

Economy Watchers Survey December 2023

OVERVIEW OF THE MONTH

The DI for current economic conditions in December (seasonally adjusted) went up by 1.2 points from the previous month to 50.7.

The household activity-related DI went up mainly because the service-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 December (seasonally adjusted) went down by 0.3 points from the previous month to 49.1.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 1.1 points from the previous month to 50.9 and the DI for future economic conditions fell by 0.8 points from the previous month to 48.6.

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

Released on January 12, 2024 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis,
Cabinet Office

Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914

Telephone: 03-6257-1576

Internet: <https://www.cao.go.jp>

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>	
A	<ul style="list-style-type: none"> In the year-end party season that represents our busy period, all the tables have been booked for almost all days in the immediate future. Spending per customer has increased among customers who order a la carte dishes. (Northern Kanto: Standard-class restaurant [bistro])
B	<ul style="list-style-type: none"> Inbound foreign tourists are increasing on shopping streets. Their consumption had earlier centered on drugstores and souvenir food but has recently spread to cover clothing and sundry goods that are priced high even in rural regions. A wide range of shops place growing hopes on consumption by inbound foreign tourists. (Shikoku: Shopping street)
C	<ul style="list-style-type: none"> Due to warmer winter weather, winter wear sales were sluggish until mid-December. Consumers have continued to shy away from buying food products due to successive price hikes, indicating cooling consumer confidence. (Kinki: Other leisure facilities [shopping complex])
D	<ul style="list-style-type: none"> While temperatures have fallen to the normal winter level since early December, the number of visitors, including those buying seasonal goods, has been decreasing. In December when bonuses are paid, the number of customers who visit our store for checking goods toward New Year sales increases usually. But we see no increase. (Tohoku: Electrical appliance retailer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> We are receiving a rising number of orders towards the year-end. (Chugoku: Transport)
D	<ul style="list-style-type: none"> We are receiving a decreasing number of orders. Housing prices are rising substantially in response to building materials price hikes. As a result, housing starts are decreasing, affecting those for houses built for sale. (Shikoku: Wood and wood products company)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Temporary staff orders for the year-end and New Year party season are increasing again. Direct orders from companies that had not placed orders before the Novel Coronavirus pandemic are also increasing. (Kyushu: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> In winter, inbound foreign tourists tend to support hotel demand. This tendency is remarkable this year. We see bookings from all regions, such as Asia, Europe, North America, and Australia, expecting that our business sentiment will become slightly better thanks to increasing spending per customer and a rising hotel capacity utilization rate. (Hokkaido: Tourist hotel)
C	<ul style="list-style-type: none"> We expect that food product sales will remain sluggish due to price hikes in the coming year. Given a general increase in human traffic and wage hikes expected next spring, however, we predict brisk sales of products related to outing. (Tohoku: Department store)
D	<ul style="list-style-type: none"> We expect that consumers will become thriftier about spending on food in the New Year. It may be difficult to maintain growth in sales through a rise in spending per customer as at present. (Tohoku: Supermarket) Price hikes are discouraging consumers from eating out. We do not see any factor that

	would make things better in a few months. (Kinki: General restaurant)
<i>Corporate activity</i>	
B	· Semiconductor price hikes will be combined with an increase in demand for semiconductor products to improve our business sentiment. (Southern Kanto: Electrical machinery and equipment manufacturer)
D	· We cannot expect any future increase in construction orders. While rising prices of building materials are a negative factor for us, ongoing labor shortages will have a more serious impact on us. (Hokuriku: General contractor)
<i>Employment</i>	
B	· Nationwide labor shortages are prompting companies with recruitment difficulties in the Tokyo metropolitan region to recruit people in other regions and those that had limited recruitment to mid-career workers to recruit new graduates. We have successfully scheduled job-seeking meetings early next year for some companies that have fixed job offers to our students. (Okinawa: School [vocational school])