

## **Economy Watchers Survey**

### **June 2022**

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

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The DI for current economic conditions in June (seasonally adjusted) went down by 1.1 points from the previous month to 52.9.

The household activity-related DI went down mainly because the housing-related DI decreased, though the service-related DI increased. 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 June (seasonally adjusted) went down by 4.9 points from the previous month to 47.6.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.8 points from the previous month to 51.8 and the DI for future economic conditions fell by 2.1 points from the previous month to 49.2.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is rebounding moderately. As for the future, there is growing concern about cost hikes, including the impact of the Ukraine situation, although a moderate rebound is likely to continue.

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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>A</b>                  | <ul style="list-style-type: none"> <li>After the rainy season ended earlier than usual, purchases of necessary goods are increasing. In particular, demand for air conditioners among summer home electrical appliances is growing under heat waves, leading to a great increase in the number of visitors. (Kinki: Electrical appliance retailer)</li> </ul>   |
| <b>B</b>                  | <ul style="list-style-type: none"> <li>As it is getting hotter, we see growing sales of frozen and prepared food in addition to cold drinks and ice cream. (Tokai: Convenience store)</li> </ul>  |
| <b>D</b>                  | <ul style="list-style-type: none"> <li>Prices of almost all purchased goods have been rising continuously. At supermarkets, food and daily necessity prices have been rising naturally. It is natural for consumers to refrain from shopping or spending. (Northern Kanto: General restaurant)</li> <li>Spending per customer and the number of visitors have continued to decline. Heating and electricity charges and food prices have risen one after another, exerting clear impacts on household finance and leading consumers to tighten their purse strings. (Tokai: Supermarket)</li> </ul> |
| <i>Corporate activity</i> |   |
| <b>B</b>                  | <ul style="list-style-type: none"> <li>While orders are increasing, we are concerned about building material price hikes (Tohoku: Construction)</li> </ul>  |
| <b>D</b>                  | <ul style="list-style-type: none"> <li>While price hikes have continued for our purchases, including stainless steel, it has been difficult for us to pass such price hikes on to our products, deteriorating our earnings environment rapidly. (Tokai: Metal products manufacturer)</li> </ul>   |
| <i>Employment</i>         |   |
| <b>C</b>                  | <ul style="list-style-type: none"> <li>New job offers are increasing from manufacturers, including those for food products, such as tourism souvenirs for which demand is recovering. New job offer growth is seen generally in industries that are expected to see business improvements linked to social and economic activities. (Chugoku: Employment security office).</li> </ul>   |

**2. Future conditions**

| <i>Household activity</i> |   |
|---------------------------|---|
| <b>A</b>                  | <ul style="list-style-type: none"> <li>As Japan has resumed the acceptance of foreign tourists, we may be able to expect growth in their demand. (Kinki: Urban hotel)</li> </ul>  |
| <b>B</b>                  | <ul style="list-style-type: none"> <li>As we can expect to see further growth in the number of customers, including individuals, thanks to the nationwide tourism support campaign planned to start next month, our business environment is likely to improve somewhat. (Hokuriku: Theme park)</li> </ul>   |
| <b>C</b>                  | <ul style="list-style-type: none"> <li>While we place hopes on foreign tourists' demand in view of eased restrictions on their acceptance, we are concerned about negative impacts of price hikes for leather, cashmere and wool for clothing for autumn and winter sales campaigns. It may take more time for us to recover sales levels to those seen before the Novel Coronavirus outbreak. (Kinki: Department store)</li> </ul> |
| <b>D</b>                  | <ul style="list-style-type: none"> <li>We think that economic sentiment will worsen on consumption shrinkage as electricity and gasoline prices continue to rise due to the Ukraine war and the yen's depreciation. (Hokuriku: Auto dealer)</li> </ul>  |

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| <i>Corporate activity</i> |  |
|---------------------------|--|
| <b>B</b>                  | <ul style="list-style-type: none"><li>Our order backlog is increasing slightly now. So, our business conditions will improve somewhat in two to three months. (Southern Kanto: Electrical machinery, equipment &amp; supplies)</li></ul>   |
| <b>D</b>                  | <ul style="list-style-type: none"><li>In the communications and information technology industry, delays have begun to be seen in deliveries of communications and server equipment due to semiconductor shortages. As such delays' impact on our earnings is likely to expand more and more, our business sentiment will worsen somewhat in the future. (Hokkaido: Telecommunications company)</li></ul>   |
| <i>Employment</i>         |  |
| <b>C</b>                  | <ul style="list-style-type: none"><li>Our customers, including manufacturers, are trying to suppress employment costs even amid labor shortages due to price spikes for raw materials and product delivery delays. As requests for voluntary outing restrictions under the Novel Coronavirus pandemic have been lifted, companies in retail and logistics sectors have increasingly asked us to dispatch workers. (Northern Kanto: Temporary staffing company)</li></ul> |

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