

Economy Watchers Survey

June 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in June (seasonally adjusted) went up by 1.0 point from the previous month to 48.1.

The household activity-related DI went up, though food and beverage-related DI decreased, mainly because housing-related DI increased. The corporate activity-related DI went down as the DI for the non-manufacturing sector decreased. The employment-related DI increased.

The DI for future economic conditions in June (seasonally adjusted) went up by 0.8 points from the previous month to 50.0.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.5 points from the previous month to 48.2 and the DI for future economic conditions rose by 0.2 points from the previous month to 50.9.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery, though with a pause seen. As for the future, while concerns over labor shortages and cost increases exist, growth mainly in orders and capital investment is continuously expected.

Released on July 9, 2018 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office
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"> Sometimes the weather is bad, but rapidly rising temperatures have actually helped a little because more customers have tended to come in and buy more items, especially beverages. (Northern Kanto: Convenience store) Sales of high-priced items are increasing and more shoppers are coming, counting on bonuses paid soon, especially in the latter half of the month. The flow of inbound tourists also remains steady. (Tokai: Department store) As it gets hotter, customers have been buying more items, particularly meat, which has been selling remarkably well. Sales of high-priced items especially have stayed at a high level. (Hokuriku: Supermarket)
C	<ul style="list-style-type: none"> Until the middle of the month, sales were essentially at around the same level as last year. Since the first round of FIFA World Cup started however, business has been significantly slower as customers go back home earlier, or move to bars to watch the games. (Southern Kanto: Standard class restaurant)
D	<ul style="list-style-type: none"> After the earthquake that hit the northern Osaka area on June 18, fewer guests have come to book with us or eat at the restaurant. Some foreign tourists have even canceled their bookings. Business at the restaurant is generally weak. (Kinki: City hotel)
<i>Corporate activity</i>	
C	<ul style="list-style-type: none"> Enough contracts have been secured, but we are still having some trouble with the supply of parts and components. Other sectors seem to be having the same issue as well. (Koshinetsu: Electrical machinery, equipment & supplies)
D	<ul style="list-style-type: none"> We've had to give up some contracts for both a lack of drivers and/or workers on site. Increasing labor costs and light diesel oil prices are eating into our profits. (Tokai: Transport)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Plentiful offers of temporary jobs have continued to come in from a range of different sectors. (Okinawa: Temporary manpower company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> More customers have been coming in to buy new cars, rather than used ones, and many of them also prefer high-performance parts and components. That seems like a sign that business is picking up. (Hokuriku: Auto parts shop) The forecast predicts fierce heat for this summer, so we expect to see sales of beverages and ice cream continue to be positive. New beverages served on the coffee maker should be popular, and we are also expecting an increase in customers, together with a greater amount of spending per head. (Kinki: Convenience store) An unremitting stream of large passenger ships are scheduled to arrive in July, and we are expecting many foreign tourists to come shopping. (Kyushu: Shopping area)
C	<ul style="list-style-type: none"> Despite seemingly modest business conditions, spending per customer has failed to increase and material costs have stayed high, weighing down profitability and dampening expectations for economic recovery. (Hokkaido: High-class restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> I hear many people say that real estate transactions are increasing. (Tohoku: Judicial scrivener office) Under the current plan for new car marketing, production will peak in two or three months, with an increase in output from the original plan. (Kyushu: Transportation equipment)
<i>Employment</i>	

D	· The labor shortage remains quite serious, and shows no signs of easing. Continued difficulty is expected in recruitment. (Shikoku: Job information magazine)
----------	--
