

## “April Employment Data - No Impact of the Tax Hike, New Job Offer Increased”

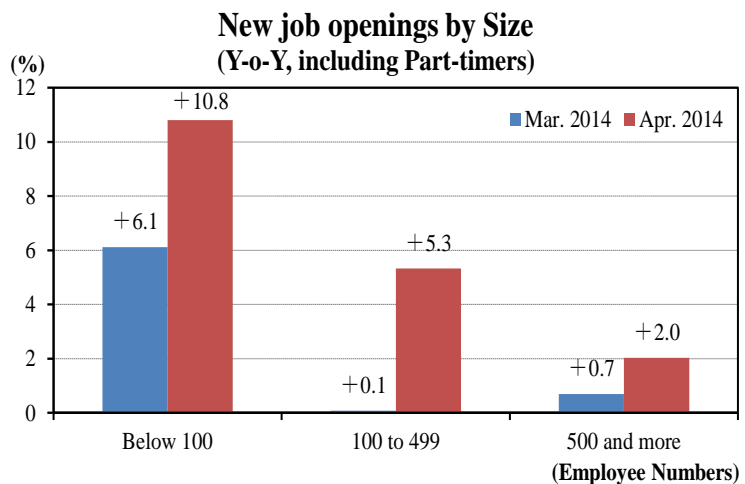
### April Employment Data

On May 30, the Ministry of Internal Affairs & Communications released April Labour Force Survey. The unemployment rate (seasonally adjusted which applies to all the statistics hereafter unless otherwise stated) was + 3.6% flat m-o-m. The working population was down 0.23 million m-o-m to 63.23 million and the unemployed was 2.36 million flat m-o-m. On the same day, the Ministry of Health, Labour & Welfare released April Employment Referrals for General Workers. The active job openings-to-applicants ratio improved 0.01 points m-o-m to 1.08 times and the new job openings-to-applicants ratio fell 0.02 points m-o-m to 1.64 times for the second month.

I believe that there was not much impact of post-tax-hike pullback to the employment environment in April. The analysis of employment number by industry sectors indicated that the trend of employee numbers was not towards decrease as 7 sectors saw an increase m-o-m whereas 8 sectors saw a decrease m-o-m out of 15 sectors excluding Agriculture & forestry. Meanwhile, a concern was on the new job openings-to-applicants ratio which has fallen for two months in a row, however, the new job openings number increased 3.7% after three months indicates that companies` appetite to hire has not declined.

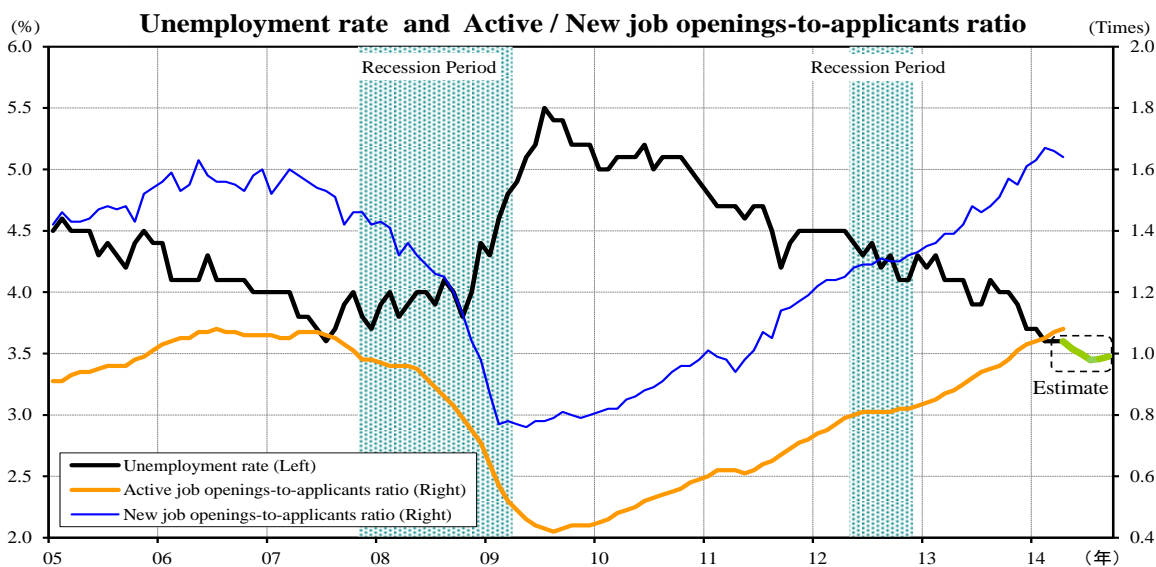
Serious labour shortages was confirmed, especially among the SMEs, from the trend of new job openings number (seasonally unadjusted). Analysing the year-on-year trend of new job openings number by size, small-sized company with employees less than 100 increased by 4.7 points from + 6.1% (March) to + 10.8% (April),

medium-sized company with employees of 100 to 499 increased by 5.2 points from + 0.1% to + 5.3% and large-sized company with employees of 500 and more increased by 1.3 points from + 0.7% to + 2.0%. Noteworthy was the accelerated increase in employee numbers across all sizes of companies in April, however, the serious problem is the skewed labour shortages to the SMEs.



## Future Outlook & Focus

I have a view that the business environment will gradually improve after this summer if serious external shock, pulling down the whole economy, will not happen. On the labor market environment, I believe that post-tax-hike economic deceleration will suppress the increase in employee numbers, for a while. Therefore, the unemployment rate is assumed to improve to the level of 3.4 - 3.5% but will stay flat from there.



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