

Manufacturing industry continues to deteriorate, driving down the domestic economy

~ Consumer spending trends will be the key ~

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

(Companies researched: 23,678; Valid responses: 10,046; Response rate: 42.4%; Survey start date: May 2002)

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

The economic diffusion index (DI) in November 2019 was 43.6, down 0.3 points from the previous month, and worsened for the second consecutive month. While the deteriorating manufacturing industry affects the related industries, the consumption tax rate increase also continues to impact the domestic economy, which may have entered a recession phase.

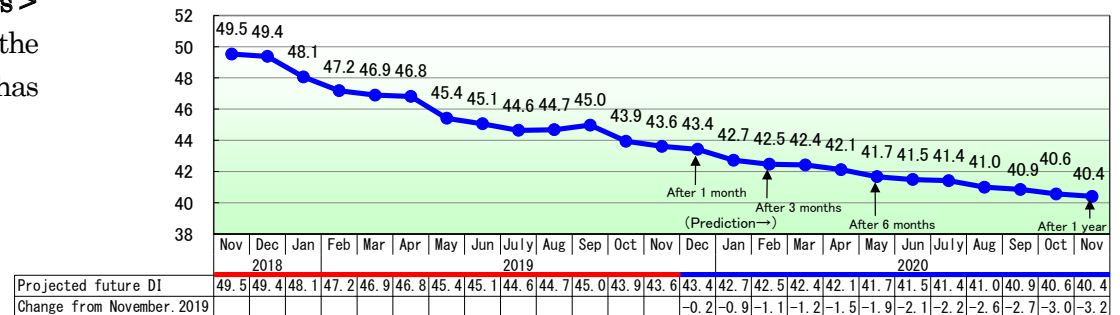
< Future outlook: Uncertainty has further intensified, with many downside factors >

With many causes of concern, such as consumer spending trends and the global economic slowdown, uncertainty about the domestic economy has further intensified.

By industry : The manufacturing industry worsened for the seventh consecutive month. The economic DI entered the 30s for the first time in six years and seven months.

By size : All sizes worsened for the second consecutive month. The slowdown in small-sized manufacturers was prominent.

By region : Overseas economic stagnation and a decline in appetite for capital investment put downward pressure on the local 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

	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Ratio to tHG PrFDious Month
Total	49.5	49.4	48.1	47.2	46.9	46.8	45.4	45.1	44.6	44.7	45.0	43.9	43.6	▲ 0.3
Large Firms	51.4	51.7	50.6	49.8	49.8	49.7	48.8	48.7	47.7	47.9	48.0	47.1	47.0	▲ 0.1
Small to Medium-sized Firms	49.0	48.8	47.4	46.5	46.2	46.1	44.6	44.2	43.9	43.9	44.2	43.2	42.8	▲ 0.4
Micro Firms	48.2	48.2	47.0	46.5	46.3	46.2	44.5	44.1	43.8	44.2	45.1	43.9	43.5	▲ 0.4

	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Ratio to tHG PrFDious Month	
Agriculture,Forestry,Fisheries	40.7	40.7	41.8	41.7	42.3	41.3	40.5	43.2	39.1	41.5	41.8	42.3	42.5	0.2	
Finance	47.1	46.5	46.1	45.2	45.9	45.1	44.7	44.8	45.1	44.7	45.8	45.4	46.8	1.4	
Construction	53.9	54.1	53.9	53.6	53.6	52.8	51.7	51.6	51.7	52.1	53.1	52.1	52.2	0.1	
Real Estate	49.3	49.7	49.1	47.5	47.4	48.7	47.6	48.3	47.4	46.5	48.0	45.9	46.0	0.1	
Manufacturing	Food,BEWerages,Livestock Feed	42.4	43.0	41.6	40.6	40.6	42.2	41.3	40.3	40.4	41.1	39.8	39.1	39.7	0.6
	Textile,Textile Products,Clothing	41.6	41.3	37.7	38.8	39.2	39.0	36.6	36.5	36.4	36.9	36.3	36.1	34.6	▲ 1.5
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	47.5	48.3	47.1	45.5	44.1	45.7	45.4	43.5	43.8	45.2	44.1	44.8	43.8	▲ 1.0
	Pulp, Paper and Paper Products	46.5	49.3	44.6	45.2	44.1	45.7	43.0	41.7	39.6	42.3	42.8	40.2	41.7	1.5
	Publishing,Printing	34.8	35.0	33.5	33.2	34.4	35.6	34.3	33.9	32.5	33.1	34.1	33.0	32.7	▲ 0.3
	Chemical	51.4	50.2	48.1	46.3	45.4	46.2	43.9	42.5	41.9	41.8	41.0	41.2	40.6	▲ 0.6
	Steel,Nonferrous Metals,Mining	54.4	52.5	50.4	48.0	45.4	45.5	42.9	41.8	41.5	41.2	40.4	39.8	38.1	▲ 1.7
	General Machinery	57.5	55.9	52.5	51.4	48.9	49.0	46.0	45.1	44.0	41.5	41.1	40.8	39.9	▲ 0.9
	Electrical Machinery	52.5	50.5	49.2	47.6	46.0	44.7	43.1	43.0	42.8	43.9	41.2	42.2	40.5	▲ 1.7
	Transportation Machinery,Equipment	56.4	53.8	52.3	50.9	49.3	49.4	48.1	47.5	46.4	43.4	42.3	43.5	41.2	▲ 2.3
	Precision Machinery, Medical Instruments and Equipment	53.4	54.0	51.3	48.6	45.5	47.3	44.4	42.4	43.9	43.4	42.0	41.3	42.0	0.7
Other	41.8	42.8	42.7	42.1	45.3	40.2	40.2	38.0	40.7	41.8	37.4	38.4		1.0	
Total	50.0	49.2	47.1	45.8	44.5	44.8	42.9	42.0	41.5	41.4	40.6	40.3	39.6	▲ 0.7	
Wholesale	Food,BEWerages	41.9	41.1	39.4	40.5	40.5	41.1	40.8	40.4	38.8	39.0	38.8	38.1	37.9	▲ 0.2
	Textile,Textile Products,Clothing	33.5	34.3	34.0	32.0	33.6	33.2	33.2	31.6	29.8	30.8	31.6	28.8	28.8	0.0
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	46.9	47.8	47.4	46.5	46.4	45.6	44.7	43.8	44.7	44.6	46.0	45.1	43.4	▲ 1.7
	Paper Products,Stationery,Books	38.1	39.3	37.9	36.0	39.0	39.2	39.0	36.4	37.0	37.1	38.0	37.7	36.3	▲ 1.4
	Chemical	47.8	47.7	45.3	44.3	44.3	44.2	41.8	41.2	42.7	42.0	42.7	41.0	40.4	▲ 0.6
	Recycled Resources	44.0	47.6	39.8	45.6	48.6	41.0	40.2	37.1	32.8	32.8	30.6	34.8	29.0	▲ 5.8
	Steel,Nonferrous Metals, Mining Products	48.8	50.2	46.3	45.0	43.7	43.4	40.8	40.4	39.0	38.8	37.6	38.0	37.0	▲ 1.0
	Machinery,Equipment	49.9	50.0	48.4	46.9	46.5	45.9	44.2	44.4	43.8	43.3	44.6	42.7	42.3	▲ 0.4
	Other	44.0	43.9	41.9	41.2	42.5	42.7	40.6	40.6	40.2	40.7	37.9	37.6		▲ 0.3
Total	46.0	46.3	44.4	43.6	43.7	43.3	41.9	41.4	41.0	40.8	41.4	39.9	39.3	▲ 0.6	

Economic Diffusion Index (Economic DI)2/2

		Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Ratio to tHG PrFDious Month
Retail	Food,BEWerages	45.5	42.8	43.4	41.5	42.5	42.5	44.8	42.9	41.5	41.3	41.8	40.5	40.2	▲ 0.3
	Textile,Textile Products,Clothing	31.3	34.0	30.9	32.7	38.9	39.1	36.9	36.6	34.6	36.5	37.9	32.7	31.5	▲ 1.2
	Drugs,Sundries	42.4	44.4	44.8	39.7	39.7	40.9	41.0	38.5	40.0	37.7	40.6	35.8	37.3	1.5
	Furniture	37.5	35.4	38.9	33.3	33.3	38.9	39.6	48.5	40.9	45.0	53.0	33.3	26.9	▲ 6.4
	Electrical Household Appliances, Information Machinery and Equipment	39.7	43.1	39.0	40.7	38.9	41.7	39.1	43.5	34.3	38.9	45.0	34.3	32.3	▲ 2.0
	Motor Vehicles,Motor Vehicle Parts	41.5	42.2	44.6	44.3	45.2	43.3	41.5	42.5	39.2	41.1	41.4	34.5	31.4	▲ 3.1
	Special Merchandise	43.3	43.2	41.9	41.3	40.8	42.1	41.3	41.1	40.6	40.7	43.5	38.2	39.1	0.9
	Various Merchandise	43.6	44.7	42.9	41.9	43.5	43.3	43.8	44.7	39.3	38.9	43.1	36.5	36.5	0.0
	Other	38.1	35.7	35.7	31.3	33.3	43.8	39.6	46.3	41.7	41.7	40.5	48.1	40.7	▲ 7.4
	Total	42.1	42.3	41.6	40.8	41.4	42.1	41.6	42.0	39.5	40.2	42.6	37.0	36.1	▲ 0.9
Transportation,Warehousing		50.1	50.5	49.1	48.2	48.1	48.2	46.7	45.6	44.5	45.5	46.0	44.9	45.1	0.2
Service	Restaurants	37.6	40.7	37.9	41.0	37.8	42.9	40.6	42.9	39.6	38.1	43.6	37.3	39.4	2.1
	Postal,Telecommunications	57.1	54.5	60.0	57.6	62.1	57.6	56.7	60.0	58.3	60.6	56.9	56.1	59.5	3.4
	Electricity,Gas,Water,Heat	57.1	61.9	57.4	57.4	56.3	58.3	55.6	54.5	54.2	52.6	51.3	51.2	52.2	1.0
	Leasing,Rentals	57.1	55.7	55.0	52.0	52.7	54.1	50.9	52.5	51.8	51.7	53.5	54.5	53.1	▲ 1.4
	Lodging, Hotels	45.5	45.7	44.9	44.2	42.3	41.0	50.0	44.9	40.3	39.9	47.2	41.3	42.0	0.7
	Recreation	40.6	39.3	38.9	37.8	41.0	38.8	42.0	41.5	41.8	40.9	38.7	38.2	40.7	2.5
	Broadcasting	40.0	36.7	40.5	44.4	43.3	41.7	44.1	43.3	41.1	45.2	43.1	42.9	41.7	▲ 1.2
	Maintenance,Guarding,Testing	51.6	50.7	50.7	51.0	50.0	48.1	48.2	48.8	49.3	49.8	48.6	49.1	47.3	▲ 1.8
	Advertising	41.2	41.7	40.4	40.1	40.3	40.7	40.5	40.7	40.4	38.9	40.3	40.4	39.6	▲ 0.8
	Information	60.7	59.3	60.1	59.0	60.3	59.6	58.0	57.8	58.5	58.7	57.7	57.4	57.8	0.4
	Labor Dispatching	58.8	59.0	57.2	54.6	53.8	53.5	53.9	52.8	52.7	51.0	53.2	53.3	50.9	▲ 2.4
	Special Services	54.6	53.6	53.5	52.8	52.5	51.5	49.5	50.1	49.9	51.1	51.8	51.5	50.8	▲ 0.7
	Medical,Welfare,Public Health	48.3	47.4	47.5	46.5	47.1	46.9	47.8	47.0	48.7	46.5	47.3	46.5	48.5	2.0
	Education	43.5	46.2	38.5	44.7	45.8	44.2	43.6	44.0	41.1	39.5	40.0	42.4	37.8	▲ 4.6
Other	49.8	52.0	50.2	49.7	49.0	50.2	47.9	48.5	47.9	48.3	48.4	47.9	47.9	0.0	
Total	53.2	52.7	52.4	51.7	51.9	51.6	50.6	50.8	50.8	50.7	51.0	50.6	50.4	▲ 0.2	
Other		45.3	46.6	44.1	48.3	45.2	44.9	43.2	42.6	44.1	43.2	42.1	43.1	40.4	▲ 2.7

		Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Ratio to tHG PrFDious Month
Hokkaido		45.2	45.2	43.9	44.4	44.6	45.5	45.3	45.1	45.7	46.4	46.6	45.7	45.0	▲ 0.7
Tohoku		46.5	45.4	44.4	43.1	42.8	43.1	42.2	41.9	41.7	41.7	43.2	41.9	42.2	0.3
kitakanto		48.5	48.5	45.8	44.8	44.7	44.3	43.1	42.5	42.5	42.6	42.2	40.9	40.0	▲ 0.9
minamikanto		50.4	50.1	49.0	48.1	47.8	47.7	46.0	46.0	45.5	45.7	46.1	45.5	45.5	0.0
Hokuriku		49.3	48.6	47.7	46.3	45.3	45.3	44.6	44.2	43.5	44.1	43.5	42.1	40.4	▲ 1.7
Tokai		51.8	51.8	50.1	48.6	48.4	48.0	46.8	45.8	44.7	45.0	45.2	43.6	42.7	▲ 0.9
Kinki		49.7	49.7	48.4	47.6	47.3	46.9	45.0	44.6	44.0	43.8	43.9	42.2	41.9	▲ 0.3
Chugoku		48.5	48.7	47.7	47.2	46.7	47.2	45.6	45.5	45.0	44.8	45.0	44.0	43.6	▲ 0.4
Shikoku		47.2	48.4	46.8	47.6	46.8	46.9	46.7	44.8	43.1	43.8	43.9	44.4	44.0	▲ 0.4
Kyushu		50.6	50.7	49.7	48.5	48.6	48.3	46.9	47.0	47.6	46.3	47.1	46.5	46.8	0.3

Appendix

1. Research Subjects (Companies researched: 23,678; Valid responses: 10,046; Response rate: 42.4%)

Appendix

1. Region

Hokkaido	523	Tokai	1,137
Tohoku	653	Kinki	1,678
kitaKanto	723	Chugoku	558
minamikanto	3,255	Shikoku	285
Hokuriku	538	Kyushu	696
		Total	10,046

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		53
Finance		120
Construction		1,575
Real Estate		314
Manufacturing (2,777)	Food, Beverages, Livestock Feed	302
	Textile, Textile Products, Clothing	103
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	222
	Pulp, Paper and Paper Products	98
	Publishing, Printing	161
	Chemical	391
	Steel, Nonferrous Metals, Mining	487
	General Machinery	463
	Electrical Machinery	305
	Transportation Machinery, Equipment	93
Wholesale (2,745)	Precision Machinery, Medical Instruments and Equipment	73
	Others	79
	Food, Beverages	337
	Textile, Textile Products, Clothing	176
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	322
	Paper Products, Stationery, Books	94
	Chemical	260
	Recycled Resources	31
	Steel, Nonferrous Metals, Mining Products	307
	Machinery, Equipment	889
Others	329	

Retail (393)	Food, Beverages	56
	Textile, Textile Products, Clothing	27
	Drugs, Sundries	25
	Furniture	13
	Electrical Household Appliances, Information Machinery and Equipment	31
	Motor Vehicles, Motor Vehicle Parts	68
	Special Merchandise	122
	Variou Merchandise	42
	Others	9
Transportation, Warehousing		433
Service (1,598)	Restaurants	52
	Telecommunications	7
	Electricity, Gas, Water, Heat	15
	Leasing, Rentals	120
	Lodging, Hotels	25
	Recreation	54
	Broadcasting	14
	Maintenance, Guarding, Testing	153
	Advertising	91
	Information	450
	Labor Dispatching	55
	Special Services	256
	Medical, Welfare, Public Health	113
Education	26	
Others	167	
Others		38
Total		10,046

3. Size

Large Firms	1,990	19.8%
Small to Medium-sized Firms	8,056	80.2%
micro Firms	2,696	26.8%
Total	10,046	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 18 – 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 ₆	N ₅	N ₄	N ₃	N ₂	N ₁	N ₀

Economic DI

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

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

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.