

Economy Watchers Survey

May 2015

OVERVIEW OF THE MONTH

The DI for current economic conditions in May dropped by 0.3 points from the previous month to 53.3.

The household activity-related DI increased mainly because services expanded. The corporate activity-related DI went down as both the DIs for the manufacturing and non-manufacturing sectors fell. The employment-related DI posted a small gain.

The DI for future economic conditions in May went up by 0.3 points from the previous month to 54.5.

Regarding future economic conditions, the household activity- and corporate activity-related DIs rose due mainly to expectations of summer bonus and wage increases and foreigners' tourism demand despite concerns about 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 summer bonus and wage increases and foreigners' tourism demand are seen, despite concerns about 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"> As the stock price average exceeded the 20,000 level, wealthy people substantially expanded purchases of luxury goods including precious metals. Cosmetics sales have risen sharply in terms of value due mainly to the increasing number of foreign tourists visiting Japan. These developments are contributing to our overall sales value growth. (Southern Kanto: Department store) Thanks to fine weather, high-priced water melons are selling well. PET bottle beverage sales are also robust. (Tokai: Supermarket)
C	<ul style="list-style-type: none"> As food prices have been raised one after another, pensioners' livelihood has been severe. As rural companies have failed to raise wages, consumption has not yet improved. (Chugoku: Other special shop [Textile]) Sales in this year's holiday-studded golden week surpassed the year-before level as the combination of holidays was favorable and weather was fine. Due to a decline in the number of visitors after golden week, however, sales in the whole of this month have slipped below the year-before level. (Hokkaido: High-class restaurant)
D	<ul style="list-style-type: none"> Customers say they have little spending money left after having spent too much in Tokyo in April and May following the opening of the Hokuriku Shinkansen bullet train line. (Hokuriku: Taxi driver)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> While the season of fewer orders has started, we are receiving orders at a decent pace. Many companies might have decided to discontinue their dependence on production in China. For the first time in about 15 years, we received an inquiry from a manufacturing company that has engaged in mass production at plants in China and Southeast Asia. (Kyushu: Textile industry)
C	<ul style="list-style-type: none"> As the yen has weakened further, different effects are seen on imports and exports. We feel that ambitions for investment are growing as the weakening yen and the rising stock market improve economic sentiment. (Kinki: Electric machinery and apparatus manufacturer)
D	<ul style="list-style-type: none"> Prices of raw materials and packing materials have continuously risen and profit has declined, though sales remain unchanged from a year earlier. (Southern Kanto: Food manufacturer)
<i>Employment</i>	
B	<ul style="list-style-type: none"> There are still many employers who emphasize labor shortages mainly in construction, healthcare and nursing care areas. Job applications remain fewer than job offers. (Southern Kanto: Employment security office)

2. Future conditions***Household activity***

B	<ul style="list-style-type: none"> Given summer bonus hikes, asset effects under rising stock prices, and robust demand still expected from inbound foreign tourists, we expect to see brisk sales. (Tokai: Department store) As premium gift tickets to go on sale around this summer have begun to attract attention, consumption is expected to grow more vigorous in the second half of this year. (Shikoku: Shopping street)
C	<ul style="list-style-type: none"> We expect to maintain the present briskness of sales. Since a large shopping mall opened late last month within 20 kilometers from our store, we have seen no major impact. We also expect to continuously benefit from increasing inbound foreign tourists. (Okinawa: Department store)
D	<ul style="list-style-type: none"> As product costs are set to rise due to the yen's depreciation and electric rate hikes, product prices are well expected to soar. In addition, an increase in consumers' living costs may drag down consumer sentiment. (Kinki: Department store)

Corporate activity

B	<ul style="list-style-type: none"> While import prices are raised due to further yen depreciation, exports to Southeast Asia of domestic products including Kosshu (Yamanashi) wine have been remarkably brisk. These exports are expected to achieve great growth thanks to Japanese food culture's global penetration and stakeholders' support. (Northern Kanto: Food manufacturer)
D	<ul style="list-style-type: none"> We fear that fuel price hikes may lead to increases in prices of fertilizers and other agricultural materials. (Tohoku: Agriculture, forestry and fisheries)

Employment

C	<ul style="list-style-type: none"> Job offers have maintained an upward trend. In interviews with companies, we do not see any negative information representing recruitment cuts. (Kyushu: School [Professional training school])
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