



# 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*

December 25, 2025

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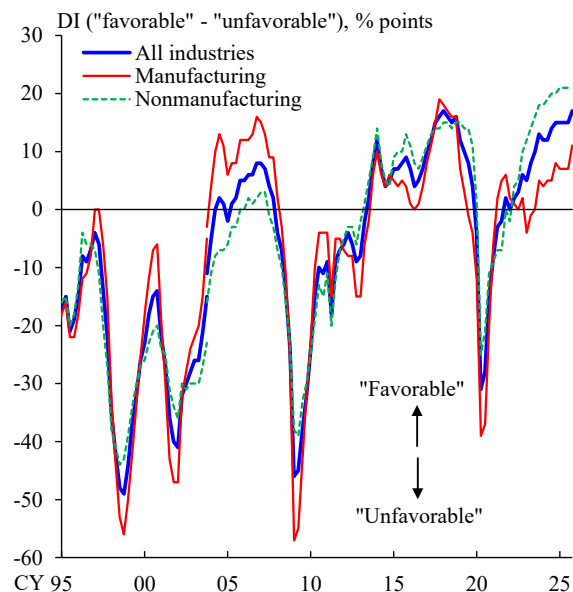
*Governor of the Bank of Japan*

## 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*

	y/y % chg.		
	FY 2024 Actual value	FY 2025 Projection	FY 2025 Revision rate
All industries	5.6	-2.7	2.3
Manufacturing	5.8	-6.7	1.6
Non-manufacturing	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.

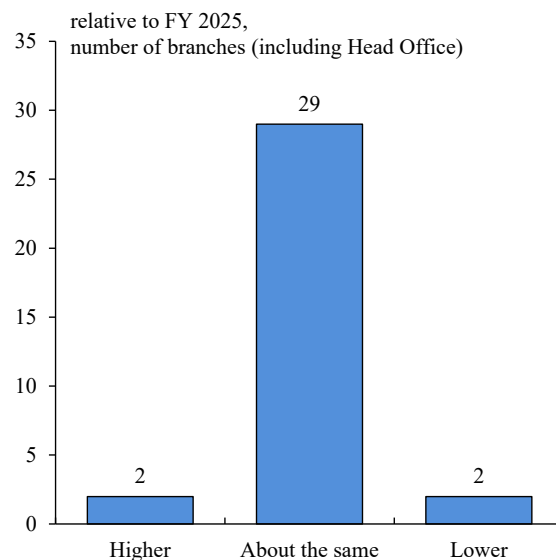
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## Moves toward Wage Increases Next Year

*Annual Spring Labor-Management  
Wage Negotiation Stance*

Figures in parentheses indicate base pay increase rates

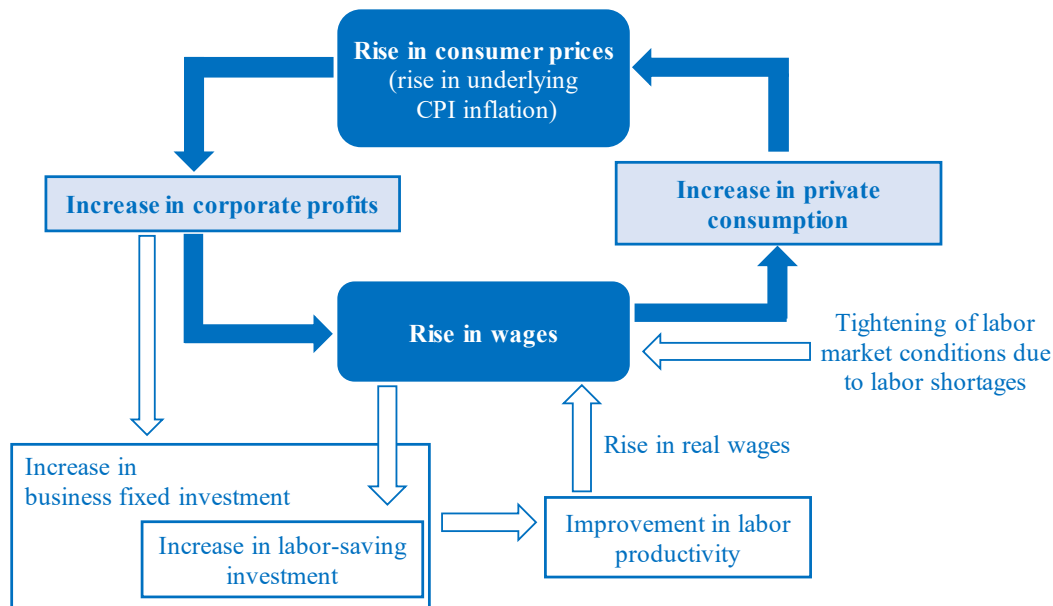
	Rengo Wage increase target	Keidanren Positioning of wage increase	Actual wage increase
CY 2023	Around 5% (Around 3%)	Starting point	3.58% (2.12%)
CY 2024	5% or more (3% or more)	Acceleration	5.10% (3.56%)
CY 2025	5% or more (3% or more)	Anchoring	5.25% (3.70%)
CY 2026	5% or more (3% or more)	Further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

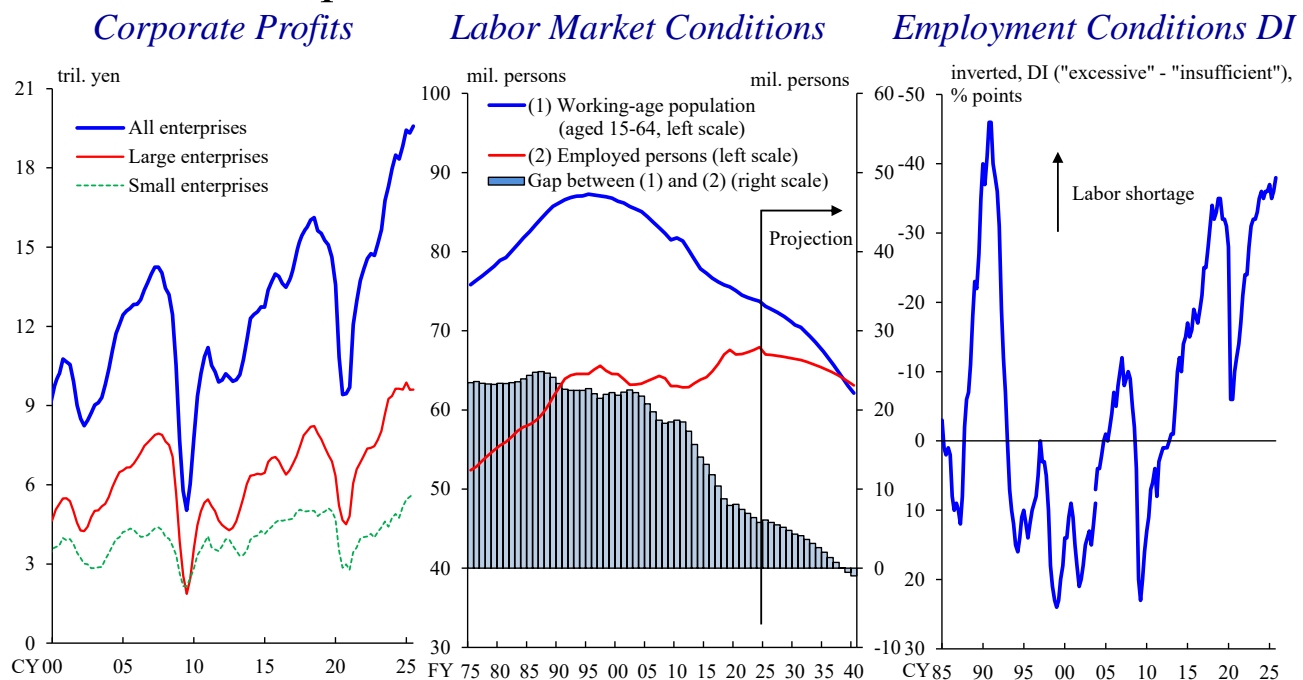
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## Cycle between Wages and Prices



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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.

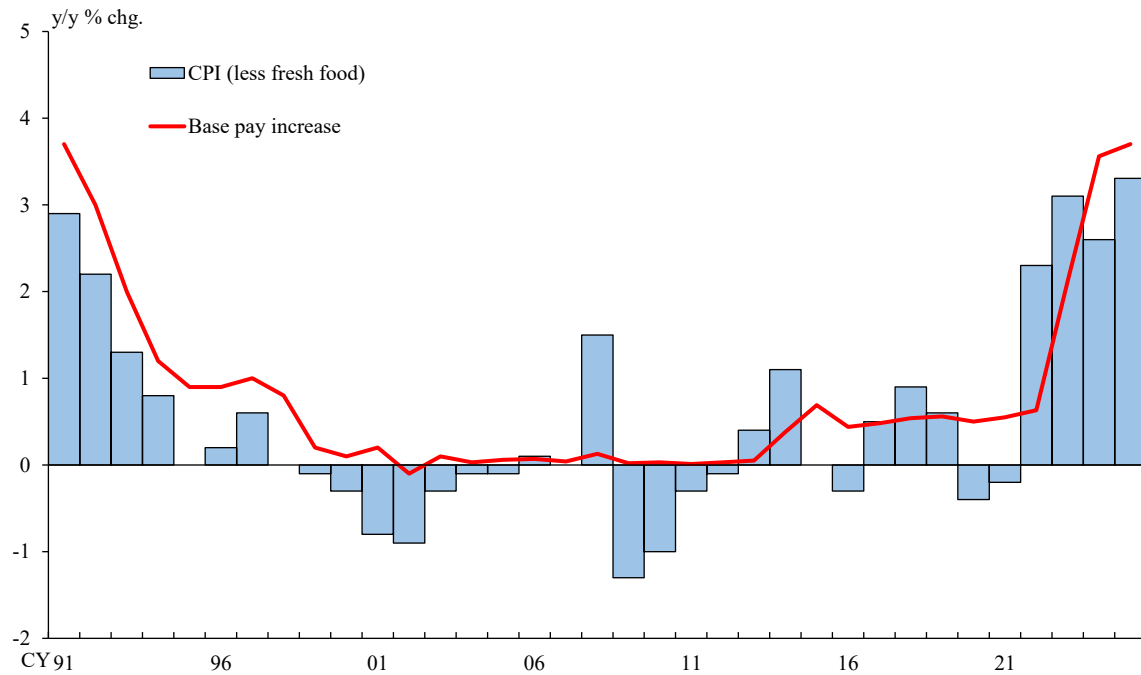
2. In the middle chart, the projection for the working-age population is by the National Institute of Population and Social Security Research. The projection for the number of employed persons is calculated based on projections by the Japan Institute for Labour Policy and Training.

3. In the right-hand chart, figures are based on the *Tanken*. 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

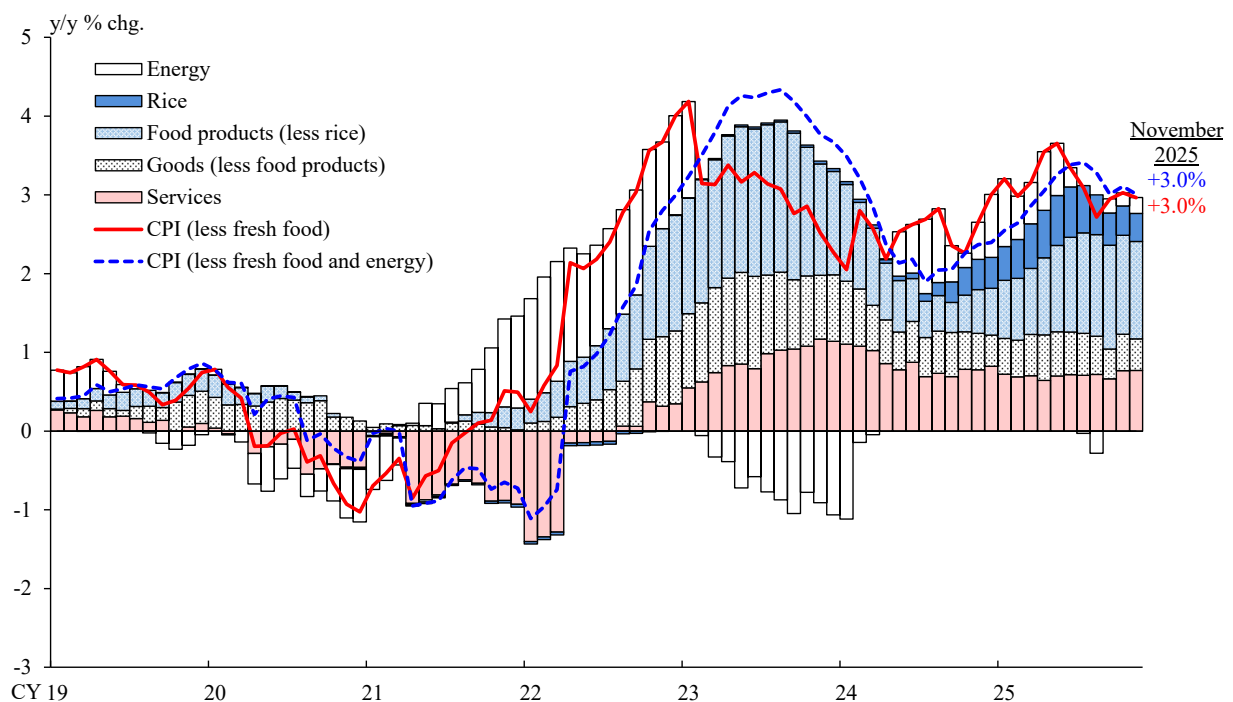


Notes: 1. The CPI figures exclude the effects of consumption tax hikes etc. The figure for 2025 is the January-November average.

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



Source: Ministry of Internal Affairs and Communications.

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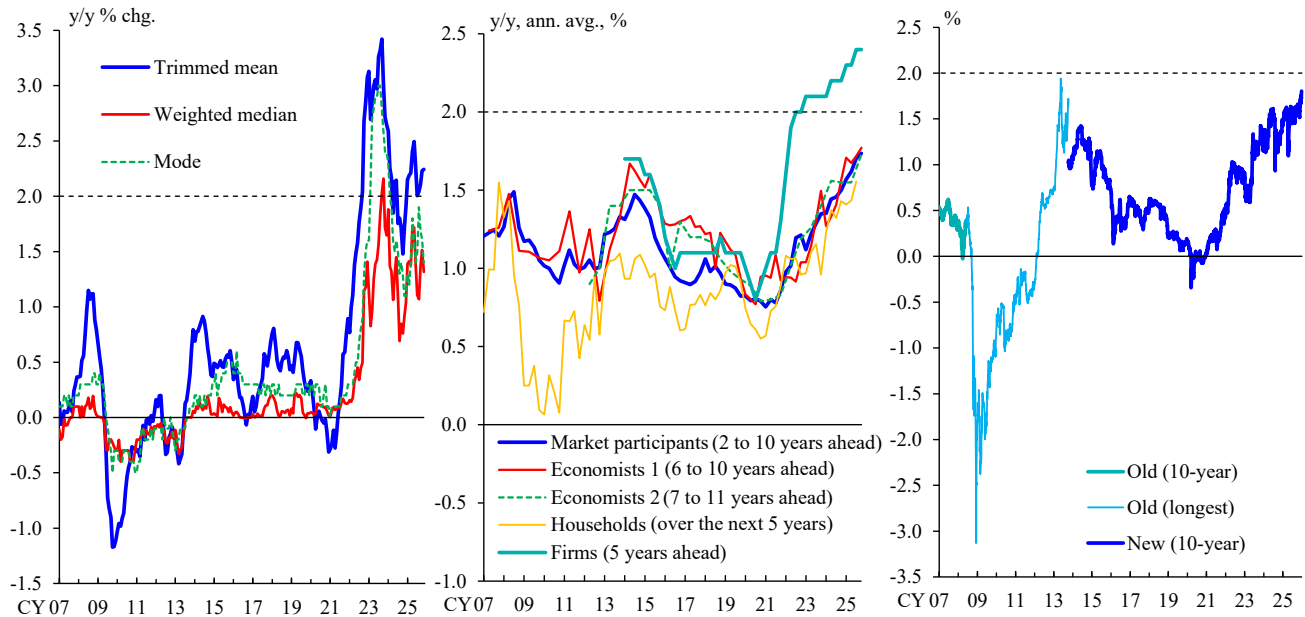
## Indicators Related to Underlying Inflation

CPI: Trimmed Mean etc.

1. Survey

Inflation Expectations

2. BEI



Note: For details of each approach, see the October 2025 Outlook Report. In the right-hand panel, "Old (10-year)" and "Old (longest)" refer to the breakeven inflation rate based on old inflation-indexed JGBs, while "New (10-year)" refers to the breakeven inflation rate based on new inflation-indexed JGBs.

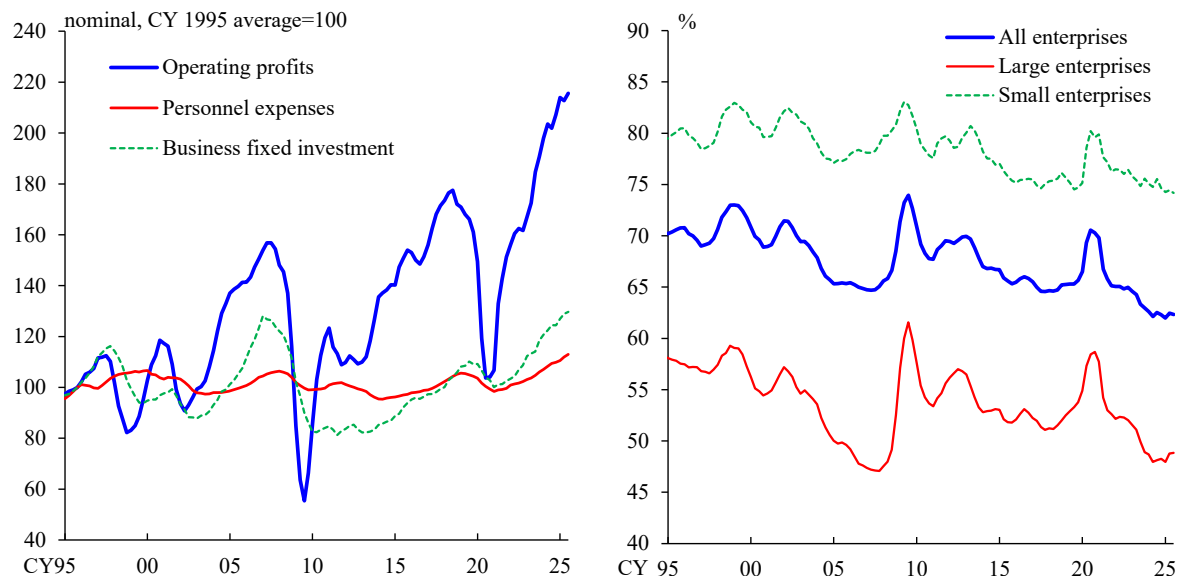
Sources: Bank of Japan; Ministry of Internal Affairs and Communications; QUICK, "QUICK Monthly Market Survey <Bonds>"; JCER, "ESP Forecast"; Consensus Economics Inc., "Consensus Forecasts"; Bloomberg.

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## Corporate Sector

Corporate Profits and Spending Behavior

Labor Share



Notes: 1. Figures are 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.

2. In the right-hand chart, 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. Labor share = Personnel expenses / Value-added, and Value-added = Operating profits + Personnel expenses + Depreciation expenses.

Source: Ministry of Finance.

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