

Economy Watchers Survey

November 2016

OVERVIEW OF THE MONTH

The DI for current economic conditions in November (seasonally adjusted) rose by 3.2 points from the previous month to 52.5.

The household activity-related DI rose mainly because retail- and housing-related DIs increased. The corporate activity-related DI increased mainly because the DI for the manufacturing sector rose. The employment-related DI decreased.

The DI for future economic conditions in November (seasonally adjusted) rose by 1.6 points from the previous month to 53.0.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.4 points from the previous month to 48.6 and the DI for future economic conditions by 0.1 points to 49.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is steadily picking up. As for the future, while concerns over uncertainties about the overseas situation exist, continued growth in capital investment and job offers is expected.

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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"> As stock price hikes have produced a good atmosphere, business confidence is good. (Tokai: General retailer [luxury meat]) While the number of visiting customers has been stagnant, falling temperatures have stimulated women's fashion clothing sales. As the previous winter was warm, sales are exceeding year-before levels. (Hokuriku: Department store) As warm clothing is required under cold weather, customers' spending has recovered slightly. (Kyushu: Shopping street) The number of visitors to a housing exhibition this month increased by 61% from a May exhibition. (Okinawa: Housing dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Both public and private sector construction orders have been brisk. Given inquiries about new goods for private sector construction, we see a continued great appetite for investment. (Hokkaido: General contractor) We see more orders than two to three months ago in Tokyo. Particularly, orders are increasing for direct mail prints related to travels. (Kinki: Publishing, printing & allied industries)
<i>Employment</i>	
C	<ul style="list-style-type: none"> As personnel shortages become chronic, companies are switching gradually from recruiting industry-ready workers and temporary employees for business efficiency to training human resources and recruiting regular employees. (Shikoku: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Reservations for coming months as well as this month are growing. Although the year-end and New Year vacation schedules are difficult, we see better demand than in the previous year and place high expectations on future business conditions. (Tohoku: Urban hotel) New factors for improvements are emerging, including stock price hikes and the yen's depreciation. (Southern Kanto: Department store) The yen's depreciation leads us to expect an increase in foreign people visiting Japan. (Kinki: Urban hotel) Present reservations indicate that hotel occupancy rates for the coming two to three months may post greater year-on-year growth than this month. (Okinawa: Tourist hotel)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Leading companies are taking advantage of stock price hikes to step up capital investment. As expectations improve, the future course of the economy may become better. (Southern Kanto: General contractor) Manufacturers are planning some capital investment between late this year and the end of March. We see the effect of the second manufacturing subsidies. Although there are some destabilizing factors including U.S. politics, the real economy has no problem. (Kyushu: Finance industry)
C	<ul style="list-style-type: none"> As the world situation and economy are unstable due to remarks by the U.S. president-elect and the South Korean president's rough times, stock prices and foreign exchange rates have been destabilized, making it difficult to predict the future course of the economy. (Chugoku: Wood and wood products company)
<i>Employment</i>	
C	<ul style="list-style-type: none"> The yen is expected to remain weak within this year, making manufacturing companies a little more positive about recruitment. (Northern Kanto: Private employment agency)