

“Wages” rose sharply for 2 straight months

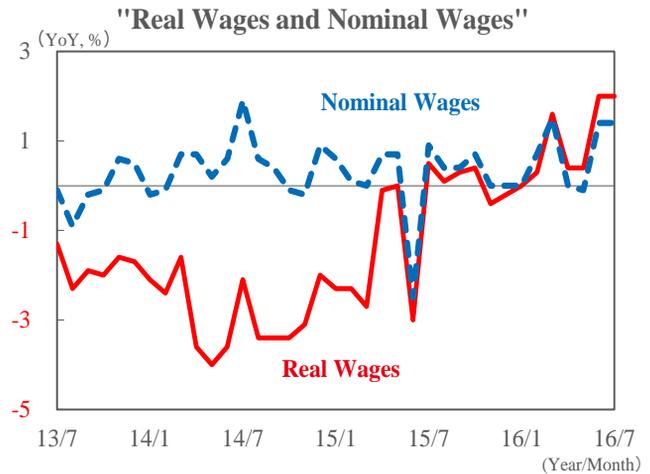
Trend of “Wages” can be found in the Monthly Labor Survey released every month by the Ministry of Health, Labour and Welfare. Total cash earnings (known as Nominal Wages), the sum of “Wages” per person, and its breakdown such as Scheduled wages (basic salary etc.) and Special cash earnings (Bonus etc.) can be found in the Survey. Currently, growth of Real Wages (inflation adjusted Wages) surpasses that of Nominal Wages as inflation has been in negative territory.

Point 1

Nominal Wages rose sharply by +1.4% YoY

Rise of Special cash earnings (Bonus etc.) has positively contributed

- According to Monthly Labor Survey of July (Preliminary, Establishment with 5 or more employees) released on 5th September 2016, Total cash earnings (known as Nominal Wages), total amount of “Wages” per person, was JPY373,808, up +1.4% YoY. It was a sharp rise for two consecutive months. Strong growth of Special cash earnings (Bonus etc.) increasing by +4.2% YoY, have positively contributed to Nominal Wages. Scheduled wages (basic salary etc.) also rose marginally by +0.4% YoY. Meanwhile, Real Wages (inflation adjusted Wages) rose +2.0% YoY for two straight months. Growth of Real Wages surpassed that of Nominal Wages as inflation has been in negative territory.



(Note) Data period is from July 2013 to July 2016.
(Source) SMAM, based on the Ministry of Health, Labour and Welfare data.

Point 2

Nominal compensation for employees also rose sharply

Employee number increased with job market improvement

- Number of employees showed a solid growth of +2.1% YoY as job market is improving due to lower unemployment rate and rising job openings ratio. Also, Nominal compensation for employees calculated by multiplying Nominal Wages by number of employees, rose sharply by +3.5% YoY.

Future Outlook

Wage growth along with improvement of consumer confidence is expected to boost consumption going forward

- Currently, Nominal Wages sharply rose supported by summer bonus payment. Despite increase of Scheduled wages (basic salary etc.) staying below 1%, fund intended for consumption appears to be increasing in the overall economy, as total wages of workers such as nominal compensation for employees is increasing, thanks to improving job market.
- Consumer Confidence Index for August released on 2nd September 2016 by the Cabinet Office was 42.0, up 0.7 points from the previous month. All of the key Consumer Perception Indices improved from the previous month as; Overall livelihood by +0.4 points, Income growth by +0.5 points, Employment by +1.5 points and Willingness to buy durable goods by +0.2 points. Improvement of consumer confidence and “Wages” growth are expected to boost consumption going forward.

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