

## **Economy Watchers Survey**

### **August 2023**

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

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The DI for current economic conditions in August (seasonally adjusted) went down by 0.8 points from the previous month to 53.6.

The household activity-related DI went down mainly because the food and beverage-related DI decreased, though the retail-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 August (seasonally adjusted) went down by 2.7 points from the previous month to 51.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 1.3 points from the previous month to 52.8 and the DI for future economic conditions fell by 3.0 points from the previous month to 50.0.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is recovering at a moderate pace. As for the future, the recovery at a moderate pace is expected to continue, while there is concern about the impact of price hikes.

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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**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As family and foreign group customers visit our store in this summer vacation season, visitors and their purchases are exceeding the levels we saw in FY2019 before the Novel Coronavirus outbreak. In particular, foreign tourists are encouraged by the yen's depreciation to buy luxury brand goods. (Southern Kanto: Department store)</li> <li>As temperatures remain high, summer goods sales are added to normal sales. A recovery in event-related demand is also a positive factor. (Hokkaido: Convenience store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As people have hesitated to go out due to the scorching heat, the number of visitors has rapidly decreased since the end of the Obon festival. Customers say that rising electricity and gasoline prices make it difficult for them to go out for eating. (Tohoku: General restaurant)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>As temperatures have stayed too high, visitors have been scarce, plunging our sales into the worst-case situation. (Northern Kanto: Clothing shop)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>Economic sentiment has been picking up at tourist resorts, commercial facilities, and street retail stores nationwide. Particularly, conditions at tourist resorts have returned to those seen before the Novel Coronavirus outbreak. As a scorching heat pushes up towel orders, we expect orders to remain brisk for the immediate future. (Shikoku: Textile industry)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Shipments have been declining mainly from manufacturers. In particular, a plunge in building materials shipments for housing is steep. Fuel cost hikes and labor shortages are pushing down our profits. (Tokai: Transport)</li> </ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>An increasing number of labor-short companies are raising wages, with employers increasingly easing recruitment conditions other than wages by accepting senior and foreign human resources, beginning to push up recruitment. Although labor demand stagnates in automobile, semiconductor and some other industries, an increase in recruitment to meet growing demand from inbound foreign tourists has been robust. (Chugoku: Temporary staffing company)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>As the tourist season begins, we predict an increase in tourist customers, including foreign tourists. (Kyushu: Urban hotel)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>As China resumes group tours in Japan, we expect an increase in visitors from overseas. (Okinawa: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>During the current summer vacation, where hot days have continued for one month, beverage and other sales have been growing. As temperatures fall in the future, price hikes may lead consumers to tighten their purse strings. (Koshinetsu: Convenience store)</li> <li>As rising gasoline and farm product prices and another round of price hikes expected in October for processed food products lead customers to become more conservative and thrifter, our dinner-time sales may decrease. (Chugoku: General restaurant)</li> </ul>

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***Corporate activity***

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**B** · We expect to see more orders towards the year-end. As price hikes for parts are expected to be passed on to our product sales prices, we place hopes on our business performance from November. (Tokai: Electrical machinery and equipment manufacturer)

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**D** · The number of new housing construction contracts has decreased as steel prices and labor cost hikes have pushed up housing prices. Future shipments for housing and other construction deals are uncertain. (Kinki: Metal products manufacturer)

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***Employment***

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**C** · While some business establishments offer jobs after a long interval in view of growing human and goods traffic, others refrain from offering jobs due to electricity and other price spikes. Overall, job offers remain in a narrow range. (Hokuriku: Employment security office)

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