

Economy Watchers Survey

August 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in August (seasonally adjusted) went up by 2.1 points from the previous month to 48.7.

The household activity-related DI went up, though the housing-related DI declined, mainly because services-related DIs increased. The corporate activity-related DI went up as the DI for the non-manufacturing sector increased. The employment-related DI decreased.

The DI for future economic conditions in August (seasonally adjusted) went up by 2.4 points from the previous month to 51.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.6 points from the previous month to 48.1 and the DI for future economic conditions rose by 1.4 points from the previous month to 50.4.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery. As for the future, while concerns over labor shortages and cost increases exist, expectations regarding autumn clothing sales and increased orders are observed.

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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"> Probably a long spell of hot weather led to strong orders for beverages and sweets. That helped achieve a larger spending per customer than in ordinary months. (Kinki: Standard class restaurant) In August, many events attract a great number of visitors. In fierce heat, more of them take a taxi. With more customers coming also at night, our business is quite good. (Chugoku: Taxi driver) With the aftermath of the disastrous heavy rains being over, summer clothing, UV care goods, and other items sold well amid fierce heat this summer. (Kyushu: Department store)
D	<ul style="list-style-type: none"> Amid unseasonable weather, prices of vegetables remain high, and some consumers are practicing thrift. (Kinki: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> A greater demand for beverages amid fierce heat has resulted in increased sales of containers. Demand for semiconductor materials remains high. (Tokai: Chemical industry) As part of reconstruction effort after the Heavy Rain Event of July 2018 and other events, a considerable number of contracts for disaster control work have been offered. We haven't won any of them yet, but found quite many put out to tender. We are obtaining contracts for demolition work smoothly. (Kyushu: Construction)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Despite a steady stream of contracts, constructors, suffering from labor shortage, have difficulty in completing large-scale projects as scheduled. They are working hard to find workers immediately, with little success. (Koshinetsu: Job information magazine editor)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> With more than expected advance orders for new products to be released in autumn, a further increase in sales can be expected. (Hokkaido: Telecom company) A rapid change in temperature is expected to help sales of autumn clothes pick up earlier. (Tohoku: Department store) As part of effort for restoration after the Heavy Rain Event of July 2018, national and prefecture governments have launched programs to attract tourists to stricken areas. Reluctance of people to go out seems slowly dissolving. Recoveries are observed in personal spending among ordinary shoppers and restaurant visitors as well as events held by personal customers. Demand for autumn sightseeing tours and needs from corporate customers should also be recovering. (Chugoku: City hotel)
C	<ul style="list-style-type: none"> Nothing is found that may deliver a significant turnaround. Increasing raw material, labor, and transportation costs keep gradually weighing down on profitability. (Hokuriku: Standard class restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> JR's container transport service, suspended in some sections after damaged by the Heavy Rain Event of July 2018, has been restored. Together with contracts placed for large-scale office relocation, revenues are expected to grow. (Shikoku: Transport) Outputs are trending upward compared to the original plan. Production of new models starts in three months. (Kyushu: Transportation equipment)
<i>Employment</i>	
B	<ul style="list-style-type: none"> With fewer job seekers, we have a plan to raise per-hour wages for temporary workers. We expect higher per-hour wages to help attract more job seekers, allowing us to secure more workers to dispatch. (Northern Kanto: Temporary manpower company)