

**The domestic economy improved
for the first time in four months**

~ **Despite significant fluctuations in the financial market,
the heatwave and inbound consumption
contributed to the improvement** ~

(Companies researched: 27,191; Valid responses: 11,282; Response rate: 41.5%; Survey start date: May 2002)

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< Trend in July 2024: First improvement in four months >

The economic diffusion index (DI) in July 2024 was 43.8, up 0.5 points from the previous month, showing the first improvement in four months.

The domestic economy shifted towards a positive direction, led by the effects of the heatwave and inbound consumption.

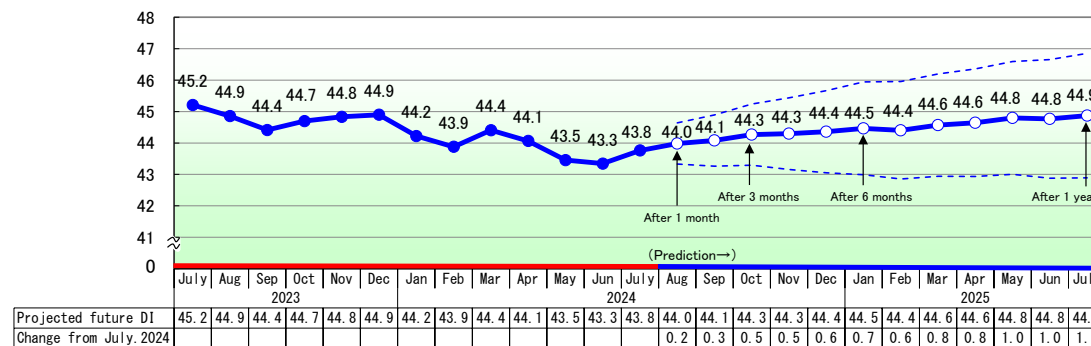
< Future outlook: Remain unchanged >

While the performance of companies that are showing signs of recovery will make a positive contribution, the economy is expected to remain relatively flat due to many uncertain factors.

By industry: Improvement in 7 out of 10 industries, with seasonal demand driven by the heatwave as a contributing factor.

By scale: Improvement in all scales for the first time in four months, with “small to medium-sized firms” showing a broad and slight upward trend.

By region: Improvement in 7 out of 10 regions, with inbound consumption and construction demand driving the improvement.



*: 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-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Ratio to the Previous Month
Total	45.2	44.9	44.4	44.7	44.8	44.9	44.2	43.9	44.4	44.1	43.5	43.3	43.8	0.5
Large Firms	48.6	48.0	47.8	47.9	48.4	48.1	47.9	47.7	48.0	47.9	47.9	48.0	48.2	0.2
Small to Medium-sized Firms	44.6	44.3	43.8	44.1	44.2	44.3	43.6	43.2	43.8	43.4	42.6	42.5	42.9	0.4
Micro Firms	43.4	43.5	43.0	43.4	43.1	43.3	42.6	42.4	42.9	42.3	41.2	41.6	41.8	0.2

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	42.5	43.0	42.1	43.0	40.1	40.5	40.3	41.2	42.4	42.0	43.7	41.9	41.2	▲ 0.7	
Finance	47.4	48.8	46.8	47.3	48.0	47.0	47.7	47.7	49.2	48.8	48.0	47.6	48.5	0.9	
Construction	47.8	47.4	47.1	47.5	47.8	47.2	47.7	47.5	47.0	46.6	46.0	46.4	46.9	0.5	
Real Estate	48.8	49.6	48.5	48.7	47.9	47.5	48.1	48.3	49.3	49.3	47.7	48.0	48.2	0.2	
Manufacturing	Food,BEVerages,Livestock Feed	43.1	44.5	42.6	43.4	44.0	44.6	43.6	43.4	44.8	44.4	42.9	42.7	42.7	0.0
	Textile,Textile Products,Clothing	43.6	42.6	43.0	41.5	40.8	40.1	37.9	37.7	39.0	38.1	37.4	37.3	36.1	▲ 1.2
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	37.9	38.2	39.0	40.3	41.5	40.3	39.9	38.1	38.7	38.0	37.9	37.5	39.0	1.5
	Pulp, Paper and Paper Products	36.1	36.1	36.9	37.7	37.2	38.5	37.3	35.7	36.4	36.4	35.3	34.4	36.0	1.6
	Publishing,Printing	33.4	33.9	32.3	32.5	33.1	34.2	32.4	34.6	35.3	34.1	33.3	32.8	32.8	0.0
	Chemical	41.8	41.2	41.2	41.4	42.7	42.2	42.6	39.9	41.2	40.9	41.0	41.0	41.0	0.0
	Steel,Nonferrous Metals,Mining	40.7	39.9	39.8	41.5	41.9	42.0	39.7	38.3	38.3	38.0	36.5	36.4	37.4	1.0
	General Machinery	42.9	42.8	41.2	40.7	40.5	40.6	39.3	40.6	39.7	39.6	39.9	39.8	41.2	1.4
	Electrical Machinery	42.9	42.8	42.4	42.3	43.0	42.5	43.6	42.5	41.4	40.7	41.0	42.5	42.5	0.0
	Transportation Machinery,Equipment	46.2	46.2	48.3	46.9	47.2	44.7	41.6	39.3	41.6	40.2	41.0	42.1	44.2	2.1
	Precision Machinery, Medical Instruments and Equipment	45.4	42.9	44.2	42.9	43.4	44.3	43.9	43.3	45.5	42.9	41.9	46.5	44.5	▲ 2.0
	Other	43.8	40.3	40.5	39.4	40.7	39.9	41.9	44.7	45.5	42.5	41.3	43.0	40.8	▲ 2.2
Total	41.5	41.2	40.8	41.1	41.6	41.5	40.4	39.8	40.2	39.7	39.2	39.4	39.8	0.4	
Wholesale	Food,BEVerages	46.4	47.1	45.8	43.3	44.5	45.7	43.1	43.7	44.5	44.6	42.9	42.5	42.3	▲ 0.2
	Textile,Textile Products,Clothing	39.5	38.0	38.1	36.1	36.0	36.3	36.9	36.8	37.1	35.2	36.3	36.3	35.8	▲ 0.5
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	38.4	38.0	38.1	38.0	38.3	38.9	38.0	37.8	37.6	37.8	36.0	36.4	37.5	1.1
	Paper Products,Stationery,Books	38.2	38.6	38.5	38.4	40.1	40.7	39.6	38.2	40.1	38.4	36.4	35.2	36.3	1.1
	Chemical	45.2	45.1	44.5	44.9	45.1	45.4	44.4	42.2	43.2	41.8	42.9	41.4	43.4	2.0
	Recycled Resources	42.2	40.9	43.9	45.2	42.4	43.8	42.9	41.7	39.9	40.9	44.3	43.1	44.4	1.3
	Steel,Nonferrous Metals, Mining Products	37.9	34.7	36.7	37.0	38.1	38.2	37.3	34.9	35.3	36.5	34.7	34.6	36.2	1.6
	Machinery,Equipment	45.3	44.7	43.8	43.9	44.1	44.7	43.7	43.4	43.5	43.6	43.4	43.4	43.5	0.1
	Other	42.6	42.7	41.7	43.1	43.2	42.9	42.0	41.1	42.5	40.3	41.1	39.9	40.8	0.9
	Total	42.9	42.3	41.9	41.7	42.1	42.7	41.6	40.9	41.4	41.0	40.5	40.1	40.7	0.6

Economic Diffusion Index (Economic DI)2/2

		Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Ratio to the Previous Month
Retail	Food,BEWerages	46.2	47.8	46.5	45.5	44.9	46.4	45.5	43.8	45.3	44.7	43.2	42.6	41.3	▲ 1.3
	Textile,Textile Products,Clothing	41.4	41.2	36.6	42.7	39.3	40.0	36.3	40.2	36.5	40.4	40.2	36.3	36.9	0.6
	Drugs,Sundries	45.3	42.6	42.5	43.8	44.7	46.1	45.8	45.4	44.1	41.8	42.1	41.0	41.4	0.4
	Furniture	32.5	30.2	36.3	27.2	32.4	32.7	34.0	32.1	30.3	33.3	28.7	27.2	35.8	8.6
	Electrical Household Appliances, Information Machinery and Equipment	41.3	40.2	42.7	42.5	44.0	42.7	41.8	42.3	45.8	44.3	40.8	43.2	46.1	2.9
	Motor Vehicles,Motor Vehicle Parts	40.9	42.0	41.7	42.4	40.2	39.7	42.4	41.2	40.9	41.4	42.3	43.4	39.2	▲ 4.2
	Special Merchandise	38.8	38.7	39.1	39.4	38.1	38.3	37.8	37.7	40.2	40.2	38.7	38.6	39.7	1.1
	Various Merchandise	48.1	48.5	45.9	45.3	44.3	44.1	42.7	40.9	44.6	42.9	44.6	44.4	45.5	1.1
	Other	46.2	42.2	47.6	46.2	47.2	51.3	40.3	44.0	39.7	44.4	47.6	44.4	42.2	▲ 2.2
	Total	41.9	41.8	41.4	41.9	41.2	41.5	40.8	40.6	41.4	41.7	40.7	40.3	40.3	0.0
Transportation,Warehousing		43.5	43.3	42.8	44.1	43.8	44.5	43.5	41.9	43.1	43.1	43.3	43.4	42.6	▲ 0.8
Service	Restaurants	55.6	52.2	51.8	47.4	49.4	54.0	50.3	48.0	51.3	52.0	49.4	48.1	49.4	1.3
	Postal,Telecommunications	60.4	54.8	57.4	59.5	57.1	54.2	56.1	51.9	54.2	61.7	56.7	52.8	51.9	▲ 0.9
	Electricity,Gas,Water,Heat	44.8	43.5	46.3	44.1	50.0	42.7	41.7	43.6	43.6	46.9	40.7	41.7	43.6	1.9
	Leasing,Rentals	49.8	49.0	49.2	52.5	52.9	51.6	50.3	50.5	51.7	49.4	49.7	49.0	48.6	▲ 0.4
	Lodging, Hotels	56.6	55.5	57.6	59.7	64.3	56.9	51.3	55.3	60.6	60.4	55.1	52.1	53.8	1.7
	Recreation	49.3	48.8	46.2	46.3	44.8	47.9	46.3	46.3	47.2	46.3	46.2	44.6	47.5	2.9
	Broadcasting	44.7	46.1	45.6	42.6	45.6	43.3	44.1	47.1	47.4	52.8	45.1	45.6	47.2	1.6
	Maintenance,Guarding,Testing	48.4	47.4	47.8	46.8	49.0	46.9	47.3	46.7	46.7	46.0	47.5	46.1	47.3	1.2
	Advertising	44.8	45.2	45.4	45.2	45.6	45.1	46.2	47.0	45.5	47.5	46.1	43.6	43.9	0.3
	Information	57.0	56.4	55.5	56.0	55.4	56.3	56.1	55.7	55.3	55.4	54.5	54.1	54.1	0.0
	Labor Dispatching	52.0	50.9	48.9	50.9	52.3	50.0	48.8	50.6	49.8	50.6	48.6	48.5	49.2	0.7
	Special Services	52.2	51.3	51.2	52.0	51.1	50.3	50.5	51.4	52.4	51.7	49.9	50.5	51.8	1.3
	Medical,Welfare,Public Health	44.2	43.4	42.4	43.6	41.8	43.2	44.4	43.2	44.7	42.9	43.6	44.4	44.0	▲ 0.4
	Education	40.7	43.8	46.4	45.6	42.6	44.4	43.7	43.1	46.3	44.6	43.9	47.4	50.9	3.5
Other	48.2	47.9	47.2	47.6	47.2	48.1	47.5	48.5	49.1	49.1	47.5	47.2	48.0	0.8	
Total	51.7	50.8	50.4	50.8	50.8	50.9	50.2	50.4	51.0	50.9	49.7	49.2	50.0	0.8	
Other		40.9	40.8	39.2	40.1	38.2	42.8	41.3	41.2	41.1	42.1	37.8	37.5	40.1	2.6

		Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Ratio to the Previous Month
Hokkaido		45.6	44.8	43.6	43.7	43.3	43.3	41.6	41.8	42.4	42.8	42.4	42.8	44.1	1.3
Tohoku		42.1	41.8	41.5	41.4	41.3	40.3	40.2	38.8	39.3	39.2	38.6	39.2	39.1	▲ 0.1
kitakanto		43.1	43.1	42.9	43.0	42.6	43.0	40.9	41.7	42.0	41.4	40.9	40.7	41.2	0.5
minamikanto		47.4	46.6	46.4	46.3	46.7	46.6	46.5	46.6	47.2	46.6	45.8	45.6	46.1	0.5
Hokuriku		43.6	43.1	42.5	42.1	42.3	42.5	40.0	39.8	41.4	42.4	42.3	40.7	41.4	0.7
Tokai		44.4	44.4	43.6	44.4	45.1	44.8	44.4	43.1	43.7	43.2	43.0	43.3	43.9	0.6
Kinki		43.8	43.6	43.2	43.7	44.1	44.6	43.6	43.2	43.6	43.7	42.6	42.5	42.9	0.4
Chugoku		45.3	44.3	44.1	44.9	44.2	43.9	44.3	43.2	43.1	42.6	42.8	42.6	43.6	1.0
Shikoku		42.6	41.8	41.2	41.4	41.3	42.5	42.2	41.0	41.1	41.2	40.2	39.9	39.4	▲ 0.5
Kyushu		48.0	48.3	47.7	48.6	48.7	49.0	48.3	48.1	48.5	47.6	46.4	46.5	46.2	▲ 0.3

Appendix

1. Research Subjects (Companies researched: 27,191; Valid responses: 11,282; Response rate: 41.5%)

1. Region

Hokkaido	517	Tokai	1,211
Tohoku	775	Kinki	1,858
kitaKanto	898	Chugoku	761
minamikanto	3,357	Shikoku	379
Hokuriku	573	Kyushu	953
		Total	11,282

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		99
Finance		169
Construction		1,732
Real Estate		481
Manufacturing (2,729)	Food, Beverages, Livestock Feed	309
	Textile, Textile Products, Clothing	133
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	204
	Pulp, Paper and Paper Products	82
	Publishing, Printing	197
	Chemical	357
	Steel, Nonferrous Metals, Mining	478
	General Machinery	448
	Electrical Machinery	277
	Transportation Machinery, Equipment	104
Precision Machinery, Medical Instruments and Equipment	73	
Others	67	
Wholesale (2,503)	Food, Beverages	318
	Textile, Textile Products, Clothing	161
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	276
	Paper Products, Stationery, Books	130
	Chemical	235
	Recycled Resources	36
	Steel, Nonferrous Metals, Mining Products	253
	Machinery, Equipment	787
	Others	307

Retail (846)	Food, Beverages	153
	Textile, Textile Products, Clothing	97
	Drugs, Sundries	54
	Furniture	27
	Electrical Household Appliances, Information Machinery and Equipment	56
	Motor Vehicles, Motor Vehicle Parts	163
	Special Merchandise	237
	Various Merchandise	44
Others	15	
Transportation, Warehousing		463
Service (2,218)	Restaurants	114
	Telecommunications	9
	Electricity, Gas, Water, Heat	13
	Leasing, Rentals	105
	Lodging, Hotels	97
	Recreation	118
	Broadcasting	18
	Maintenance, Guarding, Testing	219
	Advertising	110
	Information	529
	Labor Dispatching	82
	Special Services	359
	Medical, Welfare, Public Health	134
Education	56	
Others	255	
Others		42
Total		11,282

3. Size

Large Firms	1,781	15.8%
Small to Medium-sized Firms	9,501	84.2%
micro Firms	3,754	33.3%
Total	11,282	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 July 18 – 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 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.