

Economy Watchers Survey

October 2022

OVERVIEW OF THE MONTH

The DI for current economic conditions in October (seasonally adjusted) went up by 1.5 points from the previous month to 49.9.

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

The DI for future economic conditions in October (seasonally adjusted) went down by 2.8 points from the previous month to 46.4.

The household activity-, corporate activity- and employment-related DIs all fell.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.5 points from the previous month to 51.1 and the DI for future economic conditions fell by 1.1 points from the previous month to 48.2.

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>	
A	<ul style="list-style-type: none"> As new Novel Coronavirus infections have decreased, with a nationwide travel support campaign implemented, guests have been increasing along with local conferences, parties and wedding receptions. (Kyushu: Tourist hotel)
B	<ul style="list-style-type: none"> As far fewer people are concerned about Novel Coronavirus infections than three months ago, guests have been increasing recently. Few guests worry about social distancing. Tourist guests are also increasing. In October, particularly, inbound foreign guests are increasing considerably along with eased restrictions on their acceptance. (Chugoku: Standard-class restaurant)
D	<ul style="list-style-type: none"> After prices of various products were raised from early October, guests are buying lower-ranked cosmetics. We managed to maintain sales at year-before levels by taking special discounting measures. (Southern Kanto: Other specialty shop [Drugstore]) Alcoholic products sales have plunged in the wake of a last-minute rise in demand before beer price hikes. (Tokai: Convenience store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> While demand for home delivery services has remained brisk and the economy is getting active due to the effect of full-scale progress in vaccination against Novel Coronavirus variants and a nationwide travel support campaign, small-lot cargo traffic for corporate customers has been recovering gradually from a downtrend. (Shikoku: Transport)
D	<ul style="list-style-type: none"> Our profits are squeezed as we have failed to pass hikes in raw material and processing service prices on to product prices. We are struggling as sales fall short of recovering. Sales have declined by 15% year on year. (Kinki: Textile industry)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Senior and female job seekers are increasing apparently due to price hikes. New job offers have remained above year-before levels, but year-on-year growth has been narrowing. Job offer trends differ by industry. Job offers are decreasing in manufacturing industries while increasing in wholesale, food service and other service industries thanks to the relaxation of activity restrictions and rising tourism demand. (Koshinetsu: Employment security office)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> We place hopes on a recovery in demand from inbound foreign tourists accompanying the resumption of international flights. (Okinawa: Convenience store)
B	<ul style="list-style-type: none"> Reservations for year-end parties in December have been increasing gradually. Business sentiment might have gotten better than earlier. (Tohoku: Standard-class restaurant)
D	<ul style="list-style-type: none"> We expect to see a reactionary decrease in domestic guests as the termination of a nationwide travel support campaign in December is combined with a consumption squeeze amid price hikes. Inbound foreign guests are increasing, but they use mainly luxury hotels. We believe that it would be difficult to cover a drop in the number of domestic guests with an increase in inbound foreign tourists. (Hokuriku: Urban hotel)

E	<ul style="list-style-type: none">As the yen's unprecedentedly fast depreciation and inventory decreases for home electric appliances and equipment amid semiconductor shortages are coupled with general price hikes, consumers are likely to refrain from buying durable consumption goods for the immediate future. (Kinki: Home electric appliance retail store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none">Orders for parts for domestic industries and for motorcycle components for exports have remained robust. While the yen's fast depreciation is working to the advantage of exports, price hikes for our purchases are pushing down our profits. How far we can pass such price hikes on to our product prices is a challenge. This situation may continue for the immediate future. (Hokuriku: General machinery and equipment manufacturer)
D	<ul style="list-style-type: none">As various costs, including not only steel prices but also packing materials prices and power bills are rising, we are failing to cover an overall cost hike only with a measure to pass the steel price hike on to our product prices. Orders will decrease in the future. As our product prices rise through our cost increases, demand for our products may decrease. (Tokai: Electric machinery and apparatus manufacturer)
<i>Employment</i>	
D	<ul style="list-style-type: none">As labor shortages are serious at food service shops opening from the evening and in the apparel sector, they are feared to reduce business operations, affecting economic sentiment slightly. (Hokkaido: Job information magazine publisher)