

## **Economy Watchers Survey**

### **August 2020**

#### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in August (seasonally adjusted) went up by 2.8 points from the previous month to 43.9.

The household activity-related DI went up mainly because the housing-related DI increased. The corporate activity-related DI went up mainly because the DI for the manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in August (seasonally adjusted) went up by 6.4 points from the previous month to 42.4.

The household activity-, corporate activity-, and employment-related DIs all rose.

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.0 points from the previous month to 43.3 and the DI for future economic conditions rose by 5.6 points from the previous month to 41.0.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is showing signs of rebounding, although difficulties remain under the impact of the Novel Coronavirus infection. As for the future, hopes are placed on rebounding, even though concerns are seen about the infection trend.

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**SUMMARY OF CHARACTERISTIC REASONS****FOR THE ASSESSMENT OF THE ECONOMY**

National

(Assessments) **A**, Better; **B**, Slightly better; **C**, Unchanged; **D**, Slightly worse; **E**, Worse**1. Current conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Thanks to tourism promotion subsidy systems, such as discounts for residents of the prefecture and the Go to Travel Campaign, we are seeing brisk reservations for luxury rooms, including those with open-air baths. (Hokuriku: Tourist inn)</li> <li>As heat waves are combined with increased telework, we are seeing robust air conditioner sales. Refrigerators and washing machines are also selling well as the time has come for replacing those purchased during the Eco Point home appliance sales campaign a decade ago. (Kinki: Electrical appliance retailer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Shopping street traffic is very low under heat waves. As restaurants have been asked to voluntarily restrict operations in Osaka, consumers have grown cautious about visiting restaurants. Although our restaurant is not subject to the restriction request, visitors have decreased. As couples account for most of our visitors, with seats reduced in our restaurant, sales are failing to increase. (Kinki: Standard class restaurant)</li> <li>Although we received brisk travel reservations at the beginning of the Go to Travel Campaign, an increase in Novel Coronavirus infections has led to increasing cancellations of Okinawa travel reservations, and the exemption of Tokyo from the campaign has affected travel reservations. We have no prospects for overseas tourism. (Kyushu: Travel agency)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>As demand is strong for improving the speed and quality of network infrastructure in broadcasting and telecommunications fields due to the expansion of remote work and video contents, we are receiving robust orders. (Tokai: Electrical machinery, equipment &amp; supplies)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As measures to prevent Novel Coronavirus infections and heatstroke have brought about lower efficiency and higher costs at construction sites, progress and profitability in construction have been affected. Inquiries about new private sector building orders for the next fiscal year and later years are still limited. (Hokkaido: General contractor)</li> </ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As Novel Coronavirus infections in Hokkaido are comparatively few, job offers are gradually increasing. In particular, employment growth is more robust than usual in nursing care and construction sectors. Meanwhile, tourist and business people traffic has been limited, dealing a severe blow to the hotel sector. Restaurants are seeing an increase in lunch visitors, but are not busy enough to make job offers. (Hokkaido: Job information magazine publisher)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Local product fairs in August achieved the same level of sales as a year earlier thanks to firm measures to avoid closed spaces, crowded places and close-contact settings to prevent Novel Coronavirus infections. In September and later months, we plan to implement local product fairs as in the previous year, representing a bright business factor. (Tokai: Department store)</li> <li>As customers have become used to the Novel Coronavirus outbreak, for better or worse, voluntary restrictions during new model launches in early autumn would not be so dominant as last spring. So, we expect a steady rise in the number of visitors. (Chugoku: Auto dealer)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>August is seeing increases from the previous month in sales and the number of visitors. Sales are likely to remain unchanged in September as night visitors are failing to increase. Lunch sales featuring lower prices would rise slightly. Dinner sales would be difficult in the absence of growth in alcoholic beverage sales. (Tohoku: High-class restaurant)</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>Our future business conditions would change depending on the Novel Coronavirus infection trend towards winter. We have received no reservations for year-end, new-year or other parties. The disparity between us and luxury inns and hotels that would benefit from the Go to Travel Campaign will expand. (Tokai: Urban hotel)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Production is recovering to the originally planned levels, and losses on the Novel Coronavirus outbreak in June and July and on heavy rains in July are planned to be recovered. (Kyushu: Transportation equipment)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>As most events within this year have been cancelled due to the Novel Coronavirus outbreak, with sale promotion advertisements expected to continue declining, we expect difficult business conditions. (Shikoku: Ad agency)</li> </ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"> <li>While job offers remain sluggish, companies in this vicinity are recovering production gradually. Although recovery is likely to take much time, we expect no more deterioration. (Chugoku: Temporary manpower company)</li> </ul>