

Economy Watchers Survey

August 2016

OVERVIEW OF THE MONTH

The DI for current economic conditions in August rose by 0.5 points from the previous month to 45.6.

The household activity-related DI went down mainly because the retail-related DI decreased. The corporate activity-related DI increased mainly because the DI for the non-manufacturing sector rose. The employment-related DI also increased.

The DI for future economic conditions in August rose by 0.3 points from the previous month to 47.4.

While the household activity-related DI decreased, the corporate activity- and employment- related DIs increased.

On a seasonally adjusted basis, the DI for current economic conditions rose by 2.8 points from the previous month to 46.0 and the DI for future economic conditions by 2.3 points to 48.9.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is showing movements of picking up. As for the future, while concerns mainly over the movements of overseas economies, and/or financial and capital markets remain, an increase in public works and continued job offer growth are expected.

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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"> Although tour orders had been expected to decline due to the Olympics, domestic tour orders were more robust than a year earlier. (Hokuriku: Travel agency)
C	<ul style="list-style-type: none"> Apparently due to heat waves and the Olympics, fewer wealthy customers visit our store. There is less demand for luxury brand goods and artworks. Autumn and winter clothing is failing to sell well. (Kinki: Department store) Consumption has been sluggish. August sales are generally weak, with only a few sectors posting year-on-year growth in sales. Factors behind the weakness include a reaction to front-loaded clearance sales in July and heat waves in the second half of this month. (Chugoku: Department store)
D	<ul style="list-style-type: none"> Expecting future economic deterioration, consumers are tightening their purse strings, with prices slipping below year-before levels. (Chugoku: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Demand, business negotiations and orders are increasing. We feel an appetite for investment in the information technology market. (Northern Kanto: Other services [information services])
C	<ul style="list-style-type: none"> Contractors for large public works projects announced in the first half are being fixed. (Tohoku: General contractor) As stock prices are unstable with the yen appreciating, investor confidence has cooled down. (Southern Kanto: Financial business)
D	<ul style="list-style-type: none"> An average sales amount for events is declining, posting a 3% year-on-year fall. (Kinki: Textile industry)
<i>Employment</i>	
B	<ul style="list-style-type: none"> While job losers are decreasing, job offers are increasing. Full-time job offers are gradually growing. (Northern Kanto: Employment security office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Inbound foreign travelers' demand for lodging remains brisk. As party reservations are robust, we expect present business conditions to continue. (Kinki: Urban hotel)
D	<ul style="list-style-type: none"> Given the forecast for late summer heat waves and consumers' cautious attitude at present, there is little expectation for early autumn goods sales. Although we have no choice but to depend on wealthy customers who are stable consumers, they are also slightly cautious. Therefore, our business conditions are expected to grow severer. (Tohoku: Department store) Consumption lacks strength. Under the yen's appreciation, a price-cutting race is intensifying. Economic conditions may follow a downward trend. (Tohoku: Supermarket) As few factors stimulate consumers' appetite for spending, with the future course of foreign exchange and stock markets growing uncertain, high-income earners are feared to refrain from consumption. (Tokai: Department store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> As a supplementary budget is implemented, with post-disaster restoration projects increasing, our business conditions will grow better: (Hokkaido: Other services [Construction equipment lease]). Sales will increase as orders grow more robust from early autumn to late this year. (Shikoku: Pulp, paper and paper-processed products manufacturing industry) As orders are expanding, sales are on an upward trend. (Kyushu: Metal products manufacturer)

D	· As the yen's appreciation is prolonged, consumer confidence is feared to cool down in this region dominated by the automobile industry. (Tokai: General contractor)
<i>Employment</i>	
C	· While job applications are sluggish, companies remain ambitious about recruiting employees. Companies are likely to continue expanding recruitment, using job placement services and offering jobs in the classified ads of job information companies. (Tohoku: Temporary staffing company)