

Economy Watchers Survey

October 2017

OVERVIEW OF THE MONTH

The DI for current economic conditions in October (seasonally adjusted) went up by 0.9 points from the previous month to 52.2.

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

The DI for future economic conditions in October (seasonally adjusted) went up by 3.9 points from the previous month to 54.9.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.3 points from the previous month to 49.9 and the DI for future economic conditions rose by 3.3 points to 53.7.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is steadily picking up. As for the future, while concerns over labor shortages and the overseas situation 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	<ul style="list-style-type: none"> With falling temperatures and bad weather conditions, winter clothes, especially sweaters and other outer garments, are selling well. (Southern Kanto: Clothing store) More inquiries are coming from consumers about quakeproofing and renovation than in the first half of this year. (Chugoku: Architectural design firm)
D	<ul style="list-style-type: none"> Probably due to a House of Representatives election and typhoons, we see fewer customers. (Northern Kanto: Auto dealer) Hit by typhoons on two consecutive weekends this month, fewer customers have come. The shopping street in this neighborhood is rather empty, and so are stores around here. (Kinki: General restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Exports of SUVs to North America remain strong after excellent results last month. Domestic sales are also strong, again led by SUVs, as the lead time to delivery stands at 2.4 months. (Northern Kanto: Transportation machinery and tool manufacturer) Demand for financing is robust. We hear no negative news, such as sales declines, from our clients. (Kyushu: Financial business)
<i>Employment</i>	
B	<ul style="list-style-type: none"> With remarkable increases in job vacancies, offers of permanent jobs are increasing. (Kyushu: Employment security office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> As the House of Representatives election and the typhoon season ended, conditions should be improving. (Tokai: General retail store [Souvenir]) The out-of-store sales department sees growth in demand among corporate customers. Orders from companies remain strong for, among others, commemorative items for foundation anniversaries, novelty goods, and prizes for golf tournaments. Among consumers, especially wealthy customers, luxury imported watches and art works sell well, reflecting rising share prices. We expect the present conditions to continue for the time being. (Hokuriku: Department store) As an increase in the consumption tax rate is becoming more likely, the business sentiment is gradually improving. (Chugoku: Housing dealer)
C	<ul style="list-style-type: none"> It is feared that any negative impact of the revealed inspection cheating by automakers might appear in the number of new orders. (Shikoku: Auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> So far, only large companies have raised wages. As the economy continues recovering, moves of pay increase will also spread among SMEs. That should lead to modest growth in personal spending. (Kinki: Advertising agency) With increased demand for advanced resin for automobiles, major customers have raised the level of production, and we expect a continuing upward trend of new orders. (Chugoku: Chemical industry)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job offers from the manufacturing industry are trending up as the end of the year approaches. (Tohoku: Private employment agency)