



SMAM

“Street Business Sentiment,” Both Current and Future DIs rose

“Economy Watchers Survey”, also known as the “Street Business Sentiment” survey, is conducted by sending questionnaire to approximately 2,000 observers, called “Watchers”, who engage in economic sensitive businesses such as taxi drivers, convenience store managers, restaurant operators, etc. June 2018 Current Condition DI of “Street Business Sentiment” improved from the previous month with recovery in housing despite food & beverage decrease. Future DI rose to 50 points, to the neutral level of judging economic conditions, for the first time in 2 months.

Point 1

Current Conditions DI improved by +1.0 MoM to 48.1 points

Future Conditions DI also improved and recovered to the neutral 50.0 points

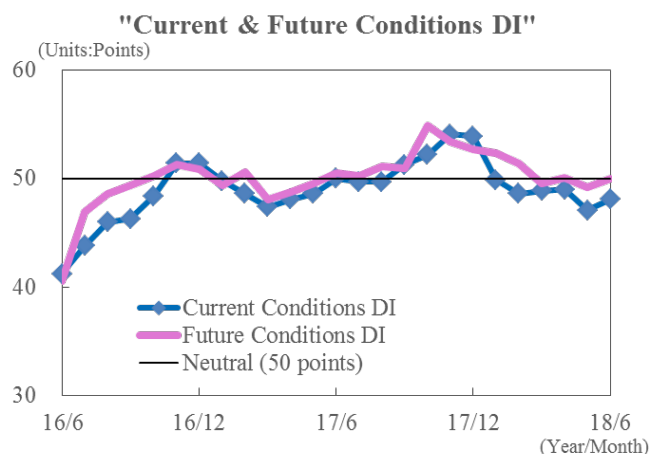
- According to June 2018 “Street Business Sentiment,” Current Conditions DI (seasonally adjusted) improved by +1.0 MoM to 48.1 points. Household activity and employment related DIs increased. On the other hand, both manufacturing and non-manufacturing of corporate activity related DI decreased. For the household activity related DI, growth of consumption expecting summer bones payment deemed as a backdrop.
- Future Conditions DI improved by +0.8 points MoM to 50.0 points, recovered back to the neutral level of the index. The employment related DI declined while household activity and corporate related DIs rose.

Point 2

Analysis of Watchers’ comment

Currently cautious, expectation in the future

- According to SMAM’s original analytics utilizing text mining* that analyzes “Street voice” more objectively, for the current sentiment, the comments showed the cautiousness in Watchers’ business sentiment as less positive words were used. Words related to northern Osaka earthquake and “savings” were used more frequently.
- For future outlook, the frequency of use of positive words rose. Also, words related to “savings” did not dramatically increase, and the number of words related to “uncertainty” seemed to be settled.
- Still, U.S.-China trade friction and high oil prices remain as concerns, however, expectation remained generally in favor due to 1) relatively stable financial markets and 2) possible stronger consumption supported by inbound tourists and extremely hot weather.



(Note) Data period is from June 2016 to June 2018. Seasonally adjusted.

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

* Text mining is the analysis of data contained in natural language text. Typical methodology is to measure frequency of word used to statistically analyze and visualize characteristics of text, aiming at finding valuable data and information contained



- Japan's Cabinet Office maintained its assessment of "Street Business Sentiment" as "slowly recovering but a pause can be seen." As for future, "although concern over labor force shortage and rise of costs still remains, expectation on increase in orders and capital investment continues." Even though there are concerns over U.S-China trade friction and heavy rain in western Japan, business confidence is expected to gradually rise supported by inbound tourism demand and extremely hot weather.

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