

Economy Watchers Survey

March 2018

OVERVIEW OF THE MONTH

The DI for current economic conditions in March (seasonally adjusted) went up by 0.3 points from the previous month to 48.9.

The household activity-related DI went up, though food and beverage decreased, mainly because services DI rose. The corporate activity-related DI went down as the DI for the non-manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in March (seasonally adjusted) went down by 1.8 points from the previous month to 49.6.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 3.3 points from the previous month to 51.7 and the DI for future economic conditions fell by 2.5 points from the previous month to 50.1.

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, cost increases, and 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"> • The weather has become very spring-like. Now in the midst of the demand season, we are seeing many new customers at the shop as usual. (Tohoku: Automobile shop) • The Destination Campaign gets started next month. Local businesses are getting ready to welcome tourists, and the event is getting a lot of media exposure. (Northern Kanto: Travel agent) • As we have warmer days in March this year than usual, spring goods are selling well. Even menswear, usually a slow starter in early spring, is moving smartly. (Chugoku: Department store)
C	<ul style="list-style-type: none"> • Sales are getting better among perishables while other food products are moving sluggishly after price increases. (Kyushu: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> • After a period in which we saw little change in the sales prices of products, we are now seeing a modest upward trend. (Tohoku: Electrical machinery, equipment & supplies)
C	<ul style="list-style-type: none"> • As the yen is getting stronger, with stock prices peaking both in Japan and abroad, investors are holding smaller unrealized profits than before. That has made retail investors a little less confident. (Tokai: Financial)
<i>Employment</i>	
C	<ul style="list-style-type: none"> • Small businesses are offering more jobs than ever before, only to find fewer applicants than needed to fill their vacancies. (Koshinetsu: Private employment agency)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> • We expect to see more inbound tourists. (Tohoku: High-class restaurant)
C	<ul style="list-style-type: none"> • Despite expectations of some recovery in consumer spending after pay increases, this environment of fierce competition should remain. (Shikoku: Supermarket)
D	<ul style="list-style-type: none"> • With the low number of bookings that we have been receiving for the last few months, from May, we are worried about how much income we can secure before the summer vacation. A spate of price increases on beer and other food products from April is another factor that we fear will weigh down profitability. (Hokuriku: Tourist inn) • The trade policy that the United States has adopted is expected to push down share prices, discouraging wealthy customers from shopping. (Kinki: Department store)
<i>Corporate activity</i>	
C	<ul style="list-style-type: none"> • If protectionist behaviors in the United States push the yen higher and/or drive share prices down further, our business will also be negatively impacted. (Tokai: Electrical machinery, equipment & supplies)
D	<ul style="list-style-type: none"> • With the lower number of estimate requests that we have gotten so far, we are expecting to win fewer contracts. (Southern Kanto: Construction)
<i>Employment</i>	
C	<ul style="list-style-type: none"> • Job seekers are showing little interest in offers of fixed-term contracts. (Hokuriku: Temporary manpower company)