

Domestic economy continues on a weakening trend

- A decline in the manufacturing industry’s performance due to the slowdown in exports -

(Companies researched: 23,059; Valid responses: 9,619; Response rate: 41.7%; Survey start date: May 2002)

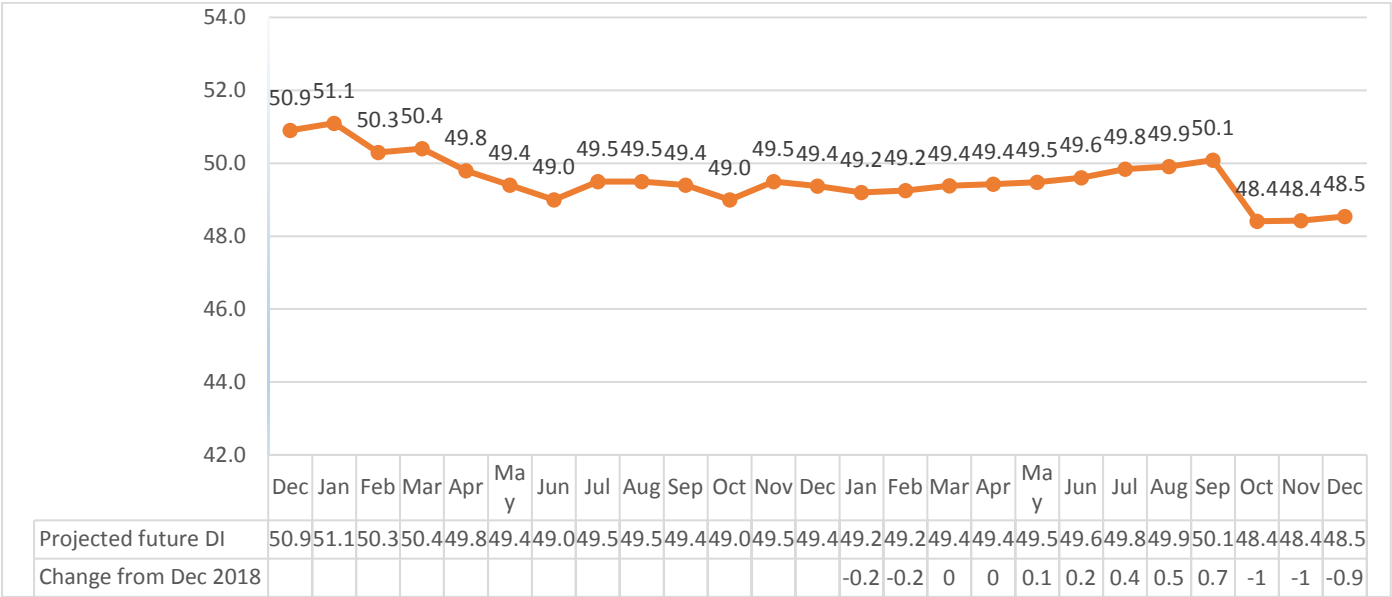
Overview of December 2018: Weak domestic economy

The economic diffusion index (DI) in December 2018 was 49.4, down 0.1 point from the previous month, and worsened for the first time in two months. Although there was year-end demand, the manpower shortage accelerated and the domestic economy continued on a weakening trend, such as a decline in the manufacturing industry’s performance due to the slowdown in exports, etc.

Future outlook: Uncertainly has intensified

While a demand increase due to the hike in the consumption tax and a reactionary decline are expected, there are concerns about the slowdown of external demand in China, etc., and how the US-Japan trade negotiations will progress, so uncertainty has further intensified.

- By industry: A manpower shortage accelerated due to year-end demand being impacted by the slowdown of external demand.
- By size: While “SMEs” worsened, “large enterprises” improved for the first time in five months.
- By region: All ten regions worsened on a year-on-year comparison. Some regions were also impacted by the warm winter.



*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

	Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Ratio to the PrFDious Month
Large Firms	53.0	53.2	52.2	52.5	52.2	51.6	51.3	51.8	51.6	51.4	51.4	51.4	51.7	0.3
Small to Medium-sized Firms	50.4	50.5	49.8	49.9	49.3	48.8	48.5	48.9	49.0	48.9	48.4	49.0	48.8	▲ 0.2
Micro Firms	49.8	49.6	49.0	49.2	48.1	48.1	47.6	48.1	48.4	48.4	47.9	48.2	48.2	0.0
Total	50.9	51.1	50.3	50.4	49.8	49.4	49.0	49.5	49.5	49.4	49.0	49.5	49.4	▲ 0.1

	Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries	49.2	47.1	45.5	44.4	43.5	44.2	43.3	43.4	45.7	43.8	41.5	40.7	40.7	0.0
Finance	48.9	49.6	48.0	50.3	49.4	47.8	47.2	49.5	47.5	48.5	46.2	47.1	46.5	▲ 0.6
Construction	54.2	54.0	53.4	52.9	51.4	51.8	51.9	52.8	53.1	53.8	53.4	53.9	54.1	0.2
Real Estate	51.3	52.3	52.1	53.1	50.9	51.0	51.1	50.5	51.1	50.7	49.3	49.3	49.7	0.4
Manufacturing	Food,BEWerages,Livestock Feed	44.8	44.0	43.2	41.9	42.9	43.4	43.2	43.1	43.3	42.9	42.4	43.0	0.6
	Textile,Textile Products,Clothing	42.0	39.1	41.3	42.4	42.4	42.7	42.8	42.1	41.8	41.9	41.4	41.3	▲ 0.3
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	48.0	46.8	46.2	46.3	45.7	45.9	46.6	45.6	45.2	46.1	47.5	48.3	0.8
	Pulp, Paper and Paper Products	48.7	46.6	44.1	45.8	46.3	43.1	45.2	44.5	44.5	44.3	46.5	49.3	2.8
	Publishing,Printing	35.8	36.4	37.4	37.1	36.2	36.3	33.7	35.0	33.8	34.6	33.2	34.8	0.2
	Chemical	54.1	53.9	53.2	53.8	52.3	51.8	51.6	52.2	51.3	51.4	50.4	51.4	▲ 1.2
	Steel,Nonferrous Metals,Mining	56.3	57.6	55.6	55.6	53.7	53.5	53.3	54.1	54.2	52.8	53.0	54.4	▲ 1.9
	General Machinery	60.8	62.4	62.0	61.2	60.9	60.6	60.3	60.7	59.9	59.1	58.1	57.5	▲ 1.6
	Electrical Machinery	55.7	56.9	56.5	54.8	54.9	53.4	53.4	52.8	52.0	53.3	52.9	52.5	▲ 2.0
	Transportation Machinery,Equipment	56.9	57.9	56.6	59.8	57.6	58.4	57.3	56.6	58.7	58.3	56.9	56.4	▲ 2.6
	Precision Machinery, Medical Instruments and Equipment	54.7	57.4	56.2	54.8	57.5	56.6	57.2	55.1	54.8	54.3	53.7	53.4	0.6
	Other	42.6	43.4	43.1	43.8	43.2	44.3	42.5	41.5	40.7	42.6	42.8	41.8	1.0
	Total	52.1	52.6	51.9	51.6	51.0	50.8	50.4	50.6	50.2	50.0	49.5	50.0	▲ 0.8
	Food,BEWerages	43.5	42.9	42.1	43.0	42.9	42.8	42.4	40.9	41.9	41.3	40.6	41.9	▲ 0.8
Wholesale	Textile,Textile Products,Clothing	37.4	37.2	35.5	37.2	37.2	36.8	37.3	35.9	37.3	35.1	35.3	33.5	0.8
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	46.7	46.2	44.9	44.7	45.0	43.3	44.4	44.8	44.2	44.8	43.9	46.9	0.9
	Paper Products,Stationery,Books	38.4	37.6	34.9	36.8	38.0	37.5	36.2	35.4	36.6	36.9	36.5	38.1	1.2
	Chemical	50.7	49.7	49.0	49.1	49.1	49.1	46.8	48.9	48.1	47.1	47.0	47.8	▲ 0.1
	Recycled Resources	58.3	56.2	51.0	51.9	49.5	46.6	50.6	48.2	51.2	47.8	49.4	44.0	3.6
	Steel,Nonferrous Metals, Mining Products	52.3	53.1	51.9	50.8	49.7	48.2	47.8	48.0	50.3	49.2	49.4	48.8	1.4
	Machinery,Equipment	52.1	52.3	51.4	51.8	51.1	50.6	50.0	50.9	51.0	50.2	49.6	49.9	0.1
	Other	43.7	43.9	42.8	43.8	45.4	43.4	43.3	43.2	42.4	42.4	43.4	44.0	▲ 0.1
	Total	47.9	47.8	46.6	47.1	47.0	46.1	45.7	45.9	46.3	45.6	45.4	46.0	0.3

Economic Diffusion Index (Economic DI)2/2

		Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Ratio to the PrFDious Month
Retail	Food,BEWerages	45.3	44.1	45.6	46.1	47.4	45.7	45.2	44.5	45.3	45.7	44.4	45.5	42.8	▲ 2.7
	Textile,Textile Products,Clothing	35.6	41.0	38.2	37.3	38.9	36.7	32.1	34.6	32.7	30.6	32.7	31.3	34.0	2.7
	Drugs,Sundries	44.4	46.4	45.7	47.2	44.9	47.1	42.9	41.0	41.3	40.2	38.4	42.4	44.4	2.0
	Furniture	40.7	43.9	35.2	35.0	36.7	35.2	38.3	38.3	37.0	37.0	37.9	37.5	35.4	▲ 2.1
	Electrical Household Appliances, Information Machinery	47.7	41.9	40.4	45.7	46.5	40.2	41.9	45.5	43.7	42.8	40.6	39.7	43.1	3.4
	Motor Vehicles,Motor Vehicle Parts	44.2	49.2	47.8	48.3	48.2	43.5	42.9	45.0	43.5	46.1	40.8	41.5	42.2	0.7
	Special Merchandise	41.5	41.9	42.5	42.9	41.0	39.7	39.7	40.7	39.1	39.1	39.7	43.3	43.2	▲ 0.1
	Various Merchandise	46.4	46.9	46.0	47.5	49.6	44.1	44.2	48.2	46.5	43.6	46.4	43.6	44.7	1.1
	Other	50.0	50.0	43.3	41.7	36.1	41.7	33.3	36.1	40.5	38.9	41.7	38.1	35.7	▲ 2.4
	Total	43.4	44.3	43.8	44.8	44.6	42.0	41.3	42.7	41.7	41.6	40.9	42.1	42.3	0.2
Transportation,Warehousing		52.5	50.7	49.6	50.5	50.0	49.3	48.7	50.3	50.3	49.5	48.7	50.1	50.5	0.4
	Restaurants	44.9	45.2	43.6	44.2	44.7	45.0	42.5	42.7	42.5	39.3	37.0	37.6	40.7	3.1
Service	Postal,Telecommunicati ons	56.4	56.1	59.1	57.7	56.9	50.0	54.5	55.6	55.0	56.1	59.7	57.1	54.5	▲ 2.6
	Electricity,Gas,Water,Heat	54.2	60.4	58.3	61.1	54.2	56.3	57.4	56.3	57.4	59.3	56.7	57.1	61.9	4.8
	Leasing,Rentals	55.9	56.9	56.0	56.0	55.2	51.5	52.9	54.5	54.2	55.9	56.5	57.1	55.7	▲ 1.4
	Lodging, Hotels	48.0	46.9	48.7	52.0	51.7	50.6	50.0	45.2	46.6	43.6	41.0	45.5	45.7	0.2
	Recreation	42.2	41.7	42.2	42.5	41.5	39.5	40.9	39.8	40.0	39.9	35.5	40.6	39.3	▲ 1.3
	Broadcasting	47.6	47.6	47.4	47.0	39.7	37.2	40.3	42.3	38.5	41.7	40.5	40.0	36.7	▲ 3.3
	Maintenance,Guarding,Testing	50.3	51.5	50.7	51.1	49.9	50.2	48.5	50.5	52.3	51.8	51.4	51.6	50.7	▲ 0.9
	Advertising	41.5	46.1	42.3	43.4	44.2	43.0	40.2	41.7	41.4	42.3	42.3	41.2	41.7	0.5
	Information	58.4	59.4	58.8	58.6	59.4	58.4	58.8	58.7	59.1	59.7	59.8	60.7	59.3	▲ 1.4
	Labor Dispatching	57.9	58.6	56.5	57.9	57.8	59.0	59.1	59.3	59.2	58.0	59.4	58.8	59.0	0.2
	Special Services	55.5	53.4	53.1	54.3	53.6	53.7	54.6	54.8	55.3	53.9	55.0	54.6	53.6	▲ 1.0
	Medical,Welfare,Public Health	48.3	47.6	48.6	48.1	48.8	48.0	46.8	46.1	48.2	48.3	48.8	48.3	47.4	▲ 0.9
	Education	42.4	45.1	41.7	44.2	42.4	42.8	40.6	42.6	46.5	46.4	43.8	43.5	46.2	2.7
	Other	52.6	51.6	51.3	51.8	50.7	50.8	50.0	51.3	50.2	51.6	49.3	49.8	52.0	2.2
	Total	53.0	53.4	52.7	53.1	52.8	52.1	52.0	52.4	52.8	52.9	52.9	53.2	52.7	▲ 0.5
Other		48.2	47.8	47.9	50.8	49.2	50.0	46.3	46.1	45.0	46.3	46.2	45.3	46.6	1.3
		Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Ratio to the PrFDious Month
	Hokkaido	48.4	47.8	45.7	46.6	46.2	45.8	46.5	46.6	47.5	44.3	43.9	45.2	45.2	0.0
	Tohoku	47.9	46.9	46.1	46.4	45.7	45.0	44.2	46.8	46.6	46.4	45.9	46.5	45.4	▲ 1.1
	kitakanto	52.9	52.3	51.7	51.4	50.7	49.8	49.4	50.6	50.0	50.0	49.0	48.5	48.5	0.0
	minamikanto	51.3	51.8	51.0	51.5	50.7	50.3	50.2	50.3	50.0	50.4	49.8	50.4	50.1	▲ 0.3
	Hokuriku	49.9	49.7	47.7	48.5	48.7	48.5	48.7	49.4	49.8	49.3	49.4	49.3	48.6	▲ 0.7
	Tokai	52.5	52.6	52.5	52.3	51.9	51.9	50.9	51.6	51.8	51.4	51.3	51.8	51.8	0.0
	Kinki	50.8	51.1	50.3	50.0	49.7	48.8	48.4	48.6	49.4	48.9	48.8	49.7	49.7	0.0
	Chugoku	50.6	50.8	50.1	49.6	48.7	48.7	47.9	47.0	47.1	48.0	48.6	48.5	48.7	0.2
	Shikoku	49.0	49.4	48.5	48.4	48.2	47.8	47.2	47.5	47.9	47.0	47.6	47.2	48.4	1.2
	Kyushu	51.7	51.7	51.8	51.7	51.4	50.4	49.8	50.9	50.6	50.8	49.1	50.6	50.7	0.1

Appendix

1.Region

Hokkaido	524	Tokai	1,135
Tohoku	636	Kinki	1,727
kitaKanto	720	Chugoku	573
minamikanto	3,230	Shikoku	312
Hokuriku	563	Kyushu	748
		Total	10,168

2.Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		59
Finance		122
Construction		1,482
Real Estate		315
Manufacturing 3,223	Food, Beverages, Livestock Feed	330
	Textile, Textile Products, Clothing	109
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	226
	Pulp, Paper and Paper Products	103
	Publishing, Printing	185
	Chemical	419
	Steel, Nonferrous Metals, Mining	504
	General Machinery	446
	Electrical Machinery	342
	Transportation Machinery, Equipment	102
	Precision Machinery, Medical Instruments and Equipment	75
	Others	86
Wholesale 3,959	Food, Beverages	365
	Textile, Textile Products, Clothing	179
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	327
	Paper Products, Stationery, Books	101
	Chemical	285
	Recycled Resources	32
	Steel, Nonferrous Metals, Mining Products	312
	Machinery, Equipment	914
	Others	347

Retail 480	Food,Beverages	64
	Textile,Textile Products,Clothing	30
	Drugs,Sundries	24
	Furniture	9
	Electrical Household Appliances,Information Machinery and Equipment	37
	Motor Vehicles,Motor Vehicle Parts	60
	Special Merchandise	132
	Various Merchandise	46
	Others	4
Transportation,Warehousing		436
Service 1,384	Restaurants	39
	Telecommunications	13
	Electricity,Gas,Water,Heat	8
	Leasing,Rentals	110
	Lodging, Hotels	25
	Recreation	64
	Broadcasting	14
	Maintenance,Guarding,Testing	157
	Advertising	100
	Information	419
	Labor Dispatching	53
	Special Services	241
	Medical,Welfare,Public Health	100
	Education	24
	Others	146
Others		46
Total		10,168

3.Size

Large Firms		2,106	20.7%
Small to Medium-sized Firms		8,062	79.3%
	micro Firms	2,660	26.2%
Total		10,168	100.0%