

The domestic economy has deteriorated for the second consecutive month

~ While stock prices have reached all-time highs, the increase in cost-saving behavior has put downward pressure on personal consumption-related sectors.~

(Companies researched: 27,443; Valid responses: 11,267; Response rate: 41.1%; Survey start date: May 2002)

e-mail : keiki@mail.tdb.co.jp

< Trend in February 2024: Slight deterioration >

The economic diffusion index (DI) in February 2024 was 43.9, down 0.3 points from the previous month, marking a second consecutive month of deterioration.

The domestic economy has experienced a slight decline, despite the positive impact of the stock market and other financial markets. Factors such as the growing trend of cost-saving behavior among consumers and the production and shipment stoppage in the automotive industry have contributed to this deterioration.

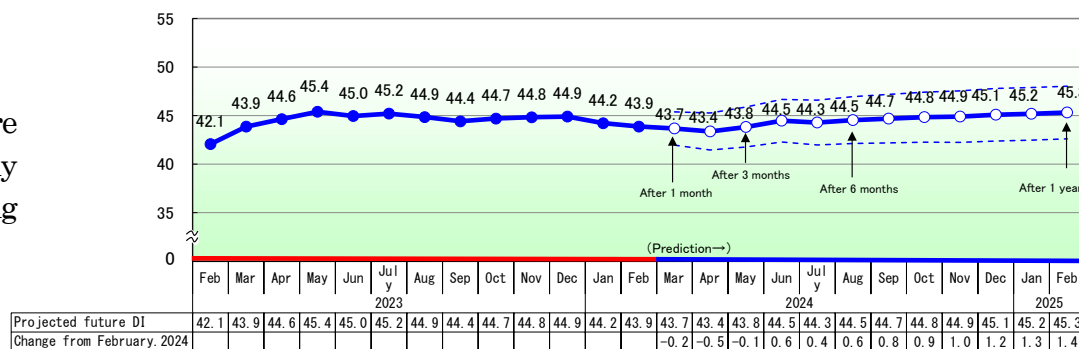
< Future outlook: Expected to recover gradually after summer >

Looking ahead, the economy is expected to face downward pressure from concentrated negative factors, but it is anticipated to gradually recover, mainly driven by an increase in personal consumption resulting from wage hikes and other factors, starting from the summer.

By industry: 6 industries and 32 business categories have deteriorated, with factors such as reduced buying behavior and stagnation in the manufacturing sector acting as negative factors.

By scale: All scales have seen a slight deterioration for the second consecutive month.

By region: Out of the 10 regions, 7 have deteriorated, with the ongoing impact of a mild winter and production stoppages.



*: 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

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Ratio to the Previous Month
Total	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	44.8	44.9	44.2	43.9	▲ 0.3
Large Firms	44.2	46.1	47.3	48.1	47.7	48.6	48.0	47.8	47.9	48.4	48.1	47.9	47.7	▲ 0.2
Small to Medium-sized Firms	41.7	43.5	44.2	44.9	44.5	44.6	44.3	43.8	44.1	44.2	44.3	43.6	43.2	▲ 0.4
Micro Firms	40.9	42.4	42.9	43.9	43.6	43.4	43.5	43.0	43.4	43.1	43.3	42.6	42.4	▲ 0.2

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	38.9	41.6	42.2	44.8	46.7	42.5	43.0	42.1	43.0	40.1	40.5	40.3	41.2	0.9	
Finance	43.3	44.0	45.0	47.8	48.1	47.4	48.8	46.8	47.3	48.0	47.0	47.7	47.7	0.0	
Construction	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	47.5	47.8	47.2	47.7	47.5	▲ 0.2	
Real Estate	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	48.7	47.9	47.5	48.1	48.3	0.2	
Manufacturing	Food,BEWerages,Livestock Feed	37.0	41.1	42.0	43.7	43.6	43.1	44.5	42.6	43.4	44.0	44.6	43.6	43.4	▲ 0.2
	Textile,Textile Products,Clothing	39.0	38.6	41.0	42.1	42.0	43.6	42.6	43.0	41.5	40.8	40.1	37.9	37.7	▲ 0.2
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.6	37.0	39.7	39.0	38.4	37.9	38.2	39.0	40.3	41.5	40.3	39.9	38.1	▲ 1.8
	Pulp, Paper and Paper Products	36.6	38.6	37.6	38.6	35.8	36.1	36.1	36.9	37.7	37.2	38.5	37.3	35.7	▲ 1.6
	Publishing,Printing	31.6	34.3	33.9	35.4	33.9	33.4	33.9	32.3	32.5	33.1	34.2	32.4	34.6	2.2
	Chemical	39.2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	41.4	42.7	42.2	42.6	39.9	▲ 2.7
	Steel,Nonferrous Metals,Mining	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	41.5	41.9	42.0	39.7	38.3	▲ 1.4
	General Machinery	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	40.7	40.5	40.6	39.3	40.6	1.3
	Electrical Machinery	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	42.3	43.0	42.5	43.6	42.5	▲ 1.1
	Transportation Machinery,Equipment	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	46.9	47.2	44.7	41.6	39.3	▲ 2.3
	Precision Machinery,Medical Instruments and Equipment	49.0	46.8	45.6	46.2	46.8	45.4	42.9	44.2	42.9	43.4	44.3	43.9	43.3	▲ 0.6
	Other	36.1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	39.4	40.7	39.9	41.9	44.7	2.8
Total	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	41.1	41.6	41.5	40.4	39.8	▲ 0.6	
Wholesale	Food,BEWerages	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	43.3	44.5	45.7	43.1	43.7	0.6
	Textile,Textile Products,Clothing	35.9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	36.1	36.0	36.3	36.9	36.8	▲ 0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.2	38.0	39.1	38.4	37.3	38.4	38.0	38.1	38.0	38.3	38.9	38.0	37.8	▲ 0.2
	Paper Products,Stationery,Books	35.6	37.3	37.9	40.3	36.5	38.2	38.6	38.5	38.4	40.1	40.7	39.6	38.2	▲ 1.4
	Chemical	41.7	43.5	44.9	46.8	45.3	45.2	45.1	44.5	44.9	45.1	45.4	44.4	42.2	▲ 2.2
	Recycled Resources	43.2	41.7	43.5	40.4	38.9	42.2	40.9	43.9	45.2	42.4	43.8	42.9	41.7	▲ 1.2
	Steel,Nonferrous Metals,Mining Products	37.1	37.8	37.9	38.1	37.5	37.9	34.7	36.7	37.0	38.1	38.2	37.3	34.9	▲ 2.4
	Machinery,Equipment	43.3	45.2	45.2	46.0	45.4	45.3	44.7	43.8	43.9	44.1	44.7	43.7	43.4	▲ 0.3
	Other	40.9	42.3	43.9	44.9	43.2	42.6	42.7	41.7	43.1	43.2	42.9	42.0	41.1	▲ 0.9
	Total	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	41.7	42.1	42.7	41.6	40.9	▲ 0.7

Economic Diffusion Index (Economic DI)2/2

		Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Ratio to the Previous Month
Retail	Food,BEWerages	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	45.5	44.9	46.4	45.5	43.8	▲ 1.7
	Textile,Textile Products,Clothing	35.7	39.7	36.6	38.3	40.4	41.4	41.2	36.6	42.7	39.3	40.0	36.3	40.2	3.9
	Drugs,Sundries	38.5	42.9	47.8	47.4	45.9	45.3	42.6	42.5	43.8	44.7	46.1	45.8	45.4	▲ 0.4
	Furniture	33.3	39.5	38.1	34.7	33.3	32.5	30.2	36.3	27.2	32.4	32.7	34.0	32.1	▲ 1.9
	Electrical Household Appliances, Information Machinery and Equipment	37.5	40.2	37.8	40.5	38.6	41.3	40.2	42.7	42.5	44.0	42.7	41.8	42.3	0.5
	Motor Vehicles,Motor Vehicle Parts	38.7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	42.4	40.2	39.7	42.4	41.2	▲ 1.2
	Special Merchandise	35.3	38.6	39.0	39.4	40.1	38.8	38.7	39.1	39.4	38.1	38.3	37.8	37.7	▲ 0.1
	Various Merchandise	41.0	43.6	47.8	45.8	44.9	48.1	48.5	45.9	45.3	44.3	44.1	42.7	40.9	▲ 1.8
	Other	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	46.2	47.2	51.3	40.3	44.0	3.7
Total		37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	41.9	41.2	41.5	40.8	40.6	▲ 0.2
Transportation,Warehousing		38.0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	44.1	43.8	44.5	43.5	41.9	▲ 1.6
Service	Restaurants	42.4	49.8	50.8	56.7	53.6	55.6	52.2	51.8	47.4	49.4	54.0	50.3	48.0	▲ 2.3
	Postal,Telecommunications	44.4	52.8	52.8	58.3	53.3	60.4	54.8	57.4	59.5	57.1	54.2	56.1	51.9	▲ 4.2
	Electricity,Gas,Water,Heat	32.1	39.7	38.9	44.0	44.1	44.8	43.5	46.3	44.1	50.0	42.7	41.7	43.6	1.9
	Leasing,Rentals	47.4	48.1	50.5	49.7	52.1	49.8	49.0	49.2	52.5	52.9	51.6	50.3	50.5	0.2
	Lodging, Hotels	48.0	59.5	62.1	59.8	55.1	56.6	55.5	57.6	59.7	64.3	56.9	51.3	55.3	4.0
	Recreation	44.1	50.9	48.9	50.4	47.6	49.3	48.8	46.2	46.3	44.8	47.9	46.3	46.3	0.0
	Broadcasting	41.1	42.6	44.7	47.4	43.1	44.7	46.1	45.6	42.6	45.6	43.3	44.1	47.1	3.0
	Maintenance,Guarding,Testing	42.6	45.3	45.8	47.3	48.0	48.4	47.4	47.8	46.8	49.0	46.9	47.3	46.7	▲ 0.6
	Advertising	41.4	43.7	46.6	45.0	45.0	44.8	45.2	45.4	45.2	45.6	45.1	46.2	47.0	0.8
	Information	53.8	55.5	55.8	56.2	56.8	57.0	56.4	55.5	56.0	55.4	56.3	56.1	55.7	▲ 0.4
	Labor Dispatching	47.9	47.3	49.6	50.7	52.0	52.0	50.9	48.9	50.9	52.3	50.0	48.8	50.6	1.8
	Special Services	49.2	50.1	50.9	52.3	51.7	52.2	51.3	51.2	52.0	51.1	50.3	50.5	51.4	0.9
	Medical,Welfare,Public Health	41.5	42.2	41.8	44.6	44.8	44.2	43.4	42.4	43.6	41.8	43.2	44.4	43.2	▲ 1.2
	Education	41.9	44.4	38.4	42.2	41.4	40.7	43.8	46.4	45.6	42.6	44.4	43.7	43.1	▲ 0.6
Other	44.3	46.5	48.6	47.5	49.2	48.2	47.9	47.2	47.6	47.2	48.1	47.5	48.5	1.0	
Total		47.4	50.0	50.8	51.6	51.6	51.7	50.8	50.4	50.8	50.9	50.2	50.4	0.2	
Other		37.0	38.2	39.2	41.2	39.8	40.9	40.8	39.2	40.1	38.2	42.8	41.3	41.2	▲ 0.1

		Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Ratio to the Previous Month
Hokkaido		40.6	41.2	42.2	43.0	43.9	45.6	44.8	43.6	43.7	43.3	43.3	41.6	41.8	0.2
Tohoku		37.2	41.1	41.2	41.6	41.7	42.1	41.8	41.5	41.4	41.3	40.3	40.2	38.8	▲ 1.4
kitakanto		41.4	42.6	43.3	43.4	42.8	43.1	43.1	42.9	43.0	42.6	43.0	40.9	41.7	0.8
minamikanto		43.9	45.7	46.7	47.2	47.2	47.4	46.6	46.4	46.3	46.7	46.6	46.5	46.6	0.1
Hokuriku		41.2	42.1	42.5	44.0	43.7	43.6	43.1	42.5	42.1	42.3	42.5	40.0	39.8	▲ 0.2
Tokai		41.1	42.8	43.3	44.6	43.8	44.4	44.4	43.6	44.4	45.1	44.8	44.4	43.1	▲ 1.3
Kinki		41.8	43.6	44.3	45.4	43.9	43.8	43.6	43.2	43.7	44.1	44.6	43.6	43.2	▲ 0.4
Chugoku		41.8	44.1	44.8	44.9	44.7	45.3	44.3	44.1	44.9	44.2	43.9	44.3	43.2	▲ 1.1
Shikoku		38.6	40.0	40.7	43.0	41.7	42.6	41.8	41.2	41.4	41.3	42.5	42.2	41.0	▲ 1.2
Kyushu		44.8	46.4	48.1	48.5	48.2	48.0	48.3	47.7	48.6	48.7	49.0	48.3	48.1	▲ 0.2

Appendix

1. Research Subjects (Companies researched: 27,443; Valid responses: 11,267; Response rate: 41.1%)

1. Region

Hokkaido	511	Tokai	1,207
Tohoku	774	Kinki	1,876
kita Kanto	916	Chugoku	756
minamikanto	3,313	Shikoku	371
Hokuriku	586	Kyushu	957
		Total	11,267

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		102
Finance		173
Construction		1,699
Real Estate		471
Manufacturing (2,826)	Food, Beverages, Livestock Feed	319
	Textile, Textile Products, Clothing	146
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	203
	Pulp, Paper and Paper Products	92
	Publishing, Printing	206
	Chemical	363
	Steel, Nonferrous Metals, Mining	497
	General Machinery	449
	Electrical Machinery	305
	Transportation Machinery, Equipment	107
Precision Machinery, Medical Instruments and Equipment	70	
Others	69	
Wholesale (2,549)	Food, Beverages	330
	Textile, Textile Products, Clothing	163
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	289
	Paper Products, Stationery, Books	109
	Chemical	249
	Recycled Resources	32
	Steel, Nonferrous Metals, Mining Products	259
	Machinery, Equipment	805
Others	313	

Retail (786)	Food, Beverages	138
	Textile, Textile Products, Clothing	85
	Drugs, Sundries	58
	Furniture	26
	Electrical Household Appliances, Information Machinery and Equipment	56
	Motor Vehicles, Motor Vehicle Parts	116
	Special Merchandise	247
	Various Merchandise	46
Others	14	
Transportation, Warehousing		460
Service (2,163)	Restaurants	109
	Telecommunications	9
	Electricity, Gas, Water, Heat	13
	Leasing, Rentals	98
	Lodging, Hotels	95
	Recreation	109
	Broadcasting	17
	Maintenance, Guarding, Testing	225
	Advertising	121
	Information	532
	Labor Dispatching	77
	Special Services	382
	Medical, Welfare, Public Health	130
Education	36	
Others	210	
Others		38
Total		11,267

3. Size

Large Firms	1,671	14.8%
Small to Medium-sized Firms	9,596	85.2%
micro Firms	3,812	33.8%
Total	11,267	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 February 15 – 29 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.