

Economy Watchers Survey

August 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in August (seasonally adjusted) went up by 1.6 points from the previous month to 42.8.

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

The DI for future economic conditions in August (seasonally adjusted) went down by 4.6 points from the previous month to 39.7.

The employment-related DI rose while the household activity- and corporate activity-related DIs fell.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.9 point from the previous month to 42.6 and the DI for future economic conditions fell by 4.8 points from the previous month to 39.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has shown weak movement in its recovery. As for the future, there are concerns observed about the consumption tax increase and situations overseas.

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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>	
A	<ul style="list-style-type: none"> Customers are more aware of the consumption tax increase when considering what to buy. Sales are growing especially in expensive goods, such as 4K UHD TV, and renovation-related products. (Hokkaido: Electrical appliance retailer)
B	<ul style="list-style-type: none"> With day after day of hot weather, bottled water and ice cream are selling well. Festivals, blessed with good weather, are thronged with visitors. (Tohoku: Convenience store)
C	<ul style="list-style-type: none"> We see little change in the number of customers. Nor is any last-minute increase in demand observed before the consumption tax increase. (Tohoku: Automobile shop)
E	<ul style="list-style-type: none"> Foreign tourists are sharply decreasing. With a decline of tourists from Korea, its impact is appearing in sales. (Kyushu: Other persons capable of grasping retail industry [Shopping center])
<i>Corporate activity</i>	
C	<ul style="list-style-type: none"> In addition to contracts for continuing projects in the private sector, those for almost all the projects scheduled in the public sector have been granted. In the construction sector, framework, finishing, and equipment installation work is almost reaching saturation point in terms of labor resources at hand. (Hokkaido: Construction)
D	<ul style="list-style-type: none"> Caught in the US-China trade dispute, semiconductor-related business remains sluggish. Despite signs of recovery in the 2nd half of the business year, its impact on SMEs is difficult to foresee. (Kyushu: Electrical machinery, equipment & supplies)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Little increase is seen in job offers, especially those from manufacturers. Actually, vacancies seem decreasing. In some sectors, factories have been temporarily closed as orders from parent companies are decreasing. Good news is rarely heard, and the economy seems peaking out. (Northern Kanto: Job placement office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Once the hottest season is over, we will see more customers, both individuals and groups. (Kinki: Standard class restaurant)
D	<ul style="list-style-type: none"> With great uncertainty especially about situations in Hong Kong and South Korea, the travel sector as a whole expects a negative growth. (Tokai: Travel agent)
E	<ul style="list-style-type: none"> We foresee large falls in sales after the consumption tax increase as reaction to a last-minute increase in demand before that. (Southern Kanto: Department store) Prices of vegetables have fallen. As consumers are thriftier before the consumption tax increase, we see again declines in the number of customers and that of items they buy on a like-for-like basis. (Chugoku: Supermarket)
<i>Corporate activity</i>	
D	<ul style="list-style-type: none"> In addition to little recovery observed in orders coming from the overseas market, the yen's appreciation is worrying. (Koshinetsu: Machinery & equipment) Amid the trade dispute between the United States and China, businesses invest less capital in facilities and equipment. We expect no change in the current state of things in three months, fearing that should slow down the economy. (Kinki: Real estate)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Some companies based in our district refer to their concerns about consequences of the US-China trade dispute and other issues. But there has been no report of any direct impact on them, yet. We hear employers complain about labor shortage as often as ever. (Tokai: Job placement office)