

Economy Watchers Survey

October 2019

OVERVIEW OF THE MONTH

The DI for current economic conditions in October (seasonally adjusted) went down by 10.0 point from the previous month to 36.7.

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

The DI for future economic conditions in October (seasonally adjusted) went up by 6.8 points from the previous month to 43.7.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 9.4 points from the previous month to 36.3 and the DI for future economic conditions rose by 6.9 points from the previous month to 43.6.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has shown weak movement in its recovery. A reactionary decline in demand after a last-minute increase before the consumption tax increase and impacts of Typhoon No.19 are observed in some sectors. As for the future, while there are concerns observed about situations overseas, expectations for recovery are emerging.

Released on November 11, 2019 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office
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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 the launch of the cashless payment & tax reward point program after the consumption tax increase, the number of customers stays strong. We even see some new customers visiting us. (Hokkaido: Convenience store)
C	<ul style="list-style-type: none"> After the consumption tax increase, with a reduced tax rate for food, sales of alcoholic beverages declined in the 1st half of the month. However, a sign of recovery is observed. (Hokuriku: Supermarket)
D	<ul style="list-style-type: none"> With a reactionary decline in demand after a temporary increase before the tax increase, the number of customers has fallen. (Koshinetsu: Electrical appliance retailer)
E	<ul style="list-style-type: none"> The number of guests had remained steady till early October. After Typhoon No.19, we have received a rush of cancellations, and our business conditions are weakening. (Tohoku: Tourist hotel)
<i>Corporate activity</i>	
D	<ul style="list-style-type: none"> Our customers placed some orders earlier than usual to evade the increased consumption tax, resulting in a slight decline of contracts we currently receive. (Kinki: Publishing, printing industries)
E	<ul style="list-style-type: none"> Typhoon No. 19 has left a significant damage especially to the northern part of the prefecture. Suffering from the disaster, retailers that often use advertising inserts have stopped placing advertisements. Various events have also been canceled in considerations of the damage. The economy is significantly worsening. (Koshinetsu: News agents)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Despite a smaller number of jobs offered, employers are struggling to fill vacancies. A shortage of labor remains felt in the nursing care and construction sectors. (Shikoku: Job placement office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> We expect an earlier recovery of the economy this time than after the previous consumption tax increase, given a smaller rate of increase, various mitigation measures taken (e.g. reduced tax rates for some categories), and a year-end sale, the largest sales campaign around the year, starting soon. (Southern Kanto: Department store) Into the year-end party season, we expect some upswing of business. (Kyushu: High-class restaurant)
C	<ul style="list-style-type: none"> Tourism is out of season from mid-December, and impact is felt from the suspension of regular flights to and from South Korea amid a deteriorating relationship with the country. However, we see promises in expansion of services to and from local airports and increased flights between Japan and China. (Chugoku: City hotel)
D	<ul style="list-style-type: none"> The increased consumption tax has discouraged consumers from going shopping. The cashless payment & tax reward point program helps little. (Hokkaido: Other specialty shop [artificial flower])
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> With the progress of reconstruction work after the disaster, the proportion of rooms occupied is expected to increase. At the approach of winter, contracts for air-conditioning work, among others, may grow. (Northern Kanto: Real estate)
C	<ul style="list-style-type: none"> Just as last month, we see a sharp decline of orders placed by our customers this month again, an impact from the Chinese market. (Kyushu: Precision machinery, equipment & supplies)
<i>Employment</i>	
D	<ul style="list-style-type: none"> Human resource agencies have less jobs to offer. Temporary staff firms say more employers are of the opinion that they should take actions to control the increase of labor costs before applying the principle of equal pay for equal work. (Tokai: Temporary manpower company)