

Economy Watchers Survey

December 2015

OVERVIEW OF THE MONTH

The DI for current economic conditions in December rose by 2.6 points from the previous month to 48.7.

The household activity-related DI went up mainly because restaurant sales expanded. The corporate activity-related DI increased as the DI for the non-manufacturing sector rose. The employment-related DI went up.

The DI for future economic conditions in December remained unchanged from the previous month at 48.2.

While the corporate activity- and employment-related DIs rose, the household activity-related DI dropped.

On a seasonally adjusted basis, the DI for current economic conditions rose by 0.4 points from the previous month to 50.5 while the DI for future economic conditions fell by 0.3 points from the previous month to 51.1.

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 other overseas conditions, while expectations regarding tourism demand, increasing orders and improvements in employment are observed.

Released on January 12, 2016 (in Japanese)
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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> | |
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| B | <ul style="list-style-type: none"> In the Christmas and year-end shopping season, customers indicate considerable improvement in economic sentiment. In proportion to the improvements, sales have been brisk in terms of both volume and value. (Tohoku: Department store) Due to the year-end and bonus season, we see good customer traffic. (Chugoku: Home electric appliance retail store) |
| C | <ul style="list-style-type: none"> Group tour customers from outside the prefecture had reservations until mid-December this year. Local companies are using our restaurant more frequently than usual for night year-end parties. (Hokuriku: High-end restaurant) Goods are selling better than three months ago. This is attributable to bonuses, a large number of year-end shoppers and clearance sales. We see these factors as seasonal rather than indicative of any improvement in the economy. (Kyushu: Clothing store) |
| E | <ul style="list-style-type: none"> Winter goods sales remain slack because temperatures were higher than usual in December, as they were in November. Christmas, year-end and New Year goods have maintained certain sales levels. Due to the slack winter goods sales, however, we feel economic stagnation. (Shikoku: Supermarket) |
| <i>Corporate activity</i> | |
| B | <ul style="list-style-type: none"> Mainly thanks to bonuses, domestic wine with relatively higher price tags is gaining popularity. (Northern Kanto: Food manufacturer) |
| C | <ul style="list-style-type: none"> Apparently due to the warmer-than-usual winter, goods traffic is slightly slack. But fuel price falls have contributed to improving earnings in the logistics industry. (Tokai: Transport) In response to the sluggish Chinese economy, our clients' production plans have become conservative, exerting some impacts on subcontractors. (Chugoku: Electric machinery and apparatus manufacturer) |
| <i>Employment</i> | |
| B | <ul style="list-style-type: none"> As job offers have substantially increased with the ratio of job offers to applicants rising, the economy is picking up. But job applicants have not increased. In a growing number of cases, we fail to meet job offers from companies. (Kyushu: Temporary staffing company) |

2. Future conditions

| <i>Household activity</i> | |
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| B | <ul style="list-style-type: none"> As new models are added to our product lineup toward the fiscal year-end, we expect to see more negotiations and visitors. (Chugoku: Auto dealer) Present reservations indicate a better capacity utilization rate coming in two to three months after a plunge this month. Due partly to Chinese New Year holidays, we have had brisk reservations including those for foreign customers. (Okinawa: Tourist hotel) |
| C | <ul style="list-style-type: none"> As customers fasten their purse strings to offset robust New Year spending, we expect that the business situation will remain severe. (Hokkaido: High-end restaurant). As some fresh food prices are continuing to rise, an economic recovery will be difficult. (Shikoku: Supermarket) |

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| D | · Apparently due to year-end bonuses, the number of visitors has increased. However, the number will decrease as the effects of bonuses fade away. (Kinki: General restaurant) |
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Corporate activity

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| A | · As orders are planned to increase, we expect that our business conditions will pick up. (Chugoku: Transportation machinery and tool manufacturer) |
| C | · As the Chinese economy's deceleration has been coupled with a U.S. interest rate hike, the future course of the economy is uncertain. (Southern Kanto: Financial business) |

Employment

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| B | · We feel that a growing number of companies are considering expanding recruitment toward the next fiscal year. (Tokai: Temporary staffing company) |
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