

## The domestic economy improved for the third consecutive month

~ Recovering sales and production, together with spillover effects from AI-related demand, boosted business sentiment ~

(Companies researched: 22,350; Valid responses: 10,518; Response rate: 47.1%; Survey start date: May 2002)

### < Trend in July 2026: Improvement >

The Economic Diffusion Index (DI) for July 2026 increased by 1.0 point from the previous month to 43.6, marking a third consecutive month of improvement.

The domestic economy was supported by a recovery in sales, production, and shipment volumes, as well as expanding demand related to AI and semiconductors. Strong demand for air conditioners and other seasonal products driven by extreme heat also contributed to the improvement.

### < Future outlook: Gradual recovery >

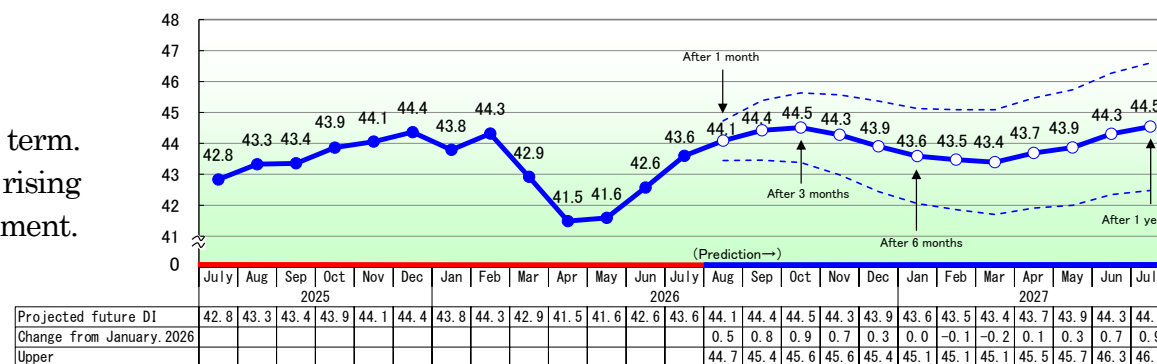
The economy is expected to continue improving in the near term. However, the pace of recovery is likely to slow due to the impact of rising costs and higher interest rates, resulting in only gradual improvement.

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By industry: 6 of the 10 industries improved, with recoveries in “manufacturing” and “construction” providing significant support.

By scale: All company sizes improved for the second consecutive month, supported by demand for summer-related products as well as AI- and semiconductor-related sectors.

By region: All ten regions improved for the second consecutive month, underpinned by vigorous production activity.



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

|                             | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Ratio to the<br>Previous<br>Month |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------------|
| Total                       | 42.8   | 43.3   | 43.4   | 43.9   | 44.1   | 44.4   | 43.8   | 44.3   | 42.9   | 41.5   | 41.6   | 42.6   | 43.6   | 1.0                               |
| Large Firms                 | 47.3   | 47.8   | 48.2   | 48.0   | 48.5   | 48.7   | 48.7   | 48.8   | 47.3   | 45.8   | 45.9   | 46.9   | 47.8   | 0.9                               |
| Small to Medium-sized Firms | 42.0   | 42.6   | 42.5   | 43.1   | 43.3   | 43.6   | 42.9   | 43.5   | 42.1   | 40.7   | 40.9   | 41.8   | 42.9   | 1.1                               |
| Micro Firms                 | 40.9   | 41.7   | 41.5   | 42.2   | 42.1   | 42.8   | 42.0   | 42.6   | 41.0   | 39.3   | 39.2   | 40.0   | 41.1   | 1.1                               |

|                                | Jul-25                                                            | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Ratio to the<br>Previous<br>Month |
|--------------------------------|-------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------------|
| Agriculture,Forestry,Fisheries | 46.1                                                              | 47.9   | 46.6   | 51.8   | 52.7   | 51.4   | 50.6   | 46.3   | 44.2   | 43.0   | 44.0   | 45.8   | 42.8   | ▲ 3.0                             |
| Finance                        | 46.2                                                              | 46.5   | 48.0   | 49.1   | 48.5   | 48.0   | 48.1   | 47.9   | 46.8   | 46.0   | 45.9   | 48.4   | 45.9   | ▲ 2.5                             |
| Construction                   | 46.4                                                              | 46.8   | 47.3   | 47.7   | 47.6   | 48.1   | 47.4   | 47.5   | 46.3   | 42.4   | 41.4   | 43.2   | 44.9   | 1.7                               |
| Real Estate                    | 47.7                                                              | 48.1   | 49.3   | 49.9   | 49.2   | 48.6   | 48.4   | 49.6   | 48.3   | 45.8   | 46.0   | 46.8   | 46.8   | 0.0                               |
| Manufacturing                  | Food,BEWerages,Livestock Feed                                     | 41.3   | 42.8   | 41.7   | 42.4   | 43.1   | 43.3   | 41.7   | 41.9   | 40.1   | 39.8   | 37.5   | 37.3   | 2.9                               |
|                                | Textile,Textile Products,Clothing                                 | 33.6   | 34.2   | 36.8   | 34.6   | 34.9   | 34.4   | 34.3   | 34.3   | 32.9   | 31.5   | 33.3   | 32.6   | 3.0                               |
|                                | Construction Materials,Furniture,Ceramics,Stone and Clay Products | 40.0   | 39.0   | 38.7   | 40.1   | 40.0   | 41.1   | 40.3   | 40.7   | 37.5   | 36.6   | 36.7   | 38.9   | ▲ 0.6                             |
|                                | Pulp, Paper and Paper Products                                    | 35.6   | 38.0   | 38.4   | 40.0   | 37.9   | 38.1   | 38.7   | 38.0   | 38.4   | 37.8   | 37.4   | 39.7   | ▲ 0.4                             |
|                                | Publishing,Printing                                               | 32.6   | 33.2   | 32.4   | 32.6   | 33.4   | 33.3   | 34.1   | 34.8   | 34.2   | 32.6   | 32.0   | 32.6   | 1.6                               |
|                                | Chemical                                                          | 42.4   | 43.3   | 42.3   | 43.2   | 43.7   | 44.6   | 44.0   | 44.7   | 41.6   | 41.0   | 43.1   | 45.8   | 1.5                               |
|                                | Steel,Nonferrous Metals,Mining                                    | 36.6   | 37.8   | 36.4   | 37.8   | 37.8   | 37.5   | 38.5   | 38.6   | 39.4   | 39.4   | 39.8   | 42.6   | 1.3                               |
|                                | General Machinery                                                 | 37.5   | 38.5   | 37.8   | 40.3   | 39.7   | 39.7   | 40.8   | 43.6   | 43.1   | 41.8   | 42.8   | 46.0   | 4.0                               |
|                                | Electrical Machinery                                              | 42.8   | 42.0   | 44.1   | 44.0   | 44.6   | 45.2   | 45.2   | 46.8   | 44.9   | 44.8   | 46.1   | 48.4   | 2.5                               |
|                                | Transportation Machinery,Equipment                                | 40.7   | 39.1   | 41.9   | 43.9   | 44.2   | 44.2   | 45.8   | 46.4   | 45.3   | 43.3   | 44.3   | 45.2   | 2.9                               |
|                                | Precision Machinery,Medical Instruments and Equipment             | 44.1   | 47.0   | 44.4   | 44.8   | 45.6   | 46.7   | 45.2   | 49.0   | 46.9   | 46.0   | 46.7   | 46.2   | 3.8                               |
|                                | Other Manufacturing                                               | 38.9   | 40.1   | 38.1   | 40.1   | 39.4   | 40.0   | 38.8   | 40.3   | 38.7   | 34.0   | 37.0   | 38.4   | ▲ 0.2                             |
|                                | Total                                                             | 38.9   | 39.6   | 39.2   | 40.3   | 40.3   | 40.7   | 40.8   | 41.8   | 40.5   | 39.8   | 40.4   | 42.2   | 2.1                               |
|                                |                                                                   |        |        |        |        |        |        |        |        |        |        |        |        |                                   |
| Wholesale                      | Food,BEWerages                                                    | 41.1   | 41.8   | 41.8   | 41.1   | 41.3   | 42.3   | 40.3   | 40.5   | 39.1   | 38.6   | 39.4   | 38.1   | 0.8                               |
|                                | Textile,Textile Products,Clothing                                 | 34.8   | 33.7   | 33.2   | 32.2   | 33.8   | 34.4   | 34.1   | 34.8   | 33.3   | 32.3   | 33.6   | 34.1   | ▲ 0.9                             |
|                                | Construction Materials,Furniture,Ceramics,Stone and Clay Products | 37.4   | 37.6   | 38.1   | 39.2   | 39.6   | 38.4   | 37.4   | 37.5   | 38.3   | 34.9   | 34.9   | 35.1   | 1.1                               |
|                                | Paper Products,Stationery,Books                                   | 35.3   | 36.2   | 35.3   | 37.2   | 38.4   | 37.0   | 36.9   | 39.0   | 37.3   | 37.8   | 35.5   | 35.5   | 0.3                               |
|                                | Chemical                                                          | 41.7   | 42.0   | 42.4   | 43.2   | 43.7   | 42.5   | 43.6   | 43.9   | 41.6   | 39.0   | 40.7   | 41.4   | 2.0                               |
|                                | Recycled Resources                                                | 36.0   | 37.0   | 37.3   | 40.8   | 41.2   | 42.1   | 39.7   | 43.4   | 41.7   | 41.7   | 42.9   | 43.6   | 0.8                               |
|                                | Steel,Nonferrous Metals,Mining Products                           | 33.7   | 34.5   | 34.9   | 35.3   | 36.1   | 35.8   | 36.4   | 35.7   | 35.3   | 35.3   | 35.9   | 37.2   | 1.8                               |
|                                | Machinery,Equipment                                               | 42.3   | 43.1   | 42.8   | 43.4   | 43.6   | 43.9   | 43.4   | 44.4   | 43.0   | 42.0   | 42.6   | 44.1   | 0.8                               |
|                                | Other Wholesale                                                   | 40.2   | 40.5   | 40.4   | 39.7   | 40.4   | 39.4   | 39.1   | 41.0   | 39.3   | 38.6   | 39.6   | 39.2   | 1.3                               |
|                                | Total                                                             | 39.5   | 40.0   | 40.0   | 40.3   | 40.8   | 40.6   | 40.2   | 41.0   | 39.8   | 38.6   | 39.3   | 39.7   | 1.1                               |

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

|                            |                                                                      | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Ratio to the Rrevious Month |
|----------------------------|----------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Retail                     | Food,BEWerages                                                       | 40.3   | 40.7   | 41.6   | 39.1   | 39.3   | 40.7   | 39.9   | 40.9   | 39.5   | 38.8   | 39.5   | 40.6   | 40.2   | ▲ 0.4                       |
|                            | Textile,Textile Products,Clothing                                    | 36.4   | 36.7   | 34.5   | 35.0   | 35.4   | 36.9   | 36.5   | 38.3   | 36.3   | 37.9   | 39.1   | 34.9   | 31.9   | ▲ 3.0                       |
|                            | Drugs,Sundries                                                       | 39.7   | 41.1   | 39.2   | 35.7   | 39.1   | 40.3   | 39.2   | 38.9   | 41.2   | 37.2   | 36.0   | 38.1   | 38.5   | 0.4                         |
|                            | Furniture                                                            | 32.0   | 35.2   | 36.1   | 36.5   | 34.0   | 35.1   | 32.7   | 34.7   | 31.3   | 34.0   | 33.9   | 32.7   | 35.8   | 3.1                         |
|                            | Electrical Household Appliances, Information Machinery and Equipment | 42.3   | 42.4   | 42.6   | 43.5   | 41.2   | 44.4   | 44.8   | 41.9   | 42.2   | 42.8   | 44.4   | 45.5   | 43.7   | ▲ 1.8                       |
|                            | Motor Vehicles,Motor Vehicle Parts                                   | 38.0   | 40.1   | 38.8   | 40.2   | 38.6   | 41.5   | 39.5   | 40.5   | 39.2   | 38.3   | 37.9   | 36.3   | 38.7   | 2.4                         |
|                            | Special Merchandise                                                  | 38.6   | 38.3   | 38.4   | 39.1   | 39.1   | 39.7   | 38.6   | 39.9   | 34.5   | 34.1   | 34.2   | 34.8   | 35.0   | 0.2                         |
|                            | Various Merchandise                                                  | 38.5   | 38.5   | 37.8   | 39.9   | 39.6   | 37.6   | 38.5   | 41.1   | 39.5   | 36.6   | 37.1   | 37.9   | 38.8   | 0.9                         |
|                            | Other Retail                                                         | 46.9   | 49.0   | 36.3   | 44.1   | 40.2   | 45.2   | 49.0   | 47.8   | 43.8   | 46.3   | 42.7   | 45.1   | 38.9   | ▲ 6.2                       |
|                            | Total                                                                | 38.9   | 39.4   | 38.8   | 39.1   | 38.8   | 40.1   | 39.3   | 40.2   | 37.7   | 37.2   | 37.4   | 37.3   | 37.3   | 0.0                         |
| Transportation,Warehousing |                                                                      | 42.9   | 43.9   | 43.2   | 44.2   | 45.5   | 46.2   | 43.8   | 43.8   | 38.5   | 37.8   | 39.7   | 40.6   | 41.9   | 1.3                         |
| Service                    | Restaurants                                                          | 45.6   | 46.8   | 45.6   | 44.1   | 43.4   | 47.1   | 42.4   | 42.9   | 43.1   | 41.3   | 42.3   | 41.7   | 44.3   | 2.6                         |
|                            | Postal,Telecommunications                                            | 51.9   | 47.9   | 48.1   | 53.0   | 56.3   | 47.6   | 50.0   | 52.1   | 50.0   | 48.1   | 58.3   | 47.2   | 50.0   | 2.8                         |
|                            | Electricity,Gas,Water,Heat                                           | 46.1   | 48.3   | 48.1   | 46.5   | 45.6   | 45.4   | 44.2   | 46.5   | 40.7   | 35.8   | 39.8   | 39.2   | 40.8   | 1.6                         |
|                            | Leasing,Rentals                                                      | 49.3   | 49.7   | 48.3   | 49.0   | 48.4   | 50.0   | 47.5   | 48.1   | 45.2   | 46.2   | 46.5   | 44.1   | 46.3   | 2.2                         |
|                            | Lodging, Hotels                                                      | 49.6   | 50.5   | 51.8   | 53.8   | 57.3   | 52.9   | 49.1   | 46.3   | 52.1   | 49.3   | 50.9   | 46.4   | 46.6   | 0.2                         |
|                            | Recreation                                                           | 46.8   | 45.0   | 48.4   | 46.8   | 46.5   | 45.8   | 47.1   | 47.0   | 45.4   | 47.8   | 46.9   | 47.8   | 46.9   | ▲ 0.9                       |
|                            | Broadcasting                                                         | 50.8   | 47.6   | 48.4   | 46.5   | 46.7   | 45.6   | 45.7   | 49.2   | 49.1   | 45.6   | 42.5   | 46.3   | 45.2   | ▲ 1.1                       |
|                            | Maintenance,Guarding,Testing                                         | 48.5   | 47.0   | 47.0   | 47.4   | 47.8   | 48.5   | 48.3   | 48.9   | 47.6   | 46.1   | 44.7   | 45.8   | 47.7   | 1.9                         |
|                            | Advertising                                                          | 47.2   | 45.7   | 46.4   | 46.3   | 46.2   | 47.4   | 45.9   | 45.0   | 45.4   | 42.7   | 42.9   | 43.5   | 42.8   | ▲ 0.7                       |
|                            | Information                                                          | 51.7   | 51.8   | 52.3   | 52.1   | 52.7   | 53.6   | 53.6   | 53.3   | 52.4   | 51.5   | 50.7   | 51.0   | 50.0   | ▲ 1.0                       |
|                            | Labor Dispatching                                                    | 48.3   | 46.7   | 46.7   | 47.6   | 48.4   | 48.5   | 46.4   | 46.9   | 45.4   | 46.3   | 45.9   | 46.5   | 47.1   | 0.6                         |
|                            | Special Services                                                     | 49.0   | 50.3   | 50.3   | 50.7   | 50.5   | 50.2   | 49.5   | 49.8   | 48.5   | 47.9   | 46.9   | 47.9   | 48.8   | 0.9                         |
|                            | Medical,Welfare,Public Health                                        | 38.0   | 39.5   | 39.6   | 39.5   | 41.0   | 43.7   | 41.0   | 41.7   | 41.8   | 40.7   | 39.9   | 41.8   | 40.9   | ▲ 0.9                       |
|                            | Education                                                            | 40.6   | 39.9   | 43.1   | 43.9   | 42.5   | 43.3   | 47.8   | 46.3   | 43.5   | 43.8   | 42.3   | 44.7   | 43.3   | ▲ 1.4                       |
|                            | Other Service                                                        | 47.3   | 46.5   | 46.2   | 46.9   | 46.5   | 46.7   | 45.4   | 46.6   | 45.0   | 44.4   | 42.8   | 43.3   | 42.6   | ▲ 0.7                       |
|                            | Total                                                                | 48.3   | 48.2   | 48.5   | 48.6   | 48.9   | 49.4   | 48.4   | 48.6   | 47.8   | 46.9   | 46.2   | 46.5   | 46.7   | 0.2                         |
| Other                      |                                                                      | 37.9   | 40.7   | 42.4   | 41.4   | 40.9   | 38.5   | 40.5   | 39.7   | 38.0   | 38.9   | 36.0   | 39.4   | 40.3   | 0.9                         |

|              | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Ratio to the Rrevious Month |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Hokkaido     | 43.7   | 43.9   | 44.4   | 43.4   | 42.6   | 43.1   | 41.8   | 42.2   | 41.1   | 40.1   | 40.5   | 42.0   | 42.4   | 0.4                         |
| Tohoku       | 39.2   | 39.5   | 39.2   | 39.5   | 39.4   | 40.1   | 38.8   | 39.9   | 38.6   | 38.2   | 38.1   | 38.4   | 40.1   | 1.7                         |
| Kita-Kanto   | 41.3   | 41.0   | 41.3   | 41.9   | 42.1   | 42.7   | 43.1   | 43.0   | 41.9   | 40.1   | 41.0   | 41.4   | 43.1   | 1.7                         |
| Minami-Kanto | 45.7   | 45.9   | 45.9   | 46.4   | 46.9   | 47.2   | 46.8   | 47.2   | 46.3   | 45.0   | 44.8   | 45.7   | 46.2   | 0.5                         |
| Hokuriku     | 40.9   | 41.0   | 41.4   | 41.6   | 41.7   | 42.1   | 41.3   | 41.8   | 41.2   | 40.2   | 39.4   | 41.5   | 42.2   | 0.7                         |
| Tokai        | 41.6   | 43.2   | 42.8   | 43.4   | 43.3   | 43.3   | 43.2   | 43.6   | 41.4   | 39.8   | 40.5   | 41.2   | 42.9   | 1.7                         |
| Kinki        | 41.5   | 42.7   | 42.5   | 43.3   | 43.2   | 43.6   | 42.6   | 43.5   | 41.7   | 39.9   | 40.3   | 41.5   | 42.6   | 1.1                         |
| Chugoku      | 41.3   | 42.1   | 42.1   | 42.7   | 43.3   | 43.5   | 42.0   | 43.3   | 41.5   | 39.3   | 39.3   | 40.7   | 42.0   | 1.3                         |
| Shikoku      | 39.9   | 40.6   | 41.2   | 42.0   | 43.1   | 42.1   | 41.9   | 42.7   | 40.4   | 38.8   | 37.8   | 39.4   | 40.2   | 0.8                         |
| Kyushu       | 44.4   | 44.4   | 44.6   | 45.5   | 45.3   | 45.8   | 45.6   | 45.7   | 43.8   | 42.2   | 42.0   | 43.0   | 43.9   | 0.9                         |

## Appendix

### 1. Research Subjects (Companies researched: 22,350; Valid responses: 10,518; Response rate: 47.1%)

#### 1. Region

|             |       |         |       |
|-------------|-------|---------|-------|
| Hokkaido    | 446   | Tokai   | 1,124 |
| Tohoku      | 742   | Kinki   | 1,577 |
| kitaKanto   | 806   | Chugoku | 637   |
| minamikanto | 3,258 | Shikoku | 364   |
| Hokuriku    | 499   | Kyushu  | 1,065 |
| Total       |       | 10,518  |       |

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

|                                  |                                                                      |       |
|----------------------------------|----------------------------------------------------------------------|-------|
| Agriculture, Forestry, Fisheries |                                                                      | 121   |
| Finance                          |                                                                      | 159   |
| Construction                     |                                                                      | 1,675 |
| Real Estate                      |                                                                      | 451   |
| Manufacturing<br>(2,434)         | Food, Beverages, Livestock Feed                                      | 287   |
|                                  | Textile, Textile Products, Clothing                                  | 111   |
|                                  | Construction Materials, Furniture, Ceramics, Stone and Clay Products | 168   |
|                                  | Pulp, Paper and Paper Products                                       | 78    |
|                                  | Publishing, Printing                                                 | 156   |
|                                  | Chemical                                                             | 317   |
|                                  | Steel, Nonferrous Metals, Mining                                     | 428   |
|                                  | General Machinery                                                    | 411   |
|                                  | Electrical Machinery                                                 | 264   |
|                                  | Transportation Machinery, Equipment                                  | 90    |
|                                  | Precision Machinery, Medical Instruments and Equipment               | 66    |
|                                  | Others                                                               | 58    |
| Wholesale<br>(2,237)             | Food, Beverages                                                      | 294   |
|                                  | Textile, Textile Products, Clothing                                  | 137   |
|                                  | Construction Materials, Furniture, Ceramics, Stone and Clay Products | 242   |
|                                  | Paper Products, Stationery, Books                                    | 93    |
|                                  | Chemical                                                             | 204   |
|                                  | Recycled Resources                                                   | 39    |
|                                  | Steel, Nonferrous Metals, Mining Products                            | 222   |
|                                  | Machinery, Equipment                                                 | 725   |
|                                  | Others                                                               | 281   |

|                             |                                                                      |        |
|-----------------------------|----------------------------------------------------------------------|--------|
| Retail<br>(812)             | Food, Beverages                                                      | 141    |
|                             | Textile, Textile Products, Clothing                                  | 79     |
|                             | Drugs, Sundries                                                      | 58     |
|                             | Furniture                                                            | 27     |
|                             | Electrical Household Appliances, Information Machinery and Equipment | 53     |
|                             | Motor Vehicles, Motor Vehicle Parts                                  | 124    |
|                             | Special Merchandise                                                  | 257    |
|                             | Various Merchandise                                                  | 58     |
|                             | Others                                                               | 15     |
| Transportation, Warehousing |                                                                      | 452    |
| Service<br>(2,146)          | Restaurants                                                          | 111    |
|                             | Telecommunications                                                   | 8      |
|                             | Electricity, Gas, Water, Heat                                        | 20     |
|                             | Leasing, Rentals                                                     | 94     |
|                             | Lodging, Hotels                                                      | 98     |
|                             | Recreation                                                           | 91     |
|                             | Broadcasting                                                         | 21     |
|                             | Maintenance, Guarding, Testing                                       | 274    |
|                             | Advertising                                                          | 106    |
|                             | Information                                                          | 455    |
|                             | Labor Dispatching                                                    | 81     |
|                             | Special Services                                                     | 397    |
|                             | Medical, Welfare, Public Health                                      | 117    |
|                             | Education                                                            | 40     |
|                             | Others                                                               | 233    |
| Others                      |                                                                      | 31     |
| Total                       |                                                                      | 10,518 |

#### 3. Size

|                             |        |        |
|-----------------------------|--------|--------|
| Large Firms                 | 1,533  | 14.6%  |
| Small to Medium-sized Firms | 8,985  | 85.4%  |
| micro Firms                 | 3,596  | 34.2%  |
| Total                       | 10,518 | 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 July 17 2026 - July 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 <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<br>(Micro Firms included)              | Micro Firms               |
|-------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------|
| Manufacturing and Other Industries* | Capital: More than 300 million yen<br>and<br>No. of Employee: Over 300 | Capital: Below 300 million yen<br>or<br>No. of Employee: Below 300 | No. of Employee: Below 20 |
| Wholesale Trade                     | Capital: More than 100 million yen<br>and<br>No. of Employee: Over 100 | Capital: Below 100 million yen<br>or<br>No. of Employee: Below 100 | No. of Employee: Below 5  |
| Retail Trade                        | Capital: More than 50 million yen<br>and<br>No. of Employee: Over 50   | Capital: Below 50 million yen<br>or<br>No. of Employee: Below 50   | No. of Employee: Below 5  |
| Service**                           | Capital: More than 50 million yen<br>and<br>No. of Employee: Over 100  | Capital: Below 50 million yen<br>or<br>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.