

Economy Watchers Survey

May 2023

OVERVIEW OF THE MONTH

The DI for current economic conditions in May (seasonally adjusted) went up by 0.4 points from the previous month to 55.0.

The household activity-related DI remained unchanged mainly because the housing-related DI decreased, though the food and beverage-related DI increased. The corporate activity-related DI went up mainly because the DI for the manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in May (seasonally adjusted) went down by 1.3 points from the previous month to 54.4.

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 fell by 1.2 points from the previous month to 54.5 and the DI for future economic conditions fell by 0.4 points from the previous month to 54.8.

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**

<i>Household activity</i>	
B	<ul style="list-style-type: none"> As the Novel Coronavirus disease was downgraded to Category 5 from Category 2 three years after its outbreak, various events were conducted in the latest holiday-studded Golden Week in the absence of restrictions. Amid heavy human traffic then, sales increased particularly at stores in expressway parking areas and urban streets. Daily sales, though affected by price hikes, are increasing along with the number of store visitors. (Shikoku: Convenience store) Since the Novel Coronavirus disease was downgraded to Category 5, human traffic has increased. Tourists and local residents have been using our restaurant for parties more and more. (Kyushu: High-class restaurant)
C	<ul style="list-style-type: none"> At a time when prices are being raised mainly for food products, customers tend to visit for bulk buying on discount sales days. As sales gaps between discount sales and other days are wide, daily sales are unstable. Substantial price hikes have led customers to tighten their purse strings, affecting our sales volume. (Chugoku: Supermarket)
D	<ul style="list-style-type: none"> Given the holiday-studded Golden Week and the tourism season, we had expected to see abundant tourists. However, tourists were fewer than expected. Factors such as price hikes have led customers to tighten their purse strings. (Tohoku: General restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> As people gather for shareholders and other meetings that have been resumed, demand for souvenirs is increasing. (Southern Kanto: Food manufacturer)
E	<ul style="list-style-type: none"> As our customers, including semiconductor-related companies, are adjusting inventories, our order receipts are decreasing. (Kyushu: Electrical machinery, equipment & supplies)
<i>Employment</i>	
B	<ul style="list-style-type: none"> Job offers from manufacturers, including automobile-related companies, are rebounding (Tokai: Employment security office)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> While middle-aged and elderly people grow more active after refraining from going out, we can expect an increase in inbound foreign tourists from mainland China thanks to the normalization of air services. (Southern Kanto: Department store) As consumer sentiment has turned up at last thanks to the lifting of various restrictions under the Novel Coronavirus pandemic, traveler sentiment is growing. Despite being affected by price hikes, travel-related activity is expected to increase towards the summer vacation season. (Kinki: Travel agency)
D	<ul style="list-style-type: none"> As price hikes continue, our suppliers tell us that there are many products subjected to price increases from June. Given rising power bills, including air-conditioning costs, we may have to raise our meal prices. We are concerned about how far customers can accept our price hikes. (Northern Kanto: General restaurant) While prices remain high, price hikes are being passed on to services. Ahead of substantial power price increases from June, we are concerned that consumption will be affected.

	(Hokuriku: Clothing shop)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none">• Automobile production is rebounding. Surface treatment agent demand is likely to pick up gradually. (Tokai: Chemical industry)
D	<ul style="list-style-type: none">• Raw material and other cost hikes cannot be passed on to our product prices. If we do not raise our product prices to stabilize our financial foundations in early autumn, we may face tough conditions. (Chugoku: Food manufacturer)
<i>Employment</i>	
B	<ul style="list-style-type: none">• Regarding job offers, a rising number of business operators are considering wage increases. (Okinawa: Employment security office)