

## Japan Watch

# 3.7% FY24 Shunto base pay hike to prompt BoJ Mar move, support real wage recovery

## FY24 base pay hikes headed for historic high

The Japan Trade Union Confederation (Rengo) today released its tabulation of the first round of employers' responses to union's wage demands in the FY24 Shunto spring labor negotiations. Employers are offering a 5.28% increase in headline pay, including the seniority-based (teisho) component; both this and last week's union demands represent the biggest wage hikes in 33 years. The offer for the more important base-up component (increase in base salary) is 3.70%, also well above last year's initial estimate of 2.33% (Exhibit 1-Exhibit 3).

A 5-11 March Bloomberg survey of 50 economists indicated that they forecast a median 2.5% increase in base salary in the initial estimate of FY24 Shunto wage hikes. Consensus estimates had likely risen in response to further positive newsflow on the negotiations since Rengo's 7 March publication of unions' demands. But today's release still came as an upside surprise relative to the consensus. In contrast, we had raised our base-up estimate from 3% to 3.5% after seeing unions' demands. But the result beat even our optimistic forecasts (see [Shunto update: Raise base-up estimate to 3.5% on strong union demands 07 March 2024](#)).

Companies are offering substantial wage hikes in response to unions' call for a 4.30% increase in base pay; offers as a percentage of union demands exceeded last year's slightly, at 86.0% (Exhibit 4). They are also offering a considerable increase in hourly wages for part-time workers, again matching unions' aggressive demands (Exhibit 5).

## Manufacturers lead broad-based increase

As in 2023, many manufacturers accepted unions' wage-hike demands in full. Automotive, electrical machinery, machinery, and materials companies in particular are offering considerable pay hikes. However, the jump in pay is not limited to manufacturing; firms in a broad swath of non-manufacturing industries such as retail, financial services, food & beverages, and airlines are also raising pay significantly (see Exhibit 15 for the current state of major union/employer negotiations).

However, many firms (mainly non-manufacturers) have yet to respond to unions' demands, and we will be monitoring negotiations ahead of Rengo's release of the results of the FY24 Shunto second reporting round. (continued overleaf)

### Exhibit 1: Shunto results – quick table

Initial estimate of FY24 Shunto average base pay hike significantly exceeded last year's initial estimate

	FY23 Shunto		FY24 Shunto	
	Demand	Results (1 <sup>st</sup> round)	Demand	Results (1 <sup>st</sup> round)
Headline	4.49%	3.80%	5.85%	5.28%
of which base-up portion	2.83%	2.33%	4.30%	3.70%
of which seniority portion	1.67%	1.66%	1.66%	1.81%

Source: BofA Global Research, Rengo \*Average of unions that have separately announced teisho and base-up portion of wage hikes.

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15 March 2024

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## Shunto slow to feed into macro wage data

The workers in scope for the Shunto negotiations are mainly at large firms, and account for just 16% of the total. Thus macro wages do not automatically track the Shunto outcome. However, in FY24 we think it is reasonable to expect growth in macro wages to align with the Shunto base-up rate, given the roughly 2% uptrend in macro wages that followed the 2.12% base pay hike in the FY23 Shunto. Note that macro wages here refers to scheduled cash earnings for full-time workers in the more reliable reference series of continuously-surveyed firms in the Ministry of Internal Affairs' (MIAC) Monthly Labor Survey (MLS).

However, Shunto outcomes take time to affect actual wages, with changes only showing up in macro wage data several months later. A 2023 Ministry of Health, Labour and Welfare (MHLW) survey showed that only around 50% of firms had increased wages as of 2H April-1H May, with more than 90% reflecting the changes by August (Exhibit 6).

This is echoed by 2023 macro wage data, which showed scheduled cash earnings for continuously surveyed firms edging up from April but only hitting the 2% mark in July (Exhibit 7). We expect a similar pattern in FY24, with the Shunto outcome not feeding into the data fully until the Jul-Aug Monthly Labor Survey. Given the time lag until this data is published, we do not expect it to be available until at least early September.

Average wage growth in the Monthly Labor Survey will be affected by not only the Shunto outcome but also the composition of the work force (i.e. regular vs. non-regular/part-time) and by changes in the companies sampled. We will therefore be looking at growth in scheduled cash earnings in the reference series of continuously-surveyed firms. This series accounts for changes in employee composition and sampling bias, making it a much more reliable indicator of underlying momentum in wages (see [What's behind the mystery of Japan's "sluggish" macro wage growth? 29 November 2023](#)).

## Macro wage growth to accelerate over 3%, beating inflation

We therefore expect growth in nominal macro wages to initially rise only gradually before accelerating to over 3% YoY this summer (Exhibit 8, versus +2.0%YoY in January).

As noted above, growth in nominal macro wages is affected by factors such as changes in employee composition, overtime pay and bonuses, and hourly wages for part-time workers as well as scheduled cash earnings for full-time workers. But for the purposes of forecasting, we assume limited change in employee composition and only a slight increase in overtime pay and bonuses. We also expect part-timers' hourly wages to continue rising by around 4% YoY, but do not expect this to be a significant boost to YoY wage growth, given already high levels. Accounting for aforementioned lags from Shunto wage revisions to macro wages, we expect nominal wage growth to average 2.8% YoY in FY24 (Exhibit 9).

We think the pick-up in nominal wage growth will help real wage growth return to positive territory in 3Q CY24 (Exhibit 8; real wages have fallen consistently YoY since April 2022). The caveat is a variety of factors make the precise timing hard to call, including unpredictable trends in part-time worker numbers, highly volatile bonuses, and one-time factors that affect the CPI.

## Blockbuster FY24 Shunto further impetus for BoJ pivot at next week's MPM

As noted, the wage hikes announced today were slightly higher than our estimates, but far higher than the FY23 Shunto outcome. Jiji Press reported on 11 March that the BoJ was expected to go ahead with an exit from its negative interest rate policy (NIRP) at the central bank's 19 March monetary policy meeting (MPM) if the first round of Shunto responses was well above last year's result.

We think the BoJ was already confident that wage hikes would significantly exceed last year, and Jiji reported in a 14 March follow-up article that the central bank had “started to make arrangements to exit NIRP.” We interpret the headlines to mean that the BoJ leadership is poised to submit the proposal to end NIRP for a vote, implying a high likelihood of passage.

The confirmation from today’s official release that FY24 Shunto wage hikes are likely to significantly beat last year’s should serve as a very strong push for the BoJ’s resolve to revise its extraordinary easing program at its 18-19 March MPM (see [BoJ watch: moving our base case for BoJ NIRP/YCC exit to the March MPM 12 March 2024](#)).

The likely strong acceleration in wage growth that we can expect as a result of the FY24 Shunto should also be a tailwind for additional BoJ rate hikes after it exits NIRP. Indeed, the strength of the initial FY24 Shunto result, which was far above the consensus’ expectations even two weeks ago, may prompt some market participants to pull forward their expectation of the BoJ’s second hike (i.e. to July).

However, given the previously discussed lag from Shunto pay hikes to recovery in macro wages, and the need to confirm a rebound in sentiment and consumer spending after the improvement in incomes, we think it will take some time before the BoJ feels confident about delivering additional hikes.

We continue to see a gradual path hiking path for the BoJ, with our base case that the central bank will not deliver its second rate hike, to 0.25%, until 4Q CY24 (October) (see [BoJ watch: moving our base case for BoJ NIRP/YCC exit to the March MPM 12 March 2024](#)).

## Future Shunto focus points

The next step in tracking FY24 Shunto trends will be confirming wage-hike data for more companies in the second round of responses on 22 March, and the third round on 4 April. We focus particularly on the 4 April release, which will include breakout tables that give details of wage hikes by sector (Exhibit 14).

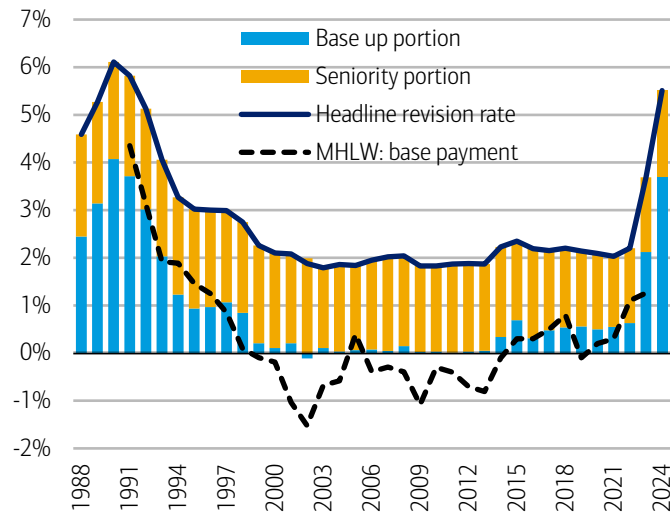
Rengo will publish a total of seven rounds of responses through July. Historically, average FY24 Shunto wage hikes have tended to be revised downward with subsequent reporting rounds (Exhibit 10). For example, last year, the average base-pay increase in the first round of responses was 2.33%, but this had slipped to 2.12% by the seventh and final reporting round (Exhibit 11).

The FY24 Shunto round saw a spate of drastic wage hikes from major manufacturers cluster in the first-round data and the difference in pay hikes between large firms and SMEs in the first response round was larger than in previous years. Thus, we would not be surprised to see the size of the downward revision from the first to final reporting round be bigger than it was in 2023.

However, the downward revision should not be so large as to shake the view that FY24 Shunto wage hikes will mark a significant improvement from FY23: ultimately, we think it is highly unlikely that the final base-up rate falls below 3%.

**Exhibit 2: Trend in Shunto revision rate (FY basis yoy%)**

FY24 base pay hikes headed for historic high

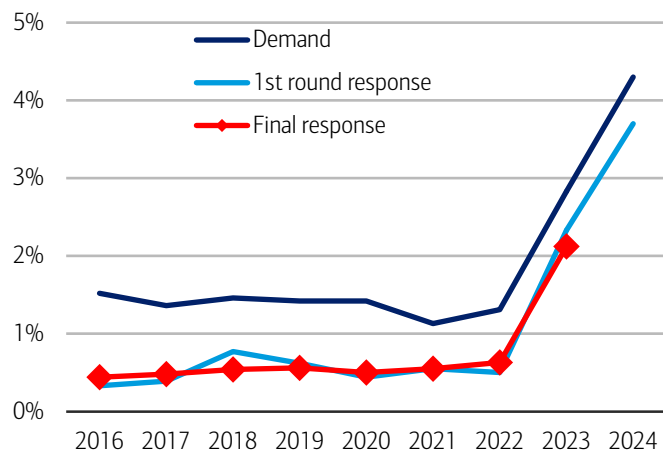


**Source:** BofA Global Research, MHLW, Rengo \*Rengo base revision rate, data until 2014 are BofA estimates based on headline revision rate from Rengo and base-up portion from Central Labor Relations Commission

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**Exhibit 4: Weighted average Shunto pay hikes (base-up, %)**

Companies are offering substantial wage hikes in response to unions' strong demands

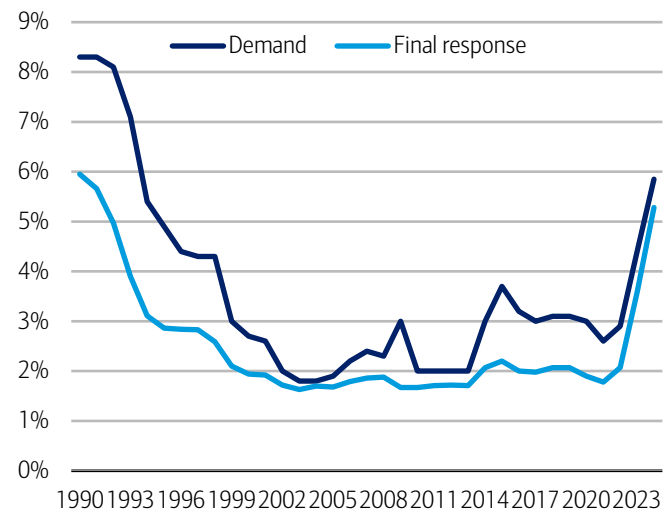


**Source:** BofA Global Research, Rengo \*Demands in 2016-18 and responses in 2016-17 are calculated based on the headline wage revision.

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**Exhibit 3: Weighted average Shunto pay hike (seniority portion + base pay hike, %)**

The biggest wage hikes in 33 years

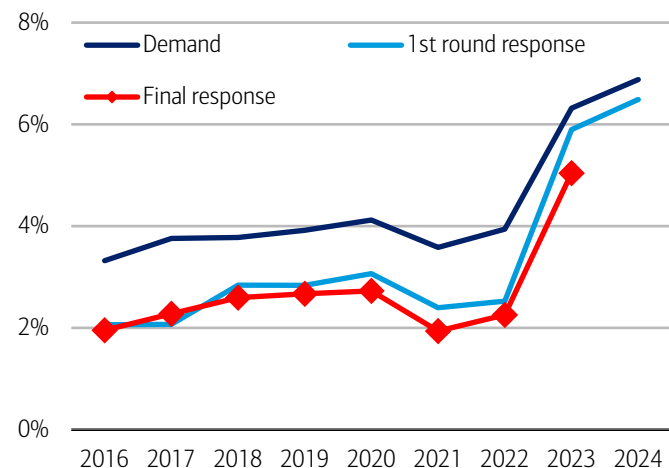


**Source:** BofA Global Research, Rengo \*as of the first response for FY24 figure

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**Exhibit 5: Weighted average Shunto part-timers' hourly pay hikes**

Companies are also offering a considerable increase in hourly wages for part-time workers, again matching unions' aggressive demands

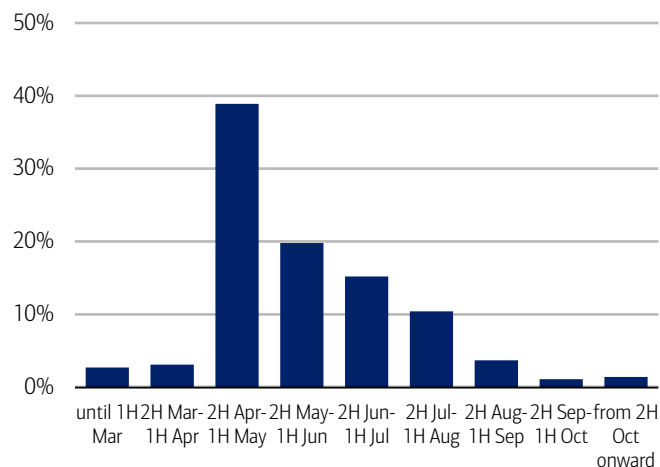


**Source:** BofA Global Research, Rengo

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### Exhibit 6: Timing at which revised pay rate hits salaries (survey in 2023)

Shunto outcomes take time to affect actual wages

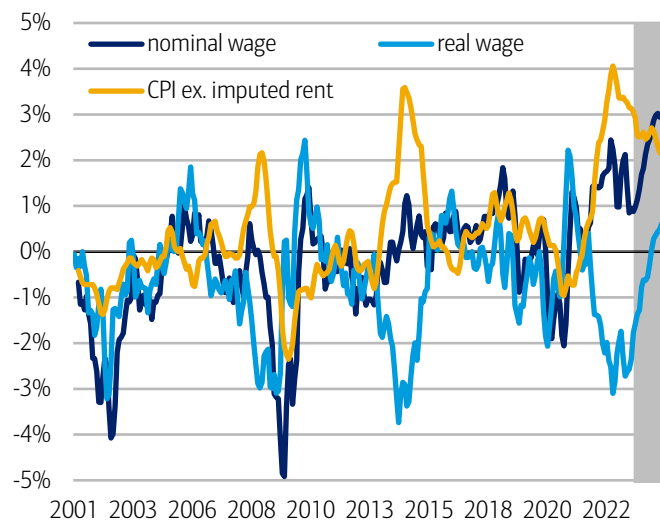


Source: BofA Global Research, MHLW

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### Exhibit 8: Inflation and wage growth (yoy%, 3mma)

Nominal wage growth to exceed 3% by the summer, beating inflation

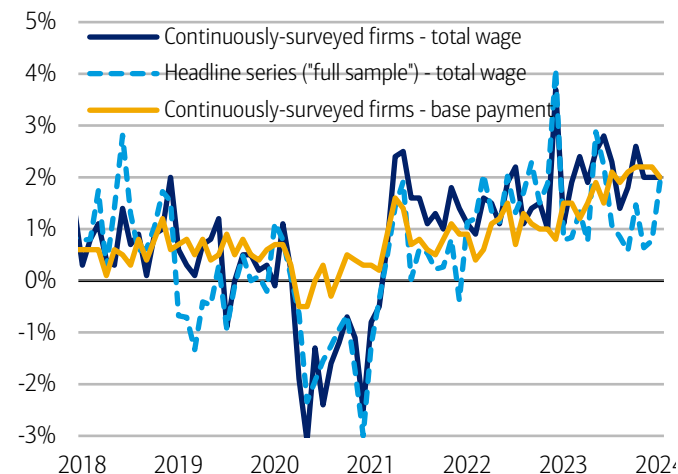


Source: BofA Global Research, MIAC, MHLW \*BofA forecasts since February 2024

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### Exhibit 7: Monthly cash payment per worker (yoy%)

Macro wage edged up only from April last year

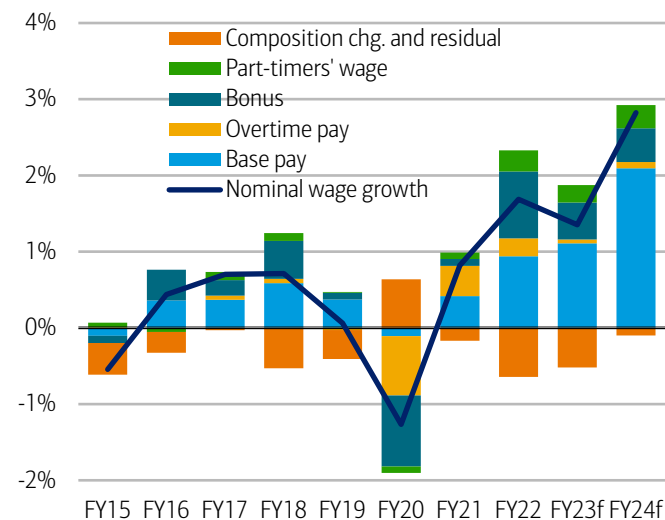


Source: BofA Global Research, MHLW

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### Exhibit 9: Nominal wage growth and its driving factors (yoy%)

We expect nominal wage growth to average 2.8% YoY in FY24

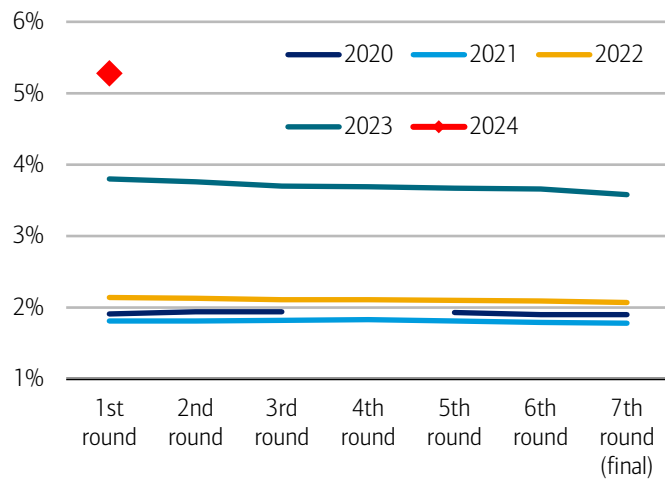


Source: BofA Global Research, MHLW \*Figures for FY23-24 are BofA forecasts

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### Exhibit 10: Change in Shunto pay hike in each round of response (seniority portion + base pay portion)

Shunto pay hike tends to be revised downward with subsequent reporting rounds

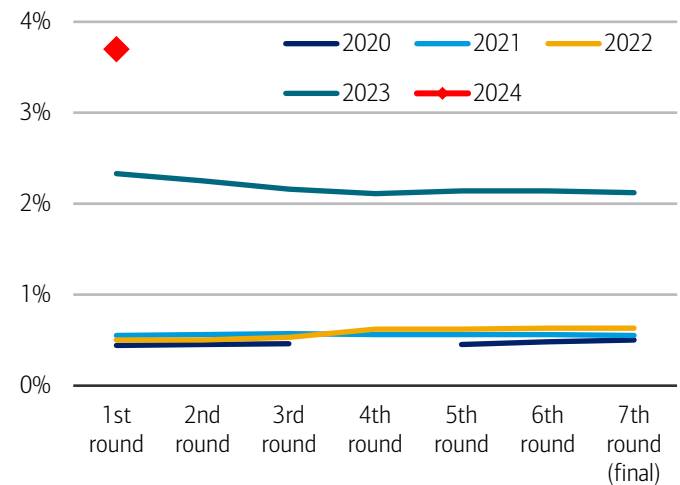


Source: BofA Global Research, Rengo \*4<sup>th</sup> round of Shunto response in FY20 were canceled due to the pandemic

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### Exhibit 11: Change in Shunto pay hike in each round of response (base pay portion)

Shunto pay hike tends to be revised downward with subsequent reporting rounds

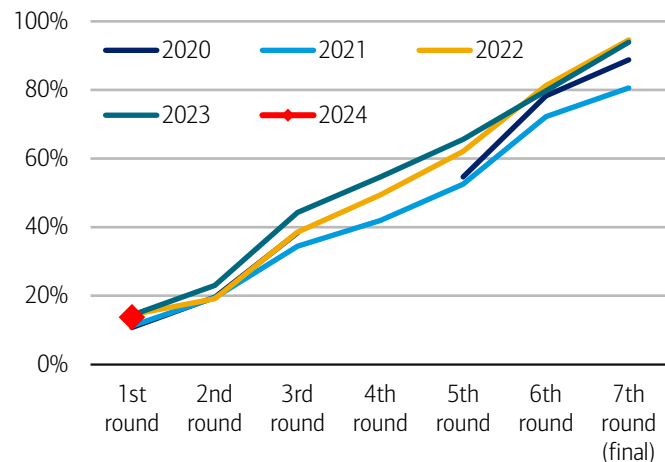


Source: BofA Global Research, Rengo \*4<sup>th</sup> round of Shunto response in FY20 were canceled due to the pandemic

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### Exhibit 12: Share of unions receiving company responses as of each response round (as % of unions submitting demands)

Covered unions by the response round gradually increase

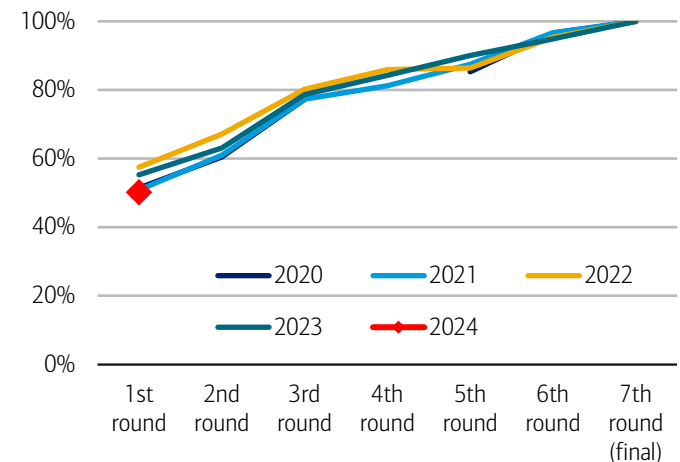


Source: BofA Global Research, Rengo \*FY24 figures are as % of union submitting demands in FY22 Shunto. 4<sup>th</sup> round of Shunto response in FY20 were canceled due to the pandemic

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### Exhibit 13: Share of union members receiving company responses as of each response round (% of unions submitting demands)

Covered union members by the response round gradually increase



Source: BofA Global Research, Rengo \*FY24 figures are as % of union submitting demands in FY22 Shunto. 4<sup>th</sup> round of Shunto response in FY20 were canceled due to the pandemic

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### Exhibit 14: Shunto timeline for FY23 and FY24

Future Shunto focus points

FY23 Shunto Organization	Event
3-Mar-23 Rengo	Tabulation of wage demands from member unions
17-Mar-23 Rengo	First response of <i>Shunto</i> results
24-Mar-23 Rengo	Second response of <i>Shunto</i> results
5-Apr-23 Rengo	Third response of <i>Shunto</i> results
13-Apr-23 Rengo	Fourth response of <i>Shunto</i> results
10-May-23 Rengo	Fifth response of <i>Shunto</i> results
28-Apr-23 Central Labor Relations Commission (MHLW)	"Basic Survey on Wage Structure" covers base pay and bonus developments of preceding fiscal year
19-May-23 Keidanren	First response for large firms

**Exhibit 14: Shunto timeline for FY23 and FY24**

Future Shunto focus points

FY23 Shunto Organization	Event
5-Jun-23 Rengo	Sixth response of <i>Shunto</i> results
23-Jun-23 Keidanren	First response for SMEs
5-Jul-23 Rengo	Seventh (final) response of <i>Shunto</i> results
4-Aug-23 Keidanren	Final response for large firms
10-Aug-23 Keidanren	Final response for SMEs
4-Aug-23 Ministry of Health Labour and Welfare	Results of spring wage increases in major private companies (results of FY23 <i>Shunto</i> )
FY24 Shunto Organization	Event
19-Oct-23 Rengo	Rengo announces "Basic concept of 2024 <i>Shunto</i> " (outlining general negotiating stance)
17-Jan-24 Keidanren	"Stance on FY24 <i>Shunto</i> " (outlining general negotiating stance)
31-Jan-24 Institute for Labor Administration	FY24 Survey on wage increases' with answers from 1) labor unions, 2) management, and 3) experts in the labor market field
5-Feb-24 Rengo	Rengo kickoff assembly ( <i>Shunto</i> start, cancelled)
7-Mar-24 Rengo	Tabulation of wage demands from member unions
15-Mar-24 Rengo	First response of <i>Shunto</i> results
22-Mar-24 Rengo	Second response of <i>Shunto</i> results
4-Apr-24 Rengo	Third response of <i>Shunto</i> results

Source: BofA Global Research

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**Exhibit 15: Tracking FY24 Shunto wage negotiations of major labor unions and corporates**Major firms' demands and responses in *Shunto* negotiations

Major unions and member firms	Number of union members*	Share% of Rengo	Demand in FY23 Base up amount (JPY, monthly)	Base-up rate	Response in FY23 Base up amount (JPY, monthly)	Base-up rate	% of response to demand	Demand in FY24 Base up amount (JPY, monthly)	Base-up rate	Response in FY24 Base up amount (JPY, monthly)	Base-up rate	% of response to demand
UA ZENSEN (chemical/textile)	1,867,000			3.0%					6.2%			
Toray	8,930	0.1%	9,420	3.0%	8,200	2.6%	87.0%	13,162	4.2%	12,500	4.0%	95.0%
Asahi Kasei	9,078	0.1%	10,471	3.0%	9,100	2.6%	86.9%	14,314	4.1%	13,700	3.9%	95.7%
Kuraray	4,019	0.1%	10,044	3.0%	20,000	6.0%	199.1%	14,112	4.2%	11,731	3.5%	83.1%
Toyobo	4,049	0.1%	9,463	3.0%	3,000	1.0%	31.7%	12,582	4.0%	9,436	3.0%	75.0%
Teijin	2,925	0.0%	10,132	3.0%	8,200	2.4%	80.9%	13,953	4.1%	12,500	3.7%	89.6%
Unitika	1,695	0.0%	8,490	3.0%	4,000	1.4%	47.1%					
Gunze	1,529	0.0%	9,643	3.0%	5,893	1.8%	61.1%	9,821	3.1%	9,162	2.9%	93.3%
Mizuno	1,533	0.0%	10,109	3.1%	10,000	3.0%	98.9%					
Kanebo	1,175	0.0%	8,258	3.0%	8,260	3.0%	100.0%	11,287	4.1%	8,470	3.1%	75.0%
Kurabo	1,034	0.0%	8,746	3.0%	5,000	1.7%	57.2%	11,859	4.1%	10,630	3.6%	89.6%
Nitto Boseki	643	0.0%	9,120	3.0%	9,120	3.0%	100.0%	12,369	4.1%	11,870	3.9%	96.0%
Daiwabo	572	0.0%	7,843	3.0%	5,000	1.9%	63.8%	10,694	4.1%	9,000	3.4%	84.2%
UA ZENSEN (commerce/service)				3.0%					6.2%			
Aeon Retail	21,861	0.3%	11,404	3.8%	11,404	3.8%	100.0%	15,509	5.2%	15,509	5.2%	100.0%
Ito-Yokado	4,988	0.1%	7,563	2.1%	3,040	0.9%	40.2%					
Life	5,432	0.1%	9,605	3.3%	3,000	1.0%	31.2%	10,000	3.4%	10,000	3.4%	100.0%
Skylark	3,222	0.0%	10,200	3.0%	10,200	3.0%	100.0%	17,400	5.2%	17,400	5.2%	100.0%
Heiwado	2,974	0.0%	8,806	3.0%	5,464	1.9%	62.0%	10,490	3.6%	8,101	2.8%	77.2%
Joshin Denki	2,862	0.0%	17,567	5.0%	6,585	1.9%	37.5%	21,686	6.2%	11,547	3.3%	53.2%
Maruetsu	2,544	0.0%	7,500	2.4%	5,050	1.6%	67.3%	13,000	4.2%	13,000	4.2%	100.0%
Kasumi	2,176	0.0%	9,258	3.4%	5,359	2.0%	57.9%	12,976	4.7%	9,349	3.4%	72.0%
Daiei	1,827	0.0%	9,424	3.0%	9,424	3.0%	100.0%	16,122	5.1%	16,122	5.1%	100.0%
Alpen	1,849	0.0%										
Axial Retailing	1,400	0.0%	10,012	3.6%	6,275	2.3%	62.7%	13,479	4.9%	14,506	5.2%	107.6%
Kisoji	810	0.0%	12,425	4.0%	5,000	1.6%	40.2%	14,926	4.8%	8,315	2.7%	55.7%
Jolly-Pasta	233	0.0%	11,587	3.9%	10,262	3.5%	88.6%	12,274	4.1%	16,137	5.4%	131.5%
JAW	796,000	11.6%	-	-				-	-			
Toyota	59,527	0.9%	Raise wages by job category		Raise wages by job category		100.0%	Raise wages by job category		Raise wages by job category		100.0%
Honda	34,763	0.5%	19,000 (total)		19,000 (total)		100.0%	13,500	3.5%	13,500	3.5%	100.0%
Mazda	20,500	0.3%	13,000 (total)		13,000 (total)		100.0%	16,000(total)	total 5%	16,000(total)	total 6.8%	100.0%
Nissan	19,970	0.3%	12,000 (total)		12,000 (total)		100.0%	12,000	3.4%	12,000	3.4%	100.0%
Suzuki	16,627	0.2%	12,200 (total)		12,200 (total)		100.0%	21,000(total)		above 21,000 (total)	above 100%	
SUBARU	16,060	0.2%	10,200 (total)		10,200 (total)		100.0%	18,300(total)	total over 5%	18,300(total)	total over 5%	100.0%
Mitsubishi motors	11,753	0.2%	13,000 (total)		13,000 (total)		100.0%	20,000(total)	total 6%	17,500(total)	total 5.4%	87.5%
Daihatsu	10,420	0.2%	11,200 (total)		11,200 (total)		100.0%	No demand				
Hino	10,421	0.2%	7,500 (total)		7,500 (total)		100.0%	16,800(total)		16,800(total)		100.0%
Yamaha motors	8,563	0.1%	7,000	-	9,000	2.6%	128.6%	17,400(total)	total 5.1%	17,400(total)	total 5.1%	100.0%
Isuzu	6,652	0.1%	12,000 (total)		12,000 (total)		100.0%	19,000(total)	total over 6%	19,000(total)	total over 6%	100.0%
JICHIRO	734,000	10.7%	10,000	3.0%								
JEIU	565,000	8.3%	7,000	-				13,000	4.0%			
Panasonic	-	-	7,000	2.1%	7,000	2.1%	100.0%	13,000	3.4%	13,000	3.4%	100.0%

**Exhibit 15: Tracking FY24 Shunto wage negotiations of major labor unions and corporates**

Major firms' demands and responses in Shunto negotiations

Major unions and member firms	Number of union members*	Share% of Rengo	Demand in FY23		Response in FY23			Demand in FY24		Response in FY24		
			Base up amount (JPY, monthly)	Base-up rate	Base up amount (JPY, monthly)	Base-up rate	% of response to demand	Base up amount (JPY, monthly)	Base-up rate	Base up amount (JPY, monthly)	Base-up rate	% of response to demand
Hitachi	-	-	7,000	2.2%	7,000	2.2%	100.0%	13,000	4.1%	13,000	4.1%	100.0%
Fujitsu	-	-	7,000	2.1%	7,000	2.1%	100.0%	13,000	3.8%	13,000	3.8%	100.0%
Toshiba	-	-	7,000	2.2%	7,000	2.2%	100.0%	13,000	4.0%	13,000	4.0%	100.0%
Mitsubishi Electric	-	-	7,000	2.2%	7,000	2.2%	100.0%	13,000	4.0%	13,000	4.0%	100.0%
NEC	-	-	7,000	2.1%	7,000	2.1%	100.0%	13,000	4.3%	13,000	4.3%	100.0%
Sharp	-	-	7,000	2.1%	7,000	2.1%	100.0%	13,000	3.9%	10,000	3.0%	76.9%
Fuji Electric	-	-	7,000	2.1%	7,000	2.1%	100.0%	13,000	3.9%	13,000	3.9%	100.0%
Murata Manufacturing	-	-	7,000	2.1%	7,000	2.1%	100.0%	13,000	3.9%	13,000	3.9%	100.0%
Yaskawa Electric	-	-	7,000	2.2%	7,000	2.2%	100.0%	13,000	4.1%	13,000	4.1%	100.0%
Meidensha	-	-	7,000	2.2%	7,000	2.2%	100.0%	13,000	4.0%	13,000	4.0%	100.0%
JAM	367,000	5.4%	9,000	-	-	-	-	12,000	-	-	-	-
Komatsu	10,207	0.1%	13,000	4.1%	12,149	3.8%	93.5%	17,000	5.3%	16,000	5.0%	94.1%
Kubota	9,163	0.1%	10,000	3.1%	10,000	3.1%	100.0%	13,000	4.0%	16,000	4.9%	123.1%
NSK	8,162	0.1%	9,000	3.1%	9,000	3.1%	100.0%	19,500(total)	-	19,500(total)	-	100.0%
Daikin	7,208	0.1%	17,000 (total)	-	17,000 (total)	-	100.0%	28,000(total)	-	-	-	-
Yazaki	6,550	0.1%	5,194	1.5%	5,194	1.5%	100.0%	11,500	3.3%	11,500	3.3%	100.0%
NTN	5,218	0.1%	9,000	3.3%	4,100	1.5%	45.6%	14,000	5.1%	14,000	5.1%	100.0%
NOK	5,012	0.1%	13,391 (total)	-	13,391 (total)	-	100.0%	10,574	3.1%	10,574	3.1%	100.0%
Azbil	3,859	0.1%	5,500	1.6%	5,500	1.6%	100.0%	11,500	3.4%	11,500	3.4%	100.0%
Bosch	3,628	0.1%	9,000	2.5%	9,350	2.6%	103.9%	14,000	4.0%	14,000	4.0%	100.0%
Hamamatsu Photonics	3,214	0.0%	6,500	2.3%	6,500	2.3%	100.0%	12,000	4.3%	12,000	4.3%	100.0%
Shimadzu	2,899	0.0%	11,200	3.0%	11,200	3.0%	100.0%	20,930	5.6%	15,300	4.1%	73.1%
Stanley Electric	3,305	0.0%	9,000	3.1%	4,700	1.6%	52.2%	12,000	4.1%	-	-	-
GS Yuasa	2,673	0.0%	6,000	1.9%	7,000	2.2%	116.7%	14,000	4.3%	14,000	4.3%	100.0%
Nachi-Fujikoshi	2,384	0.0%	2,500	0.8%	8,000	2.7%	320.0%	10,000	3.4%	11,000	3.7%	110.0%
Japan Steel Works	2,140	0.0%	8,100	2.9%	5,500	2.0%	67.9%	11,000	3.9%	11,000	3.9%	100.0%
Murata Machinery	2,004	0.0%	7,500	2.5%	8,500	2.9%	113.3%	12,400	4.2%	-	-	-
Nabtesco	1,962	0.0%	9,000	2.8%	9,000	2.8%	100.0%	10,000	3.1%	-	-	-
Okuma	1,682	0.0%	12,344	4.5%	9,098	3.3%	73.7%	12,000	4.3%	9,745	3.5%	81.2%
Yanmar	1,696	0.0%	9,000	2.9%	8,100	2.6%	90.0%	12,000	3.7%	12,000	3.7%	100.0%
Casio	1,710	0.0%	10,500	2.8%	7,000	1.9%	66.7%	14,000	3.7%	13,000	3.5%	92.9%
ISEKI&CO	1,184	0.0%	8,130	3.1%	9,000 (total)	-	110.7%	14,430	-	3,070	-	21.3%
Shibaura Machine	1,087	0.0%	9,000	3.1%	7,820	2.7%	86.9%	12,000	4.2%	12,000	4.2%	100.0%
JBU	268,000	3.9%	-	-	-	-	-	over 12,000	-	-	-	-
Nippon Steel	24,229	0.4%	-	-	2,000	0.7%	-	30,000	12.2%	35,000	14.2%	116.7%
Mitsubishi Heavy Industries	24,571	0.4%	14,000	-	14,000	-	100.0%	18,000	4.8%	18,000	4.8%	100.0%
JFE Steel	14,353	0.2%	-	-	2,000	0.7%	-	30,000	10.2%	30,000	10.2%	100.0%
Kawasaki Heavy Industries	13,198	0.2%	14,000	-	14,000	-	100.0%	18,000 total 7.1%	-	18,000 total 7.1%	-	100.0%
Kobe Steel	9,775	0.1%	-	-	2,000	0.7%	-	30,000	10.2%	30,000	10.2%	100.0%
IHI	5,469	0.1%	14,000	-	14,000	-	100.0%	18,000 total 6.7%	-	18,000 total 6.7%	-	100.0%
Mitsubishi Materials	3,519	0.1%	3,500	-	3,500	-	100.0%	15,000 total 8%	-	15,000 total 8%	-	100.0%
Sumitomo Metal Mining	2,189	0.0%	6,000	-	10,000	-	166.7%	15,000	-	-	-	-
Mitsui Mining&Smelting	3,182	0.0%	4,000	-	8,000	-	200.0%	15,000	-	20,000 total 7.7%	-	133.3%
Sumitomo Heavy Industries	2,662	0.0%	14,000	-	14,000	-	100.0%	18,000	-	18,000	-	100.0%
Hitachi Zosen	2,475	0.0%	14,000	-	14,000	-	100.0%	18,000	-	18,000	-	100.0%
JX Nippon Mining&Metals	2,282	0.0%	10,000	-	6,543	-	65.4%	15,000	-	15,516	-	100.1%
Mitsui E&S Machinery	1,794	0.0%	14,000	-	10,000	-	71.4%	18,000	-	12,000	-	66.7%
Nippon Caterpillar	1,173	0.0%	14,000	-	14,000	-	100.0%	18,000	-	18,000	-	100.0%
LIU	238,000	3.5%	-	-	-	-	-	-	-	-	-	-
Nippon Life Insurance	-	-	-	-	-	-	-	Avg. 7% wage hike for salespeople	-	Avg. 7% wage hike for salespeople	-	-
The Dai-ichi Life Insurance	-	-	-	-	-	-	-	Avg. 7% increase in yearly salary for in-house staff	-	Avg. 7% increase in yearly salary for in-house staff	-	-
Meiji Yasuda Life Insurance	-	-	-	-	-	-	-	3% base pay hike for 10,000 in-house staff	-	3% base pay hike for 10,000 in-house staff	-	-
Sumitomo Life Insurance	-	-	-	3.0%	-	3.0%	100.0%	Avg. 7% wage hike for salespeople	-	Avg. 7% wage hike for salespeople	-	-
JPGU	234,000	3.4%	-	-	-	-	-	-	-	-	-	-
ITU	206,000	3.0%	-	-	-	-	-	-	-	-	-	-
The Federation of Electric Power Related Industry Worker's Unions of Japan	203,000	3.0%	-	-	-	-	-	-	-	-	-	-
Tokyo Electric Power	20,246	0.3%	-	-	-	-	-	Demands avg. 4% increase	-	Increase avg. 4%	-	100.0%
Kansai Electric Power	14,377	0.2%	3,000	1.0%	0	-	-	12,000	4.1%	17,000	5.9%	141.7%
Chubu Electric Power	9,978	0.1%	3,000	1.0%	3,000	1.0%	100.0%	12,000	4.1%	12,000	4.1%	100.0%
Tohoku Electric Power	9,192	0.1%	3,000	1.0%	0	-	-	9,000	3.0%	-	-	-
Kyushu Electric Power	6,599	0.1%	3,000	1.1%	1,000	0.4%	33.3%	9,000	3.1%	-	-	-
ICTJ	193,000	2.8%	9,000	3.0%	-	-	-	-	over 3%	-	-	-



**Exhibit 15: Tracking FY24 Shunto wage negotiations of major labor unions and corporates**

Major firms' demands and responses in Shunto negotiations

Major unions and member firms	Number of union members*	Share% of Rengo	Demand in FY23		Response in FY23			Demand in FY24		Response in FY24		
			Base up amount (JPY, monthly)	Base-up rate	Base up amount (JPY, monthly)	Base-up rate	% of response to demand	Base up amount (JPY, monthly)	Base-up rate	Base up amount (JPY, monthly)	Base-up rate	% of response to demand
NTT East	25,627	0.4%	-	2.0%	3,300	1.0%			5.0%	11,000	2.1%	42.0%
NTT West	23,993	0.4%	-	2.0%	3,300	1.0%			5.0%	11,000	2.1%	42.0%
NTT Docomo	16,348	0.2%	-	2.0%	3,300	0.9%			5.0%	11,000	2.1%	42.0%
NTT Data	19,381	0.3%	-	2.0%	3,300	0.9%			5.0%	11,000	2.1%	42.0%
All Japan Federation of Transport Workers' Unions	155,000	2.3%	13,700	4.0%				15,000	6.0%			
Yamato	79,354	1.2%	13,700 (total)		7,328 (total)		53.5%					
Nippon Express	28,154	0.4%	13,700 (total)		10,550 (total)		77.0%					
JEC	116,000	1.7%	9,000	3.0%				-	4.0%			
Mitsubishi Chemical	11,389	0.2%	10,423	3.0%	10,423	3.0%	100.0%	14,653	4.2%	14,653	4.2%	100.0%
Tosoh	3,404	0.0%	13,600		13,600		100.0%					
FUJIFILM	3,026	0.0%			8,000							
PRU	116,000	1.7%	9,900	-				-	-			
Tokyo Metro	9,671	0.1%	9,900		3,800		38.4%					
Kintetsu Railway	6,132	0.1%	9,900									
Tobu Railway	5,105	0.1%	9,900									
JFU	114,000	1.7%	9,000	3.0%				10,000	-			
JT	5,190	0.1%						3% or above		12,500	3.4%	
Meiji	5,204	0.1%	9,000	2.6%	6,500	1.9%	72.2%	15,000	total 5.9%	15,000	total 5.9%	100.0%
Suntory	3,937	0.1%	10,000	2.5%	10,000	2.5%	100.0%	13,000	3.3%	13,000	3.3%	100.0%
Shikishima Baking	3,587	0.1%	15,000 (total)		9,698	3.7%						
Fuji Baking	3,100	0.0%	14,000 (total)		6,000	2.4%						
Megmilk Snow Brand	2,797	0.0%	9,000	2.9%	5,570	1.8%	61.9%			6,102	2.0%	
Nichirei	2,500	0.0%	9,000	3.4%	6,000	2.3%	66.7%	12,000	4.6%	12,000	4.6%	100.0%
Maruha Nichiro	1,650	0.0%	9,000	3.0%	10,000	3.3%	111.1%					
Kirin (Kirin Breweries)	1,700	0.0%	10,000	3.1%	10,000	3.1%	100.0%	13,000	4.0%	13,000	4.0%	100.0%
Lotte	1,662	0.0%	11,200	4.0%	6,942	2.5%	62.0%					
Sapporo Breweries	1,469	0.0%	9,000	2.7%	9,000	2.7%	100.0%	12,000	3.6%	12,000	3.6%	100.0%
Nisshin Seifun	1,301	0.0%	9,000	2.7%	7,000	2.1%	77.8%	11,000	3.3%	11,000	3.3%	100.0%
Itoham Foods	1,194	0.0%										
NH Foods	1,144	0.0%	9,000	2.5%	4,000	1.1%	44.4%					
Kikkoman	1,150	0.0%	9,000	2.5%	10,000	2.8%	111.1%	15,000	4.2%	12,500	3.5%	83.3%
Morinaga&Co	1,138	0.0%	14,031 (total)		5,401	1.7%						
Fujiya	1,019	0.0%	10,017 (total)		7,461	2.9%		14,246	5.5%	10,344	4.0%	72.6%
Nissui	975	0.0%	9,000	2.9%	7,500	2.4%	83.3%					
FNIU	87,000	1.3%	-	-				-	-			
Tokio Marine & Nichido Fire Ins.	15,642	0.2%		3.0%								
AIJ Japan	6,026	0.1%										
Sompo Himawari Life Insurance	2,009	0.0%		3.0%								
MS&AD Business Service	952	0.0%		3.0%								
JRTU	85,000	1.2%	3,000	1.0%				10,000	-			
JR West	23,000	0.3%	3,000	1.0%	3,000	1.0%	100.0%	10,000	3.3%	8,630	2.8%	86.3%
JR Tokai	18,000	0.3%	4,000	1.2%	1,000	0.3%	25.0%	10,000	3.0%	7,000	2.1%	70.0%
JR Kyushu	4,700	0.1%	3,000	1.0%	3,000	1.0%	100.0%	10,000	3.3%			
JR Shikoku	1,900	0.0%	3,000	1.0%	2,000	0.7%	66.7%	10,000	3.3%			
JPSU	69,000	1.0%	-	-				-	-			
Japan Federation of Aviation Industry Unions	45,000	0.7%	-	-				over 10,000	-			
ANA	12,248	0.2%	6,000		6,000		100.0%	11,000	total 5.6%	11,000	total 5.6%	100.0%
JAL	8,592	0.1%	6,000		7,000		116.7%	15,000	5.0%	12,000	4.0%	80.0%
JSU	45,000	0.7%	-	-				-	-			

Source: BofA Global Research

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