

# Economy Watchers Survey

## October 2018

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### 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 49.5.

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

The DI for future economic conditions in October (seasonally adjusted) went down by 0.7 points from the previous month to 50.6.

The household activity-related DI increased, while the corporate activity- and employment-related DIs declined.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.4 points from the previous month to 47.7 and the DI for future economic conditions fell by 0.8 points from the previous month to 49.9.

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 cost increases and developments of trade issues exist, expectations regarding the year-end shopping season, among others, 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>B</b>	<ul style="list-style-type: none"> <li>Probably because a number of events, such as a marathon race, are held this month, many customers, especially from other prefectures, come to eat out. The current trend seems to continue until winter, given the number of bookings made for year-end parties. (Hokuriku: Standard class restaurant)</li> <li>Between July and September, visitors decreased sharply amid typhoons and the Heavy Rain Event of July 2018, as well as a temporary closure of Kansai International Airport. Some recovery is observed at last at the beginning of October. (Kinki: Tourist hotel)</li> <li>As the temperature is rapidly getting colder in October, outerwear such as coats and jackets, are selling well. Some come to buy men's, women's and children's together before going on a sightseeing tour. A local food fair is also attracting many visitors, a sign of the economy picking up. (Chugoku: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Many smokers hoarded cigarettes last month, before the tobacco tax increase, resulting in a smaller spending per customer this month. Those who avoided hoarding seem to spend less for something other than tobacco. (Tohoku: Convenience store)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>Labor shortage remains, as seen in the difficulty in finding temporary employees. Many inquiries are coming regarding services for coping with the work style reform, and sales are growing. (Tokai: Electrical machinery, equipment &amp; supplies)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>With a sense of uncertainty in the future of the global economy, stagnant international trade and freight transport, as well as rising oil prices and consequent increases of fuel cost, are weighing on our business. (Shikoku: Transport)</li> </ul>
<i>Employment</i>	
<b>D</b>	<ul style="list-style-type: none"> <li>Fewer come to apply for a job of temporary dispatch worker. Jobs that offer a higher hourly wage can attract many applicants. (Northern Kanto: Temporary manpower company)</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>A</b>	<ul style="list-style-type: none"> <li>Expectations are high for television sales as 4K and 8K broadcasting starts in December. Consumers who bought TVs under the Eco-Point program or before the introduction of digital terrestrial broadcasting are also expected to make a replacement purchase soon. (Southern Kanto: Electrical appliance retailer)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>Usually, the months from November to January are the off-season for tourism. From January, however, demand from independent travelers is expected to grow, stimulated by Hokkaido Fukko Wari discount campaign, as well as drift ice sightseeing, and winter experience tours, which attract an increasing number of participants. (Hokkaido: Travel agent)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>Sharp falls of share prices and raging flames of trade war have made future developments more difficult to forecast. (Kyushu: Telecom company)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>Prices of gasoline and kerosene, winter necessities in the northern provinces, are rising rapidly, a heavy burden weighing directly on livelihood. The news of determination of another consumption tax increase is expected to make consumers more thrifty. (Koshinetsu: Supermarket)</li> </ul>
<i>Corporate activity</i>	
<b>D</b>	<ul style="list-style-type: none"> <li>Higher material prices would need passing on to products. Declines in orders and shipments are expected. (Northern Kanto: Chemical industry)</li> <li>With few requests for quotation, there is little prospect of winning a large contract. Future prospects are uncertain, with no sign of business picking up. (Kyushu: Construction)</li> </ul>

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***Employment***

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<b>C</b>	· Despite an upward trend of job offers into the year-end, continued shortage of job seekers leaves them rather difficult to match. (Kinki: Private employment agency)
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