

Economy Watchers Survey

March 2015

OVERVIEW OF THE MONTH

The DI for current economic conditions in March rose by 2.1 points from the previous month to 52.2.

The household activity-related DI increased mainly because services expanded. The corporate activity-related DI went up mainly because the DI for the non-manufacturing sector rose. The employment-related DI expanded due chiefly to an increase in job offers.

The DI for future economic conditions in March went up by 0.2 points from the previous month to 53.4.

Regarding future economic conditions, the household activity- and employment-related DIs rose due mainly to expectations of wage increases and foreigners' tourism demand despite concerns over price hikes.

For the reasons mentioned above, the assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery. For the future, expectations on wage increases and foreigners' tourism demand are seen, despite concerns over price hikes.

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by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office
Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914
Telephone: 03-6257-1576
Internet: <http://www.cao.go.jp>

III. 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

Household activity

B	<ul style="list-style-type: none"> · Consumer sentiment is slightly rising due to a stock market upsurge and large companies' wage hikes. (Shikoku: Shopping street) · We are supported considerably by increasing inbound customers from China, South Korea and Southeast Asia and their consumption expansion. (Kyushu: Urban hotel) · Although many foreign luxury brands raised product prices in early March, sales have not declined. Jewelry and art sales have remained brisk. Sales to inbound foreign customers have continued to increase. (Kinki: Department store)
C	<ul style="list-style-type: none"> · A last-minute rise in demand for mini-vehicles just before a tax increase for these vehicles has not been as large as expected. (Northern Kanto: Auto dealer)

Corporate activity

B	<ul style="list-style-type: none"> · Falling gasoline prices and the yen's weakness have produced good effects. Jobs lost to China are returning to Japan. (Kyushu: Textile industry)
C	<ul style="list-style-type: none"> · Production is increasing because product prices are kept low despite rising materials prices. Consumers still see cheaper products as attractive because their income has not increased. (Kinki: Food manufacturer)

Employment

B	<ul style="list-style-type: none"> · We have increasingly seen job offers from companies that had not made such offers earlier. (Shikoku: Temporary staffing company)
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2. Future conditions

Household activity

B	<ul style="list-style-type: none"> · Basic wage and summer bonus hikes and other bright news for consumers are increasing. Some of the hikes may be used for consumption to bring about an economic pickup. (Tokai: Department store) · An early snow thaw indicates the most suitable environment for Japanese customers' purchases of seasonal goods. Foreign and other tourists' visits to stores are expected to increase substantially from this spring. (Hokkaido: Department store) · The yen's weakness and the stock market's strength are likely to continue. They are expected to be combined with basic wage hikes at companies to gradually produce effects. (Southern Kanto: Supermarket)
C	<ul style="list-style-type: none"> · While prices of daily living necessities are rising, wages have not increased enough to expand consumption. Consumers are still insecure. The economy may neither deteriorate nor improve. It may remain unchanged. (Chugoku: Shopping street)

Corporate activity

C	<ul style="list-style-type: none"> · Our exports are expected to continue to benefit from foreign exchange profit amid the yen's weakness: (Tokai: Transportation machinery and tool manufacturer)
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E	<ul style="list-style-type: none">As a decision has been made on a paper price increase from April, we are negotiating our price increase. But negotiations remain difficult. We may not be able to pass on most of the paper price hike to our product prices. (Southern Kanto: Publishing, printing & allied industries)
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Employment

B	<ul style="list-style-type: none">As a rising number of companies are offering to accept student interns in a widening range of grades, we feel that companies are growing keener to hire new employees. (Tokai: School [Professional training school])
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