

Economy Watchers Survey

January 2020

OVERVIEW OF THE MONTH

The DI for current economic conditions in January (seasonally adjusted) went up by 2.2 points from the previous month to 41.9.

The household activity-related DI went up mainly because the retail-related DI increased. The corporate activity-related DI went up mainly because the DI for the manufacturing sector increased. The employment-related DI decreased.

The DI for future economic conditions in January (seasonally adjusted) went down by 3.7 points from the previous month to 41.8.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.1 point from the previous month to 40.6 and the DI for future economic conditions fell by 1.6 points from the previous month to 42.9.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has shown weak movement in its recovery. As for the future, there are concerns especially about the spread of infection with the Novel Coronavirus.

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Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914
Telephone: 03-6257-1576
Internet: <https://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"> A slump came after the consumption tax increase in October. But we saw a pickup in business in December, and the recovery trend is continuing this month as well. Demand is robust for luxury goods among domestic customers, and we expect a slight increase on a year-on-year basis both in the number of customers and spending per customer. (Southern Kanto: Department store)
B	<ul style="list-style-type: none"> Now, three or four months after the consumption tax increase, customers have got accustomed to the 10% rate. With the spread of cashless payment, the program of 5% rebate is producing effects, and consumption is growing among credit card users. Especially, sales to individual customers are increasing, a good direction for business. (Tokai: High street shop [gift shop]) With new-year sales events, business is getting better than a few months ago. (Shikoku: Automobile dealer)
E	<ul style="list-style-type: none"> In warm winter, seasonal goods are selling poorly. As Japan was hit by an outbreak of novel coronavirus during the lunar new year holiday season in China, inbound demand has declined. (Kinki: Electrical appliance retailer)
<i>Corporate activity</i>	
A	<ul style="list-style-type: none"> Business is picking up with contracts for large-scale public works. (Tohoku: Construction)
D	<ul style="list-style-type: none"> Due to the consumption tax increase and trade conflicts between the United States and China, new orders received, especially those from automobile-related customers, have declined. We feel a slight sluggishness in business. (Tokai: Pulp, paper & paper products)
<i>Employment</i>	
D	<ul style="list-style-type: none"> The engineer staffing department sees a downward trend in inquiries from manufactures, a fact suggesting a slowdown of the economy. (Southern Kanto: Temporary manpower company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> We expect increased sales of TVs and recorders before the Tokyo Olympics. (Hokuriku: Electrical appliance retailer)
C	<ul style="list-style-type: none"> With growing thriftiness among customers after the consumption tax increase, spending per customer and same-store sales have been declining on a year-on-year basis. (Chugoku: Supermarket)
D	<ul style="list-style-type: none"> In addition to decreased inbound tourists amid a spread of novel coronavirus infection, Japanese people, fearing to be infected, seem hesitant to travel even within the country. We feel worried about possible reputational damages. (Kinki: Tourist inn)
E	<ul style="list-style-type: none"> Amid a spread of novel coronavirus infection, masks and hand-finger disinfectant have been sold out, with shelves left empty. It will take two or three months before the situation returns to normal. Consumption is likely to slow down then. (Tohoku: High street shop [drug store])
<i>Corporate activity</i>	
D	<ul style="list-style-type: none"> No significant change is seen in orders received from domestic customers. However, those from overseas markets, especially China, are uncertain. (Koshinetsu: Machinery & equipment) How serious consequences the novel coronavirus may produce is unknown. We worry especially about logistics and engineering work, including maintenance. (Kyushu: Chemical industry)
<i>Employment</i>	
D	<ul style="list-style-type: none"> We forecast that the recent outbreak of a novel coronavirus will lead to stagnation in tourism-related sectors, discouraging employers to offer jobs. (Okinawa: Job information magazine)