

Economy Watchers Survey

July 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in July (seasonally adjusted) went down by 0.3 points from the previous month to 49.7.

The household activity-related DI remained unchanged, though housing-related DI declined, because service-related DI rose. The corporate activity-related DI decreased mainly because the DI for the manufacturing sector fell. The employment-related DI decreased.

The DI for future economic conditions in July (seasonally adjusted) went down by 0.2 points from the previous month to 50.3.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.1 points from the previous month to 51.0 and the DI for future economic conditions fell by 0.9 points to 50.6.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is picking up. As for the future, while concern over labor shortage exists, growth mainly in 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>	
A	<ul style="list-style-type: none"> As it is getting hotter, sales of air conditioners and other seasonal items are growing. Focused efforts to promote sales of high value added goods are helping to achieve greater profitability. (Kinki: Electric appliance retailer)
B	<ul style="list-style-type: none"> Major cell phone carriers have announced new rate plans, with the offer of more models of attractively priced handsets, which consumers find more affordable. At shop fronts, which enable salespersons to propose additional services to customer more phones are being sold. (Hokuriku: Communications) The guest room segment continues to perform well with many inbound tourists. Chinese tourists, who used to come in groups, now prefer traveling independently. Independent tourists from Europe and the United States also remain at a high level. In contrast, we see continued stagnation in Japanese independent tourists. Meanwhile, sales of the restaurant and banquet sections have been high these days. (Kinki: City hotel)
C	<ul style="list-style-type: none"> Despite days of hot weather, consumers show little eagerness in their attitude toward summer clearance sales. Thriftiness stands out in their purchasing behaviors as they compare anything with lower-priced goods before deciding which to buy. (Tohoku: Department store)
D	<ul style="list-style-type: none"> Fewer people visit model home parks. The number of customers coming to talk with us for a possible contract is also on a decline generally. (Kyushu: Housing dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Customers are more positive about capital investment in living environments, and more environmental quality improvement equipment has been delivered to schools and special nursing homes. (Southern Kanto: Electric machinery and apparatus manufacturer)
C	<ul style="list-style-type: none"> Labor shortage hinders us from catching opportunities to make more revenue. (Southern Kanto: Other services (security agency))
<i>Employment</i>	
C	<ul style="list-style-type: none"> Despite no decrease in the number of job offers itself, a significant mismatch remains between job seekers and employers in many sectors. (Tohoku: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> As seen in the fact that any goods, once covered by the media, sell out immediately or receive many inquiries, customers have lost little appetite for consumption, which seems to suggest any cue, good weather or a boom, could pull up the economy. (Chugoku: Supermarket) We have received more bookings than usual for the months into November, and 70% of the rounds available have already been occupied (Southern Kanto: Golf course)
C	<ul style="list-style-type: none"> An analysis of sales shows anything sells well only when it is lower priced. Revenues in general are picking up moderately, but we are far from optimistic about improvement in consumer spending. (Hokuriku: City hotel)
D	<ul style="list-style-type: none"> It has been fiercely hot. Heat in summer and coldness in winter are essential conditions for good sales of home appliances. Indeed, the interest rate policy and overseas economy may have some effect, but it is the fierce heat that has driven up sales of air conditions this summer. Sales have almost doubled from the last year level. That will not last so long, and we foresee some decline. (Kyushu: Electric appliance retailer)
<i>Corporate activity</i>	
D	<ul style="list-style-type: none"> Increased unit prices of materials and adoption of higher-cost methods, as well as growing labor expenses, keep construction cost estimates on an upward trend. Consumers will hesitate to buy a house

	<p>before their income catches up with the increases. (Kinki: General contractor)</p> <ul style="list-style-type: none">· People engaged in construction-related business find fewer contracts they can accept due to labor shortages. (Hokkaido: Judicial scrivener)
<i>Employment</i>	
B	<ul style="list-style-type: none">· We are receiving more contracts as we move towards the year end, with job offers on an upward trend. In Tokyo, Olympics-related contracts have increased further, now coming at a constant pace. (Kinki: Private employment agency)