

Economy Watchers Survey

January 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in January (seasonally adjusted) went down by 4.0 points from the previous month to 49.9.

The household activity-related DI went down mainly because the retail-related DI decreased. The corporate activity-related DI decreased mainly because the DI for the manufacturing sector dropped. The employment-related DI decreased.

The DI for future economic conditions in January (seasonally adjusted) went down by 0.3 points from the previous month to 52.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 4.8 points from the previous month to 49.1 and the DI for future economic conditions rose by 1.5 points from the previous month to 52.8.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery, despite a sense of standstill due to the weather and other factors. 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"> It has been so cold this month that the streets have been rather quiet both day and night. However, the use of taxis is steadily increasing among tourists, which is helping to maintain the strength of the business. (Kyushu: Taxi driver)
D	<ul style="list-style-type: none"> In unusually harsh weather conditions, the number of customers has fallen significantly. There have been many days of heavy snowfall and stormy winds which have discouraged people from going shopping. (Hokkaido: Department store)
E	<ul style="list-style-type: none"> Amid rising kerosene and gasoline prices, stubbornly high vegetable prices, and a decreasing number of customers visiting shops during these waves of cold weather, among other reasons, consumer sentiment has been frozen. (Tohoku: Supermarket) With so much snow, the number of customers has fallen to 90% of the usual level, the lowest in the past 36 months. This is mainly because scores of customers who live outside the prefecture have cancelled their reservations, and because very few people can drive here from neighboring prefectures. (Hokuriku: High-class restaurant)
<i>Corporate activity</i>	
C	<ul style="list-style-type: none"> Many customers set tougher bidding conditions for the contracts they offer. We need to present more added value. Otherwise, it is hard to win any contract. (Tohoku: Communications)
D	<ul style="list-style-type: none"> It is so cold that business is dropping off. With fewer orders received, and more products returned due to heavy snowfalls which delay deliveries, conditions are hard. (Chugoku: Food and kindred products)
<i>Employment</i>	
E	<ul style="list-style-type: none"> With another decline in the number of registered temporary workers, the steadily increasing number of job offers is impossible to deal with. (Shikoku: Temporary manpower company)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> During the annual spring wage offensive, significant wage increases are expected for both large enterprises and SMEs, adding momentum to the increasing level of consumer spending. (Tokai: Department store)
B	<ul style="list-style-type: none"> Food prices have been on a downward trend as customers have been tightening the purse strings, but we are now starting to see them sometimes pick out rather expensive products. The end of the low-price competition is coming into sight. (Kyushu: Supermarket)
C	<ul style="list-style-type: none"> We feel worried about whether and how rising gasoline prices will influence the sales of new cars. (Shikoku: Automobile)
D	<ul style="list-style-type: none"> Prices for vegetables, crabs, and ingredients for one-pot meals are rising rapidly, and that may influence prospects for the economy, making them more uncertain. (Tohoku: Standard class restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> The number of construction work contracts being offered are expected to keep increasing for some time. However, with the maximum capacity having been reached, constructors will find it difficult to accept any more contracts for the moment. (Hokuriku: Construction)
E	<ul style="list-style-type: none"> Despite the evident rise in material prices, great difficulties are expected in passing any of these price increases on to large customers. (Kinki: Fabricated metal products)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Job offers are increasing as ever against a decreasing number of job seekers, and the labor shortage is weighing on the business of some SMEs, a state of the economy we would not call an upswing. (Tokai: Job placement office)