

## “Consumption on Services” is improving

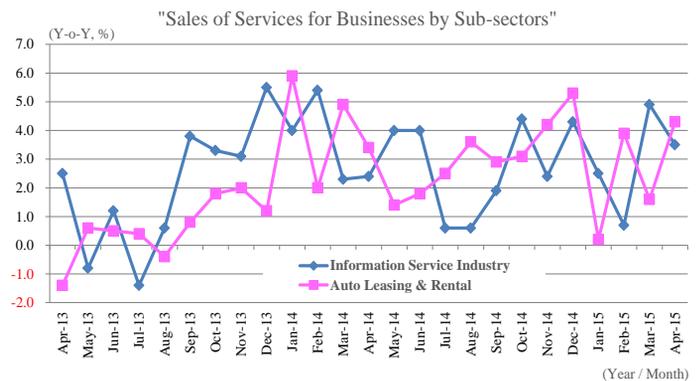
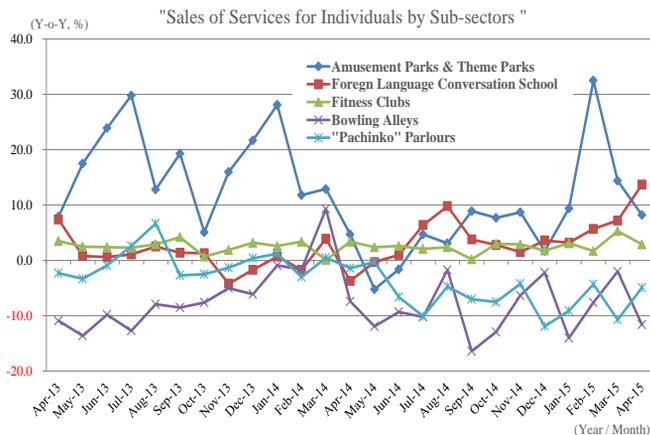
Consumption expenditures on selected service activities, such as hobby and amusement for individuals, and advertisement and commodity lease & rental for corporates, can be captured by “Monthly Report on the Current Survey of Selected Service Industries” released by Ministry of Economy, Trade & Industries (METI). This report includes data such as sales and contract value by ten sub-sectors each for individuals and business purposes. This is useful for judging short-term macro economy and employment markets.

### Point 1

## “Fitness Clubs” and “Foreign Language Schools” have increased for more than ten consecutive months

### Services for business purposes gained on upbeat corporate earnings

- April “Monthly Report on the Current Survey of Selected Service Industries” was released on June 15 by METI. Five service sub-sectors out of nine (“Wedding Ceremony Halls” added from January 2015) for individuals rose y-o-y. “Amusement Parks & Theme Parks”, “Foreign Language Schools” and “Fitness Clubs” continued to increase for more than ten consecutive months. In contrast, “Bowling Alleys” and “Pachinko Parlours” continued to decline even after the impact of consumption tax hike has diminished.
- As to services for business purposes, nine out of ten sub-sectors increased the revenues y-o-y. “Information Service Industry” and “Auto Leasing & Rental” increased y-o-y for more than twenty consecutive months. Upbeat corporate earnings support those services for businesses.



(Note) Data period is from April 2013 to April 2015. (Y-o-Y basis)  
 (Source) SMAM, based on Ministry of Economy, Trade & Industries data.

### Point 2

## “Health consciousness” and “Self-investment” are supporting Increase of foreign visitors is also contributing

- Soggy sales of department stores and supermarkets for FY2014 were hit by consumption tax hike. Meanwhile, “Amusement Parks & Theme Parks”, “Foreign Language Schools” and “Fitness Clubs” were immune from the impact of consumption tax hike with ample demand.
- The backdrop of ample demand for these sectors is an increasing consumption trend of “Health consciousness of elderly people” and “Self-investment”. In addition, increase of “Foreign visitors” is contributing to the sales increase of theme parks.

## Expectation on upbeat economic recovery supported by domestic demands

### ■ Expectation on improvement of consumer sentiment

Further improvement of consumer sentiment can be expected as April real wages turned positive y-o-y by nominal wages growth and diminishing effect of the tax hike. In addition, electronics retail stores are increasing duty-free outlets in order to cope with expanding consumption by foreign visitors. Inbound tourism consumption is expected to continue growing.

### ■ Consumption of both goods and services are likely to remain strong

Private capex is likely to increase further on the expectation of domestic demand expansion. Employment environment including wage growth seems to continue improving supported by upbeat corporate earnings. With these tailwinds, solid economic recovery is expected through domestic demand expansion underpinned by strong consumption of both goods and services.

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