

The negative effects of Trump's tariffs were gradually surfacing, leaving the domestic economy lacking strength

~ Rising rice prices and overall inflation have led to sluggish consumer spending, with future prospects remaining weak ~

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(Companies researched: 26,389; Valid responses: 10,645; Response rate: 40.3%; Survey start date: May 2002)

< Trend in May 2025: Deterioration >

The Economic Diffusion Index (DI) in May 2025 declined by 0.1 points from the previous month to 42.6, marking its second consecutive month of decline.

While the consecutive national holidays provided some support, rising prices and concerns over "Trump's tariffs" weighed on the domestic economy, resulting in a lackluster performance.

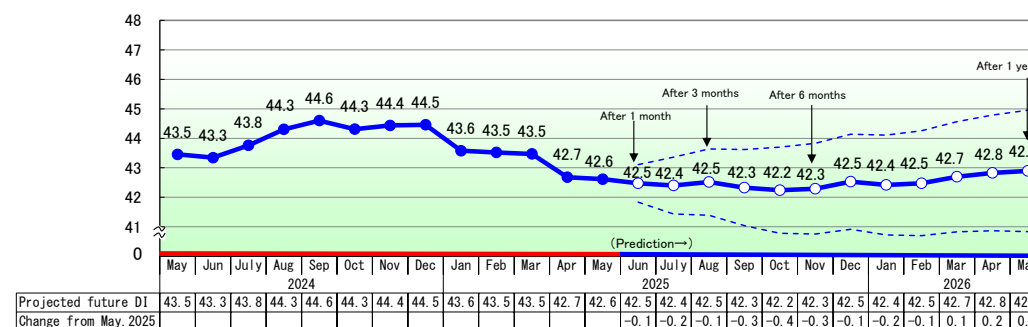
< Future outlook: Remain weak >

The domestic economy is expected to remain weak for the time being amidst uncertainties in the global economy.

By industry: Worsened in 5 out of 10 industries, while 4 industries improved, showing variations in economic sentiment.

By scale: "Large firms" showed improvement for the first time in three months, but "small to medium-sized firms" continued to struggle with sluggish conditions.

By region: While 5 regions showed improvement, 3 regions worsened, with regional development demands creating a clear divide.



*: 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

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Ratio to the Qrevious Month
Total	43.5	43.3	43.8	44.3	44.6	44.3	44.4	44.5	43.6	43.5	43.5	42.7	42.6	▲ 0.1
Large Firms	47.9	48.0	48.2	48.2	48.5	48.3	48.3	48.7	48.1	48.2	47.9	46.7	46.8	0.1
Small to Medium-sized Firms	42.6	42.5	42.9	43.6	43.9	43.6	43.7	43.7	42.8	42.7	42.7	42.0	41.9	▲ 0.1
Micro Firms	41.2	41.6	41.8	42.5	43.0	42.7	42.7	42.6	41.5	41.6	41.6	41.0	40.8	▲ 0.2

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Ratio to the Qrevious Month
Agriculture,Forestry,Fisheries	43.7	41.9	41.2	43.3	47.8	46.3	46.7	43.7	45.1	46.8	47.0	47.5	48.1	0.6
Finance	48.0	47.6	48.5	48.1	47.3	48.0	46.9	47.2	47.0	47.0	47.8	46.2	46.0	▲ 0.2
Construction	46.0	46.4	46.9	47.3	47.8	47.8	48.1	47.6	46.9	46.7	46.7	45.9	45.9	0.0
Real Estate	47.7	48.0	48.2	47.5	48.5	47.2	47.5	48.2	47.6	47.5	47.6	46.9	49.0	2.1
Manufacturing	Food,BEWerages,Livestock Feed	42.9	42.7	42.7	43.5	43.8	42.9	42.9	42.6	42.3	41.2	40.4	40.6	1.4
	Textile,Textile Products,Clothing	37.4	37.3	36.1	36.5	36.3	35.7	36.7	36.3	35.1	38.1	36.8	35.2	▲ 1.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	37.9	37.5	39.0	39.5	39.5	38.9	39.2	40.8	38.8	40.1	38.4	36.8	▲ 1.8
	Pulp, Paper and Paper Products	35.3	34.4	36.0	36.7	37.3	37.8	36.5	38.8	35.8	36.8	37.9	38.1	▲ 3.2
	Publishing,Printing	33.3	32.8	32.8	34.4	34.5	33.2	34.2	33.6	33.5	33.9	32.9	33.3	▲ 0.4
	Chemical	41.0	41.0	41.0	42.6	43.6	43.9	43.4	42.5	42.5	42.8	41.6	41.5	▲ 0.9
	Steel,Nonferrous Metals,Mining	36.5	36.4	37.4	39.0	39.2	39.0	39.7	38.5	38.0	36.5	38.1	35.1	0.2
	General Machinery	39.9	39.8	41.2	41.9	41.2	42.3	41.9	41.3	40.9	40.1	39.1	37.5	0.3
	Electrical Machinery	41.0	42.5	42.5	42.5	42.9	44.1	42.8	43.5	43.0	43.1	43.4	40.9	▲ 1.0
	Transportation Machinery,Equipment	41.0	42.1	44.2	43.5	41.0	42.1	41.3	41.7	43.3	39.9	42.9	38.2	▲ 1.7
	Precision Machinery,Medical Instruments and Equipment	41.9	46.5	44.5	43.9	44.0	43.8	46.4	48.4	47.3	46.3	46.9	45.3	▲ 1.2
	Other	41.3	43.0	40.8	42.3	41.7	38.2	38.9	40.1	39.2	41.4	41.0	41.4	▲ 0.9
	Total	39.2	39.4	39.8	40.7	40.8	40.8	40.8	40.7	40.1	39.8	39.6	38.5	▲ 0.4
Wholesale	Food,BEWerages	42.9	42.5	42.3	43.8	44.1	43.2	42.4	44.0	41.8	42.2	41.3	41.2	▲ 0.1
	Textile,Textile Products,Clothing	36.3	36.3	35.8	36.5	34.2	34.5	33.7	34.4	34.5	33.8	34.6	35.8	▲ 0.7
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	36.0	36.4	37.5	38.2	37.5	38.6	39.2	38.9	39.3	38.0	38.9	38.2	0.8
	Paper Products,Stationery,Books	36.4	35.2	36.3	37.2	37.8	37.8	39.4	37.3	35.4	39.8	40.0	37.8	▲ 1.0
	Chemical	42.9	41.4	43.4	44.5	44.3	43.0	43.5	44.2	43.3	43.2	42.9	41.2	0.0
	Recycled Resources	44.3	43.1	44.4	40.5	36.8	38.9	38.5	40.3	36.5	42.1	36.2	35.8	▲ 0.7
	Steel,Nonferrous Metals,Mining Products	34.7	34.6	36.2	34.7	36.1	36.3	36.4	34.7	34.0	33.7	33.3	32.8	▲ 0.4
	Machinery,Equipment	43.4	43.4	43.5	44.0	44.5	44.0	43.9	44.5	43.2	43.6	43.7	42.3	▲ 0.1
	Other	41.1	39.9	40.8	41.8	41.5	41.7	42.1	42.3	40.7	41.1	41.5	40.8	▲ 0.1
	Total	40.5	40.1	40.7	41.3	41.4	41.2	41.3	41.5	40.3	40.6	40.7	39.8	▲ 0.1

Economic Diffusion Index (Economic DI)2/2

		May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Ratio to the Previous Month
Retail	Food,BEWerages	43.2	42.6	41.3	44.0	43.3	40.0	40.6	39.7	38.5	38.6	39.6	41.8	41.1	▲ 0.7
	Textile,Textile Products,Clothing	40.2	36.3	36.9	37.2	36.9	34.5	39.1	40.0	38.1	35.4	34.8	35.0	39.0	4.0
	Drugs,Sundries	42.1	41.0	41.4	40.3	41.0	40.4	42.5	41.5	42.0	39.1	40.6	35.4	35.9	0.5
	Furniture	28.7	27.2	35.8	30.7	31.3	33.3	34.7	36.4	31.3	34.5	28.2	36.3	33.9	▲ 2.4
	Electrical Household Appliances, Information Machinery and Equipment	40.8	43.2	46.1	46.1	45.3	43.8	38.8	42.6	43.0	42.3	42.3	41.4	39.6	▲ 1.8
	Motor Vehicles,Motor Vehicle Parts	42.3	43.4	39.2	39.0	38.9	42.3	39.3	39.5	39.6	38.9	42.9	40.5	38.2	▲ 2.3
	Special Merchandise	38.7	38.6	39.7	40.0	39.9	38.8	38.0	38.1	37.3	38.5	38.2	37.5	37.5	0.0
	Various Merchandise	44.6	44.4	45.5	43.9	41.3	39.6	42.4	39.6	38.8	39.5	39.5	36.0	35.8	▲ 0.2
	Other	47.6	44.4	42.2	37.8	44.0	39.3	45.6	44.4	37.5	41.2	39.3	43.3	45.2	1.9
	Total	40.7	40.3	40.3	40.5	40.3	39.7	39.4	39.5	38.6	38.6	39.2	38.6	38.3	▲ 0.3
Transportation,Warehousing		43.3	43.4	42.6	45.0	45.4	44.7	45.9	45.7	42.9	42.5	43.3	41.9	42.8	0.9
Service	Restaurants	49.4	48.1	49.4	52.5	49.3	46.2	47.5	49.5	45.5	43.6	45.1	46.2	43.5	▲ 2.7
	Postal,Telecommunications	56.7	52.8	51.9	50.0	40.7	57.4	53.0	57.6	50.0	48.6	53.3	48.7	50.0	1.3
	Electricity,Gas,Water,Heat	40.7	41.7	43.6	37.5	38.9	44.4	45.8	39.7	45.0	44.4	41.0	47.1	44.4	▲ 2.7
	Leasing,Rentals	49.7	49.0	48.6	50.2	48.4	49.7	49.5	51.0	51.1	49.8	52.2	48.7	49.8	1.1
	Lodging, Hotels	55.1	52.1	53.8	53.4	55.3	56.9	60.0	56.9	55.4	52.8	53.9	54.8	52.4	▲ 2.4
	Recreation	46.2	44.6	47.5	43.2	48.4	47.9	45.8	45.6	46.2	46.5	44.0	45.4	47.6	2.2
	Broadcasting	45.1	45.6	47.2	42.2	46.8	46.2	51.6	53.0	47.5	49.0	50.8	49.2	48.4	▲ 0.8
	Maintenance,Guarding,Testing	47.5	46.1	47.3	48.2	48.1	47.9	48.9	48.3	46.3	49.0	46.6	46.5	46.6	0.1
	Advertising	46.1	43.6	43.9	43.6	45.8	46.2	46.2	48.3	45.5	46.0	45.7	45.5	46.1	0.6
	Information	54.5	54.1	54.1	53.9	55.1	53.7	54.0	53.8	54.0	53.7	52.7	52.7	52.1	▲ 0.6
	Labor Dispatching	48.6	48.5	49.2	49.2	50.2	49.3	48.4	50.0	50.8	47.2	47.1	48.5	48.2	▲ 0.3
	Special Services	49.9	50.5	51.8	50.6	51.3	50.9	50.0	50.0	49.8	49.5	49.6	49.0	49.7	0.7
	Medical,Welfare,Public Health	43.6	44.4	44.0	44.2	44.6	44.2	41.9	43.6	42.4	41.9	42.5	42.0	41.4	▲ 0.6
	Education	43.9	47.4	50.9	47.7	48.7	46.9	47.0	49.0	46.0	43.9	46.8	42.2	44.9	2.7
	Other	47.5	47.2	48.0	48.6	47.9	47.2	47.7	48.3	46.6	47.1	46.8	46.4	45.5	▲ 0.9
	Total	49.7	49.2	50.0	49.8	50.4	49.8	49.9	50.2	49.2	49.0	48.7	48.4	48.2	▲ 0.2
Other		37.8	37.5	40.1	41.3	39.8	42.9	40.0	39.6	41.7	40.8	41.7	40.2	45.0	4.8

		May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Ratio to the Previous Month
Hokkaido		42.4	42.8	44.1	45.0	45.4	44.1	43.8	43.6	41.8	41.8	41.7	42.0	43.4	1.4
Tohoku		38.6	39.2	39.1	39.7	40.7	40.2	40.6	40.1	38.9	38.6	38.3	37.9	38.2	0.3
kitakanto		40.9	40.7	41.2	42.1	42.3	42.4	42.4	41.9	41.1	41.4	40.7	40.5	39.3	▲ 1.2
minamikanto		45.8	45.6	46.1	46.6	46.7	46.5	46.4	46.8	46.0	46.0	46.2	45.5	45.3	▲ 0.2
Hokuriku		42.3	40.7	41.4	41.8	42.6	42.2	42.2	41.7	40.5	41.0	40.6	40.2	40.4	0.2
Tokai		43.0	43.3	43.9	43.7	44.3	43.9	44.1	44.0	43.7	43.5	43.1	41.4	41.5	0.1
Kinki		42.6	42.5	42.9	43.5	44.0	43.8	43.8	44.2	43.1	43.2	43.5	42.7	42.2	▲ 0.5
Chugoku		42.8	42.6	43.6	43.9	44.0	43.6	44.5	44.1	43.0	42.6	42.9	41.4	41.4	0.0
Shikoku		40.2	39.9	39.4	40.5	40.7	41.2	41.3	40.1	40.1	40.3	41.4	39.6	40.6	1.0
Kyushu		46.4	46.5	46.2	47.3	46.9	46.4	47.2	47.6	46.4	46.3	45.7	44.8	44.8	0.0

Appendix

1. Research Subjects (Companies researched: 26,389; Valid responses: 10,645; Response rate: 40.3%)

1. Region

Hokkaido	469	Tokai	1,172
Tohoku	774	Kinki	1,681
kitaKanto	843	Chugoku	716
minamikanto	3,182	Shikoku	373
Hokuriku	525	Kyushu	910
		Total	10,645

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		113
Finance		177
Construction		1,581
Real Estate		431
Manufacturing (2,454)	Food, Beverages, Livestock Feed	270
	Textile, Textile Products, Clothing	109
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	182
	Pulp, Paper and Paper Products	83
	Publishing, Printing	163
	Chemical	313
	Steel, Nonferrous Metals, Mining	425
	General Machinery	421
	Electrical Machinery	260
	Transportation Machinery, Equipment	94
	Precision Machinery, Medical Instruments and Equipment	71
	Others	63
Wholesale (2,308)	Food, Beverages	308
	Textile, Textile Products, Clothing	140
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	253
	Paper Products, Stationery, Books	114
	Chemical	218
	Recycled Resources	46
	Steel, Nonferrous Metals, Mining Products	221
	Machinery, Equipment	727
	Others	281

Retail (896)	Food, Beverages	156
	Textile, Textile Products, Clothing	82
	Drugs, Sundries	64
	Furniture	28
	Electrical Household Appliances, Information Machinery and Equipment	64
	Motor Vehicles, Motor Vehicle Parts	131
	Special Merchandise	289
	Various Merchandise	68
	Others	14
Transportation, Warehousing		424
Service (2,224)	Restaurants	118
	Telecommunications	9
	Electricity, Gas, Water, Heat	21
	Leasing, Rentals	88
	Lodging, Hotels	90
	Recreation	90
	Broadcasting	21
	Maintenance, Guarding, Testing	287
	Advertising	115
	Information	497
	Labor Dispatching	85
	Special Services	399
	Medical, Welfare, Public Health	112
	Education	46
	Others	246
Others		37
Total		10,645

3. Size

Large Firms	1,593	15.0%
Small to Medium-sized Firms	9,052	85.0%
micro Firms	3,617	34.0%
Total	10,645	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 May19 - 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 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.