

The economy worsened for second straight month, albeit slightly

~ Increased energy and other cost burdens
and the rising trend toward saving money were negative factors ~

(Companies researched: 26,991; Valid responses: 11,039; Response rate: 40.9%; Survey start date: May 2002)

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< Trend in September 2023: Worsening slightly >

The economic diffusion index (DI) in September 2023 was 44.4, down 0.5 points from the previous month, for a second straight month of deterioration.

The domestic economy continued to show a downward trend, albeit slightly, in a wide range of regions and industries due to an increase in energy and other cost burdens, the rising trend toward saving money, and the stagnation of overseas economies.

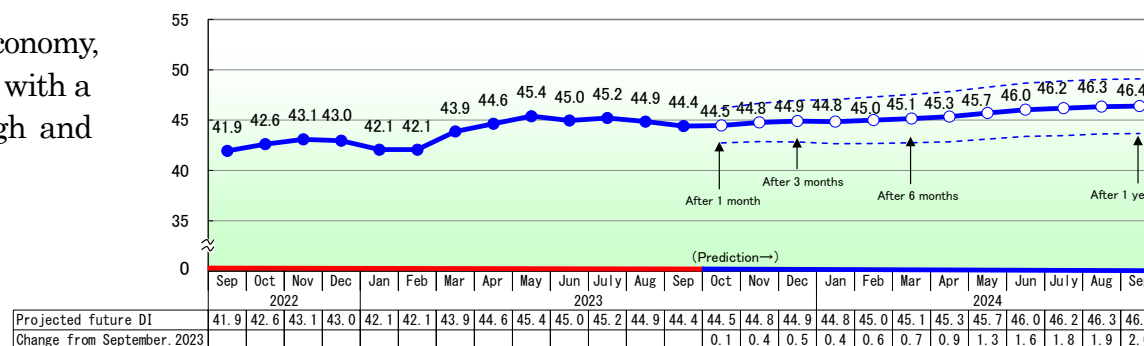
< Future outlook: Remain unchanged >

While the continuation of wage increases is a key driver of the economy, the domestic economy is expected to remain almost unchanged, with a mix of improved corporate finances through price pass-through and households' rising trend toward saving money.

By industry: Worsened in all 10 industries. Rising costs, the weak yen, and an overseas economic deceleration were negative factors.

By scale: Worsened in all sizes for the first time in three months. Post-COVID business confidence was divided among companies.

By region: Worsened in all 10 regions for the first time in eight months. Rising gasoline prices hit regional traffic.



*: 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

	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Ratio to the Previous Month
Total	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	▲ 0.5
Large Firms	43.6	44.2	45.0	44.8	44.8	44.2	46.1	47.3	48.1	47.7	48.6	48.0	47.8	▲ 0.2
Small to Medium-sized Firms	41.6	42.3	42.7	42.6	41.6	41.7	43.5	44.2	44.9	44.5	44.6	44.3	43.8	▲ 0.5
Micro Firms	40.7	41.1	41.4	41.3	40.4	40.9	42.4	42.9	43.9	43.6	43.4	43.5	43.0	▲ 0.5

	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	35.8	36.4	37.7	37.9	37.4	38.9	41.6	42.2	44.8	46.7	42.5	43.0	42.1	▲ 0.9	
Finance	43.6	43.2	44.5	44.3	44.8	43.3	44.0	45.0	47.8	48.1	47.4	48.8	46.8	▲ 2.0	
Construction	44.0	44.2	44.9	44.6	44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	▲ 0.3	
Real Estate	45.3	44.0	45.6	44.8	46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	▲ 1.1	
Manufacturing	Food,BEWerages,Livestock Feed	35.5	38.2	38.8	38.3	38.1	37.0	41.1	42.0	43.7	43.1	44.5	42.6	▲ 1.9	
	Textile,Textile Products,Clothing	36.2	35.7	36.5	37.9	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	0.4	
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	40.2	40.9	41.9	41.0	38.0	37.6	37.0	39.7	39.0	38.4	37.9	38.2	39.0	0.8
	Pulp, Paper and Paper Products	38.0	40.4	40.2	39.2	39.8	36.6	38.6	37.6	38.6	35.8	36.1	36.1	36.9	0.8
	Publishing,Printing	30.0	31.8	32.9	32.4	31.7	31.6	34.3	33.9	35.4	33.9	33.4	33.9	32.3	▲ 1.6
	Chemical	42.3	40.8	40.8	41.5	40.3	39.2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	0.0
	Steel,Nonferrous Metals,Mining	43.0	43.9	43.6	43.1	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	▲ 0.1
	General Machinery	45.4	45.8	45.9	44.9	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	▲ 1.6
	Electrical Machinery	45.2	44.8	45.4	44.5	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	▲ 0.4
	Transportation Machinery,Equipment	40.2	42.2	42.1	41.0	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	2.1
	Precision Machinery,Medical Instruments and Equipment	46.2	46.1	46.1	46.3	46.5	49.0	46.8	45.6	46.2	46.8	45.4	42.9	44.2	1.3
	Other	37.5	35.4	35.9	37.0	39.1	36.1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	0.2
	Total	41.1	41.6	41.9	41.5	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	▲ 0.4
Wholesale	Food,BEWerages	35.8	37.4	38.8	38.2	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	▲ 1.3
	Textile,Textile Products,Clothing	29.9	32.4	33.1	34.0	34.7	35.9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	0.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.5	39.8	39.5	40.2	38.3	37.2	38.0	39.1	38.4	37.3	38.4	38.0	38.1	0.1
	Paper Products,Stationery,Books	34.5	37.1	37.0	33.8	34.8	35.6	37.3	37.9	40.3	36.5	38.2	38.6	38.5	▲ 0.1
	Chemical	43.4	42.6	43.8	43.5	42.8	41.7	43.5	44.9	46.8	45.3	45.2	45.1	44.5	▲ 0.6
	Recycled Resources	47.0	46.3	43.5	46.2	43.3	43.2	41.7	43.5	40.4	38.9	42.2	40.9	43.9	3.0
	Steel,Nonferrous Metals,Mining Products	39.8	39.7	40.2	39.9	38.5	37.1	37.8	37.9	38.1	37.5	37.9	34.7	36.7	2.0
	Machinery,Equipment	43.3	44.1	44.1	43.8	43.0	43.3	45.2	45.2	46.0	45.4	45.3	44.7	43.8	▲ 0.9
	Other	38.2	39.0	39.6	40.9	40.0	40.9	42.3	43.9	44.9	43.2	42.6	42.7	41.7	▲ 1.0
Total	39.6	40.6	41.0	41.0	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	▲ 0.4	

Economic Diffusion Index (Economic DI)2/2

		Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Ratio to the Previous Month
Retail	Food,BEWerages	40.2	39.6	43.2	42.2	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	▲ 1.3
	Textile,Textile Products,Clothing	34.9	38.7	38.1	35.4	34.2	35.7	39.7	36.6	38.3	40.4	41.4	41.2	36.6	▲ 4.6
	Drugs,Sundries	39.5	38.9	40.6	39.0	37.2	38.5	42.9	47.8	47.4	45.9	45.3	42.6	42.5	▲ 0.1
	Furniture	40.0	37.8	36.2	31.0	34.2	33.3	39.5	38.1	34.7	33.3	32.5	30.2	36.3	6.1
	Electrical Household Appliances, Information Machinery and Equipment	37.1	35.1	35.3	37.2	36.3	37.5	40.2	37.8	40.5	38.6	41.3	40.2	42.7	2.5
	Motor Vehicles,Motor Vehicle Parts	38.8	37.6	37.2	35.3	38.2	38.7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	▲ 0.3
	Special Merchandise	34.0	33.5	35.4	34.8	34.4	35.3	38.6	39.0	39.4	40.1	38.8	38.7	39.1	0.4
	Various Merchandise	36.1	41.3	41.4	42.6	42.5	41.0	43.6	47.8	45.8	44.9	48.1	48.5	45.9	▲ 2.6
	Other	32.1	36.5	44.9	41.1	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	5.4
Total		36.7	36.8	38.2	37.4	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	▲ 0.4
Transportation,Warehousing		38.2	40.7	41.6	41.6	38.9	38.0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	▲ 0.5
Service	Restaurants	31.8	39.0	39.1	41.5	38.5	42.4	49.8	50.8	56.7	53.6	55.6	52.2	51.8	▲ 0.4
	Postal,Telecommunications	51.9	52.4	50.0	48.3	47.6	44.4	52.8	52.8	58.3	53.3	60.4	54.8	57.4	2.6
	Electricity,Gas,Water,Heat	36.1	31.1	32.3	36.7	32.4	32.1	39.7	38.9	44.0	44.1	44.8	43.5	46.3	2.8
	Leasing,Rentals	45.6	47.5	48.4	47.4	46.8	47.4	48.1	50.5	49.7	52.1	49.8	49.0	49.2	0.2
	Lodging, Hotels	37.4	53.3	54.8	52.2	48.3	48.0	59.5	62.1	59.8	55.1	56.6	55.5	57.6	2.1
	Recreation	42.2	45.0	43.8	43.2	42.1	44.1	50.9	48.9	50.4	47.6	49.3	48.8	46.2	▲ 2.6
	Broadcasting	46.1	43.1	41.7	39.5	40.7	41.1	42.6	44.7	47.4	43.1	44.7	46.1	45.6	▲ 0.5
	Maintenance,Guarding,Testing	42.8	42.8	43.6	45.6	42.9	42.6	45.3	45.8	47.3	48.0	48.4	47.4	47.8	0.4
	Advertising	39.3	40.9	40.3	39.7	40.2	41.4	43.7	46.6	45.0	45.0	44.8	45.2	45.4	0.2
	Information	53.0	52.3	53.0	53.6	53.2	53.8	55.5	55.8	56.2	56.8	57.0	56.4	55.5	▲ 0.9
	Labor Dispatching	47.4	48.8	46.5	50.0	48.5	47.9	47.3	49.6	50.7	52.0	52.0	50.9	48.9	▲ 2.0
	Special Services	49.4	49.0	48.8	48.7	48.5	49.2	50.1	50.9	52.3	51.7	52.2	51.3	51.2	▲ 0.1
	Medical,Welfare,Public Health	41.7	43.2	43.6	42.8	42.9	41.5	42.2	41.8	44.6	44.8	44.2	43.4	42.4	▲ 1.0
	Education	43.7	42.1	42.8	41.2	38.4	41.9	44.4	38.4	42.2	41.4	40.7	43.8	46.4	2.6
	Other	42.8	43.3	43.5	44.0	42.2	44.3	46.5	48.6	47.5	49.2	48.2	47.9	47.2	▲ 0.7
Total		46.3	47.1	47.3	47.7	46.6	47.4	50.0	50.8	51.6	51.6	51.7	50.8	50.4	▲ 0.4
Other		37.2	37.9	38.2	36.7	36.5	37.0	38.2	39.2	41.2	39.8	40.9	40.8	39.2	▲ 1.6

		Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Ratio to the Previous Month
Hokkaido		40.7	41.2	40.9	40.8	40.1	40.6	41.2	42.2	43.0	43.9	45.6	44.8	43.6	▲ 1.2
Tohoku		39.3	39.9	40.3	39.4	38.0	37.2	41.1	41.2	41.6	41.7	42.1	41.8	41.5	▲ 0.3
kitakanto		42.5	43.7	43.7	43.1	40.9	41.4	42.6	43.3	43.4	42.8	43.1	43.1	42.9	▲ 0.2
minamikanto		43.6	43.8	44.4	44.7	44.1	43.9	45.7	46.7	47.2	47.2	47.4	46.6	46.4	▲ 0.2
Hokuriku		41.7	42.3	42.2	42.2	40.9	41.2	42.1	42.5	44.0	43.7	43.6	43.1	42.5	▲ 0.6
Tokai		40.4	41.1	41.4	41.7	41.0	41.1	42.8	43.3	44.6	43.8	44.4	44.4	43.6	▲ 0.8
Kinki		41.5	42.3	43.0	42.7	42.0	41.8	43.6	44.3	45.4	43.9	43.8	43.6	43.2	▲ 0.4
Chugoku		41.8	42.8	43.8	43.4	41.9	41.8	44.1	44.8	44.9	44.7	45.3	44.3	44.1	▲ 0.2
Shikoku		38.7	40.3	40.0	39.3	39.0	38.6	40.0	40.7	43.0	41.7	42.6	41.8	41.2	▲ 0.6
Kyushu		43.0	44.0	45.1	44.8	44.0	44.8	46.4	48.1	48.5	48.2	48.0	48.3	47.7	▲ 0.6

Appendix

1. Research Subjects (Companies researched: 26,991; Valid responses: 11,039; Response rate: 40.9%)

1. Region

Hokkaido	497	Tokai	1,185
Tohoku	743	Kinki	1,839
kitaKanto	879	Chugoku	757
minamikanto	3,273	Shikoku	362
Hokuriku	578	Kyushu	926
		Total	11,039

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		106
Finance		166
Construction		1,727
Real Estate		468
Manufacturing (2,757)	Food, Beverages, Livestock Feed	330
	Textile, Textile Products, Clothing	100
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	214
	Pulp, Paper and Paper Products	85
	Publishing, Printing	152
	Chemical	379
	Steel, Nonferrous Metals, Mining	498
	General Machinery	457
	Electrical Machinery	291
	Transportation Machinery, Equipment	105
Precision Machinery, Medical Instruments and Equipment	69	
Others	77	
Wholesale (2,484)	Food, Beverages	317
	Textile, Textile Products, Clothing	157
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	291
	Paper Products, Stationery, Books	84
	Chemical	232
	Recycled Resources	30
	Steel, Nonferrous Metals, Mining Products	260
	Machinery, Equipment	801
Others	312	

Retail (742)	Food, Beverages	100
	Textile, Textile Products, Clothing	92
	Drugs, Sundries	62
	Furniture	17
	Electrical Household Appliances, Information Machinery and Equipment	66
	Motor Vehicles, Motor Vehicle Parts	137
	Special Merchandise	201
	Various Merchandise	53
Others	14	
Transportation, Warehousing		484
Service (2,071)	Restaurants	85
	Telecommunications	9
	Electricity, Gas, Water, Heat	18
	Leasing, Rentals	103
	Lodging, Hotels	96
	Recreation	110
	Broadcasting	15
	Maintenance, Guarding, Testing	194
	Advertising	109
	Information	546
	Labor Dispatching	88
	Special Services	296
	Medical, Welfare, Public Health	131
Education	42	
Others	229	
Others		34
Total		11,039

3. Size

Large Firms	1,709	15.5%
Small to Medium-sized Firms	9,330	84.5%
micro Firms	3,596	32.6%
Total	11,039	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 September 15– 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.