

Marriage decline due to a mismatch in economic power – an undeniable factor in Japan’s shrinking population

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According to the Census published on 26th June by the Ministry of Internal Affairs and Communications, the population of Japan was 126,227,000, which is a 0.7% decrease from the previous Census (2015) and shows that Japan’s population is continuing to shrink.

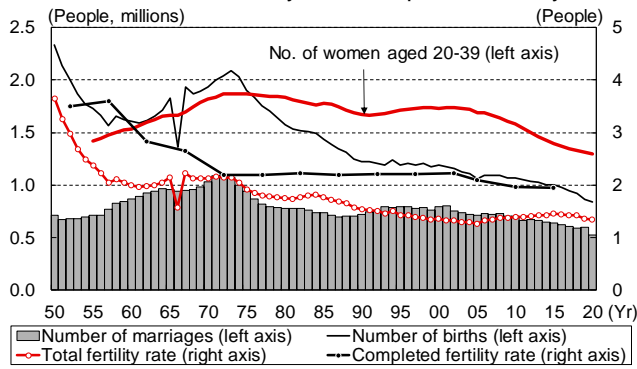
The reason for Japan’s shrinking population is undoubtedly the rise in deaths and decrease in births. As well as the decrease in the number of young people, another reason for the decrease in births is thought to be the gradual decrease in the number of marriages and “completed fertility” – the average number of children born to a generation of married couples throughout their lives. As a result, the “total fertility rate” – i.e. the average number of children born to one woman throughout her life – remains low (Chart 1).

One cause for the decline in the number of marriages which has been raised in recent years is the mismatch in earning power demanded by couples from each other on the economic front. In response to the question, “in what sort of situation do you think you would get married?” raised in a questionnaire of unmarried 20 to 49-year-olds carried out by the Cabinet Office (2018), the answer which received the highest number of responses (42.4%) was “economic security”. This indicates that earning power is a significant factor when it comes to individuals themselves or their partners and marriage. Furthermore, the income that most men and women want their marriage partners to have is between JPY 2~2.9 million and JPY 4~4.9 million respectively. However, when compared with the actual income distribution for the same age cohort, there is a higher percentage of incomes that fall below the level desired in a partner by men and women (Chart 2). Moreover, comparing men’s annual income in 2017 with that of the previous survey in 1997 – when the number of marriages started to fall – reveals a decline of those in the higher income brackets over the last twenty years. On the other hand, the percentage of men in the lower income brackets increased, with JPY 3~3.9 million marking the mid-point for the change. There appears to be a large difference between actual incomes and those desired in a partner by women.

While it is possible to point to various other factors as the cause for the decline in marriages, the issue of earning power detailed above cannot be ignored. In light of Japan’s population decline, there are hopes that the public and private sectors will strengthen the economic foundations for younger generations and support career planning while also ensuring the

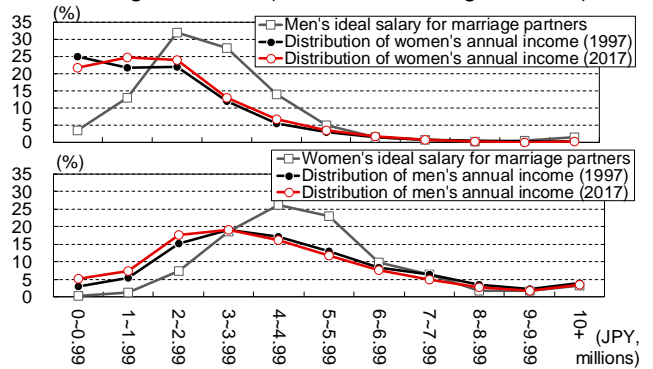
economic burden of marriage, births and raising children does not put pressure on “economic security” and lead to people avoiding marriage.

Chart 1: Number of Marriages, Births, Women Aged 20-39 & the Total Fertility and Completed Fertility Rates



Note: "Completed fertility rate" is average number of children born to first married couples who have been married from 2015 to 2019
 Source: Ministry of Health Labour and Welfare, National Institute of Population and Social Security Research, MUFG Bank Economic Research Office

Chart 2: Income of Workers and the Ideal Salary of Marriage Partners (Men & Women aged 20-49)



Note: Income distribution for 1997 (>5 million) calculated using ratio of income for 2017
 Source: Ministry of Internal Affairs and Communications, Cabinet Office, MUFG Bank Economic Research Office

Translated by Elizabeth Foster

MAIN ECONOMIC AND FINANCIAL INDICATORS (JAPAN)

1. Main Economic Indicators

As of Jun. 30, 2021

	Fiscal	Fiscal	2020		2021	2021				
	2019	2020	3Q	4Q	1Q	JAN	FEB	MAR	Apr	May
Real GDP Growth Rate <% changes from previous period at SA annual rate>	-0.5	-4.6	22.9 (-5.6)	11.7 (-1.1)	-3.9 (-1.6)	***	***	***	***	***
Industrial Production Index	-3.8	-9.5	9.0 (-13.0)	5.7 (-3.5)	2.9 (-1.0)	3.1 (-5.3)	-1.3 (-2.0)	1.7 (3.4)	2.9 (15.8)	-5.9 (22.0)
Production										
Shipments	-3.6	-9.8	9.2 (-13.5)	5.9 (-3.5)	2.0 (-1.4)	2.9 (-5.3)	-1.3 (-3.2)	0.4 (3.4)	3.1 (16.2)	-4.7 (22.5)
Inventory	2.8	-9.8	-3.2 (-5.7)	-1.6 (-8.4)	-1.3 (-9.8)	-0.9 (-10.2)	-0.7 (-9.5)	0.4 (-9.8)	-0.1 (-9.8)	-1.7 (-9.3)
Inventory/Shipments Ratio (2015=100)	122.5	122.9	124.0 [109.3]	114.6 [114.6]	109.5 [117.1]	108.7 [116.0]	109.8 [113.9]	110.0 [121.4]	107.4 [137.6]	107.7 [150.5]
Index of Tertiary Industries Activity	-0.7	-6.9	6.4 (-8.6)	2.3 (-2.9)	-0.7 (-3.0)	-1.0 (-5.5)	-0.3 (-5.6)	2.4 (1.7)	-0.7 (9.9)	
Domestic Corporate Goods Price Index	0.1	-1.4	0.9 (-0.8)	-0.2 (-2.1)	1.5 (-0.3)	0.5 (-1.5)	0.5 (-0.6)	1.0 (1.2)	0.9 (3.8)	0.7 (4.9)
Consumer Price Index(SA, total, excl.fresh foods)	0.6	-0.4	-0.2 (-0.2)	-0.2 (-0.9)	0.3 (-0.4)	0.5 (-0.6)	0.1 (-0.4)	0.2 (-0.1)	-0.5 (-0.1)	0.2 (0.1)
Index of Capacity Utilization (2015=100)	98.2	87.4	85.1 [100.2]	92.6 [95.6]	95.6 [94.6]	95.7 [95.7]	93.0 [95.0]	98.2 [93.0]	99.3 [80.2]	
Machinery Orders(Private Demand, Excl.Electric Power and Ship building)	-0.3	-8.8	-0.3 (-14.1)	12.9 (1.2)	-5.3 (-2.5)	-4.5 (1.5)	-8.5 (-7.1)	3.7 (-2.0)	0.6 (6.5)	
Manufacturing	-8.1	-8.5	3.1 (-15.0)	11.4 (0.8)	-2.2 (0.8)	-4.2 (1.1)	-5.5 (-2.8)	-0.1 (2.9)	10.9 (14.2)	
Non-manufacturing Excl.Electric Power & Ship building	6.2	-9.0	-2.2 (-13.4)	15.5 (1.4)	-9.2 (-4.8)	-8.9 (1.7)	-10.9 (-10.1)	9.5 (-4.9)	-11.0 (0.1)	
Shipments of Capital Goods (Excl.Transport Equipment)	-5.5	-6.6	-1.6 (-18.7)	5.2 (-0.4)	7.8 (5.2)	9.6 (-0.4)	-0.9 (6.3)	-4.7 (8.2)	14.5 (20.7)	-3.0 (23.8)
Construction Orders	-5.9	-0.3								
Private	-8.7	-4.9								
Public	-3.2	29.6								
Public Works Contracts	6.8	2.3								
Housing Starts 10,000 units at Annual Rate, SA	88.4 (-7.3)	81.2 (-8.1)	81.3 (-10.1)	80.5 (-7.0)	83.0 (-1.8)	80.1 (-3.1)	80.8 (-3.7)	88.0 (1.5)	88.3 (7.1)	87.5 (9.9)
Total floor										
Sales at Retailers	-0.4	-2.8								
Real Consumption Expenditures of Households over 2 persons (SA)	-0.4	-4.9	3.1 (-8.3)	4.1 (0.7)	-3.9 (-2.0)	-7.3 (-6.1)	2.4 (-6.6)	7.2 (6.2)	0.1 (13.0)	
Propensity to Consume (SA, %)	66.9	61.3	62.5 [70.2]	65.8 [69.1]	65.2 [70.0]	63.4 [64.9]	63.5 [66.8]	68.8 [63.0]	65.8 [60.8]	
Overtime Hours Worked (All Industries, 5 employees or more)	-2.5	-13.9	11.1 (-14.6)	2.9 (-9.6)	1.5 (-6.6)	0.5 (-8.0)	-2.0 (-9.7)	4.9 (-1.9)	1.9 (12.2)	
Total Cash Earnings (Regular Employees Only; All Industries, 5 employees or more)	0.0	-1.5								
Employment Index(Regular Employees Only;All Industries, 5 employees or more) (Change over the M/Q/Y)	96	36	35	35	33	29	28	42	60	
Ratio of Job Offers to Applicants (SA, Times)	1.55	1.10	1.06 [1.60]	1.04 [1.57]	1.10 [1.45]	1.10 [1.51]	1.09 [1.45]	1.10 [1.40]	1.09 [1.30]	1.09 [1.18]
Unemployment Rate (SA, %)	2.4	2.9	3.0	3.0	2.8	2.9	2.9	2.6	2.8	3.0
Economy Watcher Survey (Judgment of the present condition D.I.%)	38.7	37.7	44.6 [43.5]	43.7 [37.1]	40.5 [28.2]	31.2 [41.9]	41.3 [27.9]	49.0 [14.9]	39.1 [9.4]	38.1 [17.0]
Bankruptcies (Number of cases)	8,631 (6.4)	7,163 (-17.0)	2,021 (-7.4)	1,751 (-20.8)	1,554 (-28.2)	474 (-38.7)	446 (-31.5)	634 (-14.3)	477 (-35.8)	472 (50.3)

(Notes)

Unless otherwise indicated, tabulated figures and those in parentheses show % changes from previous quarter/month as applicable.

The figures in () indicate % changes from previous year.

[] show the comparable figure of the previous year.

2. Balance of Payments

As of Jun. 30, 2021

	Fiscal	Fiscal	2020		2021	2021				
	2019	2020	3Q	4Q	1Q	JAN	FEB	MAR	Apr	May
Customs Clearance (Exports in Yen Terms)	-6.0	-8.4	(-13.0)	(-0.7)	(6.0)	(6.4)	(-4.5)	(16.1)	(38.0)	(49.6)
Value	-1.6	1.1	(2.2)	(1.1)	(1.3)	(1.0)	(-0.1)	(3.1)	(7.4)	(8.0)
Volumes	-4.4	-9.4	(-14.9)	(-1.8)	(4.6)	(5.3)	(-4.3)	(12.6)	(28.4)	(38.5)
Imports (In Yen terms)	-6.3	-11.6	(-19.9)	(-11.8)	(1.9)	(-9.4)	(11.9)	(5.8)	(12.9)	(27.9)
Value	-4.0	-8.6	(-9.9)	(-8.9)	(-3.9)	(-5.5)	(-8.3)	(1.9)	(11.5)	(19.6)
Volumes	-2.4	-3.4	(-11.1)	(-3.2)	(6.0)	(-4.1)	(22.0)	(3.9)	(1.2)	(6.9)
Current Account (100 mil. yen)	189,273	182,038	52,844	52,848	62,113	6,444	29,169	26,501	13,218	
Goods (100 mil. yen)	4,839	39,047	14,614	25,227	13,771	-1,301	5,242	9,831	2,895	
Services (100 mil. yen)	-17,172	-37,330	-9,503	-8,412	-6,037	-4,809	-757	-471	-9,548	
Financial Account (100 mil. yen)	207,987	153,009	51,340	36,951	48,842	9,177	16,461	23,204	-2,427	
Gold & Foreign Exchange Reserves (\$1mil.)	1,366,177	1,368,465	1,389,779	1,394,680	1,368,465	1,392,058	1,379,412	1,368,465	1,378,467	1,387,508
Exchange Rate (¥/\$)	108.68	106.04	106.19	104.49	105.90	103.70	105.36	108.65	109.13	109.19

3. Financial Market Indicators

	Fiscal	Fiscal	2020		2021	2021					
	2019	2020	3Q	4Q	1Q	JAN	FEB	MAR	Apr	May	
Uncollateralized Overnight Call Rates	-0.046	-0.031	-0.039	-0.026	-0.017	-0.017	-0.016	-0.017	-0.012	-0.017	
			[-0.059]	[-0.034]	[-0.032]	[-0.032]	[-0.016]	[-0.047]	[-0.036]	[-0.047]	
Euro Yen TIBOR (3 Months)	0.026	-0.054	-0.062	-0.055	-0.058	-0.055	-0.055	-0.065	-0.065	-0.065	
			[0.022]	[0.016]	[0.016]	[0.021]	[0.021]	[0.006]	[-0.039]	[-0.042]	
Newly Issued Japanese Government Bonds Yields (10 Years)	0.005	0.120	0.015	0.020	0.120	0.055	0.150	0.120	0.090	0.080	
			[-0.215]	[-0.025]	[0.005]	[-0.065]	[-0.155]	[0.005]	[-0.050]	[0.000]	
Average Contracted Interest Rates on Loans and Discounts(City Banks) (% changes from previous period)	0.720	0.686	0.680	0.684	0.686	0.685	0.683	0.686	0.688		
			(0.010)	(0.004)	(0.002)	(0.001)	(-0.002)	(0.003)	(0.002)		
The Nikkei Stock Average (TSE 225 Issues)	18,917	29,179	23,185	27,444	29,179	27,663	28,966	29,179	28,813	28,860	
			[21,756]	[23,657]	[18,917]	[23,205]	[21,143]	[18,917]	[20,194]	[21,878]	
M2(Average)	(2.6)	(8.1)	(8.5)	(9.1)	(9.5)	(9.4)	(9.6)	(9.4)	(9.2)	(7.9)	
Broadly-defined Liquidity(Average)	(1.9)	(4.9)	(5.2)	(5.5)	(5.7)	(5.7)	(5.8)	(5.7)	(6.8)	(7.3)	
Principal Figures of Financial Institutions											
Loans and Discount (Average)	Banks & Shinkin	(2.1)	(5.9)	(6.5)	(6.2)	(6.2)	(6.0)	(6.2)	(6.2)	(4.8)	(2.9)
	Banks	(2.2)	(5.8)	(6.4)	(5.9)	(5.8)	(5.7)	(5.8)	(5.9)	(4.3)	(2.2)
	City Banks etc.	(2.0)	(6.9)	(7.7)	(6.8)	(6.6)	(6.5)	(6.7)	(6.7)	(3.9)	(0.2)
	Regional Banks	(4.5)	(4.5)	(5.0)	(4.7)	(4.8)	(4.7)	(4.8)	(4.9)	(4.2)	(4.2)
	Regional Banks II	(-5.9)	(6.1)	(6.7)	(6.9)	(6.5)	(6.5)	(6.5)	(6.5)	(6.3)	(3.0)
	Shinkin	(1.1)	(6.7)	(7.1)	(8.2)	(8.5)	(8.3)	(8.5)	(8.6)	(8.3)	(7.5)
Deposits and CDs (Average)	Total(3 Business Condition)	(2.6)	(8.5)	(8.7)	(9.1)	(9.9)	(9.8)	(10.0)	(9.9)	(9.5)	(8.0)
	City Banks	(3.6)	(9.9)	(10.3)	(10.0)	(10.9)	(11.0)	(11.1)	(10.7)	(9.9)	(8.0)
	Regional Banks	(3.4)	(7.0)	(7.0)	(8.0)	(8.7)	(8.5)	(8.7)	(9.0)	(9.3)	(8.6)
	Regional Banks II	(-5.5)	(6.7)	(6.8)	(8.1)	(8.7)	(8.5)	(8.7)	(8.8)	(8.4)	(4.9)

(Notes)

Newly Issued Japanese Government Bonds Yields and Interest rates are averages. The Nikkei Stock Average is as of month-end. Unless otherwise indicated, tabulated figures and those in parentheses show % changes from previous quarter/month as applicable. The figures in () indicate % changes from previous year. [] show the comparable figure of the previous year.

(Sources)

Cabinet Office, National Accounts, Machinery Orders; METI, Indices of Tertiary Industry Activity, Industrial Production, Current Survey of Commerce; MOF, Trade Statistics, Balance of Payments; MPMHAPT, Consumer Price Index, Family Income and Expenditure Survey, Labour Force Survey; MHLW, Monthly Labour Survey; Ministry of Land, Infrastructure, and Transport, Economic Construction Statistics; BOJ, Corporate Price Index, Financial and Economic Statistics Monthly, etc.

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