

Economy Watchers Survey

April 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in April (seasonally adjusted) went up by 0.1 points from the previous month to 49.0.

The household activity-related DI remained unchanged, though housing decreased, mainly because food and beverages rose. The corporate activity-related DI went up as the DI for the manufacturing sector increased. The employment-related DI decreased.

The DI for future economic conditions in April (seasonally adjusted) went up by 0.5 points from the previous month to 50.1.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.8 points from the previous month to 50.9 and the DI for future economic conditions rose by 1.0 point from the previous month to 51.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery. 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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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"> A spell of good weather from late March has brought us more guests and increased sales of food and beverages. (Northern Kanto: Theme park) With greater demand related to farewell and welcome parties in March and April than last year, we have been seeing more customers. (Southern Kanto: High-class restaurant) Vegetable prices have fallen, and spring vegetables are appearing in the market, with good sales. (Kinki: Supermarket)
C	<ul style="list-style-type: none"> Sales have been hovering at the same level as last year so far. However, revenues are growing more slowly in the second half of the month as the higher than average temperatures are dampening sales of spring goods, with customers rather picking out summer clothes, priced lower per item. (Shikoku: Clothing shop)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> With an eye toward the Tokyo Olympics, the optical sector is busy putting out new products on the market. (Tohoku: Fabricated metal products) Little change has been seen in orders from supermarkets and department stores. However, some changes can be observed in the distribution of goods as an increasing number of parcels come from the e-commerce sector, and small stores order more deliveries of goods that they sell on their websites. (Chugoku: Transport)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Finding someone to employ is getting harder and harder. The labor shortage is forcing some companies to consider whether or not to scale down their business. (Tokai: Help wanted ads at newspaper publisher)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> Wealthy people remain highly willing to spend. If stock prices stay at the current level, business is expected to keep growing. Stores in central Tokyo see steadiness in both the number of inbound tourists visiting them, and their spending. Good sales are expected, especially in select luxury goods and cosmetics. (Southern Kanto: Department store) Convenience stores benefit a lot from hot weather in the summer. The weather service forecasts that it will be a hot summer, and expectations are rather high for business three months from now. (Koshinetsu: Convenience store)
B	<ul style="list-style-type: none"> Considerable pay rises achieved through the annual spring wage negotiations, together with increased bonuses, should help consumer spending pick up around the summer. (Kyushu: Supermarket)
D	<ul style="list-style-type: none"> A spate of price increases in food and other daily life products are driving consumers to become thriftier. (Kinki: Standard class restaurant)
<i>Corporate activity</i>	
A	<ul style="list-style-type: none"> As employers, faced with a labor shortage, feel great need to develop the capabilities of their people, demand for consulting, recruiting, and capacity-building services is growing, followed by fee increases. (Kinki: Management consultant)
B	<ul style="list-style-type: none"> Prices of raw materials, cabbage, and onion, having been quite high since last year, are coming down, and business will be slightly picking up. (Hokkaido: Food and kindred products)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Indeed workers are still in short supply, but once more nursery schools and other childcare institutions are available, meaning that more women who gave up their careers are expected to come back to the workplace. If companies can offer them an opportunity to make good use of their experience, their

competitiveness will be enhanced, which should help the economy pick up slightly. (Shikoku: Temporary manpower company)
