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## **Rays of recovery - Japan jobless rate falls**

*Tuesday, 03 Nov, 2009*

AP reported that Japan's unemployment rate fell for the second straight month, while prices continued to tumble. The jobless rate stood at a seasonally adjusted 5.3%, down from 5.5% last month and a record high of 5.7% in July.

The results suggest that job losses in Japan are easing as companies gain more confidence in a global recovery. Data showed that Japan's factory output posted its seventh consecutive rise in September. The number of employed persons fell by 1.5% YoY to 62.95 million. The number of unemployed was 3.63 million, up by 33.9% YoY.

Prices, however, continue to tumble. The core consumer price index retreated 2.3% in September from the previous year. While the figure is slower than August's record 2.4% decline, deepening deflation threatens to undermine Japan's economic health. Lower prices may seem like a good thing, but deflation can hamper growth by depressing company profits and causing consumers to postpone purchases, leading to production and wage cuts. It can also increase debt burdens.

A separate report showed that household spending rose a real 1% in September, missing market expectations for a 1.3% increase. The figure had jumped 2.6% in August as consumers lured by government incentives snapped up eco friendly home appliances and cars. But consumers may be growing cautious as the impact of those incentives wanes and a still uncertain outlook for jobs and wages.

According to the internal affairs and communications ministry, the job to applicant ratio, a leading indicator of employment trends, improved for the first time in more than two years. The ratio rose to 0.43 in September from a record low of 0.42 in August, meaning there are 43 jobs for 100 job seekers.

(Sourced from Associated Press)

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