

## 【Fundamentals Navigator】

## Japan consumption data (Jun 2021): Goods spending edges back, services remain listless

(original Japanese report issued on August 6, 2021)

### Olympics and heat boost TV/liquor, but little impact on overall spending

Personal consumption saw a modest comeback in goods spending in June. Nominal retail sales edged up 0.1% YoY. Growth slowed from the preceding month (+8.3%) in reaction to the sharp recovery last year with the end of the first state of emergency. However, the figure was up 3.1% MoM for the first gain in three months. Real spending in the Family Income and Expenditure Survey posted steep declines of 5.1% YoY and 3.2% MoM, but the Consumption Trend Index, which adjusts for significant swings in automobiles and such, was virtually unchanged. We believe services spending will remain stagnant for now given the state of emergency. The Olympics and extreme heat appear to have given a boost to televisions and liquor, but we expect minimal impact on the economy as a whole.

- (1) **Survey of Commerce:** Nominal retail sales (seasonally adjusted), an indicator of goods consumption, grew in June for the first upturn in three months. Department stores and a wide range of retail formats staged a comeback with the relaxation of requests for a temporary shutdown of large-scale facilities, and a rise in fuel prices also pushed consumption higher. Sales fell QoQ in 2Q 2021, breaking a three-quarter rise. Automobiles were down notably amid the semiconductor shortage.
- (2) **Services:** Spending remained listless in June. The number of domestic hotel guests (Japanese) climbed YoY for a third month running, but remained a marked 46.6% below two years earlier. Restaurant sales were also down by around 20% from two years earlier, and izakaya pubs and restaurants continued to struggle due to the restrictions on liquor sales.
- (3) **Family Income and Expenditure Survey:** Real spending (two-or-more-person households) fell MoM for a second month in June. Clothing picked up, but the slump in automobiles weighed on the overall figure. The Consumption Trend Index, which uses figures from another survey with a large sample universe of autos and other high-end items, was roughly flat, down just 0.2% MoM. The ongoing sluggishness in travel and other leisure services contrasts with steady spending on household appliances.
- (4) **Outlook:** The fourth state of emergency, declared in Tokyo in July, was expanded in August to other areas and extended to the end of August. Establishments serving alcohol were asked to suspend operations, and citizens were asked not to go out unnecessarily. Quasi-emergency measures were also applied to more areas. As such, we expect services spending to remain limp. METI-POS retail sales data suggest that the Olympics and extreme heat have given a boost to televisions and liquor (store-bought), but we anticipate minimal impact overall.

### Jun 2021

#### Current Survey of Commerce (30 Jul)

Nominal retail sales value:  
+0.1% YoY

#### Family Income and Expenditure Survey (6 Aug)

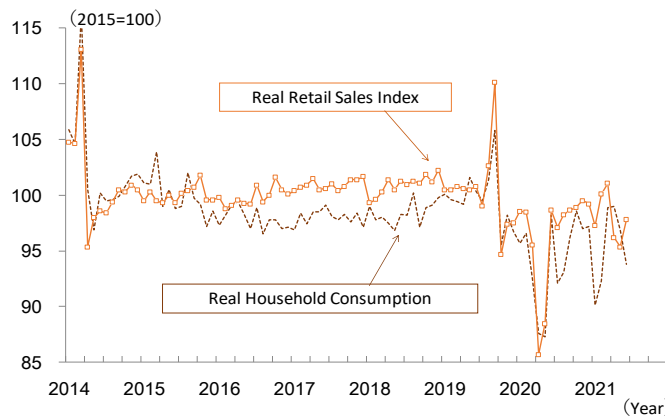
Real Consumption Expenditures:  
Two-or-more-person households  
-5.1% YoY

#### Consumption Trend Index (6 Aug)

All households: -5.0% YoY  
Two-or-more-person households:  
-5.3% YoY,  
Single-person households:  
-0.5% YoY  
(real terms)

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Figure 1. Consumer spending index



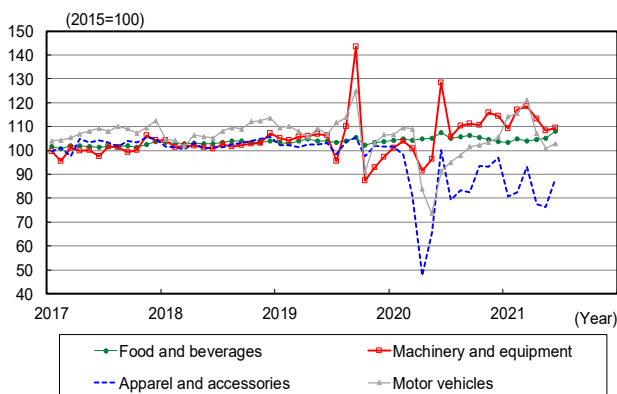
Note: Real Retail Sales Index calculated by MUMSS. Real household consumption for two-or-more person households.  
 Source: MUMSS, from Ministry of Economy, Trade and Industry (METI) "Current Survey of Commerce", Ministry of Internal Affairs and Communications (MIC) "Family Income and Expenditure Survey", "Consumption Trend Index (Micro)" and "Consumer Price Index"

Figure 2. Overview of consumption statistics

		2020						2021								
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
<b>Report on the Current Survey of Commerce</b>																
Retail Sales (Nominal)		YoY%	-1.3	-2.9	-1.9	-8.7	6.4	0.6	-0.2	-2.4	-1.5	5.2	11.9	8.3	0.1	
General Merchandise		"	-11.1	-12.3	-12.2	-24.4	-0.4	-10.1	-9.5	-17.4	-10.0	7.3	43.6	16.4	-4.0	
Fabrics Apparel & Accessories		"	-6.3	-19.1	-17.7	-24.1	-4.0	-7.7	-4.5	-17.8	-17.4	13.0	63.3	16.5	-12.0	
Food & Beverages		"	2.7	1.4	2.4	1.5	3.6	0.3	-1.0	-0.1	-2.0	-0.5	-0.2	0.0	0.9	
Motor Vehicles		"	-17.0	-15.8	-13.8	-16.0	16.7	3.0	4.4	6.0	6.0	11.0	26.9	36.4	11.9	
Machinery & Equipment		"	16.2	8.1	3.9	-24.3	27.3	26.2	15.9	12.5	11.2	14.9	23.8	12.6	-14.7	
Fuel		"	-14.8	-12.4	-6.9	-8.1	-0.6	-10.2	-8.4	-9.6	-9.7	5.8	25.2	34.8	25.9	
Medicine & Toiletry Stores		"	3.2	1.2	1.7	-6.9	3.1	-0.8	1.3	-1.1	-5.2	1.9	-1.7	2.1	0.8	
<b>Family Income and Expenditure Survey</b>																
Two-or-more-person Households		Real consumption expenditure	YoY%	-1.2	-7.6	-6.9	-10.2	1.9	1.1	-0.6	-6.1	-6.6	6.2	13.0	11.6	-5.1
Workers' households		Real consumption expenditure	YoY%	-3.4	-10.4	-6.7	-7.7	2.8	1.6	-2.0	-4.1	-6.9	6.9	12.1	13.2	-6.0
		Real disposable income	"	18.9	11.7	0.8	2.9	2.6	-0.4	-1.3	-2.3	-0.6	-0.9	3.2	-3.9	-14.3
No-occupation households		Real consumption expenditure	"	3.4	-3.3	-6.7	-14.5	2.0	-0.9	0.9	-8.4	-8.5	4.1	11.4	5.1	-5.4
<b>Survey of Household Economy</b>																
Expenditure ordered over the Internet		YoY%	20.3	15.1	8.8	2.6	37.9	33.2	23.6	18.0	22.8	39.1	22.3	8.8	5.0	

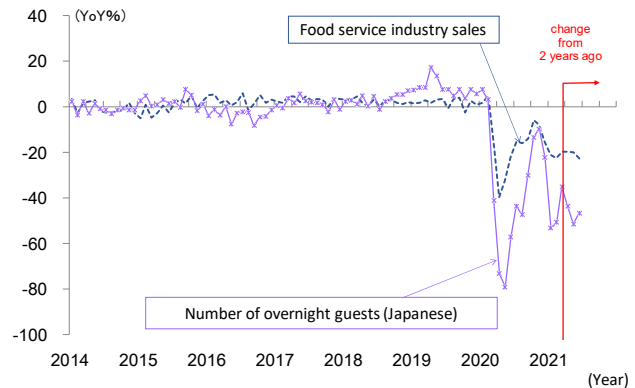
Source: MUMSS, from Ministry of Economy, Trade and Industry (METI) "Current Survey of Commerce", Ministry of Internal Affairs and Communications (MIC) "Family Income and Expenditure Survey", "Consumption Trend Index (Micro)" and "Survey of Household Economy"

Figure 3. Retail sales value by sector



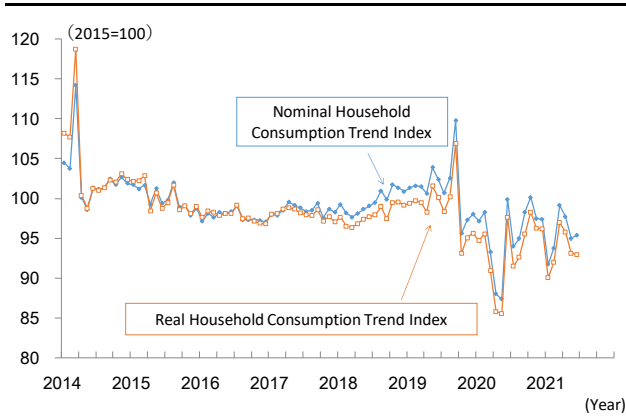
Note: Nominal, SA  
 Source: MUMSS, from METI's Monthly Report on the Current Survey of Commerce.

Figure 4. Indicators of services consumption



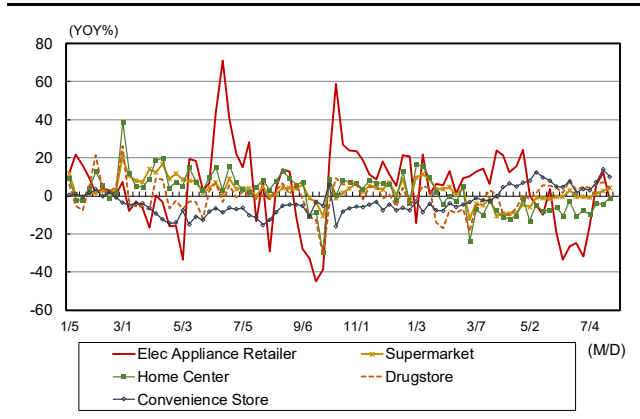
Source: MUMSS, from related surveys by Japan Foodservice Association (JF; on restaurant industry) and Japan Tourism Agency (on accommodation)

**Figure 5. Household Consumption Trend Index**



Source: MUMSS, from MIC "Household Consumption Trend Index" data

**Figure 6. Retail sales (weekly)**



Source: MUMSS, from METI-POS retail sales data

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## Appendix A

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