

Economy Watchers Survey

November 2003

OVERVIEW OF THE MONTH

The DI for current economic conditions in November fell 2.5 points from the previous month to 48.3.

The household activity-related DI fell mainly due to very sluggish sales of winter clothing at department stores caused by higher temperatures than in an average year. The corporate activity-related DI fell as a pickup in non-manufacturing industries such as the transportation industry came to a temporal halt, although activities of manufacturing industries continued to pick up. The employment-related DI remained at a high level due to a continued increase in job offers. As a result, the DI for current economic conditions posted the first decline in six months.

The DI for future economic conditions in November fell 2.6 points from the previous month to 48.5.

The DI for future economic conditions fell due to concerns about sluggish growth in personal consumption caused by forecast of a warm winter, although there was a strong expectation of a rise in sales of digital home electric appliances. As a result, the DI for future economic conditions posted the first decline in eight months.

On the whole, the assessments of the Economy Watchers show that the economic activity remained almost unchanged from three months before, although the economic recovery has yet to gather momentum due to the effect of unseasonable weather in November.

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by the Director-General for Economic Assessment and Policy Analysis,
Cabinet Office
Kasumigaseki 3-1-1, Chiyoda-ku, Tokyo 100-8970
Telephone: 03-3581-1392
Internet: <http://www.cao.go.jp>

**SUMMARY OF CHARACTERISTIC REASONS FOR THE
ASSESSMENT OF THE ECONOMY**

(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"> • We feel a sense of relief as sales of high-priced products, such as AV-related products, plasma TVs, and liquid-crystal TVs, have begun to pick up. (Northern Kanto: Electric appliance retailer) • Customers remain cautious about their purchases. However, they have begun to attach importance not to price but to value in commodities that meet their lifestyles. Keywords are health, healing, and slow food. (Hokuriku: Department store)
C	<ul style="list-style-type: none"> • The upbeat mood seen in the previous month has dwindled abruptly. Conditions are severe regardless of whether it is a large store or small store and whether it is a retailer of clothing and other goods or it is a food and drink service business. (Tohoku: Shopping area) • Sales of personal computers have decreased due partly to the effect of the revised personal computer recycling law, but the number of customers has increased, with requests for repair services rising. (Tokai: Electric appliance retailer)
D	<ul style="list-style-type: none"> • We are having a hard time selling mainly clothing, as temperatures in November are 5-10 degrees higher than in a normal year. Sales of coats remain at 60% of the level in the previous year, those of stoles and mufflers at 50%, and those of boots at 85%. (Chugoku: Department store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> • An upturn in business condition is clear, as can be seen from the fact that corporations have begun to make high-priced business investment. At the same time, however, the corporations that had been making business investment have become somewhat cautious. (Tokai: Other non-manufacturing [Software development]) • The business of semiconductor-related industries as a whole has picked up, with movements of semiconductor- and liquid-crystal equipment-related industries becoming very active. (Kyushu: Electrical machinery equipment manufacturer)
C	<ul style="list-style-type: none"> • Aggregate demand for construction cranes has increased drastically from the previous year, though the sales volume is smaller as compared with three months ago. The replacement demand triggered by the effect of stricter regulations of exhaust gas remains brisk. (Shikoku: Machinery and equipment manufacturer)
D	<ul style="list-style-type: none"> • Customers are promoting drastic changes of their systems one after another, including physical distribution systems as a part of restructuring and streamlining efforts. We are preoccupied with responding to their requests for cost cutting. (Southern Kanto: Transportation)
<i>Employment</i>	
B	<ul style="list-style-type: none"> • The number of job offers posted a double-digit increase for two consecutive months. Still more, this month, the number of job offers stayed at the highest level in about 30 years. (Kinki: Job placement office)
C	<ul style="list-style-type: none"> • Though job offers are increasing, it does not lead to an increase in the number of workers, as many of them are for contract works outside of our jurisdiction. (Tohoku: Job placement office)

2. Future conditions

Household activity

B	<ul style="list-style-type: none"> • There are two distinct trends in electric appliances, one for digitization and the other for energy saving. With the start of terrestrial digital broadcasting and the progress in energy saving technology, we count on replacement demand. (Southern Kanto: Electrical appliance retailer) • With this year's winter bonus bigger than in the previous year in many companies, advanced bookings for company golf competitions are increasing. (Kyushu: Golf course)
C	<ul style="list-style-type: none"> • We were worried about the impacts of earthquakes and the cold summer. However, bookings for banquets have recovered to the level of an average year at small inns. But, large inns seem to have a hard time. For the time being, we have no certain expectations, but there will be no major ups and downs. (Tohoku: Tourist hotel)
D	<ul style="list-style-type: none"> • The year-end gift-giving season got off to a poor start. We cannot help but be pessimistic about future business conditions. (Hokkaido: Supermarket)

Corporate activity

B	<ul style="list-style-type: none"> • There are several corporate customers which orders have increased drastically. We hope that this will lead to our further increase in orders. (Kinki: Chemicals)
C	<ul style="list-style-type: none"> • The IP telephone has come to draw attention in the telecommunications sector. If contracts for IP telephones pick up momentum, it would reduce call charges, making it difficult for us to secure profits. (Hokuriku: Communication)

Employment

B	<ul style="list-style-type: none"> • Job offers by manufacturers are on a recovery path. In particular, job offers by electronic machinery and equipment manufacturers and plastic products manufacturers are on an increasing trend. Job offers for contract workers and dispatched temporary workers are also increasing. (Hokuriku: Job placement office)
C	<ul style="list-style-type: none"> • The employment pattern is changing from full time to a limited period of time. More and more corporations are adopting a policy of not increasing their staffs. This trend will remain in place for some time to come. (Southern Kanto: Private employment agency)