

**Construction demand boosted the economy,  
with rush demand in some businesses**

~ Marginal improvement in the domestic economy for the  
second consecutive month owing to continued deterioration in the  
manufacturing industry ~

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(Companies researched: 23,696; Valid responses: 9,901; Response rate: 41.8%;  
Survey start date: May 2002)

< Overview of September 2019: Possibility of entering a recession phase >

The economic diffusion index (DI) in September 2019 was 45.0, up 0.3 points from the previous month, and improved for the second consecutive month. While the possibility of entering a recession phase has increased in the domestic economy due to worsening business conditions in the manufacturing industry, strong construction demand contributed to boost the economy, and rush demand was also seen in some businesses.

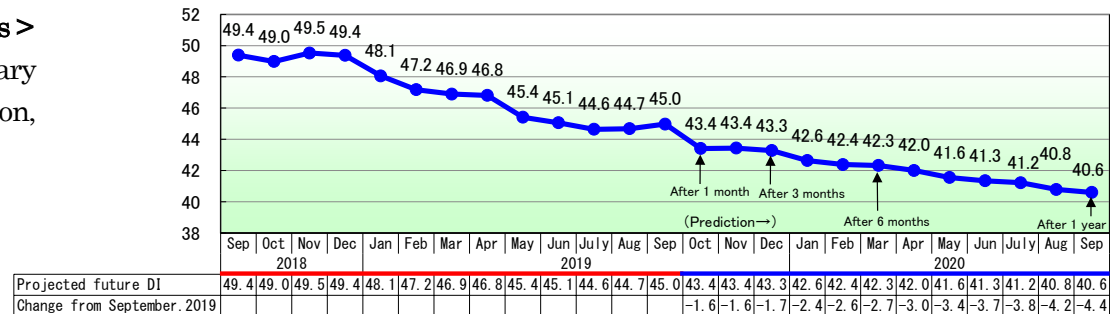
< Future outlook: Uncertainty has further intensified,  
with many downside factors >

With many causes of concern, such as the slowdown in exports and wary stance on capital investment in addition to the decrease in consumption, uncertainty about the domestic economy has further intensified.

**By industry :** Rush demand occurred in some industries, mainly in the retail industry. The business climate in the manufacturing industry deteriorated for the fifth consecutive month.

**By size :** All sizes improved for the first time in one year and two months, with rush demand in some businesses.

**By region :** While eight of the ten regions improved, some regions were affected by Typhoon No. 15.



\*: 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

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Ratio to the PrFDious Month
Total	49.5	49.4	49.0	49.5	49.4	48.1	47.2	46.9	46.8	45.4	45.1	44.6	44.7	45.0	0.3
Large Firms	51.6	51.4	51.4	51.4	51.7	50.6	49.8	49.8	49.7	48.8	48.7	47.7	47.9	48.0	0.1
Small to Medium-sized Firms	49.0	48.9	48.4	49.0	48.8	47.4	46.5	46.2	46.1	44.6	44.2	43.9	43.9	44.2	0.3
Micro Firms	48.4	48.4	47.9	48.2	48.2	47.0	46.5	46.3	46.2	44.5	44.1	43.8	44.2	45.1	0.9

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Ratio to the PrFDious Month	
Agriculture,Forestry,Fisheries	45.7	43.8	41.5	40.7	40.7	41.8	41.7	42.3	41.3	40.5	43.2	39.1	41.5	41.8	0.3	
Finance	47.5	48.5	46.2	47.1	46.5	46.1	45.2	45.9	45.1	44.7	44.8	45.1	44.7	45.8	1.1	
Construction	53.1	53.8	53.4	53.9	54.1	53.9	53.6	53.6	52.8	51.7	51.6	51.7	52.1	53.1	1.0	
Real Estate	51.1	50.7	49.3	49.3	49.7	49.1	47.5	47.4	48.7	47.6	48.3	47.4	46.5	48.0	1.5	
Manufacturing	Food,BEWerages,Livestock Feed	43.3	42.9	42.0	42.4	43.0	41.6	40.6	40.6	42.2	41.3	40.3	40.4	41.1	39.8	▲ 1.3
	Textile,Textile Products,Clothing	41.8	41.9	41.4	41.6	41.3	37.7	38.8	39.2	39.0	36.6	36.5	36.4	36.9	36.3	▲ 0.6
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	45.6	45.2	46.1	47.5	48.3	47.1	45.5	44.1	45.7	45.4	43.5	43.8	45.2	44.1	▲ 1.1
	Pulp, Paper and Paper Products	44.5	45.4	44.3	46.5	49.3	44.6	45.2	44.1	45.7	43.0	41.7	39.6	42.3	42.8	0.5
	Publishing,Printing	33.8	34.6	33.2	34.8	35.0	33.5	33.2	34.4	35.6	34.3	33.9	32.5	33.1	34.1	1.0
	Chemical	51.3	51.4	50.4	51.4	50.2	48.1	46.3	45.4	46.2	43.9	42.5	41.9	41.8	41.0	▲ 0.8
	Steel,Nonferrous Metals,Mining	54.2	52.8	53.0	54.4	52.5	50.4	48.0	45.4	45.5	42.9	41.8	41.5	41.2	40.4	▲ 0.8
	General Machinery	59.9	59.1	58.1	57.5	55.9	52.5	51.4	48.9	49.0	46.0	45.1	44.0	41.5	41.1	▲ 0.4
	Electrical Machinery	52.0	53.3	52.9	52.5	50.5	49.2	47.6	46.0	44.7	43.1	43.0	42.8	43.9	41.2	▲ 2.7
	Transportation Machinery,Equipment	58.7	58.3	56.9	56.4	53.8	52.3	50.9	49.3	49.4	48.1	47.5	46.4	43.4	42.3	▲ 1.1
	Precision Machinery,Medical Instruments and Equipment	54.8	54.3	53.7	53.4	54.0	51.3	48.6	45.5	47.3	44.4	42.4	43.9	43.4	42.0	▲ 1.4
	Other	40.7	42.6	42.8	41.8	42.8	42.7	42.1	45.3	40.2	40.2	40.2	38.0	40.7	41.8	1.1
Total	50.2	50.0	49.5	50.0	49.2	47.1	45.8	44.5	44.8	42.9	42.0	41.5	41.4	40.6	▲ 0.8	
Wholesale	Food,BEWerages	41.9	41.3	40.6	41.9	41.1	39.4	40.5	40.5	41.1	40.8	40.4	38.8	39.0	38.8	▲ 0.2
	Textile,Textile Products,Clothing	37.3	35.1	35.3	33.5	34.3	34.0	32.0	33.6	33.2	33.2	31.6	29.8	30.8	31.6	0.8
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	44.2	44.8	43.9	46.9	47.8	47.4	46.5	46.4	45.6	44.7	43.8	44.7	44.6	46.0	1.4
	Paper Products,Stationery,Books	36.6	36.9	36.5	38.1	39.3	37.9	36.0	39.0	39.2	39.0	36.4	37.0	37.1	38.0	0.9
	Chemical	48.1	47.1	47.0	47.8	47.7	45.3	44.3	44.3	44.2	41.8	41.2	42.7	42.0	42.7	0.7
	Recycled Resources	51.2	47.8	49.4	44.0	47.6	39.8	45.6	48.6	41.0	40.2	37.1	32.8	32.8	30.6	▲ 2.2
	Steel,Nonferrous Metals,Mining Products	50.3	49.2	49.4	48.8	50.2	46.3	45.0	43.7	43.4	40.8	40.4	39.0	38.8	37.6	▲ 1.2
	Machinery,Equipment	51.0	50.2	49.6	49.9	50.0	48.4	46.9	46.5	45.9	44.2	44.4	43.8	43.3	44.6	1.3
	Other	42.4	42.4	43.4	44.0	43.9	41.9	41.2	42.5	42.7	40.6	40.6	40.2	40.2	40.7	0.5
	Total	46.3	45.6	45.4	46.0	46.3	44.4	43.6	43.7	43.3	41.9	41.4	41.0	40.8	41.4	0.6

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

		Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Ratio to the PrFDious Month
Retail	Food,BEWerages	45.3	45.7	44.4	45.5	42.8	43.4	41.5	42.5	42.5	44.8	42.9	41.5	41.3	41.8	0.5
	Textile,Textile Products,Clothing	32.7	30.6	32.7	31.3	34.0	30.9	32.7	38.9	39.1	36.9	36.6	34.6	36.5	37.9	1.4
	Drugs,Sundries	41.3	40.2	38.4	42.4	44.4	44.8	39.7	39.7	40.9	41.0	38.5	40.0	37.7	40.6	2.9
	Furniture	37.0	37.0	37.9	37.5	35.4	38.9	33.3	33.3	38.9	39.6	48.5	40.9	45.0	53.0	8.0
	Electrical Household Appliances, Information Machinery and Equipment	43.7	42.8	40.6	39.7	43.1	39.0	40.7	38.9	41.7	39.1	43.5	34.3	38.9	45.0	6.1
	Motor Vehicles,Motor Vehicle Parts	43.5	46.1	40.8	41.5	42.2	44.6	44.3	45.2	43.3	41.5	42.5	39.2	41.1	41.4	0.3
	Special Merchandise	39.1	39.1	39.7	43.3	43.2	41.9	41.3	40.8	42.1	41.3	41.1	40.6	40.7	43.5	2.8
	Various Merchandise	46.5	43.6	46.4	43.6	44.7	42.9	41.9	43.5	43.3	43.8	44.7	39.3	38.9	43.1	4.2
	Other	40.5	38.9	41.7	38.1	35.7	35.7	31.3	33.3	43.8	39.6	46.3	41.7	41.7	40.5	▲ 1.2
	Total	41.7	41.6	40.9	42.1	42.3	41.6	40.8	41.4	42.1	41.6	42.0	39.5	40.2	42.6	2.4
Transportation,Warehousing		50.3	49.5	48.7	50.1	50.5	49.1	48.2	48.1	48.2	46.7	45.6	44.5	45.5	46.0	0.5
Service	Restaurants	42.5	39.3	37.0	37.6	40.7	37.9	41.0	37.8	42.9	40.6	42.9	39.6	38.1	43.6	5.5
	Postal,Telecommunications	55.0	56.1	59.7	57.1	54.5	60.0	57.6	62.1	57.6	56.7	60.0	58.3	60.6	56.9	▲ 3.7
	Electricity,Gas,Water,Heat	57.4	59.3	56.7	57.1	61.9	57.4	57.4	56.3	58.3	55.6	54.5	54.2	52.6	51.3	▲ 1.3
	Leasing,Rentals	54.2	55.9	56.5	57.1	55.7	55.0	52.0	52.7	54.1	50.9	52.5	51.8	51.7	53.5	1.8
	Lodging, Hotels	46.6	43.6	41.0	45.5	45.7	44.9	44.2	42.3	41.0	50.0	44.9	40.3	39.9	47.2	7.3
	Recreation	40.0	39.9	35.5	40.6	39.3	38.9	37.8	41.0	38.8	42.0	41.5	41.8	40.9	38.7	▲ 2.2
	Broadcasting	38.5	41.7	40.5	40.0	36.7	40.5	44.4	43.3	41.7	44.1	43.3	41.1	45.2	43.1	▲ 2.1
	Maintenance,Guarding,Testing	52.3	51.8	51.4	51.6	50.7	50.7	51.0	50.0	48.1	48.2	48.8	49.3	49.8	48.6	▲ 1.2
	Advertising	41.4	42.3	42.3	41.2	41.7	40.4	40.1	40.3	40.7	40.5	40.7	40.4	38.9	40.3	1.4
	Information	59.1	59.7	59.8	60.7	59.3	60.1	59.0	60.3	59.6	58.0	57.8	58.5	58.7	57.7	▲ 1.0
	Labor Dispatching	59.2	58.0	59.4	58.8	59.0	57.2	54.6	53.8	53.5	53.9	52.8	52.7	51.0	53.2	2.2
	Special Services	55.3	53.9	55.0	54.6	53.6	53.5	52.8	52.5	51.5	49.5	50.1	49.9	51.1	51.8	0.7
	Medical,Welfare,Public Health	48.2	48.3	48.8	48.3	47.4	47.5	46.5	47.1	46.9	47.8	47.0	48.7	46.5	47.3	0.8
	Education	46.5	46.4	43.8	43.5	46.2	38.5	44.7	45.8	44.2	43.6	44.0	41.1	39.5	40.0	0.5
	Other	50.2	51.6	49.3	49.8	52.0	50.2	49.7	49.0	50.2	47.9	48.5	47.9	48.3	48.4	0.1
Total	52.8	52.9	52.9	53.2	52.7	52.4	51.7	51.9	51.6	50.6	50.8	50.8	50.7	51.0	0.3	
Other		45.0	46.3	46.2	45.3	46.6	44.1	48.3	45.2	44.9	43.2	42.6	44.1	43.2	42.1	▲ 1.1

		Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Ratio to the PrFDious Month
Hokkaido		47.5	44.3	43.9	45.2	45.2	43.9	44.4	44.6	45.5	45.3	45.1	45.7	46.4	46.6	0.2
Tohoku		46.6	46.4	45.9	46.5	45.4	44.4	43.1	42.8	43.1	42.2	41.9	41.7	41.7	43.2	1.5
kitakanto		50.0	50.0	49.0	48.5	48.5	45.8	44.8	44.7	44.3	43.1	42.5	42.6	42.2	▲ 0.4	
minamikanto		50.0	50.4	49.8	50.4	50.1	49.0	48.1	47.8	47.7	46.0	46.0	45.5	45.7	46.1	0.4
Hokuriku		49.8	49.3	49.4	49.3	48.6	47.7	46.3	45.3	45.3	44.6	44.2	43.5	44.1	43.5	▲ 0.6
Tokai		51.8	51.4	51.3	51.8	51.8	50.1	48.6	48.4	48.0	46.8	45.8	44.7	45.0	45.2	0.2
Kinki		49.4	48.9	48.8	49.7	49.7	48.4	47.6	47.3	46.9	45.0	44.6	44.0	43.8	43.9	0.1
Chugoku		47.1	48.0	48.6	48.5	48.7	47.7	47.2	46.7	47.2	45.6	45.5	45.0	44.8	45.0	0.2
Shikoku		47.9	47.0	47.6	47.2	48.4	46.8	47.6	46.8	46.9	46.7	44.8	43.1	43.8	43.9	0.1
Kyushu		50.6	50.8	49.1	50.6	50.7	49.7	48.5	48.6	48.3	46.9	47.0	47.6	46.3	47.1	0.8

## Appendix

### 1. Research Subjects (Companies researched: 23,696; Valid responses: 9,901; Response rate: 41.8%)

Appendix

#### 1. Region

Hokkaido	483	Tokai	1,124
Tohoku	646	Kinki	1,663
kitaKanto	748	Chugoku	536
minamikanto	3,189	Shikoku	292
Hokuriku	543	Kyushu	677
		<b>Total</b>	<b>9,901</b>

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

Agriculture, Forestry, Fisheries	55	
Finance	116	
Construction	1,506	
Real Estate	296	
Manufacturing 3,223	Food, Beverages, Livestock Feed	304
	Textile, Textile Products, Clothing	101
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	225
	Pulp, Paper and Paper Products	95
	Publishing, Printing	167
	Chemical	406
	Steel, Nonferrous Metals, Mining	486
	General Machinery	438
	Electrical Machinery	318
	Transportation Machinery, Equipment	102
Wholesale 3,959	Precision Machinery, Medical Instruments and Equipment	77
	Others	81
	Food, Beverages	347
	Textile, Textile Products, Clothing	169
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	307
	Paper Products, Stationery, Books	90
	Chemical	264
	Recycled Resources	37
	Steel, Nonferrous Metals, Mining Products	292
	Machinery, Equipment	881
Others	319	

Retail 480	Food, Beverages	57
	Textile, Textile Products, Clothing	29
	Drugs, Sundries	23
	Furniture	11
	Electrical Household Appliances, Information Machinery and Equipment	30
	Motor Vehicles, Motor Vehicle Parts	68
	Special Merchandise	125
	Various Merchandise	48
Others	7	
Transportation, Warehousing		427
Service 1,384	Restaurants	44
	Telecommunications	12
	Electricity, Gas, Water, Heat	13
	Leasing, Rentals	113
	Lodging, Hotels	24
	Recreation	53
	Broadcasting	12
	Maintenance, Guarding, Testing	157
	Advertising	93
	Information	442
	Labor Dispatching	52
	Special Services	247
	Medical, Welfare, Public Health	106
Education	25	
Others	166	
Others	38	
<b>Total</b>		<b>9,901</b>

#### 3. Size

Large Firms	1,962	19.8%
Small to Medium-sized Firms	7,939	80.2%
micro Firms	2,646	26.7%
<b>Total</b>	<b>9,901</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 2019

### 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

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

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

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.