

**Domestic economy worsened
for the third consecutive month,
the first time in 4 years and 1 month**

~ Stagnant consumer spending and increased cost burden
due to yen depreciation as downward factors ~

(Companies researched: 27,159; Valid responses: 11,068; Response rate: 40.8%; Survey start date: May 2002)

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< Trend in June 2024: Three consecutive months of decline >

The Economic Diffusion Index (DI) in June 2024 declined by 0.2 points from the previous month to 43.3, marking the third consecutive month of deterioration.

The domestic economy did not improve due to the increased cost burden from yen depreciation and the decline in consumer spending.

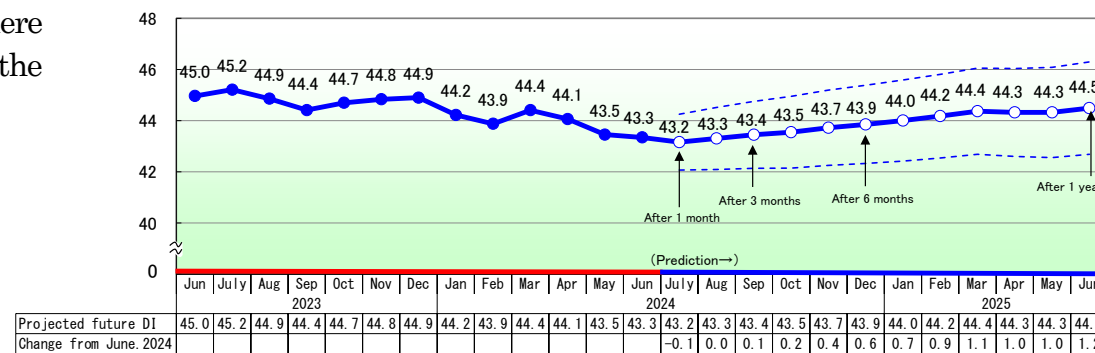
< Future outlook: Remain unchanged >

In the future, the economy is expected to remain relatively flat as there are many negative factors, such as additional interest rate hikes by the Bank of Japan and the continuation of labor shortages.

By industry: Worsened in 6 out of 10 industries, due to persistently high expenses and a decline in consumer appetite.

By scale: Small to medium-sized firms worsened for three consecutive months, with the accommodation and restaurant industries struggling.

By region: Worsened in 6 out of 10 regions, with the acquisition of tourists from neighboring prefectures determining the varying outcomes.



*: 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

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Ratio to the Previous Month
Total	45.0	45.2	44.9	44.4	44.7	44.8	44.9	44.2	43.9	44.4	44.1	43.5	43.3	▲ 0.2
Large Firms	47.7	48.6	48.0	47.8	47.9	48.4	48.1	47.9	47.7	48.0	47.9	47.9	48.0	0.1
Small to Medium-sized Firms	44.5	44.6	44.3	43.8	44.1	44.2	44.3	43.6	43.2	43.8	43.4	42.6	42.5	▲ 0.1
Micro Firms	43.6	43.4	43.5	43.0	43.4	43.1	43.3	42.6	42.4	42.9	42.3	41.2	41.6	0.4

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	46.7	42.5	43.0	42.1	43.0	40.1	40.5	40.3	41.2	42.4	42.0	43.7	41.9	▲ 1.8	
Finance	48.1	47.4	48.8	46.8	47.3	48.0	47.0	47.7	47.7	49.2	48.8	48.0	47.6	▲ 0.4	
Construction	46.8	47.8	47.4	47.1	47.5	47.8	47.2	47.7	47.5	47.0	46.6	46.0	46.4	0.4	
Real Estate	50.3	48.8	49.6	48.5	48.7	47.9	47.5	48.1	48.3	49.3	49.3	47.7	48.0	0.3	
Manufacturing	Food,BEWerages,Livestock Feed	43.6	43.1	44.5	42.6	43.4	44.0	44.6	43.6	43.4	44.8	44.4	42.9	42.7	▲ 0.2
	Textile,Textile Products,Clothing	42.0	43.6	42.6	43.0	41.5	40.8	40.1	37.9	37.7	39.0	38.1	37.4	37.3	▲ 0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.4	37.9	38.2	39.0	40.3	41.5	40.3	39.9	38.1	38.7	38.0	37.9	37.5	▲ 0.4
	Pulp, Paper and Paper Products	35.8	36.1	36.1	36.9	37.7	37.2	38.5	37.3	35.7	36.4	36.4	35.3	34.4	▲ 0.9
	Publishing,Printing	33.9	33.4	33.9	32.3	32.5	33.1	34.2	32.4	34.6	35.3	34.1	33.3	32.8	▲ 0.5
	Chemical	41.6	41.8	41.2	41.2	41.4	42.7	42.2	42.6	39.9	41.2	40.9	41.0	41.0	0.0
	Steel,Nonferrous Metals,Mining	40.4	40.7	39.9	39.8	41.5	41.9	42.0	39.7	38.3	38.3	38.0	36.5	36.4	▲ 0.1
	General Machinery	41.9	42.9	42.8	41.2	40.7	40.5	40.6	39.3	40.6	39.7	39.6	39.9	39.8	▲ 0.1
	Electrical Machinery	43.9	42.9	42.8	42.4	42.3	43.0	42.5	43.6	42.5	41.4	40.7	41.0	42.5	1.5
	Transportation Machinery,Equipment	44.6	46.2	46.2	48.3	46.9	47.2	44.7	41.6	39.3	41.6	40.2	41.0	42.1	1.1
	Precision Machinery,Medical Instruments and Equipment	46.8	45.4	42.9	44.2	42.9	43.4	44.3	43.9	43.3	45.5	42.9	41.9	46.5	4.6
Other	42.3	43.8	40.3	40.5	39.4	40.7	39.9	41.9	44.7	45.5	42.5	41.3	43.0	1.7	
Total	41.3	41.5	41.2	40.8	41.1	41.6	41.5	40.4	39.8	40.2	39.7	39.2	39.4	0.2	
Wholesale	Food,BEWerages	44.9	46.4	47.1	45.8	43.3	44.5	45.7	43.1	43.7	44.5	44.6	42.9	42.5	▲ 0.4
	Textile,Textile Products,Clothing	39.4	39.5	38.0	38.1	36.1	36.0	36.3	36.9	36.8	37.1	35.2	36.3	36.3	0.0
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.3	38.4	38.0	38.1	38.0	38.3	38.9	38.0	37.8	37.6	37.8	36.0	36.4	0.4
	Paper Products,Stationery,Books	36.5	38.2	38.6	38.5	38.4	40.1	40.7	39.6	38.2	40.1	38.4	36.4	35.2	▲ 1.2
	Chemical	45.3	45.2	45.1	44.5	44.9	45.1	45.4	44.4	42.2	43.2	41.8	42.9	41.4	▲ 1.5
	Recycled Resources	38.9	42.2	40.9	43.9	45.2	42.4	43.8	42.9	41.7	39.9	40.9	44.3	43.1	▲ 1.2
	Steel,Nonferrous Metals,Mining Products	37.5	37.9	34.7	36.7	37.0	38.1	38.2	37.3	34.9	35.3	36.5	34.7	34.6	▲ 0.1
	Machinery,Equipment	45.4	45.3	44.7	43.8	43.9	44.1	44.7	43.7	43.4	43.5	43.6	43.4	43.4	0.0
	Other	43.2	42.6	42.7	41.7	43.1	43.2	42.9	42.0	41.1	42.5	40.3	41.1	39.9	▲ 1.2
Total	42.5	42.9	42.3	41.9	41.7	42.1	42.7	41.6	40.9	41.4	41.0	40.5	40.1	▲ 0.4	

Economic Diffusion Index (Economic DI)2/2

		Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Ratio to the Previous Month
Retail	Food,BEWerages	46.6	46.2	47.8	46.5	45.5	44.9	46.4	45.5	43.8	45.3	44.7	43.2	42.6	▲ 0.6
	Textile,Textile Products,Clothing	40.4	41.4	41.2	36.6	42.7	39.3	40.0	36.3	40.2	36.5	40.4	40.2	36.3	▲ 3.9
	Drugs,Sundries	45.9	45.3	42.6	42.5	43.8	44.7	46.1	45.8	45.4	44.1	41.8	42.1	41.0	▲ 1.1
	Furniture	33.3	32.5	30.2	36.3	27.2	32.4	32.7	34.0	32.1	30.3	33.3	28.7	27.2	▲ 1.5
	Electrical Household Appliances, Information Machinery and Equipment	38.6	41.3	40.2	42.7	42.5	44.0	42.7	41.8	42.3	45.8	44.3	40.8	43.2	2.4
	Motor Vehicles,Motor Vehicle Parts	40.6	40.9	42.0	41.7	42.4	40.2	39.7	42.4	41.2	40.9	41.4	42.3	43.4	1.1
	Special Merchandise	40.1	38.8	38.7	39.1	39.4	38.1	38.3	37.8	37.7	40.2	40.2	38.7	38.6	▲ 0.1
	Various Merchandise	44.9	48.1	48.5	45.9	45.3	44.3	44.1	42.7	40.9	44.6	42.9	44.6	44.4	▲ 0.2
	Other	45.8	46.2	42.2	47.6	46.2	47.2	51.3	40.3	44.0	39.7	44.4	47.6	44.4	▲ 3.2
	Total	42.0	41.9	41.8	41.4	41.9	41.2	41.5	40.8	40.6	41.4	41.7	40.7	40.3	▲ 0.4
Transportation,Warehousing		42.2	43.5	43.3	42.8	44.1	43.8	44.5	43.5	41.9	43.1	43.1	43.3	43.4	0.1
Service	Restaurants	53.6	55.6	52.2	51.8	47.4	49.4	54.0	50.3	48.0	51.3	52.0	49.4	48.1	▲ 1.3
	Postal,Telecommunications	53.3	60.4	54.8	57.4	59.5	57.1	54.2	56.1	51.9	54.2	61.7	56.7	52.8	▲ 3.9
	Electricity,Gas,Water,Heat	44.1	44.8	43.5	46.3	44.1	50.0	42.7	41.7	43.6	43.6	46.9	40.7	41.7	1.0
	Leasing,Rentals	52.1	49.8	49.0	49.2	52.5	52.9	51.6	50.3	50.5	51.7	49.4	49.7	49.0	▲ 0.7
	Lodging, Hotels	55.1	56.6	55.5	57.6	59.7	64.3	56.9	51.3	55.3	60.6	60.4	55.1	52.1	▲ 3.0
	Recreation	47.6	49.3	48.8	46.2	46.3	44.8	47.9	46.3	46.3	47.2	46.3	46.2	44.6	▲ 1.6
	Broadcasting	43.1	44.7	46.1	45.6	42.6	45.6	43.3	44.1	47.1	47.4	52.8	45.1	45.6	0.5
	Maintenance,Guarding,Testing	48.0	48.4	47.4	47.8	46.8	49.0	46.9	47.3	46.7	46.7	46.0	47.5	46.1	▲ 1.4
	Advertising	45.0	44.8	45.2	45.4	45.2	45.6	45.1	46.2	47.0	45.5	47.5	46.1	43.6	▲ 2.5
	Information	56.8	57.0	56.4	55.5	56.0	55.4	56.3	56.1	55.7	55.3	55.4	54.5	54.1	▲ 0.4
	Labor Dispatching	52.0	52.0	50.9	48.9	50.9	52.3	50.0	48.8	50.6	49.8	50.6	48.6	48.5	▲ 0.1
	Special Services	51.7	52.2	51.3	51.2	52.0	51.1	50.3	50.5	51.4	52.4	51.7	49.9	50.5	0.6
	Medical,Welfare,Public Health	44.8	44.2	43.4	42.4	43.6	41.8	43.2	44.4	43.2	44.7	42.9	43.6	44.4	0.8
	Education	41.4	40.7	43.8	46.4	45.6	42.6	44.4	43.7	43.1	46.3	44.6	43.9	47.4	3.5
Other	49.2	48.2	47.9	47.2	47.6	47.2	48.1	47.5	48.5	49.1	49.1	47.5	47.2	▲ 0.3	
	Total	51.6	51.7	50.8	50.4	50.8	50.8	50.9	50.2	50.4	51.0	50.9	49.7	49.2	▲ 0.5
Other		39.8	40.9	40.8	39.2	40.1	38.2	42.8	41.3	41.2	41.1	42.1	37.8	37.5	▲ 0.3

		Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Ratio to the Previous Month
Hokkaido		43.9	45.6	44.8	43.6	43.7	43.3	43.3	41.6	41.8	42.4	42.8	42.4	42.8	0.4
Tohoku		41.7	42.1	41.8	41.5	41.4	41.3	40.3	40.2	38.8	39.3	39.2	38.6	39.2	0.6
kitakanto		42.8	43.1	43.1	42.9	43.0	42.6	43.0	40.9	41.7	42.0	41.4	40.9	40.7	▲ 0.2
minamikanto		47.2	47.4	46.6	46.4	46.3	46.7	46.6	46.5	46.6	47.2	46.6	45.8	45.6	▲ 0.2
Hokuriku		43.7	43.6	43.1	42.5	42.1	42.3	42.5	40.0	39.8	41.4	42.4	42.3	40.7	▲ 1.6
Tokai		43.8	44.4	44.4	43.6	44.4	45.1	44.8	44.4	43.1	43.7	43.2	43.0	43.3	0.3
Kinki		43.9	43.8	43.6	43.2	43.7	44.1	44.6	43.6	43.2	43.6	43.7	42.6	42.5	▲ 0.1
Chugoku		44.7	45.3	44.3	44.1	44.9	44.2	43.9	44.3	43.2	43.1	42.6	42.8	42.6	▲ 0.2
Shikoku		41.7	42.6	41.8	41.2	41.4	41.3	42.5	42.2	41.0	41.1	41.2	40.2	39.9	▲ 0.3
Kyushu		48.2	48.0	48.3	47.7	48.6	48.7	49.0	48.3	48.1	48.5	47.6	46.4	46.5	0.1

Appendix

1. Research Subjects (Companies researched: 27,159; Valid responses: 11,068; Response rate: 40.8%)

1. Region

Hokkaido	488	Tokai	1,218
Tohoku	738	Kinki	1,821
kitaKanto	893	Chugoku	739
minamikanto	3,285	Shikoku	363
Hokuriku	557	Kyushu	966
		Total	11,068

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		101
Finance		173
Construction		1,682
Real Estate		501
Manufacturing (2,688)	Food, Beverages, Livestock Feed	309
	Textile, Textile Products, Clothing	131
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	190
	Pulp, Paper and Paper Products	81
	Publishing, Printing	181
	Chemical	361
	Steel, Nonferrous Metals, Mining	468
	General Machinery	436
	Electrical Machinery	294
	Transportation Machinery, Equipment	106
	Precision Machinery, Medical Instruments and Equipment	67
	Others	64
Wholesale (2,443)	Food, Beverages	319
	Textile, Textile Products, Clothing	150
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	286
	Paper Products, Stationery, Books	119
	Chemical	222
	Recycled Resources	29
	Steel, Nonferrous Metals, Mining Products	253
	Machinery, Equipment	761
	Others	304

Retail (784)	Food, Beverages	145
	Textile, Textile Products, Clothing	95
	Drugs, Sundries	52
	Furniture	27
	Electrical Household Appliances, Information Machinery and Equipment	49
	Motor Vehicles, Motor Vehicle Parts	113
	Special Merchandise	243
	Various Merchandise	48
	Others	12
Transportation, Warehousing		449
Service (2,211)	Restaurants	104
	Telecommunications	6
	Electricity, Gas, Water, Heat	14
	Leasing, Rentals	100
	Lodging, Hotels	104
	Recreation	111
	Broadcasting	15
	Maintenance, Guarding, Testing	222
	Advertising	107
	Information	543
	Labor Dispatching	87
	Special Services	356
	Medical, Welfare, Public Health	129
	Education	52
Others	261	
Others		36
Total		11,068

3. Size

Large Firms	1,721	15.5%
Small to Medium-sized Firms	9,347	84.5%
micro Firms	3,719	33.6%
Total	11,068	100.0%

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 June 17 – 30 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 ₆	N ₅	N ₄	N ₃	N ₂	N ₁	N ₀

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.