

## **Economy Watchers Survey**

### **June 2024**

#### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in June (seasonally adjusted) went up by 1.3 points from the previous month to 47.0.

The household activity-related DI went up mainly because the retail-related DI increased, though the housing-related DI decreased. 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 June (seasonally adjusted) went up by 1.6 points from the previous month to 47.9.

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 0.5 points from the previous month to 47.3 and the DI for future economic conditions rose by 1.5 points from the previous month to 49.2.

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. 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 tourists marked a record high. Inbound tourists form a long queue every day in front of some overseas luxury brand stores. Sales to domestic customers are also strong, with favorable demand for luxury goods among VIP customers who we visit outside the store. (Kinki: Department store)</li> <li>As temperatures are rising, the sales volume of air conditioners is increasing. (Hokuriku: Home electric appliance retail store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Due to price hikes, customers are refraining from impulse buying, and we see no sign of economic recovery. (Chugoku: Shopping street)</li> <li>Sales are slightly declining. Consumers are getting thriftier out of a sense of crisis due to surging energy prices and worries over further price hikes associated with a weaker yen. (Southern Kanto: Supermarket)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Demand for chemicals for electronic materials for semiconductors is recovering. (Tokai: Chemical industry)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>We have no choice but to pass price hikes in materials, etc. on to quoted prices, but find difficulty in obtaining clients' understanding. (Southern Kanto: Publishing, printing &amp; allied industries)</li> </ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>The timing to start recruiting new graduates is becoming earlier, and an increasing number of large companies have secured good human resources at an early stage. Behind such trend, there may be a labor shortage and difficulty in recruitment. (Tohoku: School [vocational school])</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>We expect a rise in tourism demand toward the summer tourism season. An increase in inbound tourists, mainly those intending to enjoy golfing, is a positive factor. Compared with the previous year, the number of visitors is expected to decrease with the absence of special factors, such as the National Sports Festival, and due to an estimated decrease in the number of school trip customers. However, we anticipate being able to maintain the number of tourists at or above the normal level. (Hokkaido: General retailer [souvenirs])</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>There is the possibility that consumption may increase thanks to increased net income as a result of fixed-amount tax cuts. (Tokai: Shopping street)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>Prices of summer goods are increasing due to a weaker yen. Customers are becoming more and more price-sensitive. (Tohoku: General retailer [sundries])</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Rice prices are increasing and price hikes in staple foods exert financial pressure on households and may also exert an influence in terms of costs. (Koshinetsu: Supermarket)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>We started to receive new inquiries, and some clients provide us with information suggesting an upswing of business from early autumn. (Northern Kanto: General</li> </ul>

	machinery and equipment manufacturer)
<b>D</b>	<ul style="list-style-type: none"><li>With the significant influence of upsurges in prices of imported raw materials due to exchange rate fluctuations and upsurges in energy costs and distribution costs, we need to pass the expected cost increases on to our product prices. However, we find it difficult as such price-pass through will decrease orders, and eventually, our profits will be squeezed. (Shikoku: Food manufacturer)</li></ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"><li>Demand remains strong due to chronic labor shortages. (Southern Kanto: Temporary staffing company)</li></ul>