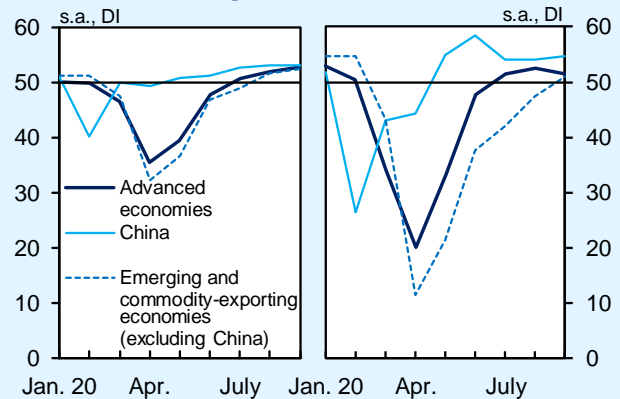


**(Box 1) Variation in the Pace of a Pick-Up in Overseas Economies**

Although overseas economies have picked up from a state of significant depression, the pace varies across sectors as well as countries and regions. Looking at the PMI by sector, business sentiment in the goods sector (i.e., manufacturing) has improved in many countries and production activity of that sector also has picked up clearly. On the other hand, in the services sector (i.e., nonmanufacturing), the PMI dropped sharply in early spring and the pace of improvement has been only moderate (Charts B1-1 and B1-2). By country and region, there is large variation in the degree of improvement, particularly in the services sector. This box provides an overview of the slow and varying pace of the pick-up in overseas economies.

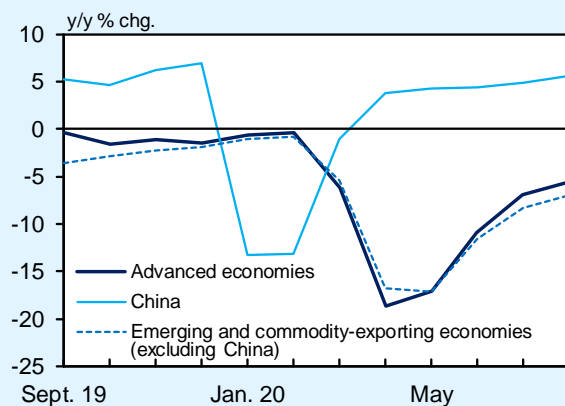
In China, with the number of confirmed cases of COVID-19 being at a low level since early spring, economic activity resumed earlier than in any other country. Under these circumstances, the GDP growth rate for the April-June quarter turned positive on a year-on-year basis, partly due to the emergence of the effects of aggressive macroeconomic policies and the materialization of pent-up demand (Chart B1-3). By industry, the information and communication, construction, and real estate industries have recovered steadily due mainly to the establishment of 5G communication networks and an expansion in infrastructure investment. In addition, mainly on the back of the spillover effects of the expansion in such investment and of an increase in global demand for IT-related goods, the GDP growth rate of the manufacturing industry and industrial production

**Chart B1-1: PMI for Major Economies**  
**1. Manufacturing PMI    2. Services PMI**



Sources: IHS Markit (© and database right IHS Markit Ltd 2020. All rights reserved.); IMF; Haver.  
 Notes: 1. Figures for China are the "Caixin China PMI." Figures for the services PMI are the "Services Business Activity Index."  
 2. Figures for advanced economies are the weighted averages of the PMIs for the United States, the euro area, the United Kingdom, and Japan using their global GDP shares from the IMF as weights. As for figures for emerging and commodity-exporting economies excluding China, those for manufacturing are the weighted averages of the PMIs for 19 countries and regions and those for services are the weighted averages of the PMIs for 3 countries, both using their global GDP shares from the IMF as weights.

**Chart B1-2: Industrial Production in Major Economies**



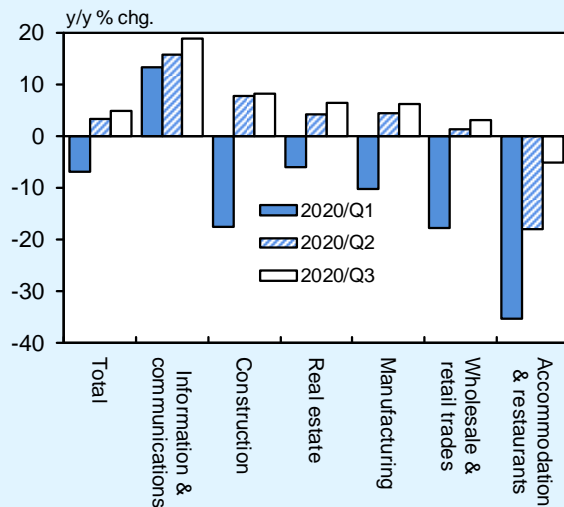
Sources: CPB Netherlands Bureau for Economic Policy Analysis; Haver.  
 Note: Figures for emerging and commodity-exporting economies excluding China are the weighted averages of industrial production using countries' share in global value added taken from the CPB Netherlands Bureau for Economic Policy Analysis as weights.

also have been positive on a year-on-year basis (Chart B1-2). Meanwhile, a recovery in the services industry, such as accommodations and restaurants, was delayed, due mainly to voluntary efforts to prevent infections, but some improvements have been observed recently.

In the United States and Europe, private consumption fell significantly in early spring, but a pick-up has been seen since then, mainly in goods consumption (Charts B1-4 and B1-5). This is mainly attributable to fiscal measures to compensate households for lost incomes, the materialization of pent-up demand, and, in some countries, a rise in subsidies for the purchase of low-emission vehicles. Under these circumstances, production activity of the manufacturing industry also has picked up clearly (Chart B1-2). On the other hand, with the number of confirmed new cases of COVID-19 increasing in the United States and Europe, the pace of improvement in consumer sentiment has been slow, and thus the pace of the pick-up in services consumption, mainly for face-to-face services, has been only moderate.<sup>23</sup>

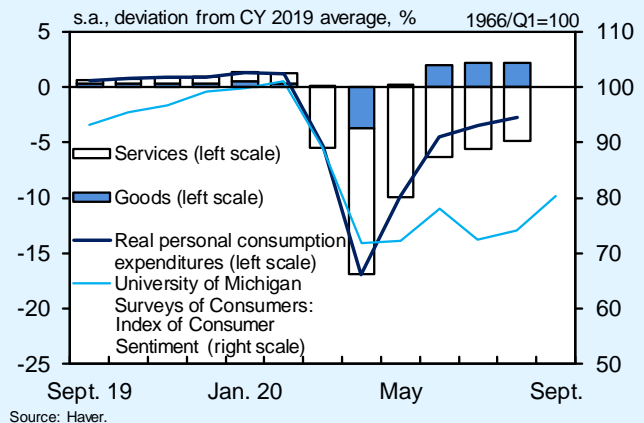
Lastly, turning to emerging economies other than China, although there are variations across countries and regions, the number of people going out has continued to be constrained even after the summer season in such places as India, where the number of confirmed new cases of COVID-19 has increased or remained high (Chart

**Chart B1-3: China's Real GDP**



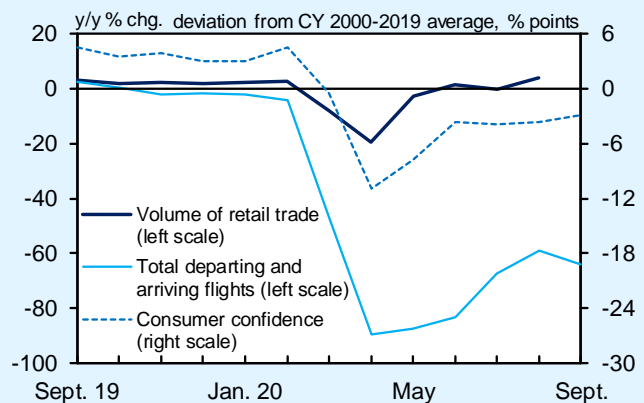
Source: CEIC.  
Note: Figures for "information & communications" are those for "information transmission, software, and information technology services."

**Chart B1-4: Private Consumption Indicators for the United States**



Source: Haver.

**Chart B1-5: Private Consumption Indicators for the Euro Area**



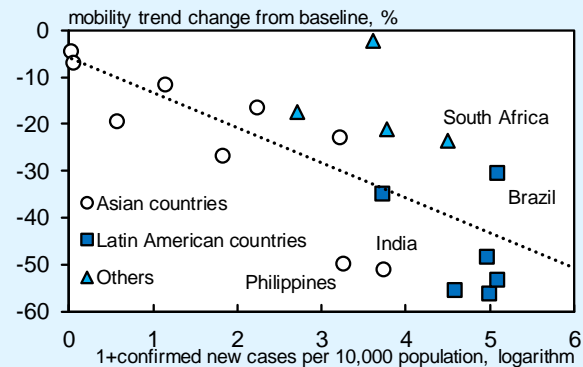
Sources: Haver; EUROCONTROL.  
Note: Figures for total departing and arriving flights are the simple averages for the main airports in Germany, France, Italy, and Spain.

<sup>23</sup> With regard to the impact of the spread of COVID-19, see also "The Impact of COVID-19 on US Consumer Spending: Quantitative Analysis Using High-Frequency State-Level Data," *Bank of Japan Review Series*, no. 2020-E-7, October 2020.

B1-6). In these countries and regions, consumer sentiment also has been at a low level, and the pace of improvement in consumption, mainly of services, seems to have been only moderate in contrast to the sharp decline in the April-June quarter. However, in many of these countries and regions, business sentiment and production activity of the manufacturing industry have been heading toward improvement, even though each of their overall economies has remained in a severe situation (Charts B1-1 and B1-2).

Thus, although overseas economies have improved on the whole, the pace varies across countries and regions, mainly reflecting the effects of developments in COVID-19 on the service sector. As for the outlook, although they are likely to continue improving for the time being, partly supported by aggressive macroeconomic policies, the pace is expected to be only moderate and varying while vigilance against COVID-19 continues. In addition, given that public health measures have been tightened again, mainly in Europe, their economies could be pushed down temporarily. The consequences of COVID-19 and the magnitude of their impact on overseas economies remain highly uncertain, and thus downside risks warrant close attention.

**Chart B1-6: COVID-19 Cases and Mobility Trends in Developing Countries/Regions**



Sources: CEIC; United Nations; Google LLC "Google COVID-19 Community Mobility Reports." <https://www.google.com/covid19/mobility/>. Accessed: October 6, 2020.

- Notes:
1. Confirmed new COVID-19 cases are July-September totals. Taiwan and Hong Kong figures are from the Taiwan Ministry of Health and Welfare and the Hong Kong Centre for Health Protection, Department of Health, respectively. Other figures are from the WHO.
  2. Figures for mobility trends are July-September averages of the percent change in visits to places categorized as "retail and recreation" in the report released by Google. The baseline is the median value, for the corresponding day of the week, during the 5-week period from January 3 to February 6, 2020.
  3. The dotted line represents the fitted regression line for the 19 country observations shown in the chart.