

Economy Watchers Survey
May 2022

OVERVIEW OF THE MONTH

The DI for current economic conditions in May (seasonally adjusted) went up by 3.6 points from the previous month to 54.0.

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 May (seasonally adjusted) went up by 2.2 points from the previous month to 52.5.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.9 points from the previous month to 52.6 and the DI for future economic conditions rose by 3.3 points from the previous month to 51.3.

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

Released on June 8, 2022 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis, Cabinet Office

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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"> The situation has greatly changed from February, when the movement of people at night was extremely limited due to the implementation of priority measures such as for prevention of the spread of disease. Now we have many night customers. Events have increased, including a recent academic conference that took place for the first time in two years. Night customers, in particular, have gradually increased, helping us to raise sales. (Tokai: Taxi driver) During the holiday-studded golden week, many people came from other prefectures, including homecoming visitors. We saw many customers buying souvenirs. Since after the golden week, food floors have been crowded on weekday evenings. On holidays, we see group customers visiting our store. People's resistance to outings, including shopping, has eased. (Kyushu: Department store)
C	<ul style="list-style-type: none"> Festivals and other events are being held toward summer, indicating the gradual normalization of everyday life. However, electricity and gas utility rate increases, as well as food price hikes amid raw material price spikes, are discouraging consumers from spending. (Tohoku: Shopping street)
D	<ul style="list-style-type: none"> Retail food price hikes have increased, leading to a decline in demand. Prices of household articles have also continued to rise due to raw material and logistic cost hikes since home paper product prices were raised in April. (Tokai: Supermarket)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Advertisement sales for web and paper media are increasing year on year. (Kinki: Advertising agency)
D	<ul style="list-style-type: none"> As all purchase prices are rising and likely to increase further, we have difficulties in deciding when to pass purchase price hikes on to our product prices. (Southern Kanto: Precision machinery and tool manufacturer)
<i>Employment</i>	
B	<ul style="list-style-type: none"> New job offers are increasing. In particular, wholesale, retail and food service job offers post high growth. As Novel Coronavirus infections have calmed down, companies are trying to secure employees in anticipation of the resumed acceptance of inbound travelers. (Southern Kanto: Employment security office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> As the lifting of restrictions on the number of people dining together has been announced, "with corona" life has gradually been penetrating. As the announcement of a plan to gradually lift restrictions on the daily number of inbound travelers arriving in Japan has led people to grow confident that they can travel freely to some extent, though carefully, we hope to see the tourism market expanding. (Northern Kanto: Travel agency) This month, we feel liberation from voluntary restrictions. This trend is likely to continue toward summer. As people are expected to plan excursion trips and proactive leisure during summer vacations, we hope that relevant goods will sell well. Opportunities for people to

	get together for events have increased, leading us to place hopes on massive relevant demand. (Kinki: Department store)
C	<ul style="list-style-type: none"> While sales are robust, consumers are increasingly buying low-price goods. (Shikoku: Telecommunications company)
E	<ul style="list-style-type: none"> Due to raw material cost increases, almost all products on our shelves are subjected to price hikes. Furthermore, arrivals of products after the completion of inventory sales are uncertain. Supply has been very short due to the impact of the Ukraine situation, lockdowns in China and semiconductor shortages. (Kyushu: Electrical appliance retailer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> As component and semiconductor supply from abroad is likely to increase from the present level, automakers may increase production. (Tokai: Transportation machinery and tool manufacturer)
D	<ul style="list-style-type: none"> As material and equipment prices are spiking, we expect to see an even greater adverse impact of the Ukraine situation on these prices. For some private sector projects, negotiations on passing material and equipment price hikes on to construction contract prices are difficult. The profitability of projects may decline. (Tohoku: General contractor)
<i>Employment</i>	
B	<ul style="list-style-type: none"> As job offers have been increasing since the holiday-studded golden week, inquiries from job seekers have been growing. (Kyushu: Temporary staffing company)