

Economy Watchers Survey

February 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in February (seasonally adjusted) went down by 1.2 points from the previous month to 48.6.

The household activity-related DI went down mainly because retail sales decreased. The corporate activity-related DI decreased mainly because the DI for the manufacturing sector dropped. The employment-related DI decreased.

The DI for future economic conditions in February (seasonally adjusted) rose by 1.2 points from the previous month to 50.6.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.1 points from the previous month to 48.5 and the DI for future economic conditions rose by 1.8 points to 51.5.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is picking up, though with a pause continuing to be seen. As for the future, while concerns about the overseas situation are fading away, growth in orders and job offers 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"> Sales to foreign travelers visiting Japan are brisk this month. They include many Chinese tourists taking advantage of Lunar New Year holidays. Demand from corporate customers has been robust since late last year. (Southern Kanto: Travel agency)
C	<ul style="list-style-type: none"> In a development that may be peculiar to department stores, some luxury good sales have rebounded. Clothing sales grew on the sale in January and slackened in February after the sale. (Kyushu: Department store)
D	<ul style="list-style-type: none"> Customers' consumption trend indicates that they remain very conscious of prices. Fewer customers have been visiting, with sales per customer falling, bringing about hardship for us. (Tohoku: Department store) Our store is close to the Sea of Japan and has been plagued with a severe snowstorm since last month. Bad weather has seriously affected the number of customers visiting our store, which has slipped below the year-before level. (Tohoku: Supermarket)
<i>Corporate activity</i>	
A	<ul style="list-style-type: none"> As orders for new products have been robust, our business has become better. (Shikoku: Pulp, paper and paper-processed products manufacturing industry)
C	<ul style="list-style-type: none"> The inauguration of the new U.S. president temporarily led to stock price hikes and the yen's depreciation, bringing about expectations of an economic pickup in Japan. But they have come to a pause. (Southern Kanto: Financial business)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Moves to recruit new graduates in FY2018 have gained momentum. Although such moves are officially scheduled to start on March 1, enterprises are demonstrating their ambition to recruit new graduates through seminars and internship programs. (Okinawa: School [Professional training school])
D	<ul style="list-style-type: none"> Even job offers with relatively better working conditions are failing to attract job seekers with the skills required by enterprises, meaning that it takes much time to complete a deal. Job-seeking activities have weakened somewhat. (Kyushu: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Inbound foreign travelers are driving up the number of visitors and sales, leading many Japanese customers to make purchases. Foreign travelers' reservations for future trips are brisk. As sales to Japanese customers are apt to subsequently increase, our business is likely to get better. (Tohoku: Tourist spot) As the golf season comes with the weather growing warmer, reservations are robust. As sales increase, our business conditions will become slightly better. (Tokai: Golf course) This month, we started a premium Friday event offering slightly better goods to customers on the last Friday of every month. We would like to establish the event as a stimulus. We want to take advantage of the monthly event and various efforts to make our business better in three months. (Southern Kanto: Supermarket)
D	<ul style="list-style-type: none"> As conditions for tax cuts for eco-friendly cars have become stricter, new car sales are likely to decline (Tohoku: auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> As young people move on to higher school grades or get jobs at the start of the new school or business year, business owners will try to expand sales, leading to an increase in orders for advertisement. (Chugoku: Advertising agency) Our business will depend on economic measures to be taken by the new U.S. president. As long as there

	are no excessive protectionist measures, our business will stave off any rapid plunge and get slightly better. (Tokai: Electric machinery and apparatus manufacturer)
<i>Employment</i>	
B	• As many enterprises are planning to recruit more new graduates in 2018 after failing to hire sufficient new graduates in 2017, the environment will get better for students. (Hokkaido: School [university])
C	• While the ratio of job offers to applicants is likely to increase, enterprises are plagued with labor shortages and are busy with the securing of workers. A challenge for enterprises is how to differentiate themselves from others and secure human resources. (Kinki: Private employment agency)