

Economy Watchers Survey

May 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in May (seasonally adjusted) went down by 1.2 points from the previous month to 44.1.

The household activity-related DI went down as the housing DI decreased. The corporate activity-related DI went down as the DI for the non-manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in May (seasonally adjusted) went down by 2.8 points from the previous month to 45.6.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 2.7 points from the previous month to 44.3 and the DI for future economic conditions fell by 2.1 points from the previous month to 46.4.

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"> The transition to the new Reiwa era and ten consecutive holidays of the Golden Week gave momentum to business. A cheerful atmosphere is maintained among people, probably because there is a new hope for the future. (Kinki: Travel agent)
C	<ul style="list-style-type: none"> During the ten consecutive holidays, tourist facilities and restaurants surrounding us did well. In contrast, however, our shopping arcade suffered from slow sales due to poor customer traffic. Conditions are quite tough for retail business. (Kyushu: Shopping area)
D	<ul style="list-style-type: none"> During the ten consecutive holidays, roughly 10% more customers came than in ordinary years. However, we saw sharp decreases from May 7. As a result, there was a slight decline in the total number of customers in May from the ordinary level for the month. (Hokuriku: High-class restaurant) Although wholesale prices of vegetable and fruits have risen back to the level a year ago, the increases are difficult to pass on to retail prices amid competition with rivals after a series of price rises of processed food. Bargain-priced goods can be sold well in contrast to regular items. (Chugoku: Supermarket)
<i>Corporate activity</i>	
D	<ul style="list-style-type: none"> After the first-ever ten consecutive holidays, we still had some freight to deal with. A sharp decline has been observed from the middle of the month. Shipments from precision machinery suppliers, especially those for the semiconductor sector, have also shown significant declines. (Kyushu: Transport)
E	<ul style="list-style-type: none"> Fewer operation days in a month due to the long holiday period may have contributed to poor sales. It also seems that our industry is undergoing a rather significant impact of the trade war between the United States and China. (Southern Kanto: Electrical machinery, equipment & supplies)
<i>Employment</i>	
C	<ul style="list-style-type: none"> A labor shortage remains, but manufactures are observing a slight slowdown of business. Fewer companies advertise a job opening. (Koshinetsu: Job information magazine)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> We are sure that a last-minute rise in demand will appear before the consumption tax increase, with a temporary business upturn. (Tohoku: Electrical appliance retailer)
D	<ul style="list-style-type: none"> Increased personnel expenses are weighing on business. Especially, labor-intensive industries like us feel significant downward pressure on current business performance as we have little room for streamlining. (Southern Kanto: Other food and beverage [catering & restaurant]) Consumers will seem to be fully aware of the consumption tax increase when go shopping and generally more careful to make decision. They are waiting until definite information is released especially on treatment of expensive purchases and reduced tax rates and should be thrifty. (Kinki: Department store)
E	<ul style="list-style-type: none"> There are many rooms left without bookings for the peak period in summer. Some of the slack seems to be a reaction after the ten consecutive holidays. Anyway, we receive fewer contacts from guests - either those from Hokkaido, other parts of Japan, or overseas - for booking. (Hokkaido: Tourist hotel)
<i>Corporate activity</i>	
D	<ul style="list-style-type: none"> We expect the same level of transactions as we have at present. However, planned price increases in fuel and materials will squeeze profits. (Southern Kanto: Other services [waste management]) Amid the tariff conflict between the United States and China, shipments of many products are decreasing. We feel uneasy about future prospects. (Kinki: Fabricated metal products)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Despite requests from companies, the availability of workers is unlikely to improve. It seems that nothing will change in this respect. (Northern Kanto: Temporary manpower company)