物価と賃金上昇の好循環を実現できるのか

渡辺 努

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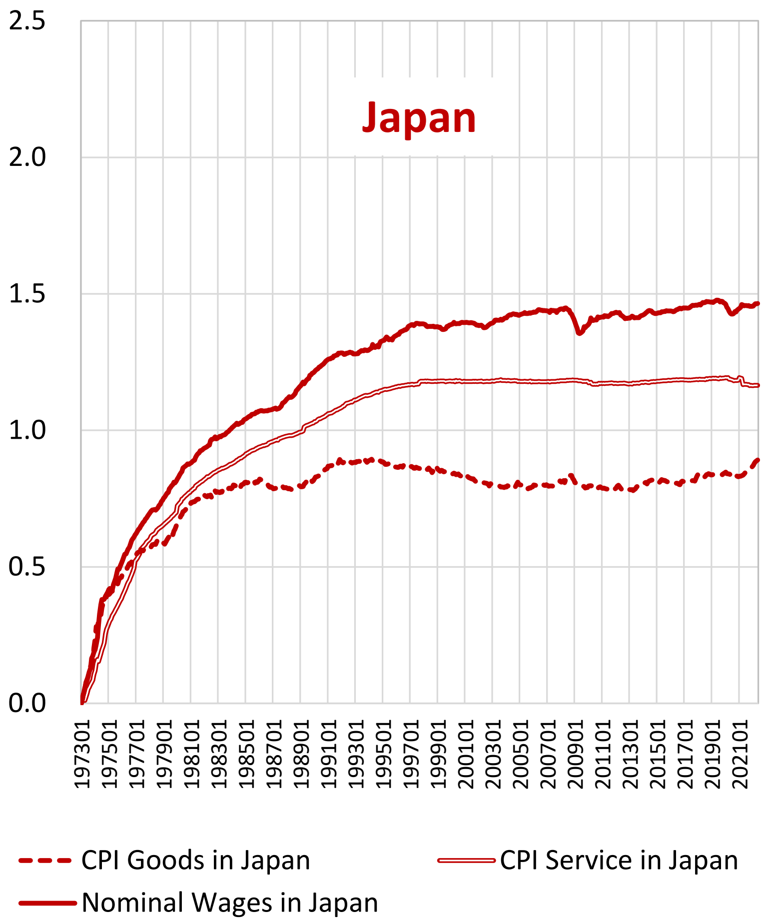
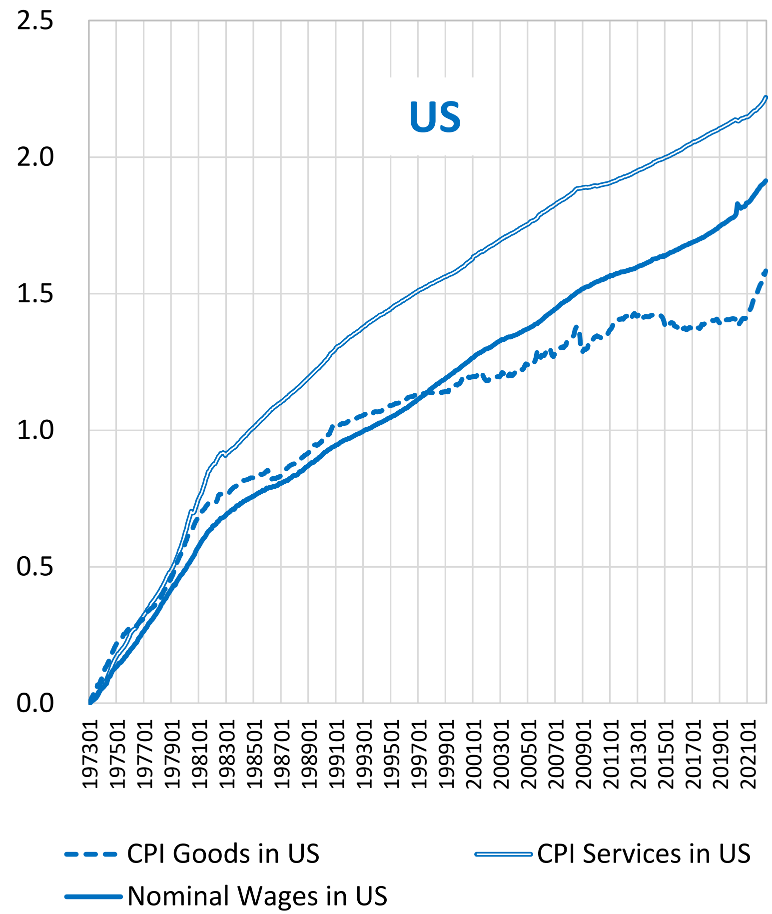
2025年11月25日

Japan’s Chronic Deflation

CPI Goods, CPI Services, and Wages

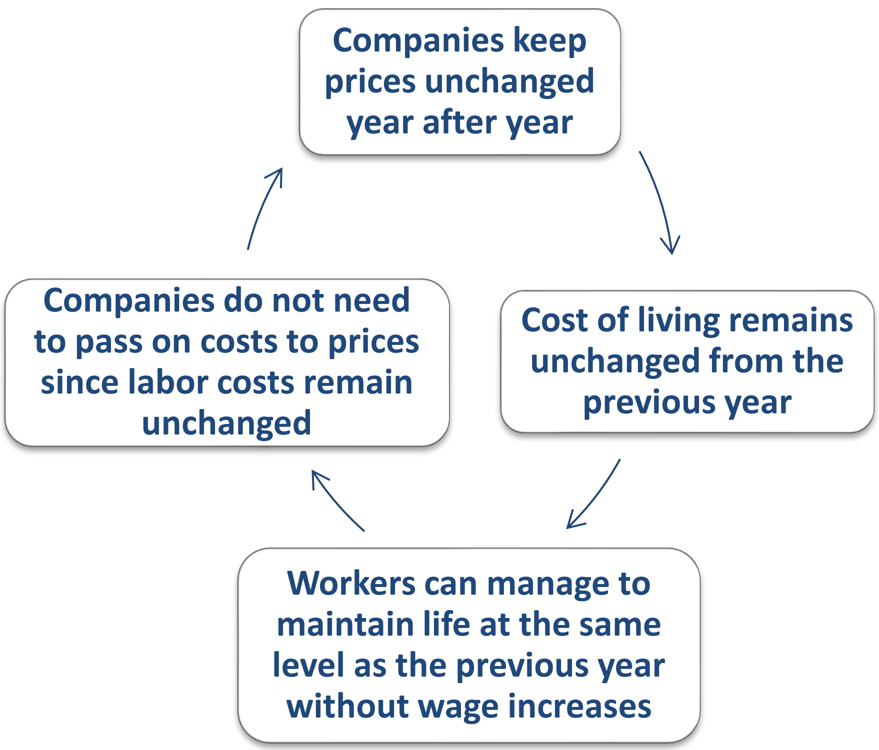


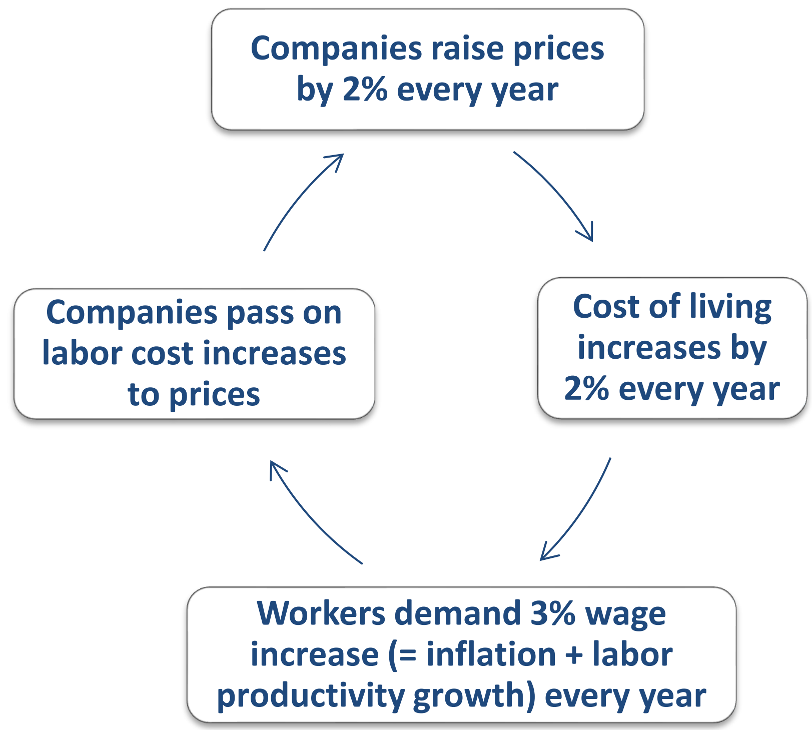
CPI Goods, CPI Services, and Wages

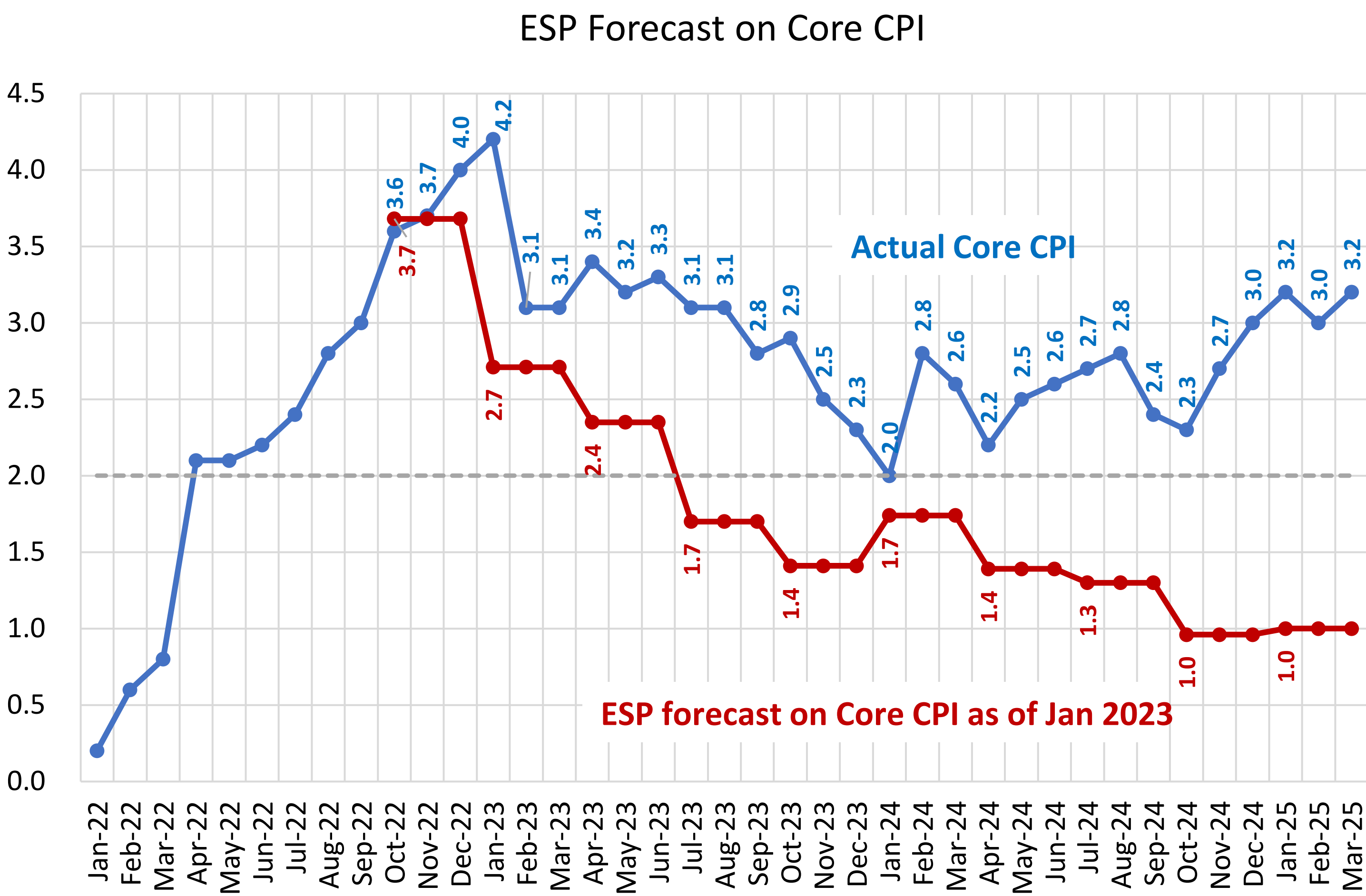


Japan’s version of the wage-price spiral

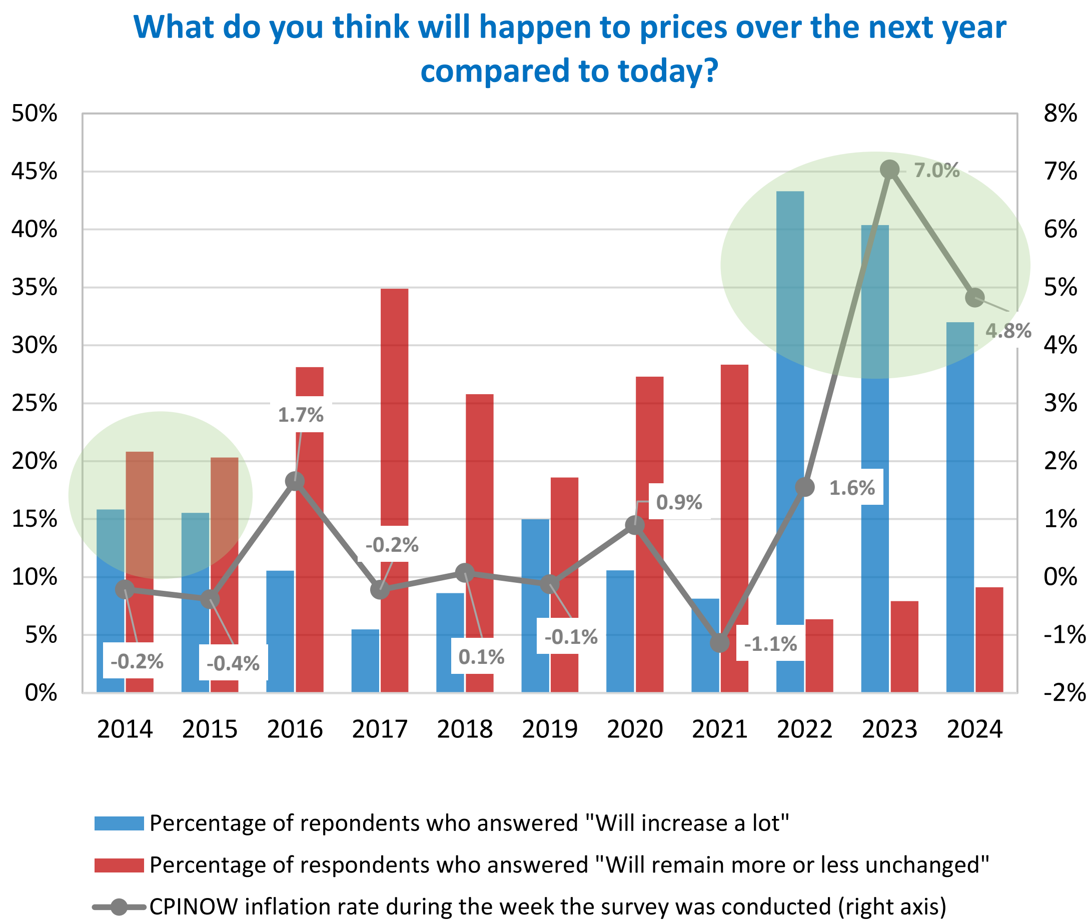
“Virtuous Cycle between wages and prices”





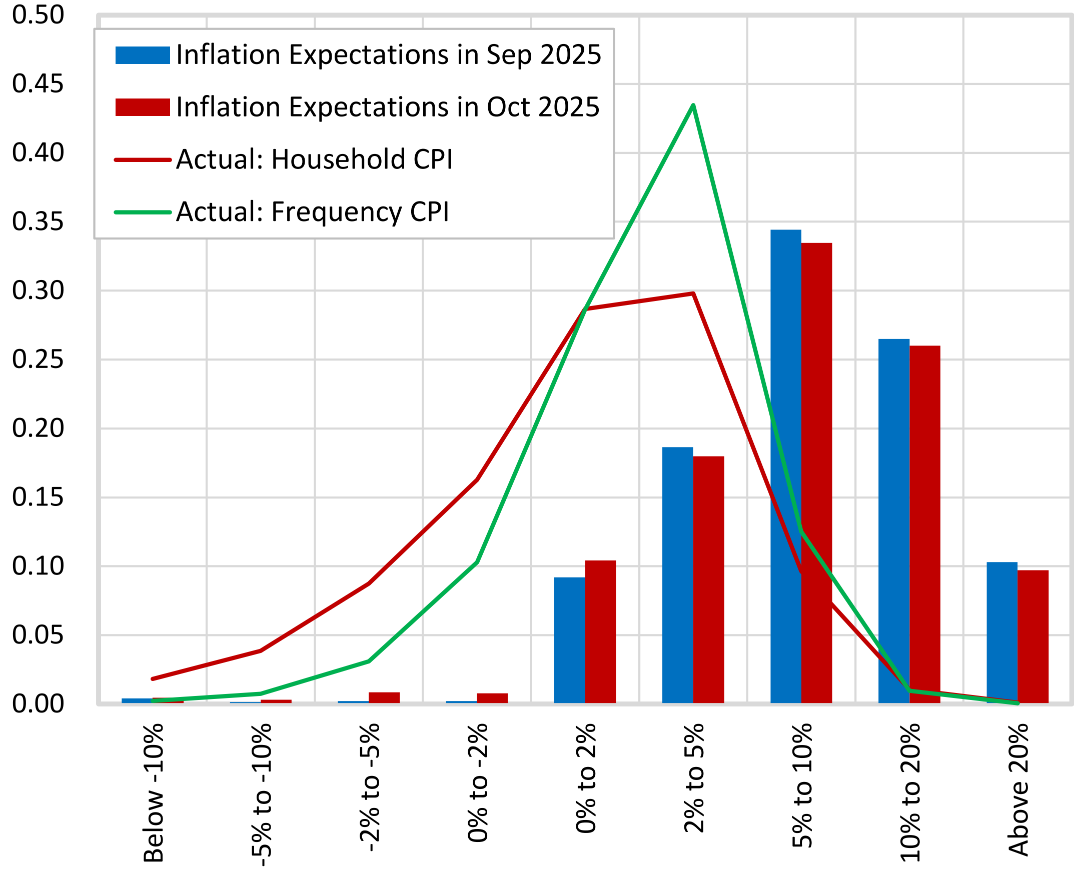

ESP Forecast on Core CPI
Actual Core CPI
ESP forecast on Core CPI as of Jan 2023
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
Jan-22
Feb-22
Mar-22
Apr-22
May-22
Jun-22
Jul-22
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Aug-23
Sep-23
Oct-23
Nov-23
Dec-23
Jan-24
Feb-24
Mar-24
Apr-24
May-24
Jun-24
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25

This Time Is Different!
Consumers’ Inflation Expectations



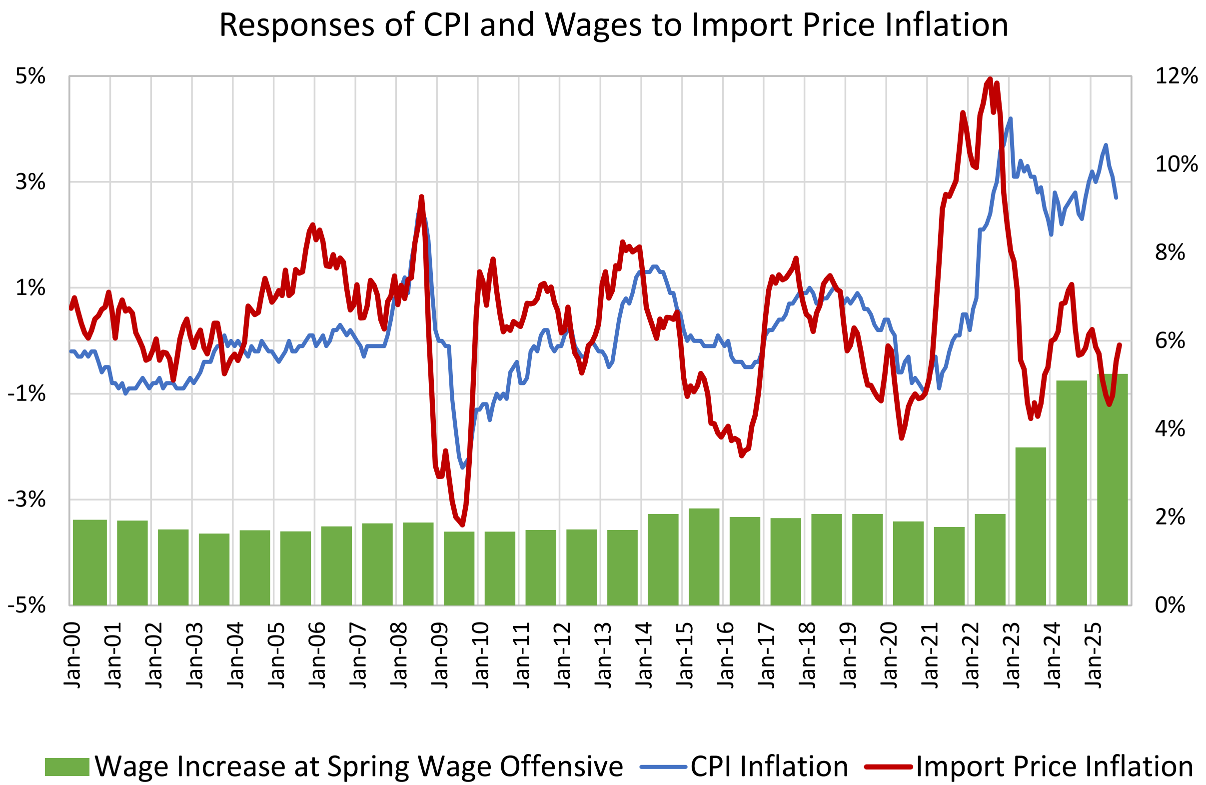
Note: Based on responses from 3,449 Japanese consumers who responded to the survey over 11 consecutive years from 2014 to 2024.

Inflation Expectation in the Survey
vs. Actual Inflation



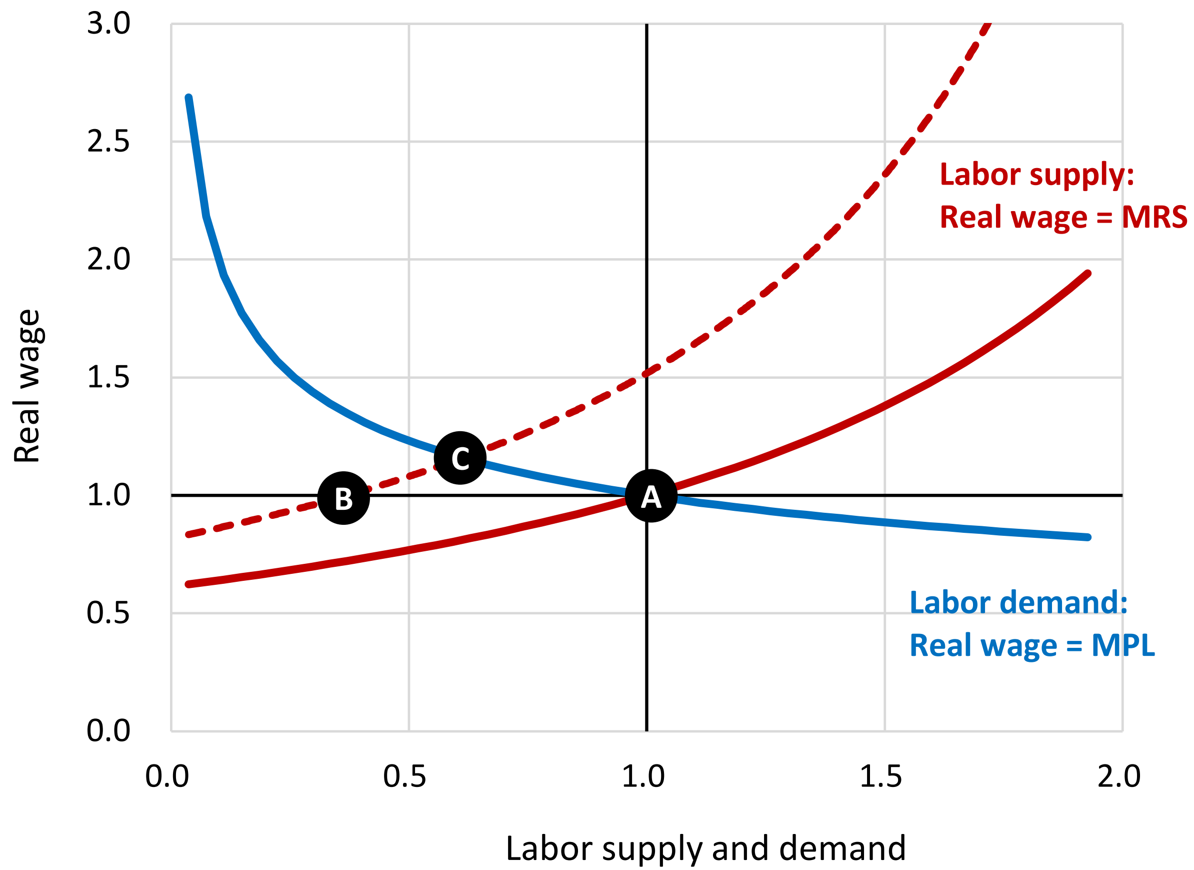
Note: The “Household CPI” uses expenditure shares of each item as weights, whereas the “Frequency CPI” uses purchase frequency of each item as weights.

This Time Is Different!
Spring Wage Offensive (*Shunto*)

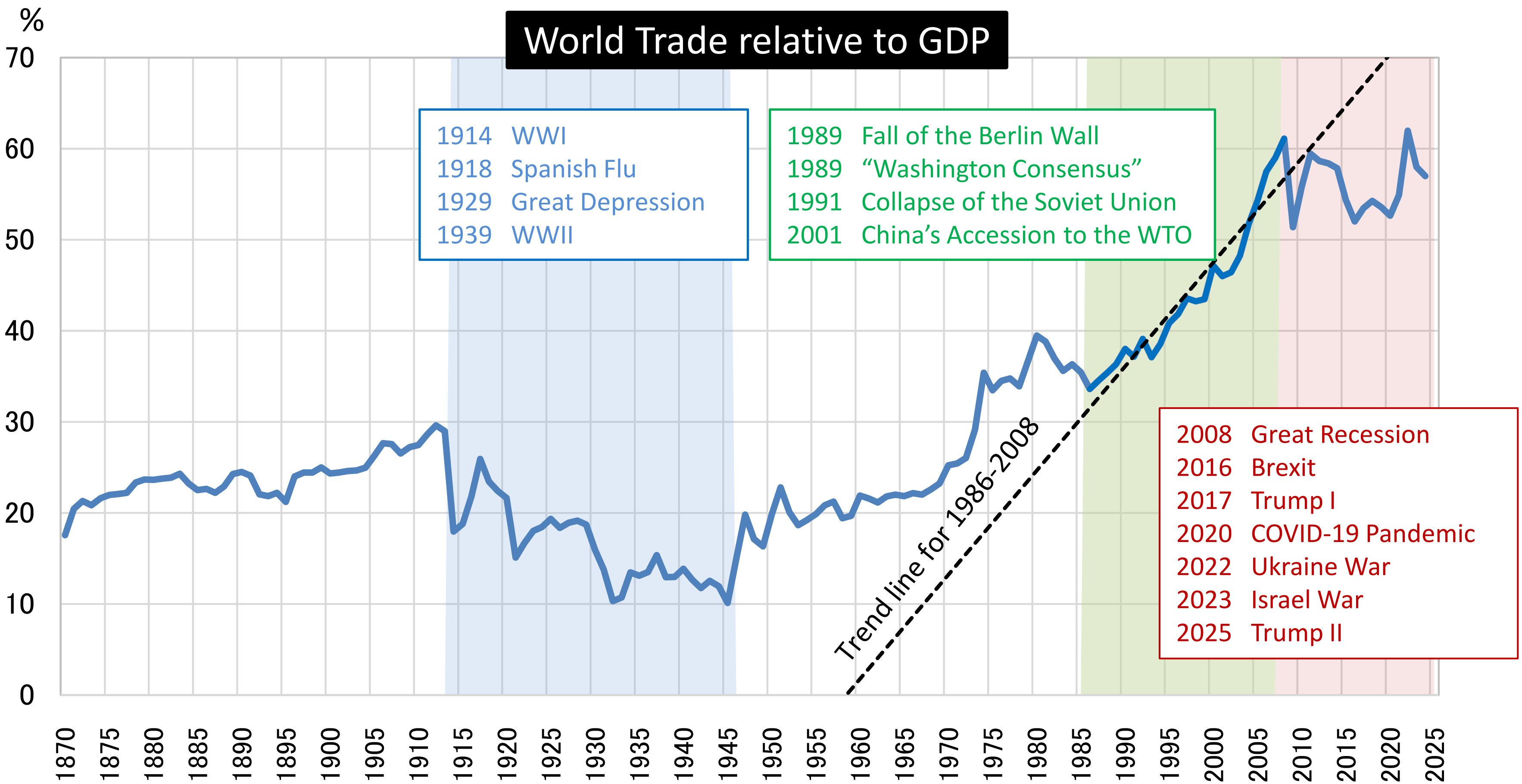


Note: The wage growth rates are shown on the right scale, while CPI and import price inflation are on the left scale. The import price inflation rate is divided by 10 for representation.

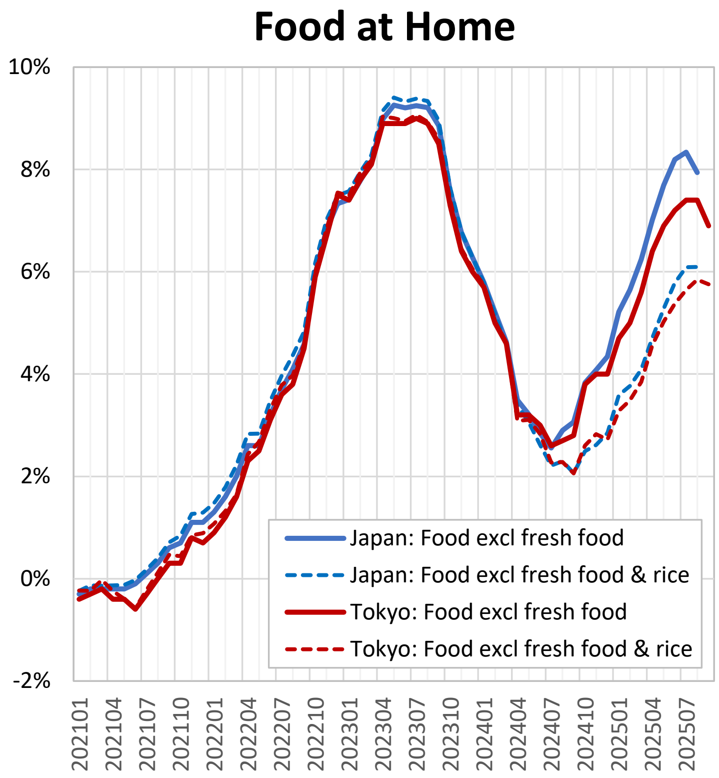
Natural Real Wage

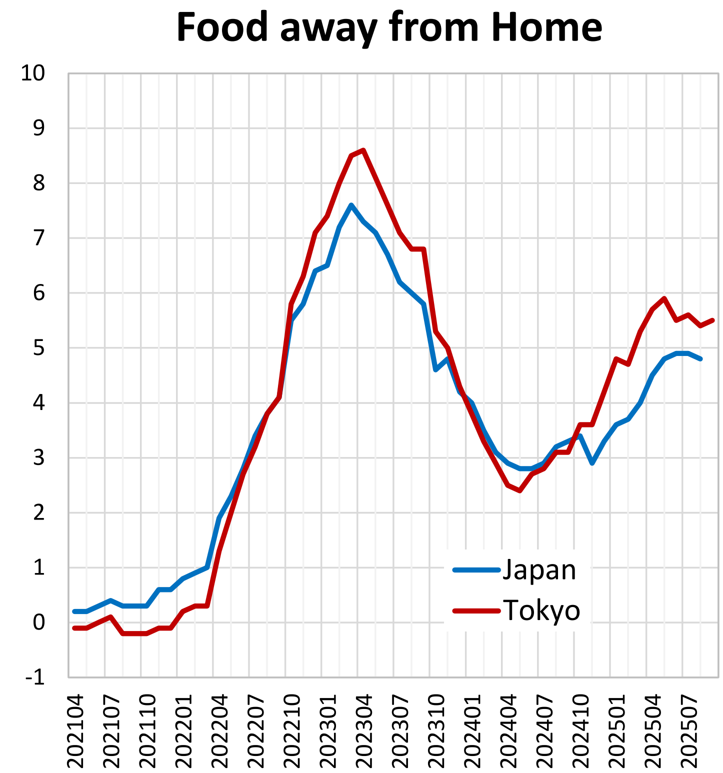


Deglobalization and the End of Japan's Chronic Deflation

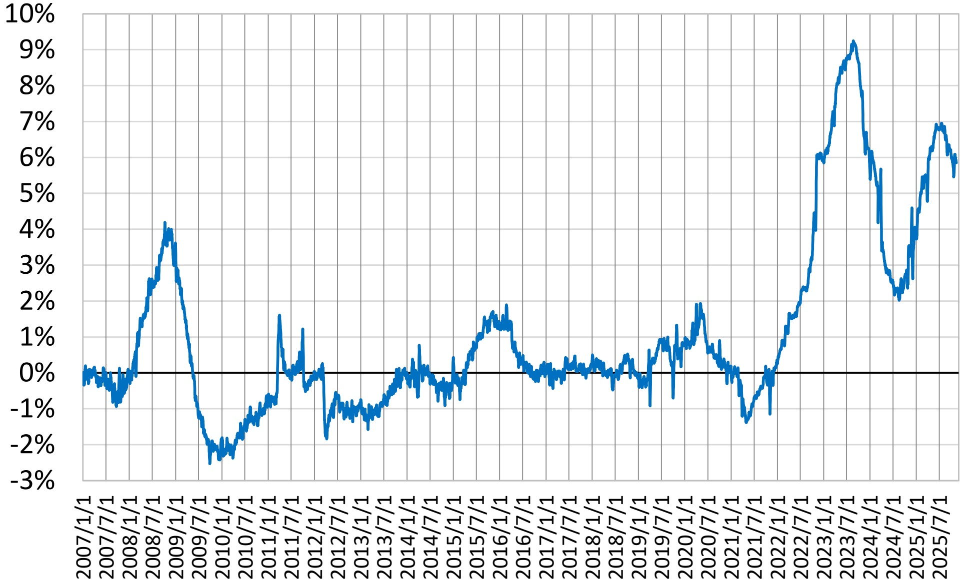


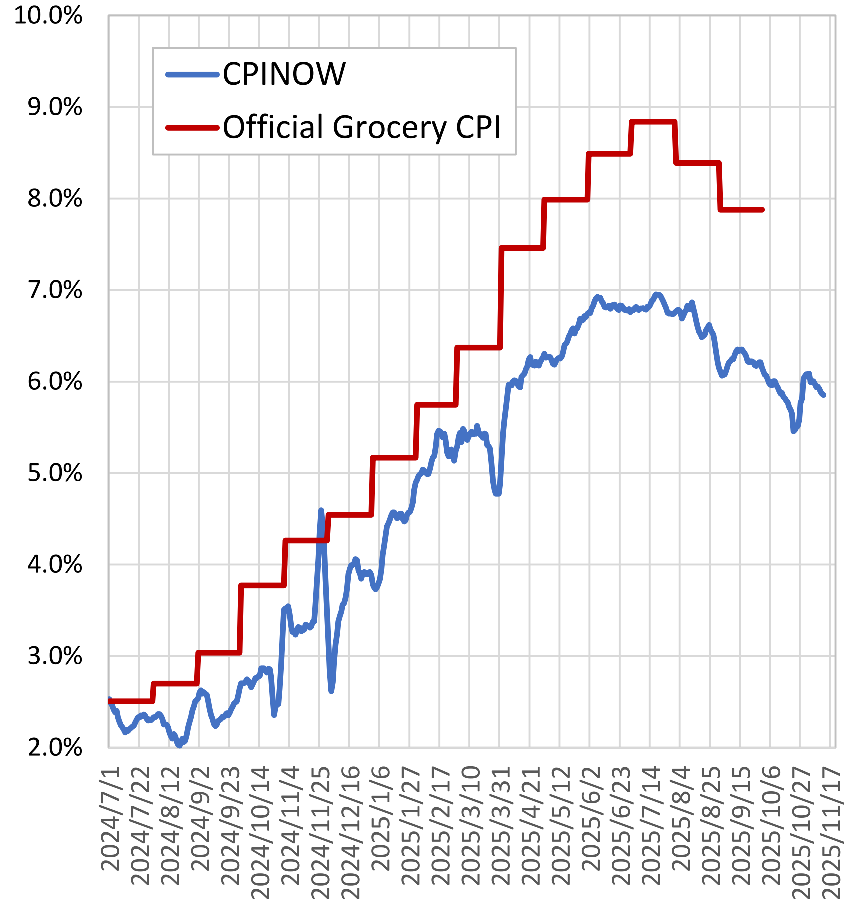
Food Price Inflation



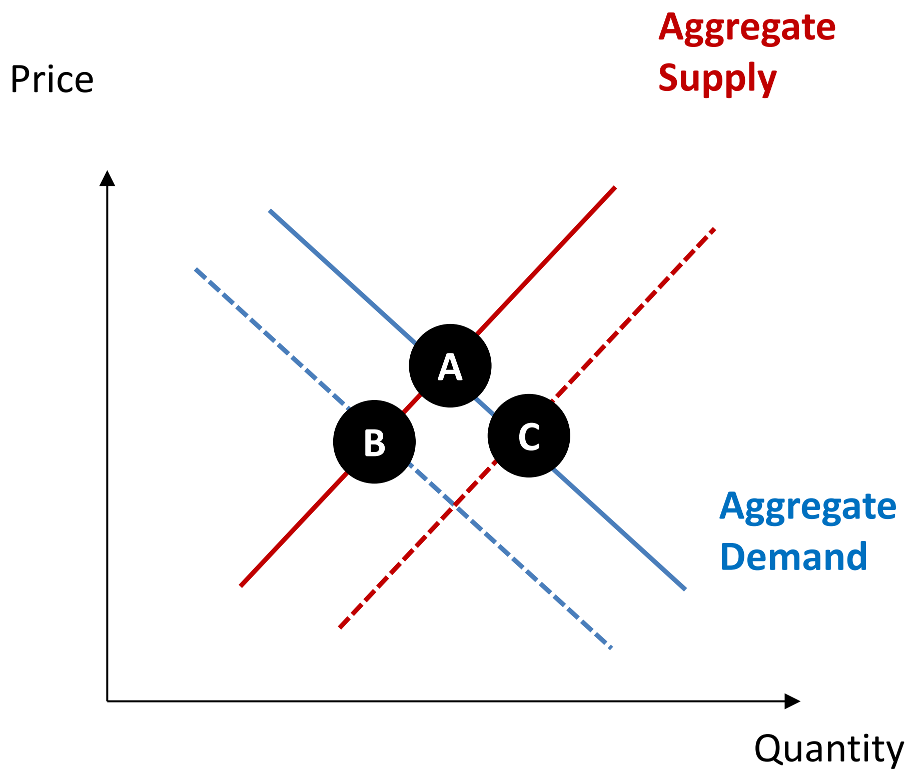


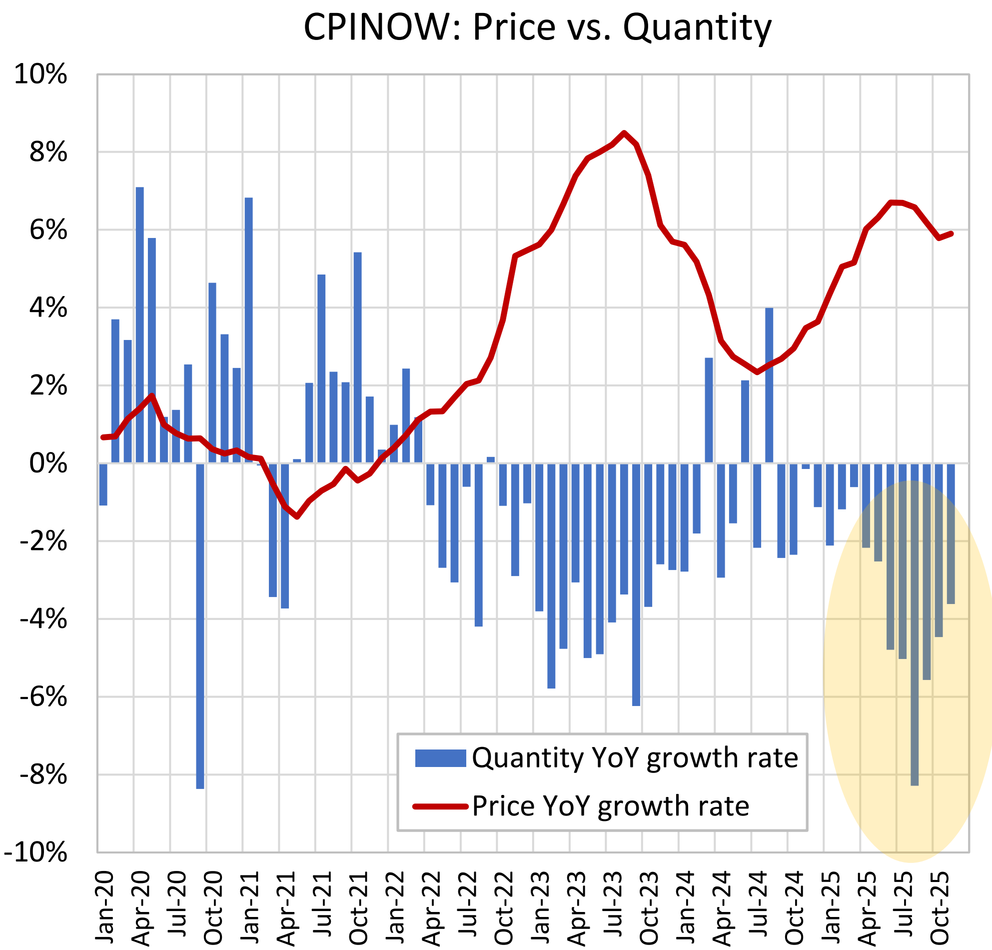
Nikkei CPINow®

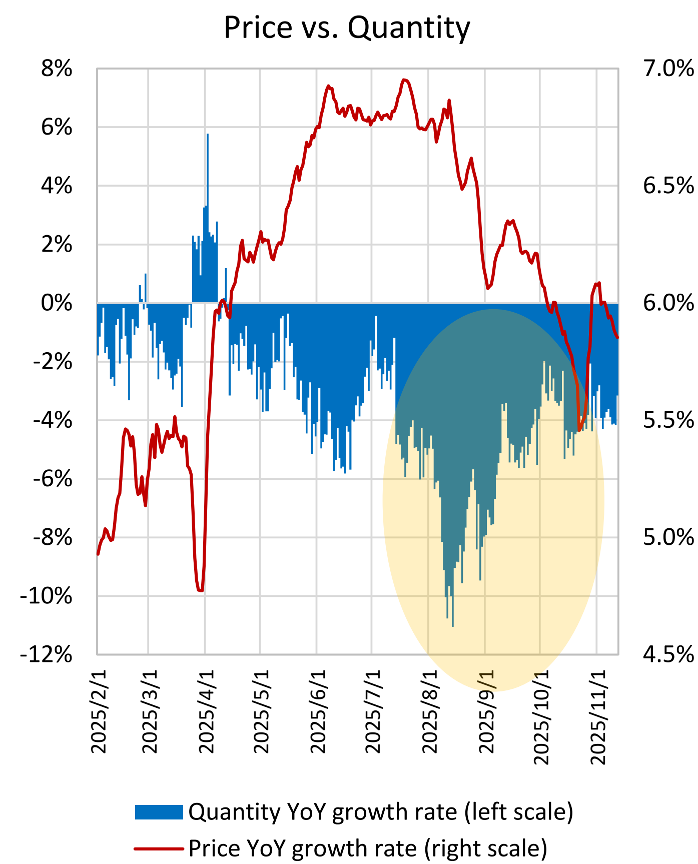


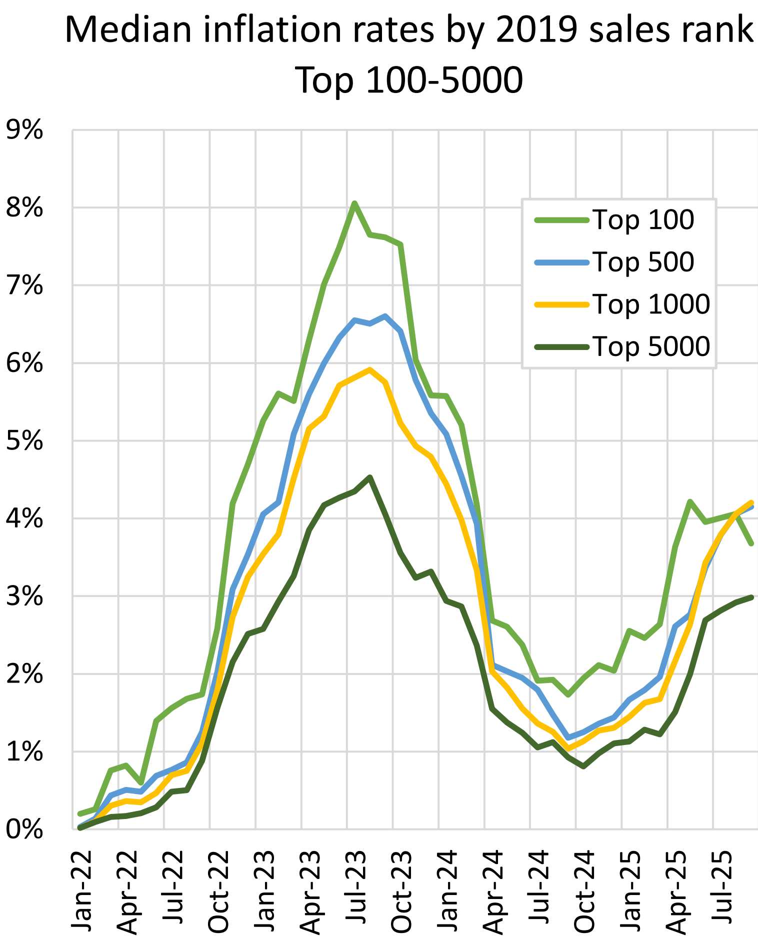


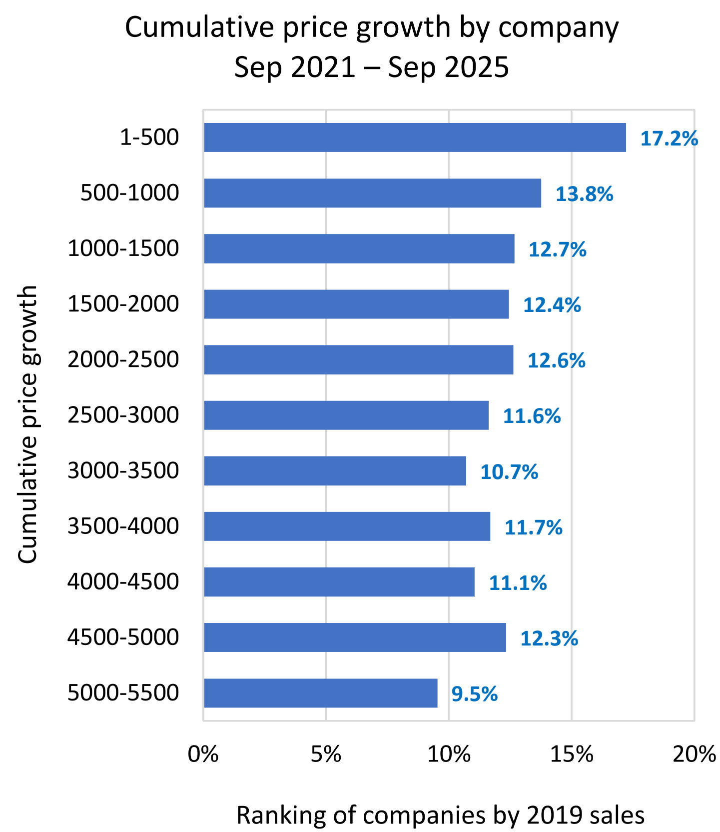
Demand Shock vs. Supply Shock




CPINOW: Price vs. Quantity
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
Jan-20
Apr-20
Jul-20
Oct-20
Jan-21
Apr-21
Jul-21
Oct-21
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
Oct-24
Jan-25
Apr-25
Jul-25
Oct-25
Quantity YoY growth rate
Price YoY growth rate


Price vs. Quantity
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
-12%
7.0%
6.5%
6.0%
5.5%
5.0%
4.5%
2025/2/1
2025/3/1
2025/4/1
2025/5/1
2025/6/1
2025/7/1
2025/8/1
2025/9/1
2025/10/1
2025/11/1
Quantity YoY growth rate (left scale)
Price YoY growth rate (right scale)

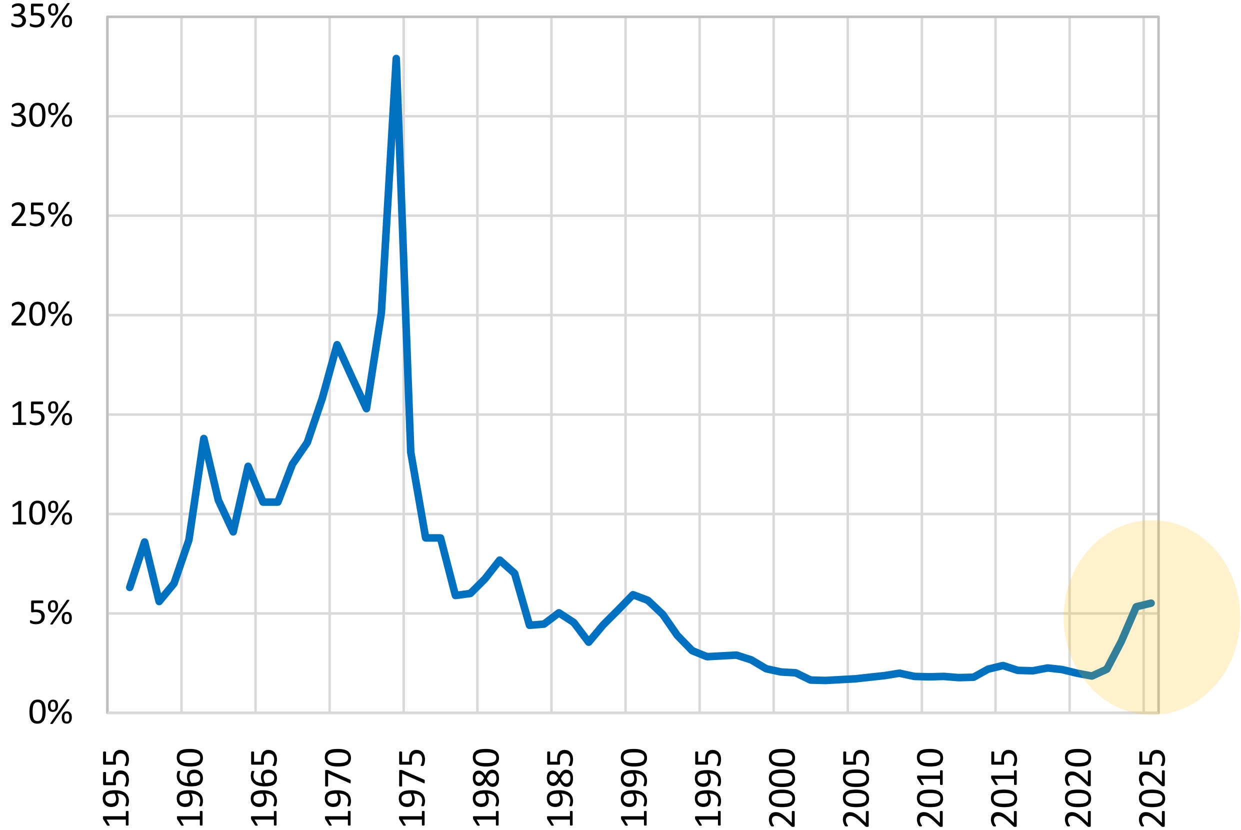

Median inflation rates by 2019 sales rank
Top 100-5000
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
Top 100
Top 500
Top 1000
Top 5000
Jan-22
Apr-22
Jul-22
Oct-22
Jan-23
Apr-23
Jul-23
Oct-23
Jan-24
Apr-24
Jul-24
Oct-24
Jan-25
Apr-25
Jul-25


Cumulative price growth by company
Sep 2021 – Sep 2025
Cumulative price growth
1-500
500-1000
1000-1500
1500-2000
2000-2500
2500-3000
3000-3500
3500-4000
4000-4500
4500-5000
5000-5500
17.2%
13.8%
12.7%
12.4%
12.6%
11.6%
10.7%
11.7%
11.1%
12.3%
9.5%
0%
5%
10%
15%
20%
Ranking of companies by 2019 sales

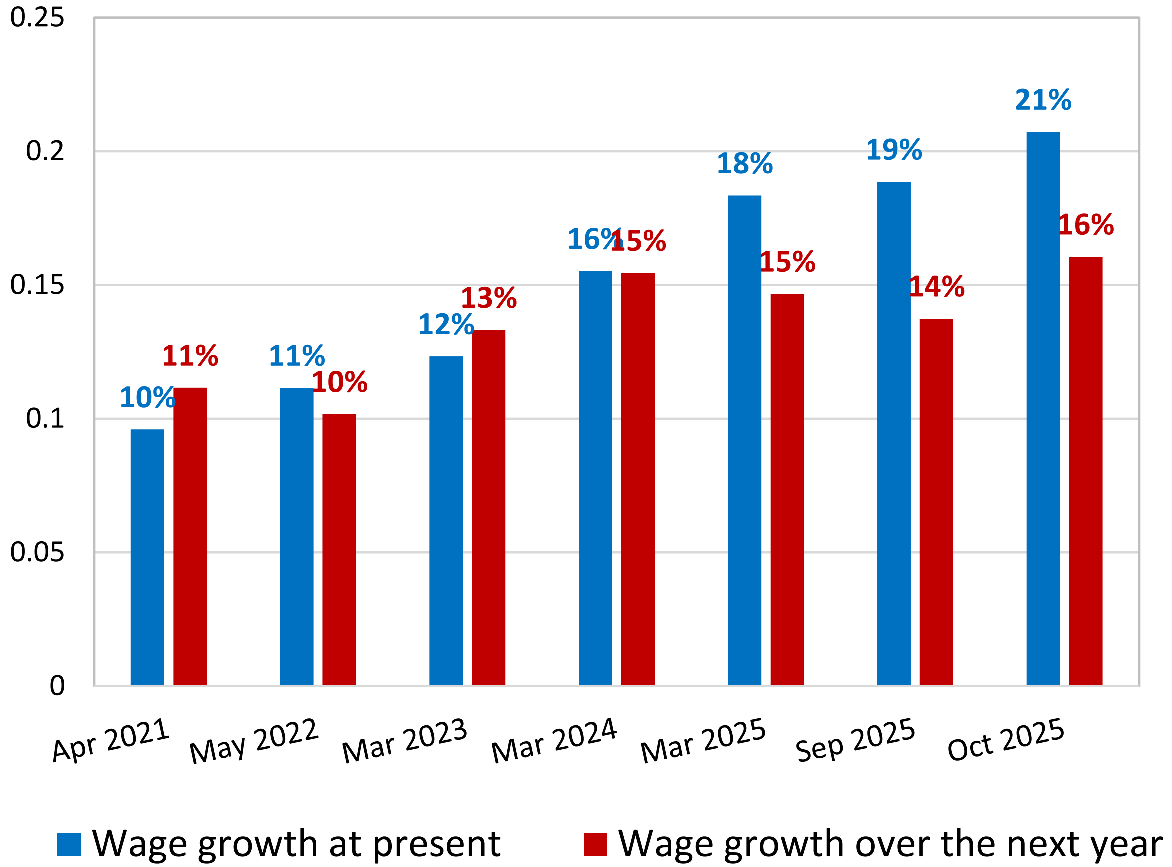
Second round effect of food price inflation

	Food price inflation will soon fade away	Food price inflation will have a persistent impact
Origins of food price inflation	Rising import raw material prices and past yen depreciation	Major food manufacturers have become more confident in their pricing power
Second round effects	No	Yes
Impact on wage increases in next year's Shunto	No	Since food items are essential for workers' livelihoods, labor unions will likely demand higher wage increases in next year's Shunto, citing rising food prices as justification
Impact on consumers' inflation expectations	No	Since food items are frequently purchased by consumers, they have a greater impact on consumers' inflation expectations than other items

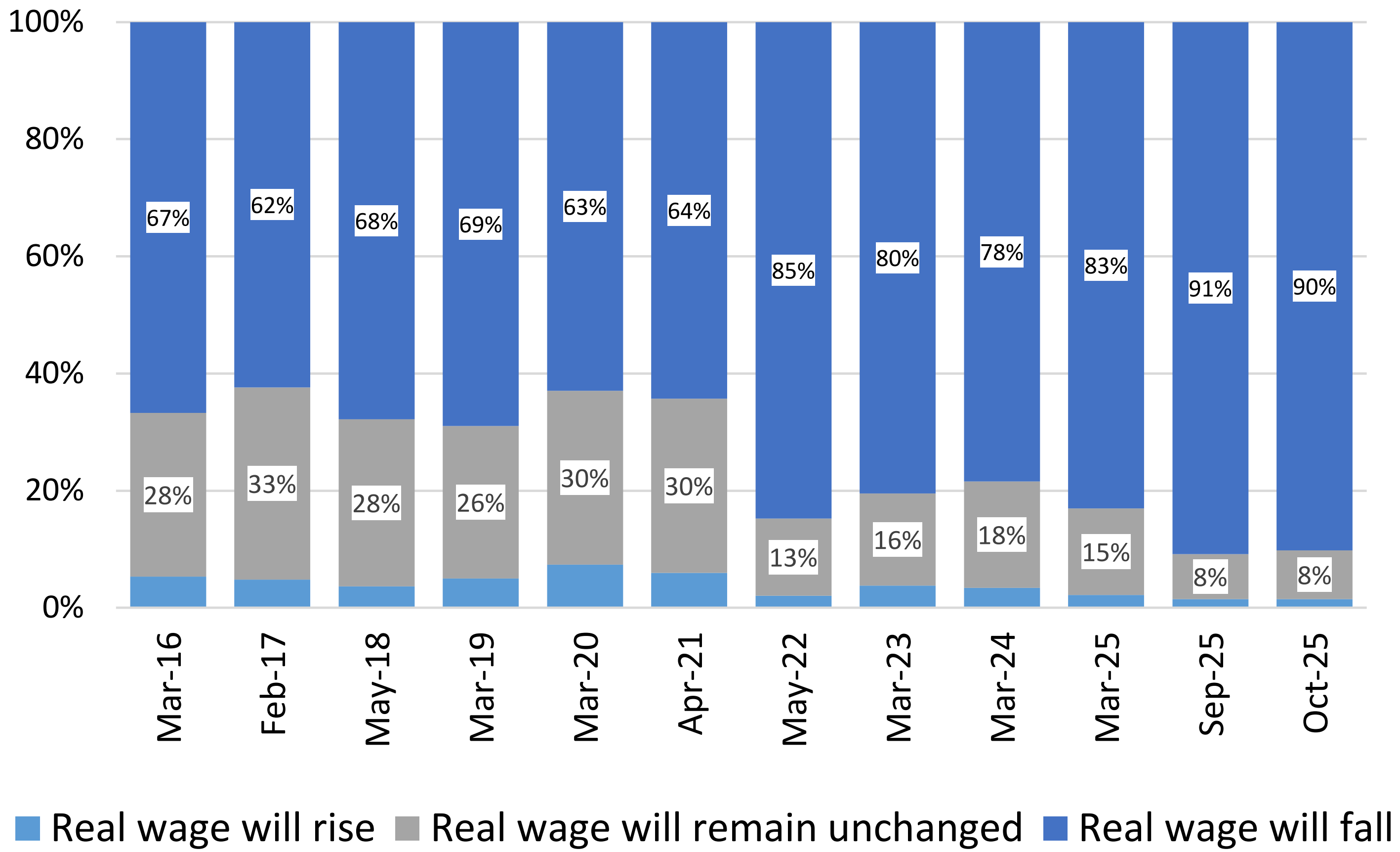
Wage increase rate in the spring wage offensive



The proportion of respondents who stated that **"my wage have increased"** and those who stated that **"my wage will increase over the coming year"**



Percentage of respondents who expect **real wages** to rise, remain unchanged, or fall



(Appendix)

Forecasts of the Majority of the Policy Board Members

y/y % chg.

	Real GDP	CPI (all items less fresh food)	(Reference) CPI (all items less fresh food and energy)
Fiscal 2025	+0.6 to +0.8 [+0.7]	+2.7 to +2.9 [+2.7]	+2.8 to +3.0 [+2.8]
Forecasts made in July 2025	+0.5 to +0.7 [+0.6]	+2.7 to +2.8 [+2.7]	+2.8 to +3.0 [+2.8]
Fiscal 2026	+0.6 to +0.8 [+0.7]	+1.6 to +2.0 [+1.8]	+1.8 to +2.2 [+2.0]
Forecasts made in July 2025	+0.7 to +0.9 [+0.7]	+1.6 to +2.0 [+1.8]	+1.7 to +2.1 [+1.9]
Fiscal 2027	+0.7 to +1.1 [+1.0]	+1.8 to +2.0 [+2.0]	+2.0 to +2.2 [+2.0]
Forecasts made in July 2025	+0.9 to +1.0 [+1.0]	+1.8 to +2.0 [+2.0]	+2.0 to +2.1 [+2.0]

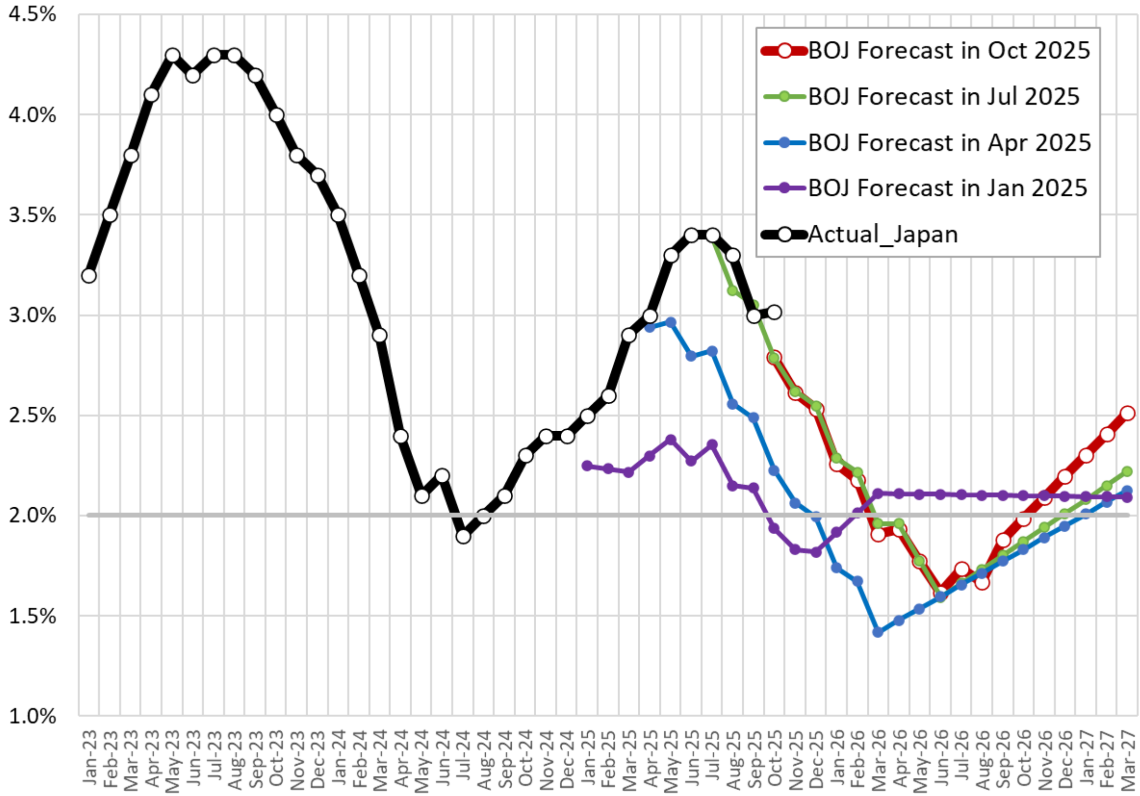
Notes: 1. Figures in brackets indicate the medians of the Policy Board members' forecasts (point estimates).

2. The forecasts of the majority of the Policy Board members are constructed as follows: each Policy Board member's forecast takes the form of a point estimate -- namely, the figure to which they attach the highest probability of realization. These forecasts are then shown as a range, with the highest figure and the lowest figure excluded. The range does not indicate the forecast errors.

3. Each Policy Board member makes their forecasts taking into account the effects of past policy decisions and with reference to views incorporated in financial markets regarding the future conduct of policy.

4. The forecasts for prices in this Outlook Report do not take into account the possible abolition of the former provisional gasoline tax rate, which is currently being considered. When estimating the impact of an abolition of the tax rate, it is likely that the year-on-year rate of increase in the CPI (all items less fresh food) will be pushed down by around 0.2 percentage point for a year. The impact for each fiscal year is subject to change depending on the timing of the abolition.

CPI Core^2 Inflation, YoY, Percent



	BOJ Forecast In July Report	BOJ Forecast In Oct Report	Actual
Jun 2025			3.4%
July 2025	3.4%		3.4%
Aug 2025	3.1%		3.3%
Sep 2025	3.0%		3.0%
Oct 2025	2.8%	2.8%	3.0%
Nov 2025	2.6%	2.6%	
Dec 2025	2.5%	2.5%	
Jan 2026	2.3%	2.3%	
Feb 2026	2.2%	2.2%	
Mar 2026	2.0%	1.9%	

Notes: (1) The CPI actual figure for October 2025 is an estimated value based on the Tokyo CPI for October; (2) Tokyo's CPI for October is adjusted to account for the changes in daycare charges and water charges.

BOJ's "On-Track" Rule

1. BOJ regards CPI and GDP forecasts in their Outlook Report as a reference
2. Each month, BOJ compares the new CPI and GDP figures with the reference
3. If the new figures are close to or above the reference, BOJ raises the policy rate

As for the future conduct of monetary policy, while it will depend on developments in economic activity and prices as well as financial conditions going forward, given that real interest rates are at significantly low levels, **if the outlook for economic activity and prices presented in the July Outlook Report will be realized, the Bank will accordingly continue to raise the policy interest rate and adjust the degree of monetary accommodation.** With the price stability target of 2 percent, it will conduct monetary policy as appropriate, in response to developments in economic activity and prices as well as financial conditions, from the perspective of sustainable and stable achievement of the target.

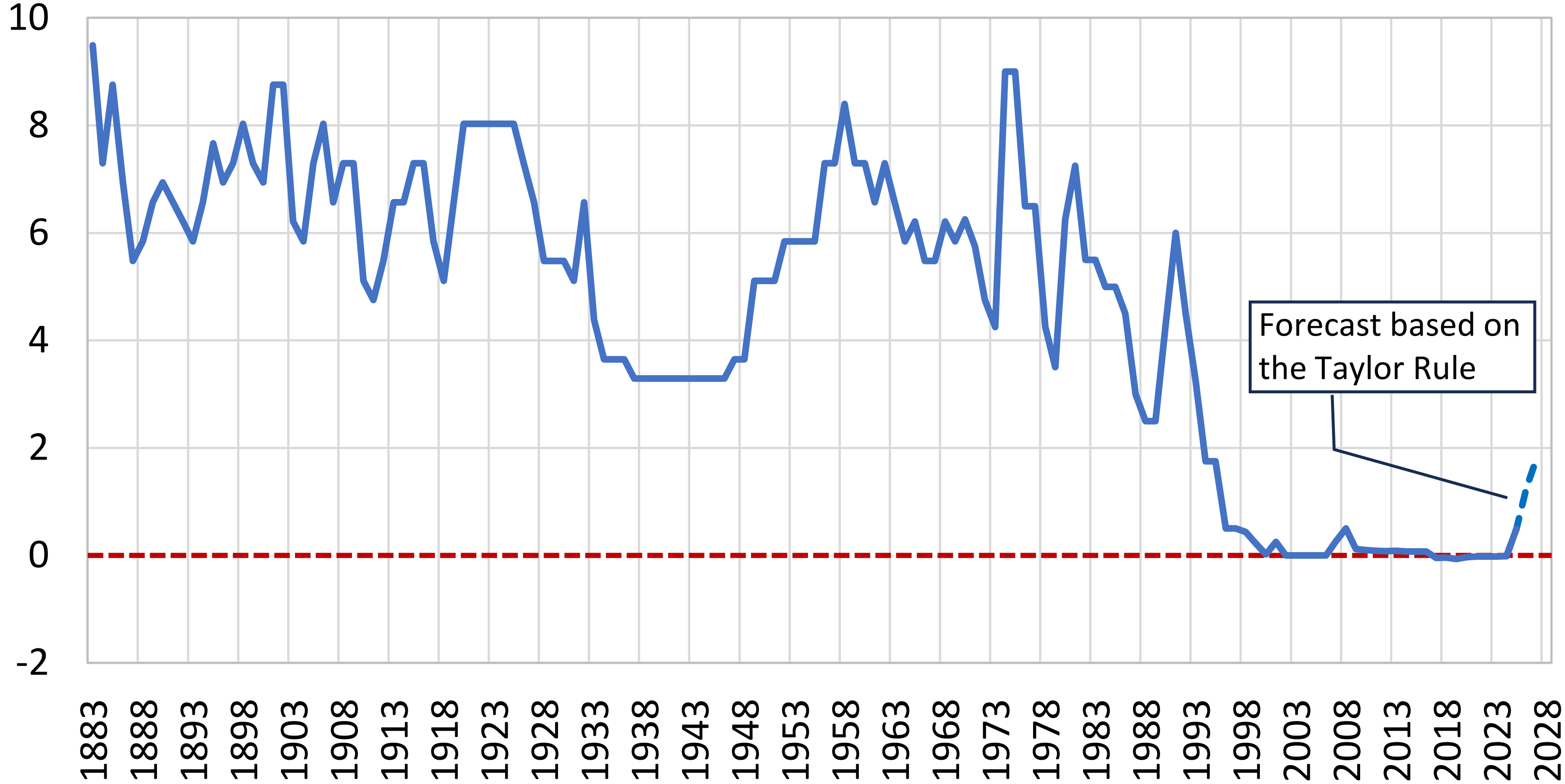
Policy statement
July 31, 2024

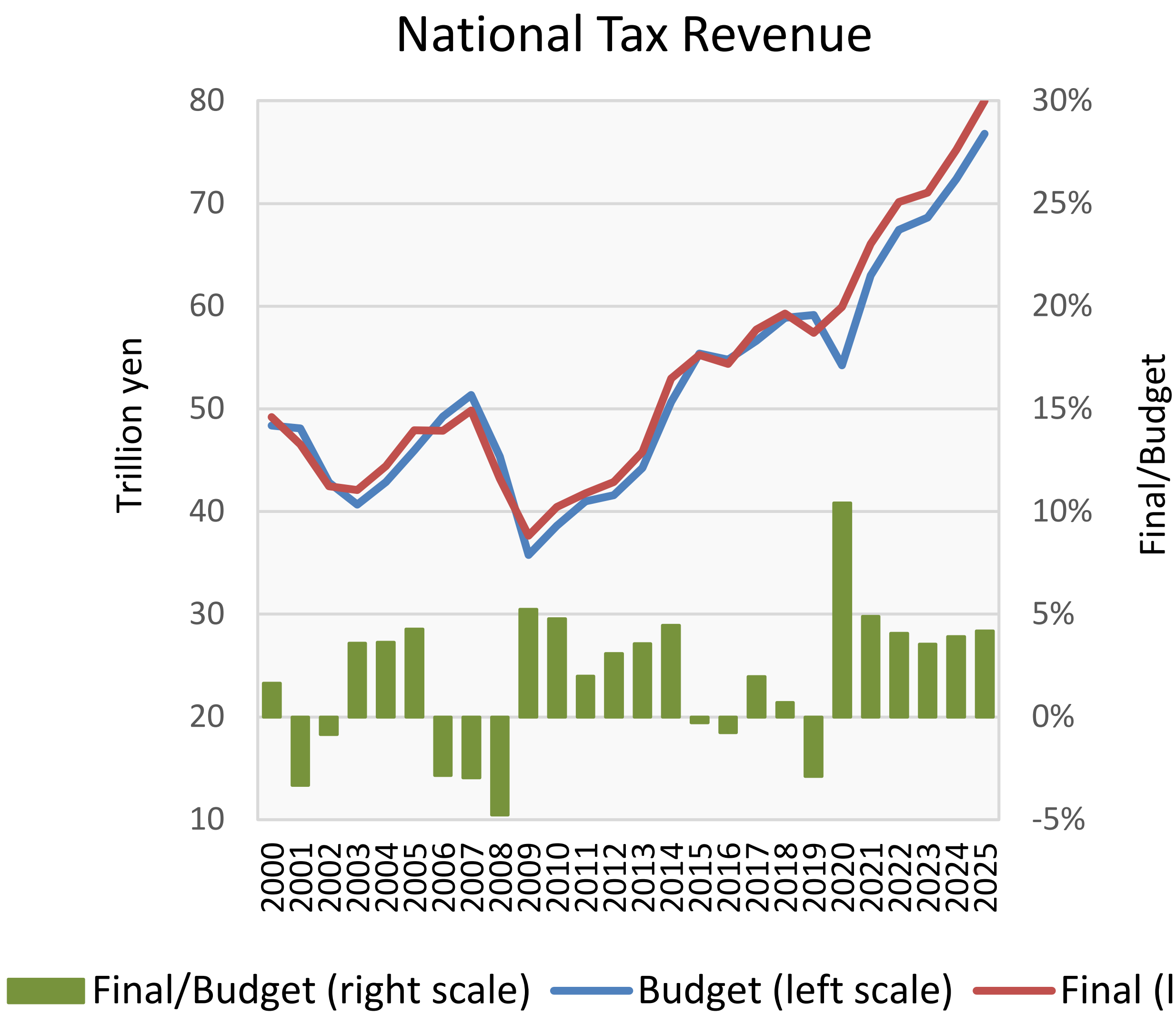
今回の利上げということで申し上げれば、主な理由としては、経済・物価データがオントラックであったということであります。それに加えて、足元の円安が物価に上振れリスクを発生させているということもあって、政策変更に至ったということでございます。

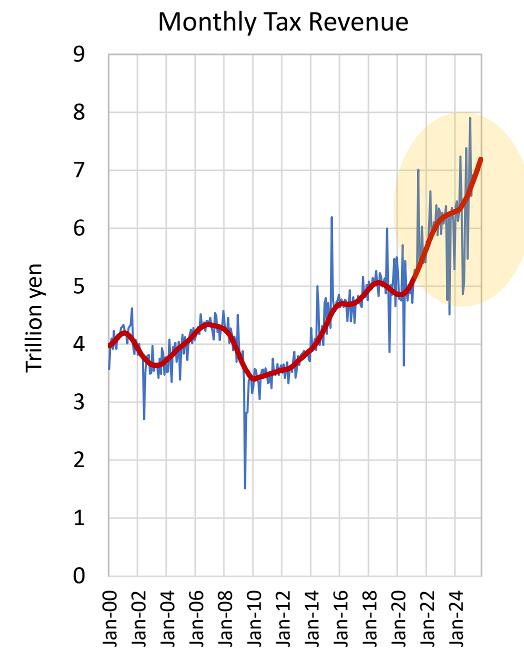
The main reason for this rate hike was that economic and price data were on track. In addition, the recent depreciation of the yen has created upside risks to prices, which led to the policy change.

Gov Ueda at the press conference on July 31, 2024

BOJ Policy Rate: 1882-2025




National Tax Revenue
Trillion yen
Final/Budget
80
70
60
50
40
30
20
10
30%
25%
20%
15%
10%
5%
0%
-5%
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Final/Budget (right scale)
Budget (left scale)
Final (left scale)


Monthly Tax Revenue
Trillion yen
9
8
7
6
5
4
3
2
1
0
Jan-00
Jan-02
Jan-04
Jan-06
Jan-08
Jan-10
Jan-12
Jan-14
Jan-16
Jan-18
Jan-20
Jan-22
Jan-24

The tax base for the inflation tax

	Government debt outstanding as of 2019 (relative to nominal GDP) [A]	Remaining maturity of government debt as of 2019 (year) [B]	Inflation tax revenue due to a 1% increase in inflation [C]=[A] × [B]
Canada	0.90	5.9	5.32
France	0.97	7.7	7.50
Germany	0.59	6.7	3.99
Italy	1.34	6.3	8.45
Japan	2.36	9.1	21.51
UK	0.85	12.5	10.71
US	1.08	5.3	5.72

Data source: Barro, Robert J., and Francesco Bianchi. *Fiscal Influences on Inflation in OECD Countries, 2020-2022*. No. w31838. National Bureau of Economic Research, 2023.

Fiscal implications of the normalization of prices, wages, and interest rates

- Assumption:
  - Government debt is 1,100 trillion yen, all of which is nominal debt
  - The remaining period of government debt is 9 years
  - The rate of increase in prices and wages rises from 0 to 2 percent
  - Interest rates rise by 2 percentage points, and interest payments on newly issued bonds increase by the same amount.
  - Government spending and revenue increase by 2 percent
- Estimation:
  - When the rate of increase in prices and wages is zero percent, the market value of government debt is calculated as 1100 x 1/(1+r)^9, where r represents the real interest rate. However, when the rate of increase in prices and wages rises to 2 percent, it becomes 1100 x 1/[(1+r)^9 x (1.02)^9]. As a result, the market value of government debt decreases by 16 percent, which is equivalent to

    180 Trillion Yen.

Takeaways

- Japan has faced chronic deflation for nearly 30 years. However, since the spring of 2022, a positive cycle of rising prices and wages has been established. This cycle is supported by two main factors: (1) increasing consumer inflation expectations and (2) substantial wage increases during the spring wage offensives, driven by labor shortages.

- There were concerns that Trump tariffs could adversely affect this positive cycle, but the current outlook suggests they are unlikely to disrupt it.

- The dynamics of inflation since spring 2022 have primarily been driven by supply-side shocks rather than demand-side factors. As a result, the current decline in the inflation rate is unlikely to be maintained for an extended period and may soon reverse. The Bank of Japan (BOJ) expects the CPI inflation rate to drop below 2% in the first half of next year, but it is doubtful that it will decline to that extent.

- The BOJ had suspended interest rate hikes since January 2025 due to increased economic uncertainty stemming from the Trump tariffs. However, as uncertainty has significantly subsided, it is now highly likely that the BOJ will resume raising rates in the near future.

- By shifting from a zero-percent inflation economy to one with 2 percent inflation, the Japanese government stands to gain a substantial amount of inflation tax revenue. Tax revenues have already been on an upward trend since FY2022, and this tendency is expected to continue. The inflation tax revenue associated with the transition to a 2-percent inflation economy is expected to amount to roughly 180 trillion yen, equivalent to about 16 percent of the government's outstanding debt.

Appendix

JCB Consumption NOW

https://www.jcbconsumptionnow.com/en

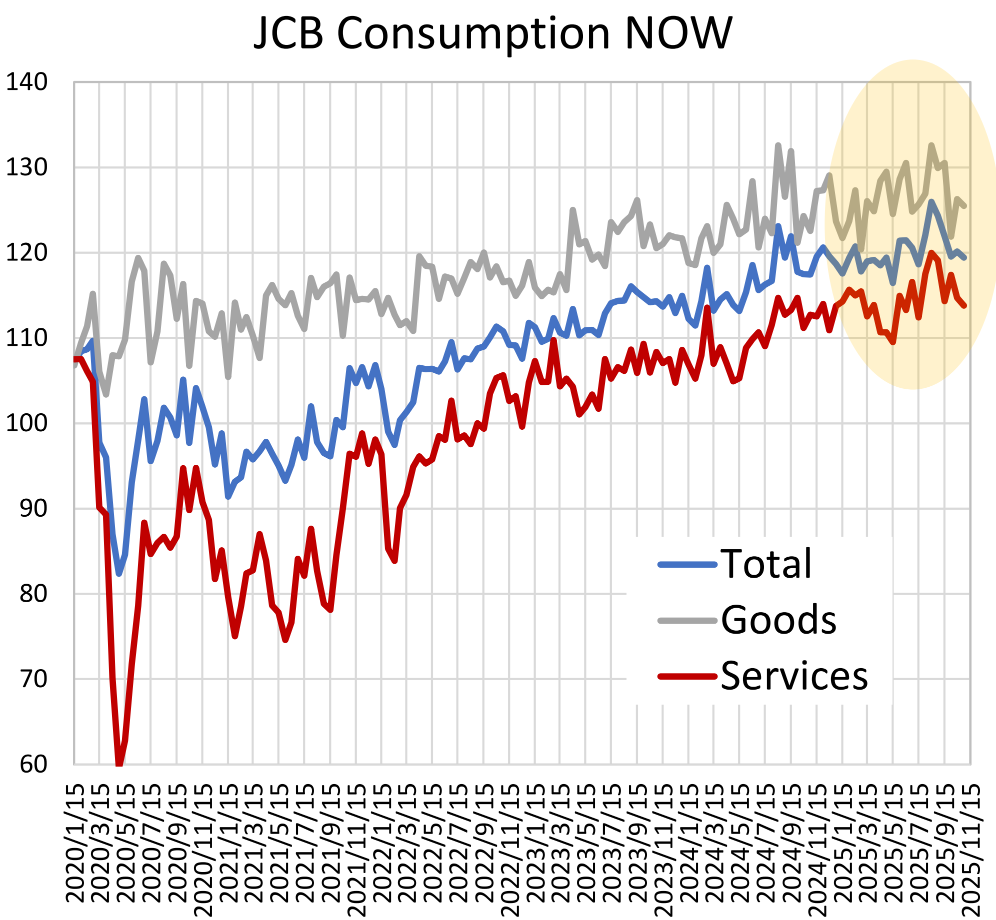
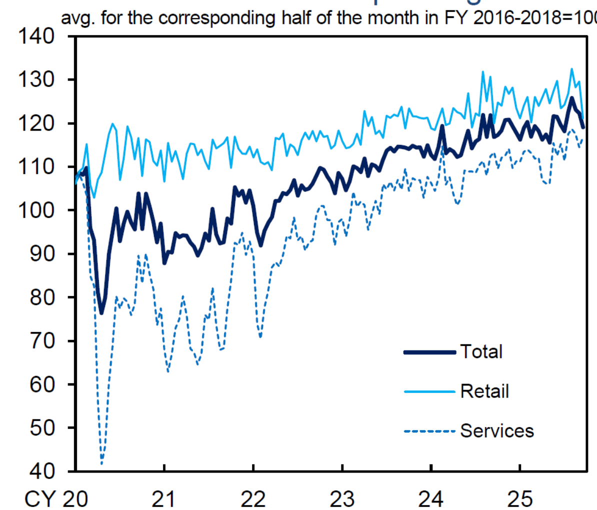


Chart 29: Consumption Developments Based on Credit Card Spending



Source: Nowcast Inc./ JCB, Co., Ltd., "JCB Consumption NOW."
Notes: 1. Figures are from the reference series in *JCB Consumption NOW*, which take changes in the number of consumers into account.
2. Figures exclude telecommunications and energy (fuel, electricity, gas, heat supply, and water). Based on staff calculations.

Bank of Japan, Outlook for Economic Activity and Prices, Oct 2025

HRog Wage Now

https://hrogwagenow.com/en/

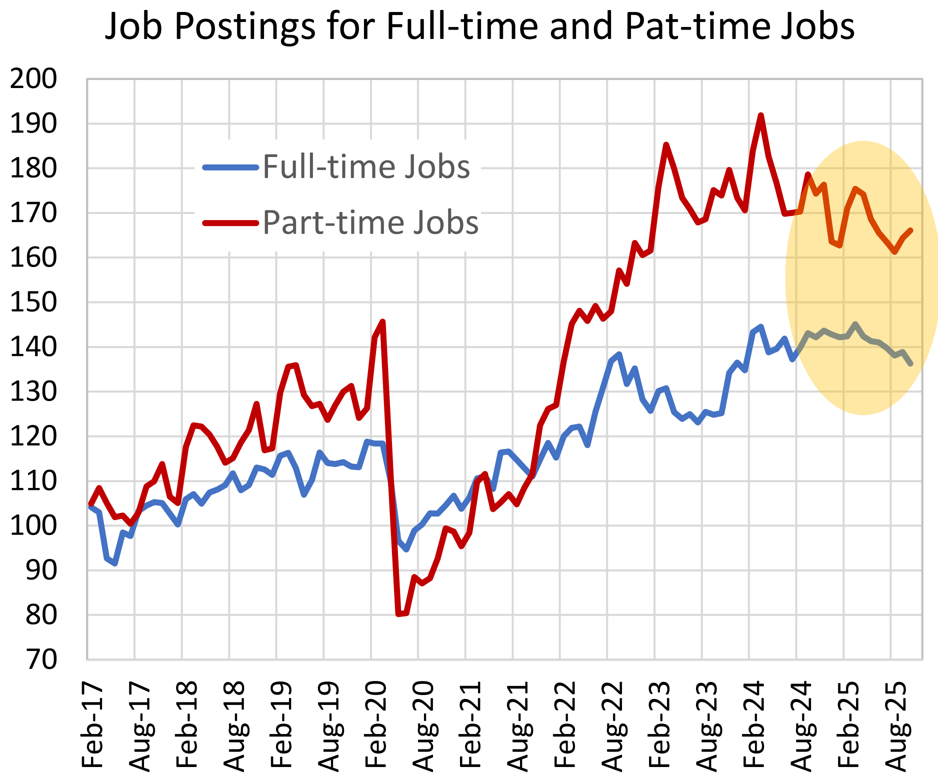
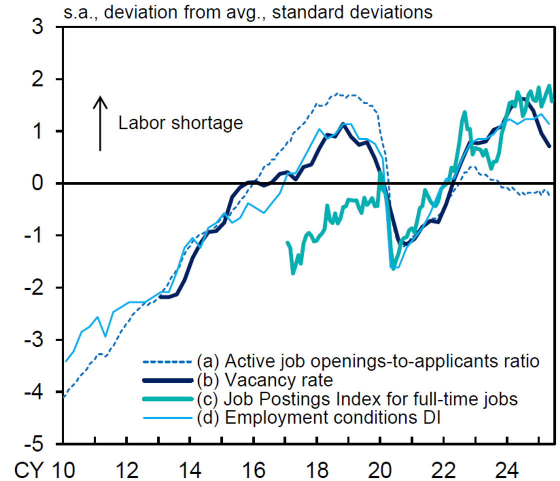


Chart 23: Various Measures of Labor Market Conditions



Sources: Ministry of Health, Labour and Welfare; Bank of Japan; Nowcast Inc.

Notes: 1. Figures are normalized using the average and standard deviation for the period from 2013 onward (figures for the Job Postings Index for full-time jobs are normalized using the average and standard deviation for the period from 2017 onward). Figures for the vacancy rate are 2-quarter backward moving averages (figures from 2013 to 2014 are staff estimates). Figures for the employment conditions DI are for all industries and enterprises.

2. The data sources for (a), (b), (c), and (d) are the *Employment Referral Statistics*, the *Survey on Labour Economy Trend*, *HRog Wage Now*, and the *Tankan*, respectively.

Bank of Japan, Outlook for Economic Activity and Prices, July 2025