

## **Economy Watchers Survey January 2024**

### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in January (seasonally adjusted) went down by 1.6 points from the previous month to 50.2.

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

The DI for future economic conditions in January (seasonally adjusted) went up by 2.1 points from the previous month to 52.5.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 3.5 points from the previous month to 47.4 and the DI for future economic conditions rose by 3.3 points from the previous month to 51.9.

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.

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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>During the latest year-end and New Year shopping season, the number of visitors increased from the level before the Novel Coronavirus infection outbreak, contributing to expanding our operating revenue. The economy has completely returned to normal, with rural areas being more prosperous than urban areas thanks to an increase in the number of homecoming travelers. (Kyushu: Supermarket)</li> <li>Since the beginning of the year, the number of visitors has increased year on year, including families. Although it had been difficult for us to attract visitors at night, nighttime visitors have gradually increased. Group visitors have increased year on year, though still failing to return to normal. (Koshinetsu: Other leisure facilities [bowling alley])</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>While the number of visitors has remained almost unchanged year on year, sales have been decreasing. As product prices are rising, visitors are refraining from consuming. Consumption seems to be on a downward trend. (Shikoku: Convenience store)</li> <li>Due to the warm winter and lack of snow, sales of winter daily necessities, such as clothing and shoes, are not increasing. (Tohoku: Shopping street)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Orders we have received have gradually increased over the past three months. As indicated by ordered goods, the semiconductor industry is growing prosperous, contributing to a general economic pickup. (Kyushu: Machinery and equipment)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Shipments for automotive electronic components are decreasing. (Kinki: chemical industry)</li> </ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Labor shortages have become serious, prompting an increasing number of companies to spend money on recruitment. In particular, they use web advertisements and SNS for recruitment. (Chugoku: Job information magazine publisher)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Although consumer sentiment is bad due to rising prices, prospects for wage increases through spring labor-management negotiations in many industries indicate that consumer sentiment will improve gradually while seesawing. (Southern Kanto: Department store)</li> <li>As chartered flights from Taiwan began in January, inbound foreign tourists are increasing smoothly. Our outlook is bright, as the service is scheduled to run until March. While we are uncertain about local economic conditions in and after April, we expect them to improve. (Tohoku: Tourist spot)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>As replacement demand continues to decline due to price hikes, our business conditions will be difficult for a while. (Chugoku: electronics mass retailers)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Although there are estimate requests, housing cost hikes resulting from price increases for various materials are discouraging our clients from making housing orders. Our business conditions will remain difficult until price hikes calm down. (Tokai: Other housing business [housing management]).</li> </ul>

<b>Corporate activity</b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Our private sector construction will continue to operate at our full capacity for the time being as we have multiple construction orders being carried over to the next fiscal year. As for public civil engineering, we can expect new orders after the passage of the budget for the next fiscal year. (Hokkaido: General contractor)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>There is no sign of an increase in consumption on goods. Due to the 2024 logistics problem, outsourcing costs are expected to rise from April. (Tokai: Transporter)</li> </ul>
<b>Employment</b>	
<b>B</b>	<ul style="list-style-type: none"> <li>There are still labor shortages at hotels and inns in tourist resorts. Since the number of people, including foreigners, walking in resort areas is increasing, however, it is likely that job offers will gradually grow. As gasoline prices have stabilized, clothing and leisure good sales are expected to increase in line with growing leisure demand. We place hopes on construction work growing toward the end of the fiscal year. (Northern Kanto: Temporary staffing company)</li> </ul>

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

#### 1. Current conditions

<b>E</b>	<ul style="list-style-type: none"> <li>After the Noto Peninsula Earthquake, consumer sentiment has declined significantly. The number of domestic and foreign tourists has drastically decreased, with car and pedestrian traffic declining remarkably. Furthermore, satellite shops for the earthquake-affected areas remain closed due to ongoing water outages. Our sales in January are expected to decline by 7% year on year. (Hokuriku: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>The number of tourists has drastically decreased due to the Noto Peninsula Earthquake. Reservations at our party division have almost all been canceled due to self-restraint, with no new reservations seen. (Hokuriku: Urban hotel)</li> <li>The Noto Peninsula Earthquake on New Year's Day has weakened the Hokuriku economy. While demand toward post-disaster reconstruction is increasing, our business partners and employees have been affected, failing to resume normal operations. (Hokuriku: Transporter)</li> <li>Due to the impact of the Noto Peninsula Earthquake from the beginning of the year, the number of tourists from overseas decreased along with sales to them. Furthermore, due to price hikes, mainly for overseas brand products, sales to domestic customers have started to decline. (Kinki: Department store)</li> </ul>

#### 2. Future conditions

<b>E</b>	<ul style="list-style-type: none"> <li>It is unlikely that the mood of self-restraint caused by the Noto Peninsula Earthquake will be dispelled immediately. We would like to place hopes on demand in and after spring when support is provided for tourists in the Hokuriku region. (Hokuriku: Shopping street)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>We are expecting an increase in demand through post-disaster reconstruction and the economic effects of the extension of the Hokuriku Shinkansen bullet train line. (Hokuriku: Plastic product manufacturer)</li> </ul>