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# The Reality of Personal Consumption: A Mixed Picture When Categorized by Purpose

**It is unlikely that these six categories, which are currently at low levels, will recover in the short term**

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## Summary:

- By early 2026, private consumption had largely recovered to levels prior to the COVID-19 crisis. However, when broken down into 13 categories by purpose, six categories showed a significant decline compared to pre-pandemic levels. Therefore, we estimated consumption functions for each of these six categories and calculated long-term equilibrium values by taking into account disposable income, financial assets, the aging rate, and other factors. The results showed that actual values for four categories – “Clothing and Footwear,” “Education Services,” “Alcoholic Beverages and Tobacco,” and “Furnishings, Household Equipment, and Household Services” – were generally in line with or only slightly below their long-term equilibrium values. However, the two categories of “Restaurants and Hotels Services” and “Transport” were significantly below their long-term equilibrium values.
- We will focus on the three industries—eating out, travel, and motor vehicles—which account for a large share of the two categories showing a downward trend. Relative prices for eating out and travel have been rising, and since neither is considered a necessity, consumer spending in these areas may be being curtailed. In the motor vehicle sector, demand appears to be sluggish due to factors such as population concentration in urban areas, a decline in household size, and an increase in the average vehicle age. It appears that consumer behavior is shifting due to these structural factors, and the gap between these two categories and their long-term equilibrium values is unlikely to close easily.
- Given the above, it is unlikely that the six categories—which are currently at lower levels than before the COVID-19 crisis—will recover in the short term.