

Japan Labor Market Chartbook

September 2026

Indeed Hiring Lab

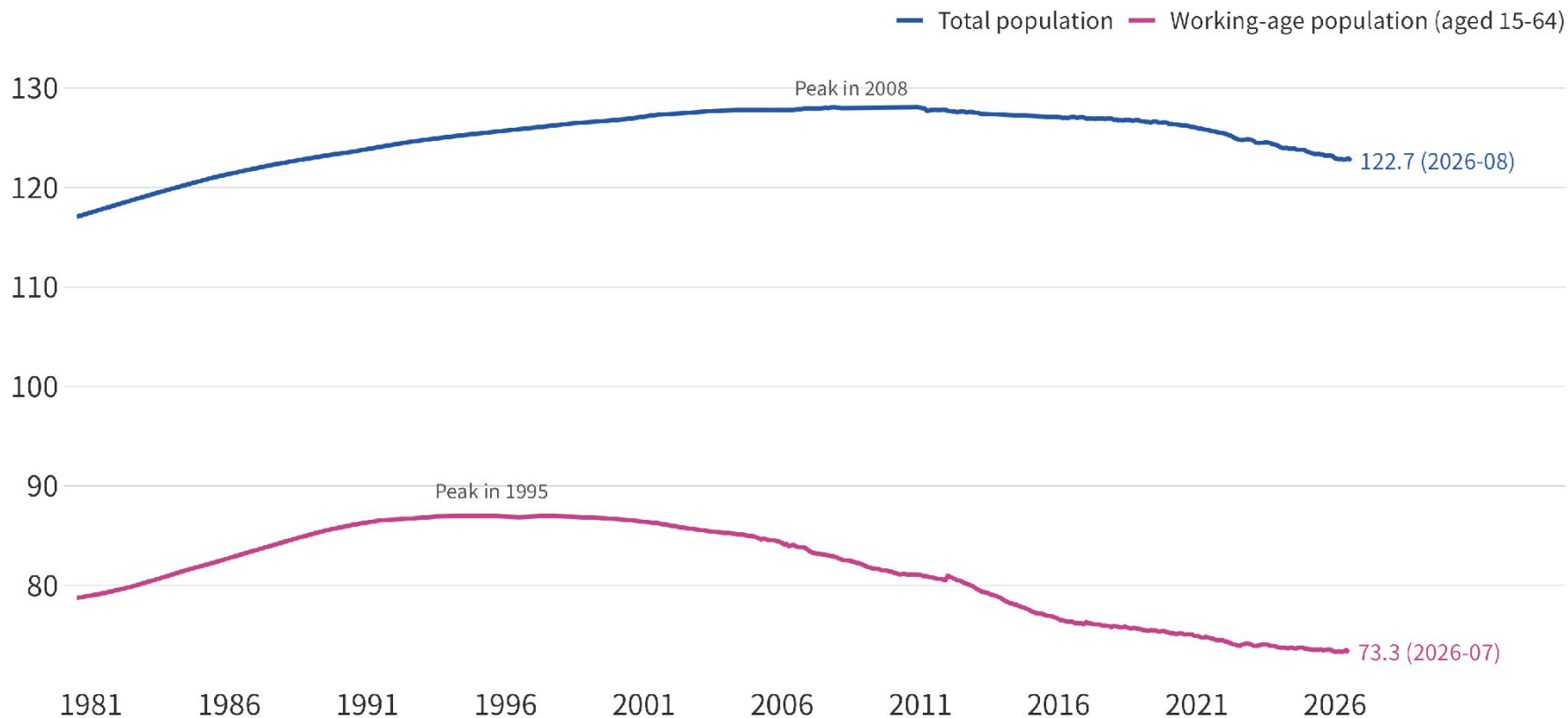


Japan: Labor Market Overview

- Labor force participation has kept rising (employment rates for those aged 15 to 64: 84.7% for men, 76.0% for women), and labor shortages remain near historic highs (Tankan employment conditions DI -37).
- Unemployment is low and stable at 2.4% (July).
- Additional labor supply (a rising share of women in regular jobs, higher employment rates among those aged 65+, and growing numbers of foreign workers) is still expanding.
- Wages keep growing at around 3% (Indeed Wage Tracker 2.9%, Nominal wages 3.4%). With inflation down to 2%, real wages turned positive in 2026 (+2.0% in July). The FY2026 minimum wage rose 5.0% year on year to ¥1,177.
- 10-year JGB yields have risen above 3%. In light of developments in foreign exchange rates, prices, the economy, and the labor market, the BOJ raised its policy rate to 1.25% in September.
- On the capital side, software investment has accelerated over the long run, but growth has slowed somewhat recently.

Population has been shrinking since 2008, the working-age population since 1995

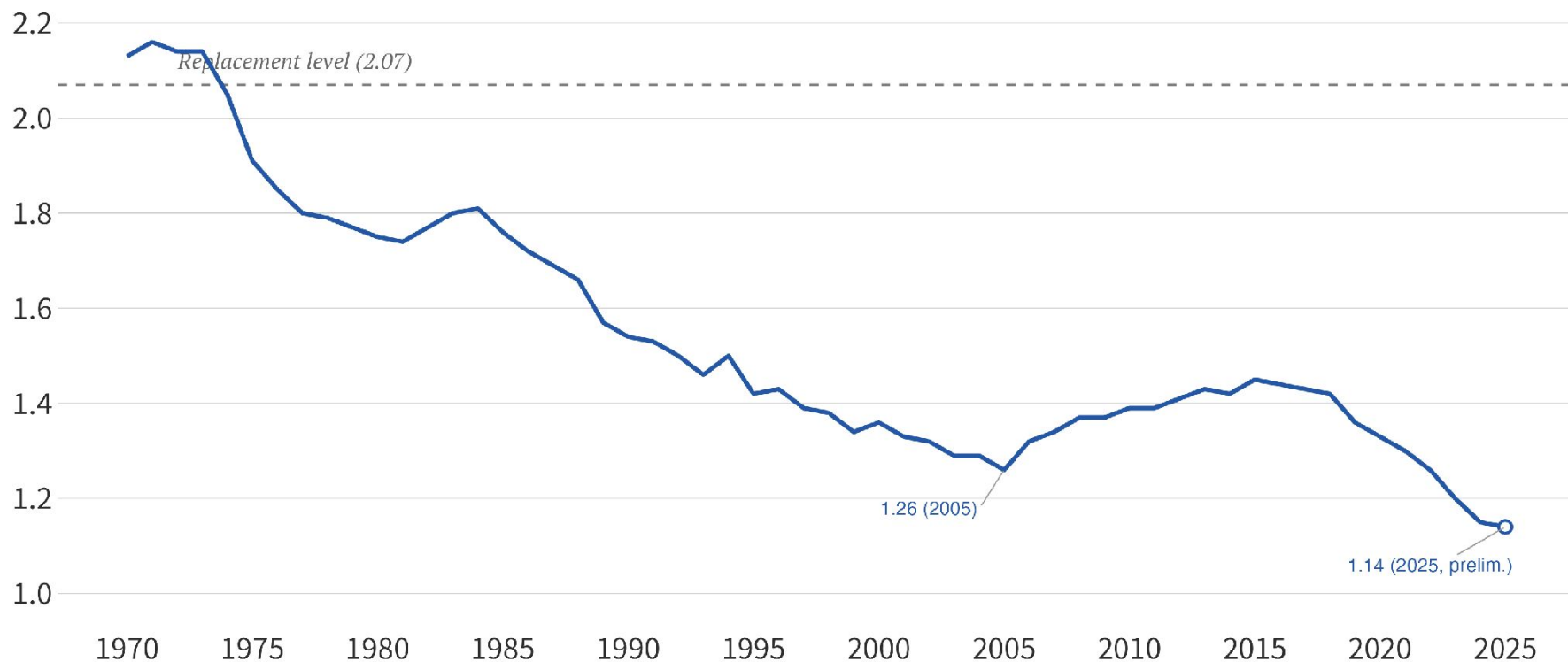
Total population and working-age population (15–64), million persons; annual through 2004, monthly thereafter



Source: Statistics Bureau, Population Estimates; Labor Force Survey

The fertility rate fell to a record low of 1.14 in 2025

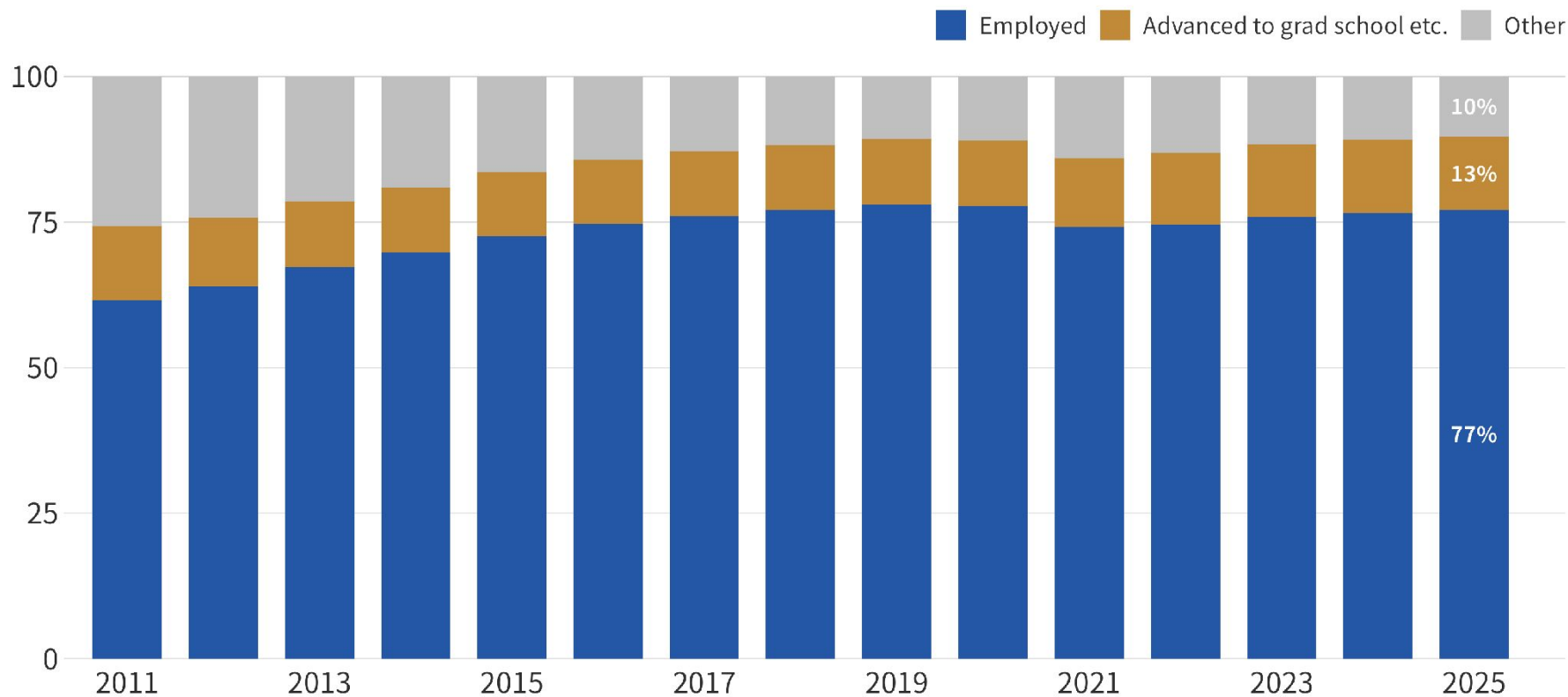
Total fertility rate, annual; hollow point = 2025 preliminary, dashed line = replacement level of 2.07



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

Three in four university graduates go straight into employment

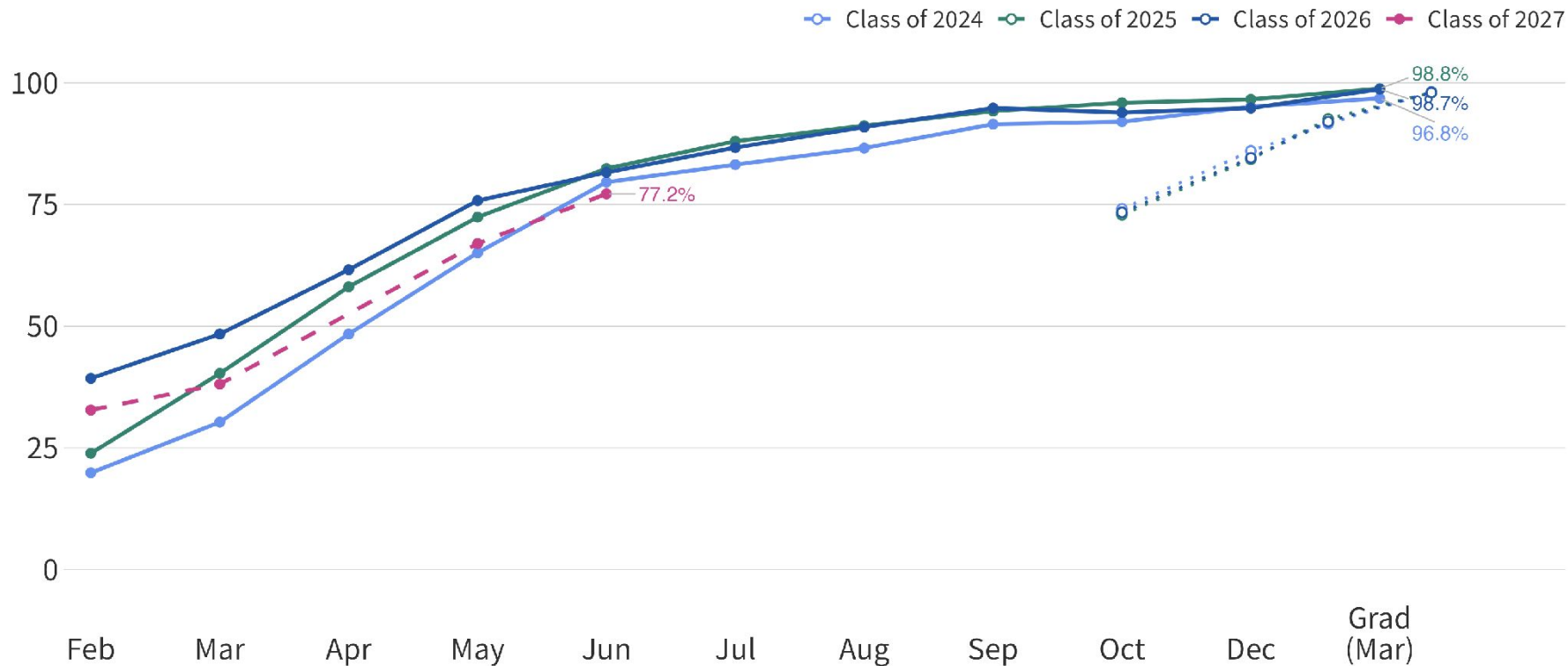
Bachelor's degree graduates by destination (employment, graduate school, other), share of all graduates, annual



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

New-graduate job offers come earlier with each successive class

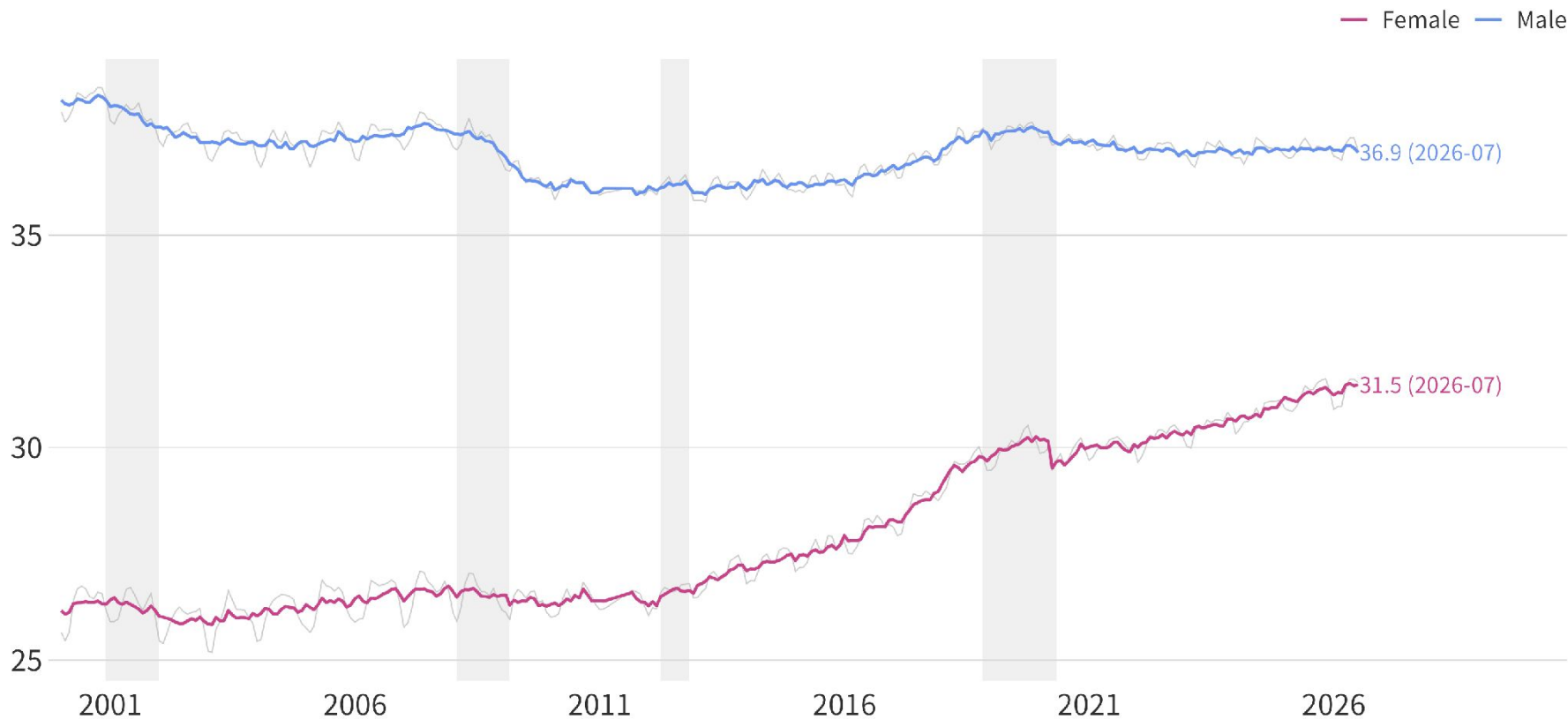
Share of university job seekers holding at least one job offer, by month of the hiring cycle and graduating class; solid = Recruit survey, dotted = MHLW-MEXT survey; the Class of 2027 survey was redesigned and is not strictly comparable with earlier classes



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

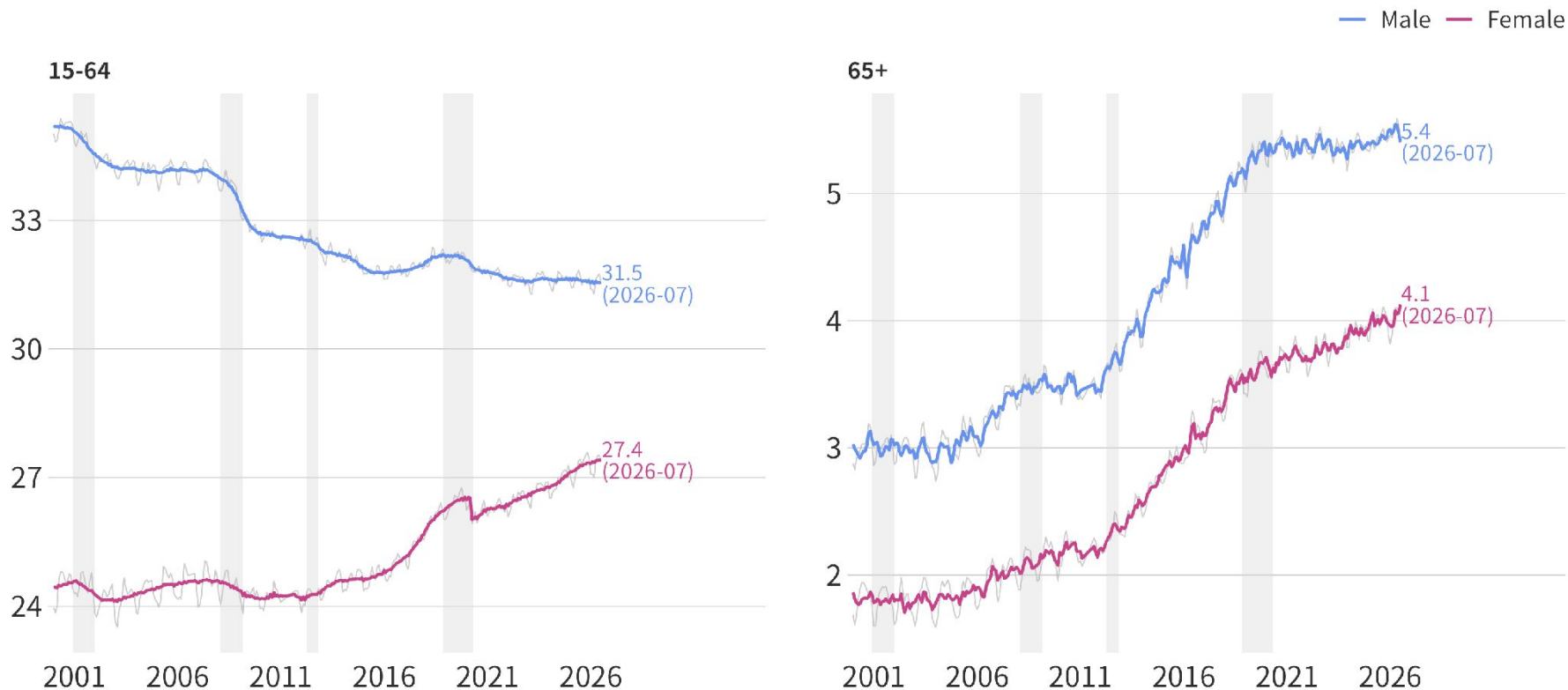
Employed persons by sex, seasonally adjusted, monthly, million persons; thin grey = original series



Source: Labor Force Survey; seasonal adjustment by authors

Employment by sex and age group

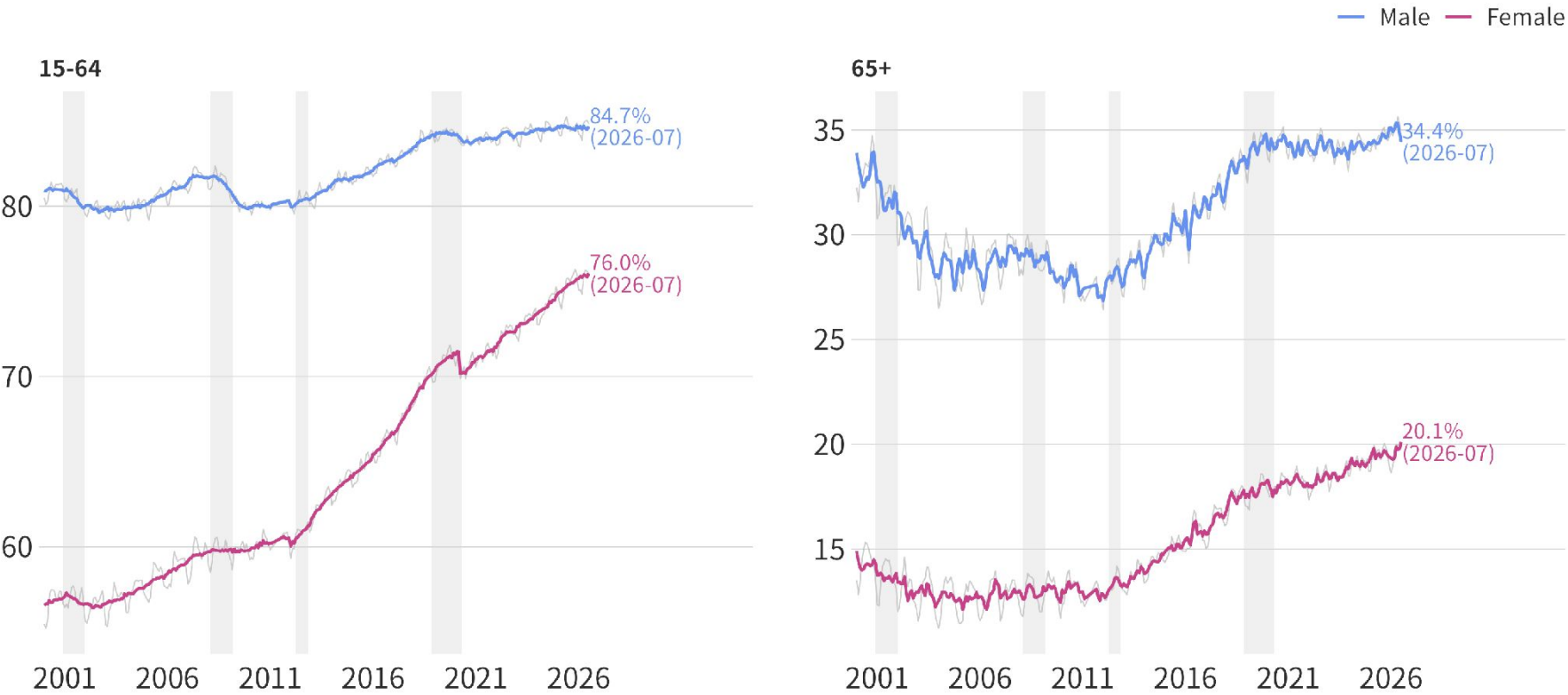
Employed persons by sex, ages 15–64 and 65 and over, seasonally adjusted, monthly, million persons; thin grey = original series



Source: Labor Force Survey; seasonal adjustment by authors

Employment rate by sex and age group

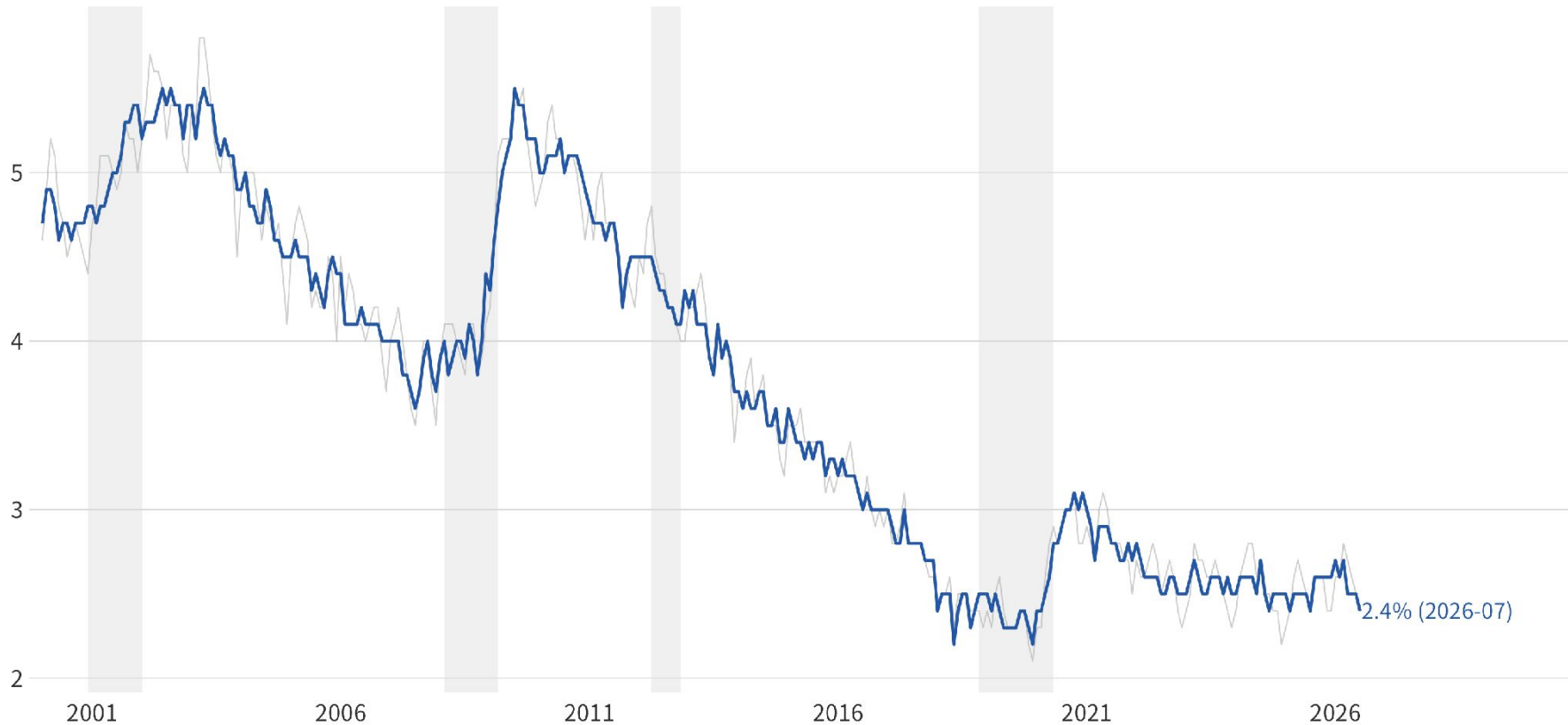
Employed persons as a share of population, by sex, ages 15–64 and 65 and over, seasonally adjusted, monthly, %; thin grey = original series



Source: Labor Force Survey; seasonal adjustment by authors

Unemployment rate

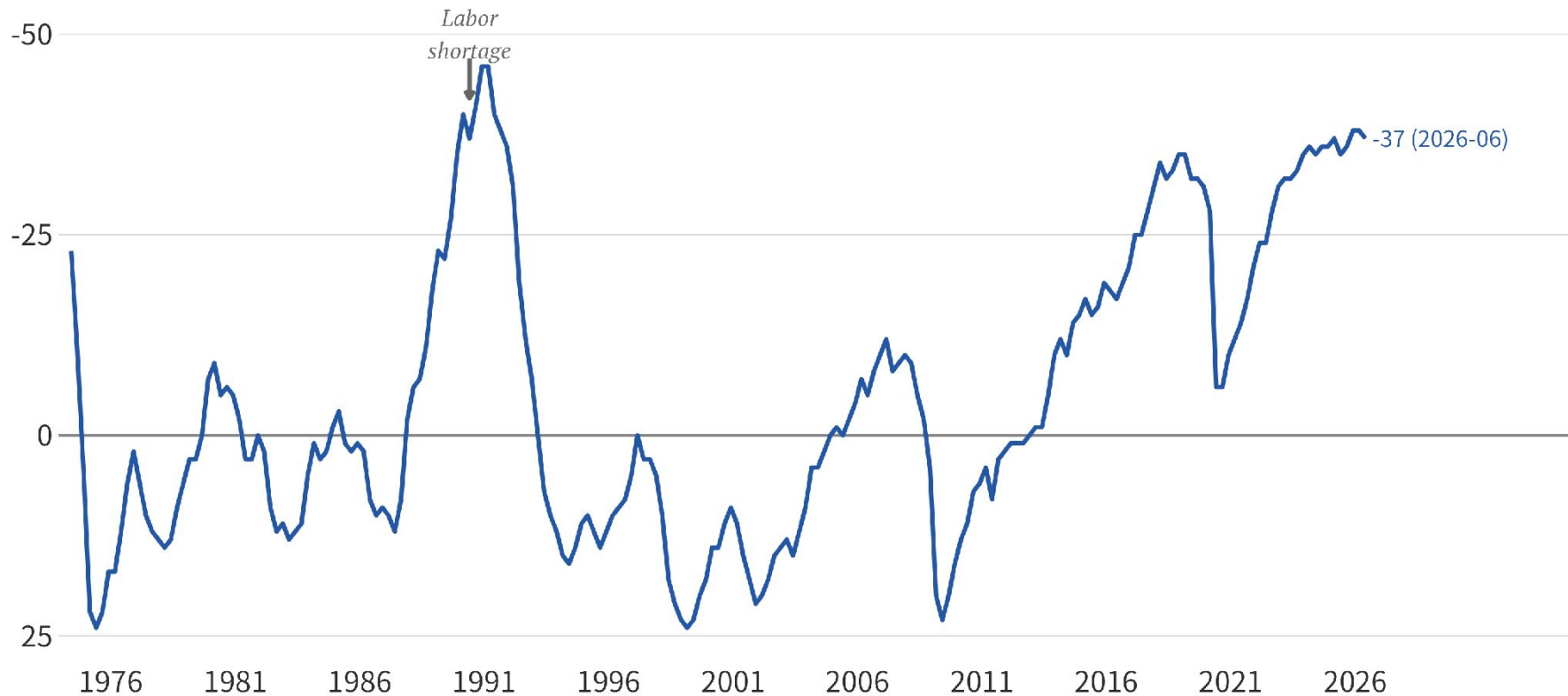
Unemployment rate, total, seasonally adjusted, monthly, %; thin grey = original series



Source: Labor Force Survey (MIC)

Firms report historically severe labor shortages

Tankan employment conditions DI ("excessive" minus "insufficient"), all industries and enterprise sizes, quarterly; negative = shortage, series break in December 2003 following a survey redesign



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

Job-finding and separation probabilities

F = probability that an unemployed person is employed one quarter later, S = probability that an employed person is unemployed one quarter later, quarterly, seasonally adjusted; thin grey = original series

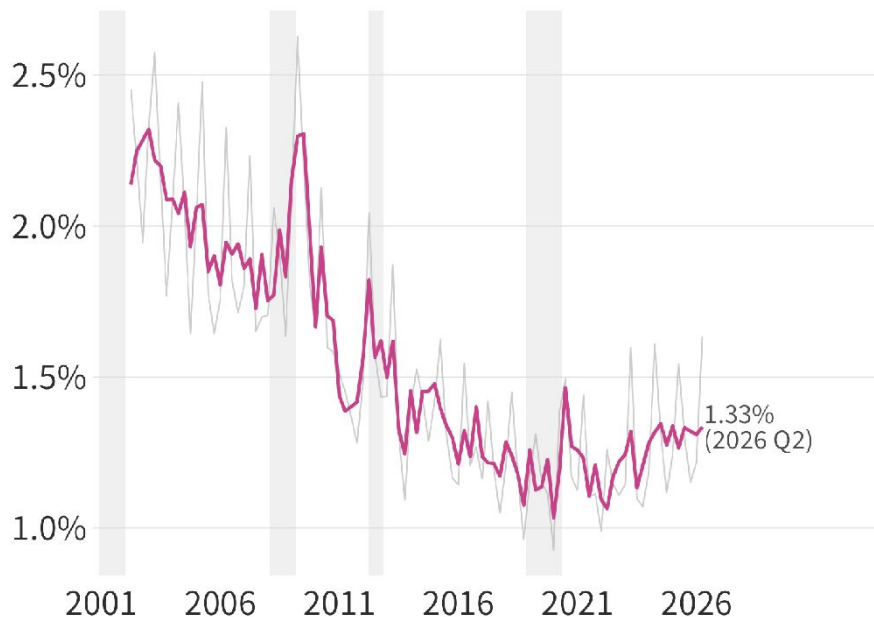
Job Finding Probability (F)

Unemployed → employed one quarter later; quarterly, SA



Separation Probability (S)

Employed → unemployed one quarter later; quarterly, SA

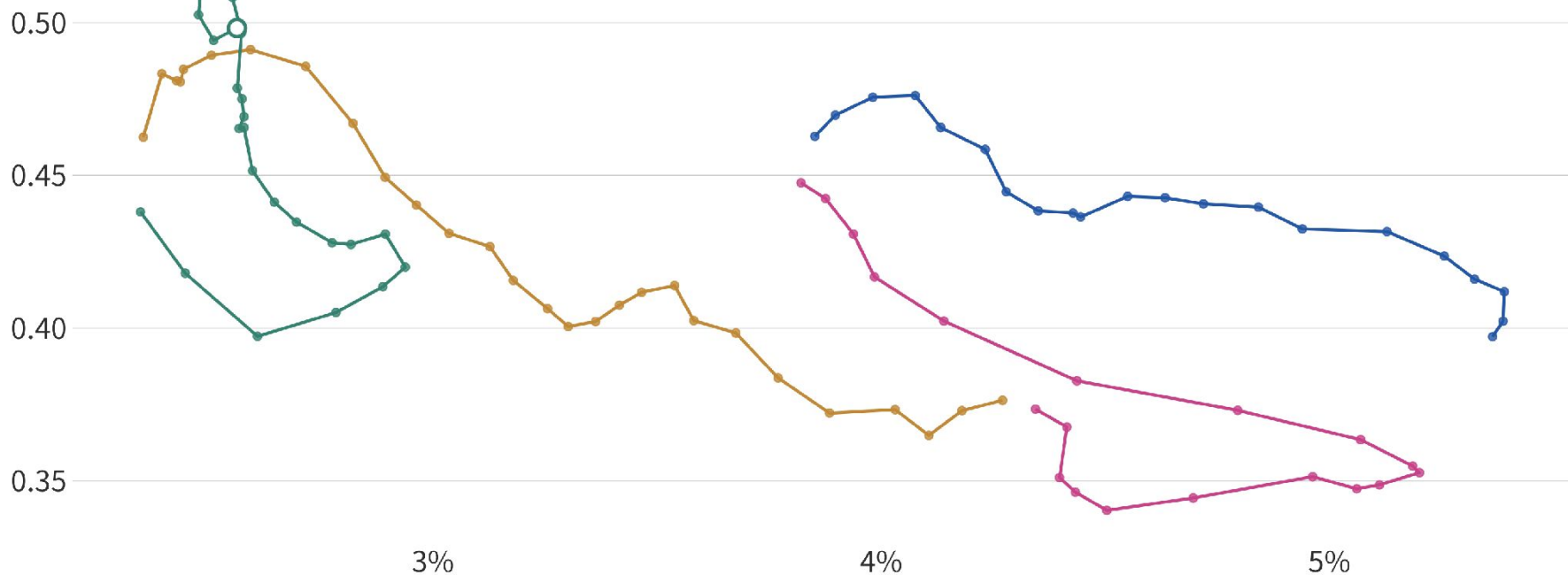


Tighter labor markets pair lower unemployment with faster job finding

Unemployment rate (horizontal) and job-finding rate $f = -\log(1-F)$ (vertical), 4-quarter moving average by macroeconomic period, quarterly, seasonally adjusted

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

Latest 2026 Q1: UR 2.6%, f 0.498

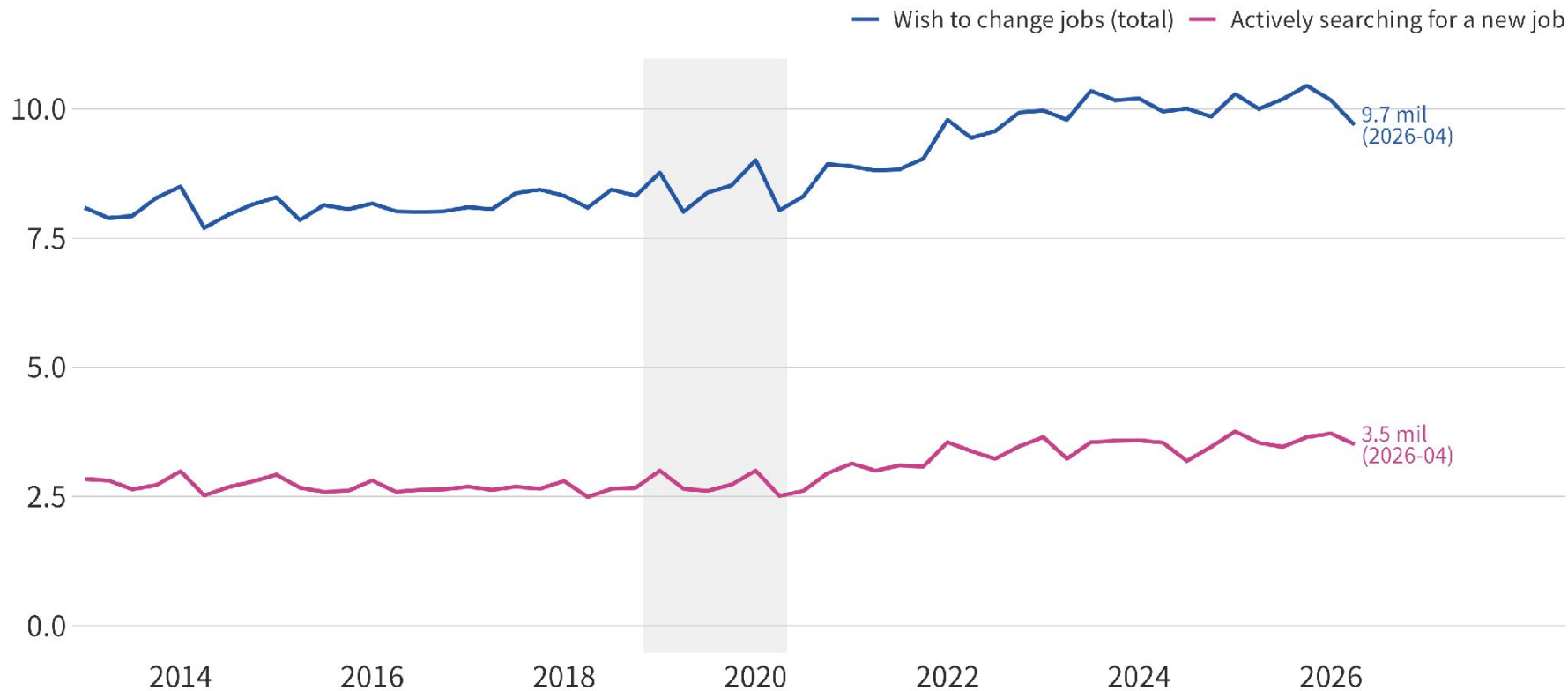


Source: Labor Force Survey; Shimer (2012) methodology



Nearly 10 million workers want to change jobs, 3.5 million are actively looking

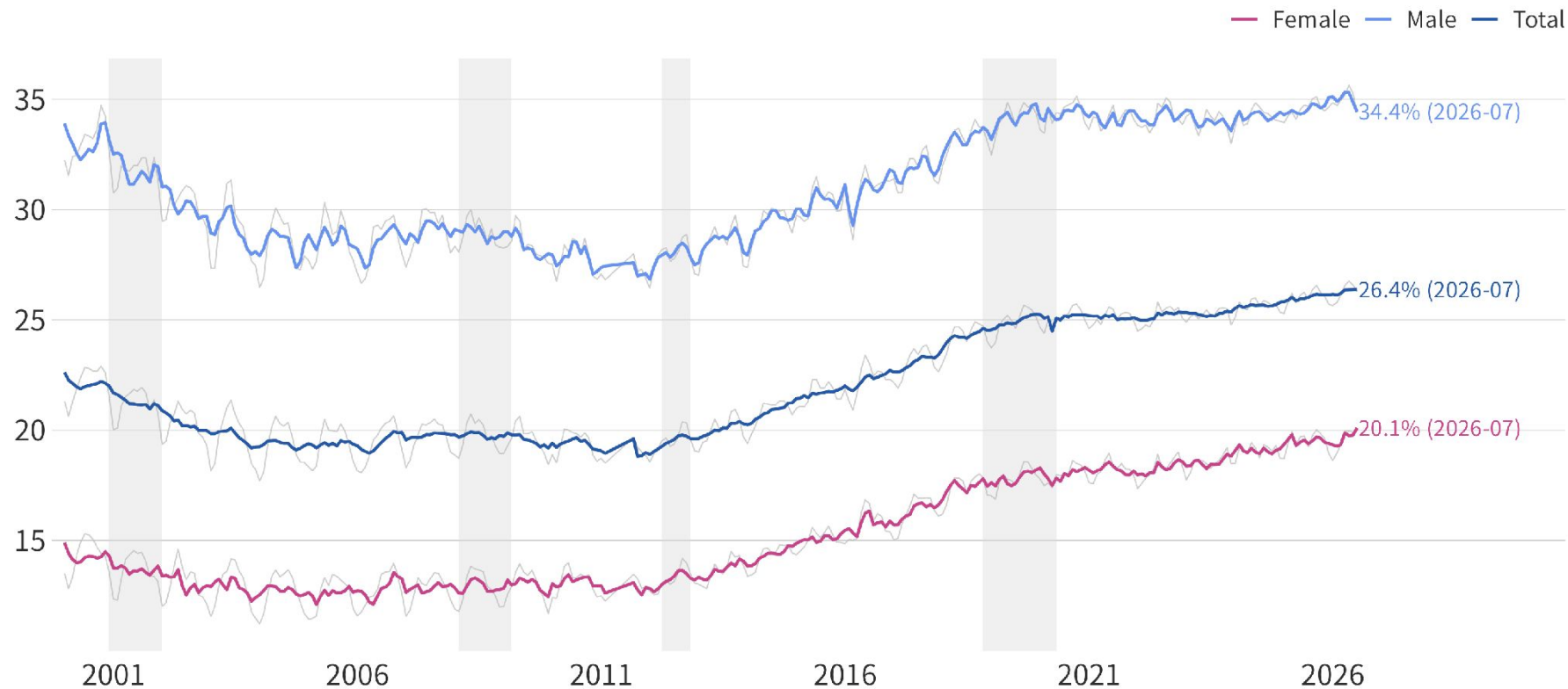
Employed persons who want to change jobs and, of those, persons actually searching, quarterly, original series, million persons



Source: Labor Force Survey, Detailed Tabulation (MIC)

Employment rate among those 65 and over keeps trending up

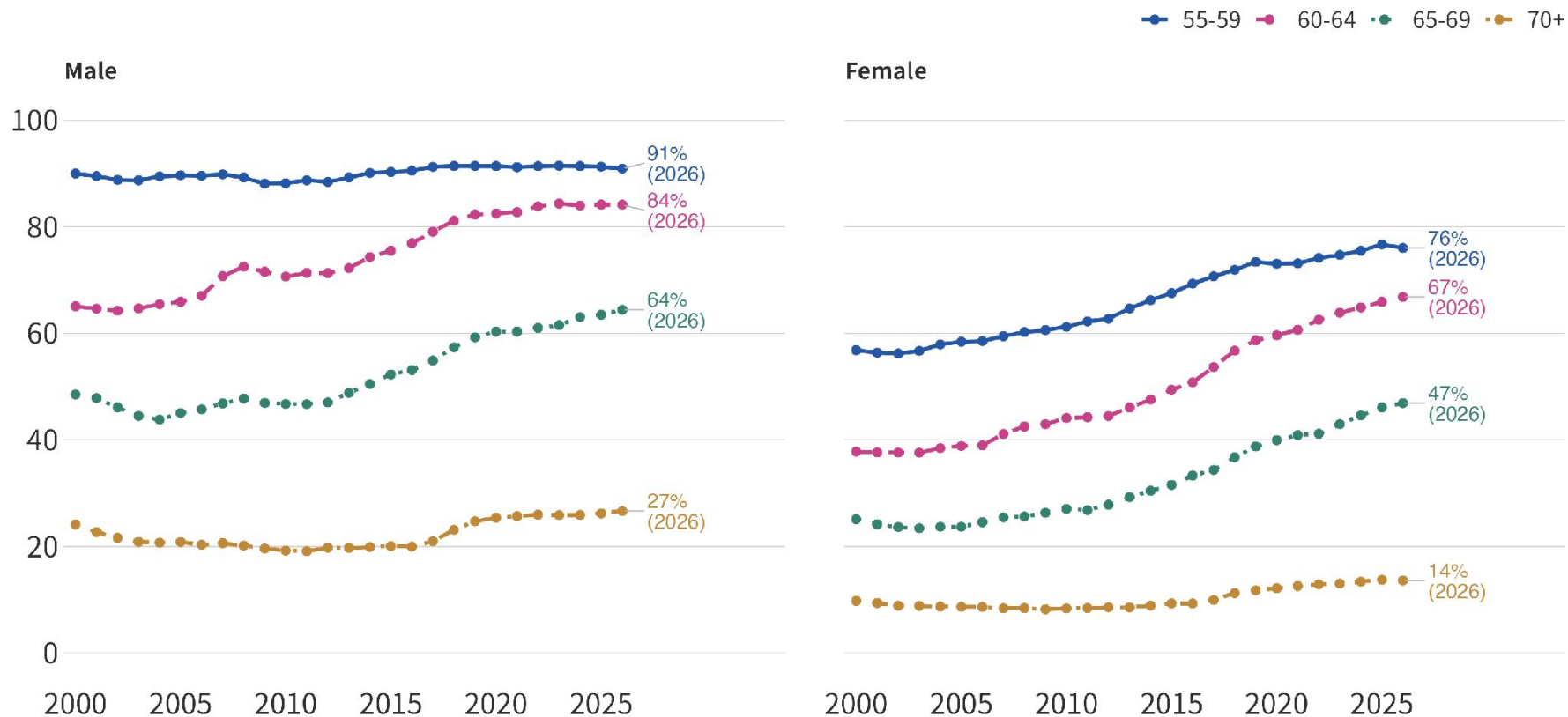
Employed persons aged 65 and over as a share of population, by sex, seasonally adjusted, monthly, %; thin grey = original series



Source: Labor Force Survey; seasonal adjustment by authors

Employment rates of older men and women have risen sharply since 2000

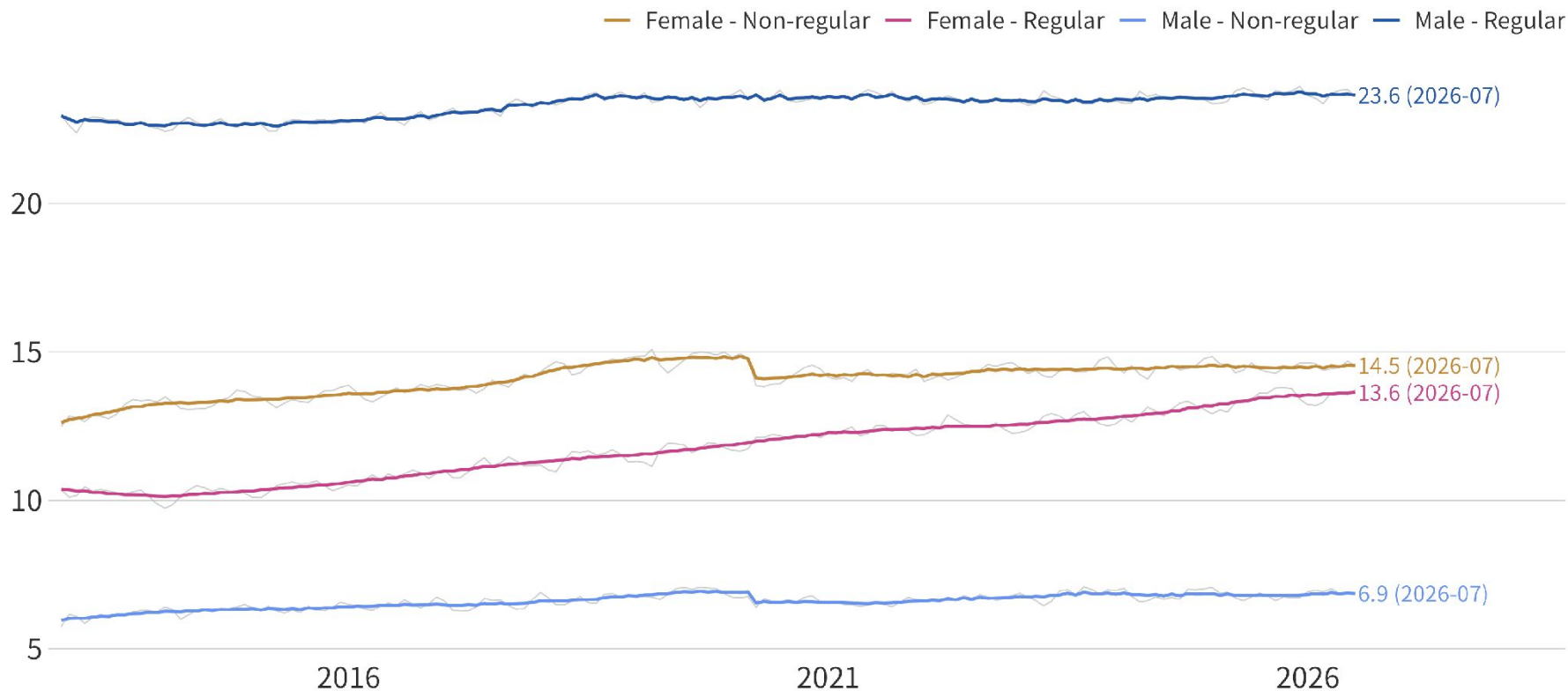
Employment-to-population ratio by five-year age group (55–59 through 70 and over), by sex, annual average, %



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

Half of women employees are non-regular, versus a fifth of men

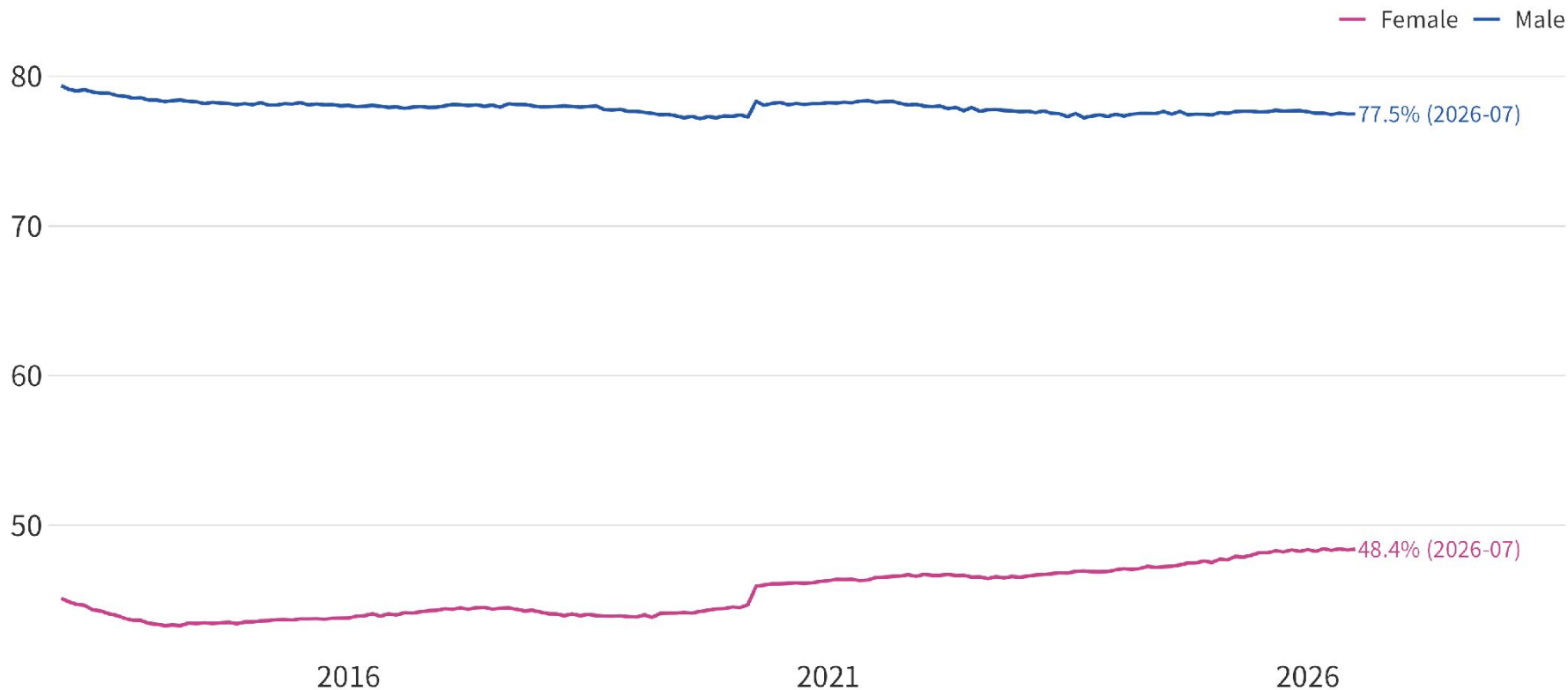
Employees by sex and employment type (regular, non-regular), seasonally adjusted, monthly, million persons;
thin grey = original series



Source: Labor Force Survey; seasonal adjustment by authors

The share of women in regular employment is rising gradually

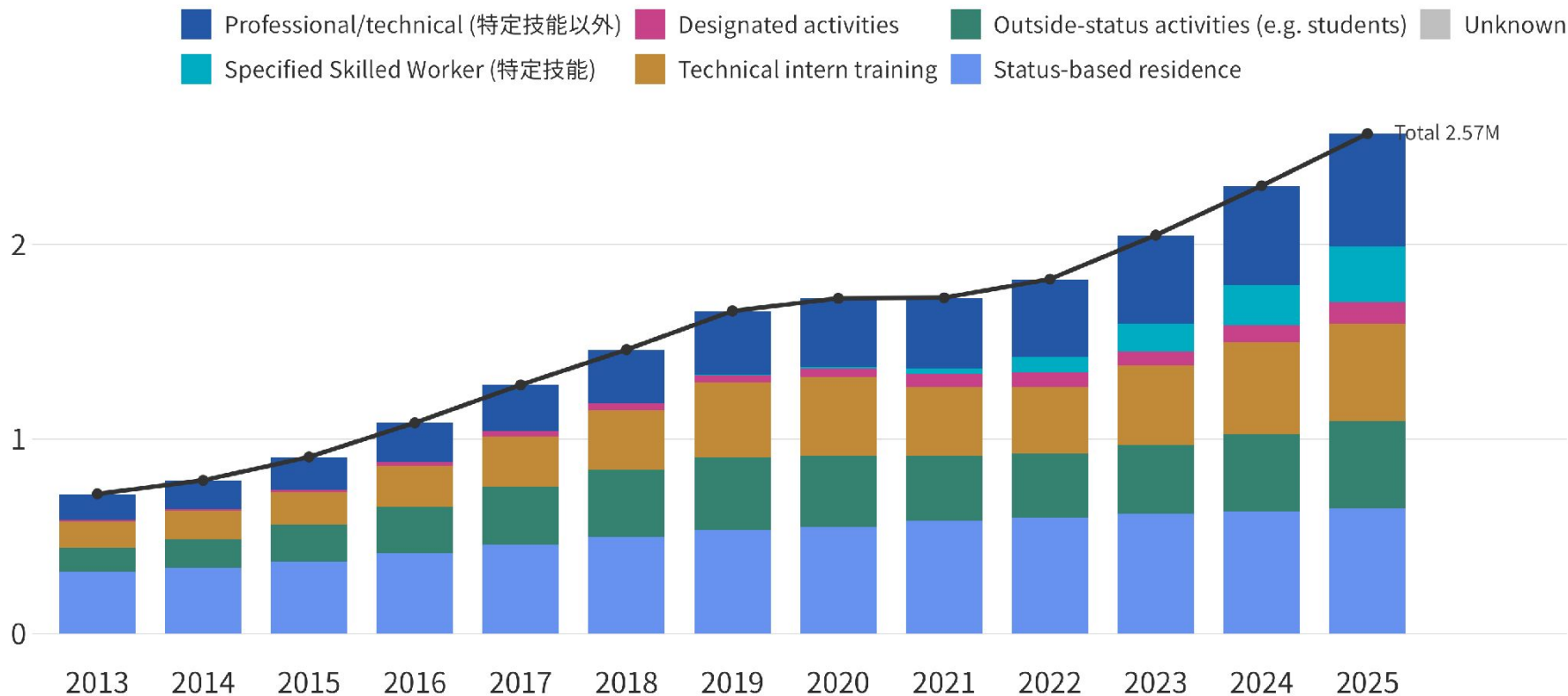
Regular employees as a share of all employees (regular ÷ (regular + non-regular)), by sex, seasonally adjusted, monthly, %



Source: Labor Force Survey; seasonal adjustment by authors

Foreign workers have tripled since 2013

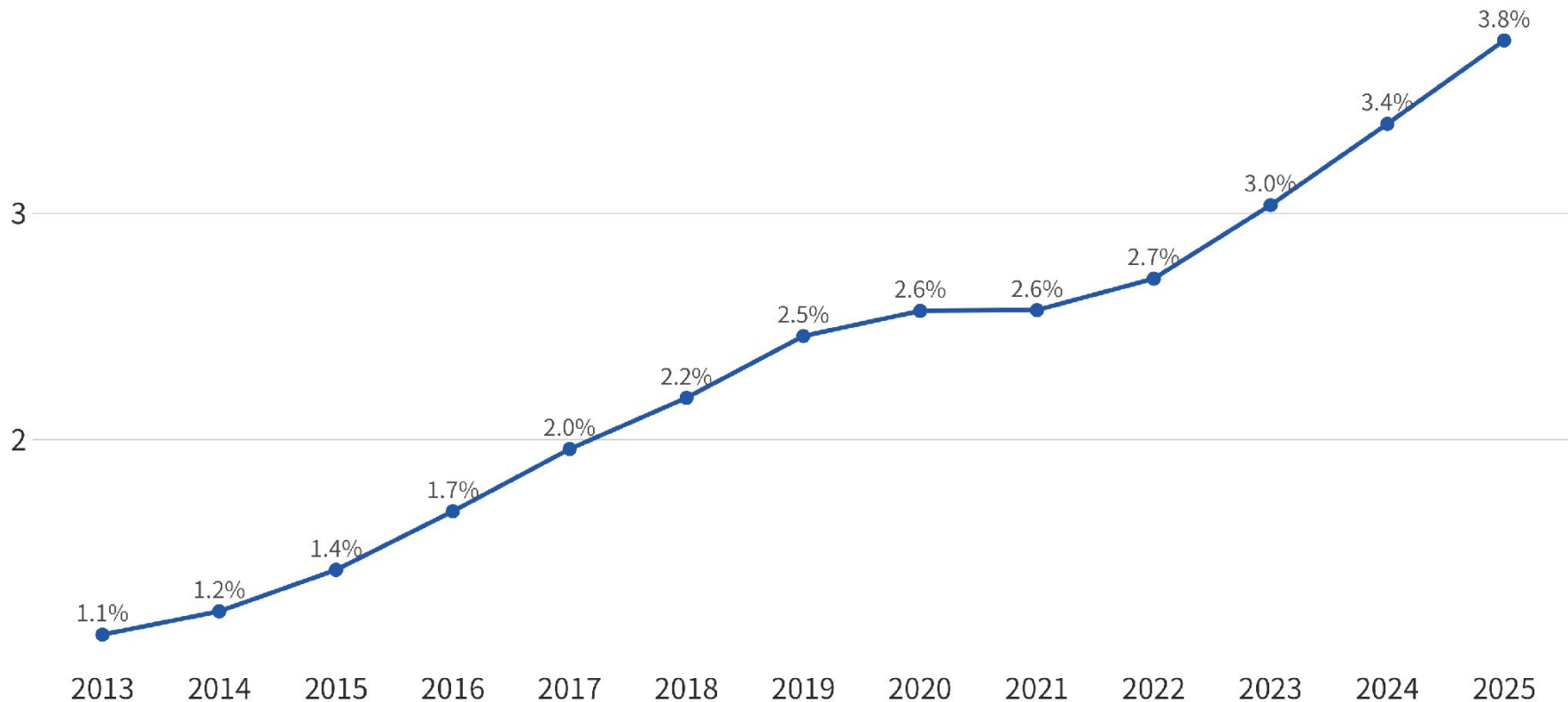
Foreign workers by residence status (stacked bars) and the total (line), as of end-October each year, 2013–2025, million persons



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

Foreign workers now account for more than 3% of all employment

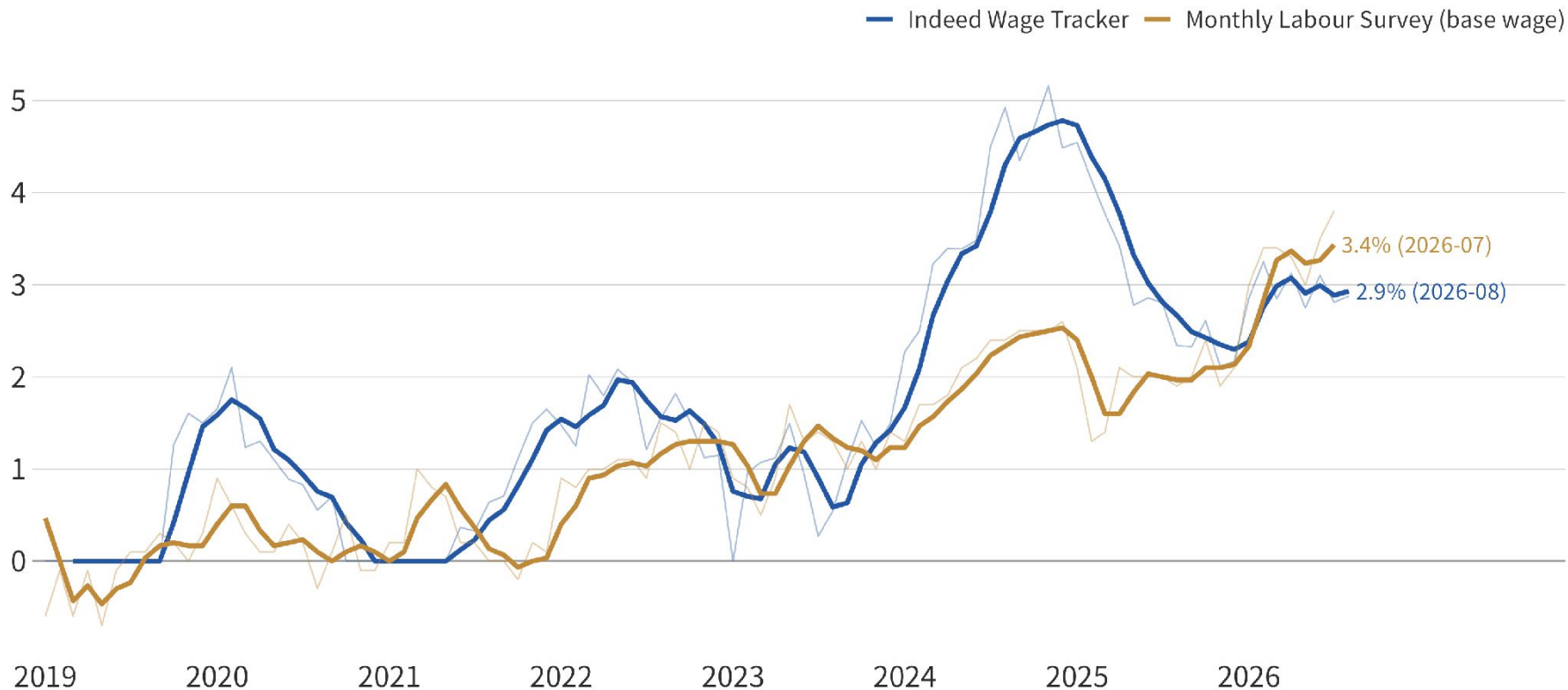
Foreign workers (MHLW notifications, end-October) as a share of employed persons (Labor Force Survey, annual average), %



Source: MHLW, Labor Force Survey; author calculations

Wage growth: Indeed Wage Tracker and the Monthly Labour Survey

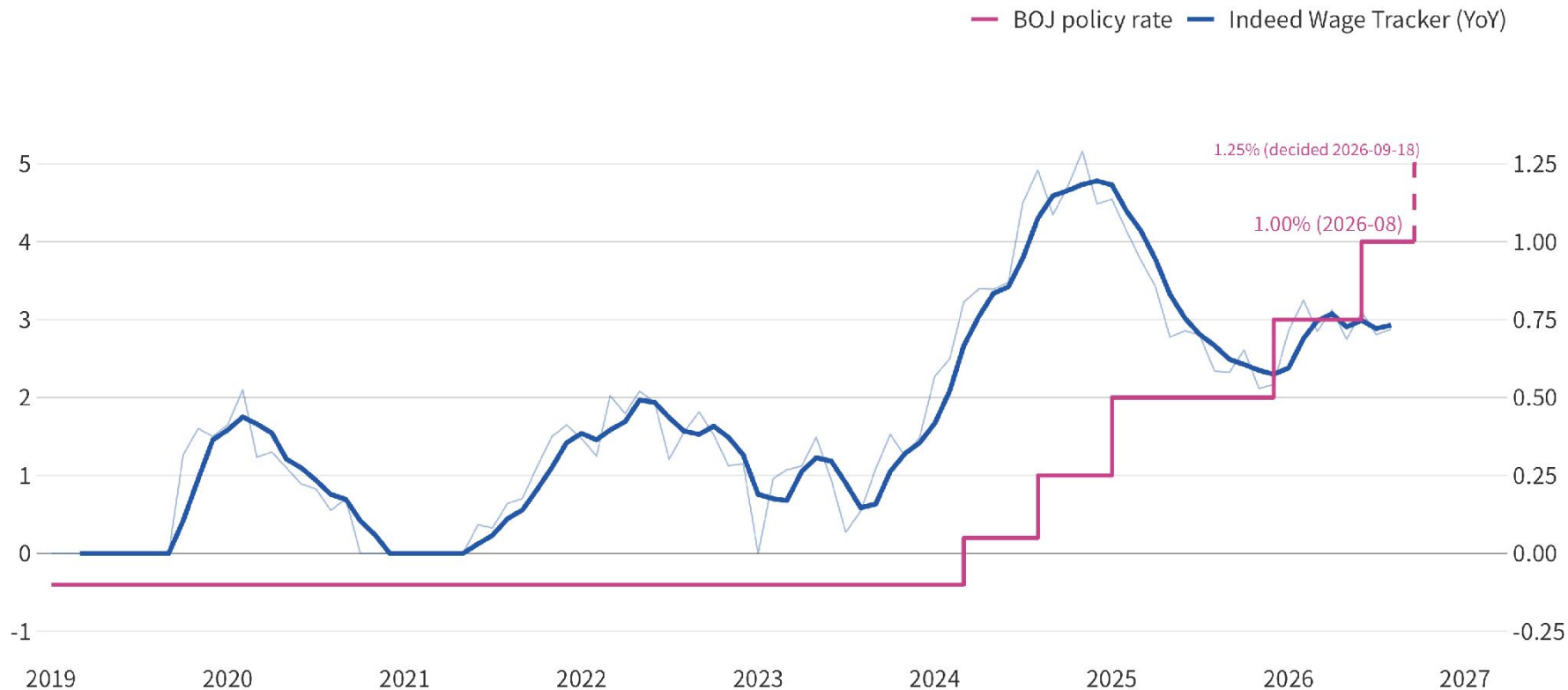
Year-over-year % change in posted wages (Indeed Wage Tracker) and in scheduled cash earnings (MHLW, establishments with 5 or more employees), monthly; thin = single month, thick = 3-month moving average



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

Wage growth has held near 3% as the BOJ lifted its policy rate

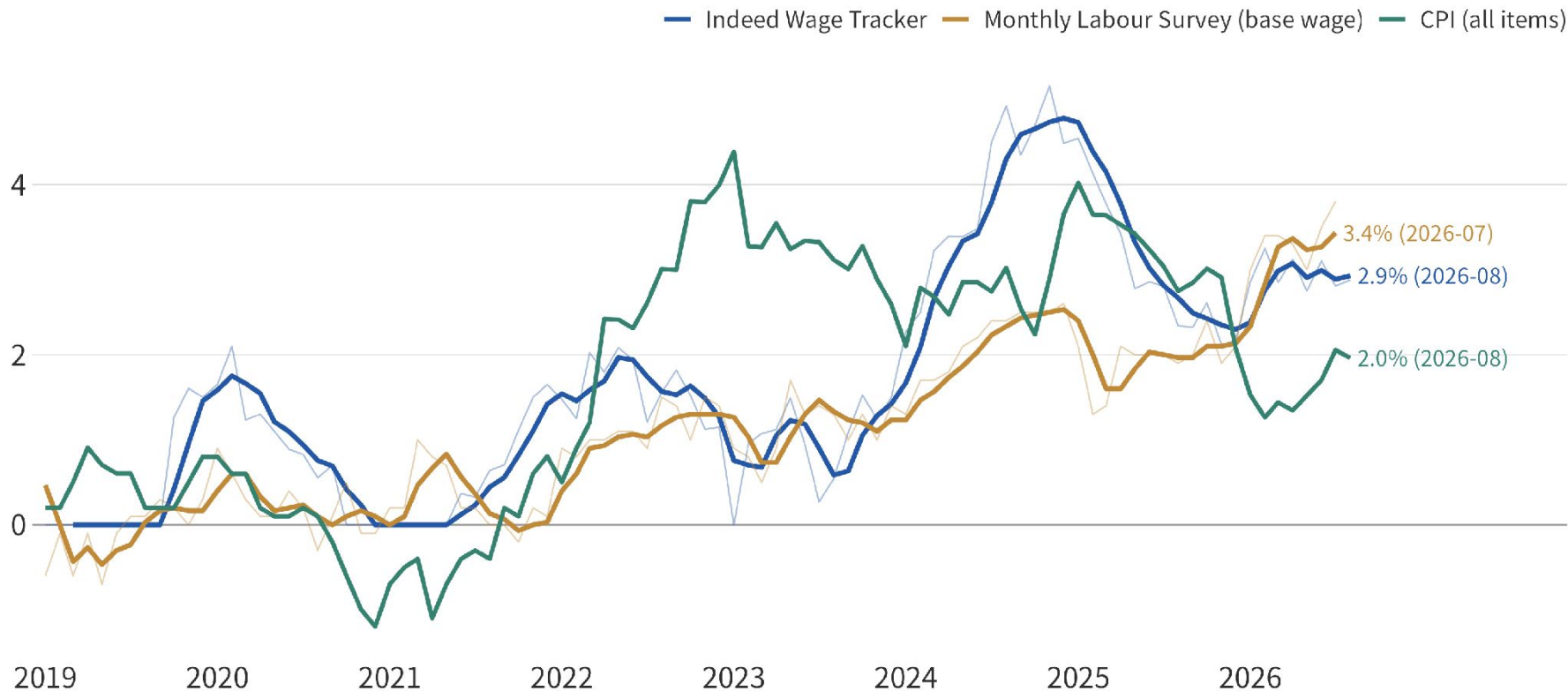
Indeed Wage Tracker, year-over-year % (left axis; thin = single month, thick = 3-month moving average) and the BOJ policy rate, % (right axis), monthly



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

Wage growth now runs ahead of consumer price inflation

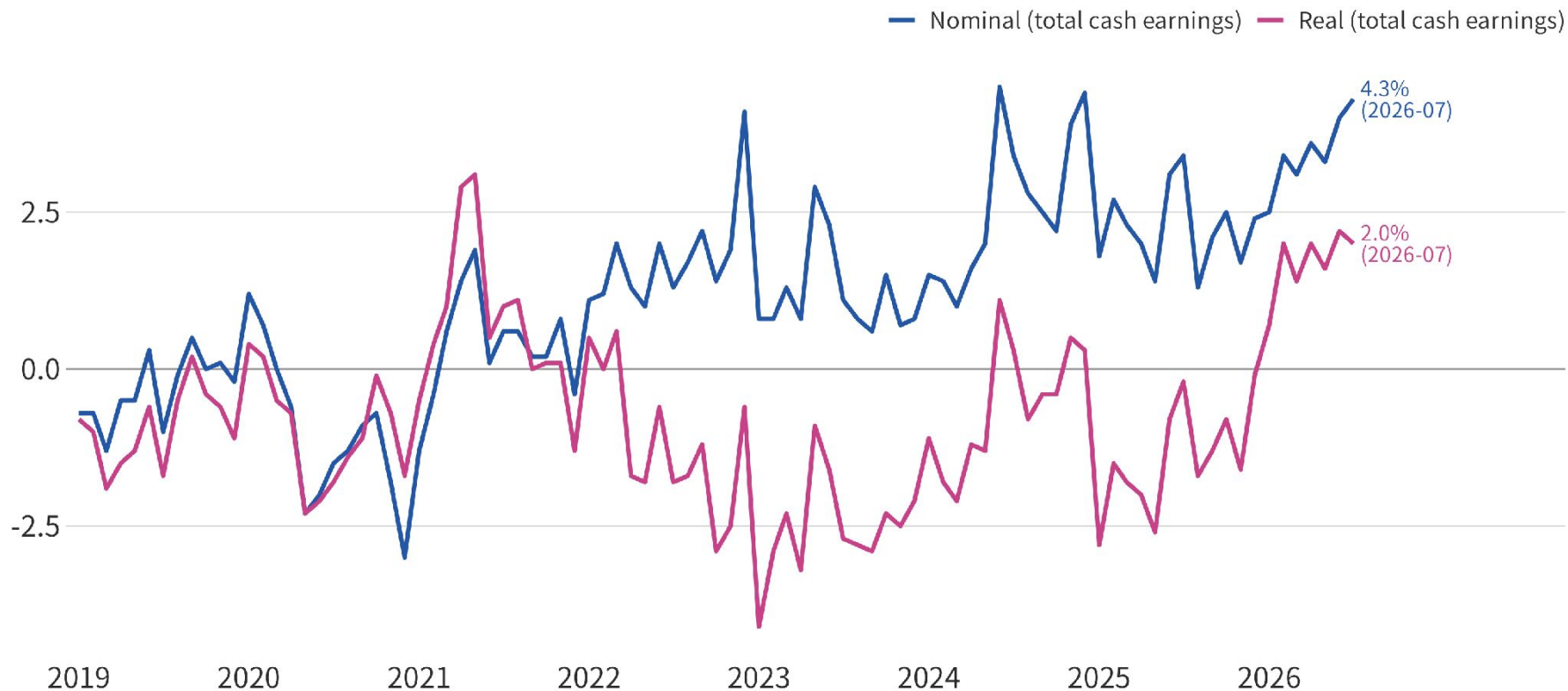
Year-over-year %: Indeed Wage Tracker and MHLW scheduled cash earnings (thin = single month, thick = 3-month moving average) against the CPI for all items, monthly



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

Real wages turned positive in 2026 after four years of decline

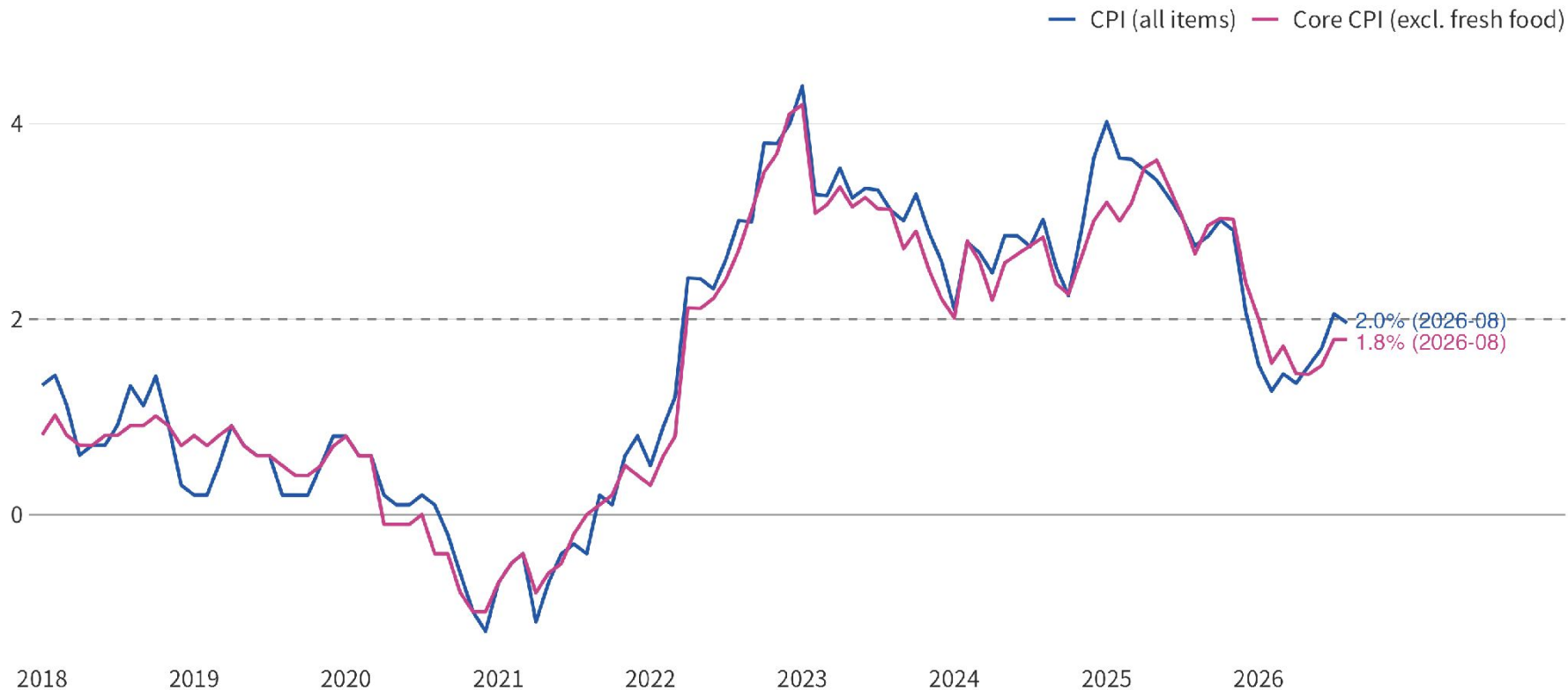
Total cash earnings, year-over-year %, nominal and real (deflated by the CPI for all items less imputed rent), establishments with 5 or more employees, monthly



Source: MHLW Monthly Labour Survey (現金給与総額; real = deflated by CPI, all items less imputed rent)

Inflation has slowed to around the BOJ's 2% target

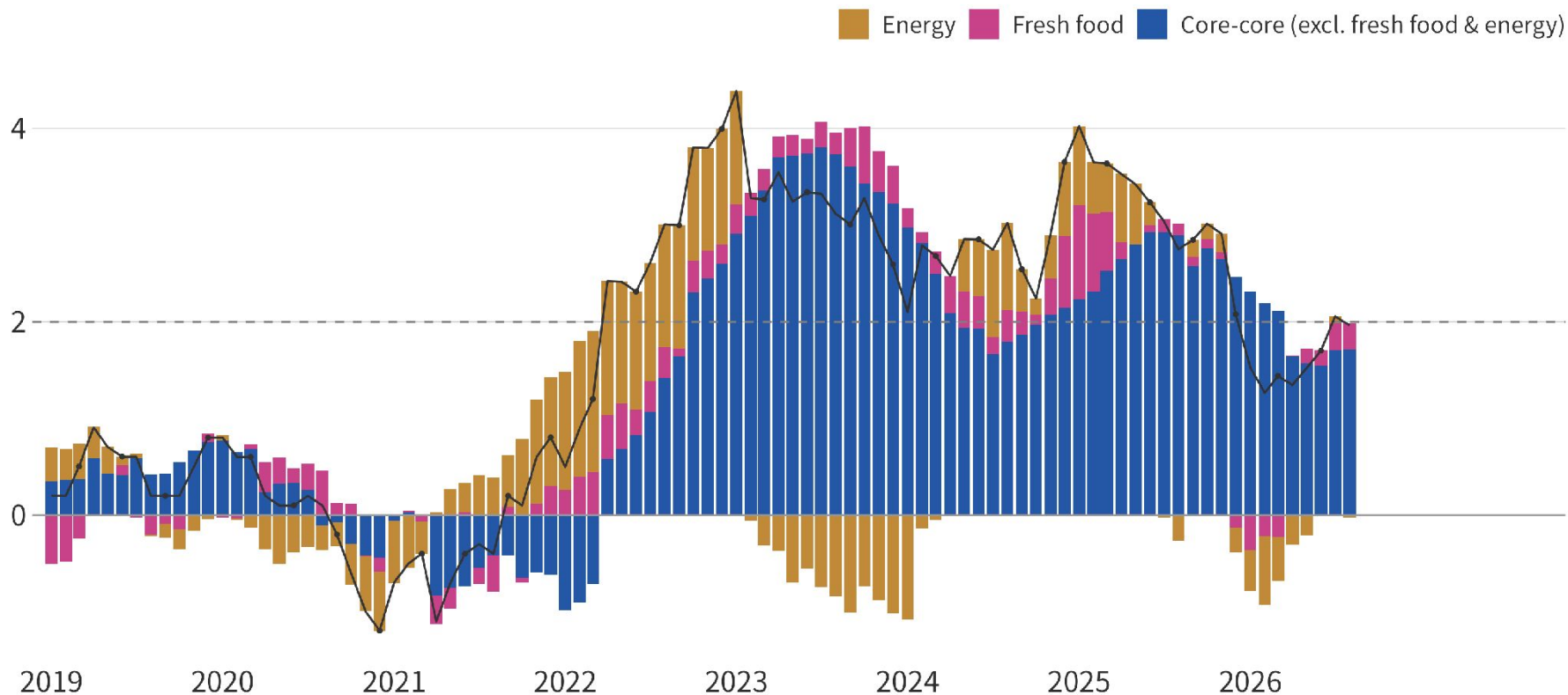
CPI year-over-year %, all items and core (excluding fresh food), monthly; dashed line = the BOJ's 2% price target



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

Contributions to Consumer Price Inflation

Contributions to the year-over-year change in the all-items CPI (fresh food, energy, all other items), percentage points, monthly; thin line = all-items CPI, dashed line = the BOJ's 2% target



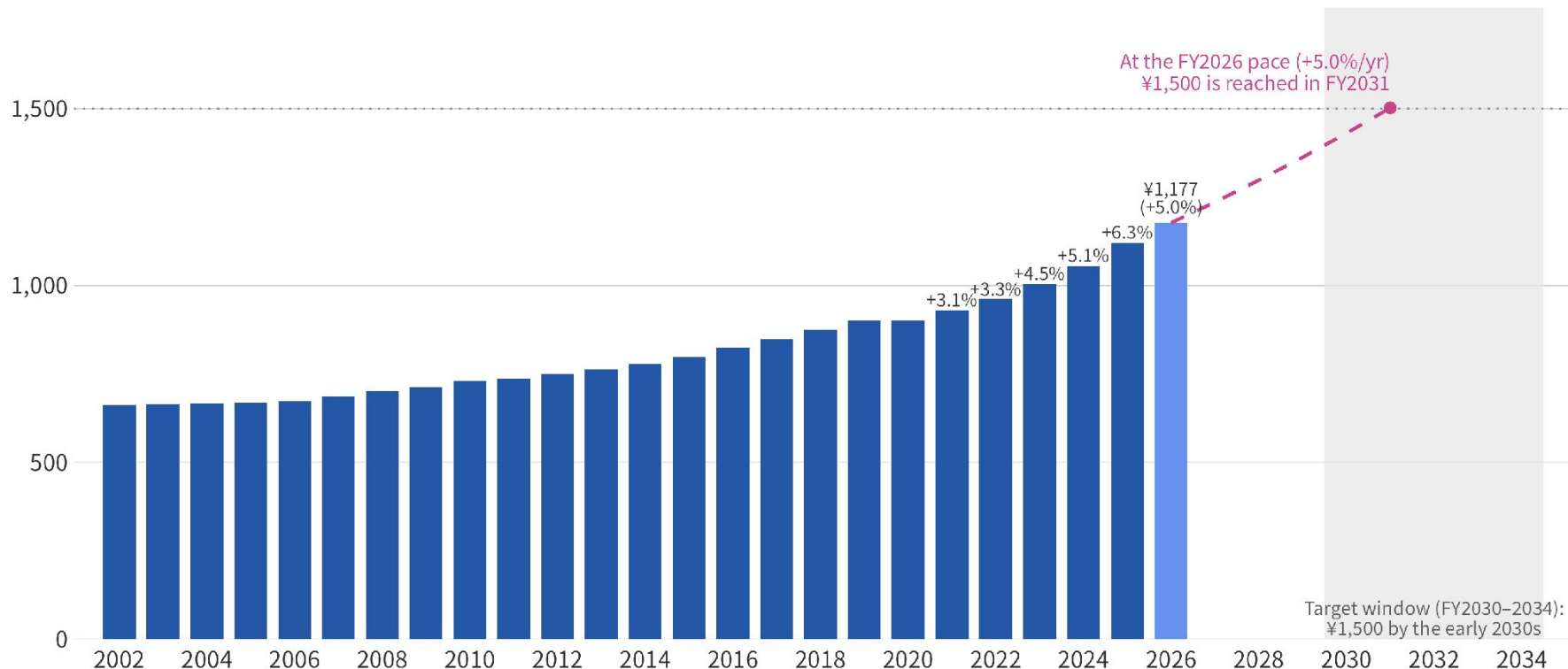
Source: Statistics Bureau, Consumer Price Index (2020 base); contributions from index $\times$ 2020-base weights

The minimum wage rose 5.0% to ¥1,177 in FY2026; at this pace it reaches ¥1,500 in FY2031

National weighted-average hourly minimum wage, FY2002–FY2026

FY2026 = prefectural council decisions, effective October–December 2026; dashed = FY2026 pace extended

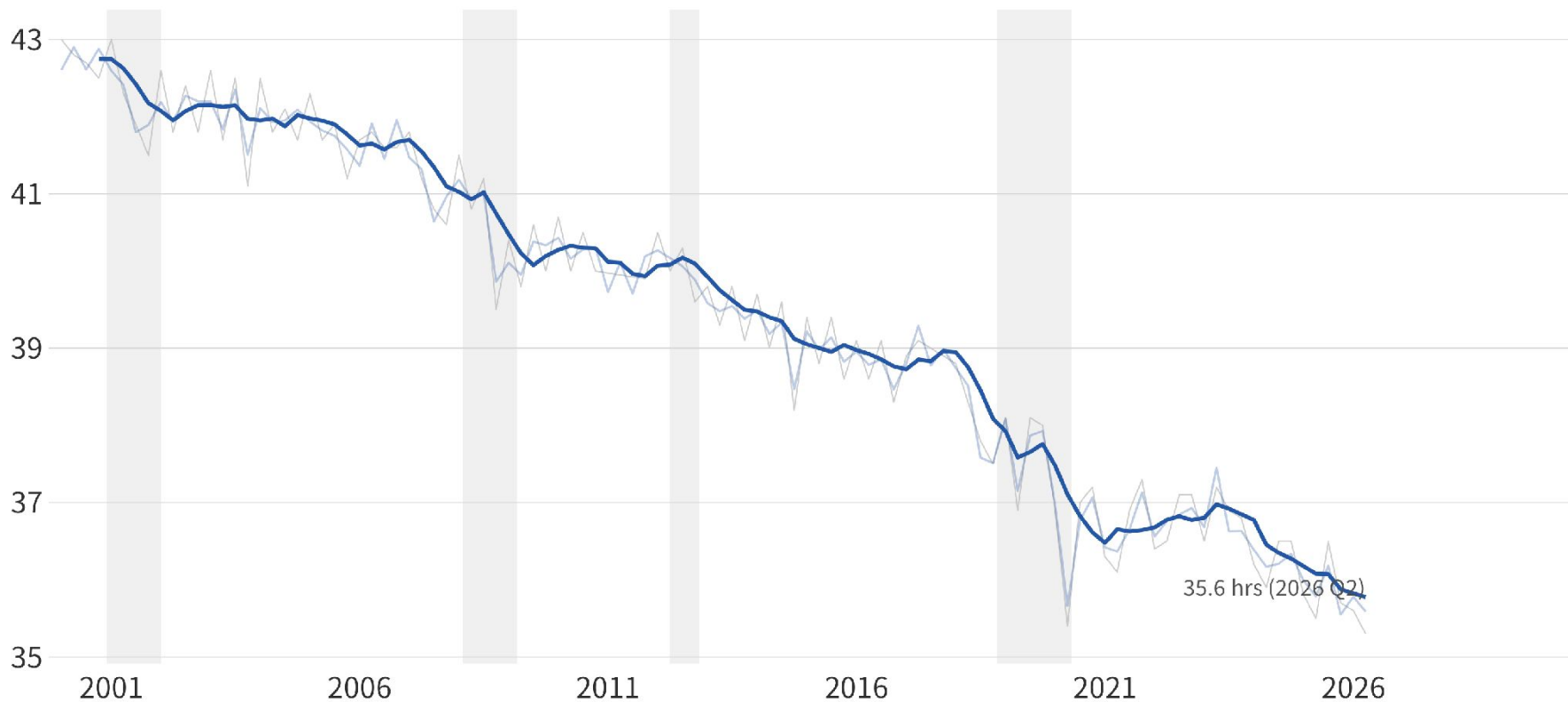
shaded = the government's target window for ¥1,500 (first half of the 2030s)



Source: MHLW ; FY2026 = prefectural minimum wage council decisions (Sep 2026)

Average weekly hours have declined steadily since 2000

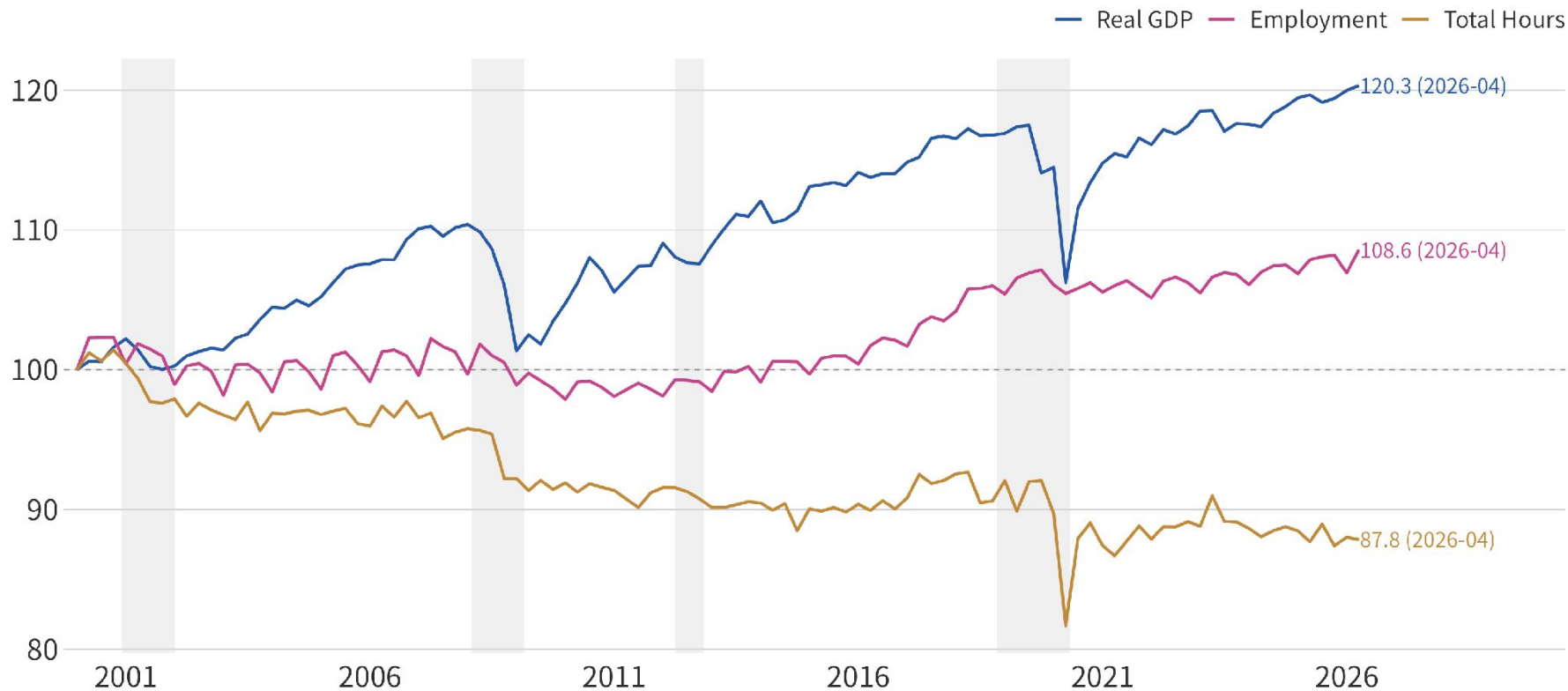
Average actual weekly hours per employed person, seasonally adjusted with a 4-quarter moving average, quarterly from 2000 Q1, hours; thin grey = original series



Source: Statistics Bureau LFS

Output has grown faster than both employment and total hours worked

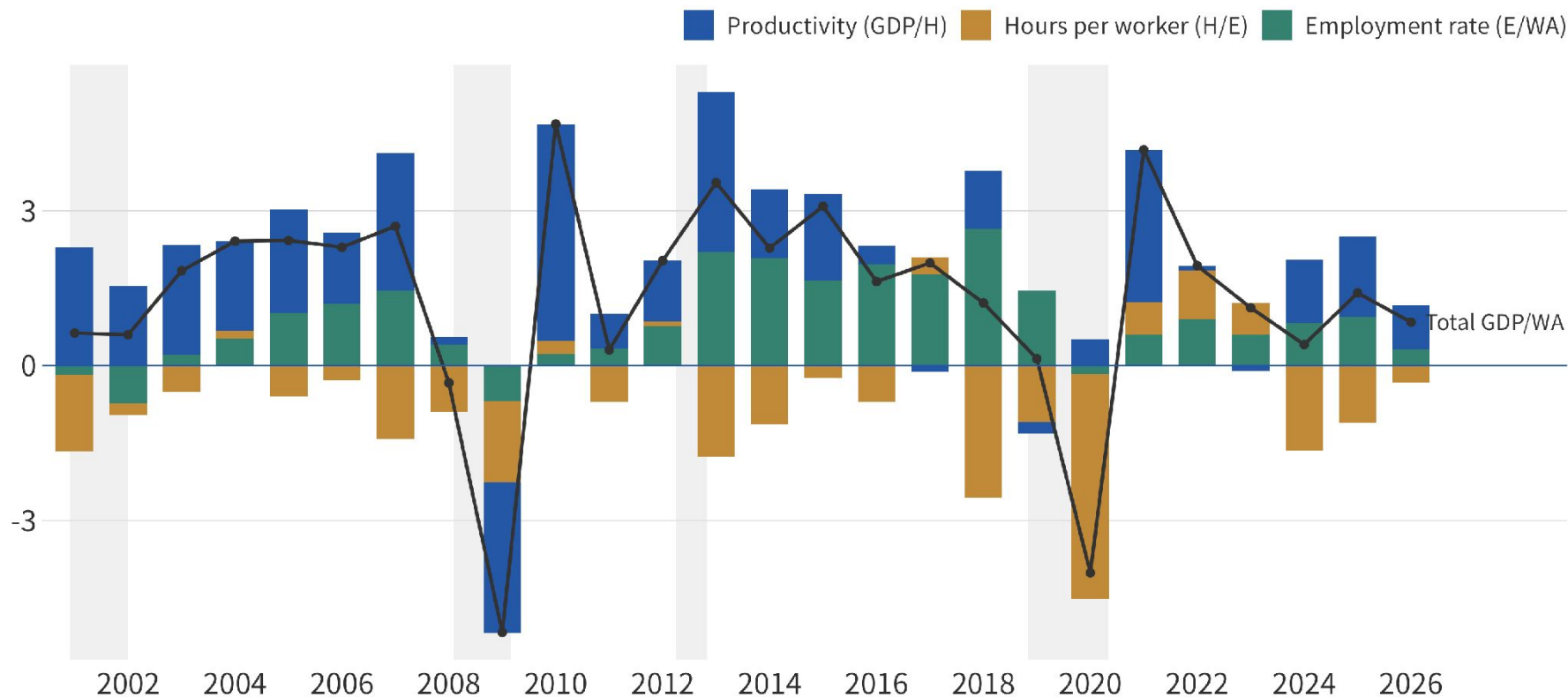
Real GDP (seasonally adjusted, 2020 chain-linked), employed persons and total weekly hours worked (seasonally adjusted), index 2000 Q1 = 100, quarterly



Source: Cabinet Office SNA; Statistics Bureau LFS

GDP per working-age adult: growth decomposition

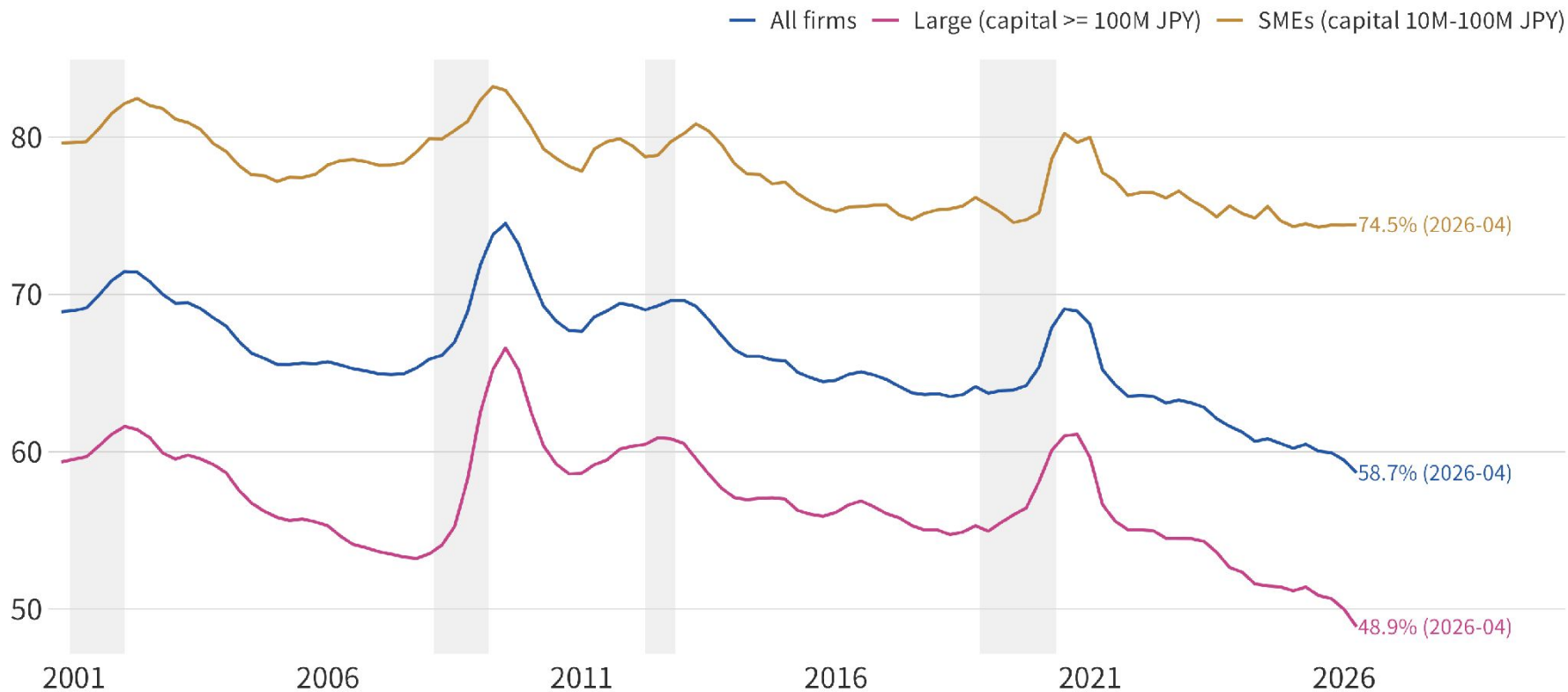
Annual change in log real GDP per working-age adult, split into labor productivity (GDP per hour), hours per worker and the employment rate, percentage points



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

Smaller firms pay out a larger share of value added as wages

Personnel expenses ÷ value added by firm size, 4-quarter moving average, all industries excluding finance and insurance, quarterly, %

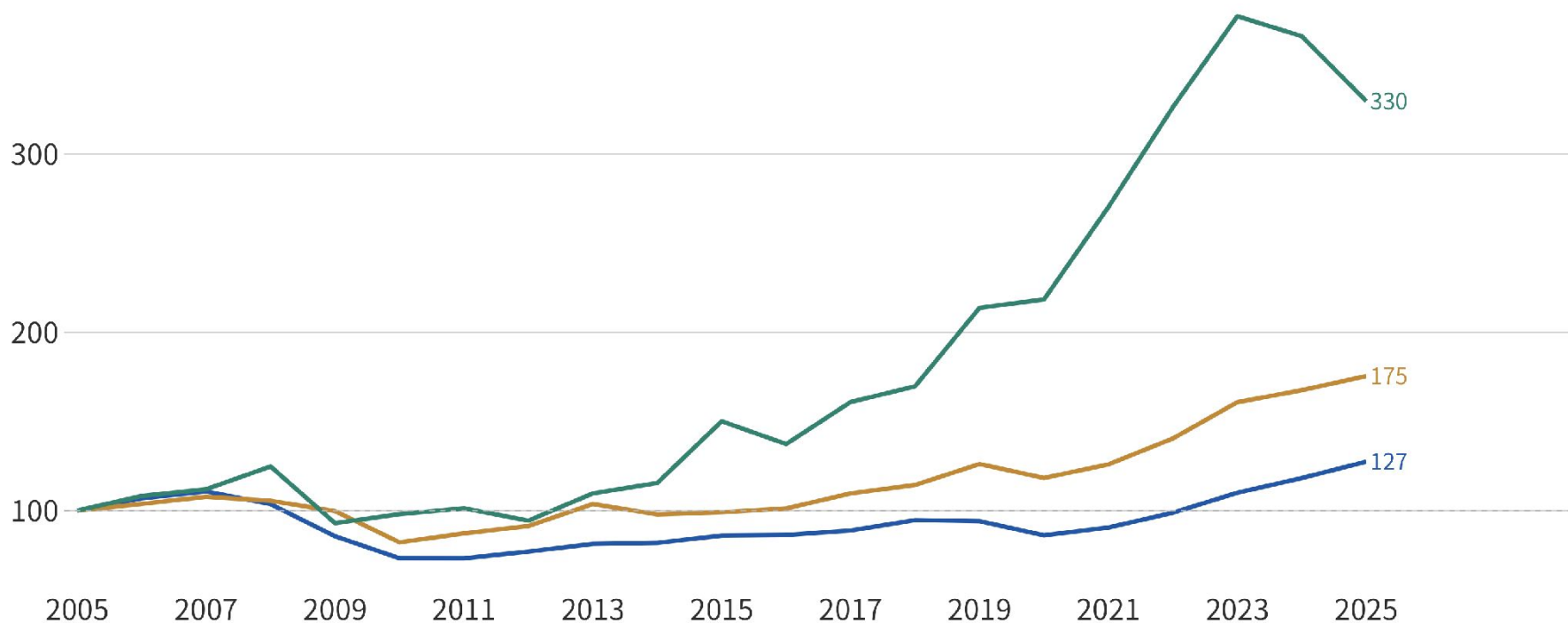


Source: MOF Financial Statements Statistics of Corporations

Software investment has accelerated, but recently slowed

Nominal investment from the Tankan, index FY2005 = 100, total fixed investment and software investment, all industries and retail, fiscal year

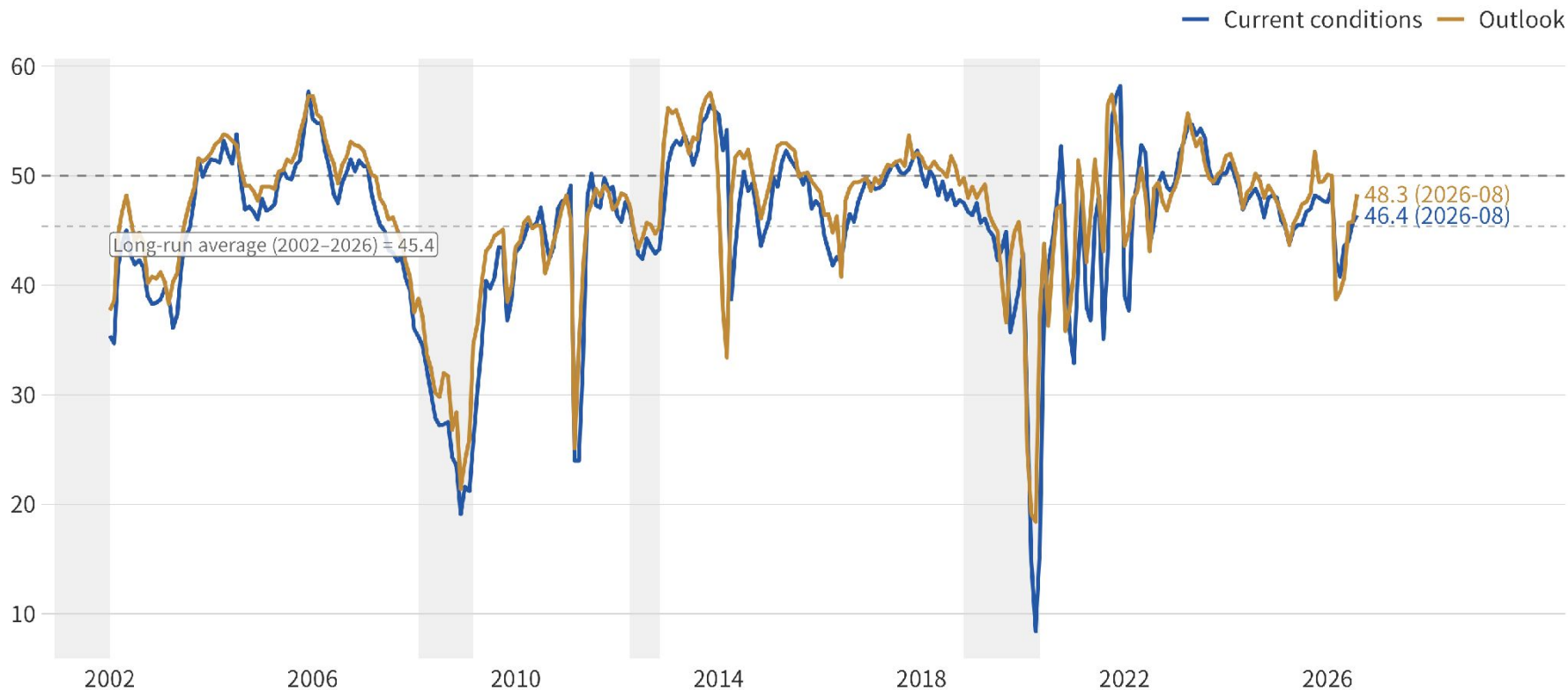
— Total fixed investment (all industries) — Software investment (all industries) — Software investment (retail)



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

Economic sentiment is running slightly above its long-run average

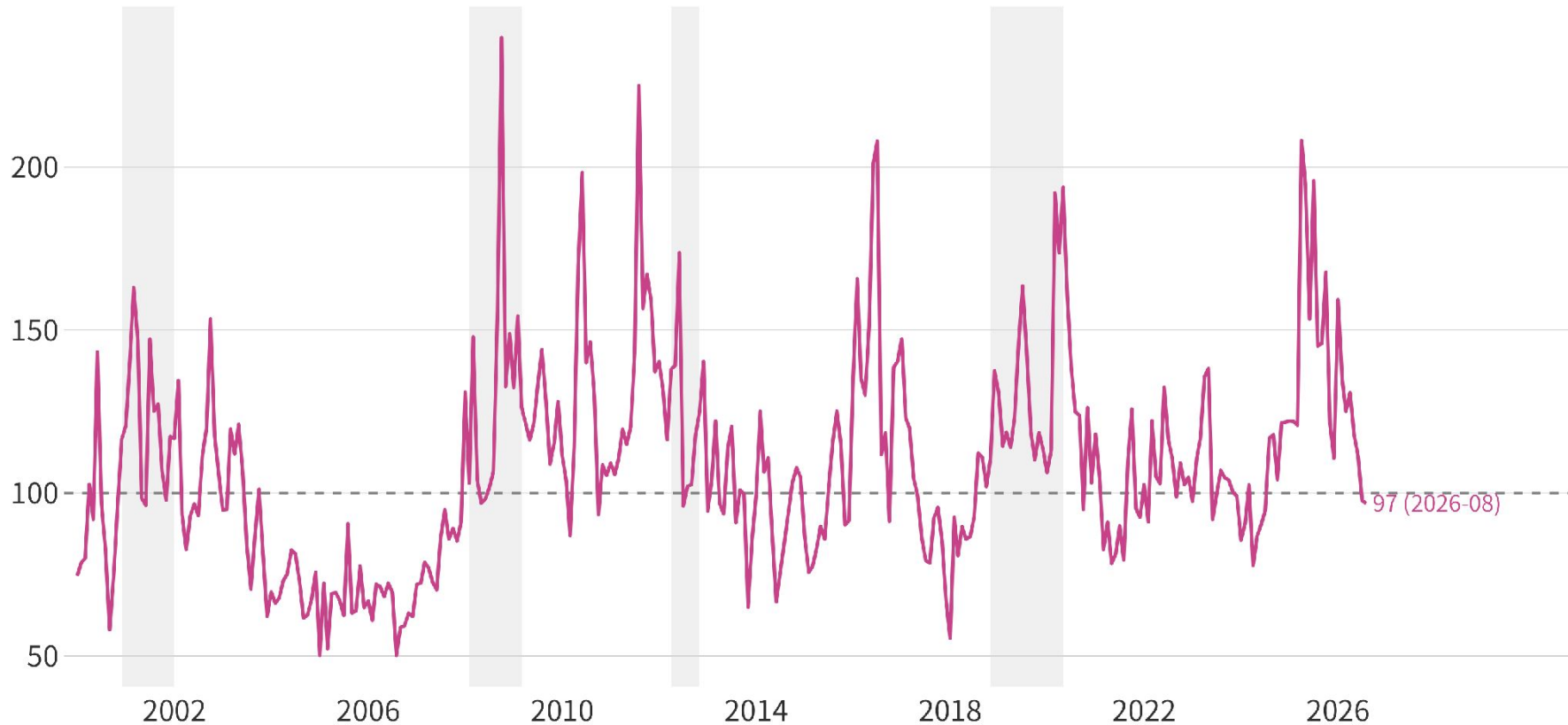
Economy Watchers Survey diffusion index, current conditions and outlook, seasonally adjusted, all fields, monthly; 50 = no change, grey dashed = long-run average of current conditions



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

Policy uncertainty has been easing

News-based Economic Policy Uncertainty Index for Japan, monthly, 1987–2015 average = 100



Source: Economic Policy Uncertainty (Baker, Bloom & Davis)

Long-term interest rates have risen sharply

Benchmark 10-year Japanese government bond yield, daily, %



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