

Economy Watchers Survey

December 2003

OVERVIEW OF THE MONTH

The DI for current economic conditions in December rose 0.8 point from the previous month to 49.1.

The household activity-related DI rose mainly due to a pickup in sales at department stores and supermarkets from a sharp decline in November that had been caused by a mild winter. The corporate activity-related DI moved almost flatly, with both manufacturing industries and non-manufacturing industries continuing their pickup. The employment-related DI remained at a high level due to a continued increase in job offers. As a result, the DI for current economic conditions posted the first rise in two months.

The DI for future economic conditions in December fell 0.7 point from the previous month to 47.8.

The DI for future economic conditions fell due to concerns about the influence of BSE problems mainly in the supermarket- and restaurant-related sectors. As a result, the DI for future economic conditions posted a decline for the second consecutive month.

On the whole, the assessments of the Economy Watchers show that the economic activity remained almost unchanged from three months before.

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

(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"> • Goods have been moving most actively in the last 2~3 years. (Tokai: Shopping area) • Digital electrical appliances raise unit prices of our sale. Sales of new models of washing machines with dryers are brisk, with some of them running out of stock. High-priced health-related products are selling well. (Kinki: Electrical appliance retailer) • Sales of men's clothing are brisk as the temperature dropped sharply in the beginning of December. (Shikoku: Department store)
C	<ul style="list-style-type: none"> • The number of parties accompanied by geisha this year is slightly larger than in the previous year, but actual business results are at the same level as in the previous year. However, there is a vibrant atmosphere in the hotel. Main customers are those related to construction or automobile sales. (Tohoku: Tourist hotel) • Sales of heavy clothing are stagnant due to a mild winter. Instead, light clothes, such as sweaters and blouses are selling well. (Hokuriku: Clothing shop)
D	<ul style="list-style-type: none"> • Customers are not giving clear-cut responses to advertisements and direct mail. We had expected longer overseas travels, as the year-end and New Year holidays this year are longer than in the previous year. But, even at this stage, some of the tours are not fully booked. (Kyushu: Travel agent)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> • Sales are up 5% as compared with three months before, as the marketing of fully remodelled sub-compact cars picked up steam. Although sales are moving sideways on a year-to-year basis, things are getting better as the increase in sales volume offsets cost reduction. (Northern Kanto: Transportation equipment manufacturer) • New environment-friendly products are increasing their market shares gradually. (Shikoku: Pulp, paper & paper product manufacturer)
C	<ul style="list-style-type: none"> • Sales are increasing considerably in the manufacturing industries, such as semiconductor manufactures, but are slowing down in the retail and construction industries. (Southern Kanto: Financial)
D	<ul style="list-style-type: none"> • Although this month is a demand season, the amount of orders received is smaller than in the previous year. Moreover, we are unable to pass on rising material prices to selling prices. (Kinki: Textile)
<i>Employment</i>	
B	<ul style="list-style-type: none"> • In connection with the revision of the Dispatch Temporary Workers Law, inquiries from corporations have increased ahead of the year's end. Requests for advice concerning the utilization of dispatched temporary workers have increased in connection with the review of pension premiums. (Kyushu: Temporary manpower company)
C	<ul style="list-style-type: none"> • Although the job offers-to-seekers ratio is high, it is due to a sharp decrease in the number of job seekers. Job offers are increasing at a slower pace. (Tohoku: Job placement office)

2. Future conditions

Household activity

B	<ul style="list-style-type: none"> • Goods that did not sell well one year ago, such as cheap sweets, 500-yen plastic toy-model units, and dangle dollies, are selling to impulse buyers. (Hokuriku: Convenience store) • Unlike last year, when we were hard hit by the influences of the Iraq war and SARS scare, we expect sales this month to sharply exceed last year's level. The gradual pickup in sales of overseas travels will continue for some time to come. (Kinki: Travel agent)
C	<ul style="list-style-type: none"> • The adverse effect of the sluggish sales of women's apparel, our staple merchandise, in the autumn and winter seasons will be felt until around February. (Tokai: Department store) • Bookings for overnight stays in January are slower than in the previous year and bookings for parties by local people are also sluggish. The status of bookings for wedding ceremonies is better than in the previous year. We expect the same movement as usual in the number of guests, as February and March are on season. (Okinawa: City hotel)
D	<ul style="list-style-type: none"> • Due to the outbreak of BSE (bovine spongiform encephalopathy) in the United States, sales of beef are certain to decrease during the year-end and New Year season. (Chugoku: Supermarket)

Corporate activity

B	<ul style="list-style-type: none"> • There is a clear distinction between profitable and unprofitable companies among our trading partners. Elderly people's willingness to buy is particularly high among our clients. (Shikoku: Real estate)
C	<ul style="list-style-type: none"> • In the past, the ceramics industry enjoyed brisk sales in February through April. However, if the current condition continues, their sales will remain unchanged from December. Low-priced products are dominated by those produced in China, while sales of high-priced products for household use remain sluggish. This trend will continue for some time to come. (Kyushu: Stone, clay & glass products)

Employment

B	<ul style="list-style-type: none"> • The number of job offers by the construction industry posted a year-on-year increase for the first time in one year. Job offers for nursing care at hospitals and for outsourcing are also brisk, raising hopes for the months to come. (Hokkaido: Job information magazine publisher)
C	<ul style="list-style-type: none"> • The outlook for local economies will remain uneven. While manufacturing industries and some service industries (manpower dispatch and nursing care) are enjoying firm business, other industries remain sluggish. (Northern Kanto: Private employment agency)