

Economy Watchers Survey
May 2025

OVERVIEW OF THE MONTH

The DI for current economic conditions in May (seasonally adjusted) went up by 1.8 points from the previous month to 44.4.

The household activity-related DI went up mainly because the retail-related DI increased, though the food and beverage-related DI decreased. The corporate activity-related DI went down because the DI for the manufacturing sector decreased. The employment-related DI increased.

The DI for future economic conditions in May (seasonally adjusted) went up by 2.1 points from the previous month to 44.8.

The household activity-, corporate activity-, and employment-related DIs all rose.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.2 points from the previous month to 44.8, and the DI for future economic conditions rose by 2.7 points from the previous month to 46.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has recently shown some weakness in its recovery. As for the future, there is continued concern about price hikes and the impact of U.S. trade policy, while hopes are placed on summer bonuses and wage increases.

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Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914

Telephone: 03-6257-1576

Internet: <https://www.cao.go.jp>

SUMMARY OF CHARACTERISTIC REASONS**FOR THE ASSESSMENT OF THE ECONOMY**

National

(Assessments) **A**, Better; **B**, Slightly better; **C**, Unchanged; **D**, Slightly worse; **E**, Worse**1. Current conditions**

<i>Household activity</i>	
B	<ul style="list-style-type: none"> While prices remain as high as ever, the number of tourists going to Expo 2025 Osaka, Kansai, and to other events around the country is increasing. In addition, group tours are growing popular. Although travel prices are higher than usual, group tours have been increasingly implemented. This situation will continue for a while. (Tokai: Travel agency)
C	<ul style="list-style-type: none"> Although general food prices continue to rise, customers' consumption has improved somewhat on a vegetable price fall. (Kyushu: Supermarket)
D	<ul style="list-style-type: none"> Since the holiday-studded golden week, a series of reservation cancellations due to rainy weather forecasts have more than halved the number of weekend visitors compared to the time of reservations, resulting in a year-on-year fall in the number. (Chugoku: Theme park)
E	<ul style="list-style-type: none"> Plagued with the U.S. tariff policy, increases in rice and other costs, and energy bill hikes, we see no factors that will improve the economy, remaining in a situation where our profits are squeezed even if cost hikes are passed on to our service prices. (Southern Kanto: High-end restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> As we usher in the season for starting construction under orders received for the new fiscal year, the deployment of engineers at construction sites has been completed. As full-fledged construction operations at all sites are proceeding at a pace higher than in the previous year, we see a good start for the new fiscal year. (Hokkaido: General contractor)
D	<ul style="list-style-type: none"> Partly due to the impact of U.S. tariffs, orders for automotive products are declining. Furthermore, liquid crystal-related equipment production adjustments are continuing. (Chugoku: Electrical machinery and equipment manufacturer)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Companies are still highly motivated to hire new graduates due to the chronic shortage of young human resources. At the moment, we see no adverse impact of domestic price hikes or U.S. tariff increases on the number of job openings. (Kinki: Job information magazine publisher)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> In summer bonus sales campaigns, we expect sales to increase in seasonal products as well as personal computers along with the transition to the latest operating system. (Shikoku: Electrical appliance retailer) We hope that rice and vegetable prices will stabilize, that the early arrival of summer and heat waves will increase beer consumption, and that food service providers will be able to propose a variety of summer dishes at low prices,

	leading consumption to increase somewhat. (Northern Kanto: Standard-class restaurant [bistro])
D	<ul style="list-style-type: none"> There is no sign of recovery from a decline in spending per customer through a decrease in purchases of luxury products among inbound tourists. Furthermore, domestic demand is affected by high prices, leading consumers to refrain from buying non-essential items. (Southern Kanto: Department store)
E	<ul style="list-style-type: none"> Now that prices are high, fewer customers buy clothing just because it is on sale. (Tokai: Clothing store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Motorcycle parts orders from overseas have been brisk, centering on those from Europe. Orders for industrial products for capital investment in Japan also remain strong. On the other hand, as for automotive parts, future developments are uncertain due to still sluggish sales to China and unstable sales to North America under the U.S. tariff policy. (Hokuriku: General machinery and equipment manufacturer)
D	<ul style="list-style-type: none"> Due to the impact of the U.S. tariff policy, our major customers are gradually reducing production. Although the impact is currently scheduled to emerge in three months, there is uncertainty about future developments. (Northern Kanto: Transportation machinery and tool manufacturer)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Although there are concerns about future developments regarding U.S. tariffs, the economy in Hokkaido has not shown signs of slowing down so far, indicating that the current situation will remain in the future. Companies will continue to give priority to securing human resources. (Hokkaido: Temporary staffing company)