

Economy Watchers Survey

August 2024

OVERVIEW OF THE MONTH

The DI for current economic conditions in August (seasonally adjusted) went up by 1.5 points from the previous month to 49.0.

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

The DI for future economic conditions in August (seasonally adjusted) went up by 2.0 points from the previous month to 50.3.

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

On a not seasonally adjusted basis, the DI for current economic conditions remained unchanged from the previous month at 48.3 and the DI for future economic conditions rose by 0.6 points to 49.2.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has continued moderate recovery. 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"> Even under extremely hot weather, the number of visitors this summer is more than usual thanks to the consecutive holidays before the Obon festival. (Kyushu: Tourist hotel association) Sales volume growth came on robust sales of water and other goods for stockpiling due to the government's issuance of the Nankai Trough Earthquake Temporary Information, contributing much to sales value growth. (Chugoku: Supermarket)
C	<ul style="list-style-type: none"> As a heat stroke alert has been issued due to heat waves this year, the number of elderly people visiting shopping streets has declined substantially. Since many of the customers for shopping streets are elderly, we are in a difficult business situation. (Kyushu: Shopping street)
D	<ul style="list-style-type: none"> When human traffic decreased under heat waves, the earthquake and typhoons prompted customers to cancel hotel reservations, leading to a considerable fall in our revenue. In particular, Typhoon No. 10 moved slowly, exerting a long-term impact. (Shikoku: Urban hotel)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Although we raised our product prices this summer, we see no drop in order receipts. (Hokuriku: Precision machinery and tool manufacturer)
D	<ul style="list-style-type: none"> Soaring prices of agricultural materials and machinery continue to weigh on our business. (Tohoku: Agriculture, forestry and fisheries)
<i>Employment</i>	
A	<ul style="list-style-type: none"> There are many job offers, indicating an increasing need to secure human resources even at the cost of massive job placement service fees. (Southern Kanto: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Due to the impact of wage increases and other factors, we have felt an increase in disposable income since the summer bonus season. It is expected that spending by middle-class consumers will gradually become active. (Chugoku: Department store) From July to August, it was so hot that there were fewer visitors. During the period when there were fewer visitors, customers failed to receive hair treatments, such as perms, indicating that the number of visitors will recover on weather improvements around October to November, leading to our sales growth. (Tokai: Beauty shop)
C	<ul style="list-style-type: none"> Although the number of visitors in August was relatively large, our business conditions as a whole are expected to show no major change if late-summer heat waves affect autumn goods sales. (Hokuriku: Other retailer [Shopping center])
D	<ul style="list-style-type: none"> The outlook for the future is still poor, indicating that our business conditions would not improve. As there are many natural disasters, such as earthquakes and typhoons, customers' appetite for spending may fail to increase, deteriorating our business conditions further. (Kinki: Home electrical appliance retail store)

<i>Corporate activity</i>	
B	<ul style="list-style-type: none">The expected order volume for automotive electrical components has increased slightly. (Tohoku: Machinery and equipment)
C	<ul style="list-style-type: none">All component prices have continued to rise since last year. Component price hikes are failing to be passed on to our product prices in a timely manner, leading to a slightly difficult business situation for us. (Koshinetsu: Electrical machinery, equipment, & supplies)
<i>Employment</i>	
C	<ul style="list-style-type: none">Companies' demand for human resources remains steady. From a different point of view, however, this means that there are few people with the skills required by companies. In order to eliminate this mismatch, it is necessary to concentrate on finding skilled human resources. (Hokkaido: Temporary staffing company)