

Economy Watchers Survey

September 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in September (seasonally adjusted) went down by 0.1 point from the previous month to 48.6.

The household activity-related DI went down, though the retail-related DI increased, mainly because the services-related DI declined. The corporate activity-related DI went down as the DI for the manufacturing sector declined. The employment-related DI increased.

The DI for future economic conditions in September (seasonally adjusted) went down by 0.1 point from the previous month to 51.3.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.8 point from the previous month to 47.3 and the DI for future economic conditions rose by 0.3 point 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. As for the future, while concerns over cost increases and developments of trade issues exist, expectations regarding reconstruction after natural disasters are observed.

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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"> After an increase in sale at the beginning of the month with costumers coming to stock up before a typhoon, steady growth continued through September. (Tokai: Supermarket) Autumn clothing sells well. Coats and other heavy clothing have also made an earlier start than last year. (Kyushu: Clothing shop)
D	<ul style="list-style-type: none"> Hot days above the temperature of 30°C continued in the first half of the month before a long spell of rainy weather and typhoons in the latter half. We have much fewer customers this month. (Southern Kanto: Standard class restaurant)
E	<ul style="list-style-type: none"> The Hokkaido Eastern Iburi Earthquake in September resulted in a sharp decline of guests staying at hotels, especially foreign tourists and visitors for the events-related. The loss is much larger than can be offset by some recent recovery observed in Japanese tourists and business travelers. (Hokkaido: Tourist hotel)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> After the Heavy Rain Event of July 2018, many customers request a proposal from us for information systems they need for business continuity plans. (Chugoku: Communications)
D	<ul style="list-style-type: none"> Increasing costs of raw materials and other inputs are weighing on profitability. As a countermeasure, we are working to revise terms of business and selling prices. However, the effort may have produced some adverse effects as orders from some customers are decreasing. (Hokuriku: Food and kindred products)
<i>Employment</i>	
A	<ul style="list-style-type: none"> An increasing number of employers find the need for acquiring and developing more human capital for long-term growth of their business. (Northern Kanto: Job placement office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> An earlier year-end party has got quite normal, and a rather high level of reservations is made for early November, not only for the year-end. Business should be going better than today. (Tohoku: Standard class restaurant) With the start of BS 4K and 8K broadcasting, TV sales should increase. (Hokuriku: Electrical appliance retailer)
D	<ul style="list-style-type: none"> Product prices are gradually rising along with continued increases in crude oil prices. No positive element can be found. (Kinki: Supermarket)
E	<ul style="list-style-type: none"> A poor harvest of rice and other farm produce after the unseasonable weather this summer should dampen the economy. Another source of worry is any further frugality of customers after the Hokkaido Eastern Iburi Earthquake. (Hokkaido: Convenience store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Into the year-end, a certain level of capital invest is likely, and some growth is expected in sales of our products. (Tokai: Electrical machinery, equipment & supplies) Subsidies granted for reconstruction after natural disasters, under the condition for some projects that restoration work be completed by the end of the fiscal year, should maintain a high level of special procurement demand for construction and equipment & facilities. (Kinki: Management consultant)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Companies with difficulty in filling vacancies despite advertisements they place are cutting their spending for recruitment to allocate more resource for reducing the turnover of existing employees. (Shikoku: Job information magazine editor)