

Economy Watchers Survey

March 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in March (seasonally adjusted) went down by 1.2 points from the previous month to 47.4.

The household activity-related DI went down mainly because housing-related DIs decreased. The corporate activity-related DI decreased mainly because the DI for the non-manufacturing sector dropped. The employment-related DI decreased.

The DI for future economic conditions in March (seasonally adjusted) went down by 2.5 points from the previous month to 48.1.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.1 points from the previous month to 50.6 and the DI for future economic conditions fell by 2.5 points to 49.0.

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 growth mainly in orders is continuously expected, concerns over labor shortage and cost hikes exist.

Released on April 10, 2017 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office
Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914
Telephone: 03-6257-1576
Internet: <http://www.cao.go.jp>

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"> This month, 20 golf courses around here have experienced a remarkable increases in visitors. (Southern Kanto: Golf course) Now, in the spring vacation, we see more students and young people among tourists. Most of the major tourist facilities find their parking spaces full in the afternoon. (Kyushu: Tourist spot)
D	<ul style="list-style-type: none"> It takes longer to persuade potential customers to buy a condominium, with a lower success rate. (Hokkaido: Housing dealer) At this time of the year, stores used to be crowded with customers who just started a new life or moved from somewhere. Now, with a smaller young population and more competitors dealing with similar goods, we have been struggling. On a year-on-year basis, we are seeing the largest decline in the number of customers and sales in several months. (Chugoku: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> In this prefecture, the number of new housing construction starts and value of public works contracts both showed a positive turnaround on a year-on-year basis in January, demonstrating an upward trend in capital investment. The industrial production index remains at a high level. (Tohoku: Financial business)
D	<ul style="list-style-type: none"> Amid rising fuel prices, we are asked to accept higher freight charges. Major transport companies have also decided to charge more, which should push up physical distribution costs. Two years ago, carriers raised rates as well, and we also experienced a great loss. Whether we can pass any of the increased costs on to shippers this time is uncertain. It will not be easy as they are also experiencing tough conditions. (Kyushu: Transport)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Large and medium-sized companies around here are active in recruitment of prospective graduates for the next business year. This March, the busy year-end month, transport and service sector companies are suffering from a stubborn shortage of workers as only a few applications come to job offers they place. (Northern Kanto: Job advertisement magazine producer) In March, more companies are holding explanatory meetings for job seekers by themselves than last year. Companies that failed to meet their recruitment target this year seem to be almost desperate. The tendency is especially conspicuous among SMEs. (Shikoku: Private employment agency)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> Our parent company brings a new model of train into service in April. In a neighboring prefecture, a national treasure building had restoration works finished in March, coming back as a renewed tourist spot located along the train line. Business will be picking up as we can now foresee flows of mainly independent tourists coming with a plan to visit the famous shrine. (Southern Kanto: Travel agency)
B	<ul style="list-style-type: none"> A 3-month large-scale tourism campaign, to get started in April, designates our prefecture as a marketing priority. The 20th anniversary of the Akita Shinkansen and many other events are scheduled. They are also expected to benefit our hotel (Tohoku: City hotel)
C	<ul style="list-style-type: none"> Electricity rates and, due especially to the weaker yen, prices of imported raw materials are expected to rise. With disposable income unlikely to increase, consumers will avoid for some time buying anything other than what they really need. (Northern Kanto: Supermarket)
D	<ul style="list-style-type: none"> Price rises are scheduled for toilet tissue and other paper products, and salad oil, among others. Consumers are likely to get thriftier. (Hokuriku: Supermarket)

<i>Corporate activity</i>	
B	· Given that the local auto maker continues to produce a little more in Japan on a year-on-year basis in April and thereafter, its component suppliers are also expected to see a steady increase both in new orders and production. (Tokai: Financial business)
D	· Increasing raw material prices, higher oil prices and the weaker yen are a source of concern. (Shikoku: Chemical industry)
<i>Employment</i>	
B	· Expected increases in automobile exports will drive up production, together with the number of employees. (Tokai: Outsourcing business)
C	· Job seekers are still hard to find, and we have difficulty matching employers with relevant applicants. (Okinawa: Temporary staffing company)