

Economy Watchers Survey

December 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in December (seasonally adjusted) went down by 0.2 points from the previous month to 53.9.

The household activity-related DI went down, though the housing-related DI increased, mainly because the service-related DI declined. The corporate activity-related DI went up as the DI for the manufacturing sector increased. The employment-related DI decreased.

The DI for future economic conditions in December (seasonally adjusted) went down by 0.7 points from the previous month to 52.7.

The household activity-, corporate activity- and employment-related DIs decreased.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.5 points from the previous month to 53.9 and the DI for future economic conditions fell by 0.4 points to 51.3.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has recovered moderately. As for the future, while concerns over labor shortages and cost increases exist, growth mainly in orders and capital investment is continuously 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"> Helped by enhanced sales promotions to compete with rival stores, sales of slightly higher-priced, higher-quality goods are growing. (Tokai: Supermarket) Refrigerators, washing machines, and other white goods, especially seasonal items, are selling well. (Kyushu: Electrical appliance retailer)
D	<ul style="list-style-type: none"> After continued steadiness until last month, winter clothes sales, both men's and women's, are now slightly weaker. Despite little change in the number of customers, overall sales have declined. However, Christmas sales are above the level of last-year. (Tohoku: Department store) We held several events, such as collaboration programs and Christmas performances, only to see slightly poorer results than three months ago and we were weaker at attracting families from the Metropolitan area. (Koshinetsu: Amusement park)
<i>Corporate activity</i>	
A	<ul style="list-style-type: none"> Strong performance in the US and the additional recovery in demand from emerging economies have led to increased orders for exported goods. (Southern Kanto: Fabricated metal products)
C	<ul style="list-style-type: none"> The modest freight we have secured for winter has failed to translate into increased profits with the gradual impact of higher diesel oil prices. (Hokkaido: Transport)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Amid continued robustness in offers from companies, fewer job seekers are applying for registration, which makes matching more difficult. (Okinawa: Temporary manpower company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Sentiment has changed among customers now that they feel like purchasing the highest quality goods that they can, which helps push up the spending per item. (Kinki: Clothing shop) New models appear on the market in January. With new-model effects, sales should grow. (Kyushu: Automobile dealer)
C	<ul style="list-style-type: none"> After the turn of the year, vegetables remain unstable both in the amounts produced and their prices. For fishery products, we can't see any prospect of the catches stabilizing. Meat prices are also staying higher, and consumption is feared to become depressed. (Southern Kanto: Supermarket)
D	<ul style="list-style-type: none"> Despite a maintained level of sales, the higher prices of materials and an increasingly severe shortage of workers are dampening profitability. (Hokuriku: Convenience store)
<i>Corporate activity</i>	
C	<ul style="list-style-type: none"> Toward the end of the fiscal year, a slight improvement is expected in the business amid growing labor costs, labor shortages, and higher fuel prices. (Southern Kanto: Transport)
D	<ul style="list-style-type: none"> Available transport operators are difficult to find. The shortage of drivers is hindering deliveries. (Tokai: Chemical industry)
<i>Employment</i>	
D	<ul style="list-style-type: none"> With no prospect of the labor shortage easing, higher wages, and the consequent personnel expenditure and recruitment expenses, are discouraging businesses in some sectors from employing more people, a phenomenon feared to impact business activities. (Hokkaido: Job information magazine editor)