

Japan posts sharp rise in industrial production

TOKYO, July 29: Japan's industrial production surged in June to record the first upturn for three months in a sign of recovery for the world's second largest economy, says AFP.

Industrial output, which measures production at factories and mines, rose 3.0 per cent in June from the previous month, the trade ministry said Thursday.

The June increase outstripped economists' forecasts and followed a revised decline in May. The ministry forecast that July output would rise 0.5 per cent and August output would jump 3.7 per cent month-on-month.

The forecasts for July and August are extremely strong, pointing to a sharp rise of production in the third quarter," said Peter Morgan, economist

at HSBC Securities in Tokyo. "This makes it likely that the recovery of production has begun."

Machinery, transport equipment, chemicals and fabricated metals all performed better than expected, he said.

This suggests that improved exports to Asia are boosting demand. The strength of production and shipments was very broad based."

Tokyo stocks climbed on the news, rising 189.52 points or 1.1 per cent to close morning trade at 17,769.43.

Investors also pushed up the yen to trade at 115.68-70 yen to the dollar at 11 am from 116.14 yen in New York late Wednesday.

Industrial shipments in June jumped 3.1 per cent after increasing a revised 0.6 per cent in May.

Inventory in June fell 0.3 per cent after declining 0.5 per

cent in May, signalling excess inventories had now been cleared out, analysts said.

There is no longer concern that industrial output may fall," a trade minister official said. "From now on it will either rise or remain flat."

He said progress by companies in clearing their inventories and strong output of personal computers and mobile phones would drive a recovery in output.

But he was still reluctant to herald an immediate revival in production while consumer spending was so weak.

"For example, spending in durable products has shown no sign of a recovery," the officials said.

Most economists had forecast output would barely rise in June.

These figures were unexpectedly strong, said Junji Ota, economist at Okasan Research

Institute. But we have yet to see assured strength in the figures.

The sentiment is that the economy is back on an upward trend," Ota said. But he warned that a strong yen may hurt exports to Asia, which were beginning to pick up.

Increasing exports to Asia will support positive industrial output figures as their economy is on a track for recovery," he said.

Industrial outputs in the three months to June was down 1.0 per cent from the previous quarter, after a 0.6 per cent rise in the first three months of the year, the ministry said.

Industrial shipments in the June quarter fell 2.1 per cent after rising 1.3 per cent in the previous quarter, the ministry added.

Industrial inventories fell 1.0 per cent in the quarter after dropping 2.3 per cent in the previous quarter, it said.

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India, Iraq close to signing oil deals

BAGHDAD, July 29: India is close to closing one deal to develop an oil field in Iraq and another to prospect for crude in the western desert. India's Oil and Gas Minister V K Ramamurthy says, reports AP.

Ramamurthy made the remarks Wednesday, as the latest statistics on bilateral trade showed a significant rise in the past six months.

The Indian minister said his country's exports to Iraq have "multiplied several times" and New Delhi was looking forward to further increase its chunk of Iraq's multibillion dollar trade with the outside world.

Ramamurthy arrived in Iraq Wednesday on his second visit in two months.

India's joint venture of the Oil and Natural Gas Corporation and Reliance Petroleum has been negotiating with the Iraqis on the terms of a deal to develop the southern Tuba oil field with estimated reserves of up to 3 billion barrels.

Despite the surge in trade, Ramamurthy said India's oil firms are also interested in helping Iraq upgrade the North Rumelah field in the south, which currently provides up to 1.3 million barrels a day of Iraq's average output of 2.7 million barrels per day. Rumelah's reserves are estimated at 22 billion barrels.

The venture is also negotiating to obtain an exploration block in Iraq's western desert, occupying about one third of

Iraq's 435,000 square kilometer (168,000 square mile) area.

Once fully explored, the desert, according to Oil Ministry officials, is expected to substantially raise Iraq's current proven oil reserves of 112 billion barrels, the world's second largest.

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