

The economy worsened slightly as people’s flow and logistics stagnated due to typhoons

~ Rising prices of energy such as gasoline hit consumer confidence ~

(Companies researched: 27,667; Valid responses: 11,571; Response rate: 41.8%; Survey start date: May 2002)

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< Trend in August 2023: Worsening slightly >

The economic diffusion index (DI) in August 2023 was 44.9, down 0.3 points from the previous month, showing the first deterioration in two months.

The economy slightly declined due to factors such as rising energy prices, including gasoline, and the stagnation of people’s flow and logistics caused by typhoons landfall.

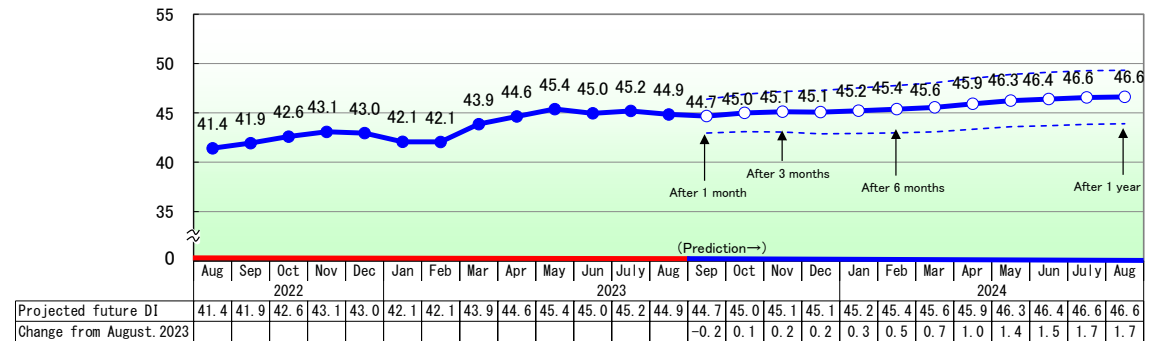
< Future outlook: Remain unchanged >

Amid a mix of positive and negative factors, the domestic economy is expected to remain almost unchanged.

By industry: Downturn in 7 out of 10 industries. Unseasonable weather, including typhoons landfall, was a negative factor.

By scale: “Large firms” and “small to medium-sized firms” worsened for the first time in two months. Polarization continues within each scale group.

By region: Worsened in 7 out of 10 regions. Disruption of transportation infrastructure affected people’s flow and logistics.



*: The economic forecast DI is calculated using the Forecast Combination method of the results of the ARIMA model and the structural equation model.

Economic Diffusion Index (Economic DI)1/2

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Ratio to the Previous Month
Total	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	▲ 0.3
Large Firms	43.8	43.6	44.2	45.0	44.8	44.8	44.2	46.1	47.3	48.1	47.7	48.6	48.0	▲ 0.6
Small to Medium-sized Firms	41.0	41.6	42.3	42.7	42.6	41.6	41.7	43.5	44.2	44.9	44.5	44.6	44.3	▲ 0.3
Micro Firms	39.8	40.7	41.1	41.4	41.3	40.4	40.9	42.4	42.9	43.9	43.6	43.4	43.5	0.1

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	35.9	35.8	36.4	37.7	37.9	37.4	38.9	41.6	42.2	44.8	46.7	42.5	43.0	0.5	
Finance	41.7	43.6	43.2	44.5	44.3	44.8	43.3	44.0	45.0	47.8	48.1	47.4	48.8	1.4	
Construction	43.3	44.0	44.2	44.9	44.6	44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	▲ 0.4	
Real Estate	44.8	45.3	44.0	45.6	44.8	46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	0.8	
Manufacturing	Food,BEWerages,Livestock Feed	36.1	35.5	38.2	38.8	38.3	38.1	37.0	41.1	42.0	43.7	43.6	43.1	44.5	1.4
	Textile,Textile Products,Clothing	32.6	36.2	35.7	36.5	37.9	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	▲ 1.0
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	39.8	40.2	40.9	41.9	41.0	38.0	37.6	37.0	39.7	39.0	38.4	37.9	38.2	0.3
	Pulp, Paper and Paper Products	36.6	38.0	40.4	40.2	39.2	39.8	36.6	38.6	37.6	38.6	35.8	36.1	36.1	0.0
	Publishing,Printing	29.6	30.0	31.8	32.9	32.4	31.7	31.6	34.3	33.9	35.4	33.9	33.4	33.9	0.5
	Chemical	42.6	42.3	40.8	40.8	41.5	40.3	39.2	40.1	41.0	40.6	41.6	41.8	41.2	▲ 0.6
	Steel,Nonferrous Metals,Mining	42.7	43.0	43.9	43.6	43.1	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	▲ 0.8
	General Machinery	46.2	45.4	45.8	45.9	44.9	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	▲ 0.1
	Electrical Machinery	44.2	45.2	44.8	45.4	44.5	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	▲ 0.1
	Transportation Machinery,Equipment	41.2	40.2	42.2	42.1	41.0	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	0.0
	Precision Machinery,Medical Instruments and Equipment	46.5	46.2	46.1	46.1	46.3	46.5	49.0	46.8	45.6	46.2	46.8	45.4	42.9	▲ 2.5
	Other	38.2	37.5	35.4	35.9	37.0	39.1	36.1	40.8	41.9	42.7	42.3	43.8	40.3	▲ 3.5
Total	41.0	41.1	41.6	41.9	41.5	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	▲ 0.3	
Wholesale	Food,BEWerages	35.6	35.8	37.4	38.8	38.2	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	0.7
	Textile,Textile Products,Clothing	29.9	29.9	32.4	33.1	34.0	34.7	35.9	38.0	41.9	43.1	39.4	39.5	38.0	▲ 1.5
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.5	37.5	39.8	39.5	40.2	38.3	37.2	38.0	39.1	38.4	37.3	38.4	38.0	▲ 0.4
	Paper Products,Stationery,Books	33.5	34.5	37.1	37.0	33.8	34.8	35.6	37.3	37.9	40.3	36.5	38.2	38.6	0.4
	Chemical	43.0	43.4	42.6	43.8	43.5	42.8	41.7	43.5	44.9	46.8	45.3	45.2	45.1	▲ 0.1
	Recycled Resources	39.6	47.0	46.3	43.5	46.2	43.3	43.2	41.7	43.5	40.4	38.9	42.2	40.9	▲ 1.3
	Steel,Nonferrous Metals,Mining Products	39.3	39.8	39.7	40.2	39.9	38.5	37.1	37.8	37.9	38.1	37.5	37.9	34.7	▲ 3.2
	Machinery,Equipment	42.6	43.3	44.1	44.1	43.8	43.0	43.3	45.2	45.2	46.0	45.4	45.3	44.7	▲ 0.6
	Other	37.7	38.2	39.0	39.6	40.9	40.0	40.9	42.3	43.9	44.9	43.2	42.6	42.7	0.1
	Total	39.2	39.6	40.6	41.0	41.0	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	▲ 0.6

Economic Diffusion Index (Economic DI)2/2

		Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Ratio to the Previous Month
Retail	Food,BEWerages	39.9	40.2	39.6	43.2	42.2	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	1.6
	Textile,Textile Products,Clothing	33.6	34.9	38.7	38.1	35.4	34.2	35.7	39.7	36.6	38.3	40.4	41.4	41.2	▲ 0.2
	Drugs,Sundries	41.9	39.5	38.9	40.6	39.0	37.2	38.5	42.9	47.8	47.4	45.9	45.3	42.6	▲ 2.7
	Furniture	36.1	40.0	37.8	36.2	31.0	34.2	33.3	39.5	38.1	34.7	33.3	32.5	30.2	▲ 2.3
	Electrical Household Appliances, Information Machinery and Equipment	32.7	37.1	35.1	35.3	37.2	36.3	37.5	40.2	37.8	40.5	38.6	41.3	40.2	▲ 1.1
	Motor Vehicles,Motor Vehicle Parts	35.9	38.8	37.6	37.2	35.3	38.2	38.7	40.8	44.0	41.5	40.6	40.9	42.0	1.1
	Special Merchandise	34.7	34.0	33.5	35.4	34.8	34.4	35.3	38.6	39.0	39.4	40.1	38.8	38.7	▲ 0.1
	Various Merchandise	38.0	36.1	41.3	41.4	42.6	42.5	41.0	43.6	47.8	45.8	44.9	48.1	48.5	0.4
	Other	42.3	32.1	36.5	44.9	41.1	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	▲ 4.0
Total		36.3	36.7	36.8	38.2	37.4	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	▲ 0.1
Transportation,Warehousing		37.3	38.2	40.7	41.6	41.6	38.9	38.0	41.2	42.1	43.4	42.2	43.5	43.3	▲ 0.2
Service	Restaurants	28.1	31.8	39.0	39.1	41.5	38.5	42.4	49.8	50.8	56.7	53.6	55.6	52.2	▲ 3.4
	Postal,Telecommunications	47.9	51.9	52.4	50.0	48.3	47.6	44.4	52.8	52.8	58.3	53.3	60.4	54.8	▲ 5.6
	Electricity,Gas,Water,Heat	35.9	36.1	31.1	32.3	36.7	32.4	32.1	39.7	38.9	44.0	44.1	44.8	43.5	▲ 1.3
	Leasing,Rentals	44.7	45.6	47.5	48.4	47.4	46.8	47.4	48.1	50.5	49.7	52.1	49.8	49.0	▲ 0.8
	Lodging, Hotels	38.0	37.4	53.3	54.8	52.2	48.3	48.0	59.5	62.1	59.8	55.1	56.6	55.5	▲ 1.1
	Recreation	40.1	42.2	45.0	43.8	43.2	42.1	44.1	50.9	48.9	50.4	47.6	49.3	48.8	▲ 0.5
	Broadcasting	38.3	46.1	43.1	41.7	39.5	40.7	41.1	42.6	44.7	47.4	43.1	44.7	46.1	1.4
	Maintenance,Guarding,Testing	43.4	42.8	42.8	43.6	45.6	42.9	42.6	45.3	45.8	47.3	48.0	48.4	47.4	▲ 1.0
	Advertising	36.7	39.3	40.9	40.3	39.7	40.2	41.4	43.7	46.6	45.0	45.0	44.8	45.2	0.4
	Information	52.7	53.0	52.3	53.0	53.6	53.2	53.8	55.5	55.8	56.2	56.8	57.0	56.4	▲ 0.6
	Labor Dispatching	49.8	47.4	48.8	46.5	50.0	48.5	47.9	47.3	49.6	50.7	52.0	52.0	50.9	▲ 1.1
	Special Services	48.3	49.4	49.0	48.8	48.7	48.5	49.2	50.1	50.9	52.3	51.7	52.2	51.3	▲ 0.9
	Medical,Welfare,Public Health	41.2	41.7	43.2	43.6	42.8	42.9	41.5	42.2	41.8	44.6	44.8	44.2	43.4	▲ 0.8
	Education	39.7	43.7	42.1	42.8	41.2	38.4	41.9	44.4	38.4	42.2	41.4	40.7	43.8	3.1
Other	41.2	42.8	43.3	43.5	44.0	42.2	44.3	46.5	48.6	47.5	49.2	48.2	47.9	▲ 0.3	
Total		45.4	46.3	47.1	47.3	47.7	46.6	47.4	50.0	50.8	51.6	51.6	51.7	50.8	▲ 0.9
Other		38.3	37.2	37.9	38.2	36.7	36.5	37.0	38.2	39.2	41.2	39.8	40.9	40.8	▲ 0.1

	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Ratio to the Previous Month
Hokkaido	40.2	40.7	41.2	40.9	40.8	40.1	40.6	41.2	42.2	43.0	43.9	45.6	44.8	▲ 0.8
Tohoku	38.1	39.3	39.9	40.3	39.4	38.0	37.2	41.1	41.2	41.6	41.7	42.1	41.8	▲ 0.3
kitakanto	43.8	42.5	43.7	43.7	43.1	40.9	41.4	42.6	43.3	43.4	42.8	43.1	43.1	0.0
minamikanto	43.3	43.6	43.8	44.4	44.7	44.1	43.9	45.7	46.7	47.2	47.2	47.4	46.6	▲ 0.8
Hokuriku	40.8	41.7	42.3	42.2	42.2	40.9	41.2	42.1	42.5	44.0	43.7	43.6	43.1	▲ 0.5
Tokai	39.7	40.4	41.1	41.4	41.7	41.0	41.1	42.8	43.3	44.6	43.8	44.4	44.4	0.0
Kinki	41.1	41.5	42.3	43.0	42.7	42.0	41.8	43.6	44.3	45.4	43.9	43.8	43.6	▲ 0.2
Chugoku	40.9	41.8	42.8	43.8	43.4	41.9	41.8	44.1	44.8	44.9	44.7	45.3	44.3	▲ 1.0
Shikoku	37.7	38.7	40.3	40.0	39.3	39.0	38.6	40.0	40.7	43.0	41.7	42.6	41.8	▲ 0.8
Kyushu	41.3	43.0	44.0	45.1	44.8	44.0	44.8	46.4	48.1	48.5	48.2	48.0	48.3	0.3

Appendix

1. Research Subjects (Companies researched: 27, 667; Valid responses: 11,571; Response rate: 41.8%)

1. Region

Hokkaido	528	Tokai	1,240
Tohoku	756	Kinki	1,931
kitaKanto	932	Chugoku	782
minamikanto	3,461	Shikoku	373
Hokuriku	591	Kyushu	977
		Total	11,571

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		110
Finance		169
Construction		1,798
Real Estate		466
Manufacturing (2,893)	Food, Beverages, Livestock Feed	337
	Textile, Textile Products, Clothing	104
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	224
	Pulp, Paper and Paper Products	92
	Publishing, Printing	175
	Chemical	391
	Steel, Nonferrous Metals, Mining	522
	General Machinery	478
	Electrical Machinery	312
	Transportation Machinery, Equipment	109
	Precision Machinery, Medical Instruments and Equipment	70
	Others	79
Wholesale (2,614)	Food, Beverages	327
	Textile, Textile Products, Clothing	162
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	314
	Paper Products, Stationery, Books	95
	Chemical	247
	Recycled Resources	33
	Steel, Nonferrous Metals, Mining Products	272
	Machinery, Equipment	840
	Others	324

Retail (733)	Food, Beverages	112
	Textile, Textile Products, Clothing	98
	Drugs, Sundries	63
	Furniture	21
	Electrical Household Appliances, Information Machinery and Equipment	44
	Motor Vehicles, Motor Vehicle Parts	100
	Special Merchandise	225
	Various Merchandise	55
Others	15	
Transportation, Warehousing		507
Service (2,241)	Restaurants	89
	Telecommunications	7
	Electricity, Gas, Water, Heat	18
	Leasing, Rentals	114
	Lodging, Hotels	91
	Recreation	120
	Broadcasting	17
	Maintenance, Guarding, Testing	209
	Advertising	114
	Information	598
	Labor Dispatching	92
	Special Services	321
	Medical, Welfare, Public Health	145
Education	51	
Others	255	
Others		40
Total		11,571

3. Size

Large Firms	1,784	15.4%
Small to Medium-sized Firms	9,787	84.6%
micro Firms	3,766	32.5%
Total	11,571	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 August 18– 31 2023

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 27,000 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

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

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

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.