

**Economic DI was 46.1, rising up to the 2006-level: the longest post-war economic expansion period**

- “Large” and “small”-scale firms produced new record high results, with the Abenomics effect also spilling over to small to medium-sized and micro enterprises -the prefecture

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**<Overview of September 2013: The economy is soaring>**

The Economic DI (Economic DI: 0-100, 50 points is the threshold of assessment) in September 2013 stood at 46.1, up 1.5 points from the previous month, improving for three months in a row. For the first time in six years and 11 months, the Economic DI reached a level as high as it was in October 2006 (46.3), a period during the longest post-war economic expansion that surpassed the “Izanagi” Japanese economic boom of the late 60s.

The Japanese economy is experiencing a full-scale growth, with both “large” and “small”-scaled firms producing new record high results. Furthermore, the Abenomics effect is also spilling over to small to medium-sized and micro enterprises.

**<Future Outlook: The economic increase will continue>**

It is expected that the Japanese economy will continue to improve by mainly building around domestic demands.

Economic DI	Sep. 2012	Oct	Nov	Dec	Jan. 2013	Feb	Mar	Apr	May
	36.8	35.5	35.3	35.7	38.0	39.8	41.3	42.4	43.0
Change from prior month	▲ 0.9	▲ 1.3	▲ 0.2	0.4	2.3	1.8	1.5	1.1	0.6
Economic DI	Jun	July	Aug	Sep	Projected future DI	After 1 month	After 3 months	After 6 months	After 1 year
	42.5	43.6	44.6	46.1		46.9	47.5	47.9	49.7
Change from prior month	▲ 0.5	1.1	1.0	1.5	Change from Sep. 2013	0.8	1.4	1.8	3.6

\*1: White columns mean an improvement, yellow-shaded columns mean the value was unchanged, and blue-shaded columns mean a decrease.

\*2: Economic DIs are calculated based on the structural ARIMA model, in which economic statistics are incorporated to the ARIMA model.

**By industry: All 10 industries improved, with five out of 51 business sectors producing new record high results.**

**By size: “Large” and “small”-scale firms all produced new record high results.**

**By region: All 10 regions improved for 3 months in a row; three regions produced new record high results for 2 months in a row.**

## Economic Diffusion Index (Economic DI)1/2

	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13	Ratio to the Previous Month	
Total	36.8	35.5	35.3	35.7	38.0	39.8	41.3	42.4	43.0	42.5	43.6	44.6	46.1	1.5	
Large Firms	39.5	38.2	38.4	38.7	41.0	42.9	44.2	45.3	46.3	45.9	47.0	48.2	49.6	1.4	
Small to Medium-sized Firms	36.0	34.6	34.4	34.7	37.1	38.9	40.4	41.5	42.0	41.4	42.6	43.5	45.0	1.5	
Micro Firms	35.0	34.0	33.6	33.9	36.9	38.9	40.1	41.2	41.4	41.1	42.2	43.1	45.1	2.0	
	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13	Apr'13	May'13	Jun'13	Jul'13	Aug'13	Sep'13	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	35.2	33.3	33.7	34.9	36.0	36.8	35.7	35.4	39.7	39.5	41.0	37.8	40.1	2.3	
Finance	37.5	35.7	36.1	36.2	41.3	42.4	41.9	44.7	44.4	44.0	44.6	45.0	45.6	0.6	
Construction	38.1	38.6	39.0	38.7	41.9	43.8	45.3	46.4	47.6	47.5	49.4	50.7	53.8	3.1	
Real Estate	38.3	36.7	35.7	37.0	40.9	45.7	46.8	48.8	49.2	47.7	49.3	48.4	49.9	1.5	
Manufacturing	Food,Beverages,Livestock Feed	34.7	33.4	32.7	33.4	34.5	35.6	36.8	38.7	38.1	38.7	39.3	39.0	40.4	1.4
	Textile,Textile Products,Clothing	36.0	33.7	33.1	35.6	36.9	37.3	38.1	39.9	37.8	37.8	40.2	39.9	40.3	0.4
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.9	36.4	37.0	38.2	38.9	40.3	42.7	43.4	45.3	46.5	47.4	49.6	49.9	0.3
	Pulp, Paper and Paper Products	32.7	30.2	30.8	31.1	33.3	33.0	36.0	37.0	38.2	34.9	36.0	37.3	38.6	1.3
	Publishing,Printing	28.6	29.1	29.2	28.3	29.6	31.4	32.8	32.8	33.1	31.9	32.1	31.7	33.8	2.1
	Chemical	36.4	35.0	33.3	34.1	36.4	38.0	38.9	41.0	42.6	42.1	42.4	43.9	45.0	1.1
	Steel,Nonferrous Metals,Mining	35.6	32.1	31.9	32.6	35.5	37.6	38.5	39.7	40.0	39.8	42.3	44.1	46.2	2.1
	General Machinery	36.4	34.0	33.4	32.7	36.3	39.2	38.8	40.0	41.0	40.8	42.8	44.0	46.0	2.0
	Electrical Machinery	34.8	32.6	31.8	32.8	35.8	38.2	38.4	40.1	41.9	40.2	42.3	43.3	43.7	0.4
	Transportation Machinery,Equipment	40.5	33.3	32.8	32.6	34.2	41.2	45.6	47.0	46.5	47.6	48.0	49.9	51.4	1.5
	Precision Machinery,Medical Instruments and Equipment	36.2	33.5	32.5	32.4	33.6	36.5	36.7	39.6	39.3	38.7	39.3	40.8	42.9	2.1
	Other	32.2	29.2	30.8	31.0	31.3	34.8	35.4	35.6	33.3	33.7	35.9	35.1	36.7	1.6
	Total	35.4	33.1	32.6	33.1	35.3	37.4	38.6	39.7	40.3	40.0	41.4	42.5	43.9	1.4
Wholesale	Food,Beverages	34.1	32.4	33.5	33.9	34.6	35.3	37.1	38.0	39.4	38.6	39.7	39.7	41.0	1.3
	Textile,Textile Products,Clothing	31.8	32.0	32.4	34.3	34.7	34.6	34.5	37.5	36.4	36.3	36.6	36.5	37.8	1.3
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.3	38.3	39.3	39.9	42.2	43.5	44.5	46.3	46.1	46.8	47.7	49.2	50.3	1.1
	Paper Products,Stationery,Books	32.8	28.0	30.2	31.7	31.8	32.3	34.3	36.3	36.5	35.3	35.2	34.9	37.2	2.3
	Chemical	36.7	35.6	35.1	34.6	35.9	36.1	38.5	39.7	41.4	40.2	41.0	41.9	43.2	1.3
	Recycled Resources	27.0	22.4	30.1	32.1	41.9	48.8	50.6	50.6	46.6	43.1	46.5	44.4	49.4	5.0
	Steel,Nonferrous Metals,Mining Products	33.6	32.6	31.6	34.0	37.3	38.2	40.2	38.7	39.9	39.0	41.4	43.4	44.9	1.5
	Machinery,Equipment	36.9	34.6	33.7	34.1	36.8	38.8	41.0	42.1	41.9	40.4	42.3	43.4	44.4	1.0
	Other	34.1	32.8	32.8	32.2	34.0	35.3	37.1	38.1	39.3	38.8	38.9	39.4	40.7	1.3
	Total	35.3	33.9	33.9	34.5	36.5	37.7	39.5	40.5	40.9	40.1	41.4	42.2	43.5	1.3

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

		Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Ratio to the Previous Month	
Retail	Food,Beverages	36.7	33.1	34.7	30.6	32.9	38.8	40.5	40.5	41.0	38.2	40.0	39.9	39.1	▲ 0.8	
	Textile,Textile Products,Clothing	32.2	32.9	35.5	32.9	34.6	34.8	41.4	40.7	38.6	39.2	38.6	34.5	39.9	5.4	
	Drugs,Sundries	43.8	42.3	44.4	47.7	49.4	45.7	44.9	44.7	50.7	44.0	46.7	45.8	46.7	0.9	
	Furniture	36.1	32.1	34.7	38.9	37.5	44.4	46.2	50.0	50.0	48.8	57.4	41.7	51.5	9.8	
	Electrical Household Appliances, Information Machinery and Equipment	40.4	33.8	33.3	34.1	39.5	38.7	41.7	44.1	42.1	47.5	44.1	46.1	49.2	3.1	
	Motor Vehicles,Motor Vehicle Parts	41.5	36.9	31.5	32.1	41.2	42.9	49.4	43.4	47.2	43.8	45.0	47.8	47.7	▲ 0.1	
	Special Merchandise	33.0	32.4	32.7	33.0	32.7	35.1	37.0	36.9	37.2	37.0	37.0	37.4	37.6	0.2	
	Various Merchandise	36.3	35.8	35.3	35.5	38.4	40.5	42.8	45.5	46.9	46.2	45.7	45.4	46.5	1.1	
	Other	36.1	33.3	33.3	36.7	36.7	31.0	33.3	40.5	35.7	38.9	37.5	33.3	41.7	8.4	
	Total	36.4	34.2	34.2	34.0	36.3	38.4	41.2	41.1	41.9	40.9	41.1	41.1	42.4	1.3	
Transportation,Warehousing		37.6	36.7	35.3	36.9	38.0	39.5	40.6	41.5	42.6	41.7	42.9	43.7	46.4	2.7	
Service	Restaurants	39.6	36.0	32.4	35.4	35.7	37.8	43.5	43.8	48.0	47.5	45.2	45.6	44.3	▲ 1.3	
	Postal,Telecommunications	50.0	45.2	48.7	48.7	53.8	53.0	55.0	56.4	55.0	54.5	51.7	55.6	51.7	▲ 3.9	
	Electricity,Gas,Water,Heat	41.7	37.0	42.6	37.5	43.8	45.8	40.5	48.1	48.1	51.7	48.1	48.1	45.8	▲ 2.3	
	Leasing,Rentals	43.8	43.3	43.7	45.2	45.3	48.4	49.9	49.6	50.7	50.7	51.2	51.6	53.5	1.9	
	Lodging, Hotels	41.7	38.1	40.0	37.2	38.4	40.1	45.8	48.2	49.1	48.3	51.4	50.8	50.9	0.1	
	Recreation	35.0	37.4	36.2	36.7	38.5	38.5	40.6	41.0	38.5	40.5	36.7	38.6	39.5	0.9	
	Broadcasting	41.2	38.2	40.6	38.5	41.7	37.8	43.8	43.5	49.0	44.0	45.1	45.4	49.1	3.7	
	Maintenance,Guarding,Testing	39.7	37.7	38.4	37.6	40.7	44.0	43.3	43.3	44.8	43.7	43.5	45.0	45.7	0.7	
	Advertising	35.9	35.1	34.7	34.5	35.4	38.9	40.8	42.5	42.4	42.6	42.3	42.5	41.9	▲ 0.6	
	Information	42.5	42.2	42.8	42.2	45.2	47.3	47.7	49.5	49.3	48.7	49.4	50.6	51.3	0.7	
	Labor Dispatching	48.8	46.6	42.8	44.9	44.7	48.7	50.3	50.3	50.6	52.2	52.6	54.5	55.7	1.2	
	Special Services	41.1	40.5	40.4	41.1	44.3	46.9	47.3	48.7	50.8	47.7	50.4	52.8	53.5	0.7	
	Medical,Welfare,Public Health	43.4	41.8	41.1	40.8	45.3	45.7	48.0	49.0	48.8	47.3	45.7	46.9	45.0	▲ 1.9	
	Education	39.3	42.3	40.1	38.3	46.8	46.8	45.3	48.0	47.0	46.7	46.4	47.1	42.0	▲ 5.1	
	Other	42.9	41.1	40.7	39.5	42.2	42.1	44.7	44.7	46.2	46.2	47.0	47.9	49.6	1.7	
	Total	41.5	40.6	40.5	40.5	43.0	45.0	46.2	47.3	47.9	47.2	47.6	48.8	49.3	0.5	
Other		38.7	37.4	36.0	36.2	36.7	33.8	35.7	42.3	41.5	41.4	38.9	40.1	42.8	2.7	
		Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Ratio to the Previous Month	
		Hokkaido	35.2	35.3	34.3	34.0	36.1	38.4	40.5	43.2	43.3	44.8	47.4	48.6	50.2	1.6
		Tohoku	43.5	42.7	42.8	42.1	42.8	43.3	44.3	44.9	45.9	45.8	45.9	46.3	49.0	2.1
		kitakanto	34.8	32.4	31.4	32.7	34.1	37.1	38.3	39.9	41.4	40.1	42.8	43.0	44.0	1.0
		minamikanto	37.9	36.6	36.5	37.1	39.4	41.3	42.5	43.5	44.2	43.5	44.1	44.8	46.4	1.6
		Hokuriku	36.5	34.2	34.6	34.2	36.9	38.4	40.3	42.0	43.5	42.8	45.2	45.7	47.9	2.2
		Tokai	37.3	34.9	34.2	34.6	37.4	39.8	41.5	42.8	44.2	43.0	44.4	45.4	46.7	1.3
		Kinki	35.2	33.9	33.8	34.3	36.7	38.5	39.7	40.6	40.5	40.0	40.9	42.2	43.4	1.2
		Chugoku	33.1	33.0	33.1	32.6	36.2	37.2	39.4	40.4	40.4	40.2	41.7	43.1	44.7	1.6
		Shikoku	35.1	34.6	34.8	36.4	38.4	39.8	39.7	41.0	41.2	41.2	42.2	43.4	44.5	1.1
		Kyushu	36.5	35.2	36.0	36.0	39.0	40.5	42.6	42.6	43.0	42.5	43.7	45.4	46.8	1.4

## Appendix

### 1. Research Subjects(Corporations: 22,733

Valid responses:10,826, Response rate:47.6%

#### 1.Region

Hokkaido	559	Tokai	1,199
Tohoku	637	Kinki	1,805
kitaKanto	714	Chugoku	650
minamikanto	3,564	Shikoku	334
Hokuriku	540	Kyushu	824
		Total	10,826

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

Agriculture,Forestry,Fisheries	64
Finance	118
Construction	1,416
Real Estate	277
Manufacturing 3,223	387
Food,Beverages,Livestock Feed	387
Textile,Textile Products,Clothing	124
Construction Materials,Furniture,Ceramics,Stone and Clay Products	250
Pulp, Paper and Paper Products	110
Publishing,Printing	192
Chemical	439
Steel,Nonferrous Metals,Mining	564
General Machinery	490
Electrical Machinery	398
Transportation Machinery,Equipment	117
Precision Machinery,Medical Instruments and Equipment	84
Others	98
Wholesale 3,959	393
Food,Beverages	393
Textile,Textile Products,Clothing	215
Construction Materials,Furniture,Ceramics,Stone and Clay Products	364
Paper Products,Stationery,Books	116
Chemical	320
Recycled Resources	28
Steel,Nonferrous Metals,Mining Products	342
Machinery,Equipment	978
Others	386

Retail 480	Food,Beverages	78
	Textile,Textile Products,Clothing	38
	Drugs,Sundries	25
	Furniture	11
	Electrical Household Appliances,Information Machinery and Equipment	40
	Motor Vehicles,Motor Vehicle Parts	57
	Special Merchandise	138
	Various Merchandise	57
	Others	4
Transportation,Warehousing		446
	Restaurants	35
	Telecommunications	10
	Electricity,Gas,Water,Heat	12
	Leasing,Rentals	129
	Lodging, Hotels	38
	Recreation	62
Service 1,384	Broadcasting	18
	Maintenance,Guarding,Testing	150
	Advertising	135
	Information	486
	Labor Dispatching	70
	Special Services	216
	Medical,Welfare,Public Health	101
	Education	23
	Others	140
Others		37
	Total	10,826

#### 3.Size

Large Firms	2,502	23.1%
Small to Medium-sized Firms	8,324	76.9%
micro Firms	2,428	22.4%
Total	10,826	45.5%

## 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 17 – 30, 2013

### 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 Formula

The DI (Diffusion Index) is calculated by attaching a number (in parenthesis in the diagram below) to each of seven possible responses. Then multiplying the percentage of each response by the appropriate number, and adding the results.

Very Bad	Bad	Moderately Bad	Neither Good or Bad	Moderately Good	Good	Very Good
( 0 )	( 1/6 )	( 2/6 )	( 3/6 )	( 4/6 )	( 5/6 )	( 6/6 )
0	16.7	33.3	DI=50 Dividing point	66.7	83.3	100

A DI over 50 is in the range of "Good." A score under 50 is "Bad." The number 50 is the dividing point ("Neither Good or Bad"). All numbers are rounded off to the hundredth. It should be noted that no weight is given to a company's responses based on its size. Calculations are made according to a "one company, one vote" rule.

For example, all corporations rated 'Very Good'.

$$DI=6/6 \times 100\% = 100$$

All corporations rated 'Neither Good nor Bad'.

$$DI=3/6 \times 100\% = 50$$

#### 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.