

Economy Watchers Survey
July 2026

OVERVIEW OF THE MONTH

The DI for current economic conditions in July (seasonally adjusted) went up by 1.7 points from the previous month to 45.7.

The household activity-related DI went up mainly because the food and beverage-related DI increased. The corporate activity-related DI went up mainly because the DI for the non-manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in July (seasonally adjusted) went up by 0.1 points from the previous month to 45.8.

The corporate activity- and employment-related DIs rose while the household activity-related DI remained unchanged.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.3 points from the previous month to 45.8, and the DI for future economic conditions fell by 0.6 points from the previous month to 45.5.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has shown signs of picking up, though it is still mainly affected by a decline in economic sentiment caused by the situation in the Middle East. As for the future, uncertainty remains about the situation in the Middle East, and there is also concern about the impact of the 2026 Kumamoto Earthquake.

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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>	
A	· Due to a sudden heatwave after the rainy season, sales of seasonal products, such as air conditioners, have rapidly increased. (Kinki: Electrical appliance retailer)
B	· As price hikes attributable to the situation in the Middle East have stabilized, reservations by both domestic and foreign tourists towards the summer vacation period are gradually increasing. (Hokkaido: Tourist hotel)
D	· With consumers continuing to refrain from buying due to persistent inflation, the prolonged extreme heat has caused customers who buy fresh groceries in the early morning to return home by late morning, resulting in our shopping street being quiet in the afternoon. Retailers of other goods, in particular, are failing to increase sales during the short early morning period. (Kyushu: Shopping street) · As inflation persists due to uncertainty about the situation in the Middle East and crude oil price hikes, consumer sentiment is failing to improve. (Southern Kanto: Other retailer [shopping center])
<i>Corporate activity</i>	
B	· Semiconductor-related capital investment in North America remains strong. (Tokai: General machinery and equipment manufacturer)
C	· Small and medium-sized enterprises among our clients are failing to improve their earnings as their profits are squeezed by rising interest rates on borrowings and soaring raw material prices caused by developments in the Middle East. (Kyushu: Financial business)
<i>Employment</i>	
C	· Among companies posting job offers on our job information magazine, a few have started to post job offers in anticipation of new business projects or size expansion, leading us to believe that the economy is not going downside. (Tohoku: Job information magazine publisher)

2. Future conditions

<i>Household activity</i>	
A	· Reservations for the autumn leisure season, beginning with the long September holiday, are brisk. (Tohoku: Urban hotel)
B	· Depending on weather conditions, such as typhoons, the number of visitors may be affected over the short term. Once heatwaves settle down towards autumn, however, the number can be expected to increase. Recovering demand from inbound tourists is likely to become a positive factor. (Chugoku: Golf course)
D	· The Middle East situation, which seemed likely to settle down for a while, is now facing prolonged instability, increasing uncertainty about the future. (Southern Kanto: Department store)

	Many of our business partners have been requesting price increases, forcing us to reflect the price hikes in our sales prices. Our sales price hikes may inevitably affect our sales, leading our business conditions to worsen further. (Hokuriku: Housing dealer)
<i>Corporate activity</i>	
B	As price increases by our business partners have run their course, prices have begun to stabilize, allowing postponed business projects to be resumed. Furthermore, orders that we have turned down for workers' health under heatwaves may gradually become acceptable. (Kinki: Transport)
D	In response to the impact of the situation in the Middle East, housing manufacturers are raising their sales prices. There is concern about a decrease in the number of houses sold. (Shikoku: Wood and wood products company)
<i>Employment</i>	
B	Many companies are making smooth progress in recruitment, solidifying their workforces and enhancing their organizational foundations. (Chugoku: Private employment agency)

***Related to the 2026 Kumamoto Earthquake**

1. Current conditions

E	Due to the impact of the 2026 Kumamoto Earthquake, cancellations have been surging, worsening our business sentiment. (Kyushu: Tourist hotel)
C	While prices continue to rise, there is a risk that the number of days when production is suspended will increase due to the impact of the 2026 Kumamoto Earthquake. (Tokai: Transportation machinery and tool manufacturer)

2. Future conditions

E	As we have many business partners in Kumamoto hit by the major earthquake, there is concern about a decline in orders we receive. (Kinki: Housing-related specialty shop)
C	We are closely monitoring the impact of the 2026 Kumamoto Earthquake, including adverse effects on our clients. (Kyushu: Telecommunications company)