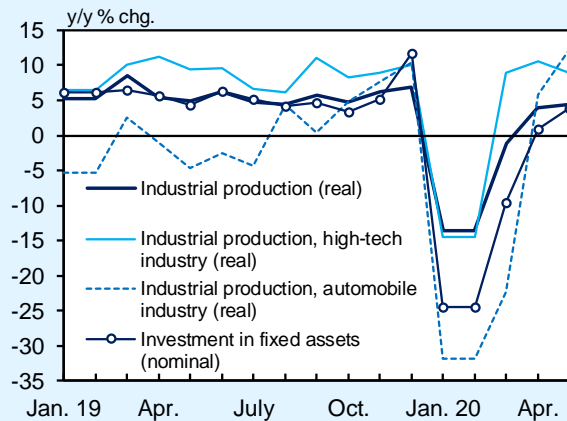


**(Box 1) Developments in Overseas Economies under the COVID-19 Pandemic**

Although economic activity has started to resume, mainly in countries where the spread of COVID-19 has almost subsided, overseas economies have been depressed significantly with the impact of COVID-19 remaining. This box examines developments in overseas economies under the pandemic, looking first at those in China thus far, where the economy has been picking up, and then turning to those in Europe and the United States.

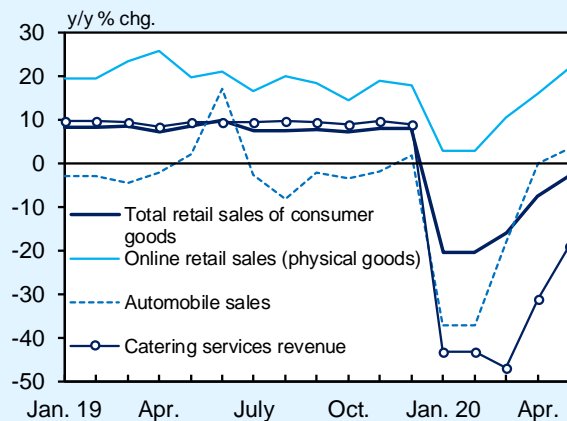
In China, economic activity plunged from late January due to the impact of the spread of COVID-19. Subsequently, however, there has been progress in the resumption of economic activity, and the economy has been picking up with the spread subsiding domestically. Industrial production recently has recovered to above last year's level, mainly led by the high-tech and automobile-related industries, as supply constraints such as labor shortage and supply chain disruptions eased, and partly reflecting the recovery in production from the decline brought about by COVID-19 (Chart B1-1). Investment in fixed assets also has recovered to above last year's level, supported by aggressive macroeconomic policies by the Chinese authorities, including their efforts to speed up the implementation of key infrastructure projects. Retail sales have been recovering to last year's level due to favorable online sales and the materialization of pent-up demand, although the recovery in eating and drinking services has been lagging somewhat behind, mainly due to voluntary efforts made by firms and households to

**Chart B1-1: China's Industrial Production and Investment in Fixed Assets**



Source: CEIC.  
Note: Based on staff calculations.

**Chart B1-2: China's Nominal Retail Sales of Consumer Goods**



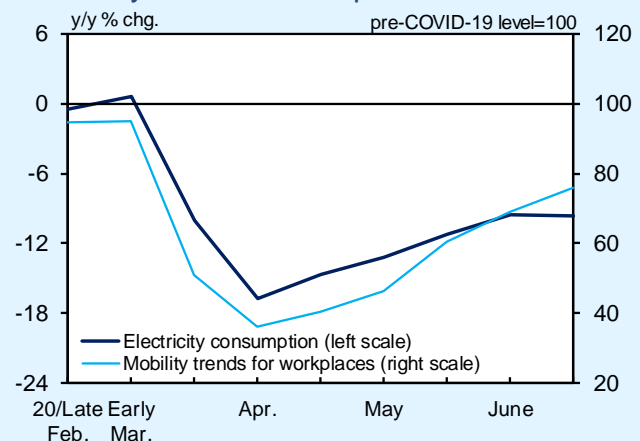
Source: CEIC.  
Note: Based on staff calculations. Figures for automobile sales are based on the aggregate for enterprises (units) with revenues above certain threshold amounts only.

prevent infections (Chart B1-2).

Turning to Europe, economic activity was depressed significantly from mid-March, as seen in electricity consumption falling substantially below last year's level, mainly affected by the spread of COVID-19 and the resultant closure of workplaces and restrictions on going outside (Chart B1-3). Subsequently, with COVID-19 subsiding, economic activity has been showing signs of heading toward a pick-up, as seen in a deceleration in the year-on-year rate of decline in electricity consumption as strict public health measures have been eased. Under these circumstances, there have been signs that the employment situation will stop deteriorating. In Germany, France, and Italy, the number of firms applying for subsidies for short-time work increased sharply through April but has decreased significantly since May (Chart B1-4).

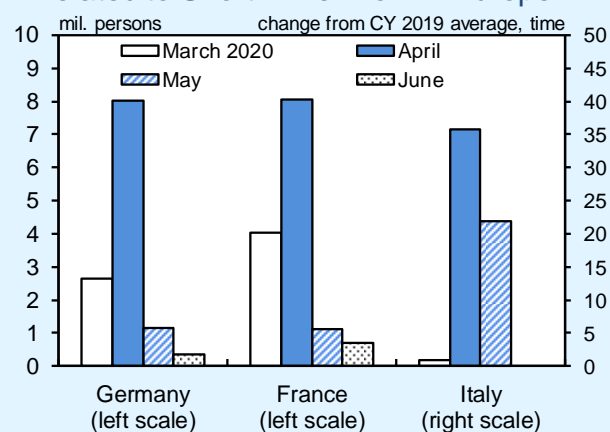
In the United States, economic activity was depressed significantly from mid-March, affected by the spread of COVID-19 and strict public health measures, as indicated, for example, by the Weekly Economic Index (WEI) released by the Federal Reserve Banks -- which aggregates high-frequency data on various economic activities -- falling well below last year's level (Chart B1-5). In terms of employment, the unemployment rate for April has risen to the highest level since 1940 (Chart B1-6). Subsequently, although COVID-19 has not yet subsided in the United States as a whole, automobile sales and consumption of services such as eating and drinking have turned to an increase, mainly on the back of the easing of strict

**Chart B1-3: Electricity Consumption and Mobility Trends in Europe**



Sources: Bloomberg; Google LLC "Google COVID-19 Community Mobility Reports". <https://www.google.com/covid19/mobility/> Accessed: July 15, 2020.  
 Notes: 1. The chart shows the simple averages for Germany, France, Italy, Spain, and the United Kingdom.  
 2. Figures for mobility trends for workplaces refer to the aggregate number of persons going to their workplace. The median value for the corresponding days of the week for the period from January 3 to February 6 (i.e., before the outbreak of COVID-19) is used for reference and set to 100.

**Chart B1-4: Labor Market Indicators Related to Short-Time Work in Europe**

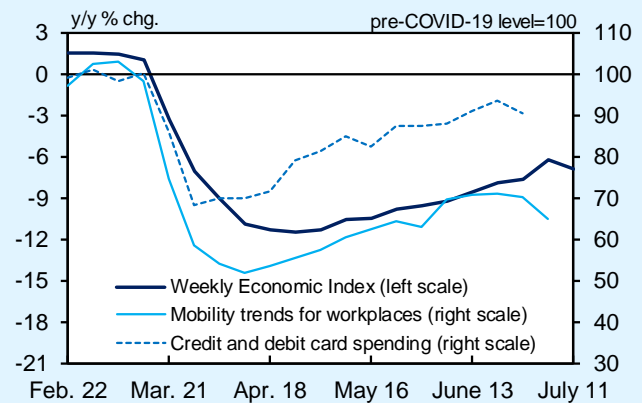


Sources: Haver; DARES.  
 Note: Figures for Germany and France are the notifications of short-time workers. Figures for Italy are the number of authorized hours under the main short-time work scheme, the Wages Guarantee Fund. The latest figure for Italy is that for May 2020.

public health measures and U.S. government cash payments to households. Under these circumstances, the rate of decline in the amount of card transactions related to consumer spending has slowed, and economic activity, as seen in the WEI, has been improving. On the employment side, with support from the U.S. government's Paycheck Protection Program continuing, the number of employees has increased since May on the back of progress in the resumption of economic activity, and the unemployment rate has turned to a decline.

Thus, there are signs of a pick-up in Europe and the United States, but the level of economic activities is still clearly below that seen before the outbreak of COVID-19. It should be noted that it will take time for overseas economies to recover to the level seen before the outbreak, partly because precautionary efforts made voluntarily by firms and households will continue to act as a force constraining economic activity. In addition, as seen in the number of confirmed cases still increasing in emerging economies -- such as Central and South America as well as India -- and in the United States, there are extremely high uncertainties over the consequences of COVID-19 and the magnitude of their impact on overseas economies, and thus close attention should continue to be paid.

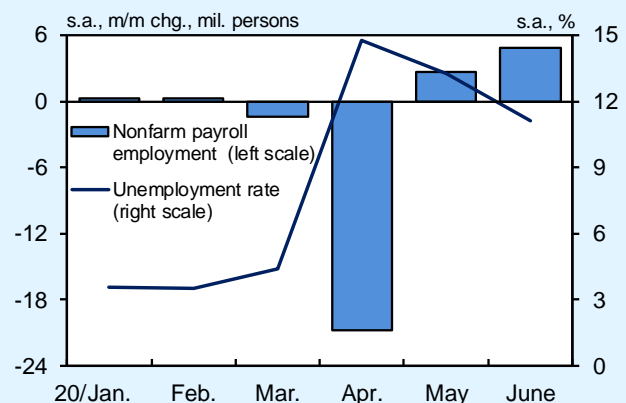
**Chart B1-5: High-Frequency Indicators for the United States**



Sources: Haver; Opportunity Insights; Google LLC "Google COVID-19 Community Mobility Reports". <https://www.google.com/covid19/mobility/> Accessed: July 15, 2020.

Notes: 1. Figures for mobility trends for workplaces refer to the aggregate number of persons going to their workplace. The median value for the corresponding days of the week for the period from January 3 to February 6 (i.e., before the outbreak of COVID-19) is used for reference and set to 100.  
2. Figures for credit and debit card spending are seasonally adjusted. The average for the period from January 4 to 31 (i.e., before the outbreak of COVID-19) is used for reference and set to 100.

**Chart B1-6: Labor Market Indicators for the United States**



Source: Haver.