

The domestic economy improved for seven consecutive months

~ Year-end shopping and domestic travel boosted the economy, with attention now turning to the direction of monetary policy ~

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(Companies researched: 24,274; Valid responses: 10,662; Response rate: 43.9%; Survey start date: May 2002)

< Trend in December 2025: Upward Trend >

The Economic Diffusion Index (DI) in December 2025 increased by 0.3 points from the previous month to 44.4, marking seven consecutive months of improvement for the first time in eight years since December 2017.

The domestic economy continued its improvement trend, supported by strong seasonal demand and robust performance in AI-related sectors.

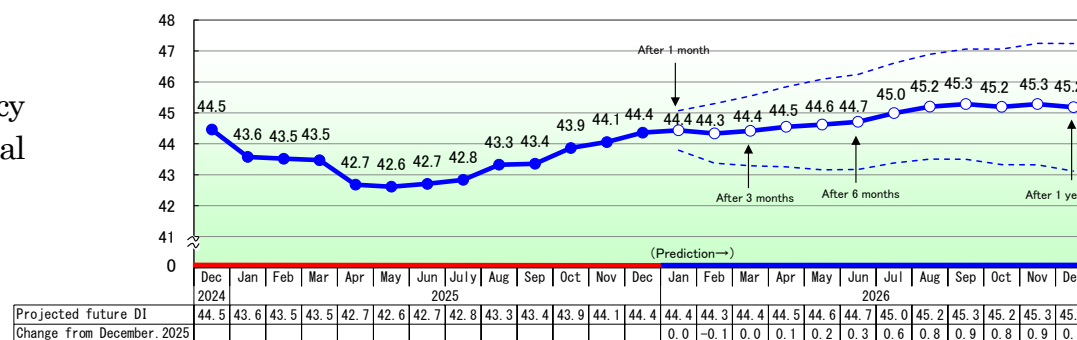
< Future outlook: Gradual recovery >

Looking ahead, while close attention will be paid to monetary policy developments, the domestic economy is expected to continue a gradual recovery from the latter half of the year.

By industry: 5 out of 10 industries improved, supported by consumer spending-related sectors such as retail.

By scale: All company sizes improved for the first time in four months, with “small to medium-sized firms” rising for the third consecutive month.

By region: 8 regions improved, underpinned by seasonal factors such as demand ahead of the year-end and New Year holidays.



Economic Diffusion Index (Economic DI)1/2

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Ratio to the Previous Month
Total	44.5	43.6	43.5	43.5	42.7	42.6	42.7	42.8	43.3	43.4	43.9	44.1	44.4	0.3
Large Firms	48.7	48.1	48.2	47.9	46.7	46.8	47.1	47.3	47.8	48.2	48.0	48.5	48.7	0.2
Small to Medium-sized Firms	43.7	42.8	42.7	42.7	42.0	41.9	41.9	42.0	42.6	42.5	43.1	43.3	43.6	0.3
Micro Firms	42.6	41.5	41.6	41.6	41.0	40.8	41.0	40.9	41.7	41.5	42.2	42.1	42.8	0.7

		Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Ratio to the Rrevious Month
Agriculture,Forestry,Fisheries		43.7	45.1	46.8	47.0	47.5	48.1	49.3	46.1	47.9	46.6	51.8	52.7	51.4	▲ 1.3
Finance		47.2	47.0	47.0	47.8	46.2	46.0	47.7	46.2	46.5	48.0	49.1	48.5	48.0	▲ 0.5
Construction		47.6	46.9	46.7	46.7	45.9	45.9	45.9	46.4	46.8	47.3	47.7	47.6	48.1	0.5
Real Estate		48.2	47.6	47.5	47.6	46.9	49.0	48.4	47.7	48.1	49.3	49.9	49.2	48.6	▲ 0.6
Manufacturing	Food,BEWerages,Livestock Feed	42.6	42.3	41.2	40.4	40.6	42.0	40.9	41.3	42.8	41.7	42.4	43.1	43.3	0.2
	Textile,Textile Products,Clothing	36.3	35.1	38.1	36.8	35.2	34.1	32.9	33.6	34.2	36.8	34.6	34.9	34.4	▲ 0.5
	Construction Materials,Furniture, Ceramics,Stone and Clay Products	40.8	38.8	40.1	38.4	38.6	36.8	39.3	40.0	39.0	38.7	40.1	40.0	41.1	1.1
	Pulp, Paper and Paper Products	38.8	35.8	36.8	37.9	38.1	34.9	35.3	35.6	38.0	38.4	40.0	37.9	38.1	0.2
	Publishing,Printing	33.6	33.5	33.9	32.9	33.3	32.9	32.0	32.6	33.2	32.4	32.6	33.4	33.3	▲ 0.1
	Chemical	42.5	42.5	42.8	41.6	42.4	41.5	41.4	42.4	43.3	42.3	43.2	43.7	44.6	0.9
	Steel,Nonferrous Metals,Mining	38.5	38.0	36.5	38.1	35.1	35.3	35.7	36.6	37.8	36.4	37.8	37.8	37.5	▲ 0.3
	General Machinery	41.3	40.9	40.1	39.1	37.5	37.8	38.4	37.5	38.5	37.8	40.3	39.7	39.7	0.0
	Electrical Machinery	43.5	43.0	43.1	43.4	40.9	39.9	41.6	42.8	42.0	44.1	44.0	44.6	45.2	0.6
	Transportation Machinery,Equipment	41.7	43.3	39.9	42.9	38.2	36.5	39.9	40.7	39.1	41.9	43.9	44.2	44.2	0.0
	Precision Machinery, Medical Instruments and Equipment	48.4	47.3	46.3	46.9	45.3	44.1	44.3	44.1	47.0	44.4	44.8	45.6	46.7	1.1
	Other	40.1	39.2	41.4	41.0	41.4	40.5	37.2	38.9	40.1	38.1	40.1	39.4	40.0	0.6
Total		40.7	40.1	39.8	39.6	38.5	38.1	38.4	38.9	39.6	39.2	40.3	40.3	40.7	0.4
Wholesale	Food,BEWerages	44.0	41.8	42.2	41.3	41.3	41.2	40.3	41.1	41.8	41.8	41.1	41.3	42.3	1.0
	Textile,Textile Products,Clothing	34.4	34.5	33.8	34.6	35.8	35.1	34.8	34.8	33.7	33.2	32.2	33.8	34.4	0.6
	Construction Materials, Furniture,Ceramics, Stone and Clay Products	38.9	39.3	38.0	38.9	38.2	39.0	38.2	37.4	37.6	38.1	39.2	39.6	38.4	▲ 1.2
	Paper Products,Stationery,Books	37.3	35.4	39.8	40.0	37.8	36.8	36.6	35.3	36.2	35.3	37.2	38.4	37.0	▲ 1.4
	Chemical	44.2	43.3	43.2	42.9	41.2	41.2	41.8	41.7	42.0	42.4	43.2	43.7	42.5	▲ 1.2
	Recycled Resources	40.3	36.5	42.1	36.2	35.8	35.1	36.6	36.0	37.0	37.3	40.8	41.2	42.1	0.9
	Steel,Nonferrous Metals, Mining Products	34.7	34.0	33.7	33.3	32.8	32.4	33.0	33.7	34.5	34.9	35.3	36.1	35.8	▲ 0.3
	Machinery,Equipment	44.5	43.2	43.6	43.7	42.3	42.2	42.6	42.3	43.1	42.8	43.4	43.6	43.9	0.3
	Other	42.3	40.7	41.1	41.5	40.8	40.7	40.1	40.2	40.5	40.4	39.7	40.4	39.4	▲ 1.0
	Total		41.5	40.3	40.6	40.7	39.8	39.7	39.6	39.5	40.0	40.0	40.3	40.8	40.6

Economic Diffusion Index (Economic DI)2/2

		Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Ratio to the Previous Month
Retail	Food,BEWerages	39.7	38.5	38.6	39.6	41.8	41.1	40.8	40.3	40.7	41.6	39.1	39.3	40.7	1.4
	Textile,Textile Products,Clothing	40.0	38.1	35.4	34.8	35.0	39.0	35.4	36.4	36.7	34.5	35.0	35.4	36.9	1.5
	Drugs,Sundries	41.5	42.0	39.1	40.6	35.4	35.9	36.1	39.7	41.1	39.2	35.7	39.1	40.3	1.2
	Furniture	36.4	31.3	34.5	28.2	36.3	33.9	31.8	32.0	35.2	36.1	36.5	34.0	35.1	1.1
	Electrical Household Appliances, Information Machinery and Equipment	42.6	43.0	42.3	42.3	41.4	39.6	43.0	42.3	42.4	42.6	43.5	41.2	44.4	3.2
	Motor Vehicles,Motor Vehicle Parts	39.5	39.6	38.9	42.9	40.5	38.2	40.8	38.0	40.1	38.8	40.2	38.6	41.5	2.9
	Special Merchandise	38.1	37.3	38.5	38.2	37.5	37.5	37.4	38.6	38.3	38.4	39.1	39.1	39.7	0.6
	Various Merchandise	39.6	38.8	39.5	39.5	36.0	35.8	36.3	38.5	38.5	37.8	39.9	39.6	37.6	▲ 2.0
	Other	44.4	37.5	41.2	39.3	43.3	45.2	44.8	46.9	49.0	36.3	44.1	40.2	45.2	5.0
	Total	39.5	38.6	38.6	39.2	38.6	38.3	38.6	38.9	39.4	38.8	39.1	38.8	40.1	1.3
Transportation,Warehousing		45.7	42.9	42.5	43.3	41.9	42.8	42.3	42.9	43.9	43.2	44.2	45.5	46.2	0.7
Service	Restaurants	49.5	45.5	43.6	45.1	46.2	43.5	44.6	45.6	46.8	45.6	44.1	43.4	47.1	3.7
	Postal,Telecommunications	57.6	50.0	48.6	53.3	48.7	50.0	47.4	51.9	47.9	48.1	53.0	56.3	47.6	▲ 8.7
	Electricity,Gas,Water,Heat	39.7	45.0	44.4	41.0	47.1	44.4	43.3	46.1	48.3	48.1	46.5	45.6	45.4	▲ 0.2
	Leasing,Rentals	51.0	51.1	49.8	52.2	48.7	49.8	48.0	49.3	49.7	48.3	49.0	48.4	50.0	1.6
	Lodging, Hotels	56.9	55.4	52.8	53.9	54.8	52.4	51.7	49.6	50.5	51.8	53.8	57.3	52.9	▲ 4.4
	Recreation	45.6	46.2	46.5	44.0	45.4	47.6	45.2	46.8	45.0	48.4	46.8	46.5	45.8	▲ 0.7
	Broadcasting	53.0	47.5	49.0	50.8	49.2	48.4	49.2	50.8	47.6	48.4	46.5	46.7	45.6	▲ 1.1
	Maintenance,Guarding,Testing	48.3	46.3	49.0	46.6	46.5	46.6	47.0	48.5	47.0	47.0	47.4	47.8	48.5	0.7
	Advertising	48.3	45.5	46.0	45.7	45.5	46.1	47.2	47.2	45.7	46.4	46.3	46.2	47.4	1.2
	Information	53.8	54.0	53.7	52.7	52.7	52.1	52.5	51.7	51.8	52.3	52.1	52.7	53.6	0.9
	Labor Dispatching	50.0	50.8	47.2	47.1	48.5	48.2	47.9	48.3	46.7	46.7	47.6	48.4	48.5	0.1
	Special Services	50.0	49.8	49.5	49.6	49.0	49.7	49.2	49.0	50.3	50.3	50.7	50.5	50.2	▲ 0.3
	Medical,Welfare,Public Health	43.6	42.4	41.9	42.5	42.0	41.4	40.4	38.0	39.5	39.6	39.5	41.0	43.7	2.7
	Education	49.0	46.0	43.9	46.8	42.2	44.9	43.4	40.6	39.9	43.1	43.9	42.5	43.3	0.8
	Other	48.3	46.6	47.1	46.8	46.4	45.5	47.3	47.3	46.5	46.2	46.9	46.5	46.7	0.2
Total		50.2	49.2	49.0	48.7	48.4	48.2	48.3	48.3	48.2	48.5	48.6	48.9	49.4	0.5
Other		39.6	41.7	40.8	41.7	40.2	45.0	39.2	37.9	40.7	42.4	41.4	40.9	38.5	▲ 2.4

		Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Ratio to the Previous Month
Hokkaido		43.6	41.8	41.8	41.7	42.0	43.4	43.9	43.7	43.9	44.4	43.4	42.6	43.1	0.5
Tohoku		40.1	38.9	38.6	38.3	37.9	38.2	39.1	39.2	39.5	39.2	39.5	39.4	40.1	0.7
Kita-Kanto		41.9	41.1	41.4	40.7	40.5	39.3	40.1	41.3	41.0	41.3	41.9	42.1	42.7	0.6
Minami-Kanto		46.8	46.0	46.0	46.2	45.5	45.3	45.5	45.7	45.9	45.9	46.4	46.9	47.2	0.3
Hokuriku		41.7	40.5	41.0	40.6	40.2	40.4	40.0	40.9	41.0	41.4	41.6	41.7	42.1	0.4
Tokai		44.0	43.7	43.5	43.1	41.4	41.5	41.4	41.6	43.2	42.8	43.4	43.3	43.3	0.0
Kinki		44.2	43.1	43.2	43.5	42.7	42.2	42.1	41.5	42.7	42.5	43.3	43.2	43.6	0.4
Chugoku		44.1	43.0	42.6	42.9	41.4	41.4	40.9	41.3	42.1	42.1	42.7	43.3	43.5	0.2
Shikoku		40.1	40.1	40.3	41.4	39.6	40.6	39.7	39.9	40.6	41.2	42.0	43.1	42.1	▲ 1.0
Kyushu		47.6	46.4	46.3	45.7	44.8	44.8	44.5	44.4	44.4	44.6	45.5	45.3	45.8	0.5

Appendix

1. Research Subjects (Companies researched: 24,274; Valid responses: 10,662; Response rate: 43.9%)

1. Region

Hokkaido	472	Tokai	1,142
Tohoku	756	Kinki	1,692
kitaKanto	813	Chugoku	711
minamikanto	3,207	Shikoku	351
Hokuriku	545	Kyushu	973
		Total	10,662

2. Industry (10 Industries 51 Lines of business)

Agriculture, Forestry, Fisheries		122
Finance		174
Construction		1,640
Real Estate		438
Manufacturing (2,466)	Food, Beverages, Livestock Feed	282
	Textile, Textile Products, Clothing	106
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	184
	Pulp, Paper and Paper Products	81
	Publishing, Printing	165
	Chemical	316
	Steel, Nonferrous Metals, Mining	428
	General Machinery	427
	Electrical Machinery	262
	Transportation Machinery, Equipment	95
	Precision Machinery, Medical Instruments and Equipment	60
	Others	60
Wholesale (2,313)	Food, Beverages	314
	Textile, Textile Products, Clothing	144
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	248
	Paper Products, Stationery, Books	100
	Chemical	214
	Recycled Resources	38
	Steel, Nonferrous Metals, Mining Products	239
	Machinery, Equipment	732
	Others	284

Retail (819)	Food, Beverages	140
	Textile, Textile Products, Clothing	66
	Drugs, Sundries	60
	Furniture	28
	Electrical Household Appliances, Information Machinery and Equipment	65
	Motor Vehicles, Motor Vehicle Parts	124
	Special Merchandise	260
	Various Merchandise	62
	Others	14
Transportation, Warehousing		432
Service (2,219)	Restaurants	116
	Telecommunications	7
	Electricity, Gas, Water, Heat	18
	Leasing, Rentals	94
	Lodging, Hotels	91
	Recreation	92
	Broadcasting	19
	Maintenance, Guarding, Testing	281
	Advertising	114
	Information	511
	Labor Dispatching	77
	Special Services	395
	Medical, Welfare, Public Health	103
	Education	45
	Others	256
Others		39
Total		10,662

3. Size

Large Firms	1,603	15.0%
Small to Medium-sized Firms	9,059	85.0%
micro Firms	3,541	33.2%
Total	10,662	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 December 16 2025 - January 5 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 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.