

# Economy Watchers Survey

## August 2015

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### OVERVIEW OF THE MONTH

The DI for current economic conditions in August fell by 2.3 points from the previous month to 49.3.

The household-activity-related DI dropped mainly because the retail-related DI declined. The corporate-activity-related DI fell as the DIs for both the manufacturing and non-manufacturing sectors decreased. The employment-related DI declined slightly.

The DI for future economic conditions in August went down by 3.7 points from the previous month to 48.2.

All the household activity-, corporate activity-, and employment-related DIs dropped.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery, although some effects of trends involving the Chinese economy have been seen. For the future, concerns are seen over the Chinese economic situation and price hikes, while expectations regarding the Silver Week consecutive holidays and premium gift tickets are observed.

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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>B</b>	<ul style="list-style-type: none"> <li>Premium gift tickets issued by Osaka City at the end of July have produced great effects. Particularly, electrical home appliances and other high-priced goods are selling well. Higher-priced food products are also selling. (Kinki: Supermarket)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>While sales and visitors increase as planned, profit slips below a planned level due to personnel cost hikes and raw materials price spikes. (Hokuriku: General restaurant)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As stock prices have dropped apparently due to China's economic growth deceleration, growth has lost momentum, even without any economic downturn. The economy looks stagnant. (Southern Kanto: Shopping street)</li> <li>As high-temperature warnings are issued, broadcasting urges people to refrain from going out unnecessarily. Visitors are scarce and become even scarcer due to such broadcasting, affecting sales. (Northern Kanto: Shopping street)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>As our customers are to begin to produce new products soon, they are increasing relevant investment. (Tokai: Transportation machinery and tool manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Planned orders from major customers have been falling from initial levels due to a decline in exports arising from China's recession. (Chugoku: Chemical industry)</li> <li>As public works orders from central and prefectural governments declined from the previous year, it is growing difficult for us to win orders in competition with large contractors. Order backlogs have been decreasing, resulting in a sales fall. (Shikoku: General contractor)</li> </ul>
<i>Employment</i>	
<b>C</b>	<ul style="list-style-type: none"> <li>It is difficult to employ even part-timers, forcing companies to depend on personal communications and introductions for finding job seekers. Some companies are transforming existing non-regular employees into full-time employees to improve services. (Hokkaido: Job information magazine publisher)</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>This autumn has the Silver Week consecutive holidays that come every seven years, and our prefecture is beginning to issue hometown travel coupons. So, we expect sales to increase year on year. (Northern Kanto: Tourist inn)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>We are uncertain how the rapid global stock market decline will affect our business late this year. Particularly, it could rapidly decelerate consumption by inbound foreign tourists. (Southern Kanto: Home electric appliance retail store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>The China-triggered global stock market rout may dampen the sentiment of wealthy people and prompt the yen to appreciate. The future course of the Japanese economy is uncertain. (Kinki: Department store).</li> <li>There are few factors to boost sales of any goods in the future. Food products with increased price tags are difficult to sell. We expect no large sales growth. (Kyushu: Supermarket)</li> </ul>

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<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"><li>As a decline in prices of naphtha as a plastic material lowers our product costs, our profitability is improving. Given order receipts at present, we expect sales in September to grow substantially from this month. (Tokai: Chemical industry)</li></ul>
<b>C</b>	<ul style="list-style-type: none"><li>As there is demand regarding the so-called "My Number" system, we may maintain the present sales level for the immediate future. (Southern Kanto: Telecommunications company)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>We are concerned that the yen could continue appreciating to affect our sales. (Tokai: Electric machinery and apparatus manufacturer)</li></ul>

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<i>Employment</i>	
<b>C</b>	<ul style="list-style-type: none"><li>As labor shortages are strongly felt, new job offers have remained unchanged from a year earlier. More frequently than earlier, however, we hear that there is little or even no response to job offers. (Chugoku: Employment security office)</li></ul>

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