

## **Economy Watchers Survey January 2023**

### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in January (seasonally adjusted) went down by 0.2 points from the previous month to 48.5.

The household activity-related DI went down mainly because the retail-related DI decreased, though the housing-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 January (seasonally adjusted) went up by 2.5 points from the previous month to 49.3.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 2.5 points from the previous month to 46.5 and the DI for future economic conditions rose by 2.8 points from the previous month to 49.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is showing signs of rebounding. As for the future, hopes are placed on the rebound, 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>Visitors on business trips are increasing on average. Human traffic is growing. We feel that the daily number of visitors changes in line with weather conditions, as seen before the Novel Coronavirus pandemic. (Northern Kanto: Standard-class restaurant [bistro])</li> <li>The number of visitors is increasing thanks to sales campaigns, leading luxury goods and clothing, as well as other products, to sell well. Although sales are not as brisk as those seen before the Novel Coronavirus pandemic, foreign tourists are gradually coming back to Japan, indicating step-by-step growth in demand among them. While new Novel Coronavirus infections have continued to be reported, sales are increasing year on year in the absence of movement restrictions. (Southern Kanto: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Consumers are tightening their purse strings due to energy and other price hikes, cold waves and spending growth during the year-end and New Year season, which was free from movement restrictions after a long time. Bulk buying and bargain hunting are remarkable. Prepared and instant food products are selling well, contributing to savings on seasoning, energy and raw material costs. (Tohoku: Supermarket)</li> <li>While a nationwide tourism support campaign has continued, many reservations have been cancelled due to heavy snowfall under record-cold weather. (Hokuriku: Tourist inn)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As order receipts have begun to increase, we are considering securing human resources. (Koshinetsu: Food manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Raw materials prices were raised twice in one year. Some prices shot up more than 40%. It is not easy to pass materials cost hikes on to our product prices. Costs for sales negotiations with customers are burdensome. (Tokai: Ceramic, clay and stone products manufacturer)</li> </ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As the Novel Coronavirus pandemic has calmed down, job offers have begun to increase. However, job seekers are limited, leading to human resources shortages. It is difficult to match job offers and job seekers. (Hokuriku: Private employment agency)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As the Novel Coronavirus will be downgraded to Category 5 under the Infectious Diseases Act in May, with the epidemic calming down, we expect that customer confidence may improve. We can place hopes on foreign tourists other than those from China. (Tokai: Urban hotel)</li> <li>As the impact of the Novel Coronavirus disaster has weakened, demand among people who will start a new lifestyle this spring has the potential to increase. As job transfers are also expected to grow, we expect to recover to the prior state. (Kinki: Electrical appliance retailer)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>While the yen's depreciation has calmed down, price hikes are accelerating further, leaving consumers' purse strings tightened. Their trend of reusing or recycling things they have may be accelerating. (Southern Kanto: Clothing shop)</li> </ul>

<b>D</b>	<ul style="list-style-type: none"><li>Amid a winter energy cost peak, additional electricity price hikes for this spring were announced, prompting consumers to become even thriftier. (Hokkaido: Supermarket)</li></ul>
<b><i>Corporate activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"><li>As the yen's excessive depreciation is being corrected amid price hikes, we expect that imported raw materials costs will fall and allow us to secure profits and increase wages. (Shikoku: Food manufacturer)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>Electricity price hikes from April will greatly affect our production costs. Furthermore, other companies are expected to pass electricity price hikes on to prices of their products, indicating that hikes in raw materials and component purchase costs will be inevitable. (Chugoku: Metal products manufacturer)</li></ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>While the downtrend of new Novel Coronavirus infections and a general price uptrend remain unchanged, companies are considering raising basic wages. In fact, a rising number of large companies are increasing wages, indicating a better future employment environment. (Koshinetsu: Employment security office)</li></ul>