

Economy Watchers Survey December 2022

OVERVIEW OF THE MONTH

The DI for current economic conditions in December (seasonally adjusted) went down by 0.2 points from the previous month to 47.9.

The household activity-related DI went up mainly because the retail-related DI increased, though the service-related DI decreased. The corporate activity-related DI went down mainly because the DI for the manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in December (seasonally adjusted) went up by 1.9 points from the previous month to 47.0.

The household activity- and corporate activity-related DIs rose, though the employment-related DI fell.

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.7 points from the previous month to 49.0 and the DI for future economic conditions fell by 0.1 points from the previous month to 46.3.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is showing signs of rebounding. As for the future, there is concern about the impact of price hikes, while hopes are placed on the rebound.

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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"> Luxury watches and foreign brand goods are selling so well that supply shortages are seen. As customers have begun to plan tours and participate in events, sales of women's clothing for going out are rising back. Sales to inbound foreign tourists are brisk. (Kinki: Department store)
C	<ul style="list-style-type: none"> As nationwide travel support has been extended until the end of December, customers have been visiting our store steadily, albeit not robustly. (Northern Kanto: Travel agency) As restrictions regarding Novel Coronavirus infections have been eased, visitors have gradually increased. However, customers are thrifty under price hikes. In particular, hobby goods are selling slowly. (Chugoku: Supermarket)
D	<ul style="list-style-type: none"> Due to the eighth wave of Novel Coronavirus infections, customers have increasingly cancelled service reservations, with service users decreasing. (Kyushu: Others who can ascertain trends in services [Nursing care services])
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> As the impact of supply chain problems under the Novel Coronavirus crisis has calmed down, we are restoring the initially planned production pace. (Northern Kanto: Machinery & equipment)
D	<ul style="list-style-type: none"> While our order receipts have decreased, raw materials prices have remained high. We have passed high raw materials costs on to sales prices of our products at last, but our sales volume has been sluggish. (Shikoku: Wood and wood products company)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Job offers from hotels and inns are still abundant but falling short of matching suitable job seekers in the absence of those seeking such jobs. Even higher pay offers have failed to attract job seekers. (Southern Kanto: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> While nationwide travel support campaigns are expected to scale back after the turn of the year, citizens are likely to increasingly enjoy tourism and outing proactively in the absence of government restrictions. Inbound foreign tourists are also expected to increase. (Hokkaido: Tourist spot) As automakers have announced a 50% year-on-year increase in new vehicle supply in the January-March quarter, we hope for subsequent growth in our sales and profits. (Kyushu: Auto dealer)
C	<ul style="list-style-type: none"> As prices of many drink and food products are planned to be increased in the next fiscal year, with energy prices keeping an uptrend, we expect that the eating-out frequency may not exceed the present level even in the best case. (Kinki: General restaurant)
D	<ul style="list-style-type: none"> In the Tohoku region, increases in kerosene, electric and other winter heating costs are expected to discourage consumers from spending on food, leading to our sales difficulties. (Tohoku: Supermarket)
<i>Corporate activity</i>	

B	<ul style="list-style-type: none">As increasing Novel Coronavirus infections have become an everyday affair and fall short of affecting people's livelihood seriously, the Japanese economy is rebounding against the backdrop of economic reopening. Companies' capital investment plans remain robust. (Tokai: Transport)
D	<ul style="list-style-type: none">While production and distribution costs have risen due to energy price hikes, it is difficult for us to pass the cost increases on to prices of our products. Our profit margin is likely to decrease. (Shikoku: Food manufacturer)
<i>Employment</i>	
C	<ul style="list-style-type: none">Most job offerors maintain certain levels of order receipts, indicating their fairly good business conditions. However, they are feared to hold down job offers gradually due to their profit drops amid hikes in raw materials, fuel and electricity prices, signaling a potential employment standstill. (Tohoku: Employment security office)