

TDB Trends Research

Research & Summary for September 2017

***Domestic economy improved for four consecutive months,
boosted by manufacturing industry***

- Construction industry exceeded 50 points

in all of "large-scale enterprises," "SMEs" and "small-scale enterprises-

(Companies researched: 23,341 ; Valid responses: 10,212; Response rate: 43.8%; Survey start date: May 2002)

Overview of September 2017: Recovery continues

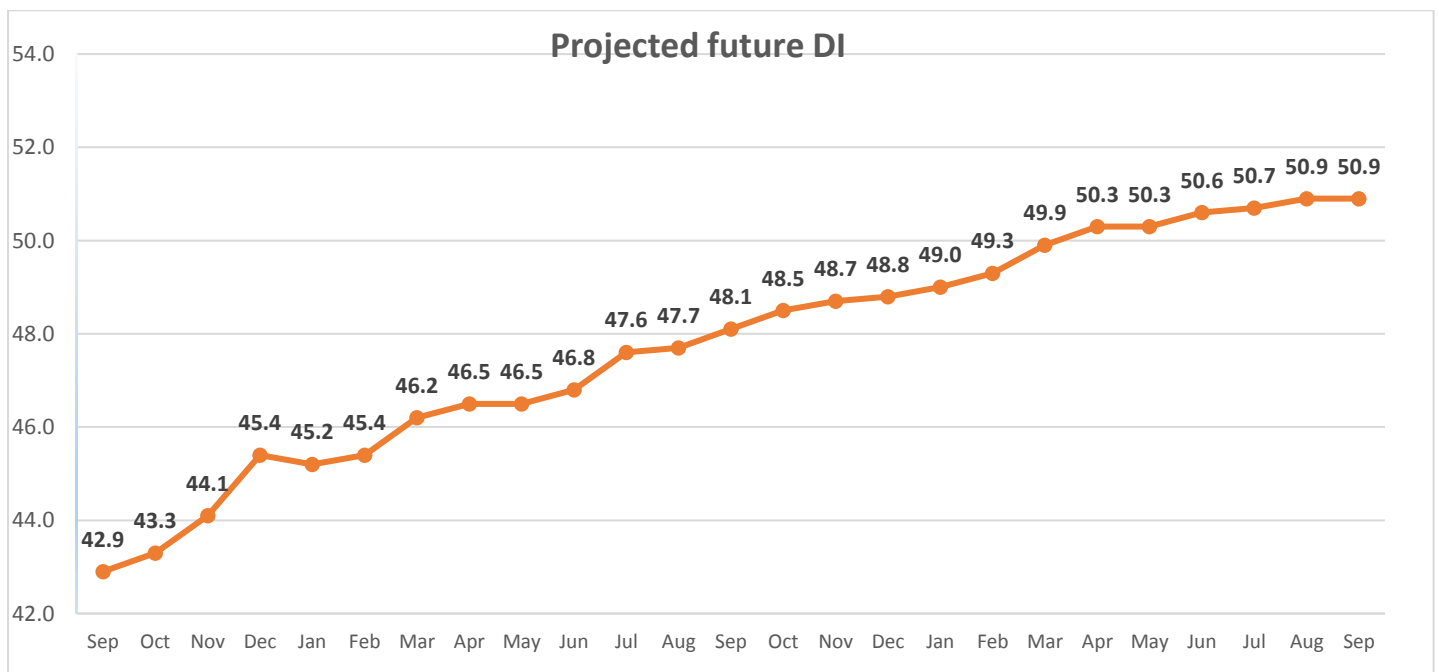
The economic diffusion index (DI) in September 2017 was 48.4, up 0.7 points from the previous month, which is an improvement for four consecutive months.

Recovery of the domestic economy continued, with an upturn in the stock market and active investment in construction, in addition to overall business confidence boosted by a manufacturing industry whose exports grew.

Future outlook: Recovery trend continues

The recovery trend in the domestic economy is expected to continue, driven by strong domestic demand such as an increase in future capital investment and recovery in personal consumption.

- By industry: Manufacturing industry that continues to improve as a result of export growth hit a new high since the consumption tax rate increase.
- By size: The economy improved in all sizes for three consecutive months.
- By region: Eight of the ten regions hit new highs since the consumption tax rate increase.



*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. 16	Oct. 16	Nov. 16	Dec. 16	Jan. 17	Feb. 17	Mar. 17	Apr. 17	May. 17	Jun. 17	Jul. 17	Aug. 17	Sep. 17	Ratio to the PrFDious Month
Large Firms	46.5	46.5	47.0	48.4	48.2	48.3	48.9	49.4	49.9	49.8	50.3	50.5	51.3	0.8
Small to Medium-sized Firms	41.9	42.4	43.3	44.5	44.4	44.6	45.4	45.7	45.6	46.0	46.8	47.0	47.7	0.7
Micro Firms	41.3	41.9	42.9	43.9	43.5	44.1	44.4	44.5	44.4	44.4	45.6	45.7	46.7	1.0
Total	42.9	43.3	44.1	45.4	45.2	45.4	46.2	46.5	46.5	46.8	47.6	47.7	48.4	0.7

	Sep. 16	Oct. 16	Nov. 16	Dec. 16	Jan. 17	Feb. 17	Mar. 17	Apr. 17	May. 17	Jun. 17	Jul. 17	Aug. 17	Sep. 17	Ratio to the PrFDious Month
Agriculture,Forestry,Fisheries	41.8	41.2	44.6	47.3	43.3	45.1	45.5	47.0	45.4	45.3	44.9	44.5	45.6	1.1
Finance	44.5	44.1	45.2	45.9	46.4	45.5	45.6	46.0	46.4	46.3	47.2	46.8	48.0	1.2
Construction	48.1	48.6	49.2	49.7	49.2	49.5	49.3	49.0	49.5	49.5	50.4	50.7	51.7	1.0
Real Estate	47.0	46.2	47.7	48.7	49.3	49.9	49.4	49.7	50.7	49.4	49.6	49.3	49.9	0.6
Food,BEWerages,Livestock Feed	41.8	42.2	42.2	43.4	41.9	42.1	42.7	43.0	42.6	43.5	43.5	42.9	43.0	0.1
Textile,Textile Products,Clothing	37.3	36.6	36.7	38.0	36.3	37.7	38.6	38.8	39.4	37.8	37.9	38.4	37.7	▲ 0.7
Construction Materials,Furniture,Ceramics,Stone and Clay Products	40.5	41.7	42.5	43.5	43.3	42.8	43.2	42.4	43.4	43.4	45.3	45.9	45.6	▲ 0.3
Pulp, Paper and Paper Products	39.1	40.1	40.3	43.0	43.3	42.0	42.0	42.9	42.5	43.4	43.8	41.9	44.4	2.5
Publishing,Printing	33.7	34.4	35.0	35.7	33.9	34.6	36.5	35.6	33.4	35.1	34.2	34.6	36.4	1.8
Manufacturing	44.0	43.8	45.5	48.2	47.5	47.9	48.5	49.9	50.3	50.2	51.4	50.5	51.8	1.3
Steel,Nonferrous Metals,Mining	41.4	42.5	44.3	45.7	45.9	46.2	47.0	47.5	47.3	49.6	51.1	51.6	53.0	1.4
General Machinery	45.3	46.7	47.9	50.3	49.9	51.1	52.9	54.1	54.5	54.8	56.5	56.2	57.2	1.0
Electrical Machinery	42.6	44.5	44.4	45.5	46.3	47.1	47.8	48.6	49.3	49.7	50.3	51.5	52.2	0.7
Transportation Machinery,Equipment	44.2	46.9	46.6	48.6	49.5	49.3	52.5	50.3	52.0	52.7	52.2	54.7	54.8	0.1
Precision Machinery, Medical Instruments and Equipment	44.8	44.0	44.8	46.3	46.7	49.4	48.1	50.0	51.7	51.5	50.4	51.8	51.5	▲ 0.3
Other	37.7	37.3	39.4	39.6	39.2	41.3	41.3	40.1	38.2	38.5	40.3	39.7	41.6	1.9
Total	41.8	42.7	43.5	45.2	44.8	45.4	46.3	46.7	46.9	47.5	48.5	48.6	49.4	0.8
Food,BEWerages	39.9	39.9	40.1	41.5	40.6	40.4	41.0	41.7	42.7	41.8	42.2	41.3	41.6	0.3
Textile,Textile Products,Clothing	32.9	31.9	33.1	34.0	33.7	33.4	32.6	34.7	34.5	35.0	34.3	34.2	35.3	1.1
Construction Materials, Furniture,Ceramics, Stone and Clay Products	39.9	40.3	42.6	43.2	42.1	42.6	42.8	41.8	43.2	42.8	43.0	43.8	44.0	0.2
Paper Products,Stationery,Books	37.4	36.1	37.5	37.7	38.6	38.4	38.3	38.5	36.1	38.4	37.4	35.7	38.8	3.1
Chemical	39.6	40.9	40.4	43.1	44.4	42.8	44.5	46.0	45.1	45.3	46.5	47.2	47.5	0.3
Recycled Resources	33.8	36.9	44.0	49.5	49.1	50.0	54.9	49.5	49.0	51.8	49.5	55.4	52.4	▲ 3.0
Steel,Nonferrous Metals, Mining Products	35.5	36.8	39.6	42.6	42.5	42.9	44.0	43.5	41.3	43.1	45.1	45.6	46.2	0.6
Machinery,Equipment	41.2	41.6	42.5	44.2	44.8	44.3	45.8	46.3	46.1	46.6	48.0	48.2	48.5	0.3
Other	38.2	37.6	37.9	39.9	40.1	39.2	39.9	41.1	42.0	41.4	42.1	41.3	42.0	0.7
Total	39.0	39.3	40.4	42.1	42.2	41.8	42.8	43.2	43.1	43.4	44.2	44.3	44.8	0.5

Economic Diffusion Index (Economic DI)2/2

		Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Ratio to the PrFDious Month
Retail	Food,BEVerages	39.5	37.6	37.7	40.6	37.4	41.5	41.4	39.0	39.9	42.9	41.1	44.3	44.4	0.1
	Textile,Textile Products,Clothing	28.0	27.6	32.4	31.3	32.7	29.0	30.9	31.8	33.9	34.4	34.6	35.1	34.4	▲ 0.7
	Drugs,Sundries	42.0	38.3	41.1	42.0	43.5	46.0	44.3	46.0	46.4	44.4	43.8	46.8	44.2	▲ 2.6
	Furniture	33.3	37.5	37.5	30.0	33.3	38.1	33.3	35.7	35.7	40.7	39.6	37.5	41.7	4.2
	Electrical Household Appliances, Information Machinery	42.7	41.2	37.8	38.6	40.5	39.9	43.0	41.7	38.1	41.9	41.7	44.6	40.2	▲ 4.4
	Motor Vehicles,Motor Vehicle Parts	42.3	39.3	40.2	41.0	43.5	46.3	47.7	41.9	41.5	44.4	44.4	45.5	46.2	0.7
	Special Merchandise	38.1	36.5	36.3	37.1	38.3	39.1	38.8	38.3	39.1	39.8	39.7	39.8	39.7	▲ 0.1
	Various Merchandise	40.6	41.7	44.4	44.6	42.0	45.3	44.6	44.3	45.0	48.7	46.5	45.8	45.7	▲ 0.1
	Other	50.0	46.7	46.7	46.7	45.8	45.8	40.0	40.0	41.7	41.7	38.9	44.4	46.7	2.3
	Total	39.3	37.5	38.3	39.1	39.4	40.9	41.1	39.8	40.2	42.1	41.5	42.7	42.2	▲ 0.5
Transportation,Warehousing	42.7	44.0	44.4	46.1	45.0	43.8	45.6	47.0	46.8	45.7	47.7	48.4	49.0	0.6	
Service	Restaurants	39.0	37.0	38.0	37.5	42.3	39.0	45.1	45.0	41.1	43.0	43.9	41.9	45.2	3.3
	Postal,Telecommunications	52.0	53.7	57.7	46.2	55.1	52.8	58.3	54.2	51.3	56.9	55.6	54.2	59.1	4.9
	Electricity,Gas,Water,Heat	43.8	43.3	50.0	41.7	50.0	52.4	47.2	52.4	52.4	57.1	52.4	52.8	57.1	4.3
	Leasing,Rentals	47.4	49.0	49.3	48.9	47.9	48.2	50.1	48.9	50.2	50.0	50.6	49.7	52.0	2.3
	Lodging, Hotels	49.0	49.4	44.3	47.5	43.5	45.6	49.4	48.9	49.4	47.9	46.9	47.4	41.7	▲ 5.7
	Recreation	38.1	37.8	37.0	36.9	37.7	37.1	39.2	39.1	40.9	40.8	40.1	38.3	40.0	1.7
	Broadcasting	44.0	47.9	50.0	49.0	45.6	47.8	47.8	47.8	46.7	42.9	46.2	47.2	47.2	0.0
	Maintenance,Guarding,Testing	47.0	47.0	48.2	47.1	47.4	47.8	48.6	49.4	48.9	49.7	50.2	51.4	51.3	▲ 0.1
	Advertising	39.0	39.8	38.9	40.9	38.6	39.8	41.0	42.3	41.8	40.6	41.0	41.9	40.5	▲ 1.4
	Information	52.6	52.3	52.7	53.2	54.3	54.8	55.3	56.1	55.6	55.7	56.6	56.1	57.2	1.1
	Labor Dispatching	51.8	52.5	51.4	54.4	54.4	50.8	54.6	55.8	52.3	54.8	54.8	58.6	57.5	▲ 1.1
	Special Services	50.3	50.8	50.3	52.8	51.9	51.8	52.6	53.2	52.3	52.3	52.6	53.4	53.2	▲ 0.2
	Medical,Welfare,Public Health	44.1	43.5	43.6	44.0	43.6	44.7	46.4	47.7	47.9	48.3	45.2	46.1	47.4	1.3
	Education	45.0	45.6	43.1	43.7	46.7	44.4	43.7	41.1	43.5	42.1	42.5	42.5	41.7	▲ 0.8
	Other	47.5	47.4	47.9	47.9	47.1	49.6	50.1	50.0	49.3	50.8	50.2	50.5	50.7	0.2
	Total	47.9	48.1	48.2	48.7	48.8	49.1	50.4	50.9	50.4	50.7	50.9	51.1	51.5	0.4
Other	39.4	41.5	38.6	39.5	39.9	40.8	40.2	42.1	41.7	42.2	41.7	42.4	43.6	1.2	
		Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Ratio to the PrFDious Month
	Hokkaido	41.0	42.1	42.5	42.6	42.2	43.2	43.9	44.3	46.1	45.7	48.4	48.8	48.6	▲ 0.2
	Tohoku	43.6	44.7	44.8	44.6	44.2	43.6	44.7	45.2	45.4	45.4	45.7	45.4	45.9	0.5
	kitakanto	42.3	42.3	43.3	45.0	44.9	44.2	45.4	46.6	46.4	47.0	48.3	47.8	49.1	1.3
	minamikanto	43.5	44.0	45.0	46.1	46.3	46.5	47.1	47.4	47.3	47.7	48.2	48.2	49.1	0.9
	Hokuriku	40.2	40.1	41.8	43.0	43.4	42.8	44.1	44.3	45.3	45.9	47.5	48.0	48.8	0.8
	Tokai	43.7	43.6	44.2	46.4	45.7	45.9	46.6	46.8	46.4	47.3	48.1	48.8	49.2	0.4
	Kinki	41.1	41.6	42.4	43.7	43.7	44.1	45.1	45.2	44.7	44.9	45.6	46.1	46.7	0.6
	Chugoku	43.0	43.6	43.9	45.8	44.6	45.1	46.3	46.1	46.0	46.5	47.0	47.7	47.8	0.1
	Shikoku	45.6	45.1	45.8	47.2	46.2	46.5	46.1	46.9	46.8	47.0	47.0	46.8	48.5	1.7
	Kyushu	45.1	45.6	46.7	48.0	48.1	49.0	48.7	49.1	49.5	48.9	49.4	49.4	49.9	0.5

1.Region

Hokkaido	530	Tokai	1,143
Tohoku	635	Kinki	1,747
kitaKanto	712	Chugoku	568
minamikanto	3,306	Shikoku	310
Hokuriku	543	Kyushu	718
		Total	10,212

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		53
Finance		131
Construction		1,477
Real Estate		304
Manufacturing 3,223	Food,Beverages,Livestock Feed	322
	Textile,Textile Products,Clothing	114
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	236
	Pulp, Paper and Paper Products	107
	Publishing,Printing	185
	Chemical	421
	Steel,Nonferrous Metals,Mining	513
	General Machinery	451
	Electrical Machinery	332
	Transportation Machinery,Equipment	105
	Precision Machinery,Medical Instruments and Equipment	78
	Others	85
Wholesale 3,959	Food,Beverages	363
	Textile,Textile Products,Clothing	191
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	349
	Paper Products,Stationery,Books	101
	Chemical	288
	Recycled Resources	35
	Steel,Nonferrous Metals,Mining Products	309
	Machinery,Equipment	896
	Others	348

Retail 480	Food,Beverages	63
	Textile,Textile Products,Clothing	30
	Drugs,Sundries	26
	Furniture	10
	Electrical Household Appliances,Information Machinery and Equipment	41
	Motor Vehicles,Motor Vehicle Parts	62
	Special Merchandise	128
	Various Merchandise	50
	Others	5
Transportation,Warehousing		435
Service 1,384	Restaurants	42
	Telecommunications	11
	Electricity,Gas,Water,Heat	7
	Leasing,Rentals	100
	Lodging, Hotels	26
	Recreation	60
	Broadcasting	12
	Maintenance,Guarding,Testing	161
	Advertising	109
	Information	424
	Labor Dispatching	49
	Special Services	247
	Medical,Welfare,Public Health	103
	Education	22
Others	148	
Others		47
Total		10,212

3.Size

Large Firms	2,122	20.8%
Small to Medium-sized Firms	8,090	79.2%
micro Firms	2,644	25.9%
Total	10,212	100.0%