

TDB Trends Research (Nationwide, Research & Summary for June 2022)

Improvement in face-to-face service because of increased people flow,  
but stagnation in manufacturing industry

~ Direction of business confidence is divided by industry and region. ~

e-mail : [keiki@mail.tdb.co.jp](mailto:keiki@mail.tdb.co.jp)

(Companies researched: 25,405; Valid responses: 11,337; Response rate: 44.6%;  
Survey start date: May 2002)

< Overview of June 2022: Marginal improvement >

The economic diffusion index (DI) in June 2022 was 41.4, up 0.2 points from the previous month, and improved for the fourth consecutive month. The domestic economy improved for the fourth consecutive month, but with only small fluctuations, while positive and negative factors were mixed, and the direction of business confidence was divided by industry and region.

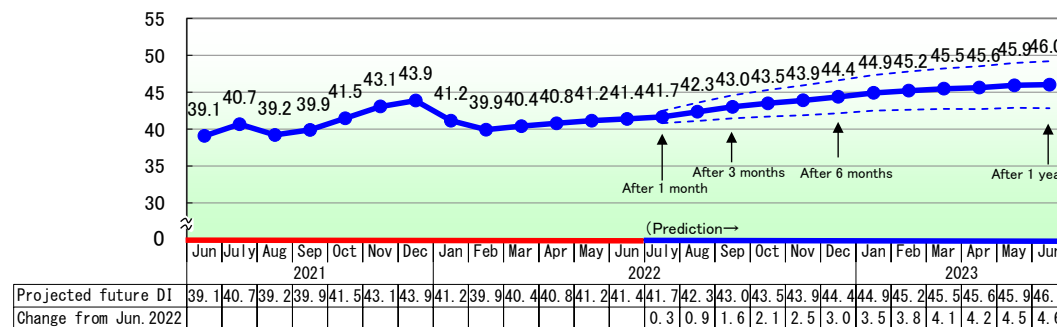
< Future outlook: Mild upswing, although increasing prices are a cause for concern >

It is believed that the economy will gradually improve, although the momentum of rising prices is a cause for concern.

By industry: Improved in four industries, such as service, but sluggish production continued in manufacturing.

By size: Improved in SMEs and small-scale enterprises, with marginal fluctuations in both sizes.

By region: Improved in five of the ten regions, but regional disparity grew again.



\*: 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

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Ratio to the Previous Month
Total	39.1	40.7	39.2	39.9	41.5	43.1	43.9	41.2	39.9	40.4	40.8	41.2	41.4	0.2
Large Firms	41.9	42.9	41.4	42.5	43.8	45.7	45.9	44.0	42.9	43.4	43.1	43.5	43.5	0.0
Small to Medium-sized Firms	38.5	40.2	38.8	39.4	41.0	42.5	43.5	40.6	39.3	39.8	40.3	40.7	41.0	0.3
Micro Firms	37.1	38.4	37.4	38.7	40.0	41.3	42.1	39.1	37.9	38.4	38.9	39.5	40.0	0.5

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	39.1	38.5	37.0	38.1	41.1	42.6	38.2	38.7	36.4	34.8	35.0	37.6	34.7	▲ 2.9	
Finance	41.7	42.8	39.7	41.5	43.0	43.3	43.8	41.9	41.6	42.5	41.1	42.7	42.3	▲ 0.4	
Construction	41.6	42.7	42.5	43.7	44.7	45.4	45.2	43.3	42.5	42.8	41.8	42.2	42.5	0.3	
Real Estate	40.9	41.8	39.4	42.6	43.6	44.7	46.7	42.9	42.6	42.8	43.2	44.7	45.9	1.2	
Manufacturing	Food,BEWerages,Livestock Feed	34.0	35.5	32.8	34.1	38.1	39.6	40.8	35.4	33.4	34.2	36.4	37.6	37.8	0.2
	Textile,Textile Products,Clothing	29.3	31.0	29.3	28.2	30.2	31.4	34.1	31.6	31.7	33.0	34.6	33.8	34.4	0.6
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	40.1	42.5	41.2	42.7	43.7	44.9	46.4	44.1	42.7	41.1	41.7	41.1	40.4	▲ 0.7
	Pulp, Paper and Paper Products	34.9	37.2	36.6	36.2	39.3	41.4	42.9	40.2	36.4	37.2	40.3	38.3	37.4	▲ 0.9
	Publishing,Printing	27.1	27.4	25.6	27.1	29.4	30.2	32.1	28.6	29.5	29.6	30.7	30.3	29.7	▲ 0.6
	Chemical	44.5	46.3	45.0	41.9	42.6	45.7	46.7	44.5	42.3	42.7	42.3	41.7	41.1	▲ 0.6
	Steel,Nonferrous Metals,Mining	43.4	46.4	45.1	43.8	44.2	45.9	46.4	44.6	43.8	42.6	42.1	40.9	41.2	0.3
	General Machinery	43.7	45.9	46.6	46.2	47.2	47.8	49.1	47.7	46.7	46.7	45.9	46.9	46.3	▲ 0.6
	Electrical Machinery	45.0	46.8	45.9	45.8	47.5	47.0	48.5	46.6	46.1	44.3	44.8	44.3	44.8	0.5
	Transportation Machinery,Equipment	47.1	50.6	48.2	37.6	37.7	43.4	45.6	41.6	39.9	40.0	38.1	37.6	36.8	▲ 0.8
	Precision Machinery,Medical Instruments and Equipment	49.1	50.5	50.9	50.8	50.4	49.8	53.0	52.0	49.5	47.1	46.8	48.2	48.8	0.6
Other	34.1	37.6	33.9	35.3	35.5	36.9	41.1	35.9	36.1	35.4	37.3	39.2	38.1	▲ 1.1	
Total	40.6	42.7	41.5	40.7	42.1	43.6	45.1	42.5	41.2	40.9	41.2	41.0	40.8	▲ 0.2	
Wholesale	Food,BEWerages	30.7	31.3	29.1	29.8	33.0	36.9	38.2	32.7	30.1	32.6	36.2	37.3	37.1	▲ 0.2
	Textile,Textile Products,Clothing	22.5	22.8	21.2	22.4	24.5	27.4	29.3	27.6	24.9	25.4	28.7	31.4	31.3	▲ 0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	36.3	37.8	37.7	39.6	39.9	42.6	42.4	40.0	39.7	40.5	38.6	38.1	38.3	0.2
	Paper Products,Stationery,Books	31.4	31.2	29.2	29.6	31.8	35.0	34.2	32.7	31.9	34.6	33.8	34.2	32.8	▲ 1.4
	Chemical	42.0	42.4	40.7	42.2	44.2	45.3	45.3	43.2	41.9	43.5	42.3	42.3	41.6	▲ 0.7
	Recycled Resources	52.0	53.7	51.4	51.8	53.4	52.9	52.8	45.8	50.5	53.2	54.0	47.5	41.4	▲ 6.1
	Steel,Nonferrous Metals,Mining Products	38.7	41.1	41.1	41.6	41.6	43.2	45.2	42.3	40.5	41.1	40.3	40.0	39.7	▲ 0.3
	Machinery,Equipment	40.7	43.1	41.3	41.8	42.6	44.4	44.7	42.8	42.4	41.9	42.5	42.0	42.9	0.9
	Other	35.5	36.6	33.0	34.4	37.8	39.7	40.1	36.3	33.7	35.5	37.3	37.8	38.1	0.3
Total	36.8	38.3	36.6	37.6	39.1	41.3	41.8	39.0	37.7	38.6	39.2	39.4	39.4	0.0	

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

		Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Ratio to the Previous Month
Retail	Food,BEWerages	34.9	37.5	36.0	33.1	38.0	39.7	41.1	36.5	36.3	38.6	37.7	41.8	42.7	0.9
	Textile,Textile Products,Clothing	20.3	25.0	21.4	21.5	27.9	34.1	40.0	31.8	23.8	30.6	33.6	33.9	33.6	▲ 0.3
	Drugs,Sundries	31.4	32.5	33.3	34.6	45.8	37.5	38.4	36.0	32.1	36.8	32.1	38.9	40.1	1.2
	Furniture	39.8	36.9	34.6	32.2	35.6	34.5	42.9	35.6	29.8	30.6	39.2	34.3	39.8	5.5
	Electrical Household Appliances, Information Machinery and Equipment	35.8	37.7	33.8	33.8	34.6	35.9	35.5	32.3	30.2	33.0	33.7	34.7	34.0	▲ 0.7
	Motor Vehicles,Motor Vehicle Parts	40.7	40.5	36.8	37.2	35.9	37.8	36.5	35.0	33.5	34.7	35.1	37.1	36.4	▲ 0.7
	Special Merchandise	34.8	34.3	32.6	31.7	32.8	33.5	36.0	33.3	30.9	29.9	31.3	33.1	34.3	1.2
	Various Merchandise	33.0	35.6	27.3	33.0	35.9	38.0	37.5	36.2	32.6	34.0	36.4	39.9	37.8	▲ 2.1
	Other	33.3	35.7	37.0	35.4	31.7	37.9	43.3	40.0	40.0	43.9	34.7	41.0	39.7	▲ 1.3
	Total	34.5	35.4	32.7	32.6	34.8	36.0	37.7	34.4	31.9	33.3	34.0	36.4	36.7	0.3
Transportation,Warehousing		34.5	36.3	36.0	35.8	37.1	39.1	40.3	37.7	35.5	35.4	36.6	37.2	37.1	▲ 0.1
Service	Restaurants	20.5	19.7	14.8	15.2	27.8	31.4	34.7	24.2	16.9	23.8	32.8	34.3	38.0	3.7
	Postal,Telecommunications	27.8	42.9	39.6	41.7	50.0	40.5	41.7	46.7	50.0	48.5	50.0	53.0	56.0	3.0
	Electricity,Gas,Water,Heat	45.0	40.8	44.4	45.8	42.6	38.9	39.7	40.0	37.5	33.3	35.7	40.6	34.3	▲ 6.3
	Leasing,Rentals	38.1	41.0	37.4	39.6	43.9	44.9	44.8	42.0	41.0	40.2	42.0	43.3	44.9	1.6
	Lodging, Hotels	11.6	13.0	10.0	10.4	22.6	30.2	29.5	12.9	12.8	18.1	28.3	33.0	33.3	0.3
	Recreation	29.2	34.8	29.2	29.0	34.0	36.7	38.4	33.3	31.2	35.1	35.6	38.9	41.6	2.7
	Broadcasting	42.2	42.2	38.9	39.2	49.1	48.1	46.9	45.8	47.6	44.4	43.9	43.3	41.7	▲ 1.6
	Maintenance,Guarding,Testing	42.7	41.9	41.6	44.0	44.3	45.3	45.7	42.3	40.2	42.3	43.1	42.5	44.2	1.7
	Advertising	27.5	27.5	26.8	29.5	32.4	36.8	37.7	32.7	31.5	36.4	36.9	34.8	37.3	2.5
	Information	46.8	48.2	46.7	48.5	50.5	51.2	52.5	50.1	50.2	51.1	50.8	50.8	52.0	1.2
	Labor Dispatching	36.2	41.9	38.4	41.9	39.7	44.3	43.3	45.1	41.5	44.4	45.7	47.6	45.7	▲ 1.9
	Special Services	43.4	47.3	44.4	45.5	47.9	49.2	50.3	47.2	46.2	46.9	48.1	48.1	49.6	1.5
	Medical,Welfare,Public Health	41.2	42.1	41.1	41.4	42.8	45.7	43.2	42.4	41.0	42.5	44.5	44.4	43.5	▲ 0.9
	Education	38.7	40.3	37.5	39.0	43.5	39.1	43.2	39.7	40.2	37.8	39.6	35.6	40.1	4.5
	Other	35.8	37.4	34.7	39.2	40.6	41.7	42.4	39.3	36.9	39.3	42.1	42.7	42.8	0.1
Total	39.7	41.5	39.1	41.1	43.6	45.3	46.1	42.8	41.4	43.1	44.5	44.8	45.9	1.1	
Other		35.5	34.7	35.3	35.6	38.0	39.6	40.5	36.3	37.3	38.7	36.8	38.1	35.6	▲ 2.5

	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Ratio to the Previous Month
Hokkaido	37.1	38.3	38.0	38.5	40.8	40.8	41.1	38.6	37.0	36.5	37.9	38.9	40.1	1.2
Tohoku	39.3	40.0	38.4	39.0	40.2	42.1	41.7	38.1	37.0	37.0	37.6	39.1	39.0	▲ 0.1
Kitakanto	41.2	42.7	41.5	40.4	42.8	44.4	45.0	42.3	40.7	40.7	42.0	42.1	42.6	0.5
Minamikanto	39.8	41.0	40.0	41.4	42.4	43.9	44.8	42.6	41.5	42.1	42.4	42.7	43.2	0.5
Hokuriku	39.2	40.6	39.1	40.4	41.2	42.6	43.6	40.9	39.2	39.2	39.9	40.6	40.5	▲ 0.1
Tokai	39.4	42.0	40.0	39.1	40.1	42.4	44.4	41.1	39.7	40.2	40.2	40.1	39.5	▲ 0.6
Kinki	38.1	40.3	38.7	39.3	41.3	42.7	43.3	40.8	39.8	40.5	40.8	40.9	40.9	0.0
Chugoku	37.9	39.0	38.2	38.7	41.2	42.3	42.9	40.7	40.0	40.7	39.8	40.6	41.1	0.5
Shikoku	37.6	38.2	36.9	38.3	39.0	41.8	43.2	39.3	37.1	38.9	38.1	38.7	38.4	▲ 0.3
Kyushu	38.3	40.5	37.4	39.1	42.0	44.3	44.5	41.3	39.5	40.9	41.5	41.6	42.2	0.6

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## Survey of Corporate Attitudes towards soaring crude oil and LNG prices

### Soaring resource prices negatively impact over 80% of companies

#### - Companies foresee prices remaining high for one year and a half -

Responding to soaring crude oil and LNG prices has been a pressing and inevitable issue for companies. Demand has increased due to economic recovery after the peak of the COVID-19 pandemic, while crude oil prices are soaring due to the effects of the Russian invasion of Ukraine. On the other hand, a course towards increased fossil fuel production has not been projected in the process of shifting to a carbon-free society.

As the global situation changes, LNG prices are also skyrocketing in the same way. Interest in the Sakhalin-2 project is also uncertain, which can hurt the Japanese economy that relies on imports of energy from overseas.

Teikoku Databank has conducted a survey on corporate attitudes towards soaring crude oil and LNG prices. This survey was conducted in conjunction with the June 2022 TDB Trends Research.

\*Survey period: June 17 – June 30, 2022, Companies Surveyed: 25,405, Valid Responses: 11,337 (Response Rate: 44.6%).

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

#### Survey results (Summary)

1. In terms of the impact of soaring crude oil and LNG prices on management, 48.2% of companies responded that “there is a direct, negative impact”. Looking at those companies responding that there is a direct, negative impact by industry, ‘transport, warehousing’ (79.3%) and ‘agriculture, forestry and fisheries’ (69.4%) ranked highest.
2. With respect to measures currently implemented against soaring crude oil and LNG prices, “power and money-savings” (49.5%) ranked top, followed by “passing an increase in energy cost to selling prices” (21.8%). As for measures if price levels remain high in the future, “passing an increase in energy cost to selling prices” (29.6%) showed the highest percentage of responses.
3. With respect to how long companies assume the current high levels will last, “for about one year” was the highest percentage of responses for both crude oil (33.5%) and LNG (30.8%). Companies that think that the high levels will continue for more than one year, including those responding “for about one year”, reached around 70%. The average period was 17.7 months for crude oil, and 18.3 months for LNG.

## Appendix

### 1. Research Subjects (Companies researched: 25,405; Valid responses: 11,337; Response rate: 44.6%)

#### 1. Region

Hokkaido	552	Tokai	1,284
Tohoku	741	Kinki	1,975
kitaKanto	838	Chugoku	782
minamikanto	3,281	Shikoku	378
Hokuriku	576	Kyushu	930
		<b>Total</b>	<b>11,337</b>

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

Agriculture, Forestry, Fisheries	62		
Finance	114		
Construction	1,878		
Real Estate	423		
Manufacturing (2,941)	Food, Beverages, Livestock Feed	365	
	Textile, Textile Products, Clothing	114	
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	225	
	Pulp, Paper and Paper Products	94	
	Publishing, Printing	172	
	Chemical	396	
	Steel, Nonferrous Metals, Mining	530	
	General Machinery	473	
	Electrical Machinery	313	
	Transportation Machinery, Equipment	105	
	Precision Machinery, Medical Instruments and Equipment	67	
	Others	87	
Wholesale (2,747)	Food, Beverages	367	
	Textile, Textile Products, Clothing	170	
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	318	
	Paper Products, Stationery, Books	99	
	Chemical	267	
	Recycled Resources	33	
	Steel, Nonferrous Metals, Mining Products	287	
	Machinery, Equipment	873	
	Others	333	
Retail (641)	Food, Beverages	93	
	Textile, Textile Products, Clothing	55	
	Drugs, Sundries	37	
	Furniture	18	
	Electrical Household Appliances, Information Machinery and Equipment	53	
	Motor Vehicles, Motor Vehicle Parts	118	
	Special Merchandise	202	
	Various Merchandise	52	
	Others	13	
Transportation, Warehousing	507		
Service (1,979)	Restaurants	78	
	Telecommunications	14	
	Electricity, Gas, Water, Heat	17	
	Leasing, Rentals	123	
	Lodging, Hotels	52	
	Recreation	83	
	Broadcasting	22	
	Maintenance, Guarding, Testing	229	
	Advertising	97	
	Information	502	
	Labor Dispatching	73	
	Special Services	320	
	Medical, Welfare, Public Health	108	
	Education	37	
Others	224		
Others	45		
		<b>Total</b>	<b>11,337</b>

#### 3. Size

Large Firms	1,868	16.5%
Small to Medium-sized Firms	9,469	83.5%
micro Firms	3,539	31.2%
<b>Total</b>	<b>11,337</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 June 17 – 30 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 25,000 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.