37.1	38.3	38.0	38.5	40.8	40.8	41.1	38.6	37.0	36.5	▲ 0.5
Tohoku		36.8	38.0	37.7	39.3	40.0	38.4	39.0	40.2	42.1	41.7	38.1	37.0	37.0	0.0
kitakanto		39.2	39.7	39.5	41.2	42.7	41.5	40.4	42.8	44.4	45.0	42.3	40.7	40.7	0.0
minamikanto		38.4	38.7	38.4	39.8	41.0	40.0	41.4	42.4	43.9	44.8	42.6	41.5	42.1	0.6
Hokuriku		38.2	38.6	37.1	39.2	40.6	39.1	40.4	41.2	42.6	43.6	40.9	39.2	39.2	0.0
Tokai		38.4	38.9	37.9	39.4	42.0	40.0	39.1	40.1	42.4	44.4	41.1	39.7	40.2	0.5
Kinki		37.4	37.0	36.2	38.1	40.3	38.7	39.3	41.3	42.7	43.3	40.8	39.8	40.5	0.7
Chugoku		37.7	37.8	36.0	37.9	39.0	38.2	38.7	41.2	42.3	42.9	40.7	40.0	40.7	0.7
Shikoku		37.5	36.4	35.8	37.6	38.2	36.9	38.3	39.0	41.8	43.2	39.3	37.1	38.9	1.8
Kyushu		39.0	39.5	37.5	38.3	40.5	37.4	39.1	42.0	44.3	44.5	41.3	39.5	40.9	1.4

Survey of Corporate Attitudes towards Performance Outlook for 2022

Companies anticipating increases in income and profit for 2022 down to 24.1%

- Rapid increase in downside factors of “crude oil/raw material prices” and “country risk” -

Economic activities in the domestic economy continue to be affected by the novel coronavirus (COVID-19) for over two years. In addition, companies face an increasingly challenging environment, such as the surge in crude oil prices because of the Russia-Ukraine situation.

Therefore, Teikoku Databank has conducted a survey of corporate attitudes towards the performance outlook for 2022. This survey was conducted in conjunction with the March 2022 TDB Trends Research.

*Survey period: March 17 – 31, 2022; Companies Surveyed: 24,561; Valid Responses: 11,765 (Response Rate: 47.9%) The survey of the performance outlook has been conducted every year since March 2009, and this is the 14th such survey.

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

Survey results (Summary)

1. 24.1% of companies anticipate “increases in income and profit” in the performance outlook for 2022, down 3.3 points from the previous survey’s performance outlook for 2021 (in March 2021). On the other hand, 23.9% of companies anticipate “decreases in income and profit”, down 2.1 points from that in the performance outlook for 2021. Income tended to increase in the performance outlooks for 2022, but less so in terms of profit. In terms of anticipating increases in income and profit by type of business, that of “telecommunications”, including improvement of the internet communication environment, ranked top, at 45.5%. In terms of anticipating decreases in income and profit, “retail of drugs and medicines, miscellaneous daily goods” that expect an impact of NHI price revision had the highest percentage.
2. With respect to upside factors in the performance outlook for 2022, “convergence of infectious disease” regarding the novel coronavirus ranked top for the second consecutive year, at 40.2%. “Recovery of consumer spending” ranked second highest at 37.7%, down 5.2 points from the previous survey, followed by “crude oil and raw material price trends”, “an increase in public works”, and “income increase”. On the other hand, expectations of growth in overseas economies such as US and China receded substantially.
3. With respect to downside factors, “crude oil and raw material price trends” stood at 52.0%, up 31.2 points from the previous year, followed by “spread of infectious disease” (43.6%) and “further downturn in consumer spending” (30.5%). The percentage of companies that listed “country risk”, including political risk such as the Russia-Ukraine situation, stood at 25.1%, which approximately quadrupled from the previous year (6.3%).

Appendix

1. Research Subjects (Companies researched: 24,561; Valid responses: 11,765; Response rate: 47.9%)

1. Region

Hokkaido	605	Tokai	1,269
Tohoku	806	Kinki	2,046
kitaKanto	908	Chugoku	740
minamikanto	3,343	Shikoku	407
Hokuriku	621	Kyushu	1,020
		Total	11,765

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		80
Finance		113
Construction		1,974
Real Estate		392
Manufacturing (3,124)	Food, Beverages, Livestock Feed	387
	Textile, Textile Products, Clothing	111
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	239
	Pulp, Paper and Paper Products	98
	Publishing, Printing	178
	Chemical	426
	Steel, Nonferrous Metals, Mining	554
	General Machinery	516
	Electrical Machinery	339
	Transportation Machinery, Equipment	108
Precision Machinery, Medical Instruments and Equipment	80	
Others	88	
Wholesale (2,936)	Food, Beverages	398
	Textile, Textile Products, Clothing	180
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	358
	Paper Products, Stationery, Books	109
	Chemical	275
	Recycled Resources	31
	Steel, Nonferrous Metals, Mining Products	302
	Machinery, Equipment	935
Others	348	

Retail (593)	Food, Beverages	85
	Textile, Textile Products, Clothing	55
	Drugs, Sundries	29
	Furniture	18
	Electrical Household Appliances, Information Machinery and Equipment	45
	Motor Vehicles, Motor Vehicle Parts	111
	Special Merchandise	192
	Various Merchandise	47
Others	11	
Transportation, Warehousing		530
Service (1,976)	Restaurants	72
	Telecommunications	11
	Electricity, Gas, Water, Heat	16
	Leasing, Rentals	119
	Lodging, Hotels	47
	Recreation	67
	Broadcasting	21
	Maintenance, Guarding, Testing	228
	Advertising	108
	Information	509
	Labor Dispatching	69
	Special Services	337
	Medical, Welfare, Public Health	114
Education	37	
Others	221	
Others		47
Total		11,765

3. Size

Large Firms	1,882	16.0%
Small to Medium-sized Firms	9,883	84.0%
micro Firms	3,632	30.9%
Total	11,765	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 March 17 – 31 2022

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 ₆	N ₅	N ₄	N ₃	N ₂	N ₁	N ₀

Economic DI

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

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

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.