

Economy Watchers Survey February 2024

OVERVIEW OF THE MONTH

The DI for current economic conditions in February (seasonally adjusted) went up by 1.1 points from the previous month to 51.3.

The household activity-related DI went up mainly because the housing-related DI increased. The corporate activity-related DI went up because the DI for the non-manufacturing sector increased. The employment-related DI decreased.

The DI for future economic conditions in February (seasonally adjusted) went up by 0.5 points from the previous month to 53.0.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.9 points from the previous month to 50.3 and the DI for future economic conditions rose by 1.6 points from the previous month to 53.5.

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. 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.

Released on March 8, 2024 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis,
Cabinet Office

Nagata-cho 1-6-1, Chiyoda-ku, Tokyo 100-8914

Telephone: 03-6257-1576

Internet: <https://www.cao.go.jp>

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"> We have been doing well thanks to robust sales in the Valentine's Day sales season and at a reopened restaurant. In addition, sales to inbound tourists have increased due to growth in the number of international tourists during the Chinese Spring Festival, contributing to the overall expansion of visitors and sales. (Kinki: Department store) As the winter tourism season has come, our hotel has been crowded mainly with inbound tourists thanks to local winter events and the Chinese Spring Festival. (Hokkaido: Tourist hotel)
D	<ul style="list-style-type: none"> Due to the impact of rising prices, sales have exceeded the year-before level, but the number of visitors has decreased. The lack of snow amid warmer winter weather is also a matter of concern to us. (Tohoku: Convenience store) Since a business scandal at a major automobile manufacturer came to light last month, it seems that customers' willingness to purchase has been gradually decreasing, making it difficult for us to make deals. Automakers in this region are reducing production slightly. (Northern Kanto: Auto dealer)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Due to price hikes for some products in December last year, sales were somewhat sluggish from December to January. This month, however, orders are robust from retail stores that are crowded with tourists. (Shikoku: Textile industry)
D	<ul style="list-style-type: none"> Automobile-related orders are declining sharply. Perhaps due to warmer winter weather, orders related to fruits and vegetables are also decreasing. In general, our business conditions are somewhat bad. (Tokai: Pulp, paper, and processed paper products manufacturing industry)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Although there are many job offers, there are many cases where job seekers' wishes regarding hourly wages or telecommuting do not match job offers. As a result, it is difficult for human resources to reach companies with labor shortages. On the other hand, there are many companies that have not revised hourly wages for their existing employees. (Kinki: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> Ahead of the spring tourist season, reservations are brisk. Restaurant use and banquets are also increasing mainly for welcome and farewell parties. (Chugoku: Urban hotel)
B	<ul style="list-style-type: none"> If the momentum for consumption increases further thanks to stock price hikes and wage increases through the spring labor offensive in many industries, our business conditions will improve gradually. (Southern Kanto: Department store)
C	<ul style="list-style-type: none"> As product prices are rising further, people are expected to become more cautious about shopping than they are now. (Shikoku: Electrical appliance retailer)
D	<ul style="list-style-type: none"> Due to product price hikes, consumers are refraining from buying. As the number of visitors remains stagnant, with few recovery signs seen despite warming, this situation is expected

	to continue for a while. (Kyushu: Convenience store)
Corporate activity	
B	· Semiconductor and other electronic component prices are rising, leading us to expect that our business conditions would go in a positive direction in the future. Product development is also progressing as planned and stable. (Southern Kanto: Electrical machinery and equipment manufacturer)
D	· Our business conditions will deteriorate slightly due to a decrease in production through the adjustment of production for exports and the suspension of some operations at two main sales companies in our group. (Kyushu: Transportation machinery and tool manufacturer)
Employment	
B	· Since wages listed in job postings are increasing, we expect that the overall wage increase will proceed further in the future. (Okinawa: Employment security office)

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

1. Current conditions

E	· Due to the spread of reservation cancellations and reputational damage under the impact of the Noto Peninsula Earthquake, the number of visitors has decreased significantly. (Hokuriku: Theme park)
----------	--

2. Future conditions

B	· Although consumer sentiment has declined under the impact of the Noto Peninsula Earthquake, it is expected to improve thanks to the extension of the Hokuriku Shinkansen bullet train line to Tsuruga on March 16 and post-disaster reconstruction support. (Hokuriku: Other retailer [Shopping center])
----------	--