

**Economic DI decreased by 0.1 point,  
economy continues at a standstill**  
 ~ Worsened in “Hokkaido” and “Kinki” regions  
 due to successive disasters ~

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(Companies researched: 23,101 ; Valid responses: 9,746 ; Response rate: 42.2 %;  
 Survey start date: May 2002)

< Overview of September 2018: Economy continues at a standstill >

The economic diffusion index (DI) in September 2018 was 49.4, down 0.1 point from the previous month, and worsened for the first time in three months. The domestic economy continued at a standstill, being supported by strong construction demand, etc., while business confidence worsened mainly in the areas stricken by successive disasters.

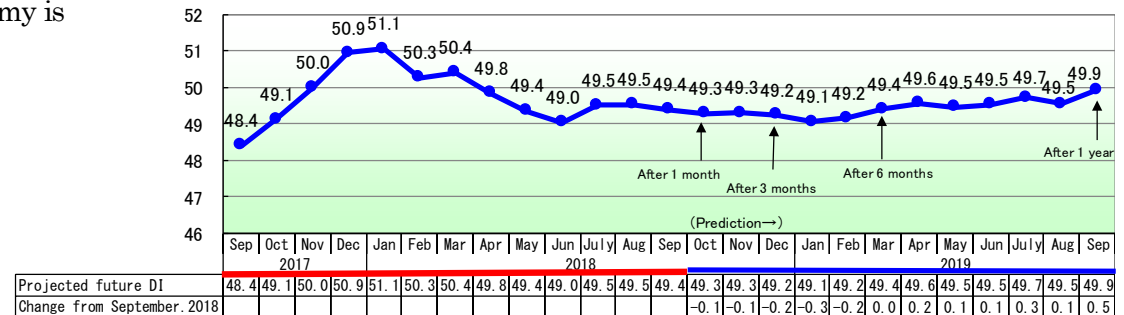
< Future outlook: Uncertainty has intensified >

Although capital investment and exports continue to be strong and reconstruction demand is expected, uncertainty over the domestic economy is growing amid increasing overseas risks.

**By industry :** While successive typhoons and earthquakes spread negative effects, the construction industry improved for the fifth consecutive month.

**By size :** “Large enterprises” and “SMEs” worsened. “Large enterprises” continue at a standstill.

**By region :** Six of the ten regions worsened. Successive natural disasters hold down the economy.



\*: 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

	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Ratio to the PrFDious Month
Total	48.4	49.1	50.0	50.9	51.1	50.3	50.4	49.8	49.4	49.0	49.5	49.5	49.4	▲ 0.1
Large Firms	51.3	51.6	52.1	53.0	53.2	52.2	52.5	52.2	51.6	51.3	51.8	51.6	51.4	▲ 0.2
Small to Medium-sized Firms	47.7	48.5	49.4	50.4	50.5	49.8	49.9	49.3	48.8	48.5	48.9	49.0	48.9	▲ 0.1
Micro Firms	46.7	47.6	48.7	49.8	49.6	49.0	49.2	48.1	48.1	47.6	48.1	48.4	48.4	0.0

	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Ratio to the PrFDious Month	
Agriculture,Forestry,Fisheries	45.6	47.5	46.7	49.2	47.1	45.5	44.4	43.5	44.2	43.3	43.4	45.7	43.8	▲ 1.9	
Finance	48.0	47.9	49.0	48.9	49.6	48.0	50.3	49.4	47.8	47.2	49.5	47.5	48.5	1.0	
Construction	51.7	52.7	53.7	54.2	54.0	53.4	52.9	51.4	51.8	51.9	52.8	53.1	53.8	0.7	
Real Estate	49.9	50.9	50.3	51.3	52.3	52.1	53.1	50.9	51.0	51.1	50.5	51.1	50.7	▲ 0.4	
Manufacturing	Food,BEWerages,Livestock Feed	43.0	42.8	42.9	44.8	44.0	43.2	41.9	42.9	43.4	43.2	43.1	43.3	42.9	▲ 0.4
	Textile,Textile Products,Clothing	37.7	38.6	39.6	42.0	39.1	41.3	42.4	42.4	42.7	42.8	42.1	41.8	41.9	0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	45.6	47.0	46.8	48.0	46.8	46.2	46.3	45.7	45.8	45.9	46.6	45.6	45.2	▲ 0.4
	Pulp, Paper and Paper Products	44.4	46.6	45.6	48.7	46.6	44.1	45.8	46.3	43.1	45.2	44.5	44.5	45.4	0.9
	Publishing,Printing	36.4	35.7	35.4	35.8	36.4	37.4	37.1	36.2	36.3	33.7	35.0	33.8	34.6	0.8
	Chemical	51.8	52.5	53.3	54.1	53.9	53.2	53.8	52.3	51.8	51.6	52.2	51.3	51.4	0.1
	Steel,Nonferrous Metals,Mining	53.0	54.3	56.6	56.3	57.6	55.6	55.6	53.7	53.5	53.3	54.1	54.2	52.8	▲ 1.4
	General Machinery	57.2	59.3	59.3	60.8	62.4	62.0	61.2	60.9	60.6	60.3	60.7	59.9	59.1	▲ 0.8
	Electrical Machinery	52.2	53.7	54.5	55.7	56.9	56.5	54.8	54.9	53.4	53.4	52.8	52.0	53.3	1.3
	Transportation Machinery,Equipment	54.8	54.2	58.6	56.9	57.9	56.6	59.8	57.6	58.4	57.3	56.6	58.7	58.3	▲ 0.4
	Precision Machinery, Medical Instruments and Equipment	51.5	53.2	55.1	54.7	57.4	56.2	54.8	57.5	56.6	57.2	55.1	54.8	54.3	▲ 0.5
Other	41.6	39.6	40.9	42.6	43.4	43.1	43.8	43.2	44.3	42.5	41.5	40.7	42.6	1.9	
Total	49.4	50.3	51.2	52.1	52.6	51.9	51.6	51.0	50.8	50.4	50.6	50.2	50.0	▲ 0.2	
Wholesale	Food,BEWerages	41.6	41.1	42.4	43.5	42.9	42.1	43.0	42.9	42.8	42.4	40.9	41.9	41.3	▲ 0.6
	Textile,Textile Products,Clothing	35.3	35.4	36.1	37.4	37.2	35.5	37.2	37.2	36.8	37.3	35.9	37.3	35.1	▲ 2.2
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	44.0	44.2	45.1	46.7	46.2	44.9	44.7	45.0	43.3	44.4	44.8	44.2	44.8	0.6
	Paper Products,Stationery,Books	38.8	38.4	38.9	38.4	37.6	34.9	36.8	38.0	37.5	36.2	35.4	36.6	36.9	0.3
	Chemical	47.5	48.1	48.6	50.7	49.7	49.0	49.1	49.1	49.1	46.8	48.9	48.1	47.1	▲ 1.0
	Recycled Resources	52.4	51.6	57.8	58.3	56.2	51.0	51.9	49.5	46.6	50.6	48.2	51.2	47.8	▲ 3.4
	Steel,Nonferrous Metals,Mining Products	46.2	49.5	50.5	52.3	53.1	51.9	50.8	49.7	48.2	47.8	48.0	50.3	49.2	▲ 1.1
	Machinery,Equipment	48.5	49.3	50.9	52.1	52.3	51.4	51.8	51.1	50.6	50.0	50.9	51.0	50.2	▲ 0.8
	Other	42.0	42.0	42.7	43.7	43.9	42.8	43.8	45.4	43.4	43.3	43.2	42.4	42.4	0.0
	Total	44.8	45.5	46.5	47.9	47.8	46.6	47.1	47.0	46.1	45.7	45.9	46.3	45.6	▲ 0.7

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

		Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Ratio to the PrFDious Month
Retail	Food,BEWerages	44.4	42.1	45.2	45.3	44.1	45.6	46.1	47.4	45.7	45.2	44.5	45.3	45.7	0.4
	Textile,Textile Products,Clothing	34.4	37.5	32.7	35.6	41.0	38.2	37.3	38.9	36.7	32.1	34.6	32.7	30.6	▲ 2.1
	Drugs,Sundries	44.2	44.9	46.2	44.4	46.4	45.7	47.2	44.9	47.1	42.9	41.0	41.3	40.2	▲ 1.1
	Furniture	41.7	40.9	45.0	40.7	43.9	35.2	35.0	36.7	35.2	38.3	38.3	37.0	37.0	0.0
	Electrical Household Appliances, Information Machinery and Equipment	40.2	43.9	43.9	47.7	41.9	40.4	45.7	46.5	40.2	41.9	45.5	43.7	42.8	▲ 0.9
	Motor Vehicles,Motor Vehicle Parts	46.2	45.3	45.6	44.2	49.2	47.8	48.3	48.2	43.5	42.9	45.0	43.5	46.1	2.6
	Special Merchandise	39.7	39.6	38.8	41.5	41.9	42.5	42.9	41.0	39.7	39.7	40.7	39.1	39.1	0.0
	Various Merchandise	45.7	46.3	45.7	46.4	46.9	46.0	47.5	49.6	44.1	44.2	48.2	46.5	43.6	▲ 2.9
	Other	46.7	46.7	43.3	50.0	50.0	43.3	41.7	36.1	41.7	33.3	36.1	40.5	38.9	▲ 1.6
	Total	42.2	42.4	42.4	43.4	44.3	43.8	44.8	44.6	42.0	41.3	42.7	41.7	41.6	▲ 0.1
Transportation,Warehousing	49.0	49.9	50.7	52.5	50.7	49.6	50.5	50.0	49.3	48.7	50.3	50.3	49.5	▲ 0.8	
Service	Restaurants	45.2	45.1	42.9	44.9	45.2	43.6	44.2	44.7	45.0	42.5	42.7	42.5	39.3	▲ 3.2
	Postal,Telecommunications	59.1	54.5	57.7	56.4	56.1	59.1	57.7	56.9	50.0	54.5	55.6	55.0	56.1	1.1
	Electricity,Gas,Water,Heat	57.1	58.3	59.5	54.2	60.4	58.3	61.1	54.2	56.3	57.4	56.3	57.4	59.3	1.9
	Leasing,Rentals	52.0	54.2	54.9	55.9	56.9	56.0	56.0	55.2	51.5	52.9	54.5	54.2	55.9	1.7
	Lodging, Hotels	41.7	43.6	51.9	48.0	46.9	48.7	52.0	51.7	50.6	50.0	45.2	46.6	43.6	▲ 3.0
	Recreation	40.0	39.1	39.0	42.2	41.7	42.2	42.5	41.5	39.5	40.9	39.8	40.0	39.9	▲ 0.1
	Broadcasting	47.2	46.2	44.4	47.6	47.6	47.4	47.0	39.7	37.2	40.3	42.3	38.5	41.7	3.2
	Maintenance,Guarding,Testing	51.3	50.3	51.6	50.3	51.5	50.7	51.1	49.9	50.2	48.5	50.5	52.3	51.8	▲ 0.5
	Advertising	40.5	43.6	41.8	41.5	46.1	42.3	43.4	44.2	43.0	40.2	41.7	41.4	42.3	0.9
	Information	57.2	57.9	57.6	58.4	59.4	58.8	58.6	59.4	58.4	58.8	58.7	59.1	59.7	0.6
	Labor Dispatching	57.5	58.2	59.0	57.9	58.6	56.5	57.9	57.8	59.0	59.1	59.3	59.2	58.0	▲ 1.2
	Special Services	53.2	53.3	53.2	55.5	53.4	53.1	54.3	53.6	53.7	54.6	54.8	55.3	53.9	▲ 1.4
	Medical,Welfare,Public Health	47.4	44.1	47.9	48.3	47.6	48.6	48.1	48.8	48.0	46.8	46.1	48.2	48.3	0.1
	Education	41.7	41.0	40.5	42.4	45.1	41.7	44.2	42.4	42.8	40.6	42.6	46.5	46.4	▲ 0.1
Other	50.7	50.6	53.9	52.6	51.6	51.3	51.8	50.7	50.8	50.0	51.3	50.2	51.6	1.4	
Total	51.5	51.8	52.5	53.0	53.4	52.7	53.1	52.8	52.1	52.0	52.4	52.8	52.9	0.1	
Other	43.6	43.3	47.9	48.2	47.8	47.9	50.8	49.2	50.0	46.3	46.1	45.0	46.3	1.3	

		Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Ratio to the PrFDious Month
	Hokkaido	48.6	48.6	48.6	48.4	47.8	45.7	46.6	46.2	45.8	46.5	46.6	47.5	44.3	▲ 3.2
	Tohoku	45.9	45.9	47.2	47.9	46.9	46.1	46.4	45.7	45.0	44.2	46.8	46.6	46.4	▲ 0.2
	Kitakanto	49.1	50.2	51.2	52.9	52.3	51.7	51.4	50.7	49.8	49.4	50.6	50.0	50.0	0.0
	minamikanto	49.1	49.7	50.5	51.3	51.8	51.0	51.5	50.7	50.3	50.2	50.3	50.0	50.4	0.4
	Hokuriku	48.8	49.3	49.0	49.9	49.7	47.7	48.5	48.7	48.5	48.7	49.4	49.8	49.3	▲ 0.5
	Tokai	49.2	50.0	51.2	52.5	52.6	52.5	52.3	51.9	51.9	50.9	51.6	51.8	51.4	▲ 0.4
	Kinki	46.7	48.0	49.0	50.8	51.1	50.3	50.0	49.7	48.8	48.4	48.6	49.4	48.9	▲ 0.5
	Chugoku	47.8	48.6	50.1	50.6	50.8	50.1	49.6	48.7	48.7	47.9	47.0	47.1	48.0	0.9
	Shikoku	48.5	48.2	48.5	49.0	49.4	48.5	48.4	48.2	47.8	47.2	47.5	47.9	47.0	▲ 0.9
	Kyushu	49.9	50.5	51.3	51.7	51.7	51.8	51.7	51.4	50.4	49.8	50.9	50.6	50.8	0.2

## Appendix

### 1. Research Subjects (Companies Researched 23,101 ; Valid responses: 9,746 ; Response rate: 42.2%)

Appendix

#### 1. Region

Hokkaido	514	Tokai	1,080
Tohoku	612	Kinki	1,614
kitaKanto	731	Chugoku	551
minamikanto	3,130	Shikoku	285
Hokuriku	533	Kyushu	696
		<b>Total</b>	<b>9,746</b>

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

Agriculture, Forestry, Fisheries		51
Finance		124
Construction		1,425
Real Estate		290
Manufacturing 3,223	Food, Beverages, Livestock Feed	308
	Textile, Textile Products, Clothing	105
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	215
	Pulp, Paper and Paper Products	98
	Publishing, Printing	173
	Chemical	398
	Steel, Nonferrous Metals, Mining	468
	General Machinery	427
	Electrical Machinery	315
	Transportation Machinery, Equipment	96
	Precision Machinery, Medical Instruments and Equipment	73
Others	88	
Wholesale 3,959	Food, Beverages	342
	Textile, Textile Products, Clothing	169
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	317
	Paper Products, Stationery, Books	98
	Chemical	266
	Recycled Resources	31
	Steel, Nonferrous Metals, Mining Products	295
	Machinery, Equipment	870
Others	332	

Retail 480	Food, Beverages	69
	Textile, Textile Products, Clothing	24
	Drugs, Sundries	22
	Furniture	9
	Electrical Household Appliances, Information Machinery and Equipment	37
	Motor Vehicles, Motor Vehicle Parts	60
	Special Merchandise	128
	Various Merchandise	47
	Others	6
Transportation, Warehousing		417
Service 1,384	Restaurants	39
	Telecommunications	11
	Electricity, Gas, Water, Heat	9
	Leasing, Rentals	110
	Lodging, Hotels	26
	Recreation	56
	Broadcasting	16
	Maintenance, Guarding, Testing	156
	Advertising	104
	Information	418
	Labor Dispatching	54
	Special Services	240
	Medical, Welfare, Public Health	99
Education	23	
Others	152	
Others		40
<b>Total</b>		<b>9,746</b>

#### 3. Size

Large Firms	1,992	20.4%
Small to Medium-sized Firms	7,754	79.6%
micro Firms	2,536	26.0%
<b>Total</b>	<b>9,746</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 September 13– 30 2018

### 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 20,000 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

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

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

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.