

# The domestic economy deteriorated sharply amid rising tensions in the Middle East

~ All company sizes, industries, and regions deteriorated for the first time in two years and six months ~

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(Companies researched: 23,349; Valid responses: 10,312; Response rate: 44.2%; Survey start date: May 2002)

## < Trend in March 2026: Sharp Decline >

The Economic Diffusion Index (DI) for March 2026 declined by 1.4 points from the previous month to 42.9, marking the first deterioration in two months.

The domestic economy, which had been on a gradual recovery trend, fell sharply due to rising crude oil prices, the resulting increase in fuel costs, and growing uncertainty over future economic conditions.

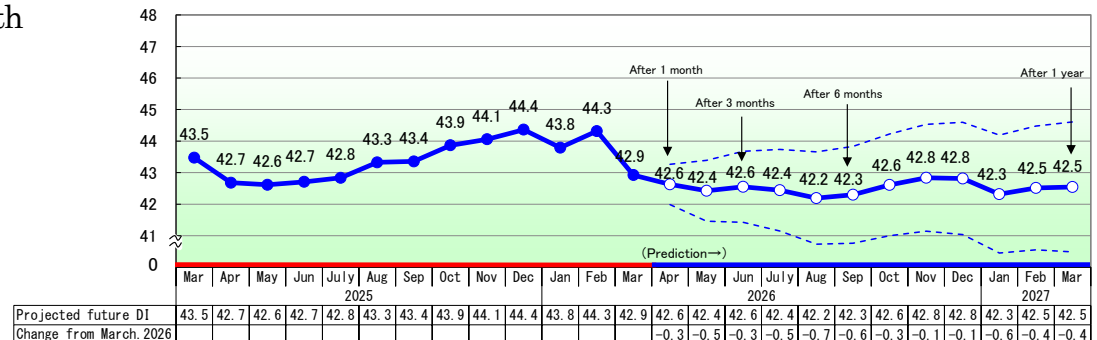
## < Future outlook: Weakening >

Looking ahead, the domestic economy is expected to remain weak, with downside risks amid heightened uncertainty.

**By industry:** All 10 industries deteriorated simultaneously, with instability in crude oil procurement emerging as a major negative factor.

**By scale:** All company sizes worsened for the first time in 11 months, with small to medium-sized firms particularly affected by sluggish performance in the manufacturing sector.

**By region:** All 10 regions deteriorated for the first time in two years and six months, weighed down by rising crude oil prices and related factors.



## Economic Diffusion Index (Economic DI)1/2

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Ratio to the Previous Month
Total	43.5	42.7	42.6	42.7	42.8	43.3	43.4	43.9	44.1	44.4	43.8	44.3	42.9	▲ 1.4
Large Firms	47.9	46.7	46.8	47.1	47.3	47.8	48.2	48.0	48.5	48.7	48.7	48.8	47.3	▲ 1.5
Small to Medium-sized Firms	42.7	42.0	41.9	41.9	42.0	42.6	42.5	43.1	43.3	43.6	42.9	43.5	42.1	▲ 1.4
Micro Firms	41.6	41.0	40.8	41.0	40.9	41.7	41.5	42.2	42.1	42.8	42.0	42.6	41.0	▲ 1.6

	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Ratio to the Previous Month	
Agriculture,Forestry,Fisheries	47.0	47.5	48.1	49.3	46.1	47.9	46.6	51.8	52.7	51.4	50.6	46.3	44.2	▲ 2.1	
Finance	47.8	46.2	46.0	47.7	46.2	46.5	48.0	49.1	48.5	48.0	48.1	47.9	46.8	▲ 1.1	
Construction	46.7	45.9	45.9	45.9	46.4	46.8	47.3	47.7	47.6	48.1	47.4	47.5	46.3	▲ 1.2	
Real Estate	47.6	46.9	49.0	48.4	47.7	48.1	49.3	49.9	49.2	48.6	48.4	49.6	48.3	▲ 1.3	
Manufacturing	Food,BEVerages,Livestock Feed	40.4	40.6	42.0	40.9	41.3	42.8	41.7	42.4	43.1	43.3	41.7	41.9	40.1	▲ 1.8
	Textile,Textile Products,Clothing	36.8	35.2	34.1	32.9	33.6	34.2	36.8	34.6	34.9	34.4	34.3	34.3	32.9	▲ 1.4
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.4	38.6	36.8	39.3	40.0	39.0	38.7	40.1	40.0	41.1	40.3	40.7	37.5	▲ 3.2
	Pulp, Paper and Paper Products	37.9	38.1	34.9	35.3	35.6	38.0	38.4	40.0	37.9	38.1	38.7	38.0	38.4	0.4
	Publishing,Printing	32.9	33.3	32.9	32.0	32.6	33.2	32.4	32.6	33.4	33.3	34.1	34.8	34.2	▲ 0.6
	Chemical	41.6	42.4	41.5	41.4	42.4	43.3	42.3	43.2	43.7	44.6	44.0	44.7	41.6	▲ 3.1
	Steel,Nonferrous Metals,Mining	38.1	35.1	35.3	35.7	36.6	37.8	36.4	37.8	37.8	37.5	38.5	38.6	39.4	0.8
	General Machinery	39.1	37.5	37.8	38.4	37.5	38.5	37.8	40.3	39.7	39.7	40.8	43.6	43.1	▲ 0.5
	Electrical Machinery	43.4	40.9	39.9	41.6	42.8	42.0	44.1	44.0	44.6	45.2	45.2	46.8	44.9	▲ 1.9
	Transportation Machinery,Equipment	42.9	38.2	36.5	39.9	40.7	39.1	41.9	43.9	44.2	44.2	45.8	46.4	45.3	▲ 1.1
	Precision Machinery,Medical Instruments and Equipment	46.9	45.3	44.1	44.3	44.1	47.0	44.4	44.8	45.6	46.7	45.2	49.0	46.9	▲ 2.1
Other Manufacturing	41.0	41.4	40.5	37.2	38.9	40.1	38.1	40.1	39.4	40.0	38.8	40.3	38.7	▲ 1.6	
Total	39.6	38.5	38.1	38.4	38.9	39.6	39.2	40.3	40.3	40.7	40.8	41.8	40.5	▲ 1.3	
Wholesale	Food,BEVerages	41.3	41.3	41.2	40.3	41.1	41.8	41.8	41.1	41.3	42.3	40.3	40.5	39.1	▲ 1.4
	Textile,Textile Products,Clothing	34.6	35.8	35.1	34.8	34.8	33.7	33.2	32.2	33.8	34.4	34.1	34.8	33.3	▲ 1.5
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.9	38.2	39.0	38.2	37.4	37.6	38.1	39.2	39.6	38.4	37.4	37.5	38.3	0.8
	Paper Products,Stationery,Books	40.0	37.8	36.8	36.6	35.3	36.2	35.3	37.2	38.4	37.0	36.9	39.0	37.3	▲ 1.7
	Chemical	42.9	41.2	41.2	41.8	41.7	42.0	42.4	43.2	43.7	42.5	43.6	43.9	41.6	▲ 2.3
	Recycled Resources	36.2	35.8	35.1	36.6	36.0	37.0	37.3	40.8	41.2	42.1	39.7	43.4	41.7	▲ 1.7
	Steel,Nonferrous Metals,Mining Products	33.3	32.8	32.4	33.0	33.7	34.5	34.9	35.3	36.1	35.8	36.4	35.7	35.3	▲ 0.4
	Machinery,Equipment	43.7	42.3	42.2	42.6	42.3	43.1	42.8	43.4	43.6	43.9	43.4	44.4	43.0	▲ 1.4
	Other Wholesale	41.5	40.8	40.7	40.1	40.2	40.5	40.4	39.7	40.4	39.4	39.1	41.0	39.3	▲ 1.7
	Total	40.7	39.8	39.7	39.6	39.5	40.0	40.0	40.3	40.8	40.6	40.2	41.0	39.8	▲ 1.2

## Economic Diffusion Index (Economic DI)2/2

		Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Ratio to the Previous Month
Retail	Food,BEWerages	39.6	41.8	41.1	40.8	40.3	40.7	41.6	39.1	39.3	40.7	39.9	40.9	39.5	▲ 1.4
	Textile,Textile Products,Clothing	34.8	35.0	39.0	35.4	36.4	36.7	34.5	35.0	35.4	36.9	36.5	38.3	36.3	▲ 2.0
	Drugs,Sundries	40.6	35.4	35.9	36.1	39.7	41.1	39.2	35.7	39.1	40.3	39.2	38.9	41.2	2.3
	Furniture	28.2	36.3	33.9	31.8	32.0	35.2	36.1	36.5	34.0	35.1	32.7	34.7	31.3	▲ 3.4
	Electrical Household Appliances, Information Machinery and Equipment	42.3	41.4	39.6	43.0	42.3	42.4	42.6	43.5	41.2	44.4	44.8	41.9	42.2	0.3
	Motor Vehicles,Motor Vehicle Parts	42.9	40.5	38.2	40.8	38.0	40.1	38.8	40.2	38.6	41.5	39.5	40.5	39.2	▲ 1.3
	Special Merchandise	38.2	37.5	37.5	37.4	38.6	38.3	38.4	39.1	39.1	39.7	38.6	39.9	34.5	▲ 5.4
	Various Merchandise	39.5	36.0	35.8	36.3	38.5	38.5	37.8	39.9	39.6	37.6	38.5	41.1	39.5	▲ 1.6
	Other Retail	39.3	43.3	45.2	44.8	46.9	49.0	36.3	44.1	40.2	45.2	49.0	47.8	43.8	▲ 4.0
	Total	39.2	38.6	38.3	38.6	38.9	39.4	38.8	39.1	38.8	40.1	39.3	40.2	37.7	▲ 2.5
Transportation,Warehousing		43.3	41.9	42.8	42.3	42.9	43.9	43.2	44.2	45.5	46.2	43.8	43.8	38.5	▲ 5.3
Service	Restaurants	45.1	46.2	43.5	44.6	45.6	46.8	45.6	44.1	43.4	47.1	42.4	42.9	43.1	0.2
	Postal,Telecommunications	53.3	48.7	50.0	47.4	51.9	47.9	48.1	53.0	56.3	47.6	50.0	52.1	50.0	▲ 2.1
	Electricity,Gas,Water,Heat	41.0	47.1	44.4	43.3	46.1	48.3	48.1	46.5	45.6	45.4	44.2	46.5	40.7	▲ 5.8
	Leasing,Rentals	52.2	48.7	49.8	48.0	49.3	49.7	48.3	49.0	48.4	50.0	47.5	48.1	45.2	▲ 2.9
	Lodging, Hotels	53.9	54.8	52.4	51.7	49.6	50.5	51.8	53.8	57.3	52.9	49.1	46.3	52.1	5.8
	Recreation	44.0	45.4	47.6	45.2	46.8	45.0	48.4	46.8	46.5	45.8	47.1	47.0	45.4	▲ 1.6
	Broadcasting	50.8	49.2	48.4	49.2	50.8	47.6	48.4	46.5	46.7	45.6	45.7	49.2	49.1	▲ 0.1
	Maintenance,Guarding,Testing	46.6	46.5	46.6	47.0	48.5	47.0	47.0	47.4	47.8	48.5	48.3	48.9	47.6	▲ 1.3
	Advertising	45.7	45.5	46.1	47.2	47.2	45.7	46.4	46.3	46.2	47.4	45.9	45.0	45.4	0.4
	Information	52.7	52.7	52.1	52.5	51.7	51.8	52.3	52.1	52.7	53.6	53.3	52.4	52.4	▲ 0.9
	Labor Dispatching	47.1	48.5	48.2	47.9	48.3	46.7	46.7	47.6	48.4	48.5	46.4	46.9	45.4	▲ 1.5
	Special Services	49.6	49.0	49.7	49.2	49.0	50.3	50.3	50.7	50.5	50.2	49.5	49.8	48.5	▲ 1.3
	Medical,Welfare,Public Health	42.5	42.0	41.4	40.4	38.0	39.5	39.6	39.5	41.0	43.7	41.0	41.7	41.8	0.1
	Education	46.8	42.2	44.9	43.4	40.6	39.9	43.1	43.9	42.5	43.3	47.8	46.3	43.5	▲ 2.8
	Other Service	46.8	46.4	45.5	47.3	47.3	46.5	46.2	46.9	46.5	46.7	45.4	46.6	45.0	▲ 1.6
Total	48.7	48.4	48.2	48.3	48.3	48.2	48.5	48.6	48.9	49.4	48.4	48.6	47.8	▲ 0.8	
Other		41.7	40.2	45.0	39.2	37.9	40.7	42.4	41.4	40.9	38.5	40.5	39.7	38.0	▲ 1.7

		Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Ratio to the Previous Month
Hokkaido		41.7	42.0	43.4	43.9	43.7	43.9	44.4	43.4	42.6	43.1	41.8	42.2	41.1	▲ 1.1
Tohoku		38.3	37.9	38.2	39.1	39.2	39.5	39.2	39.5	39.4	40.1	38.8	39.9	38.6	▲ 1.3
Kita-Kanto		40.7	40.5	39.3	40.1	41.3	41.0	41.3	41.9	42.1	42.7	43.1	43.0	41.9	▲ 1.1
Minami-Kanto		46.2	45.5	45.3	45.5	45.7	45.9	45.9	46.4	46.9	47.2	46.8	47.2	46.3	▲ 0.9
Hokuriku		40.6	40.2	40.4	40.0	40.9	41.0	41.4	41.6	41.7	42.1	41.3	41.8	41.2	▲ 0.6
Tokai		43.1	41.4	41.5	41.4	41.6	43.2	42.8	43.4	43.3	43.3	43.2	43.6	41.4	▲ 2.2
Kinki		43.5	42.7	42.2	42.1	41.5	42.7	42.5	43.3	43.2	43.6	42.6	43.5	41.7	▲ 1.8
Chugoku		42.9	41.4	41.4	40.9	41.3	42.1	42.1	42.7	43.3	43.5	42.0	43.3	41.5	▲ 1.8
Shikoku		41.4	39.6	40.6	39.7	39.9	40.6	41.2	42.0	43.1	42.1	41.9	42.7	40.4	▲ 2.3
Kyushu		45.7	44.8	44.8	44.5	44.4	44.4	44.6	45.5	45.3	45.8	45.6	45.7	43.8	▲ 1.9

## Appendix

### 1. Research Subjects (Companies researched: 23,349; Valid responses: 10,312; Response rate: 44.2%)

#### 1. Region

Hokkaido	467	Tokai	1,097
Tohoku	748	Kinki	1,618
kitaKanto	778	Chugoku	661
minamikanto	3,085	Shikoku	353
Hokuriku	522	Kyushu	983
		Total	10,312

#### 2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		110
Finance		158
Construction		1,588
Real Estate		438
Manufacturing (2,389)	Food, Beverages, Livestock Feed	270
	Textile, Textile Products, Clothing	110
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	168
	Pulp, Paper and Paper Products	76
	Publishing, Printing	161
	Chemical	306
	Steel, Nonferrous Metals, Mining	430
	General Machinery	406
	Electrical Machinery	254
	Transportation Machinery, Equipment	95
Precision Machinery, Medical Instruments and Equipment	60	
Others	53	
Wholesale (2,226)	Food, Beverages	297
	Textile, Textile Products, Clothing	138
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	248
	Paper Products, Stationery, Books	92
	Chemical	210
	Recycled Resources	36
	Steel, Nonferrous Metals, Mining Products	225
	Machinery, Equipment	711
	Others	269

Retail (791)	Food, Beverages	130
	Textile, Textile Products, Clothing	72
	Drugs, Sundries	53
	Furniture	24
	Electrical Household Appliances, Information Machinery and Equipment	66
	Motor Vehicles, Motor Vehicle Parts	116
	Special Merchandise	257
	Various Merchandise	57
	Others	16
Transportation, Warehousing		429
Service (2,144)	Restaurants	108
	Telecommunications	7
	Electricity, Gas, Water, Heat	18
	Leasing, Rentals	87
	Lodging, Hotels	95
	Recreation	91
	Broadcasting	18
	Maintenance, Guarding, Testing	273
	Advertising	104
	Information	493
	Labor Dispatching	80
	Special Services	387
Medical, Welfare, Public Health	106	
Education	41	
Others	236	
Others		39
Total		10,312

#### 3. Size

Large Firms	1,539	14.9%
Small to Medium-sized Firms	8,773	85.1%
micro Firms	3,439	33.3%
Total	10,312	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 March 17 2026 - March 31 2026

### 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 25,000 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	very 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 <sub>6</sub>	N <sub>5</sub>	N <sub>4</sub>	N <sub>3</sub>	N <sub>2</sub>	N <sub>1</sub>	N <sub>0</sub>

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.