

Economy Watchers Survey

April 2024

OVERVIEW OF THE MONTH

The DI for current economic conditions in April (seasonally adjusted) went down by 2.4 points from the previous month to 47.4.

The household activity-related DI went down mainly because the food and beverage-related DI decreased. The corporate activity-related DI went down mainly because the DI for the manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in April (seasonally adjusted) went down by 2.7 points from the previous month to 48.5.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 2.2 points from the previous month to 50.2 and the DI for future economic conditions fell by 2.6 points from the previous month to 49.3.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery, though it has shown some weakness recently. An impact from the 2024 Noto Peninsula Earthquake is 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**

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Although the number of domestic visitors has not increased significantly, the number of foreign visitors has been growing smoothly. Local events are being held almost as usual. It's finally time for the school trip season. (Northern Kanto: Travel agency) As the cherry blossoms were in full bloom during April, the number of visitors to tourist spots was robust. As the first half of the holiday-studded Golden Week was blessed with good weather, our sales were brisk. (Tohoku: Convenience store)
D	<ul style="list-style-type: none"> The frequency of customer visits and purchase volume per person have continued to decline. Prices of goods have continued to increase, restraining consumption. As consumption is not growing, we are concerned that we are in a recession situation. (Kyushu: Supermarket) The impact of price increases caused by the depreciation of the yen is significant. While each price hike is small, consumers are taking seriously the large impact of overall price hikes on their household budgets, leading their purchase volume to decrease. (Tokai: Other food and beverage [wine importer])
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> With the start of the new fiscal year, we are receiving robust orders from both the public and private sectors. We are about to secure a sufficient amount of construction to achieve our target for the new fiscal year. It is a plus that the thaw, which had been delayed by the snowfall in March, is progressing rapidly, allowing us to make preparations for construction at a faster pace than expected. (Hokkaido: General contractor)
D	<ul style="list-style-type: none"> The yen is depreciating further, making materials price hikes serious. Still-sluggish automobile-related orders have been coupled with unseasonable weather, reducing the orders we receive. (Tokai: Pulp, paper, and paper-processed products manufacturing industry)
<i>Employment</i>	
D	<ul style="list-style-type: none"> The number of job seekers responding to classified ads has been sluggish, leading us to continue feeling the labor shortage. (Okinawa: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> This summer will be hotter, contributing to brisker-than-usual sales of seasonal goods. (Chugoku: Electrical appliance retailer) Currently, prices are rising faster than wages. If the effects of wage increases this fiscal year appear, however, sales are expected to be positively affected. (Kinki: Department store)
D	<ul style="list-style-type: none"> There is strong concern that if the rapid depreciation of the yen continues, consumption will decline due to various price hikes and consumers' subsequent tendency to tighten purse strings. (Shikoku: Other retailer [shopping center]) Due to the depreciation of the yen, the prices of imported goods are continuing to increase. If prices rise too much, sales will stagnate. (Tohoku: Clothing shop)
<i>Corporate activity</i>	

B	<ul style="list-style-type: none"> As our price competitiveness remains high due to the depreciation of the yen, we see signs that orders from Europe and North America will recover. (Tokai: General machinery and equipment manufacturer)
D	<ul style="list-style-type: none"> Soaring logistics costs and the yen's depreciation have pushed up purchase costs for foreign raw materials and products. It is expected that our profit will be squeezed due to our inability to immediately pass the cost hikes on to our product prices. (Shikoku: Food manufacturer)
Employment	
B	<ul style="list-style-type: none"> When we visit business offices, we find that, although some industries are in a recession, small and medium-sized enterprises as well as others are relatively receptive to job offer condition changes, such as wage increases even in a difficult situation. (Kinki: Employment security office)

***Related to the 2024 Noto Peninsula Earthquake**

1. Current conditions

A	<ul style="list-style-type: none"> In Hokuriku, human traffic has been continuously increasing since the end of the previous fiscal year. Demand is increasing thanks to the extension of the Hokuriku Shinkansen bullet train line, reconstruction following the Noto Peninsula Earthquake, and increasing inbound tourists due to the depreciation of the yen. (Hokuriku: General restaurant)
D	<ul style="list-style-type: none"> We have yet to fully recover from the impact of production delays and the capacity utilization rate fall caused by the Noto Peninsula Earthquake. Many companies have yet to undertake full-scale reconstruction, indicating heavy future reconstruction costs for them. (Hokuriku: Textile industry)

2. Future conditions

B	<ul style="list-style-type: none"> As this region recovers from the impact of the Noto Peninsula Earthquake, consumers' appetite for spending is expected to pick up. (Hokuriku: Clothing shop)
D	<ul style="list-style-type: none"> Sales in this year's mid-year gift season are expected to be quite difficult as the number of gift senders and receivers decreases significantly due to the destruction of houses by the Noto Peninsula Earthquake. (Hokuriku: Department store)