

## “Street Business Sentiment”, Future Conditions DI of Household Activity Improved

“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 fell for 2 months in a row

**Affected by the worries of China’s economic slowdown and falling stock prices**

- According to the September “Economy Watchers Survey” (survey period: Sep. 25th to 30th), the “Current Conditions DI” dropped by 1.8 points from last month to 47.5 points. The index stayed below the neutral level of 50 points for two months in a row. A global stock market plunge occurred on worries of China’s economic slowdown to result in a drop of the consumer sentiment.
- A Metal product manufacturer in South Kanto iterated that “orders from overseas are decreasing due to the Chinese economic slowdown”.

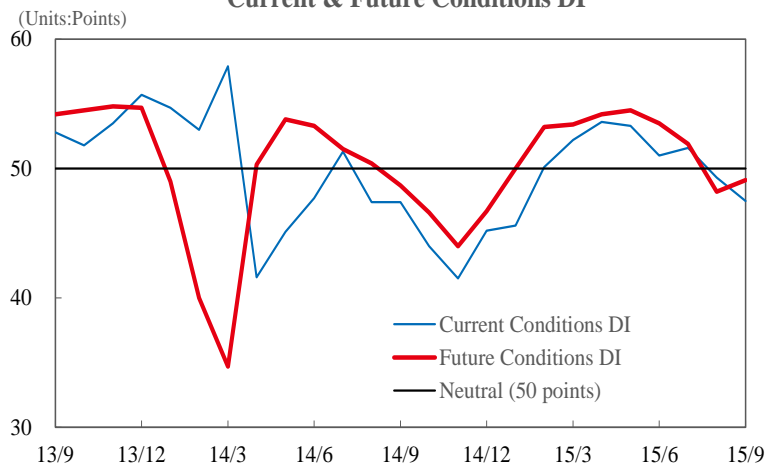
### Point 2

#### Future Conditions DI improved

**Household activity-related DI turned positive**

- The “Future Conditions DI”, the statistics indicating the perspectives in two to three months, was 49.1 points, an improvement of 0.9 points from the previous month. Backdrop was the improvement of all sectors (Retail, Food & beverage and Services) of Household activity-related DI despite fall of Corporate activity and Employment related DIs.
- Another watcher answered with expectation saying “looking forward to the improvement of business sentiment towards the year end sales period. Some additional consumer spending can be expected as the expiry date of the premium gift voucher is approaching (South Kanto: Electronic retail store)”.

"Current & Future Conditions DI"



(Note) Data is from September 2013 to September 2015.

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

## With the stock market bottoming out, consumer sentiment is expected to improve gradually

### ■ As the stock market settles down, the downturn should bottom out

According to this period's survey, we can witness the growing concerns over the Chinese slowdown leading to the global stock price plunge. The Chinese economy, due to an ample room for economic stimulus, is viewed to avoid a major downturn and as the global stock markets rebounded in October, it is hoped that the market sentiment will also bottom out.

### ■ Expectations of improvement in private consumption

The Consumer Sentiment is expected to recover due to wage hikes and prices (e.g. gasoline prices, etc.) stabilizing. So far, inbound tourism consumption is strong. As an increase in consumer spending led by retail sales and services is anticipated, recovery of the Watchers' economic sentiments is expected.

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