

Economy Watchers Survey

January 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in January (seasonally adjusted) went down by 1.2 points from the previous month to 45.6.

The household activity-related DI went down mainly because food and beverages-related DI decreased. The corporate activity-related DI went up as the DI for the non-manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in January (seasonally adjusted) went up by 1.5 points from the previous month to 49.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 3.4 points from the previous month to 44.8 and the DI for future economic conditions rose by 3.0 points from the previous month to 50.0.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery, though with a pause seen. As for the future, while there are concerns observed about situations overseas, expectations are emerging regarding a change in era name in accord with imperial succession and the following ten consecutive holidays.

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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 continued interest in BS 4K broadcasting since its start in December, contracts for the new service have been steadily increasing. That helps subscriptions to communication services grow together. (Hokuriku: Telecom company)
C	<ul style="list-style-type: none"> Amid an epidemic of influenza, customer traffic is so poor that we feel like blaming media reports recommending people to refrain from going out unless really necessary. Sales are falling deeper than in usual years. (Koshinetsu: Standard class restaurant)
D	<ul style="list-style-type: none"> After China put into force the Electronic Commerce Law, sales to inbound tourists are poor in most goods, especially cosmetics. Sales of clothing, haberdashery, and notions, rather good from the beginning of the year, has lost momentum in the middle of the month. There is also a lull in food-related events, another attraction for customers. Any recovery within the month seems unlikely. (Kinki: Department store) The number of customers fell around 90% of the level last year. In high temperatures this winter, sales of heaters have failed to growth. Business is slow. (Chugoku: Electrical appliance retailer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> We often obtain better results than expected at negotiations for higher fuel and labor rates for transportation services as customers are more sympathetic to our requests amid the economic recovery. (Shikoku: Transport)
D	<ul style="list-style-type: none"> Demand from China is rather low for chemicals for electronic materials. (Tokai: Chemical industry)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Companies that have long employed people under fixed-term contracts are starting to offer permanent jobs. Job seekers see more favorable conditions. (Okinawa: School [vocational school])

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Good sales of TVs and PCs will continue, supported by last-minute purchases before the consumption tax increase and replacement demand before the Tokyo Olympics. (Tokai: Electrical appliance retailer) People will soon start talking about what to do with the ten consecutive holidays during the Golden Week this year, set to celebrate the accession of a new emperor to the throne. They will be getting aware that that is quite a rare opportunity to have ten straight days off, and last-minute demand will also emerge. (Kinki: Travel agent) Some reservations have already been made three for tables months ahead. Inquiries are also arriving about bookings further ahead. (Kyushu: High-class restaurant)
D	<ul style="list-style-type: none"> The government decided to provide taxpayers with more favorable support than expected to mitigate impacts of the consumption tax increase, and customers seem reluctant to buy a house now (Hokuriku: Housing sale company).
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> With the Tokyo Olympics and a change in era name in sight, related projects and advertising contracts are expected (Southern Kanto: Ad agency) The level of orders received is the highest in the past several years. The backlog is so large for our production capacity that deliveries to some customers are behind the schedule (Hokuriku: Precision machinery and tool manufacturer).
<i>Employment</i>	
B	<ul style="list-style-type: none"> Labor shortage remains, and employers will increase their budget for job-placement ads. Direct mails are conspicuously increasing. (Southern Kanto: Private employment agency)