

Economy Watchers Survey

April 2015

OVERVIEW OF THE MONTH

The DI for current economic conditions in April rose by 1.4 points from the previous month to 53.6.

The household activity-related DI increased mainly because retail sales expanded. The corporate activity-related DI went up due chiefly to a rise in the DI for the non-manufacturing sector. The employment-related DI decreased slightly.

The DI for future economic conditions in April went up by 0.8 points from the previous month to 54.2.

Regarding future economic conditions, the household activity-, corporate activity- and employment-related DIs rose due mainly to expectations of wage increases and foreigners' tourism demand despite concerns over price hikes.

For the reasons mentioned above, the assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery. For the future, expectations on wage increases and foreigners' tourism demand are seen, despite concerns over price hikes.

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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"> • Vegetable sales volume has not declined so much while prices have been rising. Customers have been steadily buying goods centered on high-quality fresh food products. (Kinki: Supermarket) • An early snow thaw and stable weather are contributing to consumption this year. As foreign tourists have been briskly visiting Hokkaido even after the Chinese New Year holidays, our business has been robust. New shops targeting foreign tourists have increasingly opened. (Hokkaido: Shopping street) • Visitors have recently been increasing, apparently as reported wage hikes at major automakers and other companies might have exerted good effects on small and medium-sized enterprises. (Kinki: Theme park) • As some major companies are implementing basic and other wage hikes, the economy seems to be picking up. (Tohoku: Communications)
C	<ul style="list-style-type: none"> • Due to price hikes for daily necessities including food products, consumers' prudent behavior limiting purchases to what they need has remained unchanged. (Kyushu: Shopping street)
D	<ul style="list-style-type: none"> • Consumers' eagerness to buy has declined due to a mini-vehicle tax increase and products' lack of commercial value, leading to a drop in willingness to sell. (Northern Kanto: Auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> • Our business is likely to remain brisk thanks to moderate sales as well as the strong impact of diesel oil price drops. (Hokuriku: Transporter)
C	<ul style="list-style-type: none"> • As new products are selling well, present sales levels are secured for the future. But profitability is declining due to material cost hikes under the weaker yen. (Shikoku: Pulp, paper and paper-processed products manufacturing industry)
D	<ul style="list-style-type: none"> • While electricity prices have risen with the weaker yen pushing up material prices, large companies still demand cost cuts instead of any increase, leading to further deterioration of profitability. (Kinki: Metal products manufacturer)
<i>Employment</i>	
D	<ul style="list-style-type: none"> • Gaps between employers' and job seekers' requirements have been widening. While the numbers of job offers and seekers have leveled off, their matches have been decreasing. (Chugoku: Temporary staffing company)

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

B	<ul style="list-style-type: none"> · Consumer confidence will surely increase due mainly to wage and bonus hikes and rising stock prices. While remaining strictly thrifty in cases where thriftiness is significant, consumers will aggressively spend money in increasing cases including sunny day, picnic and other events. (Kinki: Supermarket) · We place hopes on the planned port calls by Chinese passenger ferries and other ships. (Kyushu: Shopping street)
C	<ul style="list-style-type: none"> · As prices have been rising for many products faster than wages, customers' money for consumption has been declining gradually. The future course of the economy will depend on how far prices will be raised. (Tokai: Supermarket) · While future growth is likely to be lower than this month, we anticipate brisk sales due mainly to increasing inbound foreign tourists and refurbishment effects during the first half of this year. Given the growth of large suburban shopping malls, however, we cannot be optimistic. (Okinawa: Department store)

Corporate activity

B	<ul style="list-style-type: none"> · We feel that global companies' robust performance under the weaker yen is spilling over to small and medium-sized enterprises. We hope that this trend will continue, leading to a full-blown economic recovery. (Southern Kanto: Financial business)
E	<ul style="list-style-type: none"> · We expect to see a severer business environment as profitability declines due to the growing impact of increases in imported raw material prices under the weaker yen. (Hokuriku: Food manufacturer)

Employment

B	<ul style="list-style-type: none"> · Regular job offers have been increasing year on year and this trend is likely to continue. (Kyushu: Employment security office)
C	<ul style="list-style-type: none"> · At a time when companies are busy with preparations for recruiting new graduates in the spring of 2016, many of them are considering internship programs for junior university students planned for recruitment in 2017. This good situation is likely to continue. (Tohoku: Temporary staffing company)