

Economy Watchers Survey

February 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in February (seasonally adjusted) went up by 1.9 points from the previous month to 47.5.

The household activity-related DI went up mainly because the retail-related DI increased. The corporate activity-related DI went up as the DI for the manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in February (seasonally adjusted) went down by 0.5 points from the previous month to 48.9.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.9 points from the previous month to 46.7 and the DI for future economic conditions fell by 0.1 point from the previous month to 49.9.

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 there are concerns observed about situations overseas, expectations are emerging regarding a change in era name in accord with imperial succession and the following ten consecutive holidays.

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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"> Spring clothes are selling well. In warm temperature, sales are strong in fashion clothing for the first time in a long time. Demand is also high for spring socks. (Southern Kanto: Clothing shop) Valentine's Day sales, especially those of limited-time-only products, are stronger than last year. We had worries about possible declines in sales for inbound tourists, including Chinese customers during the Lunar New Year vacation season, amid US-China trade disputes, with the revised e-Commerce Law of China having come into force. In fact, the impact was not so large as we worried, and sales remain strong, helping push up total revenues of the store. (Tokai: Department store) Sales are showing large increases generally, not only for the spring break and the ten consecutive holidays during the Golden Week. (Shikoku: Travel agent)
C	<ul style="list-style-type: none"> Sales are strong among main items, such as TV, refrigerator, and washing machine. However, in warm winter, heaters, including air-conditioners, are struggling, weighing on total revenues. (Kyushu: Electrical appliance retailer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Our customers, including those overseas, seem to make a breakthrough, getting active in transactions. Inquiries are increasing, with gradual growth of orders placed. Fortunately, the yen stays rather weak in the currency market, another factor favorable to our business. (Kinki: Electrical machinery, equipment & supplies)
D	<ul style="list-style-type: none"> With little change in orders received, problems are piling up, such as increased labor and fuel costs and overtime hours. (Southern Kanto: Transport)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Inquiries are coming from businesses in Tokyo and other municipalities as they "offer new jobs for business expansion or new factories." (Northern Kanto: Job placement office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Increased tourists are expected this spring with large-scale events to be held here and the ten consecutive holidays during the Golden Week. (Koshinetsu: Tourist hotel)
C	<ul style="list-style-type: none"> As material prices are rapidly rising, prices of products are also under review. Before the consumption tax increases in October, consumers are expected to postpone shopping. (Tokai: Convenience store) Already in the spring home-moving season, sales are much poorer than last year. There is nothing that helps the economy pick up. (Kyushu: Electrical appliance retailer)
D	<ul style="list-style-type: none"> During a long holiday season, many people go sightseeing or visit shopping malls, and fewer customers come to small supermarkets. (Kinki: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> During the Golden Week in May, ten consecutive holidays this year, supermarkets are expected to launch sales promotion campaigns, and our business will be making a modest pickup. (Hokkaido: Food and kindred products) Into a change in era name in accord with imperial succession and a longer Golden Week, many shopping centers are planning events, and expectations are higher than usual. (Kinki: Ad agency)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Now that airlines offer more direct flights from Southeast Asia, job-placement ads will continue growing for people dealing with foreign tourists. (Hokkaido: Job information magazine)