

## **Economy Watchers Survey December 2020**

### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in December (seasonally adjusted) went down by 10.1 points from the previous month to 35.5.

The household activity-related DI went down mainly because the food and beverage-related DI decreased. The corporate activity-related DI went down mainly because the DI for the non-manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in December (seasonally adjusted) went up by 0.6 points from the previous month to 37.1.

The household activity-, and corporate activity-related DIs rose though the employment-related DI fell.

On a not seasonally adjusted basis, the DI for current economic conditions fell by 9.6 points from the previous month to 36.5 and the DI for future economic conditions remained unchanged from the previous month at 36.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy has recently been somewhat weak under the impact of the Novel Coronavirus infection. As for the future, concerns are growing 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>C</b>	<ul style="list-style-type: none"> <li>Under the impact of the third wave of Novel Coronavirus infections, spending per customer has recently been rising. As demand for home eating is increasing, food sales are expanding. (Tohoku: Supermarket)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Under the impact of the spreading Novel Coronavirus infection and the temporary suspension of the Go to Travel campaign in major cities, we see no new travel reservations but many travel reservation cancellations. (Southern Kanto: Travel agency)</li> <li>The movement of people had increased under the Go to Travel campaign, but an increase in Novel Coronavirus infections from late November has led demand for year-end parties to disappear. People have increasingly tended to shy away from dining meetings. Meanwhile, demand for takeout meals other than bento boxed lunches has increased again. (Tokai: High-class restaurant)</li> <li>Under the great impact of the third wave of Novel Coronavirus infections, sales are slow at apparel shops as well as food service tenants. The great impact is also seen on the number of visitors. (Kyushu: Department store)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>A</b>	<ul style="list-style-type: none"> <li>We plan to operate our plants at full capacity around the turn of the year to increase automobile-related production. Regarding construction machinery, some of our trading partners have requested our help in dealing with too many orders. (Northern Kanto: Machinery &amp; equipment)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As business operations are stagnant under a mood of voluntary restraint around the turn of the year, sales, earnings, and cash flow at our trading partners are generally deteriorating. (Chugoku: Financial business)</li> </ul>
<b><i>Employment</i></b>	
<b>D</b>	<ul style="list-style-type: none"> <li>Overall job offers from nearby small and medium-sized enterprises have slightly decreased, but those from tourism, food service and other service enterprises have almost disappeared. Job offers from the nursing care sector plagued long with labor shortages have been increasing, and those from manufacturers have levelled off. Overall economic sentiment has somewhat worsened. (Shikoku: Job information magazine)</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As telework increases, sales at electrical appliance retailers may slightly rise. As outings become difficult, with the Go to Travel campaign suspended from the year-end, an increasing number of people may stay and eat at home, leading to growth in electric cooker sales. (Kinki: Electrical appliance retailer)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>New car orders increased year on year in December and are likely to remain brisk for the immediate future. Amid the Novel Coronavirus disaster, demand for cars for personal use is robust. (Hokkaido: Automobile dealer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Visitors are usually limited around the turn of the year but could be more limited in response to the rising number of Novel Coronavirus infections. (Southern Kanto: Convenience store)</li> </ul>

<b>E</b>	<ul style="list-style-type: none"><li>We are uncertain about when the moratorium on the Go to Travel campaign would be lifted. Very severe business conditions may continue until Novel Coronavirus infections calm down. (Kinki: Tourist hotel)</li></ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>Schools are increasingly considering introducing smart device terminals. A rising number of trading partners are taking advantage of subsidies for doing so, indicating that orders for such terminals are likely to increase. (Tohoku: Telecommunications company)</li></ul>
<b>C</b>	<ul style="list-style-type: none"><li>Due mainly to Novel Coronavirus mutations discovered in the United Kingdom, the European market may stay in another difficult situation. In the U.S. and Japanese markets as well, capital investment sentiment may remain weak. (Hokuriku: Machinery &amp; equipment)</li></ul>
<b><i>Employment</i></b>	
<b>C</b>	<ul style="list-style-type: none"><li>As business operations stagnate under the impact of the Novel Coronavirus infection, we cannot expect to see any increase in the recruitment of new graduates. (Chugoku: Junior college)</li></ul>