

Economy Watchers Survey

March 2022

OVERVIEW OF THE MONTH

The DI for current economic conditions in March (seasonally adjusted) went up by 10.1 points from the previous month to 47.8.

The household activity-related DI went up mainly because the food and beverage-related DI increased. 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 March (seasonally adjusted) went up by 5.7 points from the previous month to 50.1.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 12.3 points from the previous month to 48.9 and the DI for future economic conditions rose by 1.9 points from the previous month to 48.4.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is rebounding despite the lingering 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, with vaccination progress easing 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	<ul style="list-style-type: none"> Individual guests, including business customers, are moderately increasing. As last-minute, weekend leisure guests have increased substantially thanks to the ending of the implementation of priority measures such as for prevention of the spread of disease, the load factor has risen 10%. (Hokuriku: Urban hotel)
C	<ul style="list-style-type: none"> Earlier, customers were buying instant noodles and other goods in bulk to stay at home. Recently, however, they have been buying ketchup, mayonnaise, pasta, tissues and other goods in bulk before price hikes to defend their everyday lives. (Hokkaido: Supermarket)
D	<ul style="list-style-type: none"> We had expected to see a rise in the number of customers after the ending of the implementation of priority measures such as for prevention of the spread of disease, but we feel little change. Particularly, the number of night customers has remained stagnant. (Southern Kanto: General restaurant) While events such as school entrance and graduation ceremonies are increasing year on year, price hikes for gasoline and essential goods are leading consumers to become thriftier. Under the impact of voluntary restrictions on consumption accompanying events, we see a decline in spending on clothing, restaurant parties, gifts and return gifts related to events. (Hokuriku: Department store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> After the implementation of priority measures such as for prevention of the spread of disease was ended, advertisements for events from April are being resumed. (Kinki: Advertising agency)
D	<ul style="list-style-type: none"> We are in a difficult business situation as orders have decreased since early March. We have raised the prices of our products, but raw material prices and transportation costs have risen more sharply. We may have to increase our product prices again. (Chugoku: Food manufacturer)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job offers from our customer companies are increasing. On the other hand, job seekers' registrations are decreasing, leading us to increasingly sense a labor shortage. (Hokuriku: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Demand for domestic tours is likely to grow as the holiday-studded golden week schedule is favorable for tourists and calls are growing to resume local government-sponsored discounts and the Go To Travel campaign. Given the Ukraine issue, however, the revival of overseas tours may be far away. (Kinki: Travel agency)
C	<ul style="list-style-type: none"> If further progress is made in vaccination, with new Novel Coronavirus infections continuing to decrease, the economy may be expected to rebound. Given the potential emergence of new Novel Coronavirus variants, however, we cannot be optimistic. (Chugoku: Department store)
D	<ul style="list-style-type: none"> High land prices, rising construction costs and other tough business conditions are

	<p>continuing. The continued impact of the so-called Wood Shock and the potential impact of economic sanctions on Russia indicate future economic deterioration. (Southern Kanto: Housing dealer)</p> <ul style="list-style-type: none">• Late last year, production was forecast to increase from April. As the Russian and Ukrainian situation affects the supply of our products, however, we fear a further delay in product arrival. The future has become more uncertain. (Tokai: Auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none">• While raw material price hikes and procurement conditions are uncertain, we expect to see a revenue increase thanks to growing orders for printed circuit board manufacturing equipment. (Chugoku: Electrical machinery, equipment & supplies)
D	<ul style="list-style-type: none">• While order receipts and sales are brisk, raw materials costs are rising. As cost hikes are uncertain, we cannot reflect all cost hikes in our sales prices. We expect to see a profit decrease despite a sales increase. (Kyushu: Transporter)
<i>Employment</i>	
B	<ul style="list-style-type: none">• We hear that public sector job offers are no longer attracting job seekers as normal. Private sector job offers as well are increasingly failing to meet job applications amid labor shortages. We hope that job offer conditions, including wages, will improve. (Okinawa: Employment security office)