

Economy Watchers Survey

July 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in July (seasonally adjusted) went down by 2.8 points from the previous month to 41.2.

The household activity-related DI went down, though the housing-related DI increased, because the retail-related DI decreased. 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 July (seasonally adjusted) went down by 1.5 points from the previous month to 44.3.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 1.6 points from the previous month to 41.7 and the DI for future economic conditions fell by 2.4 points from the previous month to 43.9.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: With temporary factors that place downward pressure, such as unfavorable weather conditions, 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.

Released on August 8, 2019 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office

Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914

Telephone: 03-6257-1576

Internet: <http://www.cao.go.jp>

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"> Signs of replacement demand before the consumption tax increase, still slight, are appearing. Despite no new-model launch event held recently, orders for new cars stay above the level a year ago. (Koshinetsu: Automobile shop)
D	<ul style="list-style-type: none"> Consumers feel reluctant to spend before the consumption tax increase. Some impact of especially poor weather conditions in July is also felt. (Tokai: Standard class restaurant)
E	<ul style="list-style-type: none"> A larger decline is recorded in the number of customers who buy something than that of those who come to the store. Especially, clothing has shown poor results at a clearance sale. (Hokkaido: Department store) This month has a longer rainy season and a much lower temperature than usual years, sales of beverages, cold processed noodles, ice creams, and other seasonal items have fallen by 20 to 30% year on year, weighing on total revenues. (Northern Kanto: Convenience store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> New contracts are growing. Summer sales campaigns and advertising and public relations for events are major projects we are dealing with. (Chugoku: Ad agency)
C	<ul style="list-style-type: none"> Amid trade disputes between the United States and China, decline is taking place in metal parts exported to China in units. (Kinki: Fabricated metal products)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Inquiries from manufacturers for temporary engineers are declining. (Southern Kanto: Temporary manpower company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> We have many three-day weekends between October and the year-end, with long year-end and New Year holidays. We see them as excellent opportunities for increasing sales. (Shikoku: Travel agent)
D	<ul style="list-style-type: none"> We expect a decline of visitors with fewer tourists coming from Korea. (Chugoku: Sightseeing spot) A temporary increase will be seen in sales before the consumption tax increase, followed by a slowdown of consumption afterwards. (Kyushu: Supermarket)
E	<ul style="list-style-type: none"> The consumption tax increase in October will make negative impact on food service business. (Hokuriku: Standard class restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> For several large-scale public works programs to be launched soon, some of which we are working for, it is time that results should be released. We are sure to secure some contracts. (Tohoku: Construction)
E	<ul style="list-style-type: none"> We feel some impact of uncertainty arising from trade disputes between the United States and China and slowdown of the Chinese economy. (Hokuriku: Machinery & equipment)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Amid uncertainty in conditions of the global economy, it is feared that wait-and-see attitudes may be spreading among businesses, especially manufacturers. (Tokai: Job placement office)