

## **Economy Watchers Survey**

### **August 2022**

#### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in August (seasonally adjusted) went up by 1.7 points from the previous month to 45.5.

The household activity-related DI went up mainly because the food and beverage-related DI increased, though the housing-related DI decreased. The corporate activity-related DI went up mainly because the DI for the non-manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in August (seasonally adjusted) went up by 6.6 points from the previous month to 49.4.

The household activity-, corporate activity- and employment-related DIs rose.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.3 points from the previous month to 44.8 and the DI for future economic conditions rose by 5.0 points from the previous month to 47.6.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The rebound of the economy is stalling. As for the future, hopes are placed on the rebound, while there is concern about the impact of price hikes.

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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**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>In the first busy summer season free from government restrictions in three years, air transportation demand in July recovered to 81% of the level before the Novel Coronavirus pandemic. As demand for homecoming and other customary trips was robust during August's Obon festival period, people were frequently seen greeting their homecoming relatives at airports for the first time in a long time. Commercial facilities at airports became vigorous again. (Hokkaido: Travel agent)</li> <li>As events for children were revived during this year's summer holidays, families visiting our store increased and they began to stay longer at our store. Our store became vigorous again. (Kinki: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Due to recent price hikes, we feel that consumption on leisure and hobbies has weakened. We feel so through talking with our customers and seeing their conditions. (Southern Kanto: Telecommunications company)</li> <li>Under the impact of price hikes for food and other goods, customers have grown careful when shopping. Although featured products usually sell well along with basic items after advertisements, an increasing number of customers have recently bought featured products alone. Purchase volume per customer has declined. (Kinki: Supermarket)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Although earthquakes and torrential rains affected our construction work, our overall sales have smoothly increased with serious impacts avoided. Even amid the seventh wave of Novel Coronavirus infections, inquiries about cost estimates for private sector construction projects are increasing, having a positive impact on our business. (Hokkaido: General contractor)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>While orders have been robust, our profit margin has decreased due to our failure to pass materials price hikes on to our sales prices. (Hokuriku: Machinery &amp; equipment)</li> </ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>New job offers from taxi and other transportation companies have increased, while new parttime job offers from the food service industry have declined substantially. Apparently, demand for taxi transportation free from close human contact might have existed amid the spread of Novel Coronavirus infections. (Southern Kanto: Employment security office)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>Local consumers have been more active than expected, with tourists increasing, leading us to expect that the current economic pickup will continue. (Okinawa: Convenience store)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>Given the autumn tourism season from October, the consideration of nationwide tourism support and an expected increase in tourists from abroad under the planned relaxation of restrictions on foreign tourists' entry into Japan, our economic sentiment is likely to get slightly better. (Chugoku: Urban hotel)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As prices of our products rise every month, we are concerned that customers will shy away from buying hobby and other goods. (Southern Kanto: Electrical appliance retailer)</li> </ul>

	<ul style="list-style-type: none"><li>As price hikes have affected household consumption, spending on eating-out has continued to decrease. Our business conditions may remain severe until Novel Coronavirus infections calm down. (Kinki: Standard class restaurant)</li></ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>This year can be expected to become a vintage year thanks to good weather conditions. The yen's ongoing depreciation pushed imported wine prices up considerably to the advantage of domestically produced wine. We expect to see demand increasing for our products from autumn. (Koshinetsu: Food manufacturer)</li></ul>
<b>C</b>	<ul style="list-style-type: none"><li>As is difficult for cost hikes to be passed on to product prices, personnel costs as wages cannot be expected to rise at many small and medium enterprises. As no economic pickup can be expected unless wages increase, economic conditions may remain unchanged. (Tokai: Financial business)</li></ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>As department store and some other industries are beginning to resume the recruitment of new employees, we can predict an overall economic pickup. (Kyushu: Private employment agency)</li></ul>