

# Economy Watchers Survey

## August 2017

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### OVERVIEW OF THE MONTH

The DI for current economic conditions in August (seasonally adjusted) remained unchanged from the previous month at 49.7.

The household activity-related DI declined, though restaurant sales rose, because service-related DI declined. The corporate activity-related DI went up as the DI for the manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in August (seasonally adjusted) went up by 0.8 points from the previous month to 51.1.

The employment-related DI declined, while the household activity- and corporate activity-related DIs increased.

On a not seasonally adjusted basis, the DI for current economic conditions fell by 1.4 points from the previous month to 49.6 and the DI for future economic conditions fell by 0.5 points to 50.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is picking up. As for the future, while concerns over labor shortages and the overseas situation exist, growth mainly in orders and capital investment is continuously expected.

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Released on September 8, 2017 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office  
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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>Expensive goods continue to sell well especially to wealthy people. Consumption of inbound tourists, who spend more per person, also continues to grow (Kinki: Department store)</li> <li>In August, all the tables are occupied at the opening, until 3:00 p.m. Sales also increased by 3% from last year, a year-on-year growth at last. During the day, we see many young families, incl. tourists with children, while in the evening, older guests stand out. Foreigners also come at times. (Hokkaido: High-end restaurant)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>In the bad weather that continued this month, fewer customers came. Sales decreased by 3 to 4%. (Tohoku: Convenience store)</li> <li>Late bookings fell a long way short of expectations. With a long spell of rainy weather that continued even after the end of the rainy season, and frequent torrential downpours, poor weather has impacted our business this summer. (Northern Kanto: Tourist hotel)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>In August, the month of the Bon holidays, orders usually fall. This year, we can expect the same level of orders as last month, or more. (Kyushu: Machinery &amp; equipment)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>After the Bon holidays, the amount of freight dealt with per day is declining, a trend that was not seen three months ago. Indeed August is a slack season, but this is an unusual situation. (Tokai: Transport)</li> </ul>
<i>Employment</i>	
<b>A</b>	<ul style="list-style-type: none"> <li>Job offers are on an upward trend, especially among manufacturers. The opening-to-application ratio also remains at a high level. Many companies complain of a labor shortage. (Northern Kanto: Employment security office)</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>We expect sales to reach the same level as last year once temporary declines in the unseasonable weather are over. (Southern Kanto: Convenience store)</li> <li>We expect much from new models of light automobiles set to appear on the market soon as they are very popular. (Tohoku: Auto dealer)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>Despite rising construction costs for houses and rising land prices, continuing low mortgage rates help us see more visitors come to our model home parks on a year-on-year basis. (Okinawa: Housing dealer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>After a long spell of rainy weather in Kanto, vegetable prices may keep going up, and that would be tough for us. (Kinki: Supermarket)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>For construction work at a factory of our customer, we have received more orders, leading to more production. (Kyushu: Precision machinery and tool manufacturer)</li> <li>Having seen recent torrential rain and other natural disasters, more companies give priority to capital expenditure for rain water management and other disaster control solutions, with more contracts closed for them. As the labor force remains in short supply, and labor costs are increasing, we have to present higher estimated construction costs to prospective clients. (Southern Kanto: General contractor)</li> </ul>
<i>Employment</i>	
<b>C</b>	<ul style="list-style-type: none"> <li>With fewer job seekers than jobs offered, we have difficulty in matching them. (Hokuriku: Temporary staffing company)</li> </ul>