The domestic economy improved for the first time in two months

～ Supported by expanding AI-related demand and improvements in production and capacity utilization ～

(Companies researched: 22,025; Valid responses: 10,169; Response rate: 46.2%; Survey start date: May 2002)

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< Trend in October 2026: Improvement >

The Economic Diffusion Index (DI) for October 2026 increased by 0.4 points from the previous month to 45.0, improving for the first time in two months.

The domestic economy improved gradually, supported by expanding AI-related demand and improvements in production and capacity utilization.

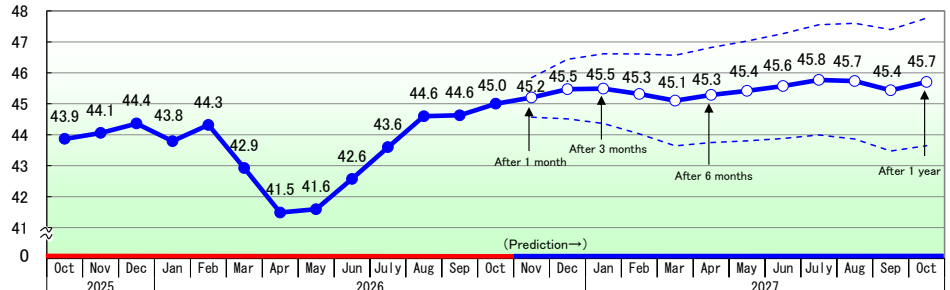
< Future outlook: Gradual recovery >

The economy is expected to continue a gradual recovery, supported by private consumption and investment in growth sectors, despite ongoing domestic and external uncertainties.

By industry: 6 of the 10 industries improved, with manufacturing playing a central role in lifting overall business sentiment.

By scale: All company sizes improved for the first time in two months, with progress in passing on higher costs through prices particularly evident among large firms.

By region: 6 regions improved, with AI and semiconductor-related demand boosting business sentiment.



Projected future DI	43.9	44.1	44.4	43.8	44.3	42.9	41.5	41.6	42.6	43.6	44.6	44.6	45.0	45.2	45.5	45.5	45.3	45.1	45.3	45.4	45.6	45.8	45.7	45.4	45.7
Change from October.2026														0.2	0.5	0.5	0.3	0.1	0.3	0.4	0.6	0.8	0.7	0.4	0.7

*: The economic forecast DI is calculated using the Forecast Combination method of the results of the ARIMA model and the structural equation model.

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Economic Diffusion Index (Economic DI)1/2

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Ratio to the Rrevious Month
Total	43.9	44.1	44.4	43.8	44.3	42.9	41.5	41.6	42.6	43.6	44.6	44.6	45.0	0.4
Large Firms	48.0	48.5	48.7	48.7	48.8	47.3	45.8	45.9	46.9	47.8	48.7	48.7	49.0	0.3
Small to Medium-sized Firms	43.1	43.3	43.6	42.9	43.5	42.1	40.7	40.9	41.8	42.9	43.9	43.9	44.3	0.4
Micro Firms	42.2	42.1	42.8	42.0	42.6	41.0	39.3	39.2	40.0	41.1	41.9	42.0	42.2	0.2

		Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Ratio to the Rrevious Month
Agriculture,Forestry,Fisheries		51.8	52.7	51.4	50.6	46.3	44.2	43.0	44.0	45.8	42.8	41.2	39.1	41.0	1.9
Finance		49.1	48.5	48.0	48.1	47.9	46.8	46.0	45.9	48.4	45.9	46.2	47.0	47.2	0.2
Construction		47.7	47.6	48.1	47.4	47.5	46.3	42.4	41.4	43.2	44.9	46.0	46.5	46.5	0.0
Real Estate		49.9	49.2	48.6	48.4	49.6	48.3	45.8	46.0	46.8	46.8	47.0	46.1	45.0	▲ 1.1
Manufacturing	Food,BEWerages,Livestock Feed	42.4	43.1	43.3	41.7	41.9	40.1	39.8	37.5	37.3	40.2	41.4	40.4	39.5	▲ 0.9
	Textile,Textile Products,Clothing	34.6	34.9	34.4	34.3	34.3	32.9	31.5	33.3	32.6	35.6	35.4	36.2	37.5	1.3
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	40.1	40.0	41.1	40.3	40.7	37.5	36.6	36.7	38.9	38.3	40.9	40.2	41.8	1.6
	Pulp, Paper and Paper Products	40.0	37.9	38.1	38.7	38.0	38.4	37.8	37.4	39.7	39.3	41.0	38.2	42.0	3.8
	Publishing,Printing	32.6	33.4	33.3	34.1	34.8	34.2	32.6	32.0	32.6	34.2	33.5	34.0	33.1	▲ 0.9
	Chemical	43.2	43.7	44.6	44.0	44.7	41.6	41.0	43.1	45.8	47.3	48.0	48.2	49.4	1.2
	Steel,Nonferrous Metals,Mining	37.8	37.8	37.5	38.5	38.6	39.4	39.4	39.8	42.6	43.9	46.3	47.2	48.3	1.1
	General Machinery	40.3	39.7	39.7	40.8	43.6	43.1	41.8	42.8	46.0	50.0	50.6	51.6	52.5	0.9
	Electrical Machinery	44.0	44.6	45.2	45.2	46.8	44.9	44.8	46.1	48.4	50.9	52.1	53.2	53.9	0.7
	Transportation Machinery,Equipment	43.9	44.2	44.2	45.8	46.4	45.3	43.3	44.3	45.2	48.1	51.9	49.8	51.4	1.6
	Precision Machinery, Medical Instruments and Equipment	44.8	45.6	46.7	45.2	49.0	46.9	46.0	46.7	46.2	50.0	49.8	50.5	50.8	0.3
	Other Manufacturing	40.1	39.4	40.0	38.8	40.3	38.7	34.0	37.0	38.4	38.2	41.2	41.7	43.3	1.6
	Total	40.3	40.3	40.7	40.8	41.8	40.5	39.8	40.4	42.2	44.3	45.6	45.9	46.7	0.8
Wholesale	Food,BEWerages	41.1	41.3	42.3	40.3	40.5	39.1	38.6	39.4	38.1	38.9	39.5	39.0	38.7	▲ 0.3
	Textile,Textile Products,Clothing	32.2	33.8	34.4	34.1	34.8	33.3	32.3	33.6	34.1	33.2	33.2	33.8	32.6	▲ 1.2
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	39.2	39.6	38.4	37.4	37.5	38.3	34.9	34.9	35.1	36.2	37.4	37.4	37.6	0.2
	Paper Products,Stationery,Books	37.2	38.4	37.0	36.9	39.0	37.3	37.8	35.5	35.5	35.8	37.8	36.6	37.0	0.4
	Chemical	43.2	43.7	42.5	43.6	43.9	41.6	39.0	40.7	41.4	43.4	44.7	41.9	44.7	2.8
	Recycled Resources	40.8	41.2	42.1	39.7	43.4	41.7	41.7	42.9	43.6	44.4	40.2	42.3	45.5	3.2
	Steel,Nonferrous Metals, Mining Products	35.3	36.1	35.8	36.4	35.7	35.3	35.3	35.9	37.2	39.0	39.3	40.5	41.0	0.5
	Machinery,Equipment	43.4	43.6	43.9	43.4	44.4	43.0	42.0	42.6	44.1	44.9	46.6	47.2	46.8	▲ 0.4
	Other Wholesale	39.7	40.4	39.4	39.1	41.0	39.3	38.6	39.6	39.2	40.5	39.4	40.1	41.9	1.8
	Total	40.3	40.8	40.6	40.2	41.0	39.8	38.6	39.3	39.7	40.8	41.6	41.6	42.1	0.5

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Economic Diffusion Index (Economic DI)2/2

		Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Ratio to the Rrevious Month
Retail	Food,BEWerages	39.1	39.3	40.7	39.9	40.9	39.5	38.8	39.5	40.6	40.2	40.4	40.7	40.7	0.0
	Textile,Textile Products,Clothing	35.0	35.4	36.9	36.5	38.3	36.3	37.9	39.1	34.9	31.9	34.3	34.7	34.7	0.0
	Drugs,Sundries	35.7	39.1	40.3	39.2	38.9	41.2	37.2	36.0	38.1	38.5	38.6	37.9	39.7	1.8
	Furniture	36.5	34.0	35.1	32.7	34.7	31.3	34.0	33.9	32.7	35.8	33.3	32.7	34.0	1.3
	Electrical Household Appliances, Information Machinery and Equipment	43.5	41.2	44.4	44.8	41.9	42.2	42.8	44.4	45.5	43.7	46.3	46.4	40.4	▲ 6.0
	Motor Vehicles,Motor Vehicle Parts	40.2	38.6	41.5	39.5	40.5	39.2	38.3	37.9	36.3	38.7	40.4	39.5	41.7	2.2
	Special Merchandise	39.1	39.1	39.7	38.6	39.9	34.5	34.1	34.2	34.8	35.0	36.7	36.5	35.6	▲ 0.9
	Various Merchandise	39.9	39.6	37.6	38.5	41.1	39.5	36.6	37.1	37.9	38.8	39.3	38.4	40.4	2.0
	Other Retail	44.1	40.2	45.2	49.0	47.8	43.8	46.3	42.7	45.1	38.9	42.9	45.1	42.7	▲ 2.4
	Total	39.1	38.8	40.1	39.3	40.2	37.7	37.2	37.4	37.3	37.3	38.7	38.6	38.4	▲ 0.2
Transportation,Warehousing		44.2	45.5	46.2	43.8	43.8	38.5	37.8	39.7	40.6	41.9	43.8	43.1	44.2	1.1
Service	Restaurants	44.1	43.4	47.1	42.4	42.9	43.1	41.3	42.3	41.7	44.3	46.8	45.2	42.8	▲ 2.4
	Postal,Telecommunications	53.0	56.3	47.6	50.0	52.1	50.0	48.1	58.3	47.2	50.0	45.8	46.7	45.2	▲ 1.5
	Electricity,Gas,Water,Heat	46.5	45.6	45.4	44.2	46.5	40.7	35.8	39.8	39.2	40.8	39.2	41.7	40.2	▲ 1.5
	Leasing,Rentals	49.0	48.4	50.0	47.5	48.1	45.2	46.2	46.5	44.1	46.3	46.6	45.8	48.7	2.9
	Lodging, Hotels	53.8	57.3	52.9	49.1	46.3	52.1	49.3	50.9	46.4	46.6	47.3	49.4	54.6	5.2
	Recreation	46.8	46.5	45.8	47.1	47.0	45.4	47.8	46.9	47.8	46.9	45.6	47.9	48.8	0.9
	Broadcasting	46.5	46.7	45.6	45.7	49.2	49.1	45.6	42.5	46.3	45.2	42.4	45.5	43.9	▲ 1.6
	Maintenance,Guarding,Testing	47.4	47.8	48.5	48.3	48.9	47.6	46.1	44.7	45.8	47.7	47.9	49.1	48.2	▲ 0.9
	Advertising	46.3	46.2	47.4	45.9	45.0	45.4	42.7	42.9	43.5	42.8	44.5	43.6	44.0	0.4
	Information	52.1	52.7	53.6	53.6	53.3	52.4	51.5	50.7	51.0	50.0	50.5	50.0	49.4	▲ 0.6
	Labor Dispatching	47.6	48.4	48.5	46.4	46.9	45.4	46.3	45.9	46.5	47.1	48.3	50.4	49.0	▲ 1.4
	Special Services	50.7	50.5	50.2	49.5	49.8	48.5	47.9	46.9	47.9	48.8	49.4	48.3	49.6	1.3
	Medical,Welfare,Public Health	39.5	41.0	43.7	41.0	41.7	41.8	40.7	39.9	41.8	40.9	42.7	43.7	44.8	1.1
	Education	43.9	42.5	43.3	47.8	46.3	43.5	43.8	42.3	44.7	43.3	43.6	40.7	39.9	▲ 0.8
	Other Service	46.9	46.5	46.7	45.4	46.6	45.0	44.4	42.8	43.3	42.6	44.8	43.4	44.4	1.0
	Total	48.6	48.9	49.4	48.4	48.6	47.8	46.9	46.2	46.5	46.7	47.5	47.4	47.8	0.4
Other		41.4	40.9	38.5	40.5	39.7	38.0	38.9	36.0	39.4	40.3	38.9	38.7	35.5	▲ 3.2

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Ratio to the Rrevious Month
Hokkaido	43.4	42.6	43.1	41.8	42.2	41.1	40.1	40.5	42.0	42.4	43.1	43.1	41.7	▲ 1.4
Tohoku	39.5	39.4	40.1	38.8	39.9	38.6	38.2	38.1	38.4	40.1	41.1	41.5	41.3	▲ 0.2
Kita-Kanto	41.9	42.1	42.7	43.1	43.0	41.9	40.1	41.0	41.4	43.1	44.2	44.0	44.9	0.9
Minami-Kanto	46.4	46.9	47.2	46.8	47.2	46.3	45.0	44.8	45.7	46.2	47.5	47.3	47.7	0.4
Hokuriku	41.6	41.7	42.1	41.3	41.8	41.2	40.2	39.4	41.5	42.2	43.6	43.8	44.2	0.4
Tokai	43.4	43.3	43.3	43.2	43.6	41.4	39.8	40.5	41.2	42.9	44.4	44.1	44.0	▲ 0.1
Kinki	43.3	43.2	43.6	42.6	43.5	41.7	39.9	40.3	41.5	42.6	43.4	43.3	44.3	1.0
Chugoku	42.7	43.3	43.5	42.0	43.3	41.5	39.3	39.3	40.7	42.0	42.4	43.2	42.9	▲ 0.3
Shikoku	42.0	43.1	42.1	41.9	42.7	40.4	38.8	37.8	39.4	40.2	43.1	41.5	42.3	0.8
Kyushu	45.5	45.3	45.8	45.6	45.7	43.8	42.2	42.0	43.0	43.9	43.5	44.6	45.7	1.1

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Appendix

1.Research Subjects(Companies researched: 22,025; Valid responses: 10,169; Response rate: 46.2%)

1.Region

Hokkaido	437	Tokai	1,174
Tohoku	715	Kinki	1,525
kitaKanto	758	Chugoku	642
minamikanto	3,059	Shikoku	342
Hokuriku	485	Kyushu	1,032
		Total	10,169

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		113
Finance		154
Construction		1,624
Real Estate		458
Manufacturing (2,365)	Food,Beverages,Livestock Feed	272
	Textile,Textile Products,Clothing	100
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	170
	Pulp, Paper and Paper Products	75
	Publishing,Printing	151
	Chemical	310
	Steel,Nonferrous Metals,Mining	421
	General Machinery	391
	Electrical Machinery	260
	Transportation Machinery,Equipment	92
	Precision Machinery,Medical Instruments and Equipment	63
	Others	60
Wholesale (2,172)	Food,Beverages	281
	Textile,Textile Products,Clothing	131
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	250
	Paper Products,Stationery,Books	87
	Chemical	206
	Recycled Resources	41
	Steel,Nonferrous Metals,Mining Products	225
	Machinery,Equipment	705
	Others	246
Retail (765)	Food,Beverages	125
	Textile,Textile Products,Clothing	71
	Drugs,Sundries	50
	Furniture	24
	Electrical Household Appliances,Information Machinery and Equipment	61
	Motor Vehicles,Motor Vehicle Parts	122
	Special Merchandise	237
	Various Merchandise	59
	Others	16
Transportation,Warehousing		420
Service (2,067)	Restaurants	118
	Telecommunications	7
	Electricity,Gas,Water,Heat	17
	Leasing,Rentals	88
	Lodging, Hotels	94
	Recreation	85
	Broadcasting	19
	Maintenance,Guarding,Testing	265
	Advertising	92
	Information	449
	Labor Dispatching	82
	Special Services	383
	Medical,Welfare,Public Health	110
	Education	33
	Others	225
Others		31
Total		10,169

3.Size

Large Firms	1,461	14.4%
Small to Medium-sized Firms	8,708	85.6%
micro Firms	3,519	34.6%
Total	10,169	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 October 19 2026 - October 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 23,000 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_6	N_5	N_4	N_3	N_2	N_1	N_0

$$\text{Economic DI} = \frac{\text{Total of (Points for each category} \times \text{Number of responses for each category)}}{\text{Number of valid responses} N} \times \frac{1}{6} \times 100$$

$$\equiv \frac{\sum_{i=0}^{6} i \times N_i}{N} \times \frac{1}{6} \times 100$$

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.

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