

# Japan Labor Market Chartbook

June 2026

Indeed Hiring Lab



# Japan: Labor Market Overview

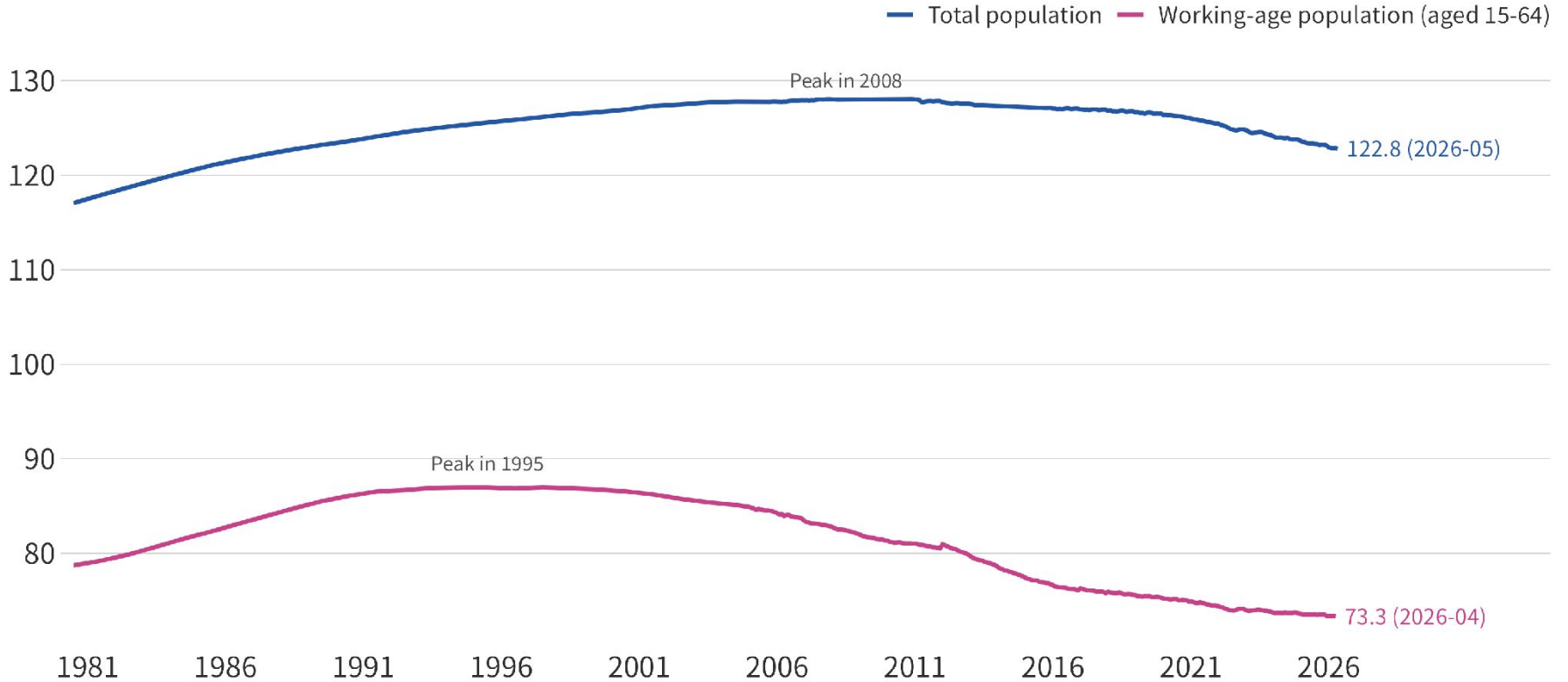
- Labor force participation has kept rising and the market remains tight.
- Unemployment has edged up slightly.
- Additional labor supply — more full-time women, extended participation of those aged 65+, and inflows of foreign workers — continues to expand steadily.
- Nominal wage growth remains historically elevated; productivity gains are not yet fully passed through to wages.
- On the capital side, software investment is growing at a historically strong pace.
- Risks — elevated policy uncertainty, high oil prices and sharply higher long-term borrowing costs — cloud the outlook.

**01**

**Labor Force & Tightness**

## Japan's Population Has Been Shrinking Since 2008, the Working-Age Pool Since 1995

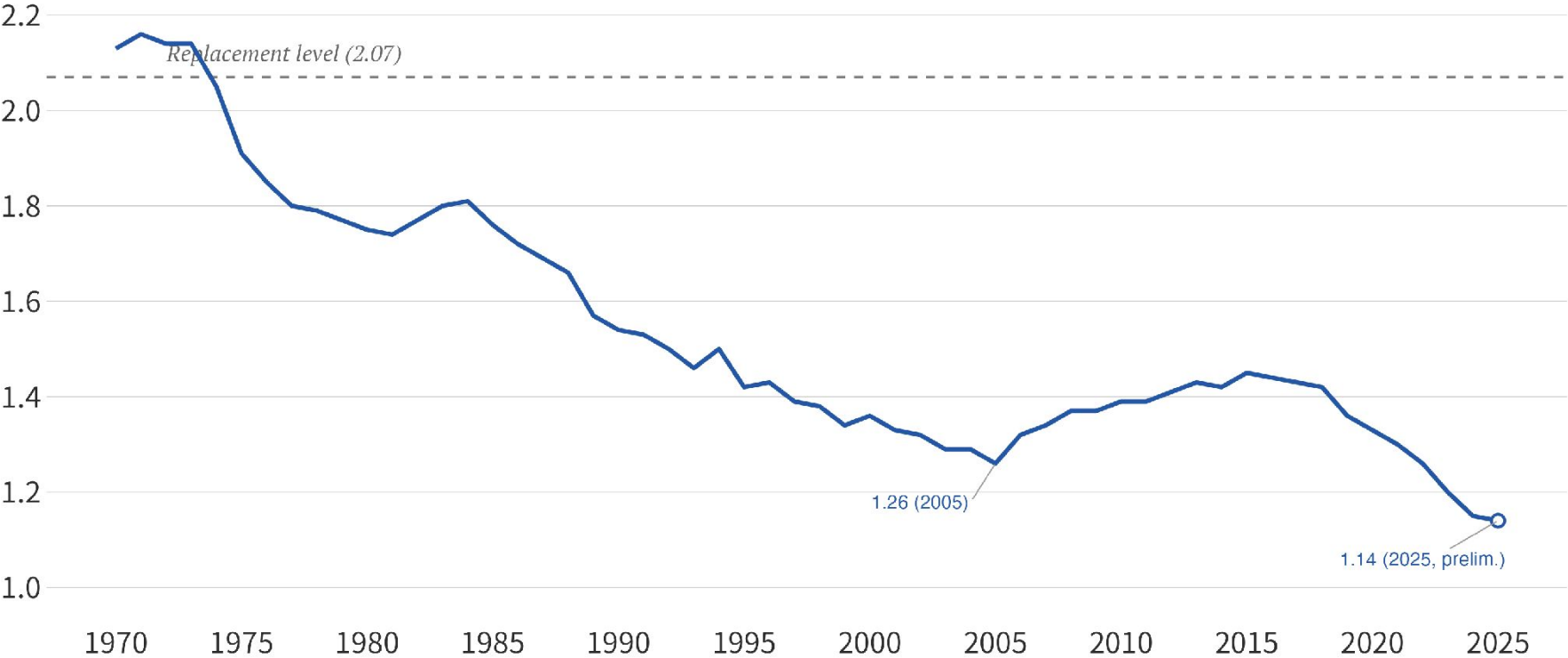
Total population and working-age population (15-64); million persons  
Annual before 2005, monthly thereafter (latest 2026-05)



Source: Statistics Bureau, Population Estimates; Labor Force Survey

# Japan's Total Fertility Rate (TFR)

Annual TFR from 人口動態統計; fell below replacement in 1975, new record low of 1.14 in 2025 (preliminary, hollow point)

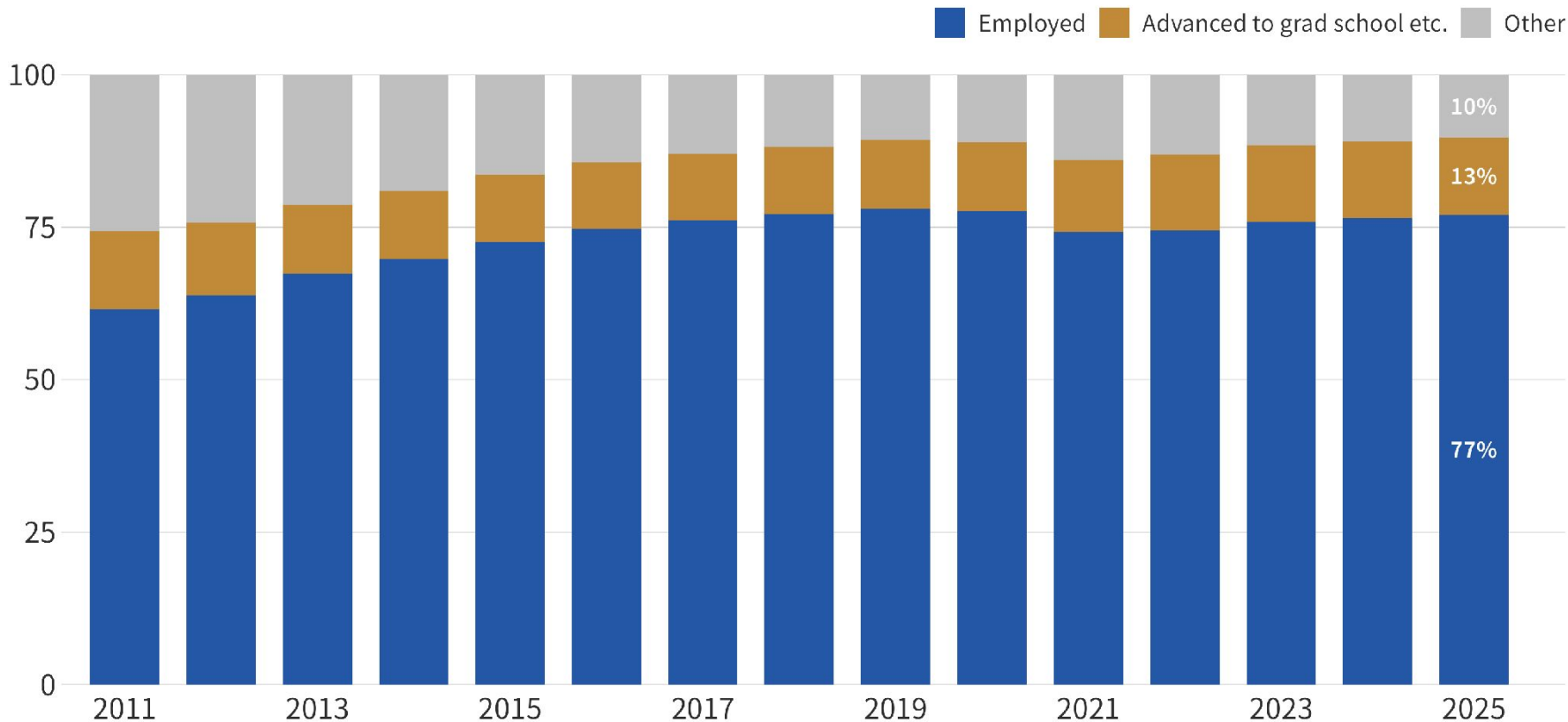


Source: Ministry of Health, Labour and Welfare, Vital Statistics (人口動態統計)



## Most Graduates Go Straight Into Work; About One in Eight Continue to Grad School

University (bachelor) graduates by destination, as a share of all graduates; annual

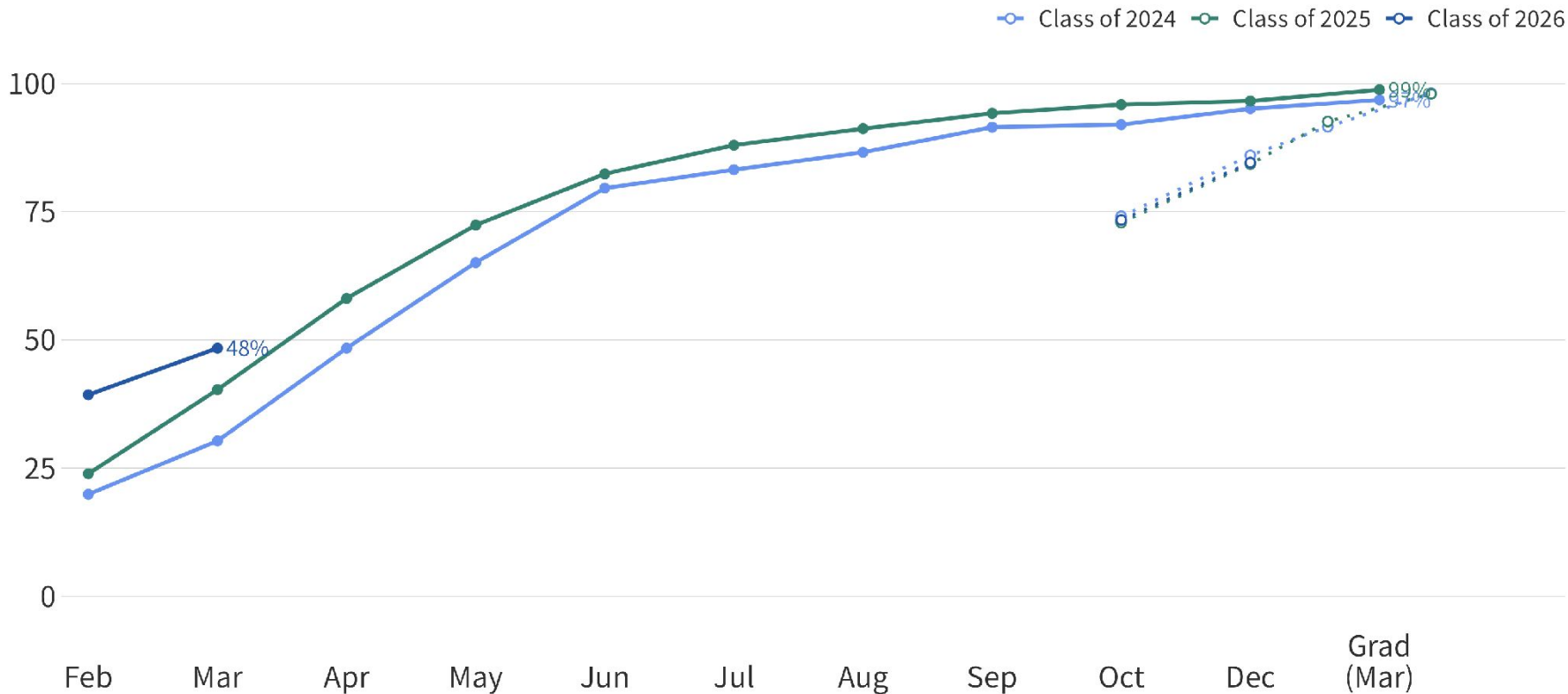


Source: MEXT, School Basic Survey (学校基本調査), university (bachelor); destination as a share of graduates

## New-Grad Job Offers Keep Running Ahead of Prior Years — a Tightening Seller's Market

University job-offer rate by month over each hiring cycle

Solid = Recruit 就職プロセス調査 (job-seeking students); dotted = official MHLW-MEXT survey (Oct/Dec/Feb/Apr)

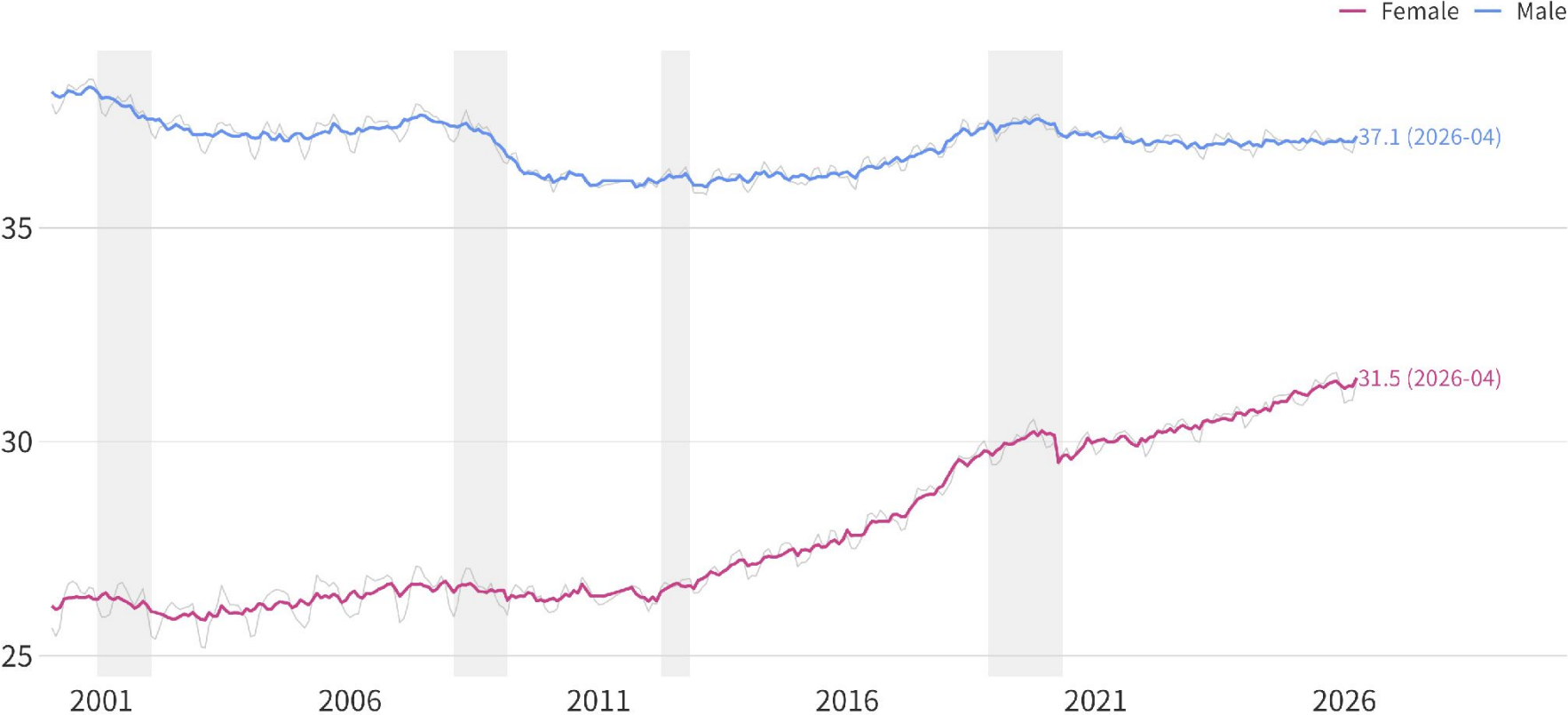


Source: Recruit Shushoku Mirai Lab (就職プロセス調査, solid); MHLW & MEXT (就職内定状況調査, dotted)



# Employment by Sex

Female employment has risen, compensating for male decline (SA); thin grey = original (NSA); million persons

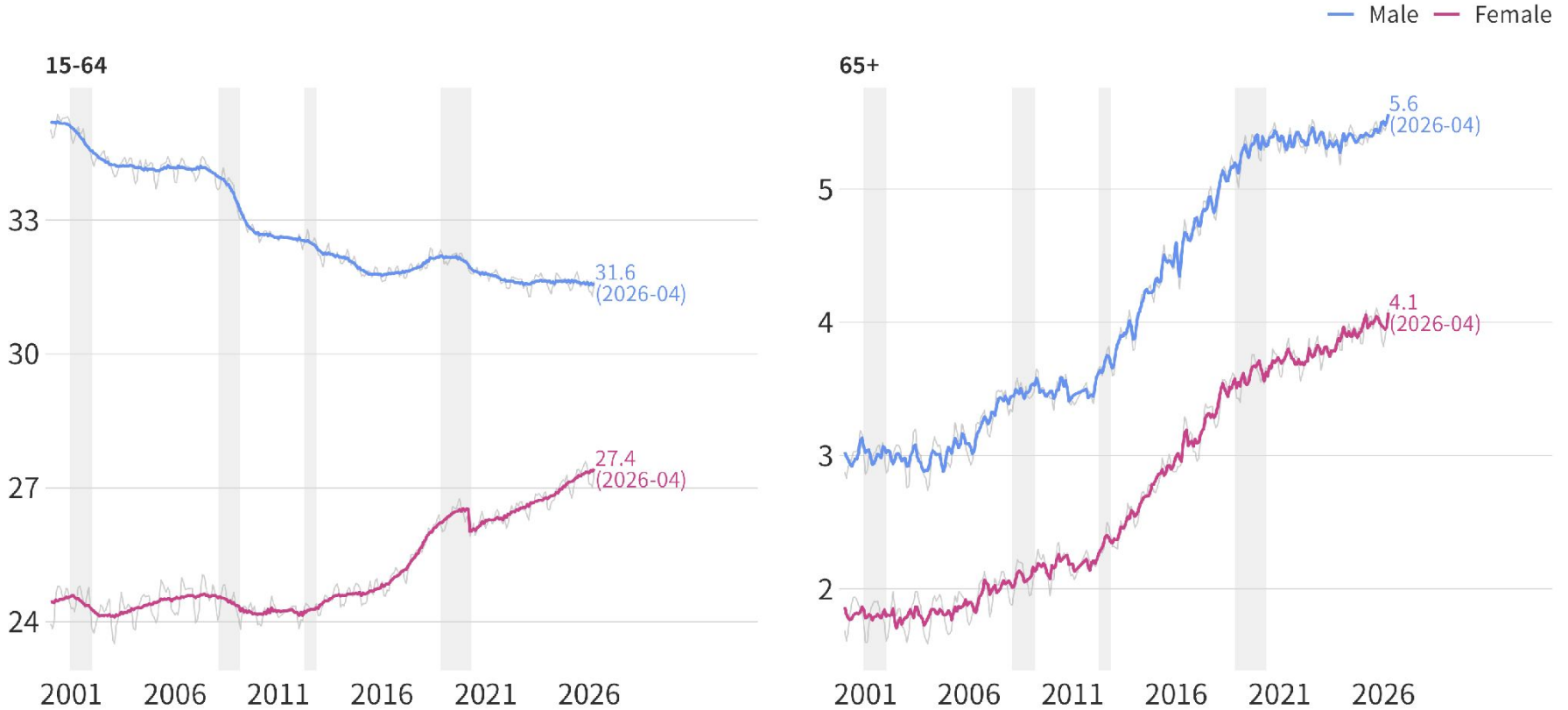


Source: Labor Force Survey; seasonal adjustment by authors



## Employment by Sex and Age Group (15-64 vs 65+)

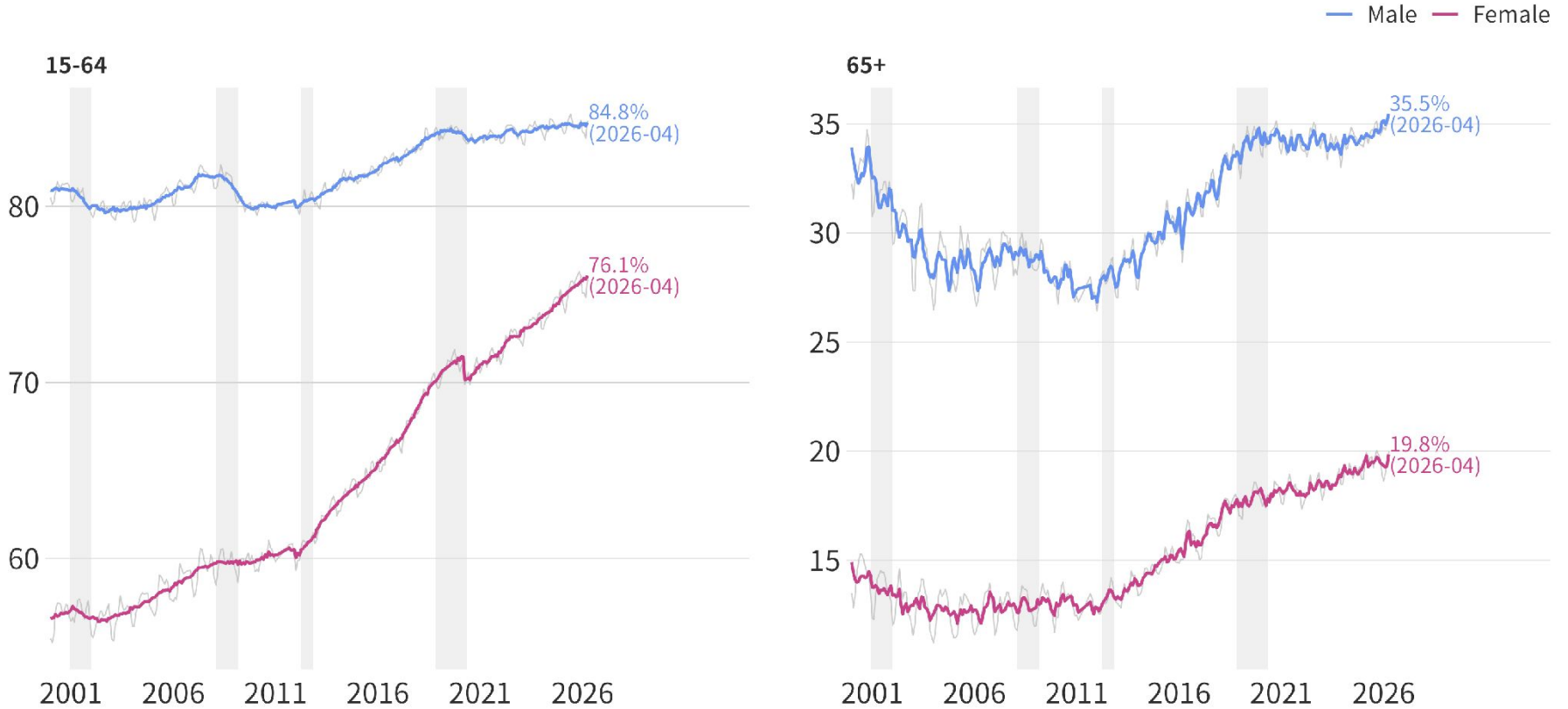
Seasonally adjusted (X-13); thin grey = original (NSA); million persons



Source: Labor Force Survey; seasonal adjustment by authors

## Employment Rate by Sex and Age Group (15-64 vs 65+)

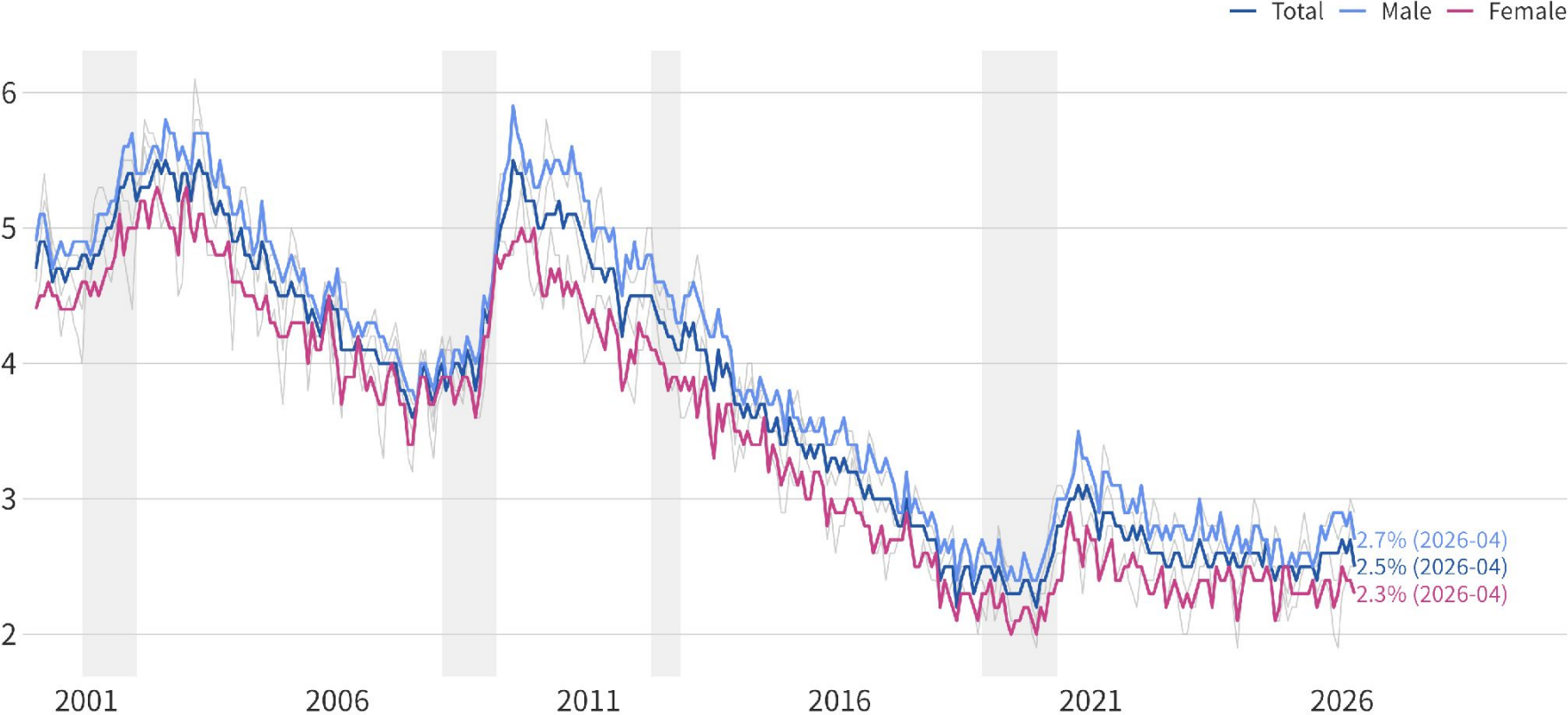
Employment-to-population ratio, SA (X-13); thin grey = original (NSA)



Source: Labor Force Survey; seasonal adjustment by authors

# Unemployment Rate

Monthly, official seasonally adjusted (MIC); thin grey = original (NSA)

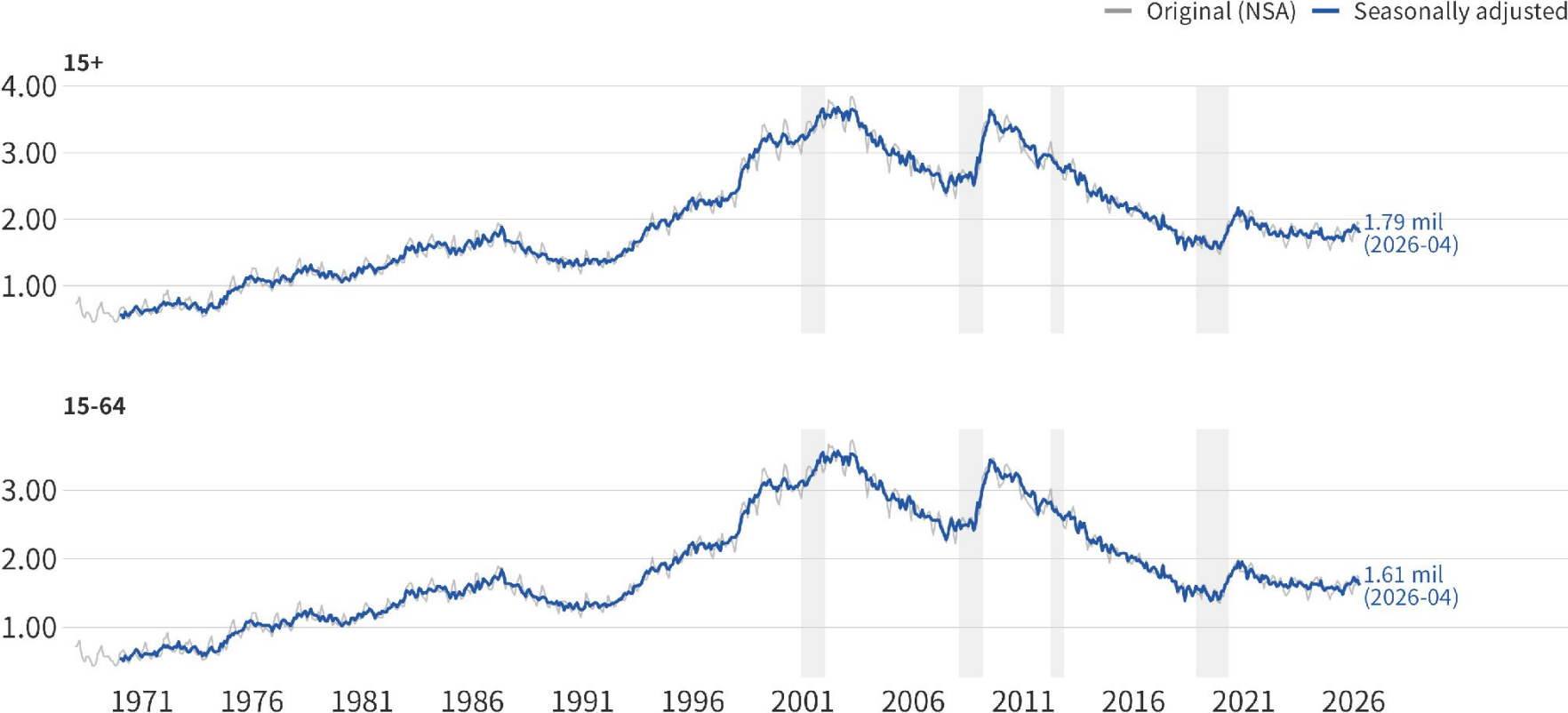


Source: Labor Force Survey (MIC), official seasonally adjusted unemployment rate



# Unemployment Level, Monthly

Stock of unemployed persons (LF - E), millions; SA from MIC LFS table 1-a-6 (1970+)

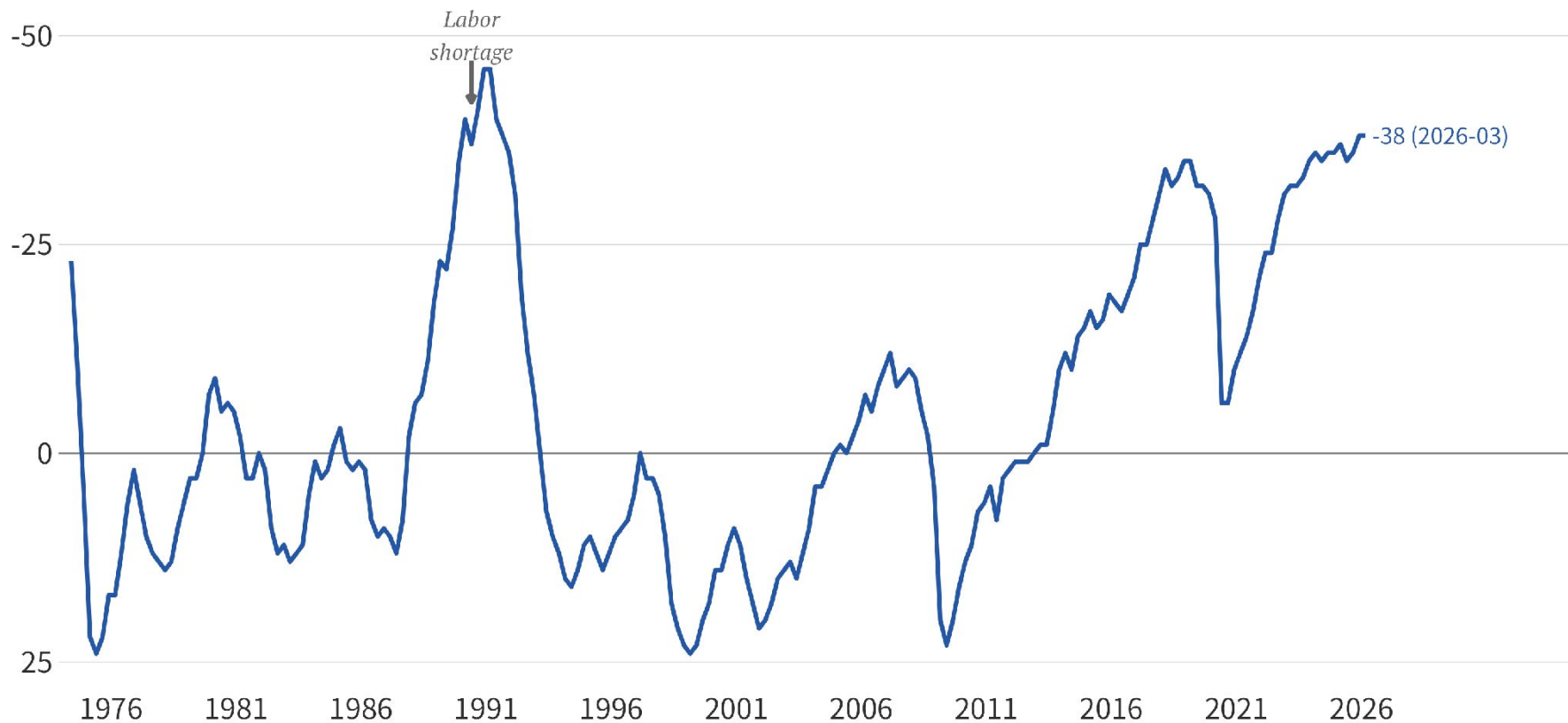


Source: Labor Force Survey; seasonal adjustment by authors



## Labor Market Tightness in Japan

Tankan Employment Conditions DI, All Industries; discontinuity at Dec 2003 due to survey framework change



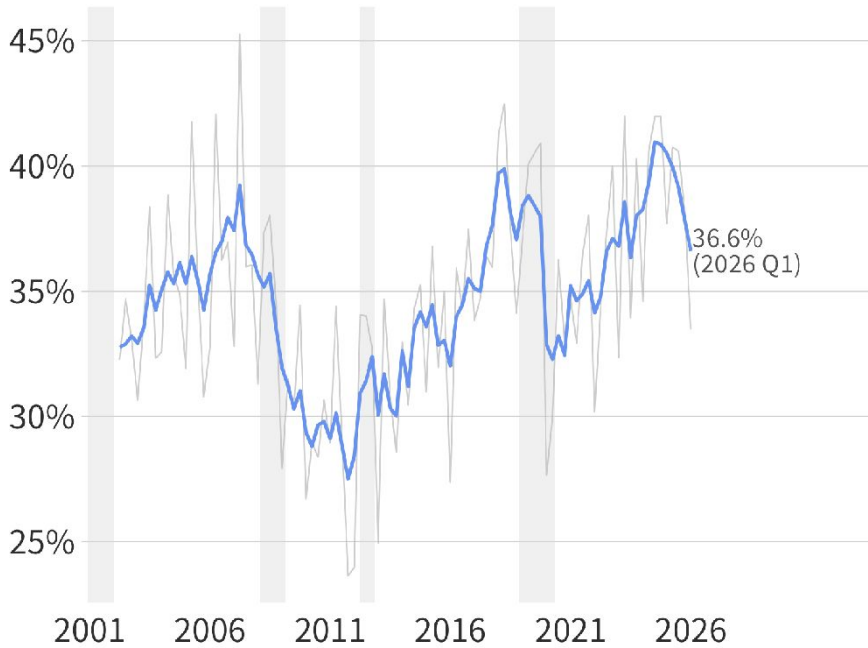
Source: Bank of Japan, Short-term Economic Survey (Tankan)

## Labor Market Transition Rates (Seasonally Adjusted)

F = unemployed finding work; S = employment → unemployment inflow (Shimer 2012); grey = NSA

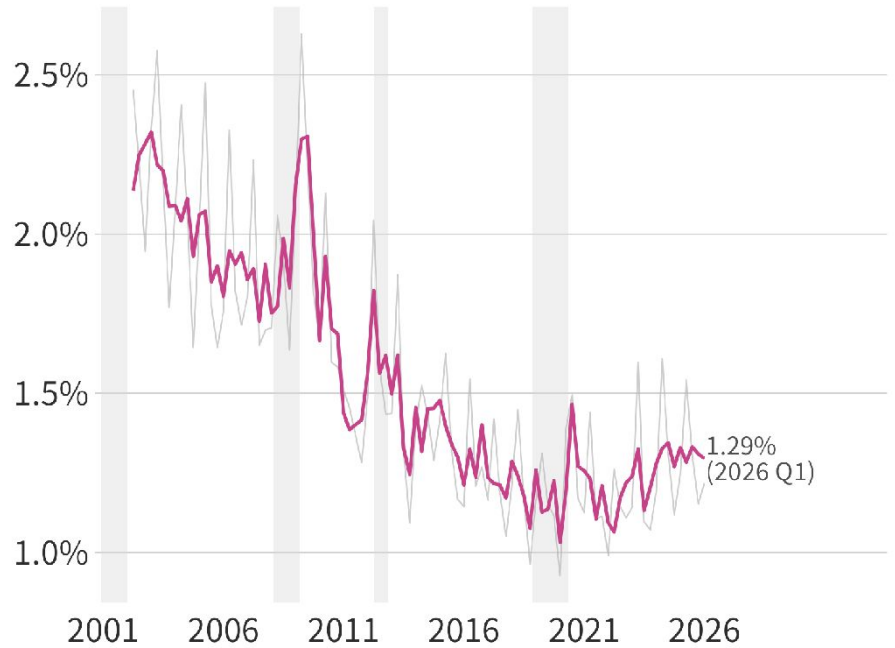
### Job Finding Probability (F)

Unemployed → employed one quarter later; quarterly, SA



### Separation Probability (S)

Employed → unemployed one quarter later; quarterly, SA

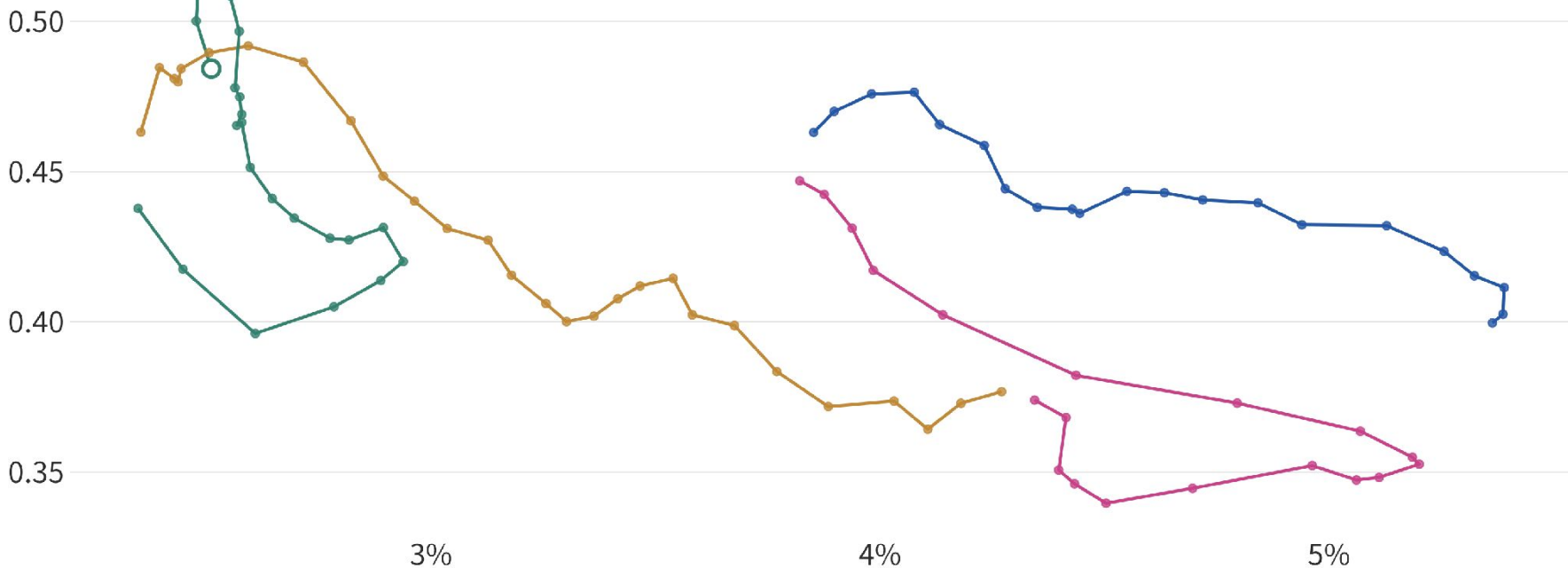


## Unemployment Rate vs Job Finding Rate (SA)

Job finding rate  $f = -\log(1-F)$ , the continuous-time rate of finding work; quarterly 4Q moving average  
Each path traces one macro period; tighter markets move toward lower UR and higher  $f$  (upper-left)

2002-2007 2008-2012 (GFC & aftermath) 2013-2019 (Abenomics / QQE) 2020- (COVID & recovery)

Latest 2025 Q4: UR 2.5%,  $f$  0.484



Source: Labor Force Survey; Shimer (2012) methodology

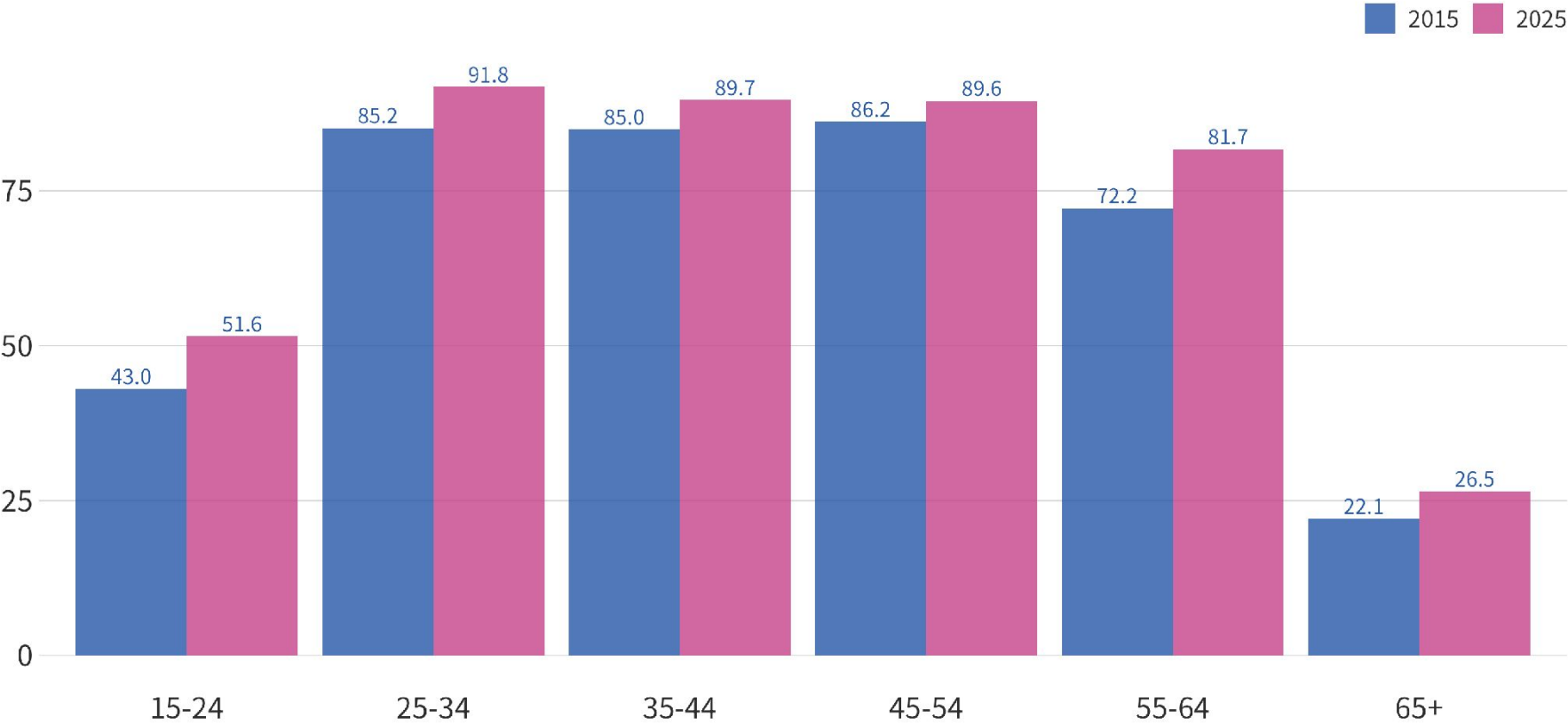


**02**

**Additional Labor Supply: Seniors, Women &  
Foreign Workers**

# Labor Force Participation by Age: 2015 vs 2025

LFPFR has risen across all age groups, especially 55-64 and 65+

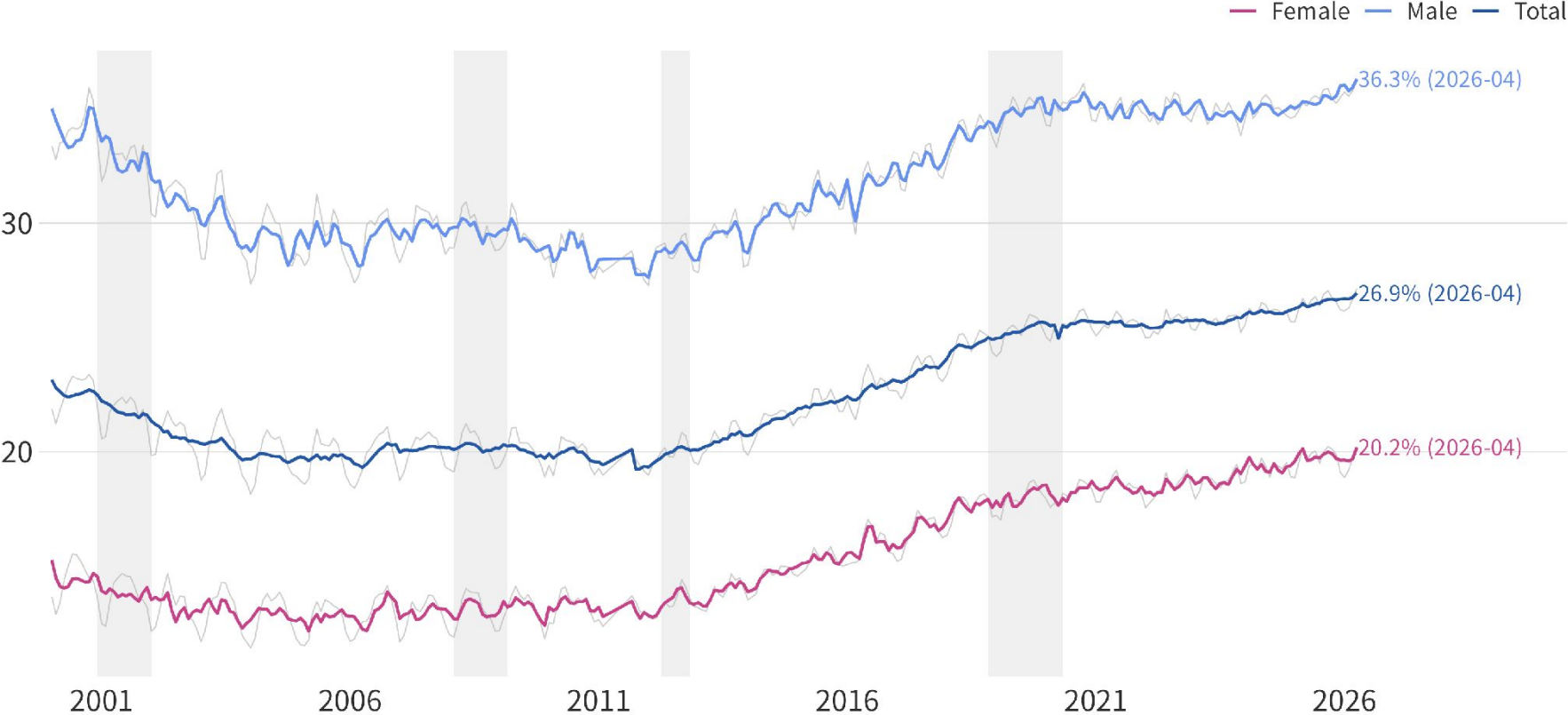


Source: Labor Force Survey



# Senior Labor Force Participation (65+)

Seasonally adjusted (X-13); thin grey = original (NSA)

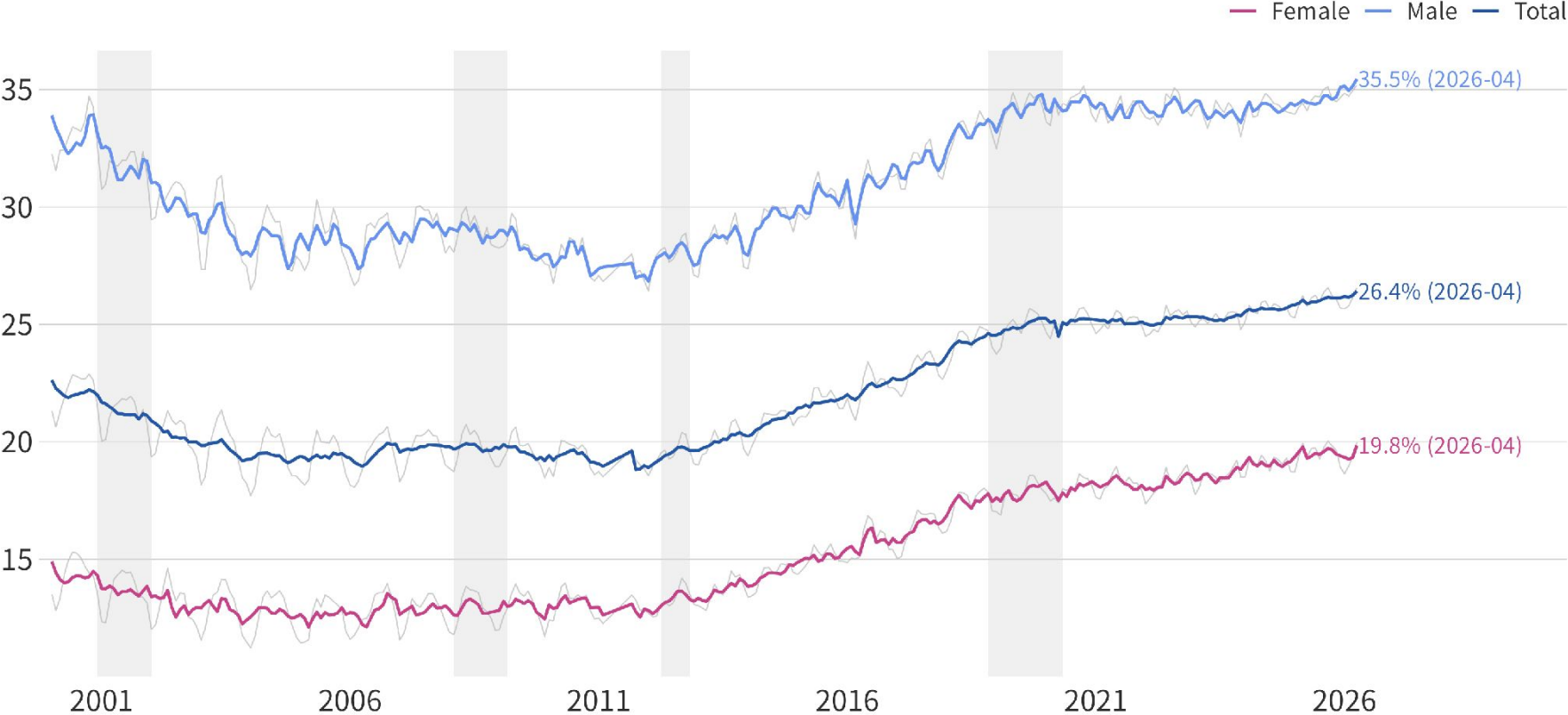


Source: Labor Force Survey; seasonal adjustment by authors



# Senior Employment-to-Population Ratio (65+)

Seasonally adjusted (X-13); thin grey = original (NSA); tracks LFPR given low senior unemployment



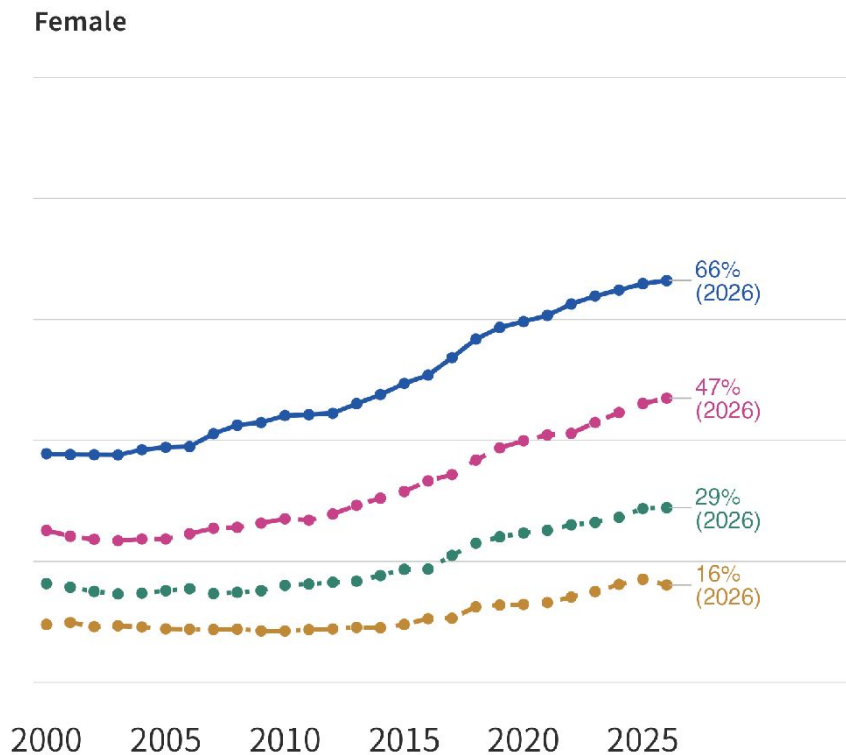
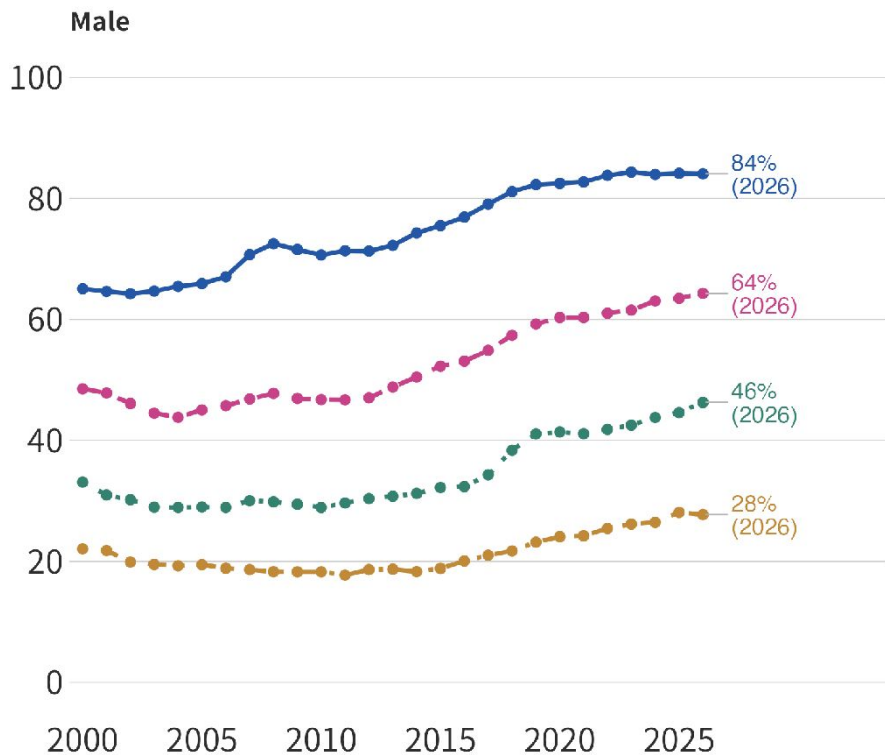
Source: Labor Force Survey; seasonal adjustment by authors



# Employment Rates of Elderly Men and Women by Age Group

5-year age bands; men aged 60-64 rose from ~65% (2000) to >85%; women 60-64 nearly doubled

60-64 65-69 70-74 75-79

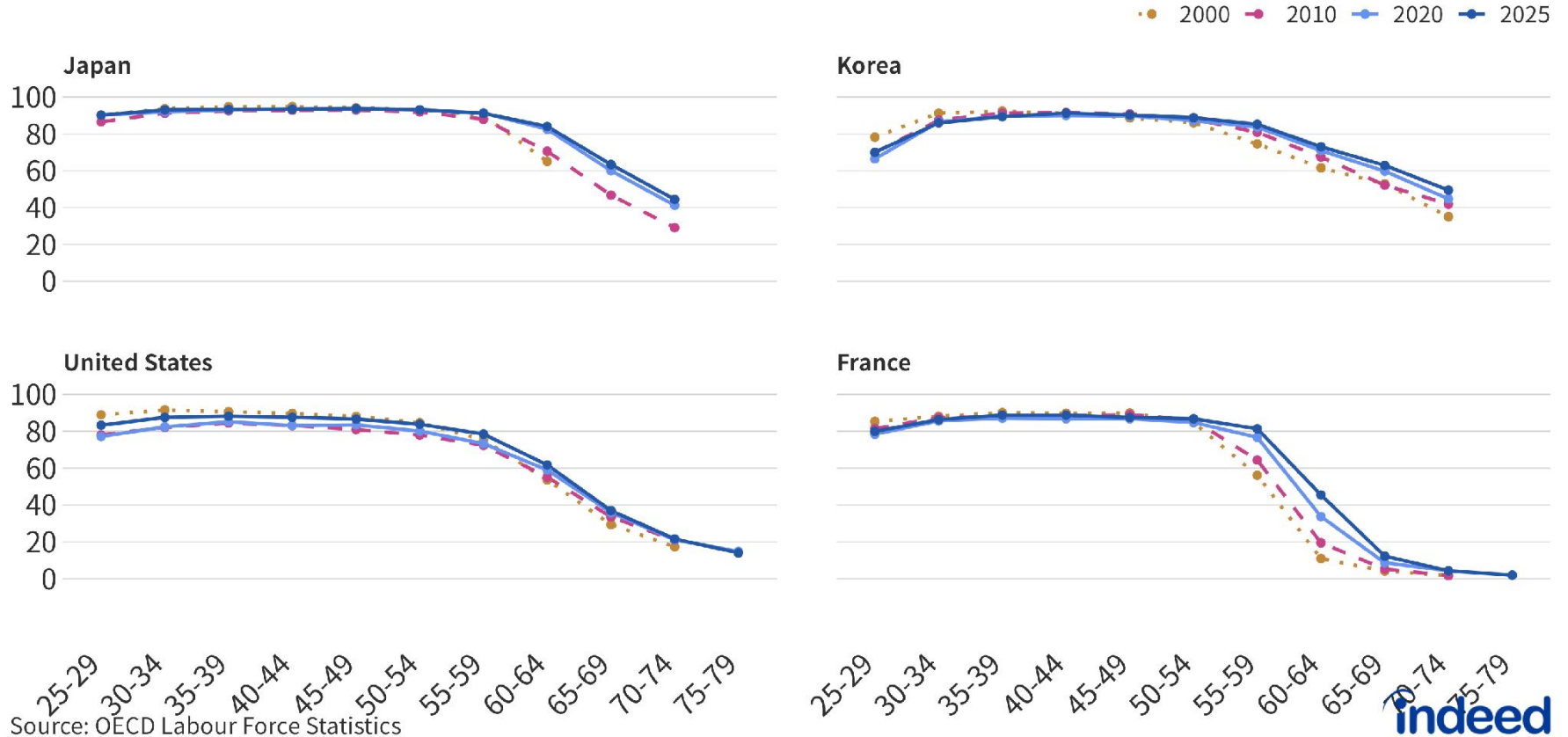


Source: Labor Force Survey. 2026 = average of Jan-Apr (latest available)



# Male Employment Rates by Country and Year

All four countries show rising employment among those aged 60+; Japan and Korea remain highest

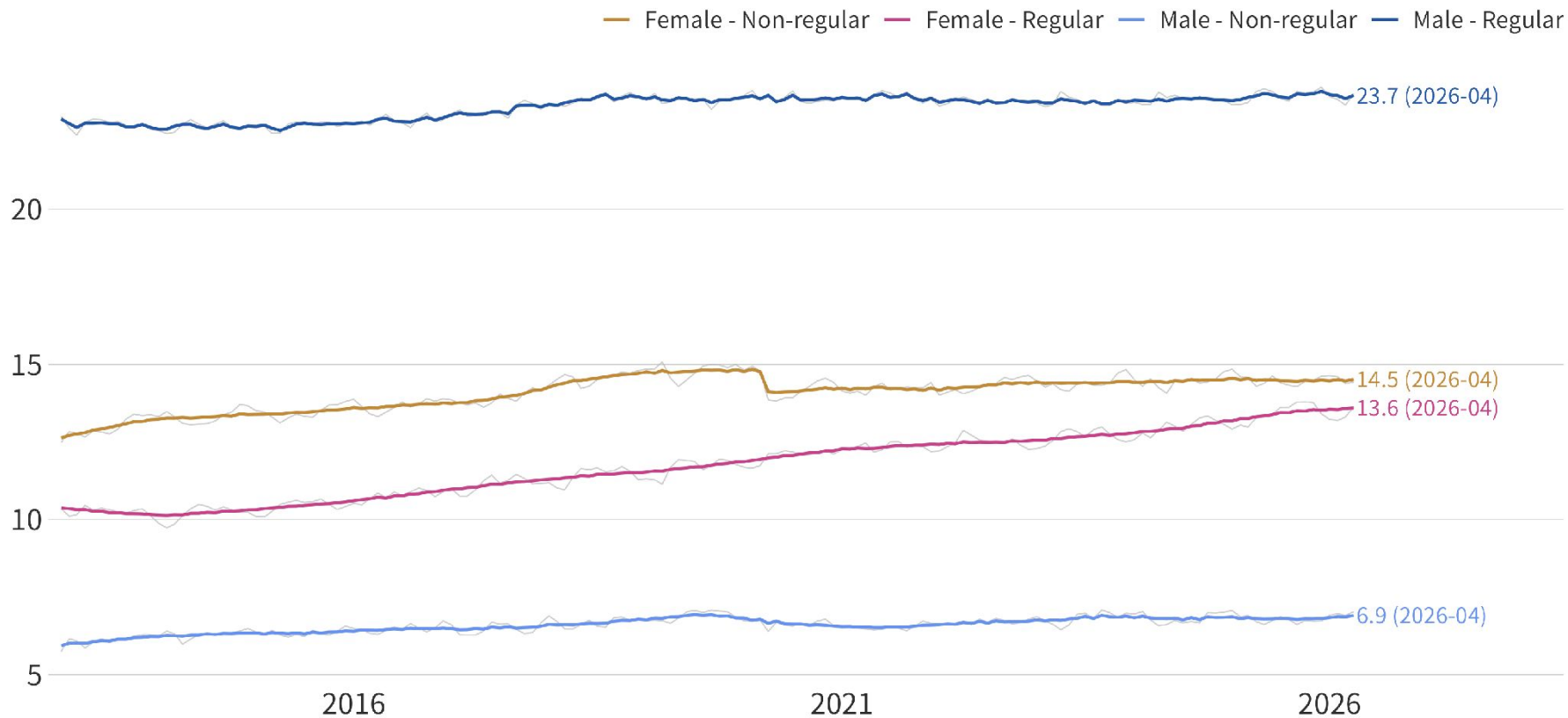


Source: OECD Labour Force Statistics



## Half of Women Workers Are Non-regular, Versus About a Fifth of Men

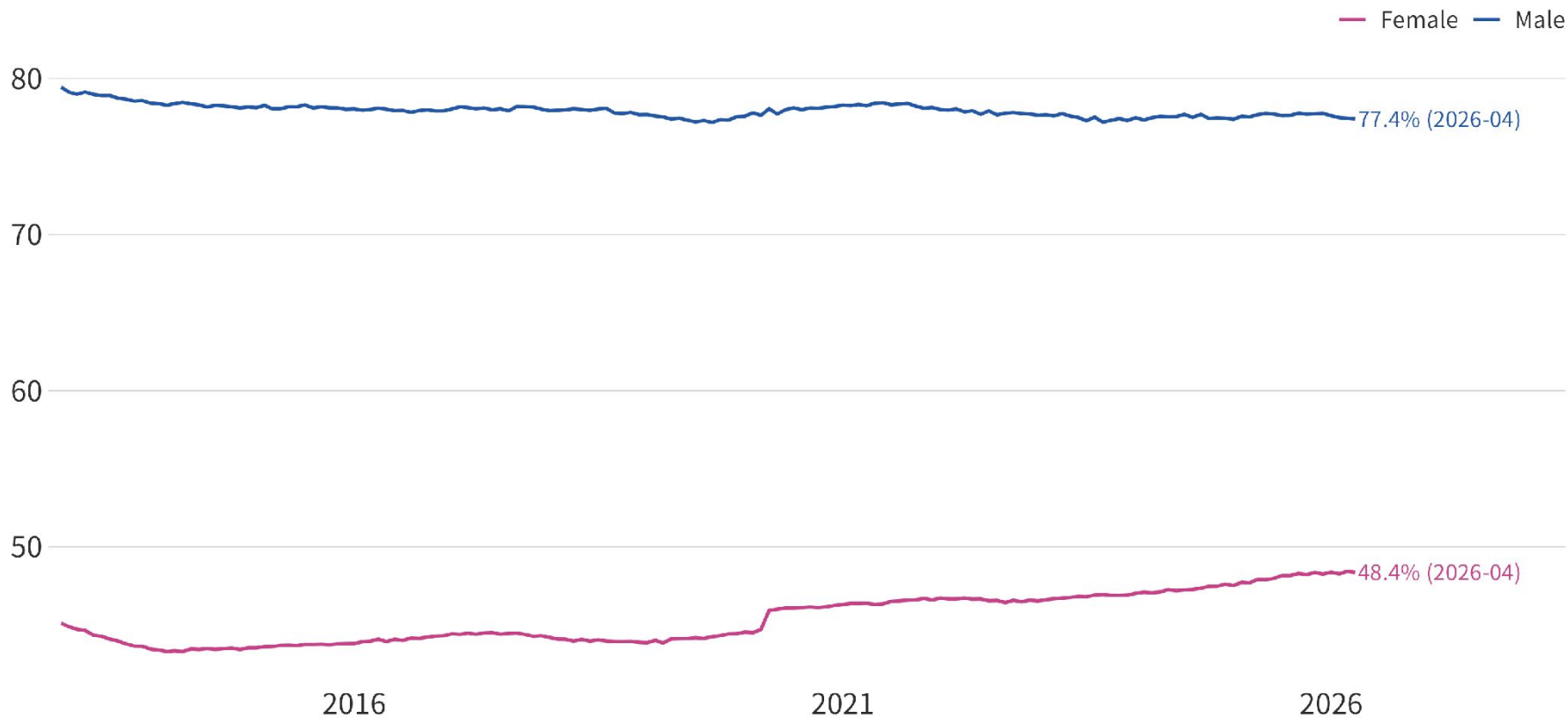
Employees by sex and type (regular vs non-regular), SA; thin grey = original (NSA); monthly; million persons



Source: Labor Force Survey; seasonal adjustment by authors

## The Share of Women in Regular Jobs Is Slowly Rising

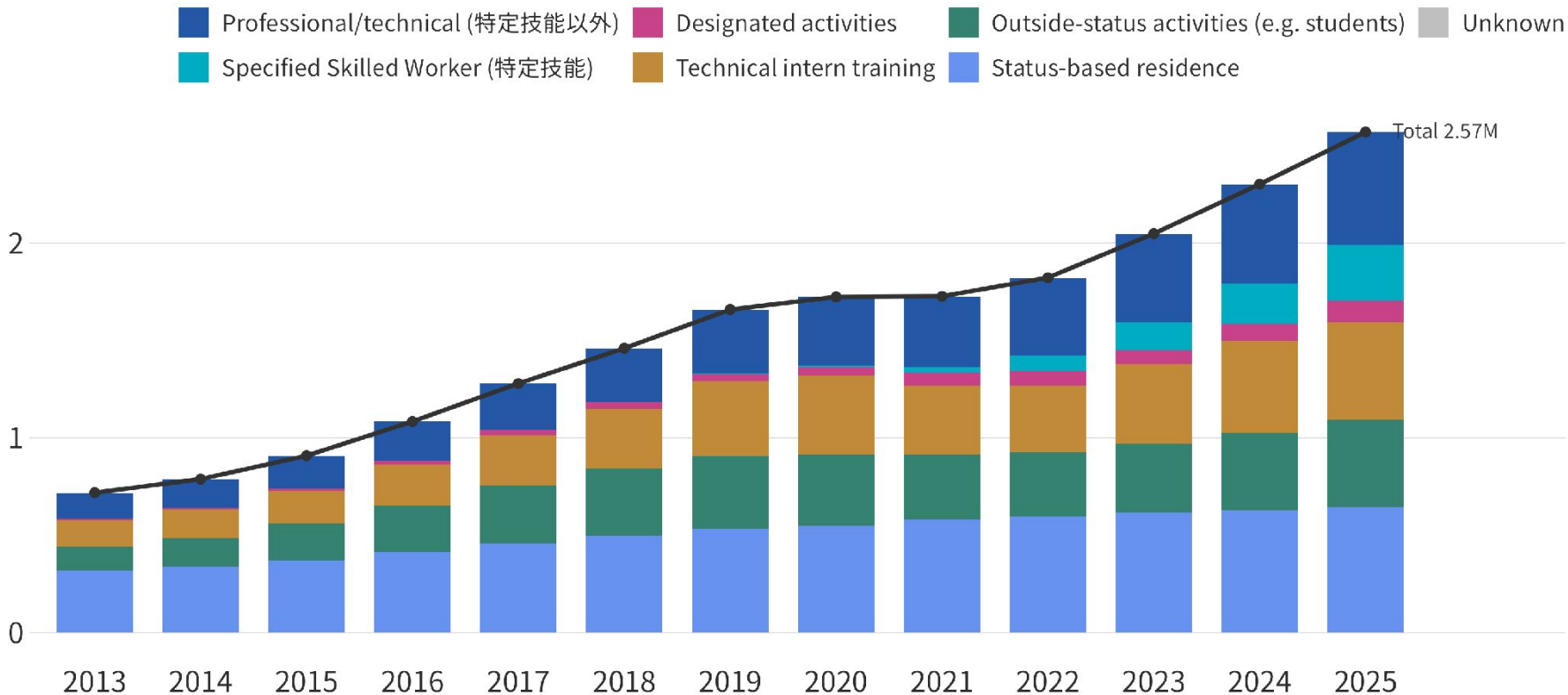
Regular employees as a share of all employees, by sex (regular / (regular + non-regular)), seasonally adjusted; monthly



Source: Labor Force Survey; seasonal adjustment by authors

## Foreign Workers Have Tripled Since 2013, Now Led by Skilled Professionals

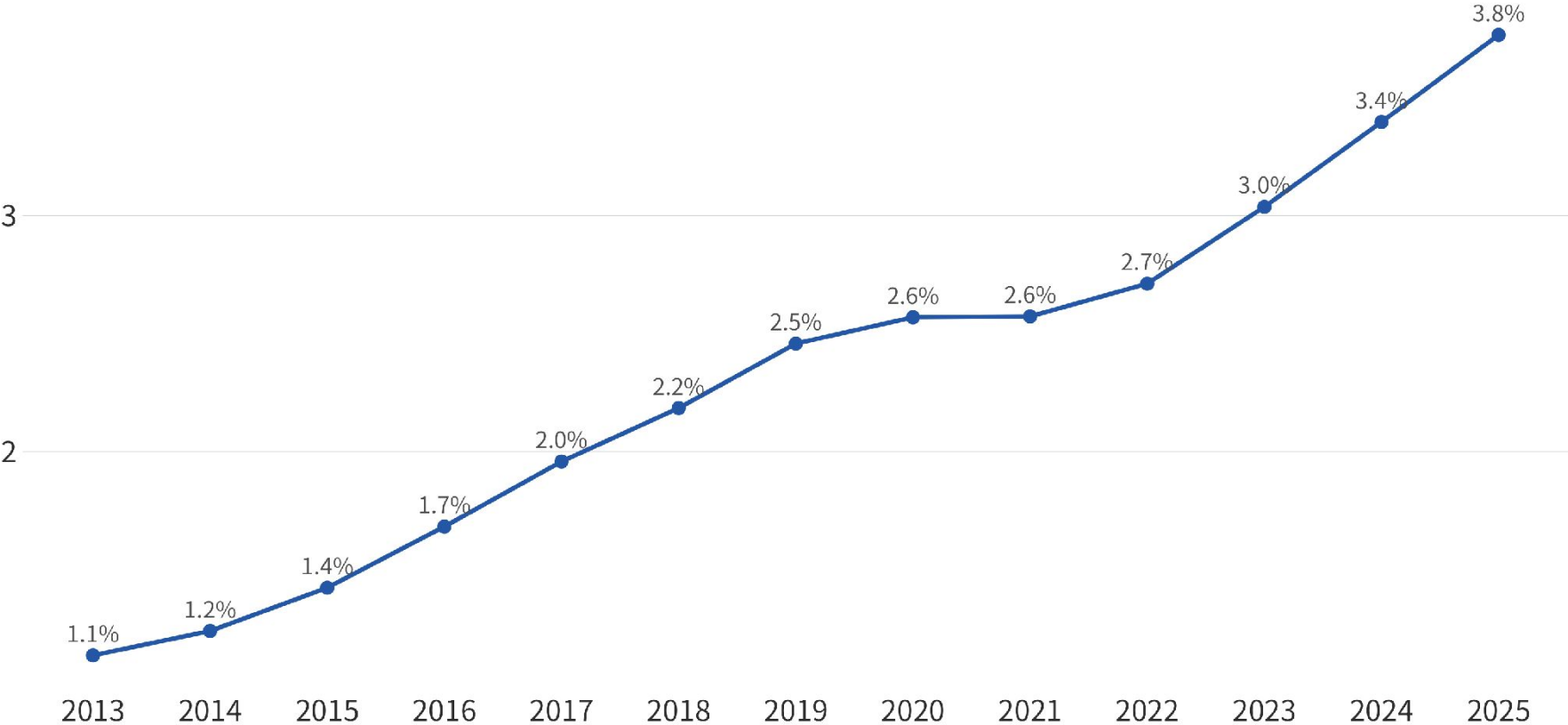
Foreign workers in Japan by residence status (stacked bars), with the total (line)  
As of October each year, 2013–2025, million persons



Source: MHLW, Notification Status of Foreign Workers (外国人雇用状況の届出状況)

# Foreign Workers as Share of Total Employment

Foreign workers / LFS employed (annual average)



Source: MHLW, Labor Force Survey; author calculations

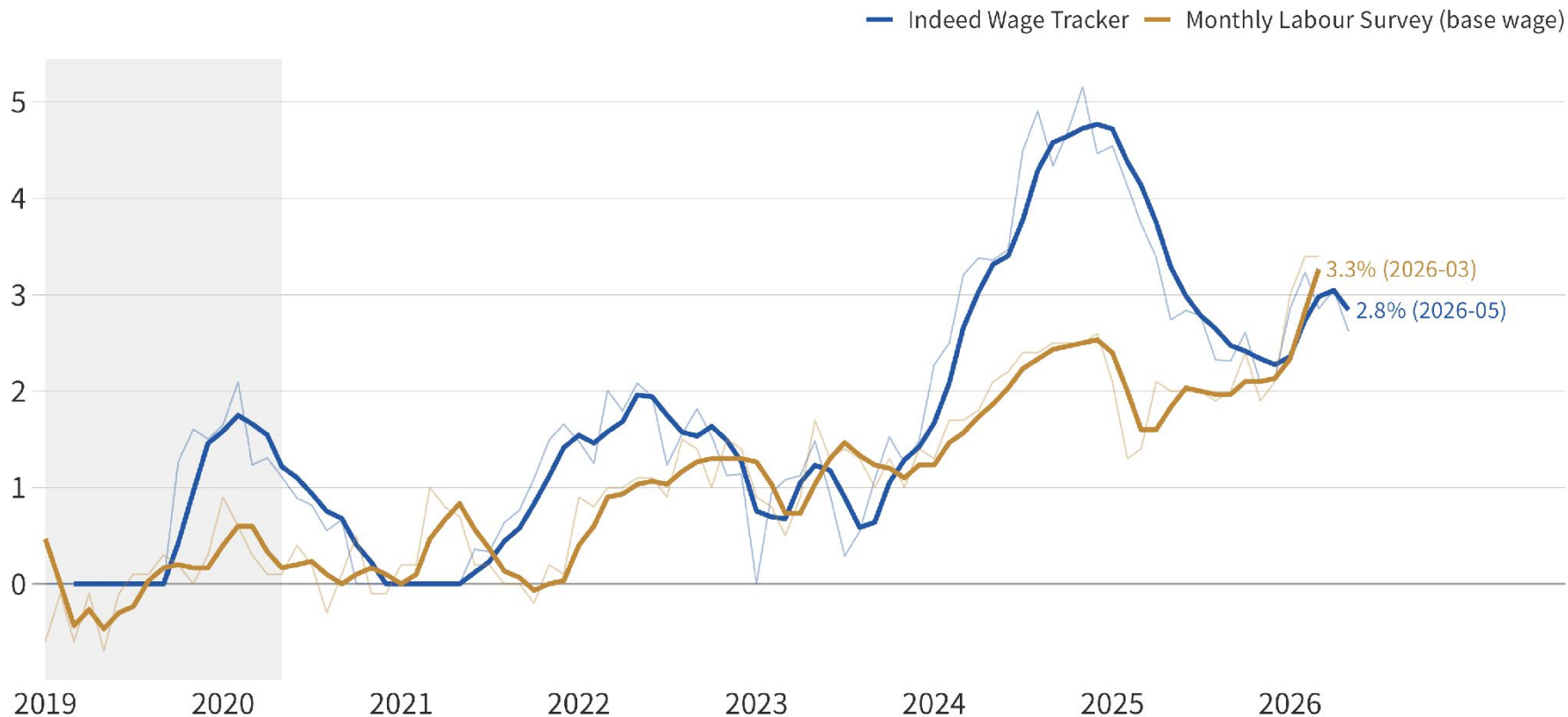


**03**

**Wages & Prices**

## Wage Growth: Indeed Wage Tracker vs Monthly Labour Survey

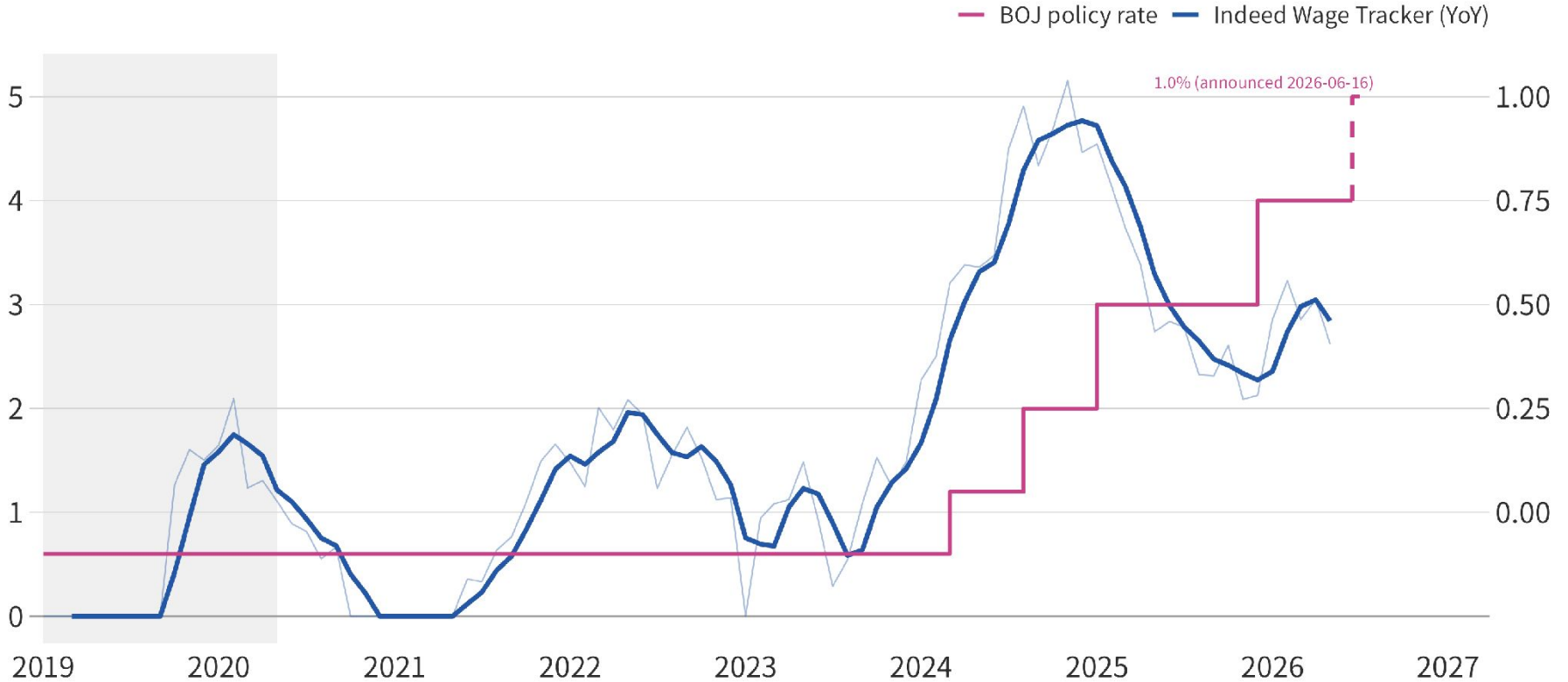
Year-over-year % change; thin = single-month, thick = 3-month moving average



Source: Indeed Wage Tracker; MHLW Monthly Labour Survey (所定内給与)

## Rising Wages Are Prompting the BOJ to Lift Rates

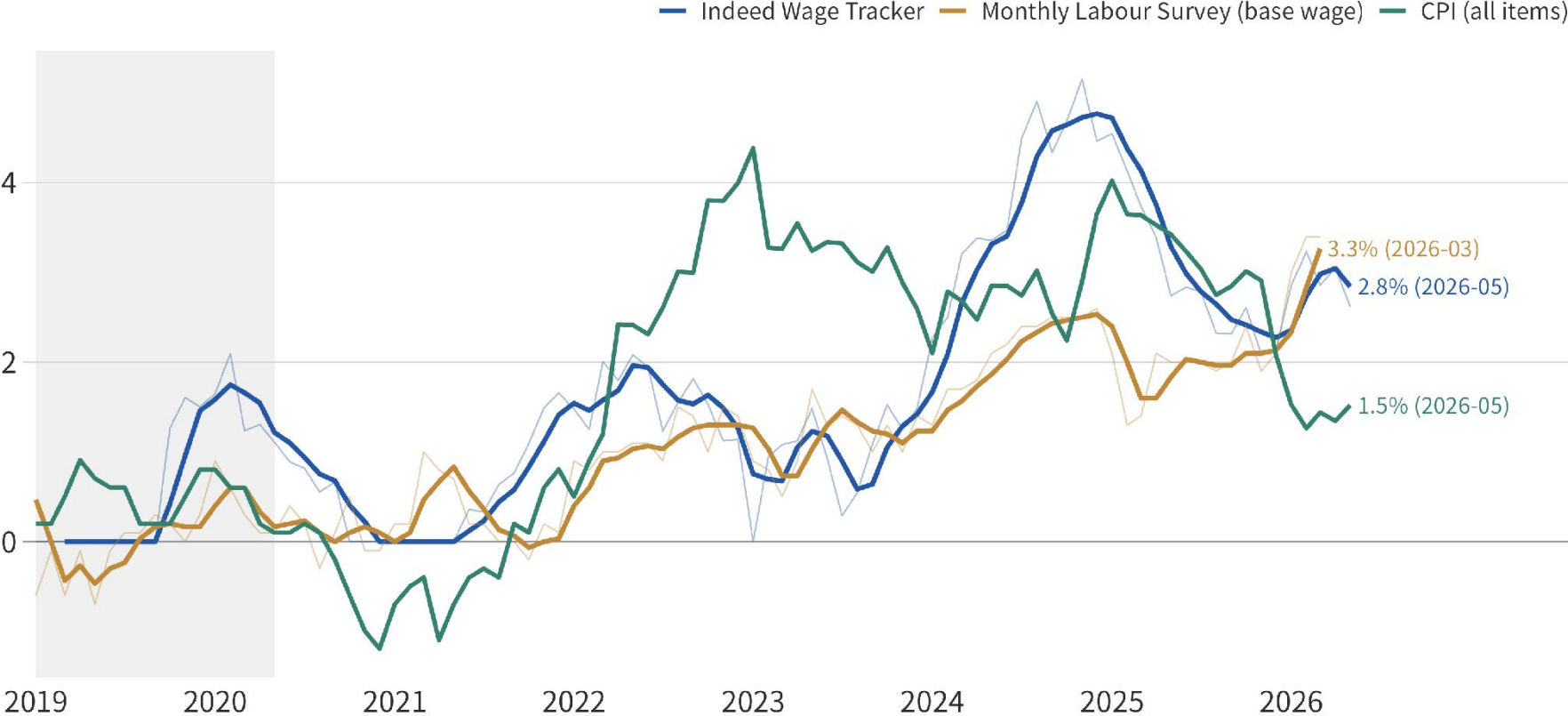
Indeed Wage Tracker YoY (left; thin = single-month, thick = 3-month avg)  
vs BOJ policy rate (right; dashed = announced hike to 1.0%)



Source: Indeed Wage Tracker; BIS central bank policy rates (Japan); Macrobond

# Wage Growth vs Consumer Price Inflation

Year-over-year % change; wages thin = single-month, thick = 3-month avg; CPI = all items

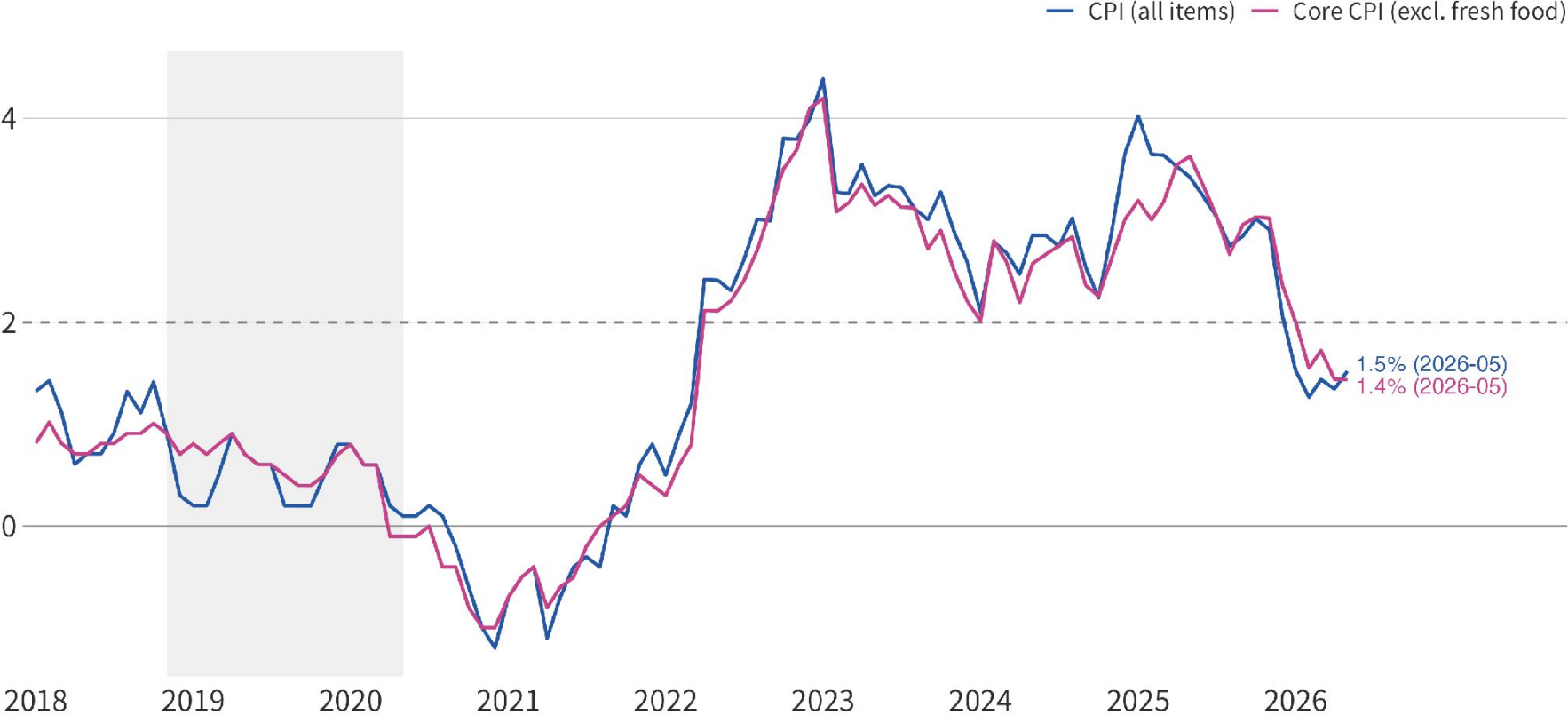


Source: Indeed Wage Tracker; MHLW Monthly Labour Survey (所定内給与); Statistics Bureau CPI (2020 base)



# Consumer Price Inflation

Year-over-year % change; headline vs core (excl. fresh food). BOJ 2% target (dashed)

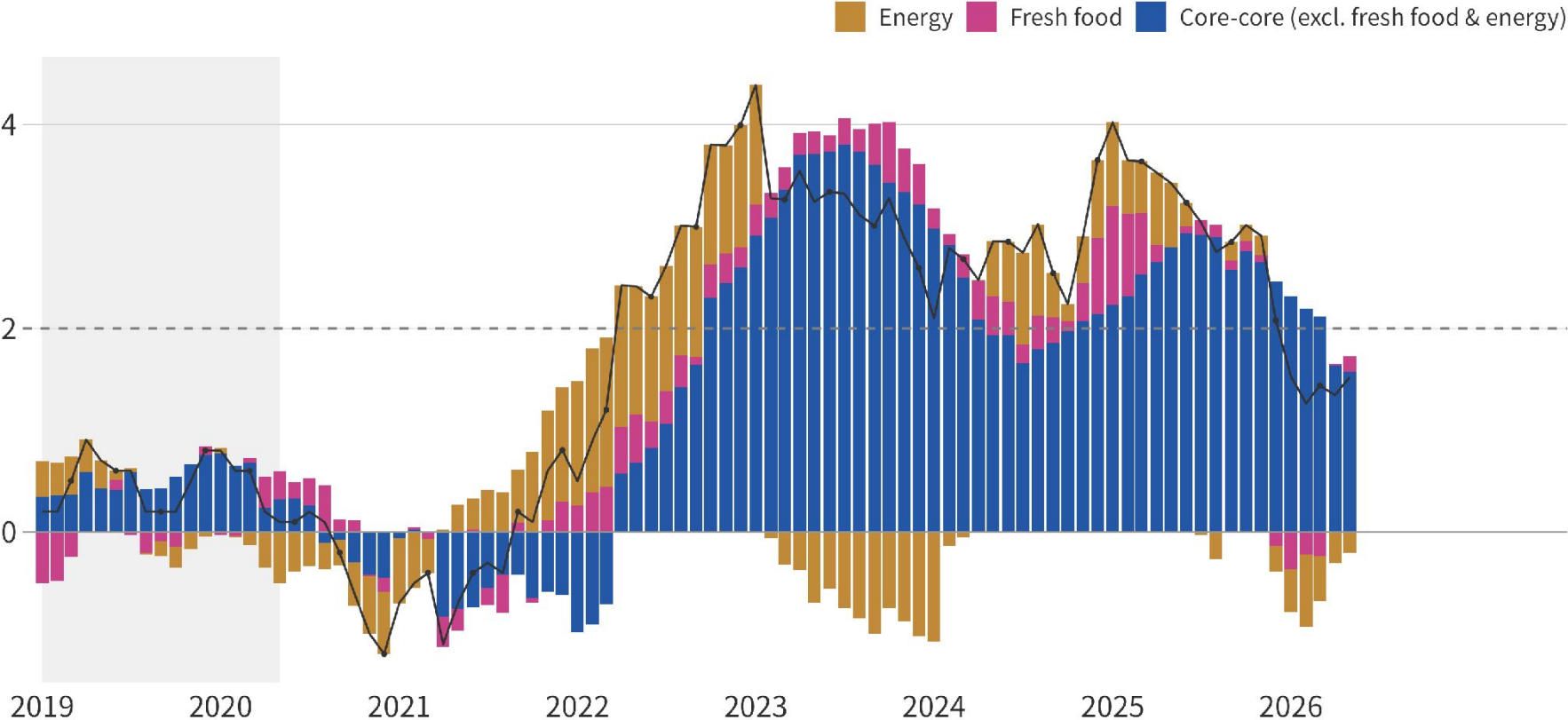


Source: Statistics Bureau, Consumer Price Index (2020 base)



# Contributions to Consumer Price Inflation

Contributions to headline CPI (all items) YoY change, percentage points; BOJ 2% target (dashed); thin line = headline YoY



Source: Statistics Bureau, Consumer Price Index (2020 base); contributions from index × 2020-base weights

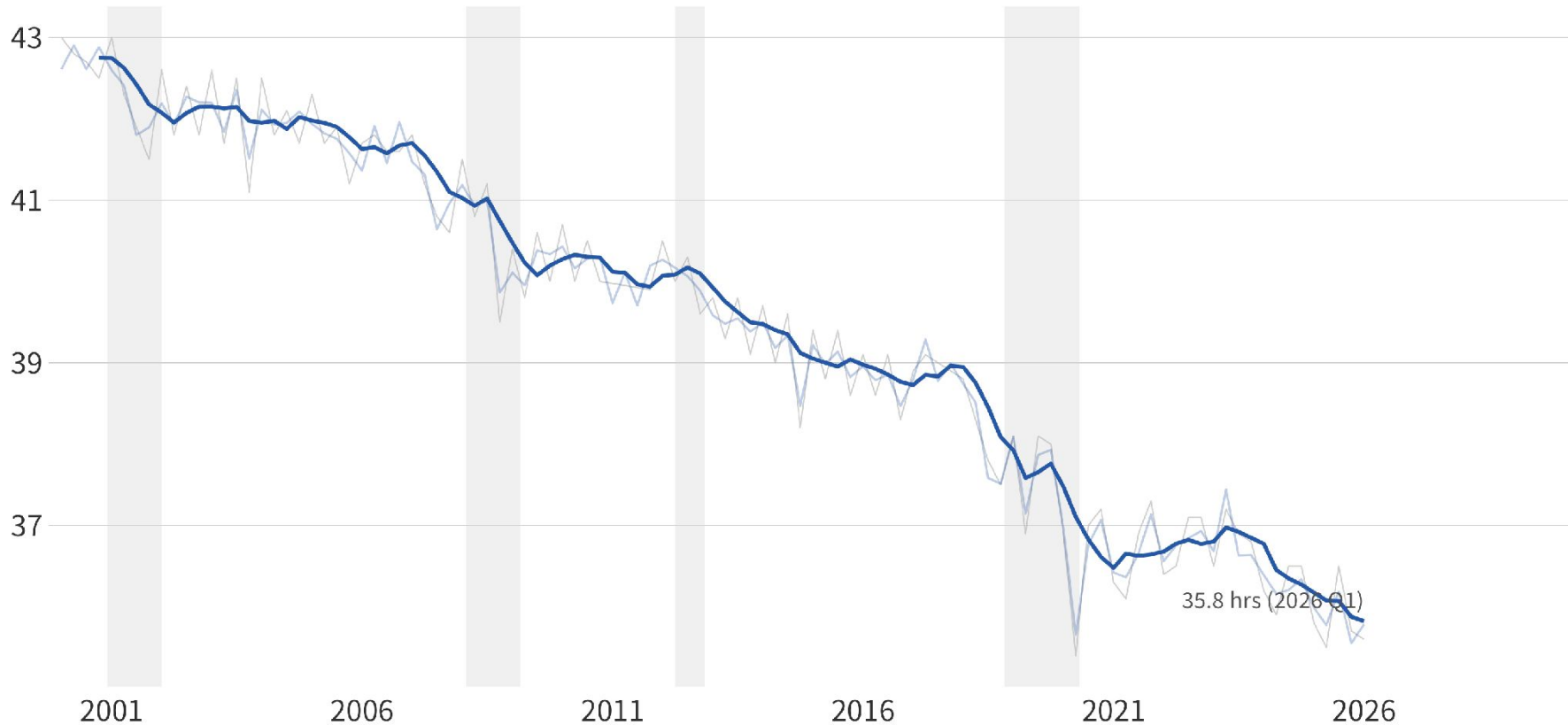


**04**

## **Working Hours & Productivity**

## Average Weekly Hours per Worker

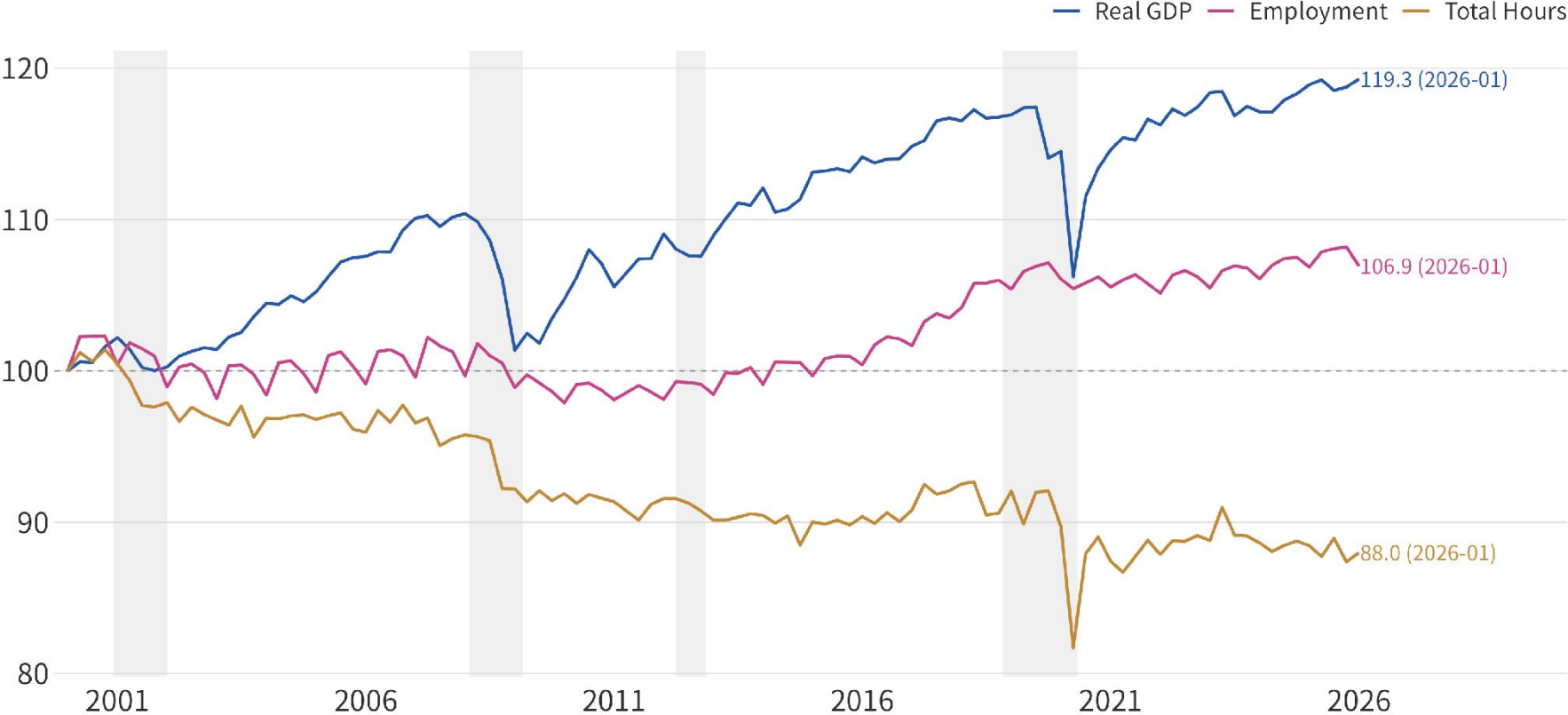
LFS all employed persons (SA, with 4Q moving average); thin grey = original (NSA); quarterly 2000 Q1+



Source: Statistics Bureau LFS

# Output Has Outgrown Both Employment and Total Hours Worked

Real GDP (SA, 2020 chain-linked), LFS employed persons & total weekly hours (SA); index 2000 Q1 = 100; quarterly

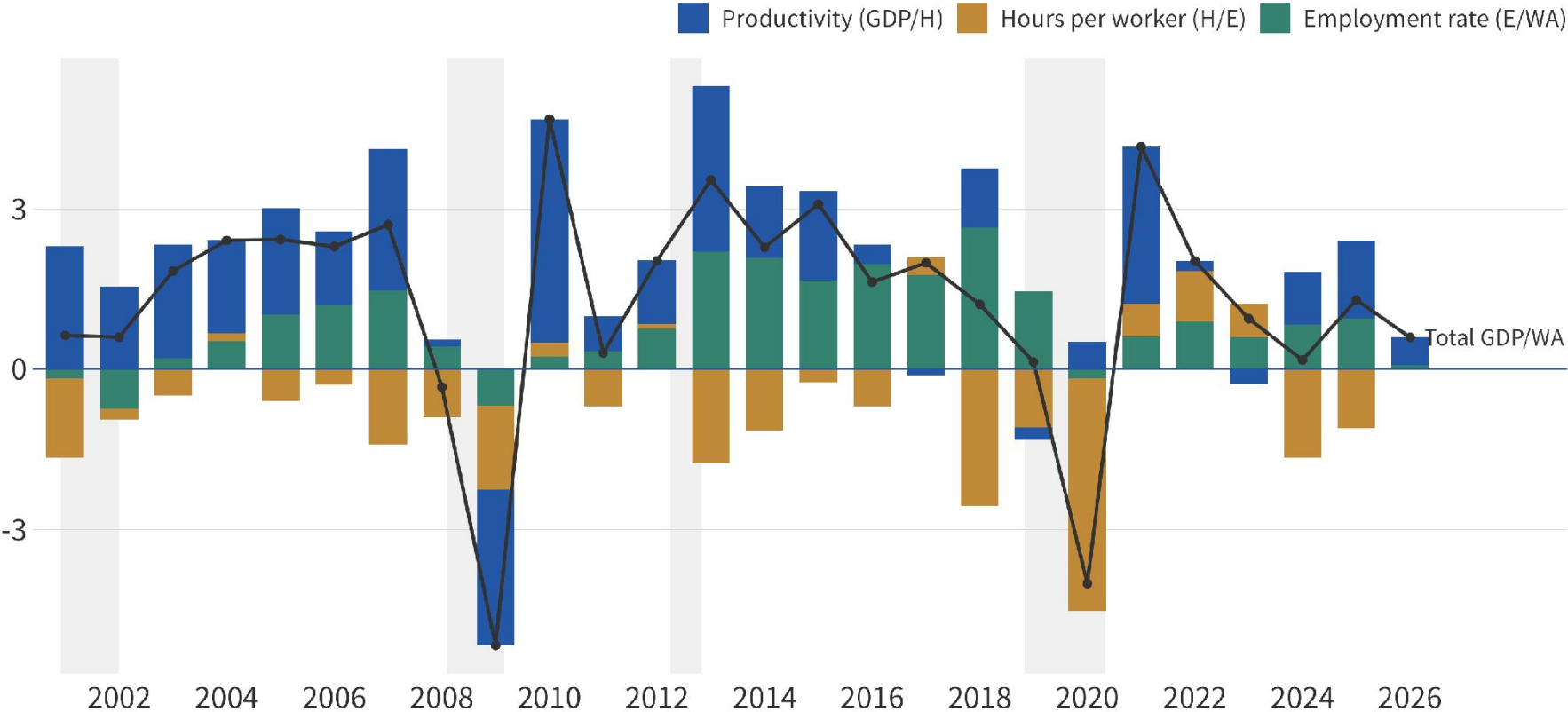


Source: Cabinet Office SNA; Statistics Bureau LFS



# GDP per Working-Age Adult: Growth Decomposition

$$\Delta \ln(\text{GDP/WA}) = \Delta \ln(\text{GDP/H}) + \Delta \ln(\text{H/E}) + \Delta \ln(\text{E/WA}) \quad (\text{productivity} + \text{hours per worker} + \text{employment rate}); \text{ annual}$$



Source: Cabinet Office SNA; Statistics Bureau LFS & Population Estimates; method follows Fernández-Villaverde et al. (2025)

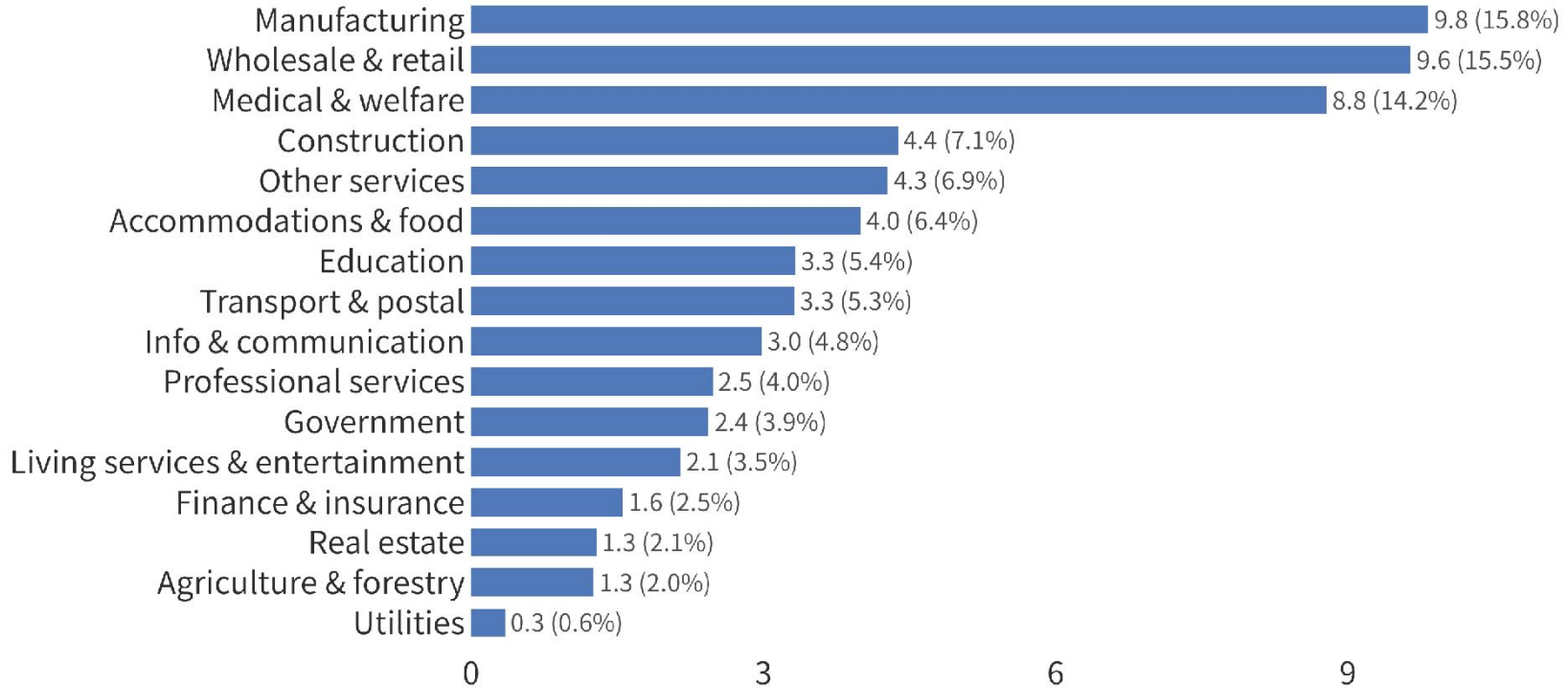


**05**

**Industry & Labor Share**

## Employment by Industry

Latest 12-month average (2025-05–2026-04), LFS basic tabulation | million persons

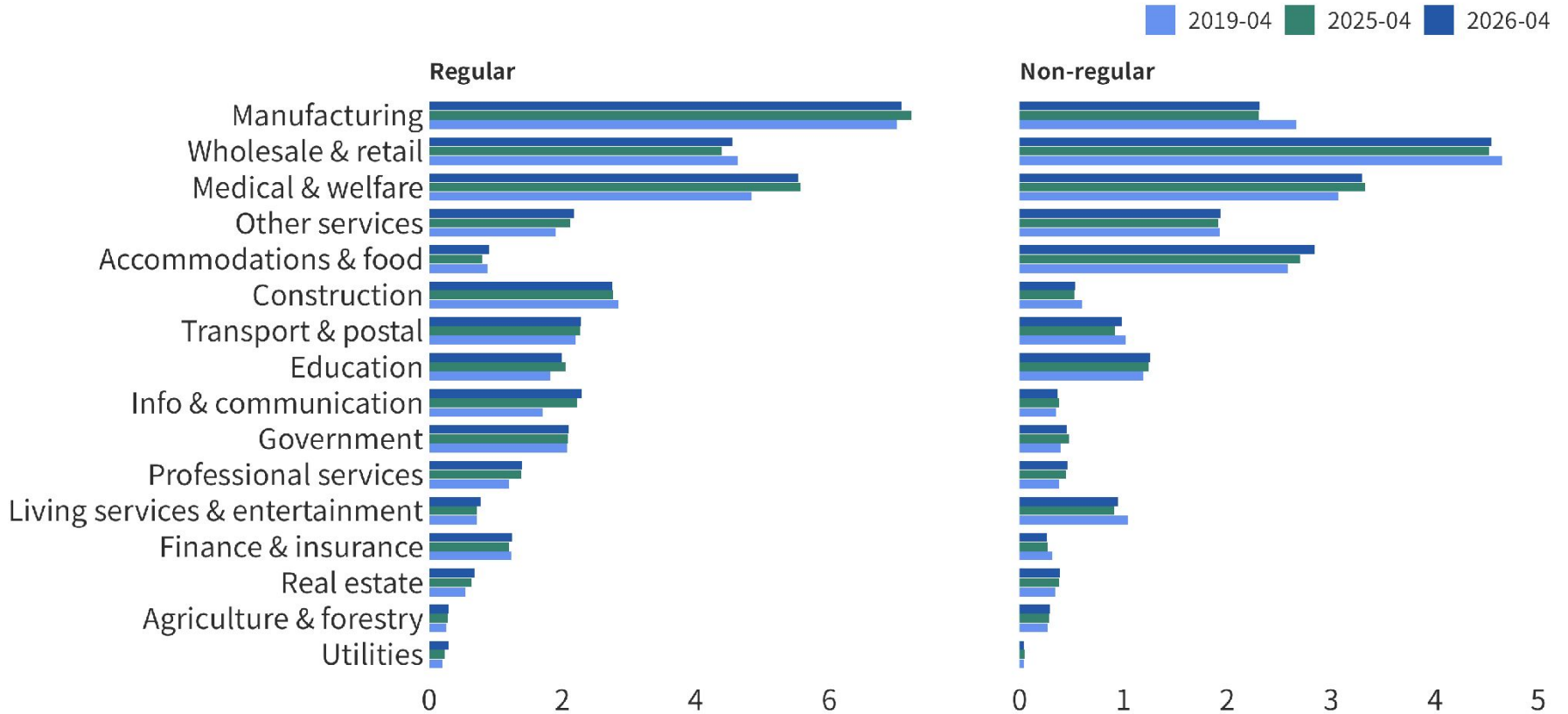


Source: Labor Force Survey



# Non-regular Employment Has Risen Across Most Sectors Since 2019

Employees by industry & type (3-month average ending 2019-04, 2025-04, 2026-04); LFS basic tabulation, monthly, million persons

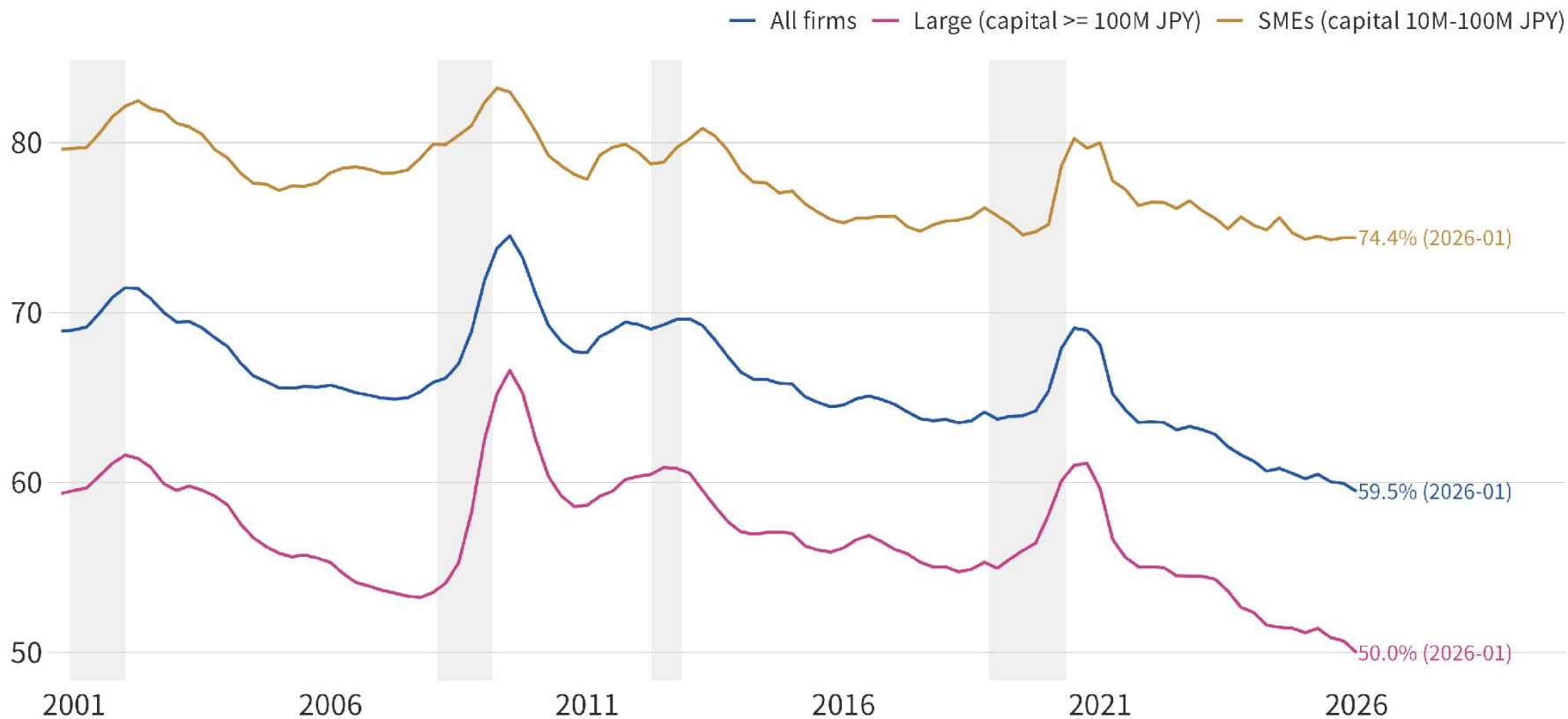


Source: Labor Force Survey



## Labor Share by Firm Size

Personnel expenses / Value added (4Q moving average, excl. finance & insurance)

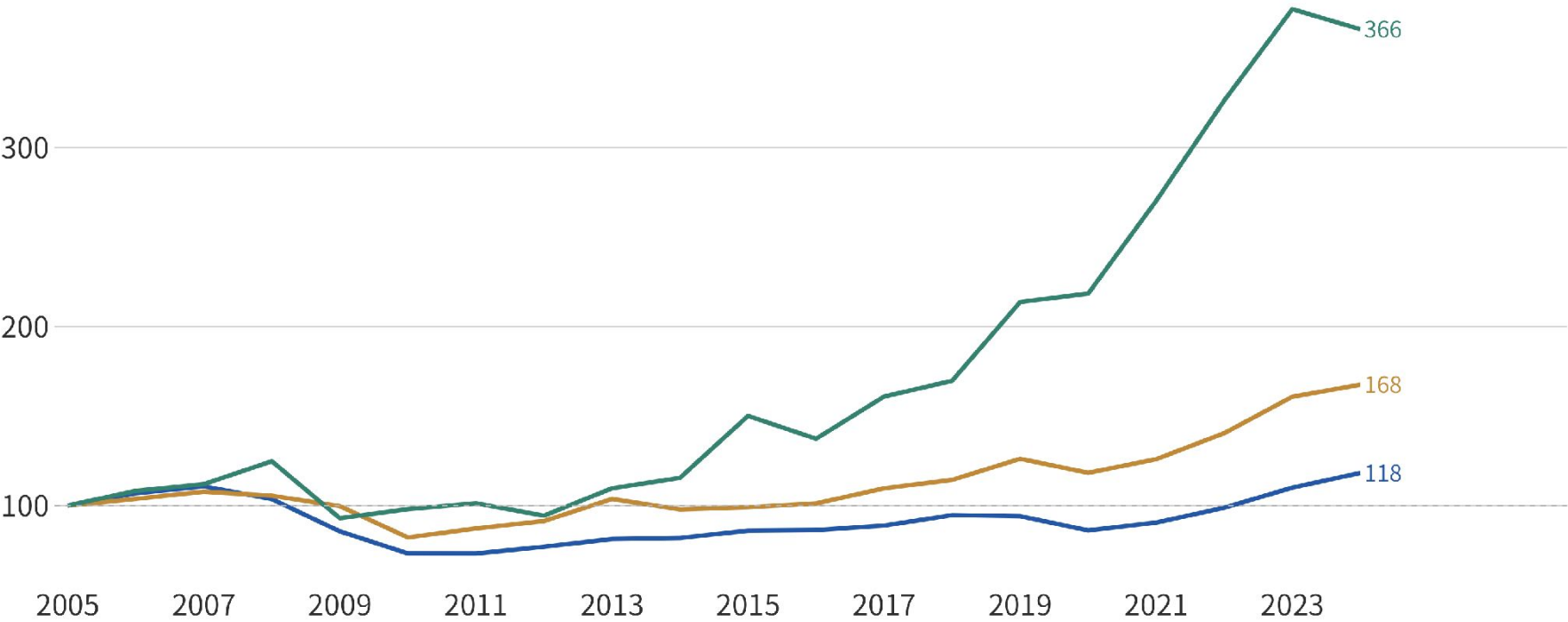


Source: MOF Financial Statements Statistics of Corporations

# Software Investment Has Far Outpaced Overall Capital Spending

Tankan nominal investment, indexed to FY 2005 = 100; fiscal year  
Total fixed investment vs software investment (all industries and retail)

— Total fixed investment (all industries) — Software investment (all industries) — Software investment (retail)



Source: Bank of Japan, Short-term Economic Survey (Tankan) via BOJ API

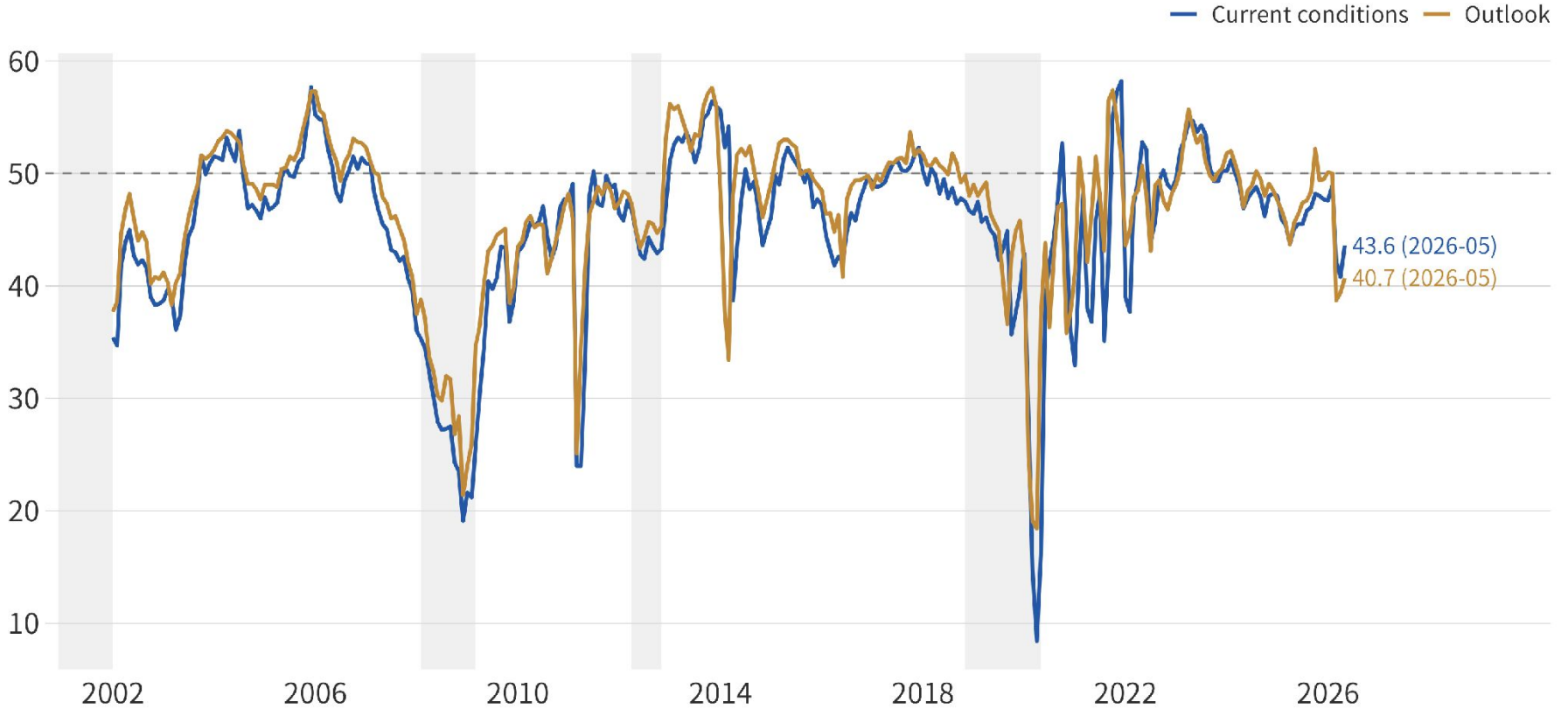


**06**

**Macro Risks & Financial Conditions**

# Japan's Economic Sentiment Has Softened from Its Post-Pandemic Peak

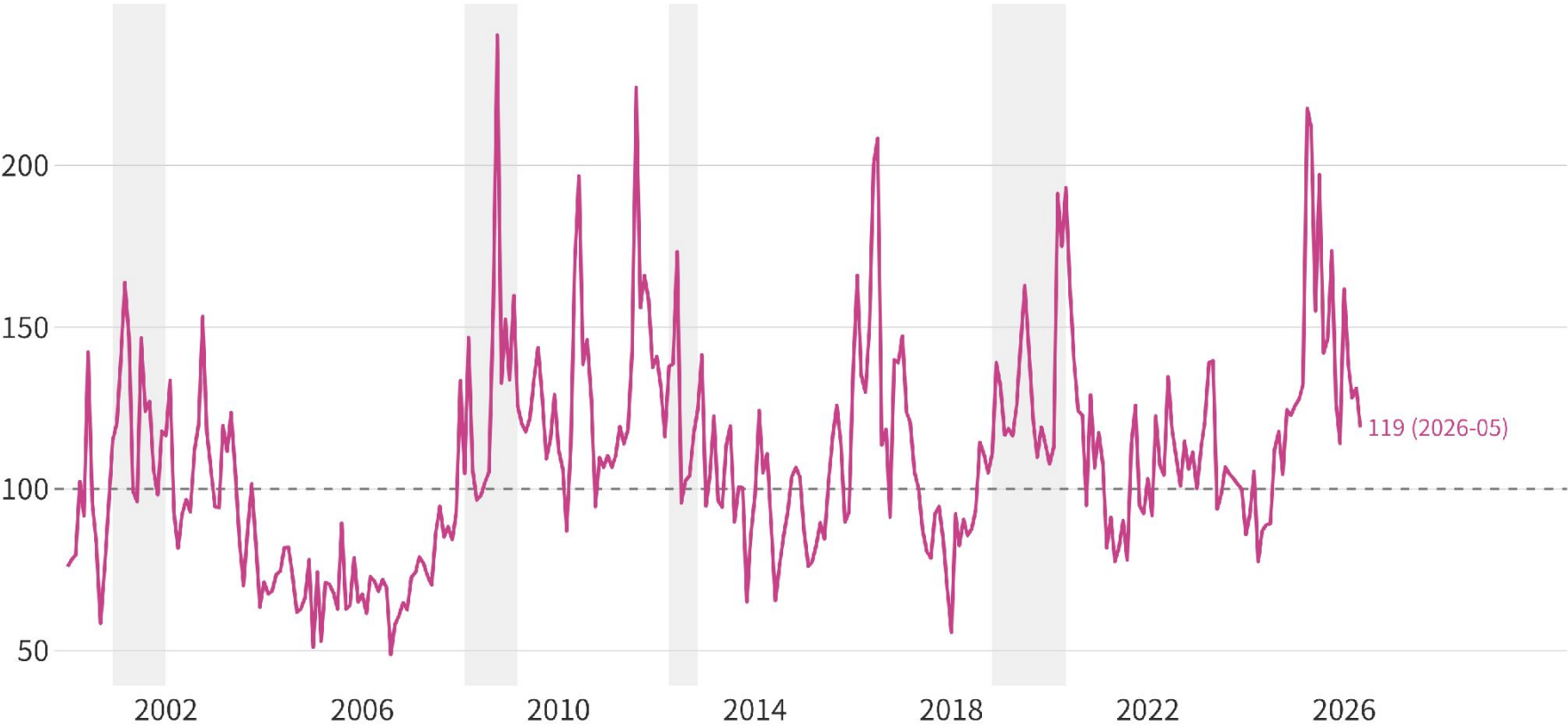
Economy Watchers Survey diffusion index, seasonally adjusted (all fields); 50 = no change



Source: Cabinet Office (ESRI), Economy Watchers Survey (seasonally adjusted)

# Policy Uncertainty Remains Elevated Relative to Its Historical Norm

Japan news-based Economic Policy Uncertainty Index, monthly (100 = 1987-2015 average)

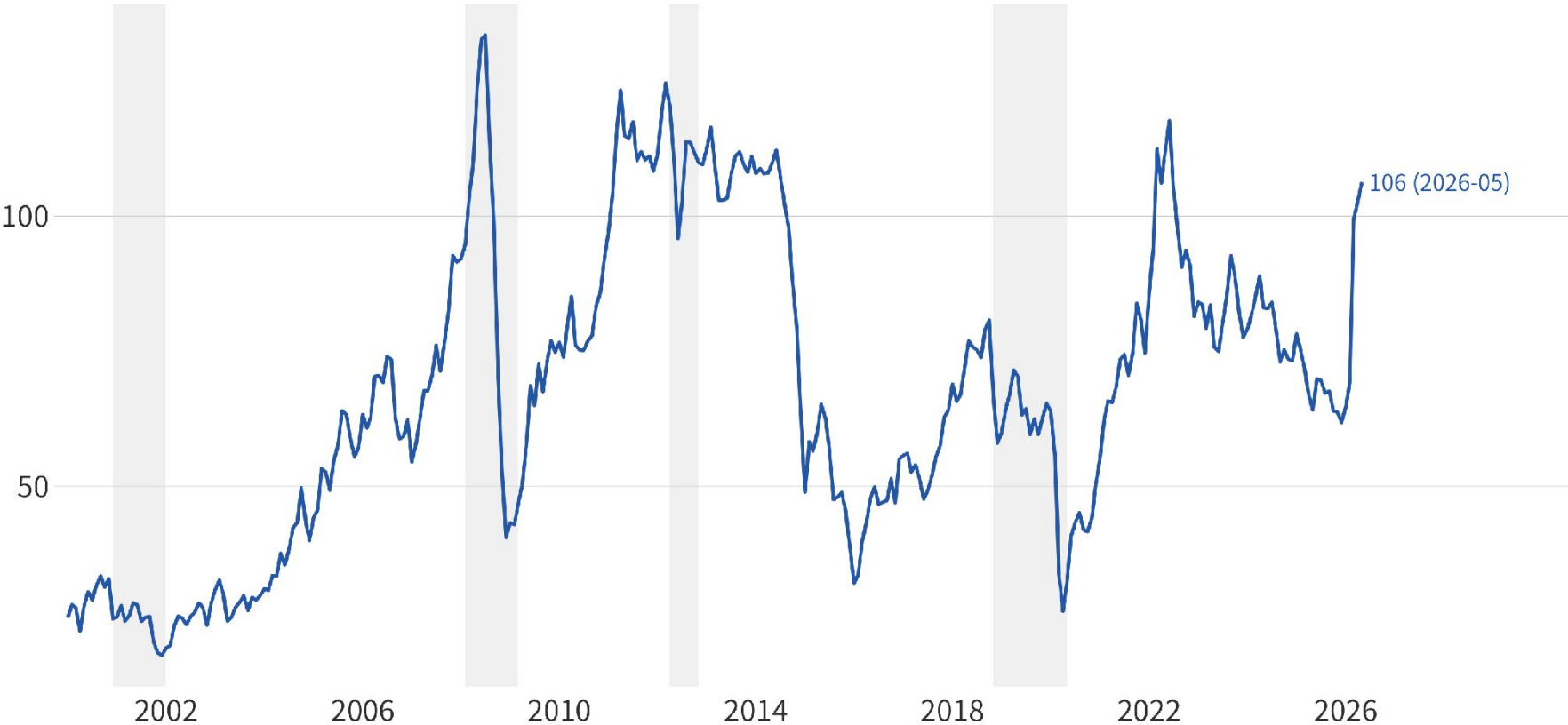


Source: Economic Policy Uncertainty (Baker, Bloom & Davis), [policyuncertainty.com](http://policyuncertainty.com)



# Oil Prices Are a Persistent Risk to Japan's Import-Dependent Economy

Brent crude, monthly average spot price, USD per barrel

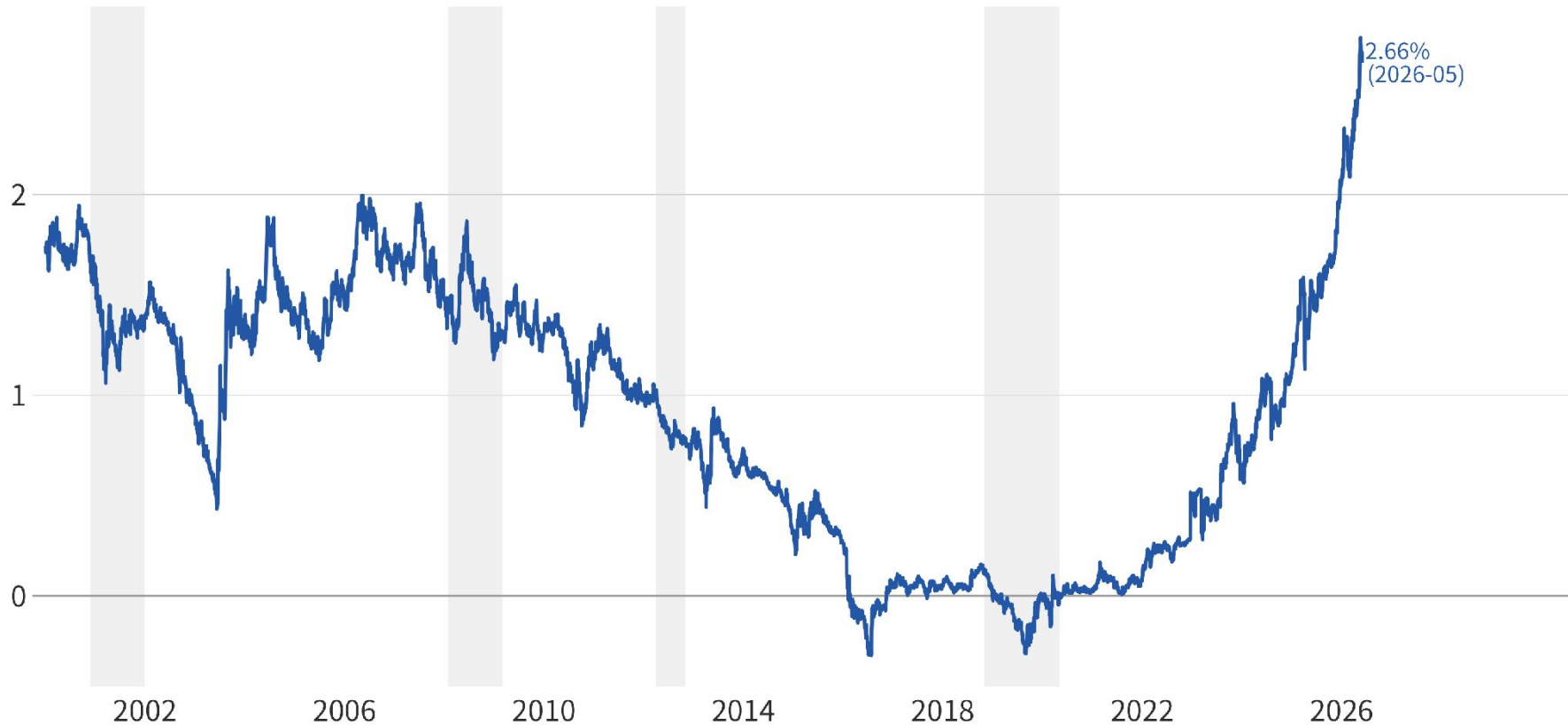


Source: FRED, Global price of Brent Crude (monthly, USD/barrel)



## Long-Term Borrowing Costs Have Risen Sharply

10-year Japanese Government Bond benchmark yield, daily



Source: Ministry of Finance, Interest Rate (10-year JGB); Macrobond