About the Survey

The Bank of Tokyo-Mitsubishi UFJ’s Economic Research Department began a monthly foreign trade survey in March 1988 to quickly assess import and export changes at various points of entry into the United States and exit from the United States. The survey asks respondents to rate import and export activity (compared to the prior month’s pace) and to provide their expectations for export and import growth over the next three months. In many cases the data described by the reporting person is in tonnage or revenue miles—the quickest data available to the reporting person. While this data is clearly different from the Commerce Department’s value statistics, it still can be useful data to gauge any major changes in trade patterns.

The survey is unique in its coverage and it has evolved over 1988. The initial survey required too much time to fill out; a modified version of the survey was introduced in the summer of 1988. Currently, the survey consists of four questions: two questions measure import and export activity at the seaport or air cargo company for the “current” month, where the “current” month is the same month that will be reported in the next Commerce Department monthly merchandise trade report. However, our results are compiled about two weeks prior to that government statistical release. Two other questions measure import and export activity that is expected over the next three months. A three-month period for expectations was selected assuming that the port and air cargo company knows what business will be over that period of time. A copy of the monthly trade survey is shown below.

The survey responses are consolidated into import and export demand diffusion indexes. Our composite demand indexes are calculated as weighted averages of the survey responses. A survey response of “substantially more” gets a weight of 1, “more” gets a weight of .75, “same” gets a weight of .50, “less” gets a weight of .25 and “substantially less” gets a weight of 0. Hence, the index range is between 0 and 100%; a reading of above 50%, that trade is declining.

Our composite diffusion indexes are calculated using a standard methodology as follows:

\[
\text{Diffusion Index} = 100 \times (1.0 \times \text{"substantially more"} + 0.75 \times \text{"more"} + 0.50 \times \text{"same"} + 0.0 \times \text{"substantially less"})
\]

The responses, such as “less,” are entered as a “percent of sample” so that all of the responses sum to 100% of the sample. Consequently, the index values are bounded by 0% and 100%. These indexes provide a summary measure to assess import and export trends; the indexes similar in nature to some widely followed measures such as the National Association of Purchasing Management” composite diffusion index or the Conference Board’s Principal Diffusion Index.

In addition to the One-Month Diffusion Indexes, there are the Cumulative Diffusion Indexes which track current import and export conditions. The index of trade activity is derived from taking current export and import indexes and calculating their average (1989=100). These indexes are seasonally adjusted using the Commerce Department’s seasonal adjustment factors derived from the goods trade statistic. The cumulative diffusion indexes are calculated based on the following formula:

\[
\text{Current observation} = \text{prior period} + \text{diffusion index} – 50
\]

A diffusion index above 50 indicates growth, and a diffusion index below 50 indicates the opposite.

Finally, while these summary statistics show the direction and the scope of change, it also may be useful to look at “net difference” statistics, which are calculated as the percentage of the sample increasing minus the percentage of the sample that is declining. Another purpose of our survey is to pickup the changing composition of trade. To capture that change, all of the actual responses can be viewed as a share of the total.
Uses and Limitations

The Bank of Tokyo-Mitsubishi UFJ’s export and import demand indexes are not seasonally adjusted. Clearly, there is seasonal fluctuation in our trade flows but without a sufficient historical database, it is now impossible to seasonally adjust these indexes.

The survey does provide qualitative information on the progress to narrow the U.S merchandise trade deficit. It also can be helpful in spotting special factors that might impact a given month’s import and export activity—such as strikes, weather, etc.

Additional Information

For further information on The Bank of Tokyo-Mitsubishi UFJ’s foreign trade survey or monthly results, contact: Ellen Beeson Zentner at (212) 782-5708 or ebeeson@us.mufg.jp.
Evaluating Current Conditions For the Above Month Only

Question 1: What is your sense of U.S. EXPORT growth (for your organization) for the month noted above versus the previous month:
- ☐ Substantially Higher
- ☐ Higher
- ☐ Same
- ☐ Lower
- ☐ Substantially Lower
- ☐ PORT CLOSED

Question 2: What is your sense of U.S. IMPORT growth (for your organization) for the month noted above versus the previous month:
- ☐ Substantially Higher
- ☐ Higher
- ☐ Same
- ☐ Lower
- ☐ Substantially Lower
- ☐ PORT CLOSED

Expectations for Upcoming Three Months

Question 3: In your opinion, over the upcoming three months and compared to the last three months, do you expect U.S. Export growth (for your organization) to be:
- ☐ Substantially Higher
- ☐ Higher
- ☐ Same
- ☐ Lower
- ☐ Substantially Lower
- ☐ PORT CLOSED

Question 4: In your opinion, over the upcoming three months and compared to the last three months, do you expect U.S. Import growth (for your organization) to be:
- ☐ Substantially Higher
- ☐ Higher
- ☐ Same
- ☐ Lower
- ☐ Substantially Lower
- ☐ PORT CLOSED

Factors Affecting Trade Flows & Expectations

Please provide comments on special factors impacting your organization’s trade flows for the current month or in the future:

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____________________________________________________________________________________________________

Please Return by Fax to Ellen Beeson Zentner at (212) 782-5711, or Email to ebeeson@us.mufg.jp