

## **Economy Watchers Survey**

### **July 2020**

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

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The DI for current economic conditions in July (seasonally adjusted) went up by 2.3 points from the previous month to 41.1.

The household activity-related DI remained unchanged as the retail-related DI decreased, though the services DI increased. The corporate activity-related DI went up mainly because the DI for the non-manufacturing sector increased. The employment-related DI increased.

The DI for future economic conditions in July (seasonally adjusted) went down by 8.0 points from the previous month to 36.0.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 3.3 points from the previous month to 41.3 and the DI for future economic conditions fell by 9.4 points from the previous month to 35.4.

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, concerns about the infection trend are growing, even with rebounding expected.

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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 a tourism promotion campaign for residents of the prefecture, we have received accommodation reservations mainly for weekends. As soon as Novel Coronavirus infection cases increased, however, reservations were cancelled. No optimism can be warranted. (Hokuriku: Tourist inn)</li> <li>As the number of visitors has increased from the previous month, sales have risen back gradually. Due to the Novel Coronavirus infection, however, elderly people have yet to go out. (Kyushu: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>The impact of the government's special cash handout is weaker than in the previous month. This month is likely to see a 4% sales increase year on year. Bad weather conditions have affected business sentiment. Home electrical appliances such as refrigerators and washing machines are selling well. (Northern Kanto: Electrical appliance retailer)</li> <li>Affected by bad weather conditions and the expanding Novel Coronavirus infection, recovery has been losing momentum since mid-July. (Kinki: Standard class restaurant)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>While automakers' resumption of production indicates a brighter future for relevant industries, we expect to take more time to reach a break-even point. (Kinki: Fabricated metal products)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Although small and medium-sized enterprise operators and business owners have gained relief from any financial crisis thanks to safety nets and government cash handouts, their sales plunged from early spring to this month, particularly in the food service, travel and hotel sectors. Their sales have remained at less than 50% of normal levels. (Kyushu: Financial industry)</li> </ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>From April, amid a stay home campaign, job offers are gradually increasing for opening new shops or resuming business operations. (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>As new-model vehicles are released, our sales are increasing slightly despite the impact of the Novel Coronavirus infection. (Chugoku: Auto dealer)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As various events, including fireworks festivals, are cancelled, the number of visitors and sales are likely to decrease accordingly. (Northern Kanto: Convenience store)</li> <li>After rising back, the number of nighttime customers is likely to decrease again due to the Novel Coronavirus infection. Although we are managing to keep our business going by focusing on daytime customers and takeout meal sales, per customer sales and the number of visitors are falling. (Hokuriku: Standard class restaurant)</li> <li>Although the Go to Travel campaign has started, we are afraid of returning to a trough due to the expanding Novel Coronavirus infection. (Okinawa: Travel agency)</li> </ul>
<b><i>Corporate activity</i></b>	

<b>B</b>	<ul style="list-style-type: none"><li>As the government has asked companies to put 70% of employees on telework, we are receiving inquiries about a new look at remote work and about relevant capital investment. (Tohoku: Telecommunications company)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>As in the previous month, our production is on a downtrend due to the Novel Coronavirus infection. As future conditions remain uncertain, our production load is likely to continue falling. (Kyushu: Precision machinery and tool manufacturer)</li></ul>
<b><i>Employment</i></b>	
<b>D</b>	<ul style="list-style-type: none"><li>As the impact of the second Novel Coronavirus infection wave expands in a manner to further worsen business results, job cuts for reducing costs are feared to continue and expand. (Southern Kanto: Temporary staffing company)</li></ul>