

## **Economy Watchers Survey November 2023**

### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in November (seasonally adjusted) remained unchanged from the previous month at 49.5.

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 down mainly because the DI for the non-manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in November (seasonally adjusted) went up by 1.0 points from the previous month to 49.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 0.1 points from the previous month to 49.8 and the DI for future economic conditions fell by 0.2 points from the previous month to 49.4.

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.

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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>Sales to inbound foreign tourists have been quite strong. In particular, sales of overseas luxury brand goods and watches have increased partly due to the yen's depreciation. Duty-free goods sales are significantly higher than they were in 2019. Domestic customers indicate unprecedented demand for certain overseas brand products. (Kinki: Department store)</li> <li>Our customers increased in the autumn tourist season. Although our customers had been limited to individual tourists earlier, group inbound foreign tourists have begun to increase. (Chugoku: Tourist hotel)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As price hikes have been accepted by our customers to some extent, sales have grown in value year-on-year. However, sales volume is limited to 90-95% of the year-earlier level. We are struggling more than our competitors. (Tokai: Supermarket)</li> <li>Consumers are conspicuously limiting consumption to necessary goods and services. While our service sales have managed to maintain year-earlier levels, sales of related goods have decreased by about 30% year on year. (Hokkaido: Beauty shop)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Automakers are continuing to increase production to reduce their order backlog, doing well. (Southern Kanto: Transportation machinery and tool manufacturer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Sales of electrical products have dropped considerably, with ad hoc delivery orders limited. Although costs are rising, it is very difficult to negotiate an increase in freight fares. (Kinki: Transport)</li> </ul>
<b><i>Employment</i></b>	
<b>D</b>	<ul style="list-style-type: none"> <li>Since mid-May, the number of temporary and part-time job offers has decreased significantly year on year. This trend is still continuing. Among job seekers, ultra-short-term part-time jobs are very popular. (Hokkaido: Job information magazine)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>While reservations are biased towards weekends, inquiries about weekday reservations are gradually increasing. We expect the number of our customers during the year-end and New Year period to return to the normal level. (Northern Kanto: Standard-class restaurant [bistro])</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>While price hikes are calming down, it is expected that the number of people returning to their hometowns in the first year-end and New Year period since the downgrading of Novel Coronavirus to a Category V Infectious Disease will increase. So, sales are expected to increase year on year, centering on food and souvenirs. (Tohoku: department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As there are no bento lunch boxes that can be bought for one coin (500 yen), bento sales volume is failing to increase. Due to rising prices, we expect that customers' purse strings will become tighter and tighter. (Tohoku: Convenience store)</li> <li>Electrical appliance manufacturers continue to raise their product prices, discouraging our customers from replacing their appliances. (Hokuriku: Electrical appliance retailer)</li> </ul>

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<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"><li>Order volume has increased from two to three months earlier. As our company and trading partners are adjusting business arrangements to the increasing orders, we expect that semiconductor supply will gradually increase in the future. (Kyushu: Machinery &amp; equipment)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>Major factors behind the soaring construction costs include shortages of builders, especially those who install equipment. This situation is the same nationwide, but regional differences are emerging due to the flow of engineers from Hokkaido to the Tokyo metropolitan area. In particular, Hokkaido has begun to be affected by the flow ahead of other regions, indicating that its economy will slightly worsen in the future. (Hokkaido: General contractor)</li></ul>
<i>Employment</i>	
<b>B</b>	<ul style="list-style-type: none"><li>We have received considerable ad orders and relevant ad inquiries for the beginning of next year, expecting to see robust sales. (Southern Kanto: Newspaper publishing company [Job placement ads])</li></ul>

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