

Economy Watchers Survey

May 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in May (seasonally adjusted) went down by 1.9 points from the previous month to 47.1.

The household activity-related DI went down, though the housing-related DI increased, mainly because the retail-related DI decreased. 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 May (seasonally adjusted) went down by 0.9 points from the previous month to 49.2.

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 fell by 3.2 points from the previous month to 47.7 and the DI for future economic conditions fell by 0.4 points from the previous month to 50.7.

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.

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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"> Air-conditioners are selling well in a spell of blistering summer days. (Hokuriku: Electrical appliance retailer) Housing fairs and other events are crowded with visitors, and many of them seem seriously considering buying a house. (Chugoku: Housing sale company)
C	<ul style="list-style-type: none"> Wealthy people are active in buying luxury goods and demand remains strong among inbound tourists while middle-class consumers still seem unsteady. (Southern Kanto: Department store)
D	<ul style="list-style-type: none"> Fewer people went on an outing, and the number of customers visiting us significantly declined due to the poor weather during Golden Week. (Hokkaido: Convenience store) Business was strong during Golden Week. After that, however, many stores see fewer customers on a year-on-year basis. (Tokai: High-class restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> In usual years, the dead season comes after Golden Week. This year, we remain busy with requests for new proposals coming from customers. Both the number of contracts granted and their values grew on a year-on-year basis. Calls for tender are also increasing. (Tokai: Communications)
C	<ul style="list-style-type: none"> Although strength is observed in the number of new orders accepted, material prices stay at a high level. Personnel expenditure has been kept increasing amid labor shortage. (Hokuriku: Plastic products)
<i>Employment</i>	
B	<ul style="list-style-type: none"> More companies are working hard to improve treatment of employees. They often offer part-time or contract workers a permanent job or wage increases. (Tohoku: Job placement office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> In a spell of good weather, we expect increases in the number of visitors and sales revenue. (Northern Kanto: Theme park) We see more foreign tourists among our guests, and we have received more bookings than this time last year. (Kyushu: Standard class restaurant)
C	<ul style="list-style-type: none"> Sales stay strong in some groups of goods, such as cosmetics, while the others are going through ups and downs, with no prospect of breakthrough in sight. (Northern Kanto: Department store)
D	<ul style="list-style-type: none"> With price increases for dairy products and other goods, more consumers will be price sensitive. (Chugoku: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> New models are going into production next month, and the initial demand can be expected. (Kyushu: Transportation equipment)
D	<ul style="list-style-type: none"> Shortage of drivers and higher prices of diesel fuel are weighing down on profitability. (Hokuriku: Transport) Costs are unavoidably increasing in materials, labor, and logistics, and they cannot be fully passed on to selling prices. (Shikoku: Food and kindred products)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job offers and applicants of permanent jobs have both increased again from last month. (Okinawa: Job information magazine)