

Economy Watchers Survey

June 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in June (seasonally adjusted) went up by 1.4 points from the previous month to 50.0.

The household activity-related DI increased mainly because housing-related DI rose. The corporate activity-related DI increased mainly because the DI for the non-manufacturing sector rose. The employment-related DI increased.

The DI for future economic conditions in June (seasonally adjusted) went up by 0.9 points from the previous month to 50.5.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.2 points from the previous month to 49.9 and the DI for future economic conditions remained unchanged at 51.5.

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 orders and capital investment is continuously expected.

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Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914
Telephone: 03-6257-1576
Internet: <http://www.cao.go.jp>

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"> Amid a spell of fine weather despite the rainy season, clothing and accessories sell well. Orders for summer gifts are coming in steadily. Expectations are high for the summer clearance sale at the end of the month. Sales to inbound tourists also remain brisk. (Kinki: Department store) With new models launched, sales of new cars remain strong. Early this month, we spent significantly on advertising and held an event to introduce the new models to customers. The effort has produced greater results than targeted. (Kyushu: Auto dealer) More visitors come to see us than three months ago or in ordinary years. In rather fine weather despite the rainy season, people considering buying a house seem relatively active. (Chugoku: Housing dealer)
D	<ul style="list-style-type: none"> Customers are often ordering low-priced items only that were not as popular as now. At night, fewer of them order any alcohol, and sales have grown little. (Kinki: General restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> In preparation for 4K and 8K TV broadcasting, set to start at the end of 2018, cable TV providers are getting more active in capital expenditure as they need to replace their transmission lines with optical cables and broadband equipment. (Tokai: Electric machinery and apparatus manufacturer) Movements of goods are increasing mainly among warehouse-related facilities. Activities are especially increasing among beverage-related businesses. (Chugoku: Transport)
<i>Employment</i>	
B	<ul style="list-style-type: none"> After year-on-year declines that continued for some time, the number of new job offers has just started picking up. Remarkable increases are observed in the welfare sector as new facilities are hiring employees before their opening, besides existing ones striving to fill vacancies. (Hokkaido: Employment security office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Business conditions will be slightly better in the season of the bonus sales campaign. Spending by foreign tourists will also help. The forecast is supported by fewer vacancies left among airplane seats and hotel rooms in the tourist season during summer vacations. (Southern Kanto: Travel agency) The bookings we have received so far indicate sales will be almost the same as last year at the moment, but start increasing then for sure. More bookings already made for inbound tourists than last year also guarantee increased revenues. (Chugoku: General restaurant) Supported by continuing effect of new models, we expect sales of new cars will remain strong. (Tohoku: Auto dealer)
C	<ul style="list-style-type: none"> We find no factor that will help us acquire more contracts. Most of the orders come from someone we did business with before, and few new clients come to talk with us. (Hokuriku: Housing dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> With contracts for public works projects put out to tender smoothly from the beginning of the new fiscal year, we expect to win more for civil engineering-related works. (Hokkaido: General contractor) Molds are being prepared for new projects that are getting started one after another. We will see production increases in a few months. (Southern Kanto: Plastic products manufacturer)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Despite no specific change seen in production plans or any other general condition, we expect that lower temporary staffing rates and gradually decreasing job offers will result in declines in staffing service

(Provisional translation)

	revenues. (Northern Kanto: Temporary staffing company)
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