Japan's Factory Output Shows Signs Of Recovery

The Associated Press

TOKYO (AP) — Japanese manufacturing showed a faint sign of recovery in January, with factory production up 1 percent from the month before.

Japan's Ministry of Economy, Trade and Industry said Thursday that the figures, the second straight monthly increase, suggested the slump in output had "bottomed out." However January's production growth was below economists' forecasts for a 1.5 percent increase. Adjusted for seasonal fluctuations, output rose 2.5 percent.

The ministry cited rising shipments of vehicles, iron and steel and electronics equipment, and semiconductors and auto parts, as the main factors behind the increase from the previous month. But output was down 5.1 percent from a year earlier.

Prime Minister Shinzo Abe took office in late December vowing to pull Japan out of recession with stronger government spending and bolder monetary easing. On Tuesday, the legislature approved a $142 billion supplementary budget for the remainder of the fiscal year that ends Mar. 31, meant to help pay for more public works spending and other stimulus.

Abe on Thursday nominated Haruhiko Kuroda, who now heads the Asian Development Bank and is said to back Abe's policy approach, to replace Bank of Japan Gov. Masaaki Shirakawa when he steps down March 19.

So far, the economy has shown only scant signs of recovery, and that thanks largely to stronger demand overseas as the global economy has rebounded and the Japanese yen has weakened, helping make exports from Japan more price competitive in overseas markets.

Retail spending dropped 1.1 percent in January from a year earlier, despite higher spending on food and beverages, the ministry reported earlier.

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