

Economy Watchers Survey

October 2003

OVERVIEW OF THE MONTH

The DI for current economic conditions in October rose 2.2 points from the previous month to 50.8, rising above 50, a level indicating that the economy is levelling off, for the first time in three years and three months since July 2000.

The household activity-related DI rose mainly due to a rise in sales of autumn and winter clothing and jewelry at department stores. The corporate activity-related DI rose due to a continued pick up in manufacturing industries. The employment-related DI also rose due to a continued increase in job offers.

The DI for future economic conditions in October rose 1.2 points from the previous month to 51.1, rising above 50 for the first time in three years and one month since September 2000.

The DI for future economic conditions rose on expectations of an increase in sales of digital home electric appliances and clothing.

On the whole, the assessments of the Economy Watchers show that economic activity is picking up gradually in wide areas and sectors.

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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>	
A	<ul style="list-style-type: none"> Sales of men's suits priced at 120,000 yen or higher, such as famous brand products and hand-made products, are extremely good. (Northern Kanto: Department store)
B	<ul style="list-style-type: none"> Domestic travel shows signs of picking up. The number of customers is increasing thanks to good weather. Although the unit price per customer is low, sales have been increasing for five consecutive months. (Tokai: General retail store [Souvenirs]) Sales of clothes, accessories and jewelries especially for women in their teens and 20s are increasing. Sales as a whole stopped decreasing. (Tokai: Department store) Sales of personal computers, which had been declining for about three years, posted year-on-year increases from August and September. Sales of thin TVs, such as liquid-crystal TVs and plasma TVs, are brisk. (Kyushu: Electric appliance retailer)
C	<ul style="list-style-type: none"> Customers spend money on things they want to have and things that are personally valuable for them, such as diet foods and supplements. However, they are price conscious about other daily necessities, showing a bipolar buying behavior. (Hokuriku: Other specialty shop [Drugs])
D	<ul style="list-style-type: none"> The number of customers visiting housing exhibitions is smaller than in the previous month, perhaps reflecting a rise in housing loan interest rates provided by the Housing Loan Corp. and uncertainties about the future. (Okinawa: Housing sale company)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Semiconductor manufacturers are extremely busy. They are coping with the situation by changing work shift schedules. (Tohoku: Other company [Administrative services]) Requests for sale of thin steel sheet mainly for automobiles and thick steel sheet for shipbuilding and construction are firm. Inventories of construction materials are decreasing steadily. (Chugoku: Steel)
C	<ul style="list-style-type: none"> Corporations' interest in insurance is high but at the same time they are eager in slashing insurance premiums as a means of cost reduction. (Tokai: Financial)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job offers as a whole show no major change. However, job offers by manufacturers are increasing, as big corporations are expanding production of digital cameras and liquid crystal displays, causing positive effects on related companies. (Northern Kanto: Private employment agency)
C	<ul style="list-style-type: none"> New job offers increased 16.6% by over a year earlier but new job seekers also increased by 9.2%. Business establishments offering outsourcing-related services or cleaning services are increasing job offers. (Southern Kanto: Job placement office)

2. Future conditions***Household activity***

A	<ul style="list-style-type: none"> The number of young female customers has increased. The number of customers, such as insurance saleswomen and housewives, is also increasing. (Chugoku: Standard class restaurant)
B	<ul style="list-style-type: none"> Terrestrial digital TVs will become popular and sales of plasma TVs, DVD players, and digital cameras will increase. (Tokai: Electric appliance retailer) Sales of high-priced women's apparel, such as boots, fur stoles, mufflers, and cashmere products, are extremely good. If we can have enough stock of these trendy goods, sales would increase. (Southern Kanto: Department store)
C	<ul style="list-style-type: none"> Reservations for Saturdays and Sundays are increasing steadily, but weekday reservations are not stable due to a decrease in the number of weekday competitions. Prices are still declining at nearly courses. Securing a sufficient number of customers before December, when golf is affected by snow, has become extremely important. (Northern Kanto: Golf course)
D	<ul style="list-style-type: none"> We are concerned about future sales, as sales of seasonal goods appear to have been moved up to October due to unseasonably cool weather during the month. (Hokkaido: Housing-related shop) The relaxation of licensing of liquor sales will have a considerable impact, as the number of convenience stores and supermarkets selling liquor is expected to increase in the next two or three months. (Chugoku: Convenience store)

Corporate activity

B	<ul style="list-style-type: none"> We are hopeful about the future, as inquiries about spot TV commercials toward the end of the year are increasing. (Kinki: Ad agency)
C	<ul style="list-style-type: none"> Both orders received for and sales of polypropylene are brisk now, but the yen's appreciation remains as a destabilizing factor. (Chugoku: Chemicals)

Employment

B	<ul style="list-style-type: none"> The active recruitment by the automobile industry is having a spillover effect on related parts manufacturers and trading companies. The telecom industry is also beefing up capability in promising fields, such as broadband. Electric-related industries are increasing their staff of system engineers. Financial- and securities-related companies are increasing recruitment of personnel for main career track jobs as well as part-timers and dispatched temporary workers. (Tokai: School [University])
C	<ul style="list-style-type: none"> Many construction companies are shifting from conventional business operations centering on public works to new fields. Energetic companies are entering into new business fields and responding accurately to the needs of the age. Inquiries about dispatched temporary workers from such companies are increasing. (Northern Kanto: Temporary manpower company)