

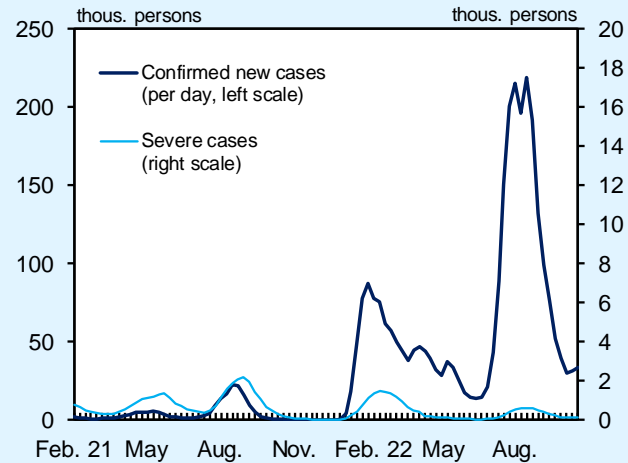
(Box 2) Recent Relationship between COVID-19 and Private Consumption

The number of confirmed new cases of COVID-19 increased significantly from the second half of July through the first half of August 2022, and this exerted downward pressure on services consumption such as travel and dining-out (Chart B2-1). However, the degree of decline in such consumption remained small relative to past phases of COVID-19 surges, as no substantial decline was observed in mobility (Charts B2-2, 33, 34, and 35).

Given that a rapid decline in mobility and private consumption was avoided even as COVID-19 resurged, and that the number of confirmed new cases has been on a decreasing trend since late August, it is likely that the resumption of consumption activities has progressed in Japan while public health has been protected.

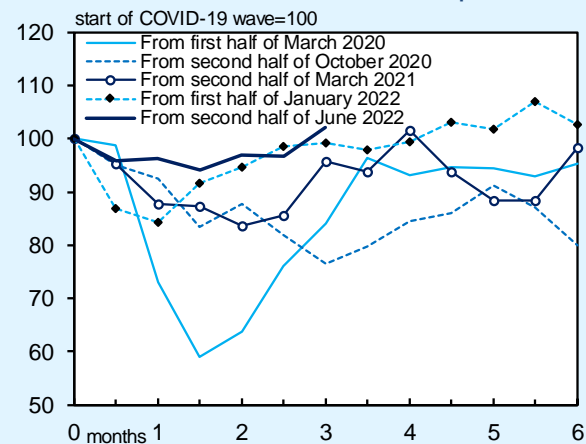
Regarding the outlook, private consumption is expected to be affected by price rises. However, on the back of improvement in the employment and income situation, pent-up demand is likely to materialize, supported by household savings that had accumulated as a result of pandemic-related restrictions, as the resumption of consumption activities progresses further while public health is being protected. Potential demand that has been held back during the pandemic, such as for travel and dining-out, seems to have been strong, and the government's demand stimulus measures are likely to support the materialization of such demand (Chart B2-3). That said, depending on the course of COVID-19, vigilance against it could

Chart B2-1: Confirmed New Cases and Severe Cases of COVID-19



Source: Ministry of Health, Labour and Welfare.
 Note: Figures for confirmed new cases are weekly averages. Figures for severe cases are those at the end of the week.

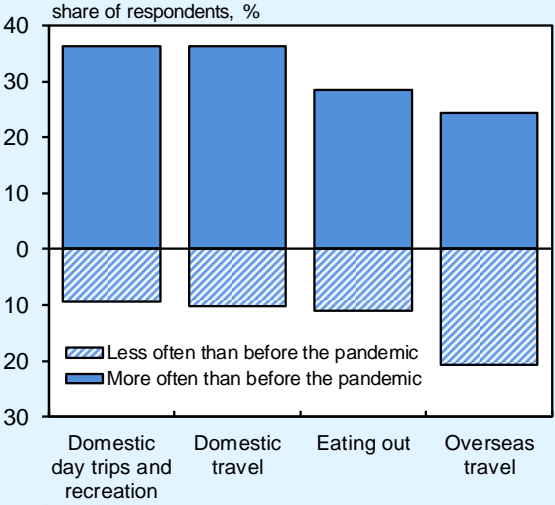
Chart B2-2: Services Consumption



Source: Nowcast Inc./ JCB, Co., Ltd., "JCB Consumption NOW."
 Notes: 1. Figures are from the reference series in *JCB Consumption NOW*, which take changes in the number of consumers into account. Figures exclude telecommunications and are based on staff calculations.
 2. The chart shows services consumption during each wave of COVID-19 relative to the reference value (the average of services consumption during the corresponding half of the month for fiscal 2016 through fiscal 2018). Figures are indexed to 100 at the start of a particular wave. Month 0 represents the month in which each wave started.

persist, mainly among seniors. Taking also into account the recent price rises, it should be noted that there are high uncertainties over the timing and the extent of materialization of pent-up demand.

Chart B2-3: Consumption Intentions Once COVID-19 Pandemic Has Subsided



Source: Cabinet Office.
Note: The survey period was from June 1 to 9, 2022.