Japan's Exports Fall For Second Month

Tomoko A. Hosaka, Associated Press

TOKYO (AP) — Japan's exports fell for the second straight month in November, hit by faltering demand from Asia and Europe.

Exports shrank 4.5 percent from a year earlier to 5.198 trillion yen ($66.7 billion), according to a finance ministry report released Wednesday. The result is steeper than October's 3.8 percent decline.

The data underscore the growing pressures facing the world's third-largest economy, which relies heavily on exports to drive growth. A persistently strong yen, Europe's debt problems and the recent flooding in Thailand are eroding gains made since the March earthquake in Japan disrupted manufacturing.

Economists predict economic growth will slow this quarter after the economy expanded at an annualized rate of 5.6 percent in the July-September period.

Shipments to Asia — usually a source of robust demand — fell 8 percent in November. Exports to the European Union and the Middle East also retreated, while those to North America rose slightly.

Goldman Sachs economist Chiwoong Lee described the falloff in shipments to Europe as "especially pronounced."

"This suggests that the deterioration in financial conditions in Europe may be having a negative impact on demand there," he said in a research note.

By sector, electrical machinery exports took a 10.7 percent hit as demand for semiconductors and audio equipment tumbled. Motor vehicles shipments slipped 0.6 percent from a year earlier.

Meanwhile, imports jumped 11.4 percent to 5.882 trillion yen as Japan bought more fossil fuels to meet electricity demand.

That resulted in a November trade deficit of 684.7 billion yen. It was the second straight monthly deficit.

The turmoil in Europe and the U.S. has driven up the yen as global investors flock to the currency as a relatively safe haven. The yen hit multiple historic highs against the dollar this year.

A rising yen shrinks the value of overseas earnings when repatriated and makes Japanese products less competitive in overseas markets. The yen has weakened to around 78 to the dollar recently, but exporters say it is still too high.

The currency levels have forced manufacturers including Nissan Motor Co. and Panasonic Corp. to shift some production overseas, a trend that could further undermine Japan's exports.

Source URL (retrieved on *09/02/2014 - 3:06pm*):
http://www.impomag.com/news/2011/12/japans-exports-fall-second-month?qt-digital_editions=0