The domestic economy worsened for the first time in four months

～ The improvement trend stopped due to the Noto Peninsula earthquake, the warm winter, and the automaker's fraud ～

(Companies researched: 27,308; Valid responses: 11,431; Response rate: 41.9%; Survey start date: May 2002)

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< Trend in January 2024: Improvement trend stopped >

  The economic diffusion index (DI) in January 2024 was 44.2, down 0.7 points from the previous month, showing the first deterioration in four months.

  The improvement trend in the domestic economy stopped due to negative factors such as the impact of the Noto Peninsula earthquake, a slump in seasonal products caused by the warm winter, and the automaker's fraud.

By industry: Worsened in 7 out of 10 industries. The warm winter and the automaker's fraud were negative factors.

By scale: Worsened in all sizes for the first time in four months. There was a noticeable drop in personal consumption.

By region: Worsened in 9 out of 10 regions due to the impact of the Noto Peninsula earthquake, as well as labor shortages and other problems.
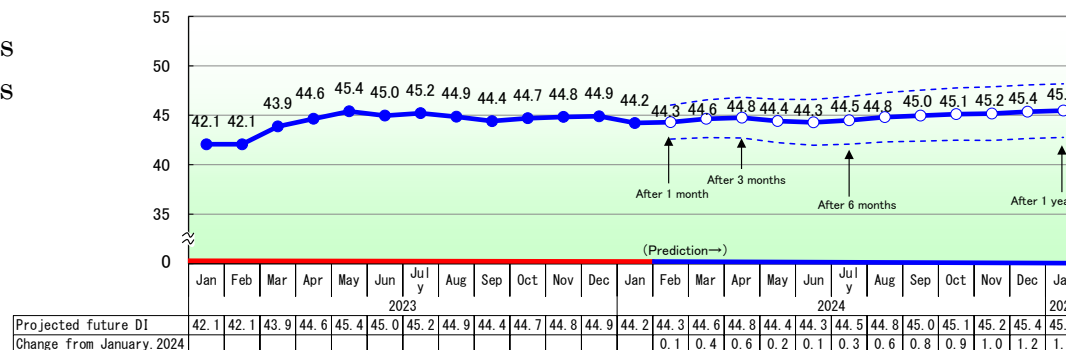
< Future outlook: Remain unchanged >

  The domestic economy is expected to remain unchanged, with a focus on continuing wage increases amid structural negative factors such as the so-called 2024 problem.

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan
							2023											2024							2025
Projected future DI	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	44.8	44.9	44.2	44.3	44.6	44.8	44.4	44.3	44.5	44.8	45.0	45.1	45.2	45.4	45.5
Change from January. 2024														0.1	0.4	0.6	0.2	0.1	0.3	0.6	0.8	0.9	1.0	1.2	1.3

*: 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

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
Total	42.1	42.1	43.9	44.6	45.4	45.0	45.2	44.9	44.4	44.7	44.8	44.9	44.2	▲ 0.7
Large Firms	44.8	44.2	46.1	47.3	48.1	47.7	48.6	48.0	47.8	47.9	48.4	48.1	47.9	▲ 0.2
Small to Medium-sized Firms	41.6	41.7	43.5	44.2	44.9	44.5	44.6	44.3	43.8	44.1	44.2	44.3	43.6	▲ 0.7
Micro Firms	40.4	40.9	42.4	42.9	43.9	43.6	43.4	43.5	43.0	43.4	43.1	43.3	42.6	▲ 0.7

		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		37.4	38.9	41.6	42.2	44.8	46.7	42.5	43.0	42.1	43.0	40.1	40.5	40.3	▲ 0.2
Finance		44.8	43.3	44.0	45.0	47.8	48.1	47.4	48.8	46.8	47.3	48.0	47.0	47.7	0.7
Construction		44.1	43.7	45.5	45.6	46.9	46.8	47.8	47.4	47.1	47.5	47.8	47.2	47.7	0.5
Real Estate		46.1	46.3	47.5	49.6	50.7	50.3	48.8	49.6	48.5	48.7	47.9	47.5	48.1	0.6
Manufacturing	Food,BEWerages,Livestock Feed	38.1	37.0	41.1	42.0	43.7	43.6	43.1	44.5	42.6	43.4	44.0	44.6	43.6	▲ 1.0
	Textile,Textile Products,Clothing	37.7	39.0	38.6	41.0	42.1	42.0	43.6	42.6	43.0	41.5	40.8	40.1	37.9	▲ 2.2
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	38.0	37.6	37.0	39.7	39.0	38.4	37.9	38.2	39.0	40.3	41.5	40.3	39.9	▲ 0.4
	Pulp, Paper and Paper Products	39.8	36.6	38.6	37.6	38.6	35.8	36.1	36.1	36.9	37.7	37.2	38.5	37.3	▲ 1.2
	Publishing,Printing	31.7	31.6	34.3	33.9	35.4	33.9	33.4	33.9	32.3	32.5	33.1	34.2	32.4	▲ 1.8
	Chemical	40.3	39.2	40.1	41.0	40.6	41.6	41.8	41.2	41.2	41.4	42.7	42.2	42.6	0.4
	Steel,Nonferrous Metals,Mining	41.7	41.0	41.9	41.1	40.9	40.4	40.7	39.9	39.8	41.5	41.9	42.0	39.7	▲ 2.3
	General Machinery	43.3	43.7	43.4	43.8	42.9	41.9	42.9	42.8	41.2	40.7	40.5	40.6	39.3	▲ 1.3
	Electrical Machinery	43.3	43.2	42.8	43.2	43.1	43.9	42.9	42.8	42.4	42.3	43.0	42.5	43.6	1.1
	Transportation Machinery,Equipment	38.7	39.6	41.2	41.5	43.0	44.6	46.2	46.2	48.3	46.9	47.2	44.7	41.6	▲ 3.1
	Precision Machinery, Medical Instruments and Equipment	46.5	49.0	46.8	45.6	46.2	46.8	45.4	42.9	44.2	42.9	43.4	44.3	43.9	▲ 0.4
	Other	39.1	36.1	40.8	41.9	42.7	42.3	43.8	40.3	40.5	39.4	40.7	39.9	41.9	2.0
	Total	40.4	40.0	41.0	41.4	41.5	41.3	41.5	41.2	40.8	41.1	41.6	41.5	40.4	▲ 1.1
Wholesale	Food,BEWerages	37.5	38.3	42.1	44.3	45.2	44.9	46.4	47.1	45.8	43.3	44.5	45.7	43.1	▲ 2.6
	Textile,Textile Products,Clothing	34.7	35.9	38.0	41.9	43.1	39.4	39.5	38.0	38.1	36.1	36.0	36.3	36.9	0.6
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	38.3	37.2	38.0	39.1	38.4	37.3	38.4	38.0	38.1	38.0	38.3	38.9	38.0	▲ 0.9
	Paper Products,Stationery,Books	34.8	35.6	37.3	37.9	40.3	36.5	38.2	38.6	38.5	38.4	40.1	40.7	39.6	▲ 1.1
	Chemical	42.8	41.7	43.5	44.9	46.8	45.3	45.2	45.1	44.5	44.9	45.1	45.4	44.4	▲ 1.0
	Recycled Resources	43.3	43.2	41.7	43.5	40.4	38.9	42.2	40.9	43.9	45.2	42.4	43.8	42.9	▲ 0.9
	Steel,Nonferrous Metals, Mining Products	38.5	37.1	37.8	37.9	38.1	37.5	37.9	34.7	36.7	37.0	38.1	38.2	37.3	▲ 0.9
	Machinery,Equipment	43.0	43.3	45.2	45.2	46.0	45.4	45.3	44.7	43.8	43.9	44.1	44.7	43.7	▲ 1.0
	Other	40.0	40.9	42.3	43.9	44.9	43.2	42.6	42.7	41.7	43.1	43.2	42.9	42.0	▲ 0.9
	Total	40.1	40.1	41.9	42.9	43.7	42.5	42.9	42.3	41.9	41.7	42.1	42.7	41.6	▲ 1.1

Economic Diffusion Index (Economic DI)2/2

		Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
Retail	Food,BEWerages	42.3	40.6	42.7	49.1	49.7	46.6	46.2	47.8	46.5	45.5	44.9	46.4	45.5	▲ 0.9
	Textile,Textile Products,Clothing	34.2	35.7	39.7	36.6	38.3	40.4	41.4	41.2	36.6	42.7	39.3	40.0	36.3	▲ 3.7
	Drugs,Sundries	37.2	38.5	42.9	47.8	47.4	45.9	45.3	42.6	42.5	43.8	44.7	46.1	45.8	▲ 0.3
	Furniture	34.2	33.3	39.5	38.1	34.7	33.3	32.5	30.2	36.3	27.2	32.4	32.7	34.0	1.3
	Electrical Household Appliances, Information Machinery and Equipment	36.3	37.5	40.2	37.8	40.5	38.6	41.3	40.2	42.7	42.5	44.0	42.7	41.8	▲ 0.9
	Motor Vehicles,Motor Vehicle Parts	38.2	38.7	40.8	44.0	41.5	40.6	40.9	42.0	41.7	42.4	40.2	39.7	42.4	2.7
	Special Merchandise	34.4	35.3	38.6	39.0	39.4	40.1	38.8	38.7	39.1	39.4	38.1	38.3	37.8	▲ 0.5
	Various Merchandise	42.5	41.0	43.6	47.8	45.8	44.9	48.1	48.5	45.9	45.3	44.3	44.1	42.7	▲ 1.4
	Other	42.3	44.8	41.1	41.7	41.1	45.8	46.2	42.2	47.6	46.2	47.2	51.3	40.3	▲ 11.0
	Total	37.5	37.7	40.6	42.5	42.4	42.0	41.9	41.8	41.4	41.9	41.2	41.5	40.8	▲ 0.7
Transportation,Warehousing		38.9	38.0	41.2	42.1	43.4	42.2	43.5	43.3	42.8	44.1	43.8	44.5	43.5	▲ 1.0
Service	Restaurants	38.5	42.4	49.8	50.8	56.7	53.6	55.6	52.2	51.8	47.4	49.4	54.0	50.3	▲ 3.7
	Postal,Telecommunications	47.6	44.4	52.8	52.8	58.3	53.3	60.4	54.8	57.4	59.5	57.1	54.2	56.1	1.9
	Electricity,Gas,Water,Heat	32.4	32.1	39.7	38.9	44.0	44.1	44.8	43.5	46.3	44.1	50.0	42.7	41.7	▲ 1.0
	Leasing,Rentals	46.8	47.4	48.1	50.5	49.7	52.1	49.8	49.0	49.2	52.5	52.9	51.6	50.3	▲ 1.3
	Lodging, Hotels	48.3	48.0	59.5	62.1	59.8	55.1	56.6	55.5	57.6	59.7	64.3	56.9	51.3	▲ 5.6
	Recreation	42.1	44.1	50.9	48.9	50.4	47.6	49.3	48.8	46.2	46.3	44.8	47.9	46.3	▲ 1.6
	Broadcasting	40.7	41.1	42.6	44.7	47.4	43.1	44.7	46.1	45.6	42.6	45.6	43.3	44.1	0.8
	Maintenance,Guarding,Testing	42.9	42.6	45.3	45.8	47.3	48.0	48.4	47.4	47.8	46.8	49.0	46.9	47.3	0.4
	Advertising	40.2	41.4	43.7	46.6	45.0	45.0	44.8	45.2	45.4	45.2	45.6	45.1	46.2	1.1
	Information	53.2	53.8	55.5	55.8	56.2	56.8	57.0	56.4	55.5	56.0	55.4	56.3	56.1	▲ 0.2
	Labor Dispatching	48.5	47.9	47.3	49.6	50.7	52.0	52.0	50.9	48.9	50.9	52.3	50.0	48.8	▲ 1.2
	Special Services	48.5	49.2	50.1	50.9	52.3	51.7	52.2	51.3	51.2	52.0	51.1	50.3	50.5	0.2
	Medical,Welfare,Public Health	42.9	41.5	42.2	41.8	44.6	44.8	44.2	43.4	42.4	43.6	41.8	43.2	44.4	1.2
	Education	38.4	41.9	44.4	38.4	42.2	41.4	40.7	43.8	46.4	45.6	42.6	44.4	43.7	▲ 0.7
	Other	42.2	44.3	46.5	48.6	47.5	49.2	48.2	47.9	47.2	47.6	47.2	48.1	47.5	▲ 0.6
	Total	46.6	47.4	50.0	50.8	51.6	51.6	51.7	50.8	50.4	50.8	50.8	50.9	50.2	▲ 0.7
Other		36.5	37.0	38.2	39.2	41.2	39.8	40.9	40.8	39.2	40.1	38.2	42.8	41.3	▲ 1.5

	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Ratio to the Previous Month
Hokkaido	40.1	40.6	41.2	42.2	43.0	43.9	45.6	44.8	43.6	43.7	43.3	43.3	41.6	▲ 1.7
Tohoku	38.0	37.2	41.1	41.2	41.6	41.7	42.1	41.8	41.5	41.4	41.3	40.3	40.2	▲ 0.1
kitakanto	40.9	41.4	42.6	43.3	43.4	42.8	43.1	43.1	42.9	43.0	42.6	43.0	40.9	▲ 2.1
minamikanto	44.1	43.9	45.7	46.7	47.2	47.2	47.4	46.6	46.4	46.3	46.7	46.6	46.5	▲ 0.1
Hokuriku	40.9	41.2	42.1	42.5	44.0	43.7	43.6	43.1	42.5	42.1	42.3	42.5	40.0	▲ 2.5
Tokai	41.0	41.1	42.8	43.3	44.6	43.8	44.4	44.4	43.6	44.4	45.1	44.8	44.4	▲ 0.4
Kinki	42.0	41.8	43.6	44.3	45.4	43.9	43.8	43.6	43.2	43.7	44.1	44.6	43.6	▲ 1.0
Chugoku	41.9	41.8	44.1	44.8	44.9	44.7	45.3	44.3	44.1	44.9	44.2	43.9	44.3	0.4
Shikoku	39.0	38.6	40.0	40.7	43.0	41.7	42.6	41.8	41.2	41.4	41.3	42.5	42.2	▲ 0.3
Kyushu	44.0	44.8	46.4	48.1	48.5	48.2	48.0	48.3	47.7	48.6	48.7	49.0	48.3	▲ 0.7

Appendix

1.Research Subjects(Companies researched: 27,308; Valid responses: 11,431; Response rate: 41.9%)

1.Region

Region			
Hokkaido	512	Tokai	1,228
Tohoku	791	Kinki	1,916
kitaKanto	899	Chugoku	772
minamikanto	3,337	Shikoku	374
Hokuriku	601	Kyushu	1,001
		Total	11,431

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		110	Retail (803)	Food,Beverages		151
Finance		159		Textile,Textile Products,Clothing		97
Construction		1,750		Drugs,Sundries		60
Real Estate		473		Furniture		24
Manufacturing (2,886)	Food,Beverages,Livestock Feed	324		Electrical Household Appliances,Information Machinery and Equipment		57
	Textile,Textile Products,Clothing	146		Motor Vehicles,Motor Vehicle Parts		116
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	212		Special Merchandise		236
	Pulp, Paper and Paper Products	84		Various Merchandise		50
	Publishing,Printing	212		Others		12
	Chemical	373	Transportation,Warehousing			471
	Steel,Nonferrous Metals,Mining	501	Service (2,174)	Restaurants		117
	General Machinery	475		Telecommunications		11
	Electrical Machinery	304		Electricity,Gas,Water,Heat		14
	Transportation Machinery,Equipment	109		Leasing,Rentals		102
	Precision Machinery,Medical Instruments and Equipment	74		Lodging, Hotels		104
	Others	72		Recreation		109
Wholesale (2,563)	Food,Beverages	325		Broadcasting		17
	Textile,Textile Products,Clothing	160		Maintenance,Guarding,Testing		209
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	293		Advertising		130
	Paper Products,Stationery,Books	125		Information		546
	Chemical	246		Labor Dispatching		80
	Recycled Resources	28		Special Services		337
	Steel,Nonferrous Metals,Mining Products	256		Medical,Welfare,Public Health		132
	Machinery,Equipment	817		Education		42
	Others	313		Others		224
			Others			42
			Total			11,431

3.Size

Large Firms	1,722	15.1%
Small to Medium-sized Firms	9,709	84.9%
micro Firms	3,865	33.8%
Total	11,431	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 January 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 midium-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 midium-sized corporations in Small to Medium-Sized Enterprises Basic Act.