TDB Trends Research (Nationwide, Research & Summary for October 2023)

The economy slightly improved for the first time in three months, supported by strong tourism in each region

～ Active events and semiconductor-related demand were positive factors ～

(Companies researched: 27,052; Valid responses: 11,506; Response rate: 42.5%; Survey start date: May 2002)

< Trend in October 2023: Slightly improved >

The economic diffusion index (DI) in October 2023 was 44.7, up 0.3 points from the previous month, showing the first improvement in three months.

The domestic economy improved slightly, due to positive factors such as active events and inbound tourism demand, as well as semiconductor-related demand.
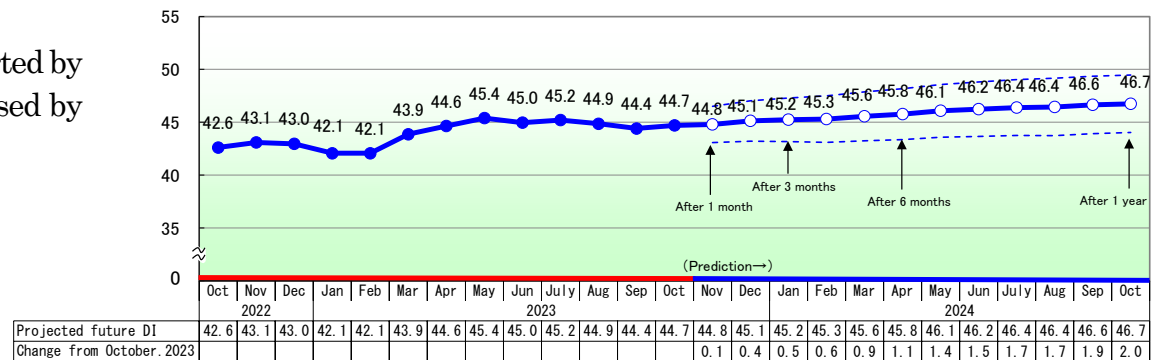
< Future outlook: Remain unchanged >

The domestic economy is expected to remain unchanged, supported by consumer spending and capital investment, despite the risks posed by overseas situations.

By industry: Improved in 9 out of 10 industries. The bustle in each region and IT demand were positive factors.

By scale: Companies of all sizes showed an improvement for the first time in five months. "Construction", "Manufacturing", and "Service" increased in all scales.

By region: Improved in 7 out of 10 regions. Strong tourism was a positive factor in each region.

	Oct 2022	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan 2024	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct
Projected future DI	42.6	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	45.1	45.2	45.3	45.6	45.8	46.1	46.2	46.4	46.4	46.6	46.7
Change from October. 2023														0.1	0.4	0.5	0.6	0.9	1.1	1.4	1.5	1.7	1.7	1.9	2.0

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

TDB Trends Research October 2023

Economic Diffusion Index (Economic DI)1/2

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Ratio to the Previous Month
Total	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	0.3
Large Firms	44.2	45.0	44.8	44.8	44.2	46.1	47.3	48.1	47.7	48.6	48.0	47.8	47.9	0.1
Small to Medium-sized Firms	42.3	42.7	42.6	41.6	41.7	43.5	44.2	44.9	44.5	44.6	44.3	43.8	44.1	0.3
Micro Firms	41.1	41.4	41.3	40.4	40.9	42.4	42.9	43.9	43.6	43.4	43.5	43.0	43.4	0.4

		Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		36.4	37.7	37.9	37.4	38.9	41.6	42.2	44.8	46.7	42.5	43.0	42.1	43.0	0.9
Finance		43.2	44.5	44.3	44.8	43.3	44.0	45.0	47.8	48.1	47.4	48.8	46.8	47.3	0.5
Construction		44.2	44.9	44.6	44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	47.5	0.4
Real Estate		44.0	45.6	44.8	46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	48.7	0.2
Manufacturing	Food,BEWerages,Livestock Feed	38.2	38.8	38.3	38.1	37.0	41.1	42.0	43.7	43.6	43.1	44.5	42.6	43.4	0.8
	Textile,Textile Products,Clothing	35.7	36.5	37.9	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	43.0	41.5	▲ 1.5
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	40.9	41.9	41.0	38.0	37.6	37.0	39.7	39.0	38.4	37.9	38.2	39.0	40.3	1.3
	Pulp, Paper and Paper Products	40.4	40.2	39.2	39.8	36.6	38.6	37.6	38.6	35.8	36.1	36.1	36.9	37.7	0.8
	Publishing,Printing	31.8	32.9	32.4	31.7	31.6	34.3	33.9	35.4	33.9	33.4	33.9	32.3	32.5	0.2
	Chemical	40.8	40.8	41.5	40.3	39.2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	41.4	0.2
	Steel,Nonferrous Metals,Mining	43.9	43.6	43.1	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	41.5	1.7
	General Machinery	45.8	45.9	44.9	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	40.7	▲ 0.5
	Electrical Machinery	44.8	45.4	44.5	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	42.3	▲ 0.1
	Transportation Machinery,Equipment	42.2	42.1	41.0	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	46.9	▲ 1.4
	Precision Machinery, Medical Instruments and Equipment	46.1	46.1	46.3	46.5	49.0	46.8	45.6	46.2	46.8	45.4	42.9	44.2	42.9	▲ 1.3
	Other	35.4	35.9	37.0	39.1	36.1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	39.4	▲ 1.1
	Total	41.6	41.9	41.5	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	41.1	0.3
Wholesale	Food,BEWerages	37.4	38.8	38.2	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	43.3	▲ 2.5
	Textile,Textile Products,Clothing	32.4	33.1	34.0	34.7	35.9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	36.1	▲ 2.0
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	39.8	39.5	40.2	38.3	37.2	38.0	39.1	38.4	37.3	38.4	38.0	38.1	38.0	▲ 0.1
	Paper Products,Stationery,Books	37.1	37.0	33.8	34.8	35.6	37.3	37.9	40.3	36.5	38.2	38.6	38.5	38.4	▲ 0.1
	Chemical	42.6	43.8	43.5	42.8	41.7	43.5	44.9	46.8	45.3	45.2	45.1	44.5	44.9	0.4
	Recycled Resources	46.3	43.5	46.2	43.3	43.2	41.7	43.5	40.4	38.9	42.2	40.9	43.9	45.2	1.3
	Steel,Nonferrous Metals, Mining Products	39.7	40.2	39.9	38.5	37.1	37.8	37.9	38.1	37.5	37.9	34.7	36.7	37.0	0.3
	Machinery,Equipment	44.1	44.1	43.8	43.0	43.3	45.2	45.2	46.0	45.4	45.3	44.7	43.8	43.9	0.1
	Other	39.0	39.6	40.9	40.0	40.9	42.3	43.9	44.9	43.2	42.6	42.7	41.7	43.1	1.4
	Total	40.6	41.0	41.0	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	41.7	▲ 0.2

Economic Diffusion Index (Economic DI)2/2

		Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Ratio to the Previous Month
Retail	Food,BEWerages	39.6	43.2	42.2	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	45.5	▲ 1.0
	Textile,Textile Products,Clothing	38.7	38.1	35.4	34.2	35.7	39.7	36.6	38.3	40.4	41.4	41.2	36.6	42.7	6.1
	Drugs,Sundries	38.9	40.6	39.0	37.2	38.5	42.9	47.8	47.4	45.9	45.3	42.6	42.5	43.8	1.3
	Furniture	37.8	36.2	31.0	34.2	33.3	39.5	38.1	34.7	33.3	32.5	30.2	36.3	27.2	▲ 9.1
	Electrical Household Appliances, Information Machinery and Equipment	35.1	35.3	37.2	36.3	37.5	40.2	37.8	40.5	38.6	41.3	40.2	42.7	42.5	▲ 0.2
	Motor Vehicles,Motor Vehicle Parts	37.6	37.2	35.3	38.2	38.7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	42.4	0.7
	Special Merchandise	33.5	35.4	34.8	34.4	35.3	38.6	39.0	39.4	40.1	38.8	38.7	39.1	39.4	0.3
	Various Merchandise	41.3	41.4	42.6	42.5	41.0	43.6	47.8	45.8	44.9	48.1	48.5	45.9	45.3	▲ 0.6
	Other	36.5	44.9	41.1	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	46.2	▲ 1.4
	Total	36.8	38.2	37.4	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	41.9	0.5
Transportation,Warehousing		40.7	41.6	41.6	38.9	38.0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	44.1	1.3
Service	Restaurants	39.0	39.1	41.5	38.5	42.4	49.8	50.8	56.7	53.6	55.6	52.2	51.8	47.4	▲ 4.4
	Postal,Telecommunications	52.4	50.0	48.3	47.6	44.4	52.8	52.8	58.3	53.3	60.4	54.8	57.4	59.5	2.1
	Electricity,Gas,Water,Heat	31.1	32.3	36.7	32.4	32.1	39.7	38.9	44.0	44.1	44.8	43.5	46.3	44.1	▲ 2.2
	Leasing,Rentals	47.5	48.4	47.4	46.8	47.4	48.1	50.5	49.7	52.1	49.8	49.0	49.2	52.5	3.3
	Lodging, Hotels	53.3	54.8	52.2	48.3	48.0	59.5	62.1	59.8	55.1	56.6	55.5	57.6	59.7	2.1
	Recreation	45.0	43.8	43.2	42.1	44.1	50.9	48.9	50.4	47.6	49.3	48.8	46.2	46.3	0.1
	Broadcasting	43.1	41.7	39.5	40.7	41.1	42.6	44.7	47.4	43.1	44.7	46.1	45.6	42.6	▲ 3.0
	Maintenance,Guarding,Testing	42.8	43.6	45.6	42.9	42.6	45.3	45.8	47.3	48.0	48.4	47.4	47.8	46.8	▲ 1.0
	Advertising	40.9	40.3	39.7	40.2	41.4	43.7	46.6	45.0	45.0	44.8	45.2	45.4	45.2	▲ 0.2
	Information	52.3	53.0	53.6	53.2	53.8	55.5	55.8	56.2	56.8	57.0	56.4	55.5	56.0	0.5
	Labor Dispatching	48.8	46.5	50.0	48.5	47.9	47.3	49.6	50.7	52.0	52.0	50.9	48.9	50.9	2.0
	Special Services	49.0	48.8	48.7	48.5	49.2	50.1	50.9	52.3	51.7	52.2	51.3	51.2	52.0	0.8
	Medical,Welfare,Public Health	43.2	43.6	42.8	42.9	41.5	42.2	41.8	44.6	44.8	44.2	43.4	42.4	43.6	1.2
	Education	42.1	42.8	41.2	38.4	41.9	44.4	38.4	42.2	41.4	40.7	43.8	46.4	45.6	▲ 0.8
	Other	43.3	43.5	44.0	42.2	44.3	46.5	48.6	47.5	49.2	48.2	47.9	47.2	47.6	0.4
	Total	47.1	47.3	47.7	46.6	47.4	50.0	50.8	51.6	51.6	51.7	50.8	50.4	50.8	0.4
Other		37.9	38.2	36.7	36.5	37.0	38.2	39.2	41.2	39.8	40.9	40.8	39.2	40.1	0.9

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Ratio to the Previous Month
Hokkaido	41.2	40.9	40.8	40.1	40.6	41.2	42.2	43.0	43.9	45.6	44.8	43.6	43.7	0.1
Tohoku	39.9	40.3	39.4	38.0	37.2	41.1	41.2	41.6	41.7	42.1	41.8	41.5	41.4	▲ 0.1
kitakanto	43.7	43.7	43.1	40.9	41.4	42.6	43.3	43.4	42.8	43.1	43.1	42.9	43.0	0.1
minamikanto	43.8	44.4	44.7	44.1	43.9	45.7	46.7	47.2	47.2	47.4	46.6	46.4	46.3	▲ 0.1
Hokuriku	42.3	42.2	42.2	40.9	41.2	42.1	42.5	44.0	43.7	43.6	43.1	42.5	42.1	▲ 0.4
Tokai	41.1	41.4	41.7	41.0	41.1	42.8	43.3	44.6	43.8	44.4	44.4	43.6	44.4	0.8
Kinki	42.3	43.0	42.7	42.0	41.8	43.6	44.3	45.4	43.9	43.8	43.6	43.2	43.7	0.5
Chugoku	42.8	43.8	43.4	41.9	41.8	44.1	44.8	44.9	44.7	45.3	44.3	44.1	44.9	0.8
Shikoku	40.3	40.0	39.3	39.0	38.6	40.0	40.7	43.0	41.7	42.6	41.8	41.2	41.4	0.2
Kyushu	44.0	45.1	44.8	44.0	44.8	46.4	48.1	48.5	48.2	48.0	48.3	47.7	48.6	0.9

Appendix

1.Research Subjects(Companies researched: 27, 052; Valid responses: 11,506; Response rate: 42.5%)

1.Region

Hokkaido	542	Tokai	1,218
Tohoku	758	Kinki	1,910
kitaKanto	926	Chugoku	767
minamikanto	3,396	Shikoku	385
Hokuriku	605	Kyushu	999
		Total	11,506

2.Industry (10 Industries 51 Lines of business)

Category	Line of business	Value
Agriculture,Forestry,Fisheries		114
Finance		177
Construction		1,802
Real Estate		466
Manufacturing (2,844)	Food,Beverages,Livestock Feed	338
	Textile,Textile Products,Clothing	104
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	224
	Pulp, Paper and Paper Products	91
	Publishing,Printing	158
	Chemical	385
	Steel,Nonferrous Metals,Mining	510
	General Machinery	466
	Electrical Machinery	308
	Transportation Machinery,Equipment	107
	Precision Machinery,Medical Instruments and Equipment	73
	Others	80
Wholesale (2,620)	Food,Beverages	339
	Textile,Textile Products,Clothing	160
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	301
	Paper Products,Stationery,Books	131
	Chemical	244
	Recycled Resources	35
	Steel,Nonferrous Metals,Mining Products	271
	Machinery,Equipment	824
	Others	315

Category	Line of business	Value
Retail (765)	Food,Beverages	104
	Textile,Textile Products,Clothing	89
	Drugs,Sundries	65
	Furniture	19
	Electrical Household Appliances,Information Machinery and Equipment	60
	Motor Vehicles,Motor Vehicle Parts	125
	Special Merchandise	244
	Various Merchandise	46
	Others	13
Transportation,Warehousing		499
Service (2,182)	Restaurants	91
	Telecommunications	7
	Electricity,Gas,Water,Heat	17
	Leasing,Rentals	118
	Lodging, Hotels	88
	Recreation	122
	Broadcasting	18
	Maintenance,Guarding,Testing	200
	Advertising	112
	Information	564
	Labor Dispatching	89
	Special Services	360
	Medical,Welfare,Public Health	133
	Education	42
	Others	221
Others		37
Total		11,506

3.Size

Large Firms	1,772	15.4%
Small to Medium-sized Firms	9,734	84.6%
micro Firms	3,832	33.3%
Total	11,506	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 October 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

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

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

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 midium-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 midium-sized corporations in Small to Medium-Sized Enterprises Basic Act.