

Economy Watchers Survey

June 2020

OVERVIEW OF THE MONTH

The DI for current economic conditions in June (seasonally adjusted) went up by 23.3 points from the previous month to 38.8.

The household activity-related DI went up mainly because the food and beverage-related 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 June (seasonally adjusted) went up by 7.5 points from the previous month to 44.0.

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 22.6 points from the previous month to 38.0 and the DI for future economic conditions rose by 7.5 points from the previous month to 44.8.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is showing signs of rebounding, although difficulties are left under the impact of the Novel Coronavirus infection. As for the future, rebounding is expected to continue, even with concerns about the infection trend remaining.

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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**

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Customers have grown more active since the request for voluntary restrictions on outings to counter the Novel Coronavirus infection was lifted on June 19. The government's special cash handout of 100,000 yen per person and the program of rebate to consumers for cashless payments ending in June are also supporting customers: (Hokkaido: Department Store) Luxury goods are selling well thanks to the government's special cash handout. Particularly, white goods sales are brisk. In the current rainy season, air conditioner sales are increasing. (Kinki: Electrical appliance retailer)
D	<ul style="list-style-type: none"> After voluntary business restrictions to counter the Novel Coronavirus infection, we reopened our business on June 1. While individual customers are returning to some extent, we see few corporate customers. Our business conditions are considerably severe. (Southern Kanto: High-end restaurant) As the absence of inbound foreign tourists coincides with the abundance of teleworkers, we have failed to see a return to the earlier average number of visitors. (Kinki: Convenience store)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> While we strongly feel the impact of the Novel Coronavirus infection on the whole of society, the telecommunications industry sees remarkable demand growth regarding remote and online services. The industry's business sentiment has improved from three months ago. (Hokkaido: Telecommunications company)
E	<ul style="list-style-type: none"> As automakers have halted production lines, their subcontractors providing automotive parts have reduced production. (Tokai: Transportation machinery and tool manufacturer)
<i>Employment</i>	
C	<ul style="list-style-type: none"> As June started, job offers doubled from the previous month to the level three months ago. Job seekers are also increasing from the previous month. (Kyushu: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> The central government's Japan Tourism Agency will launch the so-called Go to Travel campaign in August. It will be combined with current prefecture-level campaigns to improve our business conditions. (Tohoku: Tourist inn). As we restored normal business operations late last month, we expect the overall automobile industry to move ahead. Given that sales campaign events are scheduled to come occasionally, our business conditions would gradually become better. (Hokuriku: Automobile shop)
C	<ul style="list-style-type: none"> Due to consumers' continued voluntary restrictions on outings and shorter summer holidays planned for many schools, it will be difficult for us to restore normal sales levels. Our business conditions are likely to remain difficult. (Tokai: Leisure complex)
D	<ul style="list-style-type: none"> As new Novel Coronavirus infections are still found and the government is likely to issue

	its second and third state of emergency declarations, we cannot be optimistic. As annual regional events have been cancelled, we expect less human traffic than normal. (Hokkaido: Taxi driver)
<i>Corporate activity</i>	
B	· Vehicle production has been restored to some 90% of the originally planned level, indicating a slow recovery. As sales recovery differs by customer category, we still continue production adjustments. (Kyushu: Transportation equipment)
D	· In the private sector, corporate capital investment demand will shrink due to the impact of the Novel Coronavirus infection. The construction industry is expected to see a falling order backlog and serious difficulties in winning new orders: (Kinki: General contractor)
<i>Employment</i>	
C	· Food and other service providers seem hesitant to expand business operation in anticipation of the second wave of the Novel Coronavirus infection expansion. (Northern Kanto: Employment security office)