

Economy Watchers Survey

May 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in May (seasonally adjusted) went up by 0.5 points from the previous month to 48.6.

The household activity-related DI remained unchanged, though restaurant sales decreased, mainly because housing-related DI increased. The corporate activity-related DI increased mainly because the DI for the non-manufacturing sector rose. The employment-related DI decreased.

The DI for future economic conditions in May (seasonally adjusted) went up by 0.8 points from the previous month to 49.6.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.3 points from the previous month to 50.1 and the DI for future economic conditions rose by 1.1 points to 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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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"> We see many tourists from Asian countries, especially those coming to play golf. After the presidential election, we are busy with guests from South Korea. Large-scale travel incentives offered by Japanese companies to their employees remain at a high level. (Hokkaido: Tourist hotel) So far this business year, we have secured the same level of sales as last year. Seasonal white goods sell well. (Kyushu: Electric appliance retailer)
C	<ul style="list-style-type: none"> Despite little change from last year in the number of customers we see and that of items they each buy, sales have remained slightly lower for months owing to lower unit prices. The low-price-first attitude has taken hold in consumers. (Southern Kanto: Supermarket)
D	<ul style="list-style-type: none"> This year, Golden Week included more holidays than usual, and customers came at a higher pace than last year until mid-May. But toward the end of the month, we saw growth of customers slow down, and struggled in all the tougher conditions as spending per customer fell to 90% of the ordinary level. (Hokuriku: High-end restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> For months, business has been on an upward trend on a year-on-year basis. Products for retailers are in rather tough conditions while those for commercial use and export maintain a high level of sales. (Hokuriku: Food manufacturer) The number of new contracts remains so high that we need to draw careful work schedules to meet deadlines set by clients. (Tohoku: General contractor)
<i>Employment</i>	
C	<ul style="list-style-type: none"> An increasing number of companies come to see us with more jobs to offer. (Kinki: School [University])

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> With increasing inbound tourists as the Tokyo Olympics is drawing near, we can expect more growth in customers. (Southern Kanto: General restaurant) Stores in the suburbs find themselves in a slightly tougher situation, while those in city centers maintain strong sales to inbound tourists. At cosmetics floors, suburban stores are also beginning to feel ripple effects. (Kinki: Department store)
C	<ul style="list-style-type: none"> Before the bonus month, design changes in major models are announced. We expect to see showrooms busy again with many customers coming to consider buying a new car before the summer vacation. (Tokai: Auto dealer)
D	<ul style="list-style-type: none"> Uncertainty in the North Korea situation and a series of terrorist attacks in Europe are feared to depress demand for traveling overseas. (Kyushu: Travel agency)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Some orders, such as those for Mexican automakers, have been put on hold, but we are likely to receive them soon. Automakers in North America are also active in capital investment. (Tokai: Machinery & equipment) With greater stability in employment conditions, personal income is growing, accompanied by increased spending, and capital investment for future growth is also gradually increasing, generating effects we can expect to push up business. (Northern Kanto: Business consultant)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job seekers now find the labor market favorable for them as the active job openings-to-applicants ratio for mid-career job seekers stands at the same level as in the bubble-economy period. That will last for the time

	being as employment keeps pace with the economy. (Chugoku: Job advertisement magazine producer)
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