

## **Economy Watchers Survey October 2020**

### **OVERVIEW OF THE MONTH**

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The DI for current economic conditions in October (seasonally adjusted) went up by 5.2 points from the previous month to 54.5.

The household activity-related DI went up mainly because the retail-related DI increased, though the housing-related DI decreased. 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 October (seasonally adjusted) went up by 0.8 points from the previous month to 49.1.

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 4.9 points from the previous month to 53.6 and the DI for future economic conditions rose by 1.3 points from the previous month to 48.4.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is steadily rebounding, although difficulties remain under the impact of the Novel Coronavirus infection. As for the future, rebounding is expected to continue, 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>A</b>	<ul style="list-style-type: none"> <li>As regional coupons for the Go to Travel campaign were issued from October, with trips from and to Tokyo added to the coverage of the campaign, we have been able to attract mainly independent tourists at a business-as-usual pace. (Hokuriku: Tourist inn)</li> </ul>
<b>B</b>	<ul style="list-style-type: none"> <li>Tourists as well as local residents have increasingly visited our restaurant, contributing to improving our earnings. (Hokkaido: High-class restaurant)</li> <li>As we are now allowed to hold local food and out-of-store sales fairs that had been effectively banned three months ago, our business is going well. Regional coupons are supporting souvenir and other sales. As a blockbuster film has contributed to increasing the number of visitors to our store, our sales have risen from three months earlier. (Kyushu: Department store)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Most of the visitors to model rooms for condominiums are cautious of purchasing condominium units, indicating that many customers retain a wait-and-see attitude. (Hokkaido: Housing dealer)</li> </ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Our sales value, order receipts, and sales volume had declined 20-30% due to the impact of the Novel Coronavirus infection but have gradually recovered. Our sales value has recovered to the level before the decline under the impact. (Tokai: Electrical machinery, equipment &amp; supplies)</li> </ul>
<b>C</b>	<ul style="list-style-type: none"> <li>While some customers postpone or revise down capital investment plans due to business performance affected by the impact of the Novel Coronavirus infection, others are resuming capital investment. Our business is not necessarily worsening. (Tohoku: General contractor)</li> </ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>Travel agencies have come back to newspaper ads. As labor shortages are increasing mainly in the tourism industry, job offers are rising, while centering on nonregular jobs. (Tokai: Newspaper publishing company [Job placement ads])</li> </ul>

**2. Future conditions**

<b><i>Household activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"> <li>As people are likely to stay at home during coming Christmas and New Year holidays, we expect to see robust sales of cakes and New Year dishes. (Hokkaido: Supermarket)</li> <li>Hotel reservations for November and December are robust, indicating that we can expect the future effects of the Go to Travel and Go to Eat campaigns. Inquiries about drinking party and business conference reservations are increasing. Customers want to hold parties or conferences while taking thorough measures to prevent the Novel Coronavirus infection. (Kinki: Urban hotel)</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>As winter bonuses are expected to decline, we assume tough conditions for bonus and bargain sales. Given that consumers are likely to avoid congestion during Yearend and New Year holidays, we are concerned that we would fail to secure sufficient sales for lucky bag and bargain sales. (Tokai: Department store)</li> </ul>

	<ul style="list-style-type: none"><li>As Novel Coronavirus infections are increasing in Osaka, people refrain from going out, with a decline expected in eating-out opportunities. Companies still refrain from holding yearend drinking parties, so we expect tough conditions in the coming drinking party season. (Kinki: Standard-class restaurant)</li></ul>
<b><i>Corporate activity</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>Orders are recovering, leading us to expect a sales rise coming in two to three months. Automobile and other industries are apparently recovering. (Chugoku: Iron and steel industry)</li></ul>
<b>D</b>	<ul style="list-style-type: none"><li>As office attendance rates remain low, rental office agreements are being cancelled. In the absence of new restaurant tenants, vacant spaces cannot be expected to be filled. (Southern Kanto: Real estate business)</li></ul>
<b><i>Employment</i></b>	
<b>B</b>	<ul style="list-style-type: none"><li>Short-term job offers are increasing towards the busy yearend and New Year season. Demand is rising for transportation related to Internet shopping and for combined parcels for transportation. (Southern Kanto: Temporary staffing company)</li></ul>