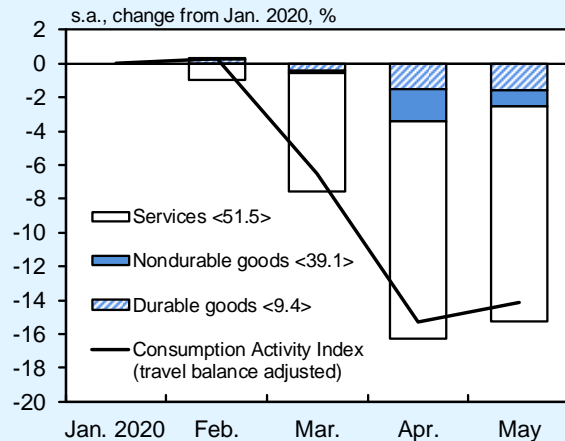## (Box 3) Impact of COVID-19 on Private Consumption

This box provides an overview of the impact of COVID-19 on developments in private consumption to date, using high-frequency data.

Looking back at developments in the Consumption Activity Index (CAI) from January this year -- that is, before the impact of COVID-19 materialized -- through May shows that a downward trend was already evident for March and the CAI declined further for the April-May period due to the impact of the declaration of a state of emergency, registering a substantial fall of about 15 percent compared with January (Chart B3-1). By type, services consumption saw the largest decrease, since self-restraint from going outside and temporary store closures led directly to the decline in sales, and this decrease in services consumption accounts for about 80 to 90 percent of the decline in private consumption that has happened since January. Goods consumption registered a considerable decline for the April-May period compared with January. This is attributable to a significant impact of the sales decline in automobiles and clothes due to the decrease in the number of customers visiting dealerships and stores, although the steady demand for food and daily necessities that reflects people spending more time at home has underpinned goods consumption to a certain extent (Chart B3-2).

Looking at the breakdown of services consumption, there has been a notable decline in selective expenditures for services that are considered non-urgent, such as dining-out,
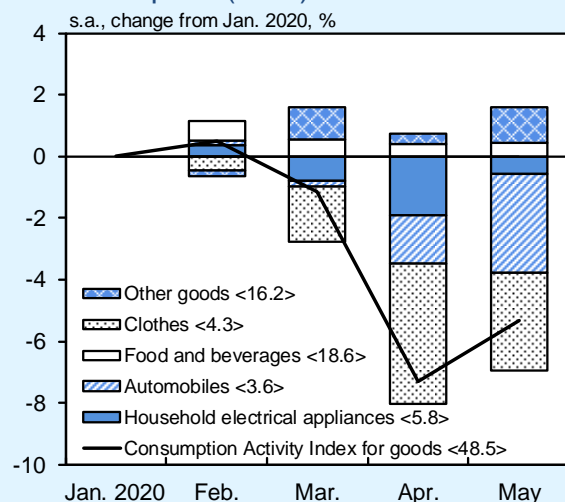
Chart B3-1: Developments in the Consumption Activity Index (Real)

s.a., change from Jan. 2020, %

Services <51.5>
Nondurable goods <39.1>
Durable goods <9.4>
Consumption Activity Index (travel balance adjusted)

Sources: Bank of Japan, etc.
Notes: 1. Based on staff calculations. Figures for the Consumption Activity Index (travel balance adjusted) exclude inbound tourism consumption and include outbound tourism consumption. Figures for the components are not adjusted for the travel balance.
2. Nondurable goods include goods classified as "semi-durable goods" in the SNA.
3. Figures in angular brackets show the weights in the Consumption Activity Index.

Chart B3-2: Developments in Goods Consumption (Real)

s.a., change from Jan. 2020, %

Other goods <16.2>
Clothes <4.3>
Food and beverages <18.6>
Automobiles <3.6>
Household electrical appliances <5.8>
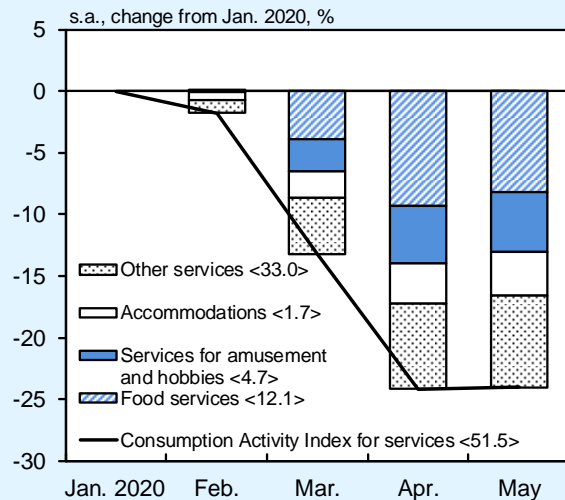Consumption Activity Index for goods <48.5>

Sources: Bank of Japan, etc.
Notes: 1. Based on staff calculations. Figures are not adjusted for the travel balance.
2. Figures in angular brackets show the weights in the Consumption Activity Index.

entertainment, and accommodations (Chart B3-3). On a daily basis, mobility trends for "retail and recreation" based on smartphone location data by Google are quite similar to developments in selective expenditures for services in the *Family Income and Expenditure Survey.*[23] This suggests that the decrease in people going outside due to self-restraint has directly led to a decline in selective expenditures for services (Chart B3-4). Consumption of services other than those classified as selective expenditures (categorized as "other services" in Chart B3-3) has also decreased considerably, mainly for spending on medical services, ceremonial occasions, and cram schools. This indicates that people's vigilance against COVID-19 has exerted strong downward pressure not only on selective expenditures for services but also on the overall consumption of face-to-face services, including fundamental expenditures for services.

Thus, the spread of COVID-19 has brought about a significant decline in private consumption on the whole. At the same time, however, it has led to the creation of demand for new goods and services in some areas despite precautionary efforts by firms and households. For example, in terms of dining-out, demand for take-out and delivery services has expanded rapidly of late amid the situation of stricter self-restraint from going outside. On this point, fast food, which has its advantage in take-out and delivery services, has been relatively firm since March, although dining-out as a whole has dropped considerably

---

[23] Google releases changes in mobility by type of place for each country and region. "Retail and recreation" includes places such as restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters. Grocery stores and drugstores are included in a category labeled "grocery and pharmacy."

Chart B3-3: Developments in Services Consumption (Real)

Sources: Bank of Japan, etc.
Notes: 1. Based on staff calculations. Figures are not adjusted for the travel balance.
2. Figures in angular brackets show the weights in the Consumption Activity Index.

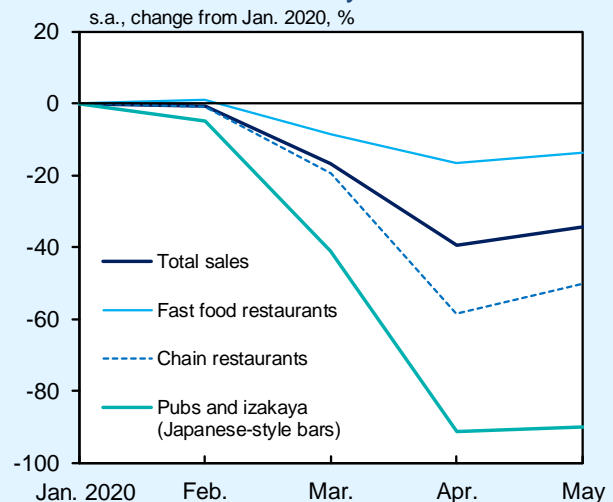**Chart B3-4:** Mobility Trends and Selective Expenditures for Services
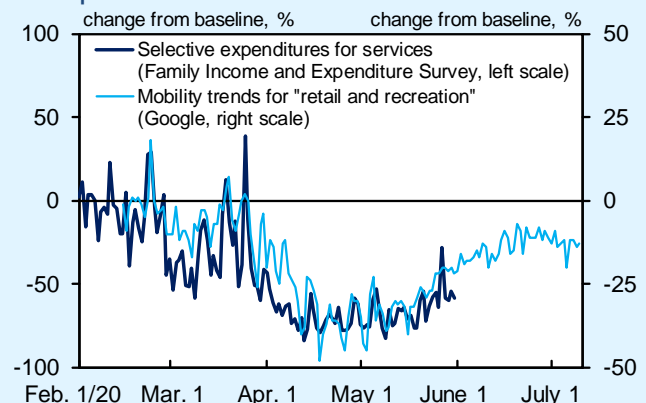
Sources: Ministry of Internal Affairs and Communications;
Google LLC *"Google COVID-19 Community Mobility Reports"*.
https://www.google.com/covid19/mobility/ Accessed: July 15, 2020.
Notes: 1. The baseline is the median on the corresponding day of the week during the 5-week period from January 3 to February 6, 2020.
2. Figures for selective expenditures for services are the sum of expenditure on public transportation, recreational services (accommodation services, etc.), and meals outside the home. The latest figure is for May 31.
3. Figures for mobility trends for "retail and recreation" are mobility trends for places such as restaurants, shopping centers, and theme parks. The latest figure is for July 10.

(Chart B3-5). In addition, the rapid expansion in teleworking and in taking online classes from home has led to an increase in demand for personal computers for home-use. The fact that people are spending more time at home also has led to an increase in demand for televisions and white goods such as high-performance air conditioners. As a result, although sales of household electrical appliances fell in April due to temporary store closures and shorter operating hours, they have picked up to date, led by personal computers, televisions, and white goods (Chart B3-6).

Chart B3-5: Developments in Sales in the Food Services Industry

s.a., change from Jan. 2020, %

Source: Japan Foodservice Association, "Market Trend Survey of the Food Services Industry."
Note: Based on staff calculations using data compiled by the Japan Foodservice Association.
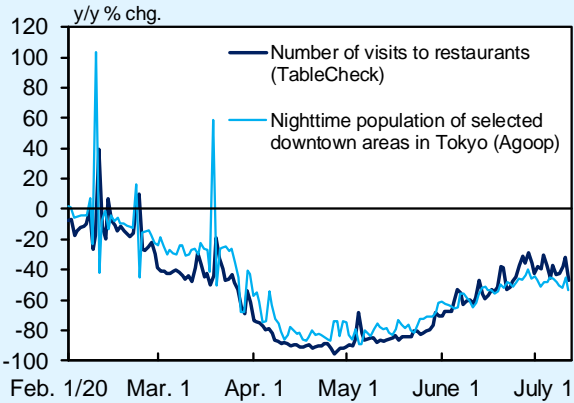
Although sufficient hard data for developments from June to date are not yet available, various sources, such as high-frequency indicators, statistics published by industry organizations, and anecdotal information from firms, suggest that it is highly likely that consumption activities have been heading toward a pick-up moderately on the whole. In particular, the number of people going out, which is strongly correlated with developments in selective expenditure for services, has picked up moderately since the second half of May, when the state of emergency was lifted gradually, and downward pressure on services consumption seems to have eased to date. However, amid a situation of vigilance against COVID-19 persisting, the nighttime population of selected downtown areas -- which has high correlation with developments in dining at restaurants in the evening and in *izakaya* (Japanese-style bars) that comprise services consumption of dining-out -- has been fairly slow to return to the previous level (Chart B3-7). In this situation, the pace of a pick-up in domestic travel, in particular long-distance travel, also seems to

Chart B3-6: Sales of Household Electrical Appliances (METI POS)

% chg. from the same week of the previous year
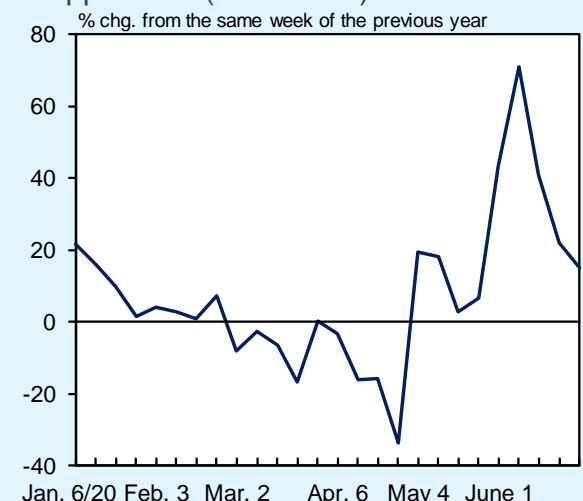
Source: Ministry of Economy, Trade and Industry (METI).
Note: The horizontal axis shows the starting date of each week. The latest figure is for the week of June 29 to July 5.

have been considerably slow, mainly reflecting requests for self-restraint from travelling across prefectures that continued until June 18. On the other hand, regarding goods consumption, (1) sales of household electrical appliances have picked up to date, partly due to the provision of special cash payments, and (2) clothing sales also have picked up with businesses reopening gradually (Chart B3-6). However, (3) growth in demand for food and daily necessities, which make up a large share of consumption, has slowed, partly due to the shift to dining-out (Chart B3-8). Thus, the overall increase in goods consumption seems to have been only small.

Chart B3-7: Number of Visits to Restaurants

y/y % chg.

- Number of visits to restaurants (TableCheck)
- Nighttime population of selected downtown areas in Tokyo (Agoop)

Sources: TableCheck Inc.; Agoop Corp.
Notes: 1. Figures for the number of visits to restaurants show the number of visits per restaurant, and are for about 4,500 restaurants that have installed the reservation and customer management system for restaurants provided by TableCheck Inc. The latest figure is for July 12.
2. Figures for the nighttime population of selected downtown areas in Tokyo show the aggregate population between 20h-24h within a 500 m radius centered on Ginza, Shinjuku, and Roppongi stations. The figures for 2019 are estimated using data for the aggregate population within the 900 m x 900 m square areas centered around the same stations. The latest figure is for July 12.

Chart B3-8: Sales at Supermarkets (Nikkei CPINow)

weekly avg. of daily y/y % chg.
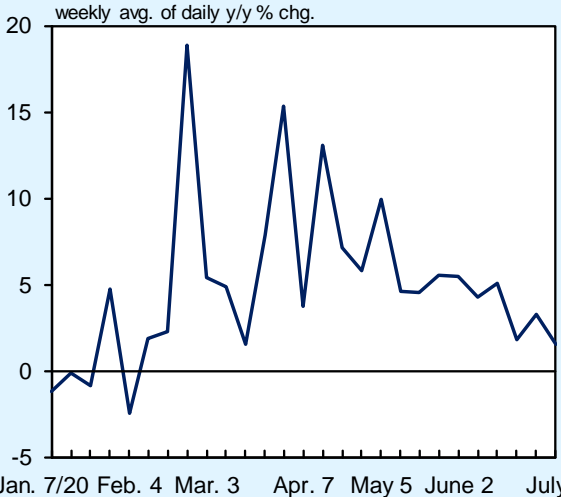
Source: NOWCAST, Inc.
Note: The horizontal axis shows the starting date of each week. The latest figure is for the week of July 7 to 13.