

Economy Watchers Survey
March 2025

OVERVIEW OF THE MONTH

The DI for current economic conditions in March (seasonally adjusted) went down by 0.5 points from the previous month to 45.1.

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

The DI for future economic conditions in March (seasonally adjusted) went down by 1.4 points from the previous month to 45.2.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.7 points from the previous month to 47.8, and the DI for future economic conditions fell by 1.8 points from the previous month to 46.6.

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, there is concern about U.S. trade policy as well as the prolonged impact of price hikes, while hopes are placed on wage increases.

Released on April 8, 2025 (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"> With the spring tourist season starting, travel demand is increasing, centering on group tours. Although accommodation prices are soaring due to an increase in inbound tourists, customers are booking and implementing tours. This situation will continue for a while. (Tokai: Travel agency) While it is partly due to the peak demand season, we are also seeing changes in customers' appetite for spending, as people have increasingly adapted to rising prices. (Hokuriku: Housing-related specialty shop)
D	<ul style="list-style-type: none"> Due to soaring vegetable and rice prices, customers are remarkably reluctant to buy, leading our sales volume to decrease year on year. (Chugoku: General retailer [food]) Due to a sudden change in temperature from winter to summer, the spring coat sales season has been shortened, resulting in lower-than-usual sales per customer. (Kyushu: Clothing store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> Orders for artificial intelligence-related products continue to expand, indicating that our business conditions are gradually improving. (Southern Kanto: Electric machinery and equipment manufacturer)
D	<ul style="list-style-type: none"> Although there is no change in order volume, there are several projects that have been canceled due mainly to construction cost hikes. (Tohoku: General contractor)
<i>Employment</i>	
C	<ul style="list-style-type: none"> The hiring of new graduates for the class of 2026 began in earnest in March. The number of companies recruiting new graduates is on the rise compared to the previous year, and there is no doubt that companies are still highly motivated to hire. However, this is because there is a chronic shortage of human resources, not because the impact of economic trends is significant, and the change from three months ago is not very noticeable. (Kinki: Job information magazine publisher)

2. Future conditions

<i>Household activity</i>	
A	<ul style="list-style-type: none"> Expo 2025 Osaka, Kansai has had an effect, and inquiries and orders for company trips are increasing. Even in June, which is traditionally a quiet season, there are no vacancies this year, and we are already full of reservations. (Kinki: Urban hotel)
B	<ul style="list-style-type: none"> The results of the spring labor offensive have been favorable, and we can expect a positive impact on our company, which is affected by the financial circumstances of commuters. (South Kanto: Convenience stores)
D	<ul style="list-style-type: none"> As food prices continue to remain high, customers' desire to save money is likely to increase further, and the tendency for customers to flow out to low-

	<p>priced stores, such as discount stores, is likely to increase. (Kinki: Supermarket)</p>
E	<ul style="list-style-type: none"> There was a last-minute surge in demand in March due to the increase in beer prices from April, and it is expected that there will not be much movement of products for the time being after April. In the future, with such high prices, it is expected that consumers will not be willing to purchase. (Shikoku: General retailer [liquor])
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> The number of tourists is expected to continue to increase, and we expect an increase in food-related demand combined with the demand for the holiday-studded Golden Week. (Okinawa: Food manufacturer)
D	<ul style="list-style-type: none"> The President of the United States announced additional tariffs on imported cars from April 3. Automakers have not yet announced the impact, but the future is uncertain and the economy will deteriorate. (South Kanto: Transportation machinery and tool manufacturer)
<i>Employment</i>	
D	<ul style="list-style-type: none"> U.S. tariff policy has added uncertainty. In particular, there is concern that a deterioration in business sentiment in the manufacturing industry, which is the backbone of the local economy, will lead to a decrease in the number of job openings. (Tohoku: Temporary staffing company)