

**The domestic economy improved  
for the second consecutive month, albeit slightly**

~ Uncertainty receded as Japan and the US  
reached agreement on Trump tariffs, and trends in  
consumer spending will become the focus going forward ~

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(Companies researched: 26,196; Valid responses: 10,626; Response rate: 40.6%; Survey start date: May 2002)

#### < Trend in July 2025: Slight Improvement >

The Economic Diffusion Index (DI) in July 2025 increased by 0.1 points from the previous month to 42.8, improving for the second consecutive month, albeit slightly.

The domestic economy continued to show a slight upward trend, driven by the recovery in production in the manufacturing industry, particularly in the automotive sector, despite lingering weakness in consumer spending.

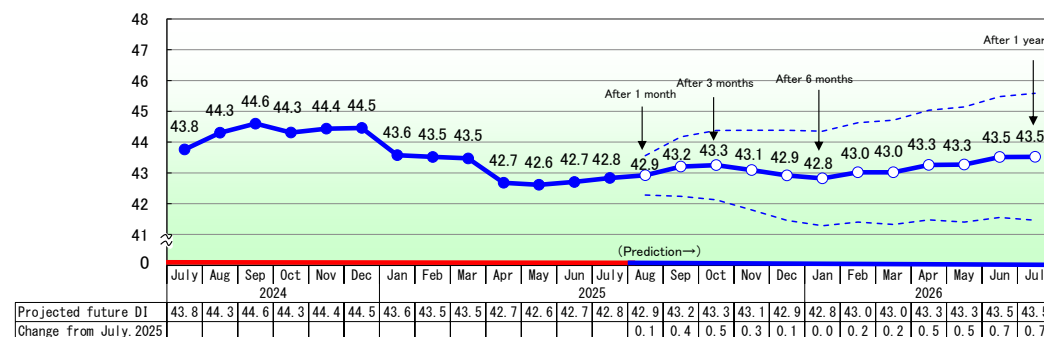
#### < Future outlook: Remain unchanged >

The domestic economy is expected to remain flat going forward, despite some concerns, as uncertainty over tariff measures recedes.

By industry: Improvement in 4 out of 10 industries, with the manufacturing industry boosting the economy.

By scale: "Large firms" and "small to medium-sized firms" showed improvement, but "micro firms" deteriorated.

By region: 7 out of 10 regions improved, with tourism demand serving as a positive factor.



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

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Ratio to the Previous Month
Total	43.8	44.3	44.6	44.3	44.4	44.5	43.6	43.5	43.5	42.7	42.6	42.7	42.8	0.1
Large Firms	48.2	48.2	48.5	48.3	48.3	48.7	48.1	48.2	47.9	46.7	46.8	47.1	47.3	0.2
Small to Medium-sized Firms	42.9	43.6	43.9	43.6	43.7	43.7	42.8	42.7	42.7	42.0	41.9	41.9	42.0	0.1
Micro Firms	41.8	42.5	43.0	42.7	42.7	42.6	41.5	41.6	41.6	41.0	40.8	41.0	40.9	▲ 0.1

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Ratio to the Rrevious Month
Agriculture,Forestry,Fisheries		41.2	43.3	47.8	46.3	46.7	43.7	45.1	46.8	47.0	47.5	48.1	49.3	46.1	▲ 3.2
Finance		48.5	48.1	47.3	48.0	46.9	47.2	47.0	47.0	47.8	46.2	46.0	47.7	46.2	▲ 1.5
Construction		46.9	47.3	47.8	47.8	48.1	47.6	46.9	46.7	46.7	45.9	45.9	45.9	46.4	0.5
Real Estate		48.2	47.5	48.5	47.2	47.5	48.2	47.6	47.5	47.6	46.9	49.0	48.4	47.7	▲ 0.7
Manufacturing	Food,BEWerages,Livestock Feed	42.7	43.5	43.8	42.9	42.9	42.6	42.3	41.2	40.4	40.6	42.0	40.9	41.3	0.4
	Textile,Textile Products,Clothing	36.1	36.5	36.3	35.7	36.7	36.3	35.1	38.1	36.8	35.2	34.1	32.9	33.6	0.7
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	39.0	39.5	39.5	38.9	39.2	40.8	38.8	40.1	38.4	38.6	36.8	39.3	40.0	0.7
	Pulp, Paper and Paper Products	36.0	36.7	37.3	37.8	36.5	38.8	35.8	36.8	37.9	38.1	34.9	35.3	35.6	0.3
	Publishing,Printing	32.8	34.4	34.5	33.2	34.2	33.6	33.5	33.9	32.9	33.3	32.9	32.0	32.6	0.6
	Chemical	41.0	42.6	43.6	43.9	43.4	42.5	42.5	42.8	41.6	42.4	41.5	41.4	42.4	1.0
	Steel,Nonferrous Metals,Mining	37.4	39.0	39.2	39.0	39.7	38.5	38.0	36.5	38.1	35.1	35.3	35.7	36.6	0.9
	General Machinery	41.2	41.9	41.2	42.3	41.9	41.3	40.9	40.1	39.1	37.5	37.8	38.4	37.5	▲ 0.9
	Electrical Machinery	42.5	42.5	42.9	44.1	42.8	43.5	43.0	43.1	43.4	40.9	39.9	41.6	42.8	1.2
	Transportation Machinery,Equipment	44.2	43.5	41.0	42.1	41.3	41.7	43.3	39.9	42.9	38.2	36.5	39.9	40.7	0.8
	Precision Machinery, Medical Instruments and Equipment	44.5	43.9	44.0	43.8	46.4	48.4	47.3	46.3	46.9	45.3	44.1	44.3	44.1	▲ 0.2
	Other	40.8	42.3	41.7	38.2	38.9	40.1	39.2	41.4	41.0	41.4	40.5	37.2	38.9	1.7
Total		39.8	40.7	40.8	40.8	40.8	40.7	40.1	39.8	39.6	38.5	38.1	38.4	38.9	0.5
Wholesale	Food,BEWerages	42.3	43.8	44.1	43.2	42.4	44.0	41.8	42.2	41.3	41.3	41.2	40.3	41.1	0.8
	Textile,Textile Products,Clothing	35.8	36.5	34.2	34.5	33.7	34.4	34.5	33.8	34.6	35.8	35.1	34.8	34.8	0.0
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	37.5	38.2	37.5	38.6	39.2	38.9	39.3	38.0	38.9	38.2	39.0	38.2	37.4	▲ 0.8
	Paper Products,Stationery,Books	36.3	37.2	37.8	37.8	39.4	37.3	35.4	39.8	40.0	37.8	36.8	36.6	35.3	▲ 1.3
	Chemical	43.4	44.5	44.3	43.0	43.5	44.2	43.3	43.2	42.9	41.2	41.2	41.8	41.7	▲ 0.1
	Recycled Resources	44.4	40.5	36.8	38.9	38.5	40.3	36.5	42.1	36.2	35.8	35.1	36.6	36.0	▲ 0.6
	Steel,Nonferrous Metals, Mining Products	36.2	34.7	36.1	36.3	36.4	34.7	34.0	33.7	33.3	32.8	32.4	33.0	33.7	0.7
	Machinery,Equipment	43.5	44.0	44.5	44.0	43.9	44.5	43.2	43.6	43.7	42.3	42.2	42.6	42.3	▲ 0.3
	Other	40.8	41.8	41.5	41.7	42.1	42.3	40.7	41.1	41.5	40.8	40.7	40.1	40.2	0.1
	Total		40.7	41.3	41.4	41.2	41.3	41.5	40.3	40.6	40.7	39.8	39.7	39.6	39.5

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

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Ratio to the Previous Month
Retail	Food,BEWerages	41.3	44.0	43.3	40.0	40.6	39.7	38.5	38.6	39.6	41.8	41.1	40.8	40.3	▲ 0.5
	Textile,Textile Products,Clothing	36.9	37.2	36.9	34.5	39.1	40.0	38.1	35.4	34.8	35.0	39.0	35.4	36.4	1.0
	Drugs,Sundries	41.4	40.3	41.0	40.4	42.5	41.5	42.0	39.1	40.6	35.4	35.9	36.1	39.7	3.6
	Furniture	35.8	30.7	31.3	33.3	34.7	36.4	31.3	34.5	28.2	36.3	33.9	31.8	32.0	0.2
	Electrical Household Appliances, Information Machinery and Equipment	46.1	46.1	45.3	43.8	38.8	42.6	43.0	42.3	42.3	41.4	39.6	43.0	42.3	▲ 0.7
	Motor Vehicles,Motor Vehicle Parts	39.2	39.0	38.9	42.3	39.3	39.5	39.6	38.9	42.9	40.5	38.2	40.8	38.0	▲ 2.8
	Special Merchandise	39.7	40.0	39.9	38.8	38.0	38.1	37.3	38.5	38.2	37.5	37.5	37.4	38.6	1.2
	Various Merchandise	45.5	43.9	41.3	39.6	42.4	39.6	38.8	39.5	39.5	36.0	35.8	36.3	38.5	2.2
	Other	42.2	37.8	44.0	39.3	45.6	44.4	37.5	41.2	39.3	43.3	45.2	44.8	46.9	2.1
Total		40.3	40.5	40.3	39.7	39.4	39.5	38.6	38.6	39.2	38.6	38.3	38.6	38.9	0.3
Transportation,Warehousing		42.6	45.0	45.4	44.7	45.9	45.7	42.9	42.5	43.3	41.9	42.8	42.3	42.9	0.6
Service	Restaurants	49.4	52.5	49.3	46.2	47.5	49.5	45.5	43.6	45.1	46.2	43.5	44.6	45.6	1.0
	Postal,Telecommunications	51.9	50.0	40.7	57.4	53.0	57.6	50.0	48.6	53.3	48.7	50.0	47.4	51.9	4.5
	Electricity,Gas,Water,Heat	43.6	37.5	38.9	44.4	45.8	39.7	45.0	44.4	41.0	47.1	44.4	43.3	46.1	2.8
	Leasing,Rentals	48.6	50.2	48.4	49.7	49.5	51.0	51.1	49.8	52.2	48.7	49.8	48.0	49.3	1.3
	Lodging, Hotels	53.8	53.4	55.3	56.9	60.0	56.9	55.4	52.8	53.9	54.8	52.4	51.7	49.6	▲ 2.1
	Recreation	47.5	43.2	48.4	47.9	45.8	45.6	46.2	46.5	44.0	45.4	47.6	45.2	46.8	1.6
	Broadcasting	47.2	42.2	46.8	46.2	51.6	53.0	47.5	49.0	50.8	49.2	48.4	49.2	50.8	1.6
	Maintenance,Guarding,Testing	47.3	48.2	48.1	47.9	48.9	48.3	46.3	49.0	46.6	46.5	46.6	47.0	48.5	1.5
	Advertising	43.9	43.6	45.8	46.2	46.2	48.3	45.5	46.0	45.7	45.5	46.1	47.2	47.2	0.0
	Information	54.1	53.9	55.1	53.7	54.0	53.8	54.0	53.7	52.7	52.7	52.1	52.5	51.7	▲ 0.8
	Labor Dispatching	49.2	49.2	50.2	49.3	48.4	50.0	50.8	47.2	47.1	48.5	48.2	47.9	48.3	0.4
	Special Services	51.8	50.6	51.3	50.9	50.0	50.0	49.8	49.5	49.6	49.0	49.7	49.2	49.0	▲ 0.2
	Medical,Welfare,Public Health	44.0	44.2	44.6	44.2	41.9	43.6	42.4	41.9	42.5	42.0	41.4	40.4	38.0	▲ 2.4
	Education	50.9	47.7	48.7	46.9	47.0	49.0	46.0	43.9	46.8	42.2	44.9	43.4	40.6	▲ 2.8
Other	48.0	48.6	47.9	47.2	47.7	48.3	46.6	47.1	46.8	46.4	45.5	47.3	47.3	0.0	
Total		50.0	49.8	50.4	49.8	49.9	50.2	49.2	49.0	48.7	48.4	48.2	48.3	48.3	0.0
Other		40.1	41.3	39.8	42.9	40.0	39.6	41.7	40.8	41.7	40.2	45.0	39.2	37.9	▲ 1.3

		Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Ratio to the Previous Month
Hokkaido		44.1	45.0	45.4	44.1	43.8	43.6	41.8	41.8	41.7	42.0	43.4	43.9	43.7	▲ 0.2
Tohoku		39.1	39.7	40.7	40.2	40.6	40.1	38.9	38.6	38.3	37.9	38.2	39.1	39.2	0.1
kitakanto		41.2	42.1	42.3	42.4	42.4	41.9	41.1	41.4	40.7	40.5	39.3	40.1	41.3	1.2
minamikanto		46.1	46.6	46.7	46.5	46.4	46.8	46.0	46.0	46.2	45.5	45.3	45.5	45.7	0.2
Hokuriku		41.4	41.8	42.6	42.2	42.2	41.7	40.5	41.0	40.6	40.2	40.4	40.0	40.9	0.9
Tokai		43.9	43.7	44.3	43.9	44.1	44.0	43.7	43.5	43.1	41.4	41.5	41.4	41.6	0.2
Kinki		42.9	43.5	44.0	43.8	43.8	44.2	43.1	43.2	43.5	42.7	42.2	42.1	41.5	▲ 0.6
Chugoku		43.6	43.9	44.0	43.6	44.5	44.1	43.0	42.6	42.9	41.4	41.4	40.9	41.3	0.4
Shikoku		39.4	40.5	40.7	41.2	41.3	40.1	40.1	40.3	41.4	39.6	40.6	39.7	39.9	0.2
Kyushu		46.2	47.3	46.9	46.4	47.2	47.6	46.4	46.3	45.7	44.8	44.8	44.5	44.4	▲ 0.1

## Appendix

### 1. Research Subjects (Companies researched: 26,196; Valid responses: 10,626; Response rate: 40.6%)

#### 1. Region

Hokkaido	466	Tokai	1,209
Tohoku	782	Kinki	1,695
kita Kanto	804	Chugoku	677
minamikanto	3,234	Shikoku	352
Hokuriku	526	Kyushu	881
Total		10,626	

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

Agriculture, Forestry, Fisheries		111
Finance		171
Construction		1,602
Real Estate		428
Manufacturing (2,467)	Food, Beverages, Livestock Feed	275
	Textile, Textile Products, Clothing	111
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	171
	Pulp, Paper and Paper Products	80
	Publishing, Printing	163
	Chemical	318
	Steel, Nonferrous Metals, Mining	443
	General Machinery	427
	Electrical Machinery	257
	Transportation Machinery, Equipment	97
	Precision Machinery, Medical Instruments and Equipment	62
	Others	63
Wholesale (2,303)	Food, Beverages	303
	Textile, Textile Products, Clothing	140
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	252
	Paper Products, Stationery, Books	104
	Chemical	218
	Recycled Resources	44
	Steel, Nonferrous Metals, Mining Products	235
	Machinery, Equipment	741
	Others	266

Retail (856)	Food, Beverages	139
	Textile, Textile Products, Clothing	75
	Drugs, Sundries	60
	Furniture	25
	Electrical Household Appliances, Information Machinery and Equipment	69
	Motor Vehicles, Motor Vehicle Parts	126
	Special Merchandise	282
	Various Merchandise	64
	Others	16
Transportation, Warehousing		434
Service (2,221)	Restaurants	113
	Telecommunications	9
	Electricity, Gas, Water, Heat	17
	Leasing, Rentals	91
	Lodging, Hotels	94
	Recreation	94
	Broadcasting	20
	Maintenance, Guarding, Testing	280
	Advertising	113
	Information	498
	Labor Dispatching	87
	Special Services	383
	Medical, Welfare, Public Health	111
	Education	46
	Others	265
Others		33
Total		10,626

#### 3. Size

Large Firms	1,605	15.1%
Small to Medium-sized Firms	9,021	84.9%
micro Firms	3,561	33.5%
Total	10,626	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 July17 - 31 2025

### 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 <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.