

The domestic economy experienced a clear trend towards polarization in industries and regions

~ While consumer spending was sluggish, “Lodging, Hotels” hit a record high due to factors such as the expansion of inbound tourism ~

(Companies researched: 26,972; Valid responses: 11,396; Response rate: 42.3%; Survey start date: May 2002)

e-mail : keiki@mail.tdb.co.jp

< Trend in November 2023: Slight improvement continues >

The economic diffusion index (DI) in November 2023 was 44.8, up 0.1 points from the previous month, for a second straight month of improvement.

Despite sluggish consumer spending, the domestic economy continued to improve, albeit slightly, supported by inbound demand and active public construction projects. However, there was a clear trend towards polarization in industries and regions.

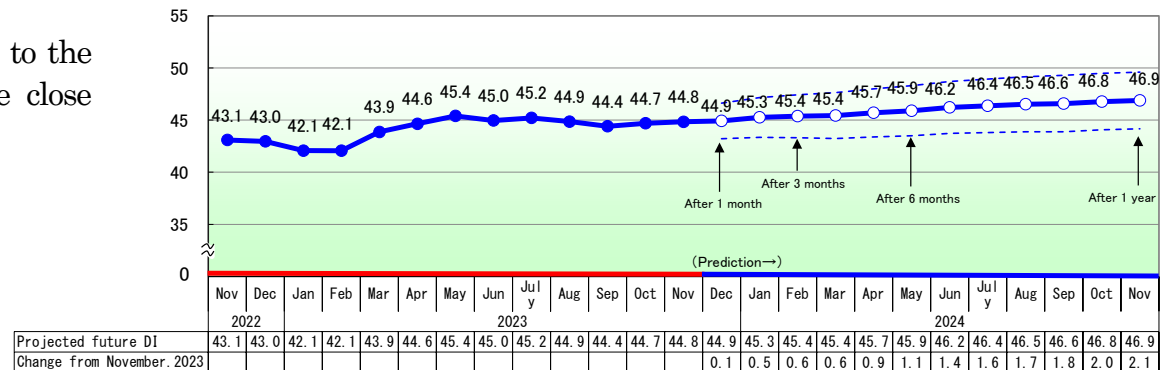
< Future outlook: Remain unchanged >

The domestic economy is expected to remain unchanged due to the expansion of capital investment and inbound demand, while close attention must be paid to wage trends.

By industry: Improved in 4 industries, 30 business categories. Automobile-related and hotel accommodations demand supported the economy.

By scale: “Large firms” was the driving force. “Small to medium-sized firms” and “micro firms” experienced sluggish consumer spending.

By region: Improved in 5 out of 10 regions. Although public construction underpinned regional economies, a polarization trend has emerged.



*: 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

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Ratio to the Previous Month
Total	43.1	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	44.8	0.1
Large Firms	45.0	44.8	44.8	44.2	46.1	47.3	48.1	47.7	48.6	48.0	47.8	47.9	48.4	0.5
Small to Medium-sized Firms	42.7	42.6	41.6	41.7	43.5	44.2	44.9	44.5	44.6	44.3	43.8	44.1	44.2	0.1
Micro Firms	41.4	41.3	40.4	40.9	42.4	42.9	43.9	43.6	43.4	43.5	43.0	43.4	43.1	▲ 0.3

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	37.7	37.9	37.4	38.9	41.6	42.2	44.8	46.7	42.5	43.0	42.1	43.0	40.1	▲ 2.9	
Finance	44.5	44.3	44.8	43.3	44.0	45.0	47.8	48.1	47.4	48.8	46.8	47.3	48.0	0.7	
Construction	44.9	44.6	44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	47.5	47.8	0.3	
Real Estate	45.6	44.8	46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	48.7	47.9	▲ 0.8	
Manufacturing	Food,BEWerages,Livestock Feed	38.8	38.3	38.1	37.0	41.1	42.0	43.7	43.6	43.1	44.5	42.6	43.4	44.0	0.6
	Textile,Textile Products,Clothing	36.5	37.9	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	43.0	41.5	40.8	▲ 0.7
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	41.9	41.0	38.0	37.6	37.0	39.7	39.0	38.4	37.9	38.2	39.0	40.3	41.5	1.2
	Pulp, Paper and Paper Products	40.2	39.2	39.8	36.6	38.6	37.6	38.6	35.8	36.1	36.1	36.9	37.7	37.2	▲ 0.5
	Publishing,Printing	32.9	32.4	31.7	31.6	34.3	33.9	35.4	33.9	33.4	33.9	32.3	32.5	33.1	0.6
	Chemical	40.8	41.5	40.3	39.2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	41.4	42.7	1.3
	Steel,Nonferrous Metals,Mining	43.6	43.1	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	41.5	41.9	0.4
	General Machinery	45.9	44.9	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	40.7	40.5	▲ 0.2
	Electrical Machinery	45.4	44.5	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	42.3	43.0	0.7
	Transportation Machinery,Equipment	42.1	41.0	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	46.9	47.2	0.3
Precision Machinery,Medical Instruments and Equipment	46.1	46.3	46.5	49.0	46.8	45.6	46.2	46.8	45.4	42.9	44.2	42.9	43.4	0.5	
Other	35.9	37.0	39.1	36.1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	39.4	40.7	1.3	
Total	41.9	41.5	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	41.1	41.6	0.5	
Wholesale	Food,BEWerages	38.8	38.2	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	43.3	44.5	1.2
	Textile,Textile Products,Clothing	33.1	34.0	34.7	35.9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	36.1	36.0	▲ 0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	39.5	40.2	38.3	37.2	38.0	39.1	38.4	37.3	38.4	38.0	38.1	38.0	38.3	0.3
	Paper Products,Stationery,Books	37.0	33.8	34.8	35.6	37.3	37.9	40.3	36.5	38.2	38.6	38.5	38.4	40.1	1.7
	Chemical	43.8	43.5	42.8	41.7	43.5	44.9	46.8	45.3	45.2	45.1	44.5	44.9	45.1	0.2
	Recycled Resources	43.5	46.2	43.3	43.2	41.7	43.5	40.4	38.9	42.2	40.9	43.9	45.2	42.4	▲ 2.8
	Steel,Nonferrous Metals,Mining Products	40.2	39.9	38.5	37.1	37.8	37.9	38.1	37.5	37.9	34.7	36.7	37.0	38.1	1.1
	Machinery,Equipment	44.1	43.8	43.0	43.3	45.2	45.2	46.0	45.4	45.3	44.7	43.8	43.9	44.1	0.2
	Other	39.6	40.9	40.0	40.9	42.3	43.9	44.9	43.2	42.6	42.7	41.7	43.1	43.2	0.1
Total	41.0	41.0	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	41.7	42.1	0.4	

Economic Diffusion Index (Economic DI)2/2

		Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Ratio to the Previous Month
Retail	Food,BE,Werages	43.2	42.2	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	44.9	44.9	▲ 0.6
	Textile,Textile Products,Clothing	38.1	35.4	34.2	35.7	39.7	36.6	38.3	40.4	41.4	41.2	36.6	42.7	39.3	▲ 3.4
	Drugs,Sundries	40.6	39.0	37.2	38.5	42.9	47.8	47.4	45.9	45.3	42.6	42.5	43.8	44.7	0.9
	Furniture	36.2	31.0	34.2	33.3	39.5	38.1	34.7	33.3	32.5	30.2	36.3	27.2	32.4	5.2
	Electrical Household Appliances, Information Machinery and Equipment	35.3	37.2	36.3	37.5	40.2	37.8	40.5	38.6	41.3	40.2	42.7	42.5	44.0	1.5
	Motor Vehicles, Motor Vehicle Parts	37.2	35.3	38.2	38.7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	42.4	40.2	▲ 2.2
	Special Merchandise	35.4	34.8	34.4	35.3	38.6	39.0	39.4	40.1	38.8	38.7	39.1	39.4	38.1	▲ 1.3
	Various Merchandise	41.4	42.6	42.5	41.0	43.6	47.8	45.8	44.9	48.1	48.5	45.9	45.3	44.3	▲ 1.0
	Other	44.9	41.1	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	46.2	47.2	1.0
Total	38.2	37.4	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	41.9	41.2	▲ 0.7	
Transportation,Warehousing		41.6	41.6	38.9	38.0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	44.1	43.8	▲ 0.3
Service	Restaurants	39.1	41.5	38.5	42.4	49.8	50.8	56.7	53.6	55.6	52.2	51.8	47.4	49.4	2.0
	Postal,Telecommunications	50.0	48.3	47.6	44.4	52.8	52.8	58.3	53.3	60.4	54.8	57.4	59.5	57.1	▲ 2.4
	Electricity,Gas,Water,Heat	32.3	36.7	32.4	32.1	39.7	38.9	44.0	44.1	44.8	43.5	46.3	44.1	50.0	5.9
	Leasing,Rentals	48.4	47.4	46.8	47.4	48.1	50.5	49.7	52.1	49.8	49.0	49.2	52.5	52.9	0.4
	Lodging, Hotels	54.8	52.2	48.3	48.0	59.5	62.1	59.8	55.1	56.6	55.5	57.6	59.7	64.3	4.6
	Recreation	43.8	43.2	42.1	44.1	50.9	48.9	50.4	47.6	49.3	48.8	46.2	46.3	44.8	▲ 1.5
	Broadcasting	41.7	39.5	40.7	41.1	42.6	44.7	47.4	43.1	44.7	46.1	45.6	42.6	45.6	3.0
	Maintenance,Guarding,Testing	43.6	45.6	42.9	42.6	45.3	45.8	47.3	48.0	48.4	47.4	47.8	46.8	49.0	2.2
	Advertising	40.3	39.7	40.2	41.4	43.7	46.6	45.0	45.0	44.8	45.2	45.4	45.2	45.6	0.4
	Information	53.0	53.6	53.2	53.8	55.5	55.8	56.2	56.8	57.0	56.4	55.5	56.0	55.4	▲ 0.6
	Labor Dispatching	46.5	50.0	48.5	47.9	47.3	49.6	50.7	52.0	52.0	50.9	48.9	50.9	52.3	1.4
	Special Services	48.8	48.7	48.5	49.2	50.1	50.9	52.3	51.7	52.2	51.3	51.2	52.0	51.1	▲ 0.9
	Medical,Welfare,Public Health	43.6	42.8	42.9	41.5	42.2	41.8	44.6	44.8	44.2	43.4	42.4	43.6	41.8	▲ 1.8
	Education	42.8	41.2	38.4	41.9	44.4	38.4	42.2	41.4	40.7	43.8	46.4	45.6	42.6	▲ 3.0
Other	43.5	44.0	42.2	44.3	46.5	48.6	47.5	49.2	48.2	47.9	47.2	47.6	47.2	▲ 0.4	
Total	47.3	47.7	46.6	47.4	50.0	50.8	51.6	51.6	51.7	50.8	50.4	50.8	50.8	0.0	
Other		38.2	36.7	36.5	37.0	38.2	39.2	41.2	39.8	40.9	40.8	39.2	40.1	38.2	▲ 1.9

		Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Ratio to the Previous Month
Hokkaido		40.9	40.8	40.1	40.6	41.2	42.2	43.0	43.9	45.6	44.8	43.6	43.7	43.3	▲ 0.4
Tohoku		40.3	39.4	38.0	37.2	41.1	41.2	41.6	41.7	42.1	41.8	41.5	41.4	41.3	▲ 0.1
kitakanto		43.7	43.1	40.9	41.4	42.6	43.3	43.4	42.8	43.1	43.1	42.9	43.0	42.6	▲ 0.4
minamikanto		44.4	44.7	44.1	43.9	45.7	46.7	47.2	47.2	47.4	46.6	46.4	46.3	46.7	0.4
Hokuriku		42.2	42.2	40.9	41.2	42.1	42.5	44.0	43.7	43.6	43.1	42.5	42.1	42.3	0.2
Tokai		41.4	41.7	41.0	41.1	42.8	43.3	44.6	43.8	44.4	44.4	43.6	44.4	45.1	0.7
Kinki		43.0	42.7	42.0	41.8	43.6	44.3	45.4	43.9	43.8	43.6	43.2	43.7	44.1	0.4
Chugoku		43.8	43.4	41.9	41.8	44.1	44.8	44.9	44.7	45.3	44.3	44.1	44.9	44.2	▲ 0.7
Shikoku		40.0	39.3	39.0	38.6	40.0	40.7	43.0	41.7	42.6	41.8	41.2	41.4	41.3	▲ 0.1
Kyushu		45.1	44.8	44.0	44.8	46.4	48.1	48.5	48.2	48.0	48.3	47.7	48.6	48.7	0.1

Appendix

1. Research Subjects (Companies researched: 26, 972; Valid responses: 11,396; Response rate: 42.3%)

1. Region

Hokkaido	520	Tokai	1,220
Tohoku	792	Kinki	1,894
kita Kanto	913	Chugoku	784
minamikanto	3,353	Shikoku	362
Hokuriku	591	Kyushu	967
		Total	11,396

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		111
Finance		176
Construction		1,758
Real Estate		452
Manufacturing (2,822)	Food, Beverages, Livestock Feed	327
	Textile, Textile Products, Clothing	109
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	221
	Pulp, Paper and Paper Products	90
	Publishing, Printing	153
	Chemical	366
	Steel, Nonferrous Metals, Mining	508
	General Machinery	480
	Electrical Machinery	310
	Transportation Machinery, Equipment	107
	Precision Machinery, Medical Instruments and Equipment	76
Others	75	
Wholesale (2,582)	Food, Beverages	318
	Textile, Textile Products, Clothing	162
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	302
	Paper Products, Stationery, Books	123
	Chemical	256
	Recycled Resources	35
	Steel, Nonferrous Metals, Mining Products	262
	Machinery, Equipment	824
	Others	300

Retail (797)	Food, Beverages	157
	Textile, Textile Products, Clothing	87
	Drugs, Sundries	57
	Furniture	18
	Electrical Household Appliances, Information Machinery and Equipment	58
	Motor Vehicles, Motor Vehicle Parts	126
	Special Merchandise	229
	Various Merchandise	53
	Others	12
Transportation, Warehousing		484
Service (2,176)	Restaurants	130
	Telecommunications	7
	Electricity, Gas, Water, Heat	16
	Leasing, Rentals	109
	Lodging, Hotels	86
	Recreation	113
	Broadcasting	15
	Maintenance, Guarding, Testing	192
	Advertising	109
	Information	557
	Labor Dispatching	88
	Special Services	350
	Medical, Welfare, Public Health	128
	Education	45
Others	231	
Others		38
Total		11,396

3. Size

Large Firms	1,746	15.3%
Small to Medium-sized Firms	9,650	84.7%
micro Firms	3,757	33.0%
Total	11,396	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 November 16– 30 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.