

Economy Watchers Survey

July 2022

OVERVIEW OF THE MONTH

The DI for current economic conditions in July (seasonally adjusted) went down by 9.1 points from the previous month to 43.8.

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

The DI for future economic conditions in July (seasonally adjusted) went down by 4.8 points from the previous month to 42.8.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 8.3 points from the previous month to 43.5 and the DI for future economic conditions fell by 6.6 points from the previous month to 42.6.

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, there is concern about the impact of price hikes, while hopes are placed on a rebound.

Released on August 8, 2022 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis,
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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"> While new infections with the Novel Coronavirus have increased rapidly since early July, we feel that customers' appetite for spending and the number of visiting customers have remained almost unaffected. Luxury goods sales stay robust. (Kinki: Department store)
C	<ul style="list-style-type: none"> Price hikes backed by the yen's depreciation are discouraging customers from spending on eating-out and leisure. Although we expected that rapid growth in the daily number of new infections with the Novel Coronavirus would bring about a plunge in the number of visiting customers, the number has remained unchanged amid the absence of government restrictions. Accommodation demand and the number of visitors to our restaurant have been stable. (Chugoku: Urban hotel)
D	<ul style="list-style-type: none"> While fresh food price hikes are combined with product price increases attributable to markups by their producers, the average number of items bought by customers is decreasing. As a result, sales per customer are falling year on year. (Kinki: Supermarket)
E	<ul style="list-style-type: none"> After reservations for large parties were seen in the first half of July, an increase in the daily number of new infections with the Novel Coronavirus led to a rise in the number of reservation cancellations and a fall in the number of parties. (Kyushu: High-end restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> While no major change is seen in domestic shipment volume, export volume to and import volume from Southeast Asia and China are increasing. (Shikoku: Transport)
C	<ul style="list-style-type: none"> Shipment volume has decreased due to a decline in production of electric parts for automobiles and motorcycles. Building material shipment volume has also dropped. Our profits have plunged due to sharp price hikes for chemical products materials and steel containers. (Kinki: Chemical industry)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Although manufacturers' requests for temporary staffing services have increased, labor shortages still continue. (Northern Kanto: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> We assume that the seventh wave of Novel Coronavirus infections will calm down in one-and-a-half months. If infections are stabilized at low levels in or after September, the number of visiting customers and sales may turn up. (Northern Kanto: Department store) Customers might have become familiar with the Novel Coronavirus pandemic. Many people are less sensitive than before. If no administrative restrictions are imposed even amid the spread of the Novel Coronavirus infection, visiting customers may increase gradually. We have received foreign group reservations for autumn. If they remain uncanceled, we may expect additional demand. (Chugoku: General restaurant)
C	<ul style="list-style-type: none"> While delivery delay problems are being resolved through changes in sales methods, vehicle price hikes are becoming a new problem. (Kyushu: Automobile dealer)
D	<ul style="list-style-type: none"> As the spread of the Novel Coronavirus infection fails to stop, customers are expected to voluntarily restrict their activities. (Tohoku: Home electrical appliance retail store)

Corporate activity

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| C | <ul style="list-style-type: none">· As price hikes fail to end, we must seek to pass such hikes on to our sales prices. However, the yen's depreciation has led to an increase of 5 to 10% in orders, which may offset price hikes. (Southern Kanto: Precision machinery and tool manufacturer)· Construction orders are expected to increase to normal levels. As asphalt mixture and fuel price hikes under the impact of Russia's invasion into Ukraine are passed on to sales prices to push up construction costs, however, our profitability is expected to deteriorate for several months until the revision of estimated construction costs. (Hokuriku: General contractor) |
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Employment

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| D | <ul style="list-style-type: none">· As sharper-than-expected hikes in costs, including building materials costs for housing and food material and electricity costs for food services, are failing to be passed on to sales prices, future uncertainties are growing, threatening to affect job offers. (Chugoku: Employment security office) |
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