

# Economy Watchers Survey

## October 2015

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### OVERVIEW OF THE MONTH

The DI for current economic conditions in October rose by 0.7 points from the previous month to 48.2.

The household activity-related DI went up mainly because the retail-related DI rose. The corporate activity-related DI increased as the DI for the manufacturing sector climbed despite a fall in the DI for the non-manufacturing sector. The employment-related DI declined.

The DI for future economic conditions in October leveled off from the previous month to 49.1.

While the household activity-related DI rose, the corporate activity- and employment-related DIs dropped.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery, although some effects of trends involving the Chinese economy have been seen. For the future, concerns are seen over the Chinese economic situation and price hikes, while expectations regarding winter bonuses are observed.

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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>B</b>	<ul style="list-style-type: none"> <li>As premium gift tickets have been distributed in this region, spending per customer has increased very much. Thanks to this effect, fixed-price goods and gift products are selling well. (Tohoku: General retailer [Books])</li> <li>Blessed with good weather in the absence of typhoon effects, this month sees an increase in the number of customers and brisk sales after a long interval. (Shikoku: Supermarket)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>As food products and other personal goods, as well as luxury goods, are failing to sell well, we feel that customers have grown thrifty. (Kinki: Supermarket)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>It has become difficult to sell high-price products due to price hikes. Cheap products are falling short of selling enough to cover a drop in high-priced good sales, with overall sales failing to increase. (Hokuriku: General retailer [Meat])</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>At our trading partners that are small and medium-sized manufacturing companies, profit is improving thanks to declines in fuel and raw material prices. (Tokai: Financial business)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>At companies that have expanded into overseas markets, sales and profit are decreasing due to the effects of China's economic growth deceleration. (Southern Kanto: Financial business)</li> </ul>
<i>Employment</i>	
<b>C</b>	<ul style="list-style-type: none"> <li>While many companies see labor shortages due to post-disaster reconstruction demand and an increase in the number of people who are retiring upon reaching retirement age, a mismatch has arisen between job offers and applicants. (Tohoku: Newspaper publishing company [Job placement ads])</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>We can expect an increase in bonuses mainly at large companies, demand for luxury products and continuously brisk purchases by inbound foreign travelers. (Tokai: Department store)</li> <li>Goods related to such events as the year-end and Christmas, as well as New Year foods and year-end gift products, are offered in November, so we expect to see increases in the number of visiting customers and sales in November from the eventless month of October. (Northern Kanto: Convenience store)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>Orders for year-end and New Year tours are slack. The situation may change depending on such orders being placed just before the year-end. But we feel customers' growing thrift when talking to them. (Kinki: Travel agency)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>While prices of goods are rising, it is difficult to pass such hikes on to our sales prices. Profit is thus put under downward pressure. Furthermore, we see personnel cost hikes and a cost rise emerging from labor shortages. Our future business environment would not be good. (Tohoku: Supermarket)</li> </ul>
<i>Corporate activity</i>	

<b>C</b>	<ul style="list-style-type: none"><li>While capital investment deals have increased, construction cost hikes are leading investment to exceed planned levels, with ailing deals increasing. The current business situation will remain unchanged. (Southern Kanto: General contractor)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>As few new construction orders are expected, particularly in regard to public works, at a time when ongoing construction operations are completed gradually, we may have to reduce overall operations. (Hokkaido: General contractor).</li></ul>

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***Employment***

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<b>D</b>	<ul style="list-style-type: none"><li>As the ratio of job openings to applicants is rising, it will become difficult to secure registered job seekers. There will be an increasing number of cases in which job offers will fail to meet job seekers. (Southern Kanto: Temporary staffing company)</li></ul>
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