

Economy Watchers Survey

January 2016

OVERVIEW OF THE MONTH

The DI for current economic conditions in January fell by 2.1 points from the previous month to 46.6.

The household activity-related DI went down mainly because restaurant sales declined. The corporate activity-related DI decreased as the DIs for the manufacturing and non-manufacturing sectors dropped. The employment-related DI also went down.

The DI for future economic conditions in January rose by 1.3 points from the previous month to 49.5.

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

On a seasonally adjusted basis, the DI for current economic conditions dropped by 2.0 points from the previous month to 48.5 while the DI for future economic conditions fell by 1.7 points from the previous month to 49.4.

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 stock price and other trends, while expectations regarding tourism demand and increasing orders are observed. Given that the DI for future economic conditions decreased for the second straight month, however, we must take note of impacts of concerns on the basic economic sentiment trend.

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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"> Fresh food sales are robust this month as well. Although December saw warm winter weather, a temperature drop in January led to brisk sales of seasonal goods. (Kyushu: Supermarket) Warm winter weather had seriously affected sales of cold-protection goods nationwide. As temperatures declined in January, however, boot, glove and neckwear sales began to increase. (Kinki: Department store)
C	<ul style="list-style-type: none"> Slack stock prices since the beginning of the year are dampening customer confidence. (Southern Kanto: Communications)
D	<ul style="list-style-type: none"> Even snowy regions had little snow around the turn of the year, leaving nearby ski areas unable to open until mid-January, affecting surrounding accommodation facilities. (Northern Kanto: Tourist spot)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> At customer transport companies, profitability is substantially improving due to a fuel cost decline. (Tokai: Finance industry)
C	<ul style="list-style-type: none"> Construction has been making progress ahead of schedule as snowfall is lower this winter. However, a snowfall increase since the beginning of January has prevented a surge in orders. (Tohoku: soil and stone products manufacturer)
D	<ul style="list-style-type: none"> As exports stagnate under the impact of the Chinese economic situation, we cannot expect as much cargo traffic as earlier anticipated. (Hokuriku: Transport)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Companies are still active in recruiting workers. As job applicants are limited, however, companies are chronically plagued with labor shortages. (Kinki: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Although clothing and some other goods are expected to fall short of selling well, inbound foreign travelers, special brands and jewelry are likely to continue to drive sales. (Tokai: Department store) Advanced orders from inbound foreign travelers are increasing faster than a year earlier toward the cherry blossom season. As destination campaigns, Setouchi Triennale 2016, and other spring events are implemented briskly, demand will surely increase. (Chugoku: Urban hotel)
D	<ul style="list-style-type: none"> Rural department stores have no demand from inbound foreign travelers. Stock price falls may affect wealthy people. (Northern Kanto: Department store). As consumers' appetite for spending has declined ahead of the next consumption tax increase, future sales will worsen slightly. (Hokkaido: Other specialty shop [Imitation flowers])

<i>Corporate activity</i>	
B	<ul style="list-style-type: none">Vehicle development-related deals in particular are increasing for delivery in March, when customers will close annual books. Aircraft-related orders are also robust, forcing some divisions to work on a 24-hour basis. (Northern Kanto: Ordinary machinery and instrument manufacturer)
C	<ul style="list-style-type: none">In the smoothly growing tourism industry, expectations are increasing particularly on inbound foreign travelers. Some companies in our prefecture are exploring proactive investment in sales promotion, but as some people are concerned about their future courses, how much they will invest is unclear. (Okinawa: Advertising agency)
D	<ul style="list-style-type: none">Deterioration in China's economic environment has led to fears of declining profitability at companies that have expanded into China or have depended on exports to that country. Although they expect to secure orders for the current fiscal year, some companies have become uncertain about orders in the next fiscal year. (Hokuriku: Financial business)

<i>Employment</i>	
C	<ul style="list-style-type: none">Labor shortages will remain. As job applicants are reluctant to accept temporary employment conditions, job applications may continue to fail to match job offers. (Kinki: Temporary staffing company)
