Japan narrowly escapes recession

Japan's economy teetered on the brink of a technical recession in the three months to September, figures show.

Revised figures indicated growth of just 0.1% - and a similar-sized contraction in the previous quarter. On an annual basis, the data suggests annual growth of just 0.2%, suggesting a much more hesitant recovery than had previously been thought. A common technical definition of a recession is two successive quarters of negative growth.

The government was keen to play down the worrying implications of the data. "I maintain the view that Japan's economy remains in a minor adjustment phase in an upward climb, and we will monitor developments carefully," said economy minister Heizo Takenaka. But in the face of the strengthening yen making exports less competitive and indications of weakening economic conditions ahead, observers were less sanguine. "It's painting a picture of a recovery... much patchier than previously thought," said Paul Sheard, economist at Lehman Brothers in Tokyo. Improvements in the job market apparently have yet to feed through to domestic demand, with private consumption up just 0.2% in the third quarter.