



# Toward the Achievement of the Price Stability Target Accompanied by Wage Increases

*Speech at the Meeting of Councillors of Keidanren  
(Japan Business Federation) in Tokyo*

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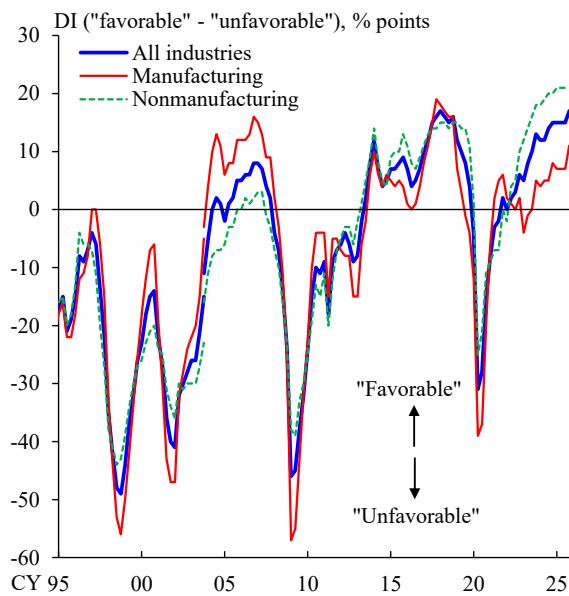
## Introduction

- I. Recent Conduct of Monetary Policy
- II. An Economy in Which Both Wages and Prices Rise Moderately

## Concluding Remarks

## Results of the December *Tankan*

### Business Conditions DI



### Corporate Profits

	FY 2024	FY 2025	
	Actual value	Projection	Revision rate
All industries	5.6	-2.7	2.3
Manufacturing	5.8	-6.7	1.6
Nonmanufacturing	5.5	0.4	2.8

Note: Based on the *Tankan*. In the left-hand chart, there is a discontinuity in the data for December 2003 due to a change in the survey framework. In the right-hand table, figures are current profits. The revision rate for FY 2025 is calculated relative to the September 2025 survey.

Source: Bank of Japan.

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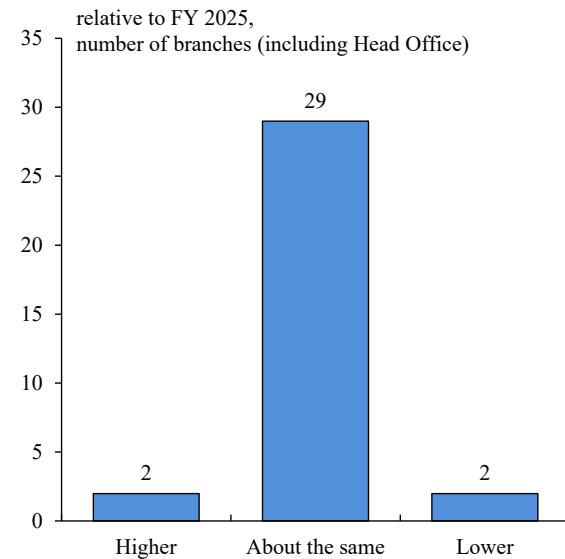
## Moves toward Wage Increases Next Year

### Annual Spring Labor-Management Wage Negotiation Stance

Figures in parentheses indicate base pay increase rates

	Rengo Wage increase target	Keidanren Positioning of wage increase	Actual wage increase
CY 2023	Around 5% (Around 3%)	Starting point	3.58% (2.12%)
CY 2024	5% or more (3% or more)	Acceleration	5.10% (3.56%)
CY 2025	5% or more (3% or more)	Anchoring	5.25% (3.70%)
CY 2026	5% or more (3% or more)	Further anchoring	—

### Firms' Stance on Wage Growth for Fiscal 2026 (Anecdotal Information Collected by the Bank's Head Office and 32 Branches)



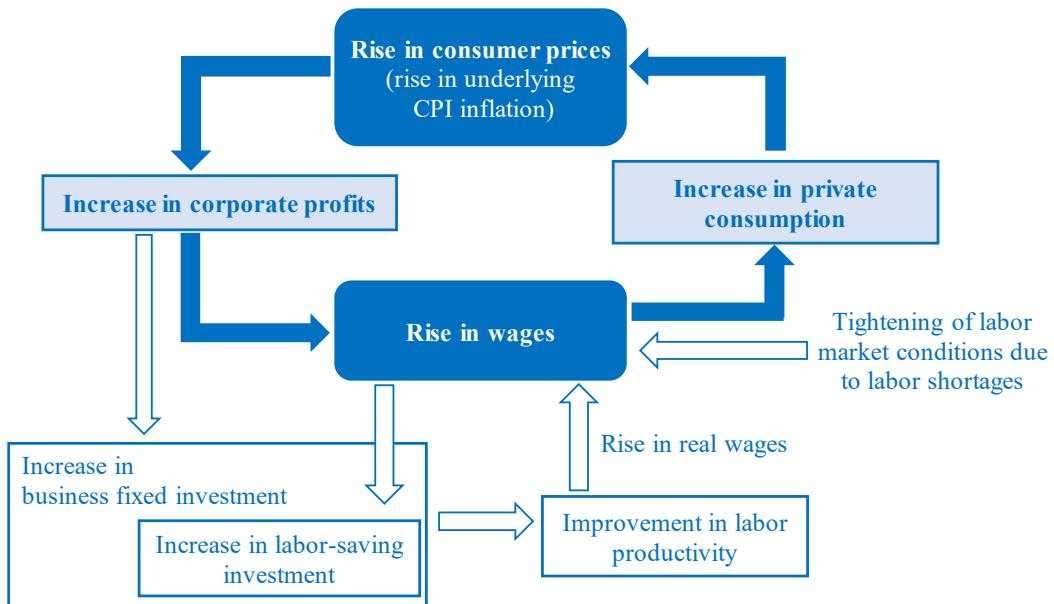
Notes: 1. In the left-hand table, figures for actual wage increases are aggregate figures released by Rengo.

2. In the right-hand chart, figures are based on information collected by the Bank's Head Office and 32 branches on firms' stance on wage growth for fiscal 2026 (released on December 15, 2025).

Sources: Japanese Trade Union Confederation (Rengo); Japan Business Federation (Keidanren); Bank of Japan.

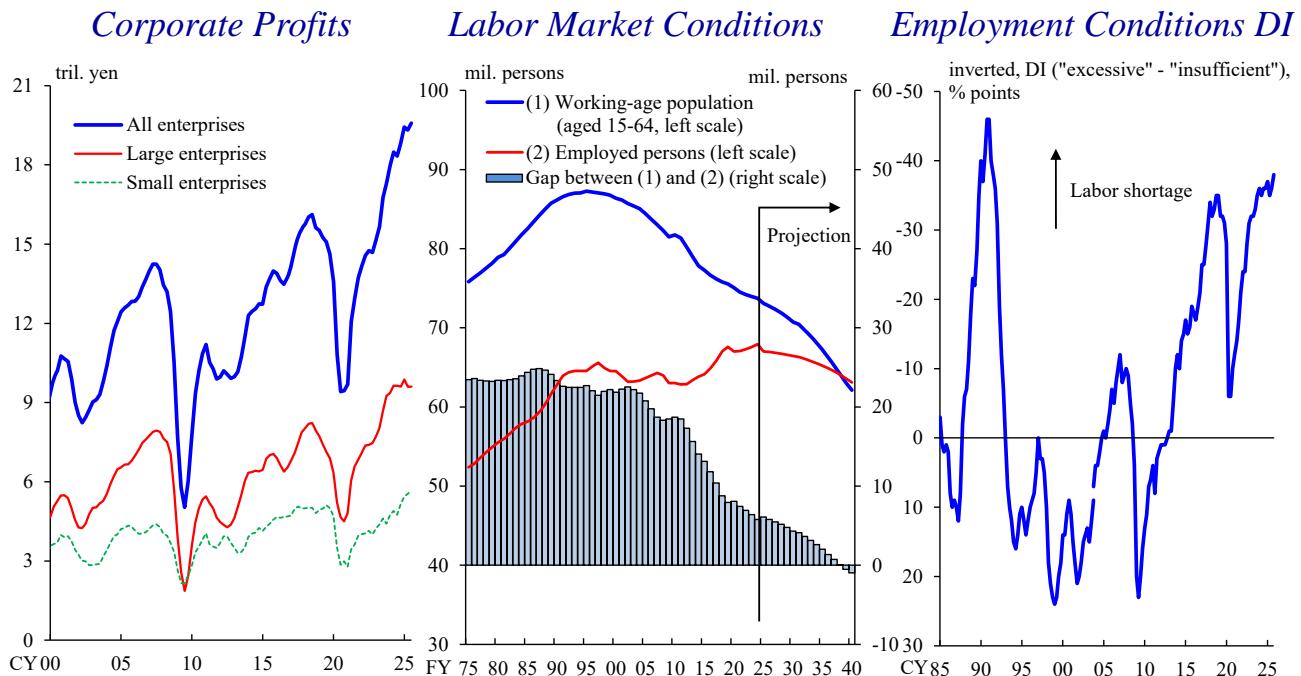
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## Cycle between Wages and Prices



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## Corporate Profits and the Labor Market



Notes: 1. In the left-hand chart, figures are operating profits based on the *Financial Statements Statistics of Corporations by Industry, Quarterly*. Figures exclude "finance and insurance" and those for 2009/Q2 onward also exclude "pure holding companies." Figures are 4-quarter backward moving averages. Large enterprises are enterprises with a capitalization of 1 billion yen or more, while small enterprises are enterprises with a capitalization of 10 million yen or more but less than 100 million yen.

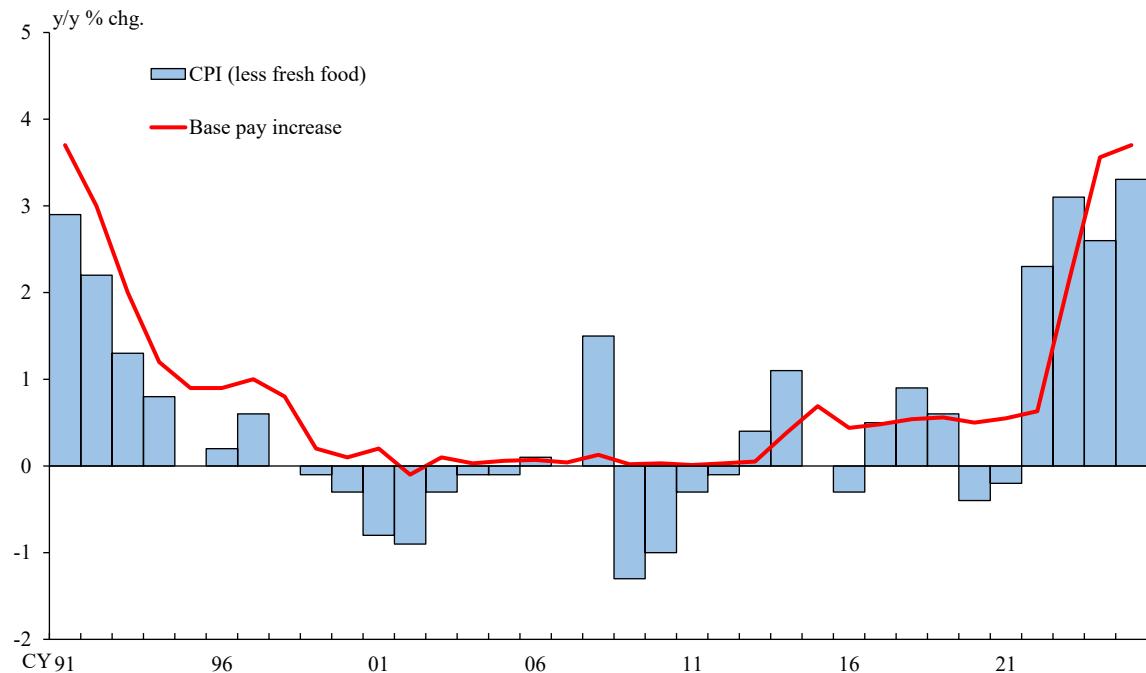
2. In the middle chart, the projection for the working-age population is by the National Institute of Population and Social Security Research. The projection for the number of employed persons is calculated based on projections by the Japan Institute for Labour Policy and Training.

3. In the right-hand chart, figures are based on the *Tankan*. There is a discontinuity in the data for December 2003 due to a change in the survey framework.

Sources: Ministry of Finance; Ministry of Internal Affairs and Communications; National Institute of Population and Social Security Research; Japan Institute for Labour Policy and Training; Bank of Japan.

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## Developments in Wages and Prices



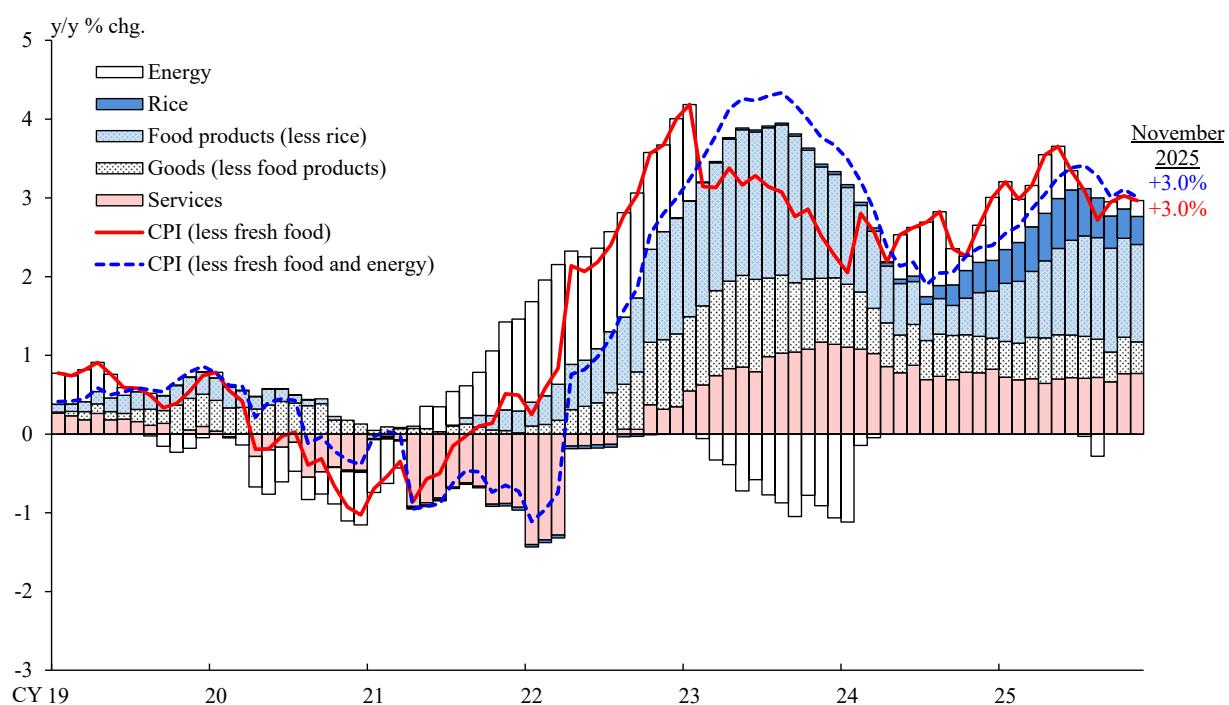
Notes: 1. The CPI figures exclude the effects of consumption tax hikes etc. The figure for 2025 is the January-November average.

2. Figures for base pay increases from 1991 to 2013 are those published by the Central Labour Relations Commission, while those from 2014 to 2025 are figures released by Rengo.

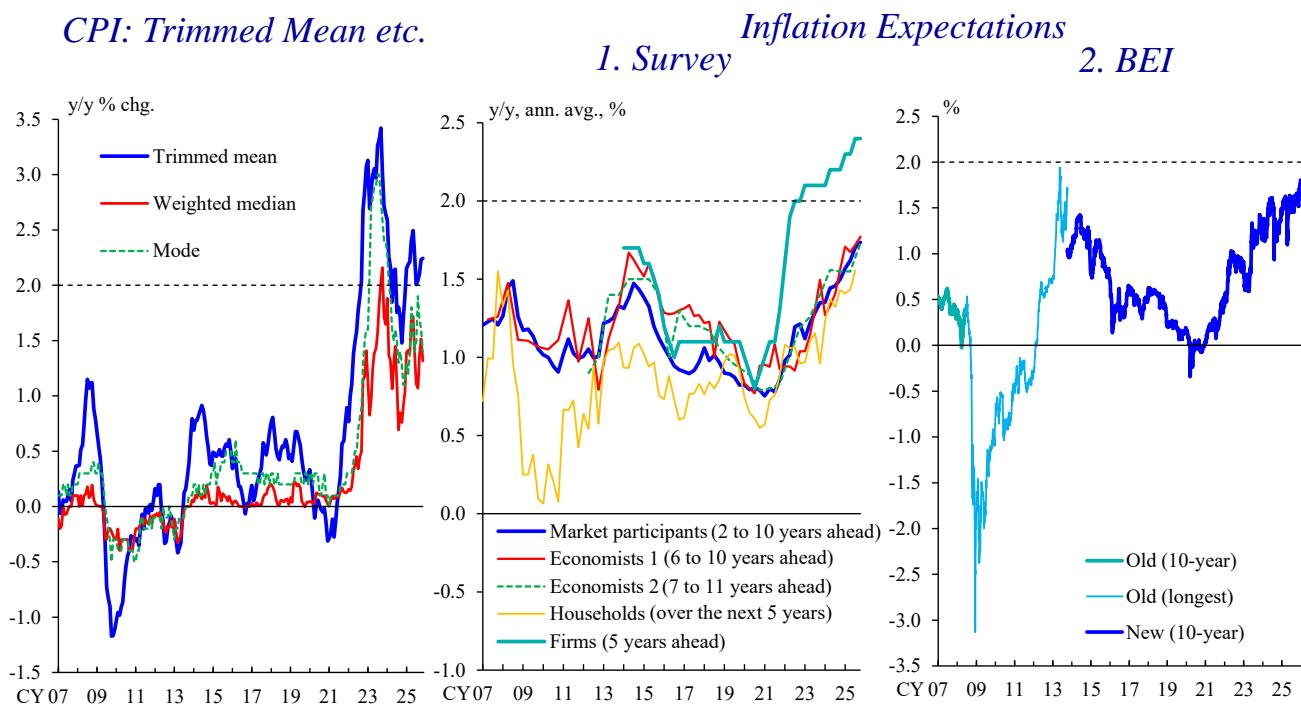
Sources: Ministry of Internal Affairs and Communications; Japanese Trade Union Confederation (Rengo); Central Labour Relations Commission.

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## Consumer Prices



## Indicators Related to Underlying Inflation



## Corporate Sector

