

Japan's Industrial Output Resumes Slide

Malcolm Foster, Associated Press

TOKYO (AP) — Japanese industrial production resumed its slide, falling 1.2 percent in July from June amid slumping global demand, the government said Friday. It's a disappointing sign for the world's third-biggest economy and suggests that any sort of recovery is sputtering.

Manufacturers had much rosier predictions a month ago, when they forecast that factory output, a key indicator for Japan's export-oriented economy, would jump 4.5 percent in July.

But weak global and domestic demand is weighing on manufacturers, particularly electronics makers, who are facing intense competition from South Korean, Taiwanese and other Asian manufacturers. The strong yen, which erodes overseas earnings, is also eating into profits.

Production of semiconductors, liquid crystal displays and steam turbine parts dragged on overall output, the Ministry of Economy, Trade and Industry said.

The outlook for coming months is even gloomier: Manufacturers foresee output barely inching up 0.1 percent in August and sliding another 3.3 percent in September.

July's drop comes after a modest 0.4 percent rise in factory output in June and declines of 3.4 percent in May and 0.2 percent in April.

The industrial production index was the lowest since May 2011, when manufacturers were still reeling from disruptions from the massive earthquake and tsunami that hit northeastern Japan two months earlier.

Other economic data released Friday showed that the unemployment rate remained unchanged at 4.3 percent, while core consumer prices, minus fresh foods, fell 0.3 percent in July, reflecting persistent deflation, which also drags on economic growth.

Including fresh food, the national consumer price index fell 0.4 percent. Core CPI for Tokyo in August, a leading indicator for the nation, fell 0.5 percent.

On the labor front, the seasonally adjusted jobless rate remained at 4.3 percent for the second month. That's down from 4.6 percent earlier this year but up from a recent low of 4.2 percent in September.

The Ministry of Internal Affairs and Communications said its survey showed that the number of employed fell 90,000 to 62.77 million in July, while the number of jobless people decreased 240,000 to 2.88 million.

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