

Economy Watchers Survey

March 2016

OVERVIEW OF THE MONTH

The DI for current economic conditions in March rose by 0.8 points from the previous month to 45.4.

The household activity-related DI went up mainly because the services-related DI increased. The corporate activity-related DI increased as the DI for the manufacturing sector rose. The employment-related DI went down.

The DI for future economic conditions in March declined by 1.5 points from the previous month to 46.7.

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

On a seasonally adjusted basis, the DI for current economic conditions dropped by 3.0 points from the previous month to 41.6 and the DI for future economic conditions by 0.4 points from the previous month to 45.3.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has recently shown weakness due to concerns mainly about the consumption trend. As for the future, while expectations are seen on tourism demand and ahead of schedule orders for public works, we must continuously take note of impacts that insecurity about the future as well as financial and capital market trends would exert on business and household confidence.

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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	Supported by a decline in housing loan interest rates under the negative interest rate policy, customers are moving seriously and proactively. (Chugoku: Housing dealer)
C	Clothing sales remain slow. Insecurity about the future prevents consumers' appetite for spending from increasing. (Tokai: Department store)
D	The number of visitors has surely declined year on year. While sales and profitability are robust thanks to a rise in spending per customer, we view the falling number of visitors as a major problem. (Kyushu: Shopping street)
<i>Corporate activity</i>	
B	Our customers are increasing capital investment. (Tokai: Transportation machinery and tool manufacturer)
C	While orders and deals at the fiscal year-end are normal, profit has fallen short of recovering due to limited prices. (Southern Kanto: Other services [waste disposal])
D	Stock price falls and the yen's appreciation through rapid financial market changes since early this year have affected business confidence and made the future course of the economy more uncertain. (Northern Kanto: Financial business)
<i>Employment</i>	
C	The number of registered job applicants leveled off from the previous month and declined year on year. In contrast, job offers from companies are abundant. Mainly tourism-related businesses are reporting labor shortages. (Okinawa: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	Reservations since the beginning of April have been very robust thanks to the increasing number of foreign tourists. As the number of customers without reservations has continued to increase, we expect to see better economic conditions in the future. (Tohoku: Tourist spot)
C	As the future course remains uncertain due to discussions over next year's consumption tax increase, consumers will stay inactive (Kinki: Other retailer [Internet sales])
D	Customers say that they are insecure about the future or that they have little money to spend now. I feel that all that customers can do is window shopping. Although next month is a month for pension payments, shopping depending on pensions has become difficult. Given such conditions, we expect that economic conditions may become more difficult. (Northern Kanto: Clothing store)
	Slumping stock prices and the unstable foreign exchange rates have begun to affect wealthy people's appetite for spending: (Chugoku: Department store)
<i>Corporate activity</i>	
B	We have constantly received orders since early this year. Business inquiries have been

	increasing. As capital spending expands in the future, economic conditions will become slightly better. (Kyushu: General contractor)
C	<ul style="list-style-type: none">As signs of decline in economic effects of foreign tourists visiting Japan have begun to be seen, construction investment, which had been increasing mainly in the tourism industry, will decline in the future. (Hokkaido: General contractor)
D	<ul style="list-style-type: none">The domestic market, though robust, is growing uncertain. Overseas markets are shrinking due to a slump attributable to crude oil price falls. (Shikoku: Ordinary machinery and instrument manufacturer)

Employment

C	<ul style="list-style-type: none">Job offers are failing to match job applications. As those hoping to make registrations for job placement or temporary staffing are limited, labor shortages are continuing. (Hokuriku: Private employment agency)
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