

# Economy Watchers Survey

November 2017

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## OVERVIEW OF THE MONTH

The DI for current economic conditions in November (seasonally adjusted) went up by 2.9 points from the previous month to 55.1.

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

The DI for future economic conditions in November (seasonally adjusted) went down by 1.1 points from the previous month to 53.8.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.5 points from the previous month to 52.4 and the DI for future economic conditions fell by 2.0 points to 51.7.

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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Released on December 8, 2017 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office  
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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>B</b>                  | <ul style="list-style-type: none"> <li>• In generally stable weather this month, we see a steady flow of customers coming to play. We have many bookings for competitions all through the autumn season. A large number of competitions have also led to stability in the spending per customer. (Koshinetsu: Golf course)</li> <li>• Higher value-added, higher-priced products, such as energy-efficient types of refrigerators and air conditioners, are selling well. (Kinki: Electrical appliance retailer)</li> <li>• With increased sales of higher value-added goods, the spending per customer has risen. (Shikoku: Supermarket)</li> <li>• Since the middle of November, we have had more days with a lowest temperature of below 10 degree C than last year. Coats and other midwinter clothes are selling well. We also see a continued appetite for shopping among foreign tourists. (Kyushu: Department store)</li> </ul> |
| <b>E</b>                  | <ul style="list-style-type: none"> <li>• The level of inquiries for single-family houses has been lower for six months, with no sign of recovery observed at the moment. (Chugoku: Architect's office)</li> </ul>   |
| <i>Corporate activity</i> |   |
| <b>B</b>                  | <ul style="list-style-type: none"> <li>• The volume of freight is growing, though at a modest pace. After rate increases by several transport companies, some freighters are turning to us. (Tokai: Transport)</li> </ul>   |
| <b>C</b>                  | <ul style="list-style-type: none"> <li>• We have received the same level of orders as last year mainly for uniforms and auto-related products. But no strong momentum is felt in the growth of orders. (Hokuriku: Textile mill products)</li> </ul>   |
| <i>Employment</i>         |   |
| <b>B</b>                  | <ul style="list-style-type: none"> <li>• Many companies participate in internship events for students they may employ in 2019, and most of them say they have more jobs to offer than before. Employment conditions have been more favorable for students. Companies seem to have increased the budget for recruitment. (Southern Kanto: Private employment agency)</li> </ul>  |

**2. Future conditions**

| <i>Household activity</i> |   |
|---------------------------|---|
| <b>B</b>                  | <ul style="list-style-type: none"> <li>• Large-sized refrigerators are selling better than smaller ones. Among televisions, those with larger, 4-K resolution displays are becoming the most popular. That is a promising sign before the year-end shopping season. (Hokkaido: Electrical appliance retailer)</li> <li>• With more customers coming to buy food, we can expect a continued growth of customers coming to us. (Southern Kanto: Supermarket)</li> </ul> |
| <b>C</b>                  | <ul style="list-style-type: none"> <li>• Food prices and labor costs are rising, and we do not see any positive factors. (Kinki: Standard class restaurant)</li> </ul>  |
| <b>D</b>                  | <ul style="list-style-type: none"> <li>• The weather forecast indicates continued bad weather, and we expect fewer visitors. (Chugoku: Theme park)</li> </ul>   |
| <i>Corporate activity</i> |   |
| <b>C</b>                  | <ul style="list-style-type: none"> <li>• The severe labor shortage will continue. Given rising personnel and fuel expenses and the impact they may have on business, we must be cautious about the outlook. (Southern Kanto: Transport)</li> </ul>  |
| <b>D</b>                  | <ul style="list-style-type: none"> <li>• With rising oil prices, we expect price increases of raw materials into the next year. To make matters worse, we will need to raise the prices of our products, which may dampen demand. (Shikoku: Chemical industry)</li> </ul>   |
| <i>Employment</i>         |   |
| <b>B</b>                  | <ul style="list-style-type: none"> <li>• Employers are expected to get more active in offering jobs early in the new year to find staff they may hire in April or later. This is especially because, with continued labor shortages in the current sellers' market, companies intend to act quicker and corral future employees. (Kinki: Temporary manpower company)</li> </ul>   |