

# Economy Watchers Survey

April 2017

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## OVERVIEW OF THE MONTH

The DI for current economic conditions in April (seasonally adjusted) went up by 0.7 points from the previous month to 48.1.

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

The DI for future economic conditions in April (seasonally adjusted) went up by 0.7 points from the previous month to 48.8.

The household activity-, corporate activity- and employment-related DIs increased.

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.2 points from the previous month to 50.4 and the DI for future economic conditions rose by 1.4 points to 50.4.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is picking up, though with a pause continuing to be seen. As for the future, while concerns over labor shortage and cost hikes exist, growth mainly in orders and capital investment is continuously 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>A</b>	<ul style="list-style-type: none"> <li>Foreign tourists still constitute a main driving force of business, but we also feel some momentum among Japanese guests. (Kyushu: City hotel)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>In addition to the inbound tourism boom, now that we can expect tourists to come regularly, they account for well over 60% of our customers. That has brought an almost ten percent growth in store traffic volume on a year-on-year basis. (Kinki: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>With more rigid criteria for eco-car tax breaks coming into effect in April, sales of new cars fail to grow. (Tohoku: Auto dealer)</li> <li>Customers set much store on quality in selecting goods for a while. Now they again focus on low prices. (Hokuriku: Communications)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>Customers are remarkably active in capital investment, development of new products, and/or upgrading of existing models. (Tohoku: Electric machinery and apparatus manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Growth of new contracts is slowing down. Few clients are likely to take any action just at the beginning of the business year. Inquiries we have received also suggest a little stagnation in land transactions. (Kinki: General contractor)</li> </ul>
<i>Employment</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>Job offers are on the rise mainly in the manufacturing sector. (Northern Kanto: Employment security office)</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>Business will pick up in late June, when bonus sales campaigns start. (Tokai: Auto dealer)</li> <li>The bookings we have received so far suggest a higher year-on-year growth in occupancy rate in June and/or July than the actual result this month. (Okinawa: Tourist hotel)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>Increasingly crippled by a shortage of drivers and consequent lower utilization ratios, we can expect little change from April in business conditions in coming months. (Hokkaido: Taxi driver)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>There is no effective medium- or long-term solution to labor shortage and rising prices of ingredients. Under such conditions, no ad-hoc measure that may help us maintain income would leave any profit with us. (Hokuriku: General restaurant)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>New orders are expected to come from next month. With new machines to be installed in two or three months, more new orders are anticipated. (Southern Kanto: Publishing, printing &amp; allied industries)</li> <li>Major customers have almost completed regular spring maintenance. They, especially auto makers, see strong exports. We expect some ten percent more orders than originally planned. (Chugoku: Chemical industry)</li> </ul>
<i>Employment</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>Last fiscal year, many companies failed to acquire enough new graduates they needed to fill vacancies. They should be keener to hire this year. Students have the wind at their back again. (Hokkaido: School [university])</li> </ul>