Figure 1.4.1. Japan’s Labor Market

Escaping from deflation remains a challenge...
1. Japan: Inflation and Headline Inflation Expectations
   (Year-over-year; percent change)
   - 5-year inflation expectation
   - 10-year inflation expectation
   - Headline without VAT
   - Core (excluding food and energy) without VAT

The labor market is very tight...
3. Japan: Labor Market
   - Unemployment rate
   - Job-opening-to-application ratio (right scale)

Hiring consists mostly of non-regular workers...
5. Japan: Regular and Nonregular Workers
   - Regular workers excluding executives (left scale)
   - Nonregular workers (left scale)
   - Share of nonregular workers (right scale)

as full time wages are hardly moving.
2. Japan: Wage Growth
   (Year-over-year; percent change)
   - Composition effect
   - Change in full-time wages
   - Employment
   - Compensation growth

but the Phillips curve is very flat.
4. Japan: Phillips Curve
   B: 1996:Q1-2012:Q3
   C: 2012:Q4-2015:Q3
   \( y = 0.3x + 2.0 \)
   \( y = 0.1x - 0.2 \)
   \( y = 0.2x + 0.4 \)

with real wages lagging productivity more than elsewhere
6. Japan: Real Wage and Productivity Growth
   (Percent; average of 1992-2014)

Sources: Bank of Japan; Bloomberg, L.P.; Cabinet Office; Haver Analytics; Ministry of Internal Affairs and Communications; Organisation for Economic Co-operation and Development; and IMF staff estimates.