Japan output update

The Associated Press

TOKYO, Nov. 30 (Kyodo) — Japan's industrial production grew 1.8 percent in October from the previous month for the first rise in four months, largely helped by demand from Asian countries for parts used in smartphones, the industry ministry said in a preliminary report issued Friday.

The unexpected rise came after the index of output at factories and mines logged in September the sharpest drop since March last year when a huge earthquake and tsunami hit northeastern Japan, suggesting the downturn may not last long.

Looking ahead, manufacturers polled by the ministry anticipated that output will decline 0.1 percent in November and rise 7.5 percent in December.

"Companies do not seem to be too pessimistic about the prospects," Yoshiki Shinke, chief economist at the Dai-ichi Life Research Institute, said, while noting that the increase in production would not become sustainable unless exports grow.

"China and the United States will be the key" to Japan's economic situation, he also said.

The Economy, Trade and Industry Ministry maintained its basic assessment of production, saying that it is "on a downward trend." The seasonally adjusted index of output stood at 88.1 against the base of 100 for 2005.

By sector, production by electronic parts and devices makers grew a record-high 14.7 percent amid increased output of parts used in smartphones for shipments in Asia, including China, a ministry official said.

A launch of new smartphone and tablet computer products seen recently may have contributed to the briskness, Shinke said.

Output by transport equipment makers also rose 1.1 percent for the first increase in six months, after facing a decline in production such as due to the termination of government subsidies to promote the purchase of environmentally friendly vehicles.

Among the losers were the information and communication electronics equipment sector, which dropped 15.3 percent.

"I think Japan has been in recession from this spring, but the industrial output survey suggests that the period could be relatively short -- possibly by the end of the year," Shinke said.

The index of industrial shipments was unchanged from the previous month at 87.6 while that of inventories was up 0.3 percent to 108.1.

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