

Economy Watchers Survey

June 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in June (seasonally adjusted) went down by 0.1 point from the previous month to 44.0.

The household activity-related DI went down, though the food and beverages-related DI increased, because the services DI decreased. The corporate activity-related DI remained unchanged, though the DI for the non-manufacturing sector decreased, as the DI for the manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in June (seasonally adjusted) went up by 0.2 point from the previous month to 45.8.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 1.0 point from the previous month to 43.3 and the DI for future economic conditions fell by 0.1 point from the previous month to 46.3.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has shown some weakness in its recovery. As for the future, there are concerns observed about 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>	
B	<ul style="list-style-type: none"> As it is getting hotter, air-conditioners, refrigerators, and washing machines are especial selling well. The sales figures are showing a double-digit growth. (Southern Kanto: Electrical appliance retailer)
B	<ul style="list-style-type: none"> As the rainy season has yet to come this year and sunny days continue, sales of summer goods are growing. Especially large sales increases are seen in beverage. Among perishable foods, customers are buying more vegetables as their prices stay lower. (Kinki: Supermarket)
C	<ul style="list-style-type: none"> With a reactionary decline in demand after a longer holiday season this year, we see much fewer individual customers at the moment. Demand of business customers, especially for group tours, also fails to pick up. The current level of new orders suggests continued stagnation. (Koshinetsu: Travel agent)
D	<ul style="list-style-type: none"> Demand is shrinking in fashion and clothing-related categories. Sales are also slowing down. A shift from spending for goods toward experience is also getting evident in the gift market, as seen in a lack of momentum in sales of gifts for Father's Day. (Tohoku: Department store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> The trade dispute between the United States and China has led some projects to be canceled or delayed. In contrast, among users engaged fully in domestic business or in the semi-conductor sector, demand remains robust for onboard devices for automobiles. (Kyushu: Electrical machinery, equipment & supplies)
D	<ul style="list-style-type: none"> No significant change has been observed in the volume of freight in Japan. However, trade between Japan and China has declined around 10% in terms of unit, probably reflecting impact of the trade dispute between the United States and China and the slowdown of the latter's economy. (Tokai: Transport)
<i>Employment</i>	
B	<ul style="list-style-type: none"> With an increasing number of tourists, especially foreign visitors, job offers remain robust from the hotel sector, and its auxiliary industry, building maintenance (cleaning) service. To deal with increasing tourists, retailers also put more advertisements than last year. (Hokkaido: Job information magazine)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> Too long a Golden Week holiday season this year damped consumer spending, before it is bottoming out at last. (Kyushu: Standard class restaurant)
B	<ul style="list-style-type: none"> We expect some last-time increase in demand just before the consumption tax increase, in two or three months. Sales will increase to a degree, led by consumables, such as food and cosmetics. (Northern Kanto: Department store)
D	<ul style="list-style-type: none"> We have seen more people use buses and trains over several months. They stand in long lines before bus stops along roads and in front of stations. It seems more people go by bus or train to save cost. After the consumption tax increase, there will be fewer who will take a taxi than now. (Southern Kanto: Taxi driver) Partly due to the reduced tax rate scheme, no last-time increase in demand before the consumption tax increase has been observed. We expect decreased consumer spending after the tax increase. (Chugoku: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> We expect the consumption tax increase will bring a spike in demand for printings. (Kinki: Publishing, printing industries)
D	<ul style="list-style-type: none"> We are constantly winning contracts at the moment. However, we expect some slowdown in business as worsening shortage of labor will hinder us from receiving any more contracts. (Kyushu: Construction)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Businesses both based in and out the prefecture, including employers in the Greater Tokyo Metropolitan area, seem very keen to fill vacancies (Hokuriku: School [University])