

Economy Watchers Survey

March 2024

OVERVIEW OF THE MONTH

The DI for current economic conditions in March (seasonally adjusted) went down by 1.5 points from the previous month to 49.8.

The household activity-related DI went down mainly because the housing-related DI decreased, though the food and beverage-related DI increased. The corporate activity-related DI went down mainly because the DI for the manufacturing sector decreased. The employment-related DI increased.

The DI for future economic conditions in March (seasonally adjusted) went down by 1.8 points from the previous month to 51.2.

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 2.1 points from the previous month to 52.4 and the DI for future economic conditions fell by 1.6 points from the previous month to 51.9.

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. An impact from the 2024 Noto Peninsula Earthquake is seen. As for the future, the recovery at a moderate pace is expected to continue, while there is concern about the impact of price hikes.

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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"> In line with the increasing number of foreign tourists, group reservations are brisk. In addition, domestic demand is on the rise, with weekend sales especially growing. (Kinki: Urban hotel) While demand from inbound tourists is increasing, appliances for new members of society and new higher education students are selling well. (Kyushu: Electrical appliance retailer)
C	<ul style="list-style-type: none"> With price hikes from April reported, toilet paper and tissue paper are selling abnormally well as the end of March approaches, indicating that consumers' awareness of defense against high prices is further increasing. (Hokkaido: Supermarket)
D	<ul style="list-style-type: none"> While the number of visitors is increasing, sales of fashion-related products, such as women's, men's, and children's clothing, are sluggish. Due to lower-than-normal temperatures, sales of women's spring clothing in particular are slow. Price hikes as well are affecting clothing sales. On the other hand, sales to inbound tourists have been brisk, increasing by 19.8% year on year in February and by 17.3% in March. (Kinki: Department store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> All construction work for the current fiscal year is being completed as scheduled, with revenue from additional construction work seen, indicating that earnings for the current fiscal year may exceed forecasts. (Hokkaido: General contractor)
C	<ul style="list-style-type: none"> Production adjustments are continuing due to the suspension of automobile assembly lines. In addition, the robot-related division has not yet recovered. (Northern Kanto: Machinery & equipment)
<i>Employment</i>	
B	<ul style="list-style-type: none"> The number of job openings for graduates in 2025 is higher than for those in the previous year. Companies are actively recruiting new graduates. In some industries, companies are substantially increasing job openings. Some students have already received official job offers, indicating that the early selection of job-seeking students is expanding among companies. (Kyushu: School [university])

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Thanks to expected demand for the new school year from April and a predicted increase in the number of domestic and foreign tourists visiting our town during the holiday-studded golden week, our business environment is likely to improve from the current state. (Southern Kanto: General retailer [stationery]) Given rising wages coupled with an increase in demand from inbound tourists, our business environment will get better for the time being. (Kinki: Supermarket)
C	<ul style="list-style-type: none"> As it is presumed that customers will remain thrifter in the future due to rising prices, we see no factor that will improve our business sentiment. (Chugoku: General retailer [food])
D	<ul style="list-style-type: none"> Customers' purchasing power is declining. I think that frequent increases in food prices may be having an effect. If subsidies for gas and electricity bills disappear, spending on food

	may decrease even further. (Tokai: Convenience store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none">Firms' investment in computer systems has been strong. We have continued to receive abundant inquiries. (Kyushu: Communications)
D	<ul style="list-style-type: none">In the transportation industry, the so-called 2024 problem will begin in April. We can't handle the same work with the same personnel arrangements as before. However, it is not easy to increase the number of workers and equipment. Even if the unit sales price rises, we will still have difficulties. (Tokai: Transport)
<i>Employment</i>	
D	<ul style="list-style-type: none">As both new graduates and mid-career workers for recruitment are short, there seems to be no prospect for recruitment. In addition, monetary and labor costs for recruitment are rising, squeezing profits at many small and medium-sized enterprises. (Shikoku: Job information magazine)

***Related to the 2024 Noto Peninsula Earthquake**

1. Current conditions

B	<ul style="list-style-type: none">The number of events related to the extension of the Hokuriku Shinkansen bullet train line is increasing, contributing to a rise in the number of visitors. (Hokuriku: Convenience store)
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2. Future conditions

B	<ul style="list-style-type: none">We believe that the number of visitors will gradually increase thanks to the Hokuriku Shinkansen bullet train line extension on March 16 and the Hokuriku support program. (Hokuriku: Theme park)
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