

# Japan's Industrial Output Rises 1 Percent In March

Malcolm Foster, Associated Press

TOKYO (AP) — Japan's industrial production rose 1 percent in March from February, led by output of automobiles, notebook computers and communications equipment amid a tentative upswing in the world's third-largest economy. Aiming to support a recovery, the Bank of Japan expanded its asset buying program.

Japan's key manufacturing sector has been struggling with tepid export demand and a strong yen, which erodes overseas earnings. The outlook for coming months is still rocky. Manufacturers project factory output to increase another 1 percent in April, but then drop 4.1 percent in May.

"The auto sector is still leading," Junko Nishioka, an economist at RBS Securities in Tokyo, said Friday. "Until March, overall business activity was OK. But if you look ahead to the second quarter, it's a bit difficult for that momentum to continue."

Still, Nishioka pointed to a recovery in household spending the last few months as a reason for some optimism. The government reported that household consumption rose 3.4 percent in March from a year earlier.

Separately, the Bank of Japan announced it had expanded its asset-buying program by 5 trillion yen (\$62 billion) to 70 trillion yen (\$864 billion) at a policy board meeting in a new move to support economic recovery. It kept its short-term interest rate unchanged at close to zero percent.

The government said Japan's jobless rate remained unchanged at 4.5 percent in March. While that's up from last September, when the unemployment rate fell to 4.2 percent, it is lower than in 2010, when it mostly hovered above 5 percent.

Over the long term, Nishioka expects that reconstruction projects in the tsunami-battered northeast will help support industrial production, particularly in demand for construction equipment and materials.

Rebuilding in areas devastated by the March 11, 2011 disaster has yet to begin. Japan is struggling to sort and dispose of the massive mountains of debris that have been collected.

Meanwhile, Japan's core consumer price index, which excludes fresh foods, rose 0.2 percent in March. The overall CPI, including fresh food, gained 0.5 percent.

Tokyo's core CPI for April, often viewed as a guide for future price trends, was down 0.5 percent, statistics showed.

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Slight gains in CPI are viewed as positive for Japan, which has for years struggled with deflation, or falling prices, which puts pressure on corporate earnings, wages and economic growth.

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