

### *Domestic economy is weak and has worsened for three months in a row*

- *Greater uncertainty due to expanding trade friction* -

(Companies researched: 23,149 ; Valid responses: 9,694 ; Response rate: 41.9 %; Survey start date: May 2002)

#### Overview of June 2018: Economy continues at a standstill

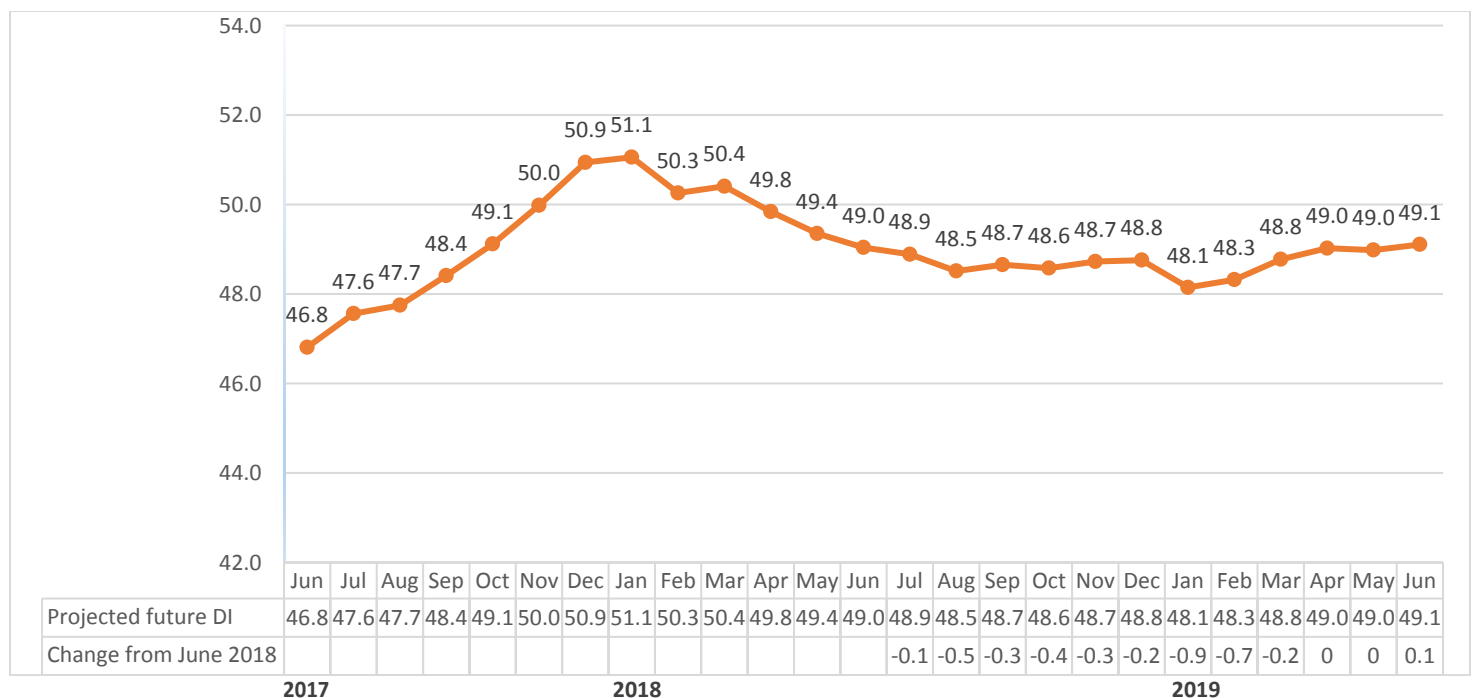
The economic diffusion index (DI) in June 2018 was 49.0, down 0.4 points from the previous month, and worsened for the third consecutive month. The domestic economy has weakened as a result of an increase in the cost burden resulting from the high price of crude oil, amid greater uncertainty due to expanding trade friction in the domestic economy.

#### Future outlook: Possibility of change in expansion trend

While exports and capital investments are expected to continue to be strong, it is necessary to observe carefully the possibility of overseas risks, such as intensified trade friction holding down the domestic economy

- **By industry :** The “Manufacturing” industry worsened for the fifth month in a row, due to the burden caused by a rise in raw material prices.
- **By size:** All of “large enterprises,” “SMEs” and “small enterprises” took a downturn for the first time in two months.

**By region:** Eight of the ten regions worsened, and business confidence for some regions was held down due to consequences of the earthquake.



\*Economic DIs are calculated based on the structural ARIMA model, in which economic statistics are incorporated to the ARIMA model.

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

	Jun. 17	Jul. 17	Aug. 17	Sep. 17	Oct. 17	Nov. 17	Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Ratio to the PrFDious Month
<b>Large Firms</b>	49.8	50.3	50.5	51.3	51.6	52.1	53.0	53.2	52.2	52.5	52.2	51.6	51.3	▲ 0.3
<b>Small to Medium-sized Firms</b>	46.0	46.8	47.0	47.7	48.5	49.4	50.4	50.5	49.8	49.9	49.3	48.8	48.5	▲ 0.3
<b>Micro Firms</b>	44.4	45.6	45.7	46.7	47.6	48.7	49.8	49.6	49.0	49.2	48.1	48.1	47.6	▲ 0.5
<b>Total</b>	46.8	47.6	47.7	48.4	49.1	50.0	50.9	51.1	50.3	50.4	49.8	49.4	49.0	▲ 0.4

	Jun. 17	Jul. 17	Aug. 17	Sep. 17	Oct. 17	Nov. 17	Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Ratio to the PrFDious Month
<b>Agriculture,Forestry,Fisheries</b>	45.3	44.9	44.5	45.6	47.5	46.7	49.2	47.1	45.5	44.4	43.5	44.2	43.3	▲ 0.9
<b>Finance</b>	46.3	47.2	46.8	48.0	47.9	49.0	48.9	49.6	48.0	50.3	49.4	47.8	47.2	▲ 0.6
<b>Construction</b>	49.5	50.4	50.7	51.7	52.7	53.7	54.2	54.0	53.4	52.9	51.4	51.8	51.9	0.1
<b>Real Estate</b>	49.4	49.6	49.3	49.9	50.9	50.3	51.3	52.3	52.1	53.1	50.9	51.0	51.1	0.1
	43.5	43.5	42.9	43.0	42.8	42.9	44.8	44.0	43.2	41.9	42.9	43.4	43.2	▲ 0.2
	37.8	37.9	38.4	37.7	38.6	39.6	42.0	39.1	41.3	42.4	42.4	42.7	42.8	0.1
	43.4	45.3	45.9	45.6	47.0	46.8	48.0	46.8	46.2	46.3	45.7	45.8	45.9	0.1
	43.4	43.8	41.9	44.4	46.6	45.6	48.7	46.6	44.1	45.8	46.3	43.1	45.2	2.1
	35.1	34.2	34.6	36.4	35.7	35.4	35.8	36.4	37.4	37.1	36.2	36.3	33.7	▲ 2.6
<b>Manufacturing</b>	50.2	51.4	50.5	51.8	52.5	53.3	54.1	53.9	53.2	53.8	52.3	51.8	51.6	▲ 0.2
	49.6	51.1	51.6	53.0	54.3	56.6	56.3	57.6	55.6	55.6	53.7	53.5	53.3	▲ 0.2
	54.8	56.5	56.2	57.2	59.3	59.3	60.8	62.4	62.0	61.2	60.9	60.6	60.3	▲ 0.3
	49.7	50.3	51.5	52.2	53.7	54.5	55.7	56.9	56.5	54.8	54.9	53.4	53.4	0.0
	52.7	52.2	54.7	54.8	54.2	58.6	56.9	57.9	56.6	59.8	57.6	58.4	57.3	▲ 1.1
	51.5	50.4	51.8	51.5	53.2	55.1	54.7	57.4	56.2	54.8	57.5	56.6	57.2	0.6
	38.5	40.3	39.7	41.6	39.6	40.9	42.6	43.4	43.1	43.8	43.2	44.3	42.5	▲ 1.8
	47.5	48.5	48.6	49.4	50.3	51.2	52.1	52.6	51.9	51.6	51.0	50.8	50.4	▲ 0.4
	41.8	42.2	41.3	41.6	41.1	42.4	43.5	42.9	42.1	43.0	42.9	42.8	42.4	▲ 0.4
	35.0	34.3	34.2	35.3	35.4	36.1	37.4	37.2	35.5	37.2	37.2	36.8	37.3	0.5
	42.8	43.0	43.8	44.0	44.2	45.1	46.7	46.2	44.9	44.7	45.0	43.3	44.4	1.1
<b>Wholesale</b>	38.4	37.4	35.7	38.8	38.4	38.9	38.4	37.6	34.9	36.8	38.0	37.5	36.2	▲ 1.3
	45.3	46.5	47.2	47.5	48.1	48.6	50.7	49.7	49.0	49.1	49.1	49.1	46.8	▲ 2.3
	51.8	49.5	55.4	52.4	51.6	57.8	58.3	56.2	51.0	51.9	49.5	46.6	50.6	4.0
	43.1	45.1	45.6	46.2	49.5	50.5	52.3	53.1	51.9	50.8	49.7	48.2	47.8	▲ 0.4
	46.6	48.0	48.2	48.5	49.3	50.9	52.1	52.3	51.4	51.8	51.1	50.6	50.0	▲ 0.6
	41.4	42.1	41.3	42.0	42.0	42.7	43.7	43.9	42.8	43.8	45.4	43.4	43.3	▲ 0.1
	43.4	44.2	44.3	44.8	45.5	46.5	47.9	47.8	46.6	47.1	47.0	46.1	45.7	▲ 0.4

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

		Jun. 17	Jul. 17	Aug. 17	Sep. 17	Oct. 17	Nov. 17	Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Ratio to the PrFDious Month
Retail		42.9	41.1	44.3	44.4	42.1	45.2	45.3	44.1	45.6	46.1	47.4	45.7	45.2	▲ 0.5
		34.4	34.6	35.1	34.4	37.5	32.7	35.6	41.0	38.2	37.3	38.9	36.7	32.1	▲ 4.6
		44.4	43.8	46.8	44.2	44.9	46.2	44.4	46.4	45.7	47.2	44.9	47.1	42.9	▲ 4.2
		40.7	39.6	37.5	41.7	40.9	45.0	40.7	43.9	35.2	35.0	36.7	35.2	38.3	3.1
		41.9	41.7	44.6	40.2	43.9	43.9	47.7	41.9	40.4	45.7	46.5	40.2	41.9	1.7
		44.4	44.4	45.5	46.2	45.3	45.6	44.2	49.2	47.8	48.3	48.2	43.5	42.9	▲ 0.6
		39.8	39.7	39.8	39.7	39.6	38.8	41.5	41.9	42.5	42.9	41.0	39.7	39.7	0.0
		48.7	46.5	45.8	45.7	46.3	45.7	46.4	46.9	46.0	47.5	49.6	44.1	44.2	0.1
Transportation,Warehousing		41.7	38.9	44.4	46.7	46.7	43.3	50.0	50.0	43.3	41.7	36.1	41.7	33.3	▲ 8.4
		42.1	41.5	42.7	42.2	42.4	42.4	43.4	44.3	43.8	44.8	44.6	42.0	41.3	▲ 0.7
		45.7	47.7	48.4	49.0	49.9	50.7	52.5	50.7	49.6	50.5	50.0	49.3	48.7	▲ 0.6
		43.0	43.9	41.9	45.2	45.1	42.9	44.9	45.2	43.6	44.2	44.7	45.0	42.5	▲ 2.5
		56.9	55.6	54.2	59.1	54.5	57.7	56.4	56.1	59.1	57.7	56.9	50.0	54.5	4.5
		57.1	52.4	52.8	57.1	58.3	59.5	54.2	60.4	58.3	61.1	54.2	56.3	57.4	1.1
		50.0	50.6	49.7	52.0	54.2	54.9	55.9	56.9	56.0	56.0	55.2	51.5	52.9	1.4
		47.9	46.9	47.4	41.7	43.6	51.9	48.0	46.9	48.7	52.0	51.7	50.6	50.0	▲ 0.6
Service		40.8	40.1	38.3	40.0	39.1	39.0	42.2	41.7	42.2	42.5	41.5	39.5	40.9	1.4
		42.9	46.2	47.2	47.2	46.2	44.4	47.6	47.6	47.4	47.0	39.7	37.2	40.3	3.1
		49.7	50.2	51.4	51.3	50.3	51.6	50.3	51.5	50.7	51.1	49.9	50.2	48.5	▲ 1.7
		40.6	41.0	41.9	40.5	43.6	41.8	41.5	46.1	42.3	43.4	44.2	43.0	40.2	▲ 2.8
		55.7	56.6	56.1	57.2	57.9	57.6	58.4	59.4	58.8	58.6	59.4	58.4	58.8	0.4
		54.8	54.8	58.6	57.5	58.2	59.0	57.9	58.6	56.5	57.9	57.8	59.0	59.1	0.1
		52.3	52.6	53.4	53.2	53.3	53.2	55.5	53.4	53.1	54.3	53.6	53.7	54.6	0.9
		48.3	45.2	46.1	47.4	44.1	47.9	48.3	47.6	48.6	48.1	48.8	48.0	46.8	▲ 1.2
Other		42.1	42.5	42.5	41.7	41.0	40.5	42.4	45.1	41.7	44.2	42.4	42.8	40.6	▲ 2.2
		50.8	50.2	50.5	50.7	50.6	53.9	52.6	51.6	51.3	51.8	50.7	50.8	50.0	▲ 0.8
		50.7	50.9	51.1	51.5	51.8	52.5	53.0	53.4	52.7	53.1	52.8	52.1	52.0	▲ 0.1
		42.2	41.7	42.4	43.6	43.3	47.9	48.2	47.8	47.9	50.8	49.2	50.0	46.3	▲ 3.7
		Jun. 17	Jul. 17	Aug. 17	Sep. 17	Oct. 17	Nov. 17	Dec. 17	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Ratio to the PrFDious Month
	Hokkaido	45.7	48.4	48.8	48.6	48.6	48.6	48.4	47.8	45.7	46.6	46.2	45.8	46.5	0.7
	Tohoku	45.4	45.7	45.4	45.9	45.9	47.2	47.9	46.9	46.1	46.4	45.7	45.0	44.2	▲ 0.8
	kitakanto	47.0	48.3	47.8	49.1	50.2	51.2	52.9	52.3	51.7	51.4	50.7	49.8	49.4	▲ 0.4
	minamikanto	47.7	48.2	48.2	49.1	49.7	50.5	51.3	51.8	51.0	51.5	50.7	50.3	50.2	▲ 0.1
	Hokuriku	45.9	47.5	48.0	48.8	49.3	49.0	49.9	49.7	47.7	48.5	48.7	48.5	48.7	0.2
	Tokai	47.3	48.1	48.8	49.2	50.0	51.2	52.5	52.6	52.5	52.3	51.9	51.9	50.9	▲ 1.0
	Kinki	44.9	45.6	46.1	46.7	48.0	49.0	50.8	51.1	50.3	50.0	49.7	48.8	48.4	▲ 0.4
	Chugoku	46.5	47.0	47.7	47.8	48.6	50.1	50.6	50.8	50.1	49.6	48.7	48.7	47.9	▲ 0.8
	Shikoku	47.0	47.0	46.8	48.5	48.2	48.5	49.0	49.4	48.5	48.4	48.2	47.8	47.2	▲ 0.6
	Kyushu	48.9	49.4	49.4	49.9	50.5	51.3	51.7	51.7	51.8	51.7	51.4	50.4	49.8	▲ 0.6

## Appendix

### 1.Region

Hokkaido	505	Tokai	1,080
Tohoku	636	Kinki	1,506
kitaKanto	698	Chugoku	535
minamikanto	3,165	Shikoku	292
Hokuriku	556	Kyushu	721
		Total	9,694

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

Agriculture, Forestry, Fisheries		52
Finance		117
Construction		1,437
Real Estate		290
Manufacturing 3,223	Food, Beverages, Livestock Feed	307
	Textile, Textile Products, Clothing	104
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	214
	Pulp, Paper and Paper Products	98
	Publishing, Printing	173
	Chemical	385
	Steel, Nonferrous Metals, Mining	477
	General Machinery	420
	Electrical Machinery	307
	Transportation Machinery, Equipment	94
	Precision Machinery, Medical Instruments and Equipment	69
	Others	84
Wholesale 3,959	Food, Beverages	338
	Textile, Textile Products, Clothing	167
	Construction Materials, Furniture, Ceramics, Stone and Clay Products	315
	Paper Products, Stationery, Books	100
	Chemical	262
	Recycled Resources	30
	Steel, Nonferrous Metals, Mining Products	297
	Machinery, Equipment	862
	Others	333

Retail 480	Food, Beverages	66
	Textile, Textile Products, Clothing	26
	Drugs, Sundries	21
	Furniture	10
	Electrical Household Appliances, Information Machinery and Equipment	39
	Motor Vehicles, Motor Vehicle Parts	63
	Special Merchandise	130
	Various Merchandise	46
	Others	7
Transportation, Warehousing		421
Service 1,384	Restaurants	40
	Telecommunications	11
	Electricity, Gas, Water, Heat	9
	Leasing, Rentals	114
	Lodging, Hotels	27
	Recreation	55
	Broadcasting	12
	Maintenance, Guarding, Testing	145
	Advertising	107
	Information	410
	Labor Dispatching	53
	Special Services	239
	Medical, Welfare, Public Health	94
	Education	23
	Others	154
Others		40
Total		9,694

### 3. Size

Large Firms	1,954	20.2%
Small to Medium-sized Firms	7,740	79.8%
micro Firms	2,566	26.5%
Total	9,694	100.0%