



SMAM

“ Private Sector Wages – Increased for the first time in 3 years”

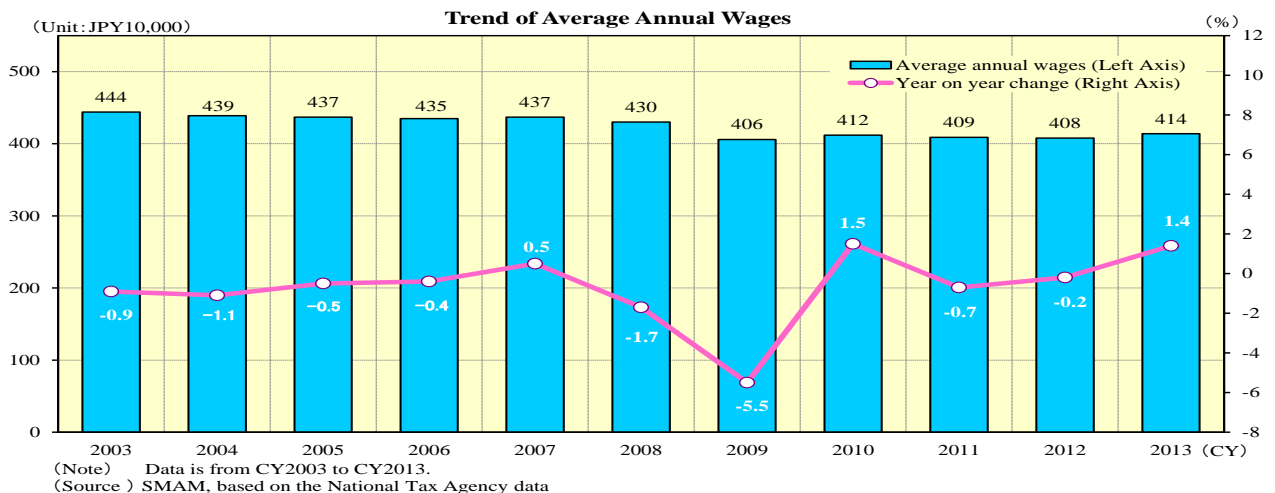
The private sector wages statistics is available at the “Private Sector Wages Conditions Survey” published by the National Tax Agency (NTA). This survey has been released annually since 1949. The latest version (2013 survey) is the sixty fifth edition. This survey covers the annual wages of private sectors and their breakdown in classification of salary level band, business site scale, corporation size and so on. The other key survey on wages is the “Monthly Labour Survey”, published by The Ministry of Health, Labour & Welfare, which includes monthly total cash earnings data.

Point 1

Average annual wages rose for first time in three months

The number of salaried workers also increased for first time in two years

- The average annual wages of the salaried workers (employees who work throughout the year, referred to herein after unless otherwise stated) of the private sector rose 1.4% y-o-y to JPY 4.14 million for first time in three years. Also, the number of the salaried workers increased 2.0% y-o-y to 46.45 million for the first time in two years. Their average age and the average employment period were 45.2 years and 11.8 years, respectively.
- The regular workers (salaried worker excluding directors and non-regular workers) led the increase of total average annual wages as their wages increased 1.2% y-o-y to JPY 4.73 million, while non-regular worker’s wages declined 0.1% y-o-y to JPY 1.68 million.



Point 2

By industry, “Utilities” sector is the highest

One third of the employees belong to “JPY 2 to 4 million salary band”

- Breaking down the average annual wages by gender, male’s wages rose 1.9% to JPY 5.11 million and female’s wages rose 1.4% to JPY 2.72 million. Referring to split between salary and bonus, the former was JPY 3.53 million and the latter was JPY 0.61 million.
- Breaking down the average annual wages by industry, “Utilities Sector” received the highest amount of JPY 6.96 million on average followed by “Financials & Insurance Sector” with JPY 6.17 million. On the other hand, “Hotel & Food Services Sector” earned the lowest income of JPY 2.33 million followed by “Agriculture, Fishery & Mining Sector” with JPY 2.89 million.



- Breaking down the number of the salaried workers by the salary level group, leading salary band was “JPY 3 to 4 million” with 17.4% followed by “JPY 2 to 3 million” with 16.8%, which accounts for more than one third of the total number of employees in total. While “More than JPY 5 million” accounts for 27.7%, workers who earned “More than JPY 10 million” accounts for only 3.9%.

Future Outlook

With improved labour market conditions, A further wages hike can be expected for “Ending Deflation”

■ Improvement in labour market conditions thanks to economic recovery

Unemployment ratio had peaked out at the level of 5.5% in July 2009 and came down to 3.5% in August 2014 supported by the recovery of Japanese economy. Since March 2014, monthly total cash earnings have turned to positive year on year as the Abe administration repeatedly called for raising wages in the private sector.

■ Expectation on further wages hike to “End Deflation” because of labour shortage

Active job-to-application ratio increased to the level of 1.10 times in August 2014. We can expect that the sector which is facing serious labour shortage, such as construction, is likely to raise wages going forward. We think further rise in wages is necessary in order to exit from long-lasting deflation as modestly increased annual salary is still much lower than what we saw in the past despite the amount had bottomed out in 2009 and has increased moderately ever since.

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