

Economy Watchers Survey

July 2021

OVERVIEW OF THE MONTH

The DI for current economic conditions in July (seasonally adjusted) went up by 0.8 points from the previous month to 48.4.

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 down mainly because the DI for the manufacturing sector decreased. The employment-related DI decreased.

The DI for future economic conditions in July (seasonally adjusted) went down by 4.0 points from the previous month to 48.4.

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

On a not seasonally adjusted basis, the DI for current economic conditions rose by 2.3 points from the previous month to 47.7 and the DI for future economic conditions fell by 5.5 points from the previous month to 47.1.

The assessment of Economy Watchers indicated in this survey can be summarized as follows: The economy is rebounding, although the severe impact of the Novel Coronavirus infection is lingering. As for the future, the economy is expected to continue the rebound due to progress in vaccination, etc., although concerns exist about the infection trend.

Released on August 10, 2021 (in Japanese) by the Director-General for Economic Assessment and Policy Analysis,
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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"> Although the impact of the Novel Coronavirus pandemic still remained significant, the number of visitors in July rose year on year to the level before the pandemic thanks to good weather in the four-day weekend when we implemented events, with the Tokyo Olympics launched. (Tohoku: Amusement park) As temperatures are rising, drink sales and the number of visitors are increasing. Visitors have increasingly been buying goods in bulk to consume while watching Tokyo Olympic games on television at home. (Northern Kanto: Convenience store)
D	<ul style="list-style-type: none"> While the number of visitors to our shop has increased, with vaccination making progress, many of them have left the shop without buying new clothes they do not need due to their voluntary restrictions on outing. (Kyushu: Clothing shop)
E	<ul style="list-style-type: none"> Restaurants cannot serve alcoholic drinks during a state of emergency. Unless alcoholic drinks are served, our sales will fail to rise, leading severe conditions to continue. (Southern Kanto: Standard-class restaurant)
<i>Corporate activity</i>	
B	<ul style="list-style-type: none"> While domestic fashion clothing sales are still sluggish, orders for automobile-related and outdoor goods are recovering. We see a sign of recovery in overseas fashion clothing sales. (Hokuriku: Textile industry)
C	<ul style="list-style-type: none"> Due to a delay in vaccination, many annual events are being cancelled. (Shikoku: Advertising agency)
<i>Employment</i>	
C	<ul style="list-style-type: none"> Job offers have been increasing since early this year. In particular, sales and information technology job offers have been growing remarkably. However, few job offers come from restaurants, hotels or apparel shops, indicating the impact of the Novel Coronavirus pandemic on them. (Hokkaido: Temporary staffing company)

2. Future conditions

<i>Household activity</i>	
B	<ul style="list-style-type: none"> Vaccination is ending for aged people and starting for younger people. This is likely to stimulate consumers' appetite for shopping. Visitors are still encouraged to wear masks during shopping, but they may become more optimistic and increase their appetite for shopping. (Tohoku: Home electric appliance retail store)
C	<ul style="list-style-type: none"> While vaccination is likely to significantly spread, we expect the economy to take more time to recover. (Tokai: Shopping street)
D	<ul style="list-style-type: none"> If a state of emergency is declared or priority measures such as for prevention of the spread of disease are implemented due to the likely spread of Novel Coronavirus infections, the number of our customers will decrease. (Hokkaido: Taxi driver) As new Novel Coronavirus infections are increasing, restrictions on food services are likely to become even tougher. Our business conditions may grow tougher until the uptrend of new infections changes upon progress made in vaccination. (Kinki: Standard-class restaurant)

Corporate activity

B	· One of our existing customers plans to launch a new export project next month. We expect shipments to continue increasing. (Shikoku: Transport)
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C	· We expect an increase in order receipts. Given uncertainties about semiconductor supply, however, we are uncertain about whether order receipts would increase as expected. (Koshinetsu: Machinery & equipment)
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Employment

C	· Given the re-spread of Novel Coronavirus infections, we cannot expect any recovery in food services, hotel or relevant wholesale industries. (Northern Kanto: Employment security office)
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