

Economy Watchers Survey

November 2013

OVERVIEW OF THE MONTH

The DI for current economic conditions in November went up 1.7 points from the previous month to 53.5 for the first rise in two months.

The household activity-related DI rose, owing mainly to increased sales especially in luxury goods, cars, and home appliances, due mainly to improved consumer confidence and increased spending per customer, as well as a last-minute rise in demand before a consumption tax increase.

The corporate activity-related DI went up, owing mainly to increases in orders received by manufactures.

The employment-related DI fell, owing mainly to a sense of respite seen in the growth of job offers in some sectors.

The DI for future economic conditions in November rose 0.3 points from the previous month to 54.8 for a third straight month of increase.

Regarding future economic conditions, despite concerns about deterioration of confidence that may come from a consumption tax increase, there are also a last-minute rise in demand before a consumption tax increase and expectations for sales over the year-end and New Year holidays. Under such conditions, the household activity-, corporate activity- and employment-related DIs for future economic conditions increased.

For the reasons mentioned above, the assessment of Economy Watchers indicated in this survey can be summarized as “the economy is on the way to recovery at a moderate pace.”

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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>	
A	<ul style="list-style-type: none"> Sales of new-model cars remain strong. (Northern Kanto: Auto dealer) With a last-minute rise in demand before a consumption tax increase, consumers are more willing to buy products with a higher unit price, leading to increased sales. (Kinki: Electric appliance retailer)
B	<ul style="list-style-type: none"> Unit purchase and sales prices are going up for more products. After the government's announcement in October of its decision to increase the consumption tax, consumers, who had felt hesitant, started to come and buy. Another factor we can point out is new products that have been put on sale. (Southern Kanto: Electric appliance retailer) In addition to continuing strength in sales of luxury goods, such as watches and jewelry, sales of winter goods, especially clothes, are increasing with a sudden drop of the temperature, a slight pickup of business. (Tokai: Department store)
C	<ul style="list-style-type: none"> More customers have come to believe they should not be hasty, and that they should instead wait for the fading out of a last-minute rise in demand before a consumption tax increase, and the housing sector cooling down, before considering whether or what to buy. (Tokai: Housing dealer)
D	<ul style="list-style-type: none"> As the reference date for interim measures before the consumption tax increase has passed, the number of customers visiting home parks and events has fallen, staying low. (Chugoku: Housing dealer) Booking of tourists is rather weak, for no clear reasons. Travel agencies say that in the year of regular rebuilding of Izumo and Ise Shrines, more of the tourists are likely to visit there. (Okinawa: Other services (Car-rental))
<i>Corporate activity</i>	
A	<ul style="list-style-type: none"> Amid a rapid improvement in business, we feel this condition is likely to continue for two or three years. It is a blessing, though we are suffering from a labor shortage. (Kyushu: Electric machinery and apparatus manufacturer)
B	<ul style="list-style-type: none"> With increased public work projects and automobile-related equipment, we see both orders and sales picking up. (Shikoku: Iron and steel industry)
C	<ul style="list-style-type: none"> Orders from the Iron and steel sector remain steady. With orders coming for products used for garbage incineration plants in various places, as well, we see production going at a high level. (Chugoku: Pottery and soil and stone products manufacturer)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Probably owing to a sense of stability felt from the medium-term standpoint in the manufacturing sector, and among other industries in general, offers are coming for people able to work both in Japan and abroad in overall areas (sales, administration, and engineering), despite cautious attitude in hiring. (Southern Kanto: Private employment agency)
C	<ul style="list-style-type: none"> The effective ratio of job offers to applicants continues trending upward with declines in job seekers, while there is a sense of respite in terms of growth of job offers. (Kyushu: Employment security office)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> With a last-minute rise in demand before a consumption tax increase that has led to strength in sales of durable consumer goods, and in addition a year-end sales campaign at the same time, demand is sure to increase into the end of March. (Southern Kanto: Electric appliance retailer)
B	<ul style="list-style-type: none"> Sales are expected to increase during the periods before and after the New Year's Day, thanks especially to New Year's grab bag. (Hokkaido: Clothing store) With overall increase of winter bonuses for the first time in years, and a last-minute rise in demand before a consumption tax increase, expectations are high for the period up to spring. (Kinki: Department store) A last-minute rise in demand before a consumption tax increase and effects of new-model cars put on the market at the year-end will bring strong sales of new cars. (Kyushu: Auto dealer)
D	<ul style="list-style-type: none"> Now that the consumption tax is about to increase, demand for durable consumer goods is going up further, and spending on eating out is held down for that reason. (Tokai: High-end restaurant) As the day of the consumption tax increase is approaching, we expect consumers to spend less, with plans for their life ahead in mind. (Hokuriku: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> We are naturally busy with the largest backlog of orders we have held so far, and, in addition, an expected last-minute rise in demand before a consumption tax increase. (Southern Kanto: Electric machinery and apparatus manufacturer) The economy is going to be better than now in December with events (Christmas, and year-end sales campaigns) and other factors. Anticipated increase of bonuses from the last year level is also a source of high expectations. (Kinki: Food manufacturer)
C	<ul style="list-style-type: none"> A last-minute rise in demand before a consumption tax increase is expected to come in two or three months, but it is likely to be a mere eating-up of demand for April and beyond, not a picking-up of the economy. (Electric machinery and apparatus manufacturer)
D	<ul style="list-style-type: none"> In the real estate sector, a last-minute rise in demand before a consumption tax increase has almost come to an end. Tough conditions are expected next spring and beyond. (Shikoku: Real estate business)
<i>Employment</i>	
B	<ul style="list-style-type: none"> As year-end sales campaigns and a last-minute rise in demand before a consumption tax increase are approaching full-scale, we expect improvement in employment circumstances. (Hokkaido: Job advertisement magazine producer) Significant improvement is seen in employment circumstances as retailers are more willing to hire with improvement of consumer confidence, and the construction sector sees demand going up in association with the consumption tax increase. Effects of Abenomics are beginning to spill over to small and medium enterprises. (Shikoku: Employment security office)
C	<ul style="list-style-type: none"> As the number of job offers in the construction sector turns downward, having been trending upward on a year-on-year basis, offers are likely to level off overall. (Hokuriku: Employment security office)