

**Economic recovery halted,
worsened for the first time in five months**

~ While prolonged labor shortages and inflation gradually affected the economy, the expansion of inbound tourism was a positive factor ~

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

(Companies researched: 27,771; Valid responses: 11,105; Response rate: 40.0%; Survey start date: May 2002)

< Trend in June 2023: Recovery trend temporarily halted >

The economic diffusion index (DI) in June 2023 was 45.0, down 0.4 points from the previous month, showing the first deterioration in five months. The economy's recovery trend was temporarily halted due to negative factors such as prolonged labor shortages and inflationary trends.

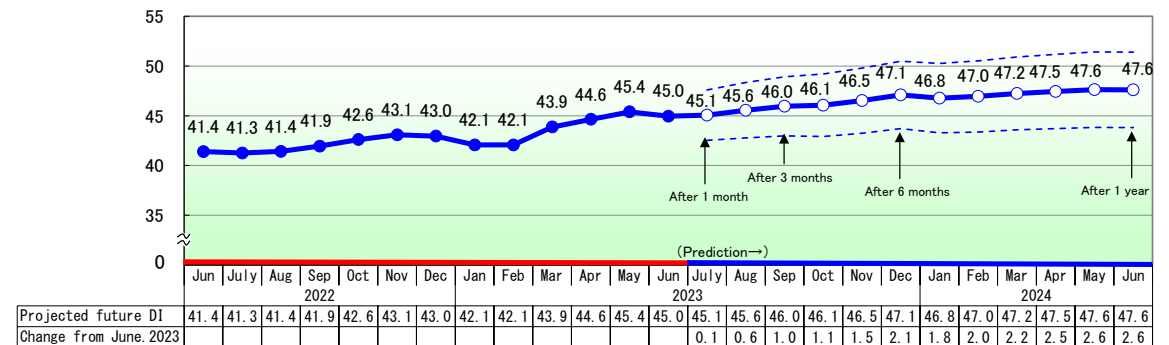
< Future outlook: Continued trend toward gradual recovery >

As the movement toward leaving COVID behind continues, the economy is expected to be on a gradual recovery trend.

By industry: Downturn in 7 out of 10 industries. While larger numbers of people going out in public was a positive factor, the impact of price hikes was a heavy burden on the industry.

By scale: Worsened in all sizes for the first time in six months due to the continuing impact of high prices.

By region: Worsened in 7 out of 10 regions due to weak consumer spending in each region.



*: 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-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Ratio to the Previous Month
Total	41.4	41.3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	45.0	▲ 0.4
Large Firms	43.5	43.4	43.8	43.6	44.2	45.0	44.8	44.8	44.2	46.1	47.3	48.1	47.7	▲ 0.4
Small to Medium-sized Firms	41.0	40.8	41.0	41.6	42.3	42.7	42.6	41.6	41.7	43.5	44.2	44.9	44.5	▲ 0.4
Micro Firms	40.0	39.7	39.8	40.7	41.1	41.4	41.3	40.4	40.9	42.4	42.9	43.9	43.6	▲ 0.3

	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	34.7	36.3	35.9	35.8	36.4	37.7	37.9	37.4	38.9	41.6	42.2	44.8	46.7	1.9	
Finance	42.3	41.9	41.7	43.6	43.2	44.5	44.3	44.8	43.3	44.0	45.0	47.8	48.1	0.3	
Construction	42.5	43.1	43.3	44.0	44.2	44.9	44.6	44.1	43.7	45.5	45.6	46.9	46.8	▲ 0.1	
Real Estate	45.9	44.7	44.8	45.3	44.0	45.6	44.8	46.1	46.3	47.5	49.6	50.7	50.3	▲ 0.4	
Manufacturing	Food,BEWerages,Livestock Feed	37.8	36.7	36.1	35.5	38.2	38.8	38.3	38.1	37.0	41.1	42.0	43.7	43.6	▲ 0.1
	Textile,Textile Products,Clothing	34.4	36.1	32.6	36.2	35.7	36.5	37.9	37.7	39.0	38.6	41.0	42.1	42.0	▲ 0.1
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	40.4	40.8	39.8	40.2	40.9	41.9	41.0	38.0	37.6	37.0	39.7	39.0	38.4	▲ 0.6
	Pulp, Paper and Paper Products	37.4	37.5	36.6	38.0	40.4	40.2	39.2	39.8	36.6	38.6	37.6	38.6	35.8	▲ 2.8
	Publishing,Printing	29.7	29.1	29.6	30.0	31.8	32.9	32.4	31.7	31.6	34.3	33.9	35.4	33.9	▲ 1.5
	Chemical	41.1	41.8	42.6	42.3	40.8	40.8	41.5	40.3	39.2	40.1	41.0	40.6	41.6	1.0
	Steel,Nonferrous Metals,Mining	41.2	42.9	42.7	43.0	43.9	43.6	43.1	41.7	41.0	41.9	41.1	40.9	40.4	▲ 0.5
	General Machinery	46.3	46.3	46.2	45.4	45.8	45.9	44.9	43.3	43.7	43.4	43.8	42.9	41.9	▲ 1.0
	Electrical Machinery	44.8	44.7	44.2	45.2	44.8	45.4	44.5	43.3	43.2	42.8	43.2	43.1	43.9	0.8
	Transportation Machinery,Equipment	36.8	40.3	41.2	40.2	42.2	42.1	41.0	38.7	39.6	41.2	41.5	43.0	44.6	1.6
	Precision Machinery, Medical Instruments and Equipment	48.8	48.5	46.5	46.2	46.1	46.1	46.3	46.5	49.0	46.8	45.6	46.2	46.8	0.6
	Other	38.1	37.8	38.2	37.5	35.4	35.9	37.0	39.1	36.1	40.8	41.9	42.7	42.3	▲ 0.4
Total	40.8	41.3	41.0	41.1	41.6	41.9	41.5	40.4	40.0	41.0	41.4	41.5	41.3	▲ 0.2	
Wholesale	Food,BEWerages	37.1	37.0	35.6	35.8	37.4	38.8	38.2	37.5	38.3	42.1	44.3	45.2	44.9	▲ 0.3
	Textile,Textile Products,Clothing	31.3	29.9	29.9	29.9	32.4	33.1	34.0	34.7	35.9	38.0	41.9	43.1	39.4	▲ 3.7
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	38.3	38.6	38.5	37.5	39.8	39.5	40.2	38.3	37.2	38.0	39.1	38.4	37.3	▲ 1.1
	Paper Products,Stationery,Books	32.8	33.0	33.5	34.5	37.1	37.0	33.8	34.8	35.6	37.3	37.9	40.3	36.5	▲ 3.8
	Chemical	41.6	43.5	43.0	43.4	42.6	43.8	43.5	42.8	41.7	43.5	44.9	46.8	45.3	▲ 1.5
	Recycled Resources	41.4	40.9	39.6	47.0	46.3	43.5	46.2	43.3	43.2	41.7	43.5	40.4	38.9	▲ 1.5
	Steel,Nonferrous Metals, Mining Products	39.7	39.3	39.3	39.8	39.7	40.2	39.9	38.5	37.1	37.8	37.9	38.1	37.5	▲ 0.6
	Machinery,Equipment	42.9	43.1	42.6	43.3	44.1	44.1	43.8	43.0	43.3	45.2	45.2	46.0	45.4	▲ 0.6
	Other	38.1	37.7	37.7	38.2	39.0	39.6	40.9	40.0	40.9	42.3	43.9	44.9	43.2	▲ 1.7
Total	39.4	39.5	39.2	39.6	40.6	41.0	41.0	40.1	40.1	41.9	42.9	43.7	42.5	▲ 1.2	

Economic Diffusion Index (Economic DI)2/2

		Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Ratio to the Previous Month
Retail	Food,BEWerages	42.7	40.3	39.9	40.2	39.6	43.2	42.2	42.3	40.6	42.7	49.1	49.7	46.6	▲ 3.1
	Textile,Textile Products,Clothing	33.6	37.7	33.6	34.9	38.7	38.1	35.4	34.2	35.7	39.7	36.6	38.3	40.4	2.1
	Drugs,Sundries	40.1	37.1	41.9	39.5	38.9	40.6	39.0	37.2	38.5	42.9	47.8	47.4	45.9	▲ 1.5
	Furniture	39.8	35.2	36.1	40.0	37.8	36.2	31.0	34.2	33.3	39.5	38.1	34.7	33.3	▲ 1.4
	Electrical Household Appliances, Information Machinery and Equipment	34.0	36.7	32.7	37.1	35.1	35.3	37.2	36.3	37.5	40.2	37.8	40.5	38.6	▲ 1.9
	Motor Vehicles,Motor Vehicle Parts	36.4	32.4	35.9	38.8	37.6	37.2	35.3	38.2	38.7	40.8	44.0	41.5	40.6	▲ 0.9
	Special Merchandise	34.3	33.2	34.7	34.0	33.5	35.4	34.8	34.4	35.3	38.6	39.0	39.4	40.1	0.7
	Various Merchandise	37.8	40.2	38.0	36.1	41.3	41.4	42.6	42.5	41.0	43.6	47.8	45.8	44.9	▲ 0.9
	Other	39.7	36.9	42.3	32.1	36.5	44.9	41.1	42.3	44.8	41.1	41.7	41.1	45.8	4.7
	Total	36.7	35.7	36.3	36.7	36.8	38.2	37.4	37.5	37.7	40.6	42.5	42.4	42.0	▲ 0.4
Transportation,Warehousing		37.1	37.8	37.3	38.2	40.7	41.6	41.6	38.9	38.0	41.2	42.1	43.4	42.2	▲ 1.2
Service	Restaurants	38.0	34.0	28.1	31.8	39.0	39.1	41.5	38.5	42.4	49.8	50.8	56.7	53.6	▲ 3.1
	Postal,Telecommunications	56.0	47.0	47.9	51.9	52.4	50.0	48.3	47.6	44.4	52.8	52.8	58.3	53.3	▲ 5.0
	Electricity,Gas,Water,Heat	34.3	37.7	35.9	36.1	31.1	32.3	36.7	32.4	32.1	39.7	38.9	44.0	44.1	0.1
	Leasing,Rentals	44.9	40.8	44.7	45.6	47.5	48.4	47.4	46.8	47.4	48.1	50.5	49.7	52.1	2.4
	Lodging, Hotels	33.3	30.3	38.0	37.4	53.3	54.8	52.2	48.3	48.0	59.5	62.1	59.8	55.1	▲ 4.7
	Recreation	41.6	40.7	40.1	42.2	45.0	43.8	43.2	42.1	44.1	50.9	48.9	50.4	47.6	▲ 2.8
	Broadcasting	41.7	43.0	38.3	46.1	43.1	41.7	39.5	40.7	41.1	42.6	44.7	47.4	43.1	▲ 4.3
	Maintenance,Guarding,Testing	44.2	42.2	43.4	42.8	42.8	43.6	45.6	42.9	42.6	45.3	45.8	47.3	48.0	0.7
	Advertising	37.3	34.3	36.7	39.3	40.9	40.3	39.7	40.2	41.4	43.7	46.6	45.0	45.0	0.0
	Information	52.0	51.5	52.7	53.0	52.3	53.0	53.6	53.2	53.8	55.5	55.8	56.2	56.8	0.6
	Labor Dispatching	45.7	46.5	49.8	47.4	48.8	46.5	50.0	48.5	47.9	47.3	49.6	50.7	52.0	1.3
	Special Services	49.6	48.7	48.3	49.4	49.0	48.8	48.7	48.5	49.2	50.1	50.9	52.3	51.7	▲ 0.6
	Medical,Welfare,Public Health	43.5	42.5	41.2	41.7	43.2	43.6	42.8	42.9	41.5	42.2	41.8	44.6	44.8	0.2
	Education	40.1	38.8	39.7	43.7	42.1	42.8	41.2	38.4	41.9	44.4	38.4	42.2	41.4	▲ 0.8
	Other	42.8	42.4	41.2	42.8	43.3	43.5	44.0	42.2	44.3	46.5	48.6	47.5	49.2	1.7
Total	45.9	44.4	45.4	46.3	47.1	47.3	47.7	46.6	47.4	50.0	50.8	51.6	51.6	0.0	
Other		35.6	36.6	38.3	37.2	37.9	38.2	36.7	36.5	37.0	38.2	39.2	41.2	39.8	▲ 1.4

		Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Ratio to the Previous Month
Hokkaido		40.1	41.0	40.2	40.7	41.2	40.9	40.8	40.1	40.6	41.2	42.2	43.0	43.9	0.9
Tohoku		39.0	38.8	38.1	39.3	39.9	40.3	39.4	38.0	37.2	41.1	41.2	41.6	41.7	0.1
kitakanto		42.6	42.9	43.8	42.5	43.7	43.7	43.1	40.9	41.4	42.6	43.3	43.4	42.8	▲ 0.6
minamikanto		43.2	42.6	43.3	43.6	43.8	44.4	44.7	44.1	43.9	45.7	46.7	47.2	47.2	0.0
Hokuriku		40.5	41.5	40.8	41.7	42.3	42.2	42.2	40.9	41.2	42.1	42.5	44.0	43.7	▲ 0.3
Tokai		39.5	39.5	39.7	40.4	41.1	41.4	41.7	41.0	41.1	42.8	43.3	44.6	43.8	▲ 0.8
Kinki		40.9	40.9	41.1	41.5	42.3	43.0	42.7	42.0	41.8	43.6	44.3	45.4	43.9	▲ 1.5
Chugoku		41.1	41.3	40.9	41.8	42.8	43.8	43.4	41.9	41.8	44.1	44.8	44.9	44.7	▲ 0.2
Shikoku		38.4	38.3	37.7	38.7	40.3	40.0	39.3	39.0	38.6	40.0	40.7	43.0	41.7	▲ 1.3
Kyushu		42.2	41.5	41.3	43.0	44.0	45.1	44.8	44.0	44.8	46.4	48.1	48.5	48.2	▲ 0.3

Appendix

1. Research Subjects (Companies researched: 27,771; Valid responses: 11,105; Response rate: 40.0%)

1. Region

Hokkaido	511	Tokai	1,201
Tohoku	737	Kinki	1,898
kitaKanto	872	Chugoku	761
minamikanto	3,246	Shikoku	384
Hokuriku	553	Kyushu	942
		Total	11,105

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		111
Finance		157
Construction		1,714
Real Estate		456
Manufacturing (2,798)	Food, Beverages, Livestock Feed	333
	Textile, Textile Products, Clothing	113
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	216
	Pulp, Paper and Paper Products	96
	Publishing, Printing	154
	Chemical	375
	Steel, Nonferrous Metals, Mining	494
	General Machinery	469
	Electrical Machinery	302
	Transportation Machinery, Equipment	104
	Precision Machinery, Medical Instruments and Equipment	68
	Others	74
	Wholesale (2,587)	Food, Beverages
Textile, Textile Products, Clothing		156
Construction Materials, Furniture, Ceramics, Stone and Clay Products		304
Paper Products, Stationery, Books		101
Chemical		253
Recycled Resources		33
Steel, Nonferrous Metals, Mining Products		269
Machinery, Equipment		828
Others		319

Retail (654)	Food, Beverages	103
	Textile, Textile Products, Clothing	57
	Drugs, Sundries	65
	Furniture	18
	Electrical Household Appliances, Information Machinery and Equipment	41
	Motor Vehicles, Motor Vehicle Parts	80
	Special Merchandise	222
	Various Merchandise	56
	Others	12
Transportation, Warehousing		509
Service (2,078)	Restaurants	87
	Telecommunications	10
	Electricity, Gas, Water, Heat	17
	Leasing, Rentals	104
	Lodging, Hotels	98
	Recreation	96
	Broadcasting	17
	Maintenance, Guarding, Testing	182
	Advertising	104
	Information	580
	Labor Dispatching	94
	Special Services	308
	Medical, Welfare, Public Health	135
Education	29	
Others	217	
Others		41
Total		11,105

3. Size

Large Firms	1,697	15.3%
Small to Medium-sized Firms	9,408	84.7%
micro Firms	3,623	32.6%
Total	11,105	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 19– 30 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 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.