

## **Economy Watchers Survey February 2022**

### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in February (seasonally adjusted) went down by 0.2 points from the previous month to 37.7.

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

The DI for future economic conditions in February (seasonally adjusted) went up by 1.9 points from the previous month to 44.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.7 points from the previous month to 36.6 and the DI for future economic conditions rose by 2.9 points from the previous month to 46.5.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy's rebound is weak due to the impact of the Novel Coronavirus infection. As for the future, concerns are seen about cost hikes, including the impact of the Ukraine situation, while hopes are placed on a rebound through vaccination progress, albeit worries about the Novel Coronavirus infection trend.

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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>B</b>	<ul style="list-style-type: none"> <li>As heavy snow prevents consumers from going shopping and food price increases from March are reported, customers are increasing bulk purchases of instant noodles, flour, pasta, etc. (Hokkaido: Supermarket)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>While orders remain robust as seen last month, deliveries are postponed due to delays in automobile production, indicating that profits from robust orders may fail to be reflected in earnings for the current business year. (Hokuriku: Automobile dealer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As the implementation of priority measures such as for prevention of the spread of disease has been prolonged, the number of visitors is falling some 5% year on year, with sales leveling off from a year earlier. However, valentine fair sales are brisk, with accessories and chocolate selling well, helping us to secure sales. (Kinki: Department store)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>In line with requests for voluntary business restrictions through the implementation of priority measures such as for prevention of the spread of disease, we have taken measures such as business hour reduction and closures. Corporate parties that usually account for a major share of our sales have disappeared, with individual customers' restaurant use remaining sluggish. (Southern Kanto: High-class restaurant)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>Orders have been increasing since the beginning of the year and remain very brisk even ahead of the approaching business year end. In particular, office equipment investment is robust. (Hokuriku: Telecommunications company)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>As raw materials prices have risen generally, film, pack and additive prices related to our product costs have increased. We have failed to raise the prices of our products, plunging into a considerably difficult business situation. (Koshinetsu: Food manufacturer)</li> </ul>
<i>Employment</i>	
<b>C</b>	<ul style="list-style-type: none"> <li>New job offers are increasing 8.0% year on year. Although job offers are growing in construction, transportation, retail and healthcare/welfare industries plagued with chronic labor shortages, they are declining in accommodation, food service and entertainment industries. A major factor behind the decline is the implementation of priority measures such as for prevention of the spread of disease. (Chugoku: Employment security office)</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>We hope that third Novel Coronavirus vaccinations and the diffusion of pills will contribute to reducing new infections and critically ill patients, easing our customers' voluntary restrictions. (Chugoku: Urban hotel)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>I think that the present situation may change after the lifting of the implementation of priority measures such as for prevention of the spread of disease. However, eating-out may not increase rapidly. Our business conditions are expected to remain difficult for the immediate future. (Southern Kanto: Bistro)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>I cannot predict when Novel Coronavirus infections will end, as the implementation of priority measures such as for prevention of the spread of disease still continues, with the</li> </ul>

	number of new infections remaining high. (Tokai: Convenience store)
<b>E</b>	<ul style="list-style-type: none"> <li>As energy and food prices remain high due to Russia's invasion of Ukraine, food product prices will continue to rise. So, customers' purse strings will stay tight. (Tohoku: Supermarket)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Although we expect a slight improvement in economic sentiment because of customers' plans to increase production, we are concerned about semiconductor supply shortages. (Kyushu: Transportation equipment manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Due to Russia's invasion of Ukraine, further fuel oil price hikes have become realistic. In our industry, prices are rising for all transportation-related goods, including diesel oil, vehicles, tires, oil and urea aqueous solutions. No factor leads us to expect better economic sentiment. (Tohoku: Transport)</li> </ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>Human resources with expertise or experience in sales, personnel management, marketing, quality control and other jobs for which high information technology literacy is required are short at all companies, meaning that there is a strong need for such human resources. Relevant job offers are robust, but job seekers who can satisfy skill requirements are limited. Job matching is difficult. (Southern Kanto: Temporary staffing company)</li> </ul>