

**The domestic economy worsened  
for the second consecutive month**

~ Weak consumer spending was a downside factor.  
Positive turnaround in real wages is key going forward ~

(Companies researched: 27,104; Valid responses: 11,410; Response rate: 42.1%; Survey start date: May 2002)

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< Trend in May 2024: Two consecutive months of decline >

The Economic Diffusion Index (DI) in May 2024 declined by 0.6 points from the previous month to 43.5, marking the second consecutive month of deterioration.

The domestic economy declined for two consecutive months due to sluggish consumer spending and increased cost burden from high raw material prices.

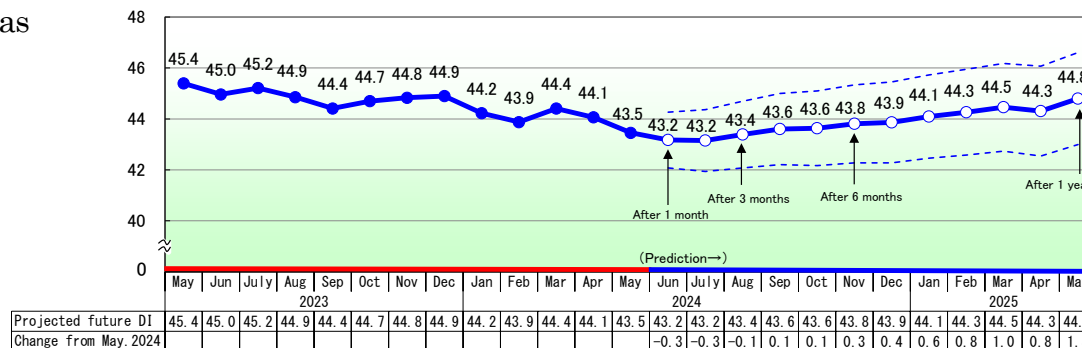
< Future outlook: Remain unchanged >

In the future, the economy is expected to remain relatively flat as positive and negative factors continue to manifest.

By industry: Worsened in 8 out of 10 industries, with a decline in consumer sentiment affecting a wide range of business categories.

By scale: Worsened in "small to medium-sized firms" for two consecutive months, with the manifestation of the 2024 problem.

By region: Worsened in 9 out of 10 regions, with the tourism industry underperforming and impacting the business sentiment across various regions.



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

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

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Ratio to the Previous Month
Total	45.4	45.0	45.2	44.9	44.4	44.7	44.8	44.9	44.2	43.9	44.4	44.1	43.5	▲ 0.6
Large Firms	48.1	47.7	48.6	48.0	47.8	47.9	48.4	48.1	47.9	47.7	48.0	47.9	47.9	0.0
Small to Medium-sized Firms	44.9	44.5	44.6	44.3	43.8	44.1	44.2	44.3	43.6	43.2	43.8	43.4	42.6	▲ 0.8
Micro Firms	43.9	43.6	43.4	43.5	43.0	43.4	43.1	43.3	42.6	42.4	42.9	42.3	41.2	▲ 1.1

	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	44.8	46.7	42.5	43.0	42.1	43.0	40.1	40.5	40.3	41.2	42.4	42.0	43.7	1.7	
Finance	47.8	48.1	47.4	48.8	46.8	47.3	48.0	47.0	47.7	47.7	49.2	48.8	48.0	▲ 0.8	
Construction	46.9	46.8	47.8	47.4	47.1	47.5	47.8	47.2	47.7	47.5	47.0	46.6	46.0	▲ 0.6	
Real Estate	50.7	50.3	48.8	49.6	48.5	48.7	47.9	47.5	48.1	48.3	49.3	49.3	47.7	▲ 1.6	
Manufacturing	Food,BEWerages,Livestock Feed	43.7	43.6	43.1	44.5	42.6	43.4	44.0	44.6	43.6	43.4	44.8	44.4	42.9	▲ 1.5
	Textile,Textile Products,Clothing	42.1	42.0	43.6	42.6	43.0	41.5	40.8	40.1	37.9	37.7	39.0	38.1	37.4	▲ 0.7
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	39.0	38.4	37.9	38.2	39.0	40.3	41.5	40.3	39.9	38.1	38.7	38.0	37.9	▲ 0.1
	Pulp, Paper and Paper Products	38.6	35.8	36.1	36.1	36.9	37.7	37.2	38.5	37.3	35.7	36.4	36.4	35.3	▲ 1.1
	Publishing,Printing	35.4	33.9	33.4	33.9	32.3	32.5	33.1	34.2	32.4	34.6	35.3	34.1	33.3	▲ 0.8
	Chemical	40.6	41.6	41.8	41.2	41.2	41.4	42.7	42.2	42.6	39.9	41.2	40.9	41.0	0.1
	Steel,Nonferrous Metals,Mining	40.9	40.4	40.7	39.9	39.8	41.5	41.9	42.0	39.7	38.3	38.3	38.0	36.5	▲ 1.5
	General Machinery	42.9	41.9	42.9	42.8	41.2	40.7	40.5	40.6	39.3	40.6	39.7	39.6	39.9	0.3
	Electrical Machinery	43.1	43.9	42.9	42.8	42.4	42.3	43.0	42.5	43.6	42.5	41.4	40.7	41.0	0.3
	Transportation Machinery,Equipment	43.0	44.6	46.2	46.2	48.3	46.9	47.2	44.7	41.6	39.3	41.6	40.2	41.0	0.8
Precision Machinery,Medical Instruments and Equipment	46.2	46.8	45.4	42.9	44.2	42.9	43.4	44.3	43.9	43.3	45.5	42.9	41.9	▲ 1.0	
Other	42.7	42.3	43.8	40.3	40.5	39.4	40.7	39.9	41.9	44.7	45.5	42.5	41.3	▲ 1.2	
Total	41.5	41.3	41.5	41.2	40.8	41.1	41.6	41.5	40.4	39.8	40.2	39.7	39.2	▲ 0.5	
Wholesale	Food,BEWerages	45.2	44.9	46.4	47.1	45.8	43.3	44.5	45.7	43.1	43.7	44.5	44.6	42.9	▲ 1.7
	Textile,Textile Products,Clothing	43.1	39.4	39.5	38.0	38.1	36.1	36.0	36.3	36.9	36.8	37.1	35.2	36.3	1.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.4	37.3	38.4	38.0	38.1	38.0	38.3	38.9	38.0	37.8	37.6	37.8	36.0	▲ 1.8
	Paper Products,Stationery,Books	40.3	36.5	38.2	38.6	38.5	38.4	40.1	40.7	39.6	38.2	40.1	38.4	36.4	▲ 2.0
	Chemical	46.8	45.3	45.2	45.1	44.5	44.9	45.1	45.4	44.4	42.2	43.2	41.8	42.9	1.1
	Recycled Resources	40.4	38.9	42.2	40.9	43.9	45.2	42.4	43.8	42.9	41.7	39.9	40.9	44.3	3.4
	Steel,Nonferrous Metals,Mining Products	38.1	37.5	37.9	34.7	36.7	37.0	38.1	38.2	37.3	34.9	35.3	36.5	34.7	▲ 1.8
	Machinery,Equipment	46.0	45.4	45.3	44.7	43.8	43.9	44.1	44.7	43.7	43.4	43.5	43.6	43.4	▲ 0.2
	Other	44.9	43.2	42.6	42.7	41.7	43.1	43.2	42.9	42.0	41.1	42.5	40.3	41.1	0.8
	Total	43.7	42.5	42.9	42.3	41.9	41.7	42.1	42.7	41.6	40.9	41.4	41.0	40.5	▲ 0.5

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

		May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Ratio to the Previous Month
Retail	Food,BEWerages	49.7	46.6	46.2	47.8	46.5	45.5	44.9	46.4	45.5	43.8	45.3	44.7	43.2	▲ 1.5
	Textile,Textile Products,Clothing	38.3	40.4	41.4	41.2	36.6	42.7	39.3	40.0	36.3	40.2	36.5	40.4	40.2	▲ 0.2
	Drugs,Sundries	47.4	45.9	45.3	42.6	42.5	43.8	44.7	46.1	45.8	45.4	44.1	41.8	42.1	0.3
	Furniture	34.7	33.3	32.5	30.2	36.3	27.2	32.4	32.7	34.0	32.1	30.3	33.3	28.7	▲ 4.6
	Electrical Household Appliances, Information Machinery and Equipment	40.5	38.6	41.3	40.2	42.7	42.5	44.0	42.7	41.8	42.3	45.8	44.3	40.8	▲ 3.5
	Motor Vehicles,Motor Vehicle Parts	41.5	40.6	40.9	42.0	41.7	42.4	40.2	39.7	42.4	41.2	40.9	41.4	42.3	0.9
	Special Merchandise	39.4	40.1	38.8	38.7	39.1	39.4	38.1	38.3	37.8	37.7	40.2	40.2	38.7	▲ 1.5
	Various Merchandise	45.8	44.9	48.1	48.5	45.9	45.3	44.3	44.1	42.7	40.9	44.6	42.9	44.6	1.7
	Other	41.1	45.8	46.2	42.2	47.6	46.2	47.2	51.3	40.3	44.0	39.7	44.4	47.6	3.2
	<b>Total</b>	42.4	42.0	41.9	41.8	41.4	41.9	41.2	41.5	40.8	40.6	41.4	41.7	40.7	▲ 1.0
<b>Transportation,Warehousing</b>		43.4	42.2	43.5	43.3	42.8	44.1	43.8	44.5	43.5	41.9	43.1	43.1	43.3	0.2
Service	Restaurants	56.7	53.6	55.6	52.2	51.8	47.4	49.4	54.0	50.3	48.0	51.3	52.0	49.4	▲ 2.6
	Postal,Telecommunications	58.3	53.3	60.4	54.8	57.4	59.5	57.1	54.2	56.1	51.9	54.2	61.7	56.7	▲ 5.0
	Electricity,Gas,Water,Heat	44.0	44.1	44.8	43.5	46.3	44.1	50.0	42.7	41.7	43.6	43.6	46.9	40.7	▲ 6.2
	Leasing,Rentals	49.7	52.1	49.8	49.0	49.2	52.5	52.9	51.6	50.3	50.5	51.7	49.4	49.7	0.3
	Lodging, Hotels	59.8	55.1	56.6	55.5	57.6	59.7	64.3	56.9	51.3	55.3	60.6	60.4	55.1	▲ 5.3
	Recreation	50.4	47.6	49.3	48.8	46.2	46.3	44.8	47.9	46.3	46.3	47.2	46.3	46.2	▲ 0.1
	Broadcasting	47.4	43.1	44.7	46.1	45.6	42.6	45.6	43.3	44.1	47.1	47.4	52.8	45.1	▲ 7.7
	Maintenance,Guarding,Testing	47.3	48.0	48.4	47.4	47.8	46.8	49.0	46.9	47.3	46.7	46.7	46.0	47.5	1.5
	Advertising	45.0	45.0	44.8	45.2	45.4	45.2	45.6	45.1	46.2	47.0	45.5	47.5	46.1	▲ 1.4
	Information	56.2	56.8	57.0	56.4	55.5	56.0	55.4	56.3	56.1	55.7	55.3	55.4	54.5	▲ 0.9
	Labor Dispatching	50.7	52.0	52.0	50.9	48.9	50.9	52.3	50.0	48.8	50.6	49.8	50.6	48.6	▲ 2.0
	Special Services	52.3	51.7	52.2	51.3	51.2	52.0	51.1	50.3	50.5	51.4	52.4	51.7	49.9	▲ 1.8
	Medical,Welfare,Public Health	44.6	44.8	44.2	43.4	42.4	43.6	41.8	43.2	44.4	43.2	44.7	42.9	43.6	0.7
	Education	42.2	41.4	40.7	43.8	46.4	45.6	42.6	44.4	43.7	43.1	46.3	44.6	43.9	▲ 0.7
	Other	47.5	49.2	48.2	47.9	47.2	47.6	47.2	48.1	47.5	48.5	49.1	49.1	47.5	▲ 1.6
<b>Total</b>	51.6	51.6	51.7	50.8	50.4	50.8	50.8	50.9	50.2	50.4	51.0	50.9	49.7	▲ 1.2	
<b>Other</b>		41.2	39.8	40.9	40.8	39.2	40.1	38.2	42.8	41.3	41.2	41.1	42.1	37.8	▲ 4.3

		May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Ratio to the Previous Month
Hokkaido		43.0	43.9	45.6	44.8	43.6	43.7	43.3	43.3	41.6	41.8	42.4	42.8	42.4	▲ 0.4
Tohoku		41.6	41.7	42.1	41.8	41.5	41.4	41.3	40.3	40.2	38.8	39.3	39.2	38.6	▲ 0.6
kitakanto		43.4	42.8	43.1	43.1	42.9	43.0	42.6	43.0	40.9	41.7	42.0	41.4	40.9	▲ 0.5
minamikanto		47.2	47.2	47.4	46.6	46.4	46.3	46.7	46.6	46.5	46.6	47.2	46.6	45.8	▲ 0.8
Hokuriku		44.0	43.7	43.6	43.1	42.5	42.1	42.3	42.5	40.0	39.8	41.4	42.4	42.3	▲ 0.1
Tokai		44.6	43.8	44.4	44.4	43.6	44.4	45.1	44.8	44.4	43.1	43.7	43.2	43.0	▲ 0.2
Kinki		45.4	43.9	43.8	43.6	43.2	43.7	44.1	44.6	43.6	43.2	43.6	43.7	42.6	▲ 1.1
Chugoku		44.9	44.7	45.3	44.3	44.1	44.9	44.2	43.9	44.3	43.2	43.1	42.6	42.8	0.2
Shikoku		43.0	41.7	42.6	41.8	41.2	41.4	41.3	42.5	42.2	41.0	41.1	41.2	40.2	▲ 1.0
Kyushu		48.5	48.2	48.0	48.3	47.7	48.6	48.7	49.0	48.3	48.1	48.5	47.6	46.4	▲ 1.2

## Appendix

### 1. Research Subjects (Companies researched: 27,104; Valid responses: 11,410; Response rate: 42.1%)

#### 1. Region

Hokkaido	510	Tokai	1,228
Tohoku	777	Kinki	1,857
kitaKanto	902	Chugoku	761
minamikanto	3,434	Shikoku	367
Hokuriku	584	Kyushu	990
		<b>Total</b>	<b>11,410</b>

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

Agriculture, Forestry, Fisheries		108
Finance		187
Construction		1,763
Real Estate		522
Manufacturing (2,778)	Food, Beverages, Livestock Feed	321
	Textile, Textile Products, Clothing	134
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	203
	Pulp, Paper and Paper Products	84
	Publishing, Printing	194
	Chemical	369
	Steel, Nonferrous Metals, Mining	498
	General Machinery	444
	Electrical Machinery	281
	Transportation Machinery, Equipment	107
	Precision Machinery, Medical Instruments and Equipment	76
Others	67	
Wholesale (2,520)	Food, Beverages	322
	Textile, Textile Products, Clothing	159
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	288
	Paper Products, Stationery, Books	121
	Chemical	222
	Recycled Resources	32
	Steel, Nonferrous Metals, Mining Products	251
	Machinery, Equipment	811
	Others	314

Retail (789)	Food, Beverages	129
	Textile, Textile Products, Clothing	85
	Drugs, Sundries	57
	Furniture	25
	Electrical Household Appliances, Information Machinery and Equipment	49
	Motor Vehicles, Motor Vehicle Parts	121
	Special Merchandise	257
	Various Merchandise	52
	Others	14
Transportation, Warehousing		465
Service (2,241)	Restaurants	113
	Telecommunications	10
	Electricity, Gas, Water, Heat	18
	Leasing, Rentals	107
	Lodging, Hotels	85
	Recreation	100
	Broadcasting	17
	Maintenance, Guarding, Testing	223
	Advertising	110
	Information	557
	Labor Dispatching	81
	Special Services	386
Medical, Welfare, Public Health	128	
Education	33	
Others	273	
Others		37
<b>Total</b>		<b>11,410</b>

#### 3. Size

Large Firms	1,802	15.8%
Small to Medium-sized Firms	9,608	84.2%
micro Firms	3,839	33.6%
<b>Total</b>	<b>11,410</b>	<b>100.0%</b>

## 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 May 20 – 31 2024

### 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 <sub>6</sub>	N <sub>5</sub>	N <sub>4</sub>	N <sub>3</sub>	N <sub>2</sub>	N <sub>1</sub>	N <sub>0</sub>

Economic DI

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

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

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 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.