



SMAM

## “Street Business Sentiment” improved for the first time in 5 months

“Economy Watchers Survey” is a business sentiment survey conducted by Japan’s Cabinet Office every month, also known as the “Street Business Sentiment” survey. Approximately 2,000 observers, called “Watchers”, who engage in economic sensitive businesses such as taxi drivers, convenience store managers, restaurant operators, etc., participate in this survey. The survey examines economic sentiment at the time of survey in comparison with that of three months ago and that of two to three months in the future. The neutral level of this index to judge whether the economic sentiment is favorable or not, is 50 points.

### Point 1

#### Current Conditions DI improved for the first time in 5 months

All 3 DIs (Household activities-related, Corporate activities-related, Employment related) have improved

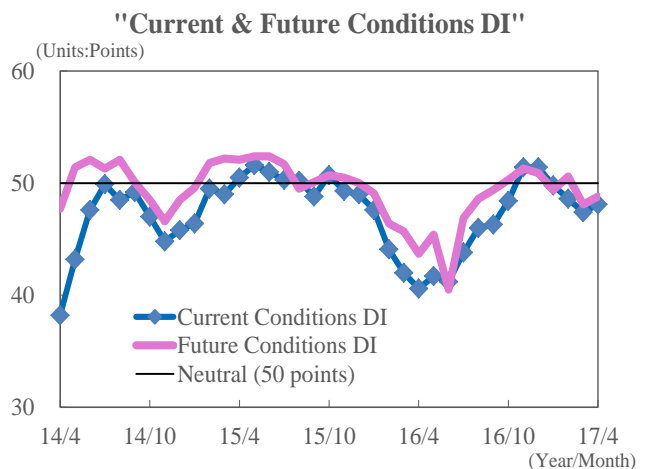
- According to the April 2017 “Economy Watchers Survey”, the “Current Conditions DI (Seasonally adjusted)” which reflects “Street Business Sentiment” rose +0.7 points from last month to 48.1 points. It had been flat or negative since November 2016, however, has improved for the first time in 5 months. Main reasons for improvement were significant improvement in food and beverage and housing under the household activity-related DI. All the other DIs (the corporate activity-related, the employment-related) have improved, too.
- Voices were heard such as “Foreign visitors are still our main guests, however, domestic guests are starting to increase” by hotel operator in the center of the city (Kyushu region) and “Number of visitors show almost double digit growth from last year” by department store operator (Kinki region) which indicate recovery of number of visitors.

### Point 2

#### Future Conditions DI has also improved for the first time in 2 months

Voices of concern over labor shortage have increased

- The “Future Conditions DI (Seasonally adjusted)”, the statistics indicating the perspectives in two to three months rose +0.7 points to 48.8 points for the first time in 2 months. The employment-related DI rose sharply. All the other DIs (the household activity-related and the corporate activity-related) have improved, too.
- While recovery of visitors’ number were heard such as “room occupancy rate for the coming 2 to 3 months is expected to show a sharp rise compared to the previous year” (resort hotel in Okinawa region), some concern were expressed over labor shortage such as “negative impact of lower operation rate due to shortage of driver is getting more serious” (taxi driver in Hokkaido region).



(Note) Data period is from April 2014 to April 2017.  
Seasonally adjusted.

(Source) SMAM, based on Japan’s Cabinet Office data.



## Leisure consumption and good weather are expected to support business sentiment

- As for future outlook, comments were heard on geopolitical risk such as North Korea nuclear and missile issues and saw increase in reference to labor shortage. On the other hand, voices were heard on expectation of increase in consumption during summer bonus season and peak season of summer holidays.
- According to the seasonal forecast of the Japan Meteorological Agency, temperature until July is expected to be near-normal temperature or above-normal temperature nationwide. Weather seems to be a supporting factor towards peak season of full-blown leisure consumption in summer.

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