

Economy Watchers Survey

April 2012

OVERVIEW OF THE MONTH

The DI for current economic conditions in April fell 0.9 points from the previous month to 50.9, for the first drop in three months.

The household activity-related DI declined due mainly to a pause in passenger car sales growth, despite invigorated consumption accompanying a growing mood of reconstruction following the Great East Japan Earthquake.

The corporate activity-related DI decreased due mainly to sluggish growth in order receipts at some enterprises.

The employment-related DI rose as job offers increased in such sectors as construction and manufacturers including automobile-related companies.

The DI for future economic conditions in April rose 1.2 points from the previous month to 50.9, for the first rise in two months.

The household activity-, corporate activity- and employment-related DIs for future economic conditions increased on expectations of reconstruction demand following the Great East Japan Earthquake, despite uncertainties stemming from such factors as fears of summer electricity supply disruption.

For the reasons mentioned above, the assessment of Economy Watchers indicated in this survey can be summarized as “the economy is recovering.”

Released on May 10, 2012 (in Japanese)
by the Director-General for Economic Assessment and Policy Analysis,
Cabinet Office
Kasumigaseki 3-1-1, Chiyoda-ku, Tokyo 100-8970
Telephone: 03-3581-1392
Internet: <http://www.cao.go.jp>

III. 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>	
B	<ul style="list-style-type: none"> In apparent reaction to consumers' voluntary restraints last year, a growing number of customers are buying non-food products. Rather than daily necessities, design-oriented, fashion-sensitive products are selling well. We assume that room for consumption is emerging among a wider range of consumers, though slowly. (Tohoku: Department store) Spring goods have begun to sell as temperatures have risen at last. Cool Biz goods have begun to sell earlier than usual apparently on a growing interest in conserving ecology and electricity. (Hokuriku: Department store) In reaction to consumers' voluntary restraints on traveling after last year's Great East Japan Earthquake, our sales have substantially increased for the holiday-studded Golden Week. As the combination of national holidays in the week makes it easier to take long vacations, overseas trips are selling well, including those to Europe, as well as to Hawaii to which direct flights have been launched. (Kyushu: Travel agency)
D	<ul style="list-style-type: none"> Spring goods are failing to sell due to lower-than-usual temperatures. Jacket and coat sales are limited to 95% of the year-before level, and knit and cut-and-sewn wear sales to 90%. We wish to see temperatures rising. (Hokkaido: Department store) While subsidies for eco-friendly cars are revised, car sales have fallen considerably due to a substantial decline in the range of vehicles subject to tax reductions for eco-friendly cars. (Tohoku: Auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Transportation demand has improved slightly thanks to growth in transportation of auto-related goods benefiting from tax reductions for eco-friendly cars and of materials related to reconstruction following the Great East Japan Earthquake. (Hokuriku: Transporter)
C	<ul style="list-style-type: none"> Orders have declined sharply since early April. Private sector enterprises in a wait-and-see mode at present, watching the degree of the government's budget implementation. (Tohoku: Copying service)
D	<ul style="list-style-type: none"> Orders have declined since an auto production expansion for accumulating inventories came to a pause after the end of March. Orders for construction and hydraulic machinery have failed to recover. (Northern Kanto: General machinery and equipment manufacturer)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job offers are growing in the construction, restaurant, accommodation and entertainment sectors. Particularly, the number of job offers in the construction sector nearly doubled from two years earlier. (Hokkaido: Job information magazine publisher) Job offers have been emerging from manufacturers of electrical machinery, automobiles and electronics for mobile phones since early this month. In respect to electronics, job offers have been remarkable among manufactures of digital camera parts and home appliances as well. Job offers also include so-called sales jobs related to construction. Generally, however, job offers are conspicuous in the retail and services sectors. (Northern Kanto: Temporary staffing company)
C	<ul style="list-style-type: none"> The number of new job offers has risen from a year earlier for the 26th straight month, while the number of new job seekers has followed a downward trend. The effective ratio of job offers to applicants has exceeded 1 for the ninth straight month, indicating an employment recovery. (Hokuriku: Employment security office)

	<ul style="list-style-type: none"> As earnings have slackened for electric machinery and electronic component manufacturers serving as the driver of the Kansai economy, relevant companies have reduced recruitment. (Kinki: Private-sector job placement service)
--	--

2. Future conditions

Household activity

B	<ul style="list-style-type: none"> As the construction sector is expected to remain busy until this autumn due to reconstruction demand after the earthquake disaster, the business outlook for the next two to three months is likely to improve slightly. (Tohoku: Convenience store) Reservation backlogs have turned up, with the impact of last year's Great East Japan Earthquake taken into account. But short-notice reservations have increased. We cannot be optimistic. (Hokuriku: Tourist inn)
C	<ul style="list-style-type: none"> The electricity shortage problem will have adverse effects on sales from early to late summer. As consumers grow conscious of saving electricity, it may be difficult for large durable consumer goods to sell well. Attracting attention will be lower-priced goods including eco-friendly convenient goods and energy conservation-oriented products called "Cool Eco." Generally, we expect to see a slightly severe summer business environment. (Hokuriku: Department store)
D	<ul style="list-style-type: none"> We are gravely concerned over the electricity shortage problem this summer. If rolling blackouts are implemented, we will have to suspend business operations and suffer a sharp revenue decline. (Southern Kanto: Other leisure facilities [Bowling alley])

Corporate activity

B	<ul style="list-style-type: none"> Our business outlook will begin to improve if reconstruction plans begin to be implemented. (Tohoku: Electrical machinery and equipment manufacturer)
C	<ul style="list-style-type: none"> While Hokkaido enters a peak tourism season, consumers may restrict car travels in view of gasoline prices that have remained high. Raw materials price hikes will exert pressure on corporate earnings. (Hokkaido: Finance industry)
D	<ul style="list-style-type: none"> Uncertainties about the future course and pending problems such as electricity shortages are forcing us to keep from capital investment and to reduce business operations. (Chugoku: Electrical machinery and equipment manufacturer) While the economy is slightly picking up now, we see gasoline price hikes, the summer electricity shortage problem, the resurging European debt crisis and other matters of concern. (Kyushu: Metal product manufacturer)

Employment

C	<ul style="list-style-type: none"> While recruitment is increasing on special reconstruction demand following the Great East Japan Earthquake, we regret that non-long-term jobs are dominant and that future employment growth is uncertain. (Southern Kanto: Temporary staffing company) Gasoline prices are unlikely to fall while calls have grown for conserving electricity. As conservation consciousness grows, we expect business conditions to remain unchanged. (Shikoku: Newspaper company [Job advertisements])
----------	--