

Economy Watchers Survey

January 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in January (seasonally adjusted) went down by 1.6 points from the previous month to 49.8.

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

The DI for future economic conditions in January (seasonally adjusted) went down by 1.5 points from the previous month to 49.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 2.6 points from the previous month to 48.6 and the DI for future economic conditions rose by 0.7 points to 49.7.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is picking up, though with a pause seen. As for the future, while growth in orders and job offers is expected, concerns about the overseas situation are growing.

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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"> As temperatures have dropped, clothing sales have rebounded, with coats and other autumn and winter goods beginning to sell well. Stock price hikes have curbed a decline in jewelry sales. Inbound foreign travelers have increased year on year since the final week of December as the yen's depreciation has continued. (Kyushu: Department store)
C	<ul style="list-style-type: none"> Reservations were cancelled frequently this month due to cold waves over two weeks. The number of customers slipped far below expectations. (Chugoku: Urban hotel) Early this month, higher-than-usual temperatures led us to expect poor clearance sales. But sales were brisk, surpassing the year-before level. Late this month, foreign travelers robustly visited our store as Lunar New Year holidays started some 10 days earlier than last year. (Okinawa: Department store)
D	<ul style="list-style-type: none"> Visiting customers decreased due to heavy snow. On non-snowy days, the number of visitors was as usual. Due apparently to heavy spending during year-end and New Year holidays, customers are buying lower-priced goods. (Tokai: Supermarket)
<i>Corporate activity</i>	
C	<ul style="list-style-type: none"> While public works orders have remained robust, we have won large private sector construction orders. (Hokkaido: General contractor) Although automobile-related and other sales are brisk, we are concerned a bit about the new U.S. president's policy on the automobile industry. (Kinki: Metal products manufacturer)
D	<ul style="list-style-type: none"> Our profitability is falling as we have to shelve domestic sales price hikes due to domestic economic stagnation, despite rising material purchasing prices under the weakening yen. (Chugoku: Other manufacturer [Sporting goods])
<i>Employment</i>	
C	<ul style="list-style-type: none"> Temporary-job seekers have not increased. Companies have made many job offers that include those failing to match job seekers' requirements. (Tohoku: Temporary staffing company) While many companies are drafting recruitment plans for the coming fiscal year, companies remain eager to recruit employees. Job offers have stayed robust. No particularly large change has been seen. (Southern Kanto: Private employment agency)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> As inquiries about future tour reservations are more than a year in advance, we expect better future business conditions. (Hokkaido: Travel agency)
C	<ul style="list-style-type: none"> As the world situation including the U.S. situation has begun to change, we see many worries, including those that could affect the automobile industry. We are paying attention to the scheduled Japan-U.S. summit in February. (Tokai: Auto dealer) Reservations for wedding and other parties from April are failing to increase year on year. Meanwhile, bed demand is brisk. Unless the yen's appreciation or any other risk emerges, inbound foreign travelers will remain robust. (Kinki: High-end restaurant)
D	<ul style="list-style-type: none"> As tax cuts for eco-friendly cars are to be scaled down, we are concerned that sales of relevant cars will plunge. (Tohoku: Auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Television advertisement orders in March and April are increasing. Particularly, automobile, real estate, and information and communications companies are driving the increase. (Shikoku: Telecommunications)

	company)
C	<ul style="list-style-type: none"> As many companies are waiting to find impacts of the new U.S. president's inauguration and are maintaining a cautious attitude, business confidence is likely to slightly drop. Small and medium-sized companies are concerned about the impacts of large companies' revision of overseas base strategies. Many companies fear sudden changes in the foreign exchange market. (Northern Kanto: Finance industry) Due to the inauguration of the new U.S. president, the future course of capital spending is growing uncertain. It is impossible to predict the future course. (Hokuriku: General contractor)
<i>Employment</i>	
C	<ul style="list-style-type: none"> In response to the government's plans to reform ways of working and promote equal pay for equal jobs, major business establishments in this prefecture are turning contract employees into regular ones to secure human resources. (Okinawa: Temporary staffing company)
D	<ul style="list-style-type: none"> The Labor Contract Act and the revised Temporary Staffing Service Act are likely to lead companies to gradually switch to direct employment. As the continuous utilization of temporary employees becomes uncertain, temporary job offers are declining. A rising number of companies are willing to employ workers directly rather than through temporary staffing firms. (Kyushu: Temporary staffing company)