

Economy Watchers Survey

September 2016

OVERVIEW OF THE MONTH

The DI for current economic conditions in September fell by 0.8 points from the previous month to 44.8.

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

The DI for future economic conditions in September rose by 1.1 points from the previous month to 48.5.

All the household activity-, corporate activity- and employment- related DIs increased.

On a seasonally adjusted basis, the DI for current economic conditions rose by 0.3 points from the previous month to 46.3 and the DI for future economic conditions by 0.7 points to 49.6.

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, a recovery in the travel and tourism field and continued growth in orders and job offers 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 the Kumamoto Earthquake caused major damage, the stabilization of the situation led to massive orders coming in for flowers for new openings. (Kyushu: General retailer [flowers])
C	<ul style="list-style-type: none"> Vegetable prices are rising due to typhoon damage. Customers' purchasing behavior is becoming severer. (Hokuriku: Supermarket)
D	<ul style="list-style-type: none"> As autumn and winter goods are failing to sell well due to unfavorable weather conditions, per-customer spending is falling, affecting our sales. (Southern Kanto: Department store) Bad weather conditions have led to the cancellation of reservations. Customers' hesitation to go out and spend has resulted in a decline in traffic in entertainment districts. Operation rates are extremely bad both for morning hours and night hours. (Kyushu: Taxi driver)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Construction work through the implementation of the supplementary budget and reconstruction work after flood damage due to a typhoon are increasing. (Hokkaido: Other services [Construction equipment lease]) Orders are very brisk. We are having to decline some orders. (Kyushu: Textile industry)
C	<ul style="list-style-type: none"> Tourists from abroad remain abundant. As no sign of economic recovery is seen in foreign countries other than the United States, however, the Japanese economy is stagnating. (Northern Kanto: Financial business)
D	<ul style="list-style-type: none"> As many export-related companies are among our customers, orders from them are decreasing due to the yen's appreciation, with new orders failing to come. (Kinki: Other non-manufacturing business [Equipment wholesale])
<i>Employment</i>	
B	<ul style="list-style-type: none"> Manufacturing and service industries are increasing full-time job offers. (Tokai: Employment security office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> As year-end and new-year tour reservations are slightly increasing from a year earlier, we are hopeful. (Chugoku: Travel agency) Reservations for the next two to three months are slightly more than for September, when we saw a very serious slump. (Shikoku: Golf course)
C	<ul style="list-style-type: none"> Although sales usually increase toward the year-end, we are rather hopeless in view of the current conditions. Consumers are very thrifty, with per-customer spending continuing to fall. (Tokai: Shopping street)
D	<ul style="list-style-type: none"> As vegetable and fruit prices are expected to rise due to typhoon damage, we are concerned that consumers' response to rising prices would grow severer amid stagnant consumption. (Hokkaido: Supermarket)
<i>Corporate activity</i>	
A	<ul style="list-style-type: none"> An increase in automakers' exports will improve our business conditions. (Northern Kanto: Transportation machinery and tool manufacturer)
B	<ul style="list-style-type: none"> The current upward trend of orders cannot be expected to stop suddenly. Unless great negative factors emerge, the growth is likely to continue in the future. (Kinki: Plastic products manufacturer)
C	<ul style="list-style-type: none"> As foreign exchange, interest rate and geopolitical risk factors are difficult to predict, we see too many destabilization factors. (Chugoku: General contractor)

Employment

B

- We have begun to see bright signs including a slight increase in job offers related to private consumption.
(Hokkaido: Job information magazine publisher)
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