

“Street Business Sentiment” declined marginally by weather factor

“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 declined to 44.8 points All the items under Household-related DI declined

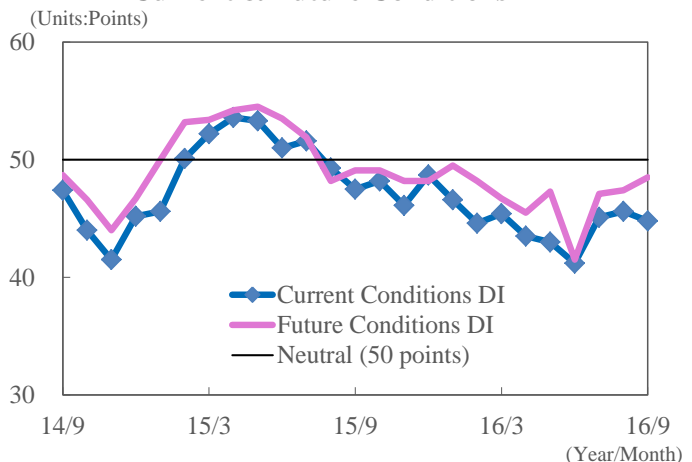
- According to the September 2016 “Economy Watchers Survey”, the “Current Conditions DI” which reflects “Street Business Sentiment” declined 0.8 points from last month to 44.8 points. While Corporate Activity and Employment-related DIs have improved, a worsening in all Household-related items affected negatively to the overall “Current Condition DI”.
- Here are voices of some respondents; “Vegetable prices are rising due to typhoon damage. Customers’ purchasing behavior is becoming severer.” by a supermarket operator (Hokuriku region). “As autumn and winter goods are failing to sell well due to unfavorable weather conditions, per-customer spending is falling, affecting our sales.” by a department store operator (South Kanto region). Those are reflecting impact of slower consumption due to more number of large-scaled Typhoon and higher temperature nationwide compared to average years.

Point 2

Future Conditions DI continues to improve Some positive sign in private consumption

- The “Future Conditions DI”, the statistics indicating the perspectives in two to three months improved 1.1 points to 48.5 points from last month. All items except Housing-related showed improvement.
- Some voices were heard from a watcher (travel agency in Chugoku region) who expressed “As year-end and new-year tour reservations are slightly increasing from a year earlier, we are hopeful.”. Another watcher expressed “We have begun to see bright signs including a slight increase in job offers related to private consumption. (Job information magazine publisher in Hokkaido)”.

“Current & Future Conditions DI”



(Note) Data period is from September 2014 to September 2016.

(Source) SMAM, based on Bloomberg L. P. data.

- Cabinet office of Japan kept its assessment on this period's survey unchanged from the previous month as "the economy is showing movements of picking up". For the future, they have assessed as "a recovery in the travel and tourism field and continued growth in orders and job offers are expected".
- Meanwhile, according to Japan Meteorological Agency, weather which has affected negatively to September consumption will be back almost to normal for the next one month. Degree of impact of weather to consumption will gradually subside as Typhoon season is almost coming to an end.

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