

**Economy improved slightly,  
supported by seasonal consumption**

~ While larger numbers of people going out in public and the heat wave were positive factors, inflation and labor shortages exerted downward pressure on the economy ~

(Companies researched: 27,768; Valid responses: 11,265; Response rate: 40.6%; Survey start date: May 2002)

e-mail : [keiki@mail.tdb.co.jp](mailto:keiki@mail.tdb.co.jp)

< Trend in July 2023: Slightly improved >

The economic diffusion index (DI) in July 2023 was 45.2, up 0.2 points from the previous month, showing the first improvement in two months.

The economy turned upward again, albeit slightly, supported by larger numbers of people going out in public and seasonal consumption due to the heat wave.

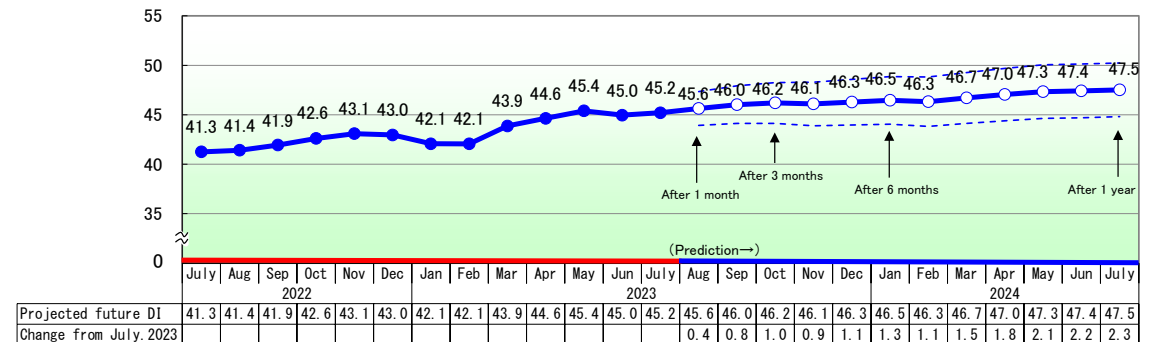
< Future outlook: Gradual upward trend continues >

The domestic economy is expected to be on a gradual upward trend based on increased capital investment and face-to-face services.

By industry: Improved in 6 out of 10 industries. The start of summer vacation season was a boosting factor.

By scale: “Large firms” and “small to medium-sized firms” improved for the first time in two months. “Large firms” was the driving force.

By region: Improved in 7 out of 10 regions. While tourist destinations picked up, unstable weather was a negative factor.



\*: 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

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Ratio to the Previous Month
Total	41.3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	0.2
Large Firms	43.4	43.8	43.6	44.2	45.0	44.8	44.8	44.2	46.1	47.3	48.1	47.7	48.6	0.9
Small to Medium-sized Firms	40.8	41.0	41.6	42.3	42.7	42.6	41.6	41.7	43.5	44.2	44.9	44.5	44.6	0.1
Micro Firms	39.7	39.8	40.7	41.1	41.4	41.3	40.4	40.9	42.4	42.9	43.9	43.6	43.4	▲ 0.2

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	36.3	35.9	35.8	36.4	37.7	37.9	37.4	38.9	41.6	42.2	44.8	46.7	42.5	▲ 4.2	
Finance	41.9	41.7	43.6	43.2	44.5	44.3	44.8	43.3	44.0	45.0	47.8	48.1	47.4	▲ 0.7	
Construction	43.1	43.3	44.0	44.2	44.9	44.6	44.1	43.7	45.5	45.6	46.9	46.8	47.8	1.0	
Real Estate	44.7	44.8	45.3	44.0	45.6	44.8	46.1	46.3	47.5	49.6	50.7	50.3	48.8	▲ 1.5	
Manufacturing	Food,BEWerages,Livestock Feed	36.7	36.1	35.5	38.2	38.8	38.3	38.1	37.0	41.1	42.0	43.7	43.6	43.1	▲ 0.5
	Textile,Textile Products,Clothing	36.1	32.6	36.2	35.7	36.5	37.9	37.7	39.0	38.6	41.0	42.1	42.0	43.6	1.6
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	40.8	39.8	40.2	40.9	41.9	41.0	38.0	37.6	37.0	39.7	39.0	38.4	37.9	▲ 0.5
	Pulp, Paper and Paper Products	37.5	36.6	38.0	40.4	40.2	39.2	39.8	36.6	38.6	37.6	38.6	35.8	36.1	0.3
	Publishing,Printing	29.1	29.6	30.0	31.8	32.9	32.4	31.7	31.6	34.3	33.9	35.4	33.9	33.4	▲ 0.5
	Chemical	41.8	42.6	42.3	40.8	40.8	41.5	40.3	39.2	40.1	41.0	40.6	41.6	41.8	0.2
	Steel,Nonferrous Metals,Mining	42.9	42.7	43.0	43.9	43.6	43.1	41.7	41.0	41.9	41.1	40.9	40.4	40.7	0.3
	General Machinery	46.3	46.2	45.4	45.8	45.9	44.9	43.3	43.7	43.4	43.8	42.9	41.9	42.9	1.0
	Electrical Machinery	44.7	44.2	45.2	44.8	45.4	44.5	43.3	43.2	42.8	43.2	43.1	43.9	42.9	▲ 1.0
	Transportation Machinery,Equipment	40.3	41.2	40.2	42.2	42.1	41.0	38.7	39.6	41.2	41.5	43.0	44.6	46.2	1.6
	Precision Machinery,Medical Instruments and Equipment	48.5	46.5	46.2	46.1	46.1	46.3	46.5	49.0	46.8	45.6	46.2	46.8	45.4	▲ 1.4
	Other	37.8	38.2	37.5	35.4	35.9	37.0	39.1	36.1	40.8	41.9	42.7	42.3	43.8	1.5
Total	41.3	41.0	41.1	41.6	41.9	41.5	40.4	40.0	41.0	41.4	41.5	41.3	41.5	0.2	
Wholesale	Food,BEWerages	37.0	35.6	35.8	37.4	38.8	38.2	37.5	38.3	42.1	44.3	45.2	44.9	46.4	1.5
	Textile,Textile Products,Clothing	29.9	29.9	29.9	32.4	33.1	34.0	34.7	35.9	38.0	41.9	43.1	39.4	39.5	0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.6	38.5	37.5	39.8	39.5	40.2	38.3	37.2	38.0	39.1	38.4	37.3	38.4	1.1
	Paper Products,Stationery,Books	33.0	33.5	34.5	37.1	37.0	33.8	34.8	35.6	37.3	37.9	40.3	36.5	38.2	1.7
	Chemical	43.5	43.0	43.4	42.6	43.8	43.5	42.8	41.7	43.5	44.9	46.8	45.3	45.2	▲ 0.1
	Recycled Resources	40.9	39.6	47.0	46.3	43.5	46.2	43.3	43.2	41.7	43.5	40.4	38.9	42.2	3.3
	Steel,Nonferrous Metals,Mining Products	39.3	39.3	39.8	39.7	40.2	39.9	38.5	37.1	37.8	37.9	38.1	37.5	37.9	0.4
	Machinery,Equipment	43.1	42.6	43.3	44.1	44.1	43.8	43.0	43.3	45.2	45.2	46.0	45.4	45.3	▲ 0.1
	Other	37.7	37.7	38.2	39.0	39.6	40.9	40.0	40.9	42.3	43.9	44.9	43.2	42.6	▲ 0.6
Total	39.5	39.2	39.6	40.6	41.0	41.0	40.1	40.1	41.9	42.9	43.7	42.5	42.9	0.4	

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

		Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Ratio to the Previous Month
Retail	Food,BEWerages	40.3	39.9	40.2	39.6	43.2	42.2	42.3	40.6	42.7	49.1	49.7	46.6	46.2	▲ 0.4
	Textile,Textile Products,Clothing	37.7	33.6	34.9	38.7	38.1	35.4	34.2	35.7	39.7	36.6	38.3	40.4	41.4	1.0
	Drugs,Sundries	37.1	41.9	39.5	38.9	40.6	39.0	37.2	38.5	42.9	47.8	47.4	45.9	45.3	▲ 0.6
	Furniture	35.2	36.1	40.0	37.8	36.2	31.0	34.2	33.3	39.5	38.1	34.7	33.3	32.5	▲ 0.8
	Electrical Household Appliances, Information Machinery and Equipment	36.7	32.7	37.1	35.1	35.3	37.2	36.3	37.5	40.2	37.8	40.5	38.6	41.3	2.7
	Motor Vehicles,Motor Vehicle Parts	32.4	35.9	38.8	37.6	37.2	35.3	38.2	38.7	40.8	44.0	41.5	40.6	40.9	0.3
	Special Merchandise	33.2	34.7	34.0	33.5	35.4	34.8	34.4	35.3	38.6	39.0	39.4	40.1	38.8	▲ 1.3
	Various Merchandise	40.2	38.0	36.1	41.3	41.4	42.6	42.5	41.0	43.6	47.8	45.8	44.9	48.1	3.2
	Other	36.9	42.3	32.1	36.5	44.9	41.1	42.3	44.8	41.1	41.7	41.1	45.8	46.2	0.4
Total		35.7	36.3	36.7	36.8	38.2	37.4	37.5	37.7	40.6	42.5	42.4	42.0	41.9	▲ 0.1
Transportation,Warehousing		37.8	37.3	38.2	40.7	41.6	41.6	38.9	38.0	41.2	42.1	43.4	42.2	43.5	1.3
Service	Restaurants	34.0	28.1	31.8	39.0	39.1	41.5	38.5	42.4	49.8	50.8	56.7	53.6	55.6	2.0
	Postal,Telecommunications	47.0	47.9	51.9	52.4	50.0	48.3	47.6	44.4	52.8	52.8	58.3	53.3	60.4	7.1
	Electricity,Gas,Water,Heat	37.7	35.9	36.1	31.1	32.3	36.7	32.4	32.1	39.7	38.9	44.0	44.1	44.8	0.7
	Leasing,Rentals	40.8	44.7	45.6	47.5	48.4	47.4	46.8	47.4	48.1	50.5	49.7	52.1	49.8	▲ 2.3
	Lodging, Hotels	30.3	38.0	37.4	53.3	54.8	52.2	48.3	48.0	59.5	62.1	59.8	55.1	56.6	1.5
	Recreation	40.7	40.1	42.2	45.0	43.8	43.2	42.1	44.1	50.9	48.9	50.4	47.6	49.3	1.7
	Broadcasting	43.0	38.3	46.1	43.1	41.7	39.5	40.7	41.1	42.6	44.7	47.4	43.1	44.7	1.6
	Maintenance,Guarding,Testing	42.2	43.4	42.8	42.8	43.6	45.6	42.9	42.6	45.3	45.8	47.3	48.0	48.4	0.4
	Advertising	34.3	36.7	39.3	40.9	40.3	39.7	40.2	41.4	43.7	46.6	45.0	45.0	44.8	▲ 0.2
	Information	51.5	52.7	53.0	52.3	53.0	53.6	53.2	53.8	55.5	55.8	56.2	56.8	57.0	0.2
	Labor Dispatching	46.5	49.8	47.4	48.8	46.5	50.0	48.5	47.9	47.3	49.6	50.7	52.0	52.0	0.0
	Special Services	48.7	48.3	49.4	49.0	48.8	48.7	48.5	49.2	50.1	50.9	52.3	51.7	52.2	0.5
	Medical,Welfare,Public Health	42.5	41.2	41.7	43.2	43.6	42.8	42.9	41.5	42.2	41.8	44.6	44.8	44.2	▲ 0.6
	Education	38.8	39.7	43.7	42.1	42.8	41.2	38.4	41.9	44.4	38.4	42.2	41.4	40.7	▲ 0.7
Other	42.4	41.2	42.8	43.3	43.5	44.0	42.2	44.3	46.5	48.6	47.5	49.2	48.2	▲ 1.0	
Total		44.4	45.4	46.3	47.1	47.3	47.7	46.6	47.4	50.0	50.8	51.6	51.6	51.7	0.1
Other		36.6	38.3	37.2	37.9	38.2	36.7	36.5	37.0	38.2	39.2	41.2	39.8	40.9	1.1

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Ratio to the Previous Month
Hokkaido	41.0	40.2	40.7	41.2	40.9	40.8	40.1	40.6	41.2	42.2	43.0	43.9	45.6	1.7
Tohoku	38.8	38.1	39.3	39.9	40.3	39.4	38.0	37.2	41.1	41.2	41.6	41.7	42.1	0.4
kitakanto	42.9	43.8	42.5	43.7	43.7	43.1	40.9	41.4	42.6	43.3	43.4	42.8	43.1	0.3
minamikanto	42.6	43.3	43.6	43.8	44.4	44.7	44.1	43.9	45.7	46.7	47.2	47.2	47.4	0.2
Hokuriku	41.5	40.8	41.7	42.3	42.2	42.2	40.9	41.2	42.1	42.5	44.0	43.7	43.6	▲ 0.1
Tokai	39.5	39.7	40.4	41.1	41.4	41.7	41.0	41.1	42.8	43.3	44.6	43.8	44.4	0.6
Kinki	40.9	41.1	41.5	42.3	43.0	42.7	42.0	41.8	43.6	44.3	45.4	43.9	43.8	▲ 0.1
Chugoku	41.3	40.9	41.8	42.8	43.8	43.4	41.9	41.8	44.1	44.8	44.9	44.7	45.3	0.6
Shikoku	38.3	37.7	38.7	40.3	40.0	39.3	39.0	38.6	40.0	40.7	43.0	41.7	42.6	0.9
Kyushu	41.5	41.3	43.0	44.0	45.1	44.8	44.0	44.8	46.4	48.1	48.5	48.2	48.0	▲ 0.2

## Appendix

### 1. Research Subjects (Companies researched: 27,768; Valid responses: 11,265; Response rate: 40.6%)

#### 1. Region

Hokkaido	511	Tokai	1,227
Tohoku	761	Kinki	1,922
kitaKanto	886	Chugoku	790
minamikanto	3,286	Shikoku	380
Hokuriku	574	Kyushu	928
		<b>Total</b>	<b>11,265</b>

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

Agriculture, Forestry, Fisheries		107
Finance		152
Construction		1,733
Real Estate		459
Manufacturing (2,824)	Food, Beverages, Livestock Feed	327
	Textile, Textile Products, Clothing	106
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	222
	Pulp, Paper and Paper Products	91
	Publishing, Printing	154
	Chemical	388
	Steel, Nonferrous Metals, Mining	516
	General Machinery	468
	Electrical Machinery	301
	Transportation Machinery, Equipment	105
Wholesale (2,606)	Precision Machinery, Medical Instruments and Equipment	73
	Others	73
	Food, Beverages	338
	Textile, Textile Products, Clothing	160
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	301
	Paper Products, Stationery, Books	93
	Chemical	249
	Recycled Resources	34
	Steel, Nonferrous Metals, Mining Products	265
	Machinery, Equipment	840
Others	326	

Retail (694)	Food, Beverages	101
	Textile, Textile Products, Clothing	103
	Drugs, Sundries	57
	Furniture	21
	Electrical Household Appliances, Information Machinery and Equipment	40
	Motor Vehicles, Motor Vehicle Parts	84
	Special Merchandise	221
	Various Merchandise	54
	Others	13
Transportation, Warehousing		522
Service (2,126)	Restaurants	87
	Telecommunications	8
	Electricity, Gas, Water, Heat	16
	Leasing, Rentals	107
	Lodging, Hotels	96
	Recreation	118
	Broadcasting	19
	Maintenance, Guarding, Testing	199
	Advertising	106
	Information	587
	Labor Dispatching	91
	Special Services	314
	Medical, Welfare, Public Health	123
Education	34	
Others	221	
Others		42
<b>Total</b>		<b>11,265</b>

#### 3. Size

Large Firms	1,715	15.2%
Small to Medium-sized Firms	9,550	84.8%
micro Firms	3,664	32.5%
<b>Total</b>	<b>11,265</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 July 18– 31 2023

### 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.