

**Economy Watchers Survey**  
**May 2026**

**OVERVIEW OF THE MONTH**

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The DI for current economic conditions in May (seasonally adjusted) went up by 2.8 points from the previous month to 43.6.

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 manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in May (seasonally adjusted) went up by 1.3 points from the previous month to 40.7.

The household activity- and corporate activity-related DIs rose, though the employment-related DI fell.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.5 points from the previous month to 43.1, and the DI for future economic conditions rose by 1.9 points from the previous month to 40.9.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has recently shown some weakness in its movement of picking up, mainly against the backdrop of a decline in economic sentiment caused by the situation in the Middle East. As for the future, uncertainty arising from the situation in the Middle East exists.

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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**

<b><i>Household activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>The planned introduction of new energy efficiency standards for air conditioners and the arrival of summer days even in May have led to a rapid expansion in air conditioner sales. (Kinki: Electrical appliance retailer)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>Although the economic situation remains unfavorable due to the Middle East situation and the weak yen, things seem to have calmed down for the time being. Especially during the holiday-studded golden week, consumers were active, without tending to avoid travel or dining out. (Hokuriku: Standard-class restaurant)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>While the Middle East situation and Japan-China relations have little impact on our business at present, we are concerned about their future adverse impact. (Tokai: Theme park)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Due to rising prices of petroleum-based products and various other goods, consumers have continued to hold back on buying goods other than daily necessities. (Kyushu: Shopping street)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>The momentum of AI-related capital investment in North America and Southeast Asia remains strong. (Tokai: General machinery and equipment manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Although escalating tensions in the Middle East have had no significant impact on orders in the manufacturing industry, manufacturers are concerned about supply chain instability, with their business sentiment deteriorating. Among non-manufacturing industries, business sentiment is worsening due to consumers' rising cost-saving awareness amid general price hikes and concerns about housing material supply shortages attributable to the Middle East situation. (Koshinetsu: Financial business)</li> </ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>Although new job openings have been declining year-on-year, there has been no significant change in the sense of labor shortage in the past three months. We have seen no moves to drastically reduce job openings. (Chugoku: Employment security office)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>With various events scheduled for the upcoming summer, we expect customers to increase their appetite for shopping. Therefore, the economy is likely to gradually improve in the future. (Hokkaido: Department store)</li> <li>Reservations and inquiries for the next two to three months are increasing. Furthermore, we anticipate that parties for forgetting the summer heat and other purposes will increase toward summer. (Northern Kanto: Standard-class restaurant [bistro])</li> </ul>

<b>D</b>	<ul style="list-style-type: none"><li>· Due to the Middle East situation, the economy will deteriorate further, accelerating the decline in consumption. (Shikoku: General retailer [Liquor])</li><li>· As the real estate development environment is worsening due to rising interest rates, material shortages attributable to the Middle East situation, and soaring construction costs, we believe that we are entering an adjustment phase. (Kinki: Housing dealer)</li></ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>· As the number of semiconductor products for development is increasing, our business conditions will improve further if we can achieve product development and mass production as requested by customers. (Southern Kanto: Electrical machinery and equipment manufacturer)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>· Due to an uncertain outlook for materials procurement and an unavoidable upward trend in prices, we think that it has become more difficult to secure orders than before. (Hokuriku: General contractor)</li></ul>
<b><i>Employment</i></b>	
<b>D</b>	<ul style="list-style-type: none"><li>· As price hikes attributable to the Middle East situation are prominent, future staffing plans are likely to become uncertain. (Kyushu: Temporary staffing company)</li></ul>