

**Economy Watchers Survey**  
**May 2024**

**OVERVIEW OF THE MONTH**

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The DI for current economic conditions in May (seasonally adjusted) went down by 1.7 points from the previous month to 45.7.

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 non-manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in May (seasonally adjusted) went down by 2.2 points from the previous month to 46.3.

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

On a not seasonally adjusted basis, the DI for current economic conditions fell by 3.4 points from the previous month to 46.8 and the DI for future economic conditions fell by 1.6 points from the previous month to 47.7.

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>A</b>	<ul style="list-style-type: none"> <li>The number of foreign independent travelers is increasing. We get the impression that demand for parties has returned to the level we saw before the outbreak of the Novel Coronavirus pandemic. (Tokai: Urban hotel)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>During the holiday-studded Golden Week, many families visited our store. The number of Mother's Day gift buyers was high. (Okinawa: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Due to electricity and other price hikes, the volume of sales of non-essential goods has decreased. In many cases, customers buy only daily necessities, resulting in a remarkable decrease in purchase volume. (Chugoku: Convenience store)</li> <li>Vegetable price hikes due to unseasonable weather, such as cabbage price spikes reported on TV, have had a significant impact. As watermelon prices remain high, we have no choice but to hesitate to purchase them. (Tokai: Supermarket)</li> </ul>
<i>Corporate activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>With the start of construction for the new fiscal year's orders, construction operations are increasing at a pace that exceeds expectations. The assignment of engineers is almost complete. (Hokkaido: General contractor)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>At a time when we have just raised prices of our products, we face notices of further raw material price hikes. Our price hikes cannot catch up with increases in the prices of raw materials for our purchase. (Koshinetsu: Food manufacturer)</li> </ul>
<i>Employment</i>	
<b>D</b>	<ul style="list-style-type: none"> <li>Economic conditions are worse than in the previous year. As the mood for raising wages grows, there are many people who want to change jobs with the aim of increasing their annual income. We have the impression that the number of job seekers who respond to job offers from small and medium-sized companies that fail to raise wages is decreasing at an extreme rate. (Tokai: Temporary staffing company)</li> </ul>

**2. Future conditions**

<i>Household activity</i>	
<b>B</b>	<ul style="list-style-type: none"> <li>We feel that human traffic is returning to the levels we saw before the Novel Coronavirus outbreak. We also assume that tourism, including inbound tourism, will become more vigorous. (Chugoku: Department store)</li> <li>In addition to the impact of fixed-amount tax cuts and bonuses, increased demand for air conditioners under rising temperatures is expected to push sales up above the previous year's level. However, we cannot predict how increases in the prices of products will affect sales. (Kinki: Electrical appliance retailer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As spending is increasing due to faster price hikes than wages, consumers are growing thrifter. In addition, soaring electricity costs are leading consumers to further reform household budgets. We believe that the economic situation will remain difficult. (Kyushu: Others who can ascertain trends in food service [liquor wholesaler])</li> <li>Due to the continued effects of the yen's depreciation, sales volume is expected to fail to increase, mainly for imported products. (Southern Kanto: General retailer [bookstore])</li> </ul>

<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>We have received specific inquiries from customers regarding capital investment related to high-value-added dynamic random access memory chips for generative artificial intelligence, raising the possibility of an increase in orders. (Tohoku = Electrical machinery and equipment manufacturer)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>Major customers' production, though recovering gradually, is still below originally planned levels. Future conditions remain uncertain. (Norther Kanto: Transportation machinery and tool manufacturer)</li></ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"><li>Demand for temporary staffing is expected to be firm regardless of industrial category. As the human resources that companies look for are limited, however, demand frequently fails to match supply. (Southern Kanto: Temporary staffing company)</li></ul>

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

**1. Current conditions**

<b>B</b>	<ul style="list-style-type: none"><li>Compared to three months ago, when the Noto Peninsula Earthquake caused reputational damage and cancellations, our business conditions are slightly better. Due to high price hikes, however, the pace of recovery is slow, mainly for domestic tours. (Hokuriku: Theme park)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>As tourism demand including inbound tourism increased from the final days of the previous fiscal year to the holiday-studded Golden Week, our restaurant was crowded with customers much more than in 2023, helped by support for reconstruction from the Noto Peninsula Earthquake on New Year's Day, Hokuriku support discount campaigns, and the extension of the Hokuriku Shinkansen bullet train line to Tsuruga. Since after Golden Week, however, the number of tourists has decreased, bringing about a feeling of calmness. (Hokuriku: General restaurant)</li></ul>

**2. Future conditions**

<b>B</b>	<ul style="list-style-type: none"><li>As the restoration of factories damaged by the Noto Peninsula Earthquake progresses, our business performance is expected to recover. (Hokuriku: Food manufacturer)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>Although there is still a high labor shortage for recovery and reconstruction after the Noto Peninsula Earthquake, both job seekers and employers voice their economic anxiety about the future due to soaring prices. (Hokuriku: Employment Security Office)</li></ul>