

# Impact of the Coronavirus Pandemic on the Japanese Economy as Seen in the Overnight Travel Statistic Survey



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## Performance Can Be Seen Earlier Compared to Other Service Industries

The coronavirus pandemic is causing a major suppression of the Japanese economy. In the Bank of Japan Tankan survey which was released on July 1, the business condition Diffusion Index for all enterprises and all industries showed minus 31, the lowest level in 11 years. Business conditions for both manufacturing and non-manufacturing businesses are greatly worsening.

Amongst these indices, what is useful in grasping the current level of activities in the services industry is the Indices of Tertiary Industry Activity (ITIA) which was introduced in the previous article of this series ([https://www.jef.or.jp/journal/pdf/232nd\\_Economic\\_Indicators.pdf](https://www.jef.or.jp/journal/pdf/232nd_Economic_Indicators.pdf)). Actual value for May was 87.9 in the ITIA which was released on July 13, a drop of 13.7% compared to January 2020. On the other hand, the ITIA requires roughly a month and a half to determine the actual value, and takes more time compared to indicators such as Industrial Production which releases actual values in less than a month.

Amongst the statistics that indicate the current activities of the non-manufacturing industry, the Overnight Travel Statistic Survey by the Japan Travel Agency (JTA) shows the actual performance fairly quickly. It is also used in estimating the Index for Accommodations in the ITIA. As was indicated in the previous article of this series, within the ITIA, Accommodations is an industry type that has shown significant drops. As such, in this issue, let us observe what impact the coronavirus pandemic has had on the service industry by using the latest Overnight Travel Statistic Survey.

## Number of Guest Nights & Breakdown of Japanese & International Visitors

The Overnight Travel Statistic Survey is conducted by the JTA every month. Based on the Business Frame Database by the Ministry of Internal Affairs and Communications, this survey is conducted on all businesses with 10 or more employees and sample surveys are conducted on businesses with less than 10 employees. The first preliminary values are released at the end of the following month, and show the total number of guest nights, total number of guest nights of international visitors,

total number of guest nights per different types of accommodation facilities, and room occupancy rates for the whole of Japan. The total number of guest nights, for example, counts guest nights at three if one person stays for three nights, and these are aggregated on a monthly basis. For the total number of guest nights of international visitors, the numbers of their nationalities (birthplace) are also shown, and the types of accommodation facilities are divided into six categories, such as *ryokan* (Japanese-style inns) and business hotels.

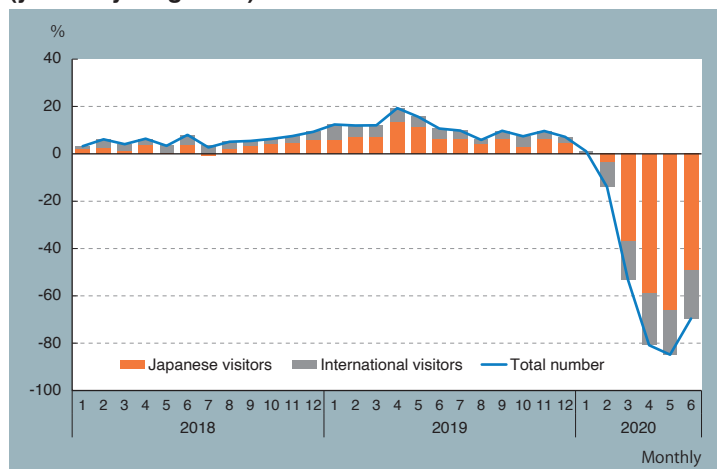
Secondary preliminary values are released at the end of the second month, when the first preliminary values are revised, and in addition data for each prefecture are also released. At the time when this article was written, the first preliminary values for June which were released on July 31, and the second preliminary values for the months before May were available. The speed with which these statistics are released matches other monthly economic statistics, such as industrial production, and therefore are equally comparable.

## Strong Impact of Voluntary Restrictions on Domestic Travel

Chart 1 shows the year-on-year growth of the total number of guest

CHART 1

### Total number of guest nights (year-on-year growth)



Source: Japan Travel Agency "Overnight Travel Statistic Survey"

nights. It shows that positive growth was maintained until January 2020, but reversed into a fall after February, then rapidly expanded its negative width. The latest June 2020 figure was a negative growth of 69.6%, and the drop seems to have shrunk. Assuming that the total number of guest nights for Japanese visitors can be derived by subtracting the total number of guest nights of international visitors from the total number of guest nights, and using this figure to identify its contribution to the decline, of the 14% fall in February the contribution of international visitors was at 10.2 points. The main factor behind the fall in February was the steep decline in Chinese visitors for the Chinese New Year holiday on the back of a sharp rise in the number of those who contracted Covid-19 in China. But March saw a heightening of voluntary restrictions, and with the state of emergency declaration in April, the contribution to the drop was mainly around Japanese visitors. June saw a drop of a negative 69.6%, but the contribution of international visitors was only at 20.5 points. The total number of guest nights of international visitors saw a 98.2% drop compared to the same month in the previous year, showing that almost all demand seems to have evaporated, but looking at the number of guest nights it can be observed that the trend in domestic travel by Japanese people is key.

### Room Occupancy Rate at 20% Level

Chart 2 shows the trends in monthly room occupancy rates for each year. Until last year, room occupancy rates were lowest in January, gradually rising with the spring break, Golden Week and summer vacation, but for 2020, 54% in January was the highest. Room occupancy rates began to fall in March and dropped to 12.9% in May, and the June figure was 22.4%. In regular years, this month would have seen a room occupancy rate of around 60%, and hence it shows the great distress the accommodations industry is currently facing. The drop in room occupancy rates is more visible in “City hotels” which is thought to center around tourism demand, and the room occupancy rate dropped to 8.5% in May from 67.6% in January. It was 18.3% in June. In regular years, the room occupancy rate would have been around 80%.

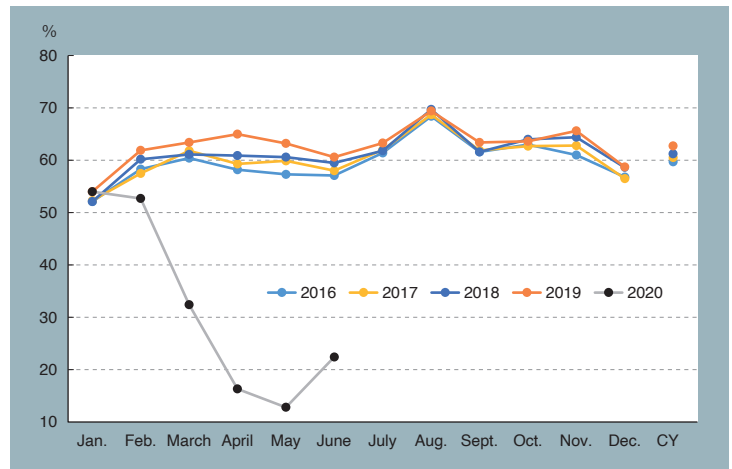
### Rate of Decline for Total Number of Guest Nights for January-May 2020

Chart 3 shows the year-on-year percentage of the decline in cumulative total number of guest nights for the period January to May 2020 for each prefecture. Nationally, it was a drop of 49%.

The top three prefectures which saw declines were Nara (63.1% drop), Yamanashi (59.2% drop), and Kyoto (59.2% drop). Of the three, the negative contribution of international visitors was large for Kyoto, but it was different for Nara and Yamanashi in that negative contributions of Japanese visitors were large. In addition to Kyoto, around half of the decline in the total number of guest nights in Osaka

CHART 2

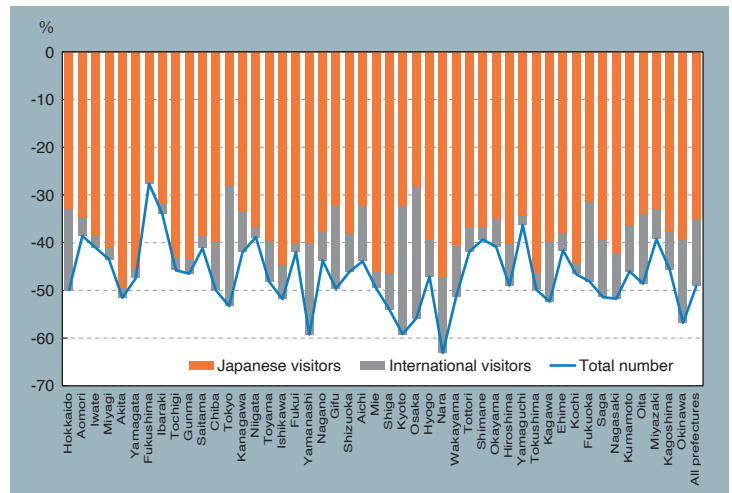
### Trends in room occupancy rates



Source: Japan Travel Agency “Overnight Travel Statistic Survey”

CHART 3

### Total number of guest nights (CY 2020 cumulative up to May, year-on-year growth)



Source: Japan Travel Agency “Overnight Travel Statistic Survey”

Prefecture and Tokyo was contributed by international visitors.

The impact of the fall in the number of international tourists and restrictions on domestic travel vary by prefecture, and further detailed monitoring is necessary.

**Note:** This article was written based on information obtained as of July 31, 2020.



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## ECONOMIC INDICATORS FOR JAPAN

Calendar year, Quarter and Month	Real GDP		Nominal GDP		IIP rate of increase over previous year/term (month) (%)	CPI (All terms, less fresh food) rate of increase over previous year/the same term (month) of the previous year (%)
	Amount (trillion yen)	Rate of increase over previous year/term (%)	Amount (trillion yen)	Rate of increase over previous year/term (%)		
2012	498.8	1.5	495.0	0.7	0.6	-0.1
2013	508.8	2.0	503.2	1.7	-0.3	0.4
2014	510.7	0.4	513.9	2.1	2.0	2.6
2015	516.9	1.2	531.3	3.4	-1.2	0.5
2016	519.6	0.5	535.5	0.8	0.0	-0.3
2017	530.9	2.2	545.9	1.9	3.1	0.5
2018	532.4	0.3	546.9	0.2	1.1	0.9
2019	535.9	0.7	553.8	1.3	-3.0	0.6
2019/3rd Qtr.	539.3	0.0	557.8	0.4	-1.1	0.5
4th Qtr.	529.6	-1.8	549.7	-1.5	-3.6	0.6
2020/1st Qtr.	526.3	-0.6	547.0	-0.5	0.4	0.6
2nd Qtr.	485.2	-7.8	506.6	-7.4	-16.9	-0.1
2019/Nov.	—	—	—	—	-0.6	0.5
Dec.	—	—	—	—	0.2	0.7
2020/Jan.	—	—	—	—	1.9	0.8
Feb.	—	—	—	—	-0.3	0.6
March	—	—	—	—	-3.7	0.4
April	—	—	—	—	-9.8	-0.2
May	—	—	—	—	-8.9	-0.2
June	—	—	—	—	1.9	0.0
Sources	"SNA (National Accounts of Japan)", Cabinet Office				"Indices of Industrial Production", Ministry of Economy, Trade and Industry	"Consumer Price Index", Statistics Bureau, Ministry of Internal Affairs and Communications

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Exports amount (trillion yen)	Exports rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount (trillion yen)	Imports rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to US (trillion yen)	Exports to US rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from US (trillion yen)	Imports from US rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to EU (trillion yen)	Exports to EU rate of increase over previous year/ the same term (month) of the previous year (%)
2012	63.7	-2.7	70.7	3.8	11.2	11.7	6.1	2.5	5.4	-13.9
2013	69.8	9.5	81.2	14.9	12.9	15.6	6.8	12.0	5.9	8.8
2014	73.1	4.8	85.9	5.7	13.6	5.6	7.5	10.7	6.4	8.2
2015	75.6	3.4	78.4	-8.7	15.2	11.5	8.1	6.9	6.7	4.4
2016	70.0	-7.4	66.0	-15.8	14.1	-7.1	7.3	-9.2	6.5	-2.8
2017	78.3	11.8	75.4	14.1	15.1	6.9	8.1	10.5	7.1	9.5
2018	81.5	4.1	82.7	9.7	15.5	2.4	9.0	11.4	7.7	7.8
2019	76.9	-5.6	78.6	-5.0	15.3	-1.4	8.6	-4.2	7.4	-3.0
2019/3rd Qtr.	19.2	-5.0	19.7	-4.9	3.7	-1.4	2.1	-5.5	1.8	1.3
4th Qtr.	19.5	-7.8	19.8	-11.9	3.7	-13.0	2.2	-13.7	1.8	-9.5
2020/1st Qtr.	18.1	-5.5	18.3	-7.2	3.5	-9.2	2.1	-5.8	1.8	-8.6
2nd Qtr.	14.3	-25.3	16.3	-16.0	2.2	-44.7	1.9	-13.6	1.3	-29.9
2019/Nov.	6.4	-7.9	6.5	-15.6	1.2	-12.9	0.7	-10.2	0.6	-9.1
Dec.	6.6	-6.3	6.7	-4.8	1.2	-14.9	0.7	-13.6	0.6	-8.6
2020/Jan.	5.4	-2.6	6.7	-3.6	1.1	-7.7	0.7	-12.2	0.5	-6.5
Feb.	6.3	-1.0	5.2	-13.9	1.3	-2.6	0.6	-5.9	0.6	-7.7
March	6.4	-11.7	6.4	-5.0	1.2	-16.5	0.7	1.1	0.6	-11.1
April	5.2	-21.9	6.1	-7.1	0.9	-37.8	0.7	1.5	0.5	-28.0
May	4.2	-28.3	5.0	-26.1	0.6	-50.6	0.6	-27.4	0.4	-33.8
June	4.9	-26.2	5.1	-14.4	0.7	-46.6	0.6	-12.6	0.4	-28.4
Sources	"Trade Statistics of Japan", Ministry of Finance									

## ECONOMIC INDICATORS FOR JAPAN

Calendar year, Quarter and Month	Cash salary amount rate of increase over previous year/the same term (month) of the previous year (%)	Active job openings-to-applicants ratio (time(s))	Unemployment rate (%)	M2 rate of increase over previous year/ the same term (month) of the previous year (%)	Balance of payments		Yen/\$ rate (averaged during the term)
					Trade balance (trillion yen)	Current balance (trillion yen)	
2012	-0.9	0.80	4.3	2.5	-4.3	4.8	79.8
2013	-0.2	0.93	4.0	3.6	-8.8	4.5	97.6
2014	0.5	1.09	3.6	3.4	-10.5	3.9	105.8
2015	0.1	1.20	3.4	3.6	-0.9	16.5	121.0
2016	0.6	1.36	3.1	3.4	5.5	21.4	108.8
2017	0.4	1.50	2.8	4.0	4.9	22.8	112.2
2018	1.4	1.61	2.4	2.9	1.1	19.4	110.4
2019	-0.3	1.60	2.4	2.4	0.4	20.1	109.0
2019/3rd Qtr.	-0.3	1.59	2.3	2.4	-0.1	5.7	107.3
4th Qtr.	-0.1	1.57	2.3	2.6	0.3	3.7	108.7
2020/1st Qtr.	0.6	1.44	2.4	3.0	0.5	5.7	108.9
2nd Qtr.	-1.6	1.21	2.8	5.3	-1.6	1.6	107.6
2019/Nov.	0.1	1.57	2.2	2.7	-0.0	1.4	108.9
Dec.	-0.2	1.57	2.2	2.7	0.1	0.5	109.2
2020/Jan.	1.0	1.49	2.4	2.8	-1.0	0.6	109.4
Feb.	0.7	1.45	2.4	3.0	1.4	3.1	110.0
March	0.1	1.39	2.5	3.2	0.1	1.9	107.4
April	-0.7	1.32	2.6	3.7	-1.0	0.3	107.9
May	-2.3	1.20	2.9	5.1	-0.6	1.2	107.3
June	-1.7	1.11	2.8	7.2	-0.1	0.2	107.6
Sources	"Monthly Labour Survey", Ministry of Health, Labour and Welfare	"Employment Referrals for General Workers", Ministry of Health, Labour and Welfare	"Labour Force Survey", Statistics Bureau, Ministry of Internal Affairs and Communications	"Money Stock", Bank of Japan	"Balance of Payments", Ministry of Finance		Bank of Japan

Calendar year, Quarter and Month	Foreign Trade Statistics									
	Imports amount from EU (trillion yen)	Imports from EU rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to Asia (excluding China) (trillion yen)	Exports to Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from Asia (excluding China) (trillion yen)	Imports from Asia (excluding China) rate of increase over previous year/ the same term (month) of the previous year (%)	Exports amount to China (trillion yen)	Exports to China rate of increase over previous year/ the same term (month) of the previous year (%)	Imports amount from China (trillion yen)	Imports from China rate of increase over previous year/ the same term (month) of the previous year (%)
2012	6.1	3.9	23.3	-1.8	16.3	3.3	11.5	-10.8	15.0	2.7
2013	7.0	15.6	25.2	8.1	18.3	12.6	12.6	9.7	17.7	17.4
2014	7.5	6.9	26.1	3.5	19.4	6.2	13.4	6.0	19.2	8.6
2015	7.8	4.6	27.1	3.7	18.9	-2.6	13.2	-1.2	19.4	1.3
2016	7.4	-5.0	24.7	-8.7	16.2	-14.5	12.4	-6.5	17.0	-12.4
2017	8.0	7.0	28.0	13.3	18.6	14.8	14.9	20.5	18.5	8.5
2018	8.8	10.6	28.8	2.9	20.0	7.8	15.9	6.8	19.2	4.0
2019	8.8	0.3	26.6	-7.6	19.0	-5.3	14.7	-7.6	18.5	-3.9
2019/3rd Qtr.	2.3	1.9	6.6	-8.8	4.7	-3.4	3.6	-9.4	4.7	-2.1
4th Qtr.	2.2	-4.7	6.8	-7.9	4.8	-10.2	4.0	-5.1	4.7	-12.2
2020/1st Qtr.	2.0	-6.6	6.4	-3.2	4.7	-2.6	3.2	-5.3	3.8	-16.7
2nd Qtr.	1.9	-15.9	5.3	-18.9	4.0	-13.7	3.6	-2.0	4.6	3.6
2019/Nov.	0.8	-4.8	2.3	-5.9	1.5	-12.6	1.3	-5.4	1.6	-16.4
Dec.	0.7	1.0	2.3	-6.1	1.6	-5.2	1.4	0.8	1.5	-3.5
2020/Jan.	0.7	-2.0	1.9	-1.6	1.7	0.5	0.9	-6.4	1.7	-5.7
Feb.	0.6	-8.2	2.2	2.8	1.5	-5.0	1.1	-0.4	0.7	-47.1
March	0.7	-9.7	2.3	-9.7	1.6	-3.4	1.2	-8.7	1.4	-4.4
April	0.7	-6.7	1.9	-15.2	1.4	-7.3	1.2	-4.0	1.7	11.8
May	0.6	-29.4	1.6	-17.9	1.2	-21.3	1.1	-1.9	1.5	-2.0
June	0.6	-9.5	1.8	-23.4	1.3	-12.2	1.2	-0.2	1.4	0.8
Sources	"Trade Statistics of Japan", Ministry of Finance									