

## **Economy Watchers Survey**

### **July 2023**

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

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The DI for current economic conditions in July (seasonally adjusted) went up by 0.8 points from the previous month to 54.4.

The household activity-related DI went up mainly because the retail-related DI increased, though the service-related DI decreased. 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 July (seasonally adjusted) went up by 1.3 points from the previous month to 54.1.

The household activity- and employment-related DIs rose while the corporate activity-related DI remained unchanged.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 0.5 points from the previous month to 54.1 and the DI for future economic conditions fell by 0.6 points from the previous month to 53.0.

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, too, the recovery at a moderate pace is expected to continue.

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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 extremely hot days have continued this month, summer goods have sold well. Clothing such as swimsuits and yukata robes, and resort goods including carry cases are selling well along with ultraviolet-related products. Sales of drinks, beer and ice cream among food products are increasing by more than 10% year on year. (Kinki: Supermarket)</li> <li>As hot days have continued, air conditioners and other seasonal goods sales have been increasing. (Chugoku: Electrical appliance retailer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Due to a plunge in consumer sentiment amid continuous price hikes for daily necessities, as well as extremely hot weather, many customers buy food products and return home before noon. As human traffic on this shopping street is extremely limited in afternoon hours, we cannot expect brisk sales. (Kyushu: Shopping street)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>Affected by extremely hot weather in July, the number of customers coming here during daytime hours has declined to two-thirds of the normal level. In particular, senior customers have decreased greatly. (Southern Kanto: Golf course)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>While raw materials prices and energy costs remain high, products for eating-out and home-meal replacements are driving overall sale growth apparently thanks to active human traffic. Our earnings are going in the direction of improvement. (Hokuriku: Food manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Orders from customers have decreased and are expected to remain sluggish in the future. As housing prices have increased due to building materials price hikes, the number of our contracts has plunged. (Shikoku: Wood and wood products company)</li> </ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>While new job offers and seekers remain abundant, it remains difficult to match job offers and seekers due to wide deviations between job offer and seeker conditions. Although wages are rising gradually, recent wage hikes stem from labor shortages rather than improvements in employers' earnings and may affect their earnings in the future. (Chugoku: Temporary staffing company)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Human traffic may increase in line with the resumption of regional events. (Koshinetsu: General restaurant)</li> <li>Between late July and September last year, customers decreased due to the seventh wave of Novel Coronavirus infections. As human traffic is likely to grow for summer holidays and the Obon festival sales promotion period this year, with inbound foreign tourists increasing, we are hopeful about sales in the next two or three months. (Kinki: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>In and after the summer vacation period, tourism demand may come to a pause. Furthermore, customers are feared to become thriftier due to rising utility costs and price hikes. (Hokkaido: Convenience store)</li> </ul>

	<ul style="list-style-type: none"><li>In recent years, the start of autumn clothing sales has been delayed due to late summer heat waves. The delay was coupled with price hikes to prevent even our regular customers from visiting our store before autumn clothing becomes necessary. (Tokai: Clothing shop)</li></ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>As sales have increased beyond our planned levels, we expect to see a sales increase in the second quarter as well. (Kyushu: Transportation machinery and tool manufacturer)</li></ul>
<b>E</b>	<ul style="list-style-type: none"><li>Heat waves are feared to reduce rice and other crops. (Tohoku: Agriculture, forestry and fisheries)</li></ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>As labor shortages have been increasingly felt in retail, food service and tourism sectors due to growing demand from inbound foreign tourists, employers in these sectors are very eager to recruit workers. (Southern Kanto: Employment security office)</li></ul>