Japan announced 750 billion yen ($9.4 billion) of stimulus to shore up growth as consumer prices slide and gridlock in the legislature threatens to disrupt sales of government debt.

With lawmakers in the Diet blocking financing legislation, some of the extra money will come from tapping discretionary budget funds, the government said in Tokyo today. The Ministry of Finance will meet this afternoon with so-called primary dealers amid doubt over scheduled bond sales.

The yen touched a four-month low as a report showed consumer prices slid for a fifth month in September and as a Bloomberg News survey indicated the Bank of Japan (8301) may expand an asset-purchase program by 10 trillion yen on Oct. 30. South Korea’s economy grew at the slowest pace in three years in the third quarter, highlighting the struggle to revive growth in Asia as exports to Europe slide, a separate report showed.

“Japan needs bigger stimulus as the economy is slowing faster than expected, but it will be hard to have larger spending due to political gridlock and worsening fiscal conditions,” said Yoshimasa Maruyama, chief economist at Itochu Corp. (8001) in Tokyo. “Political pressure will build on the BOJ.”

The yen touched 80.38 per dollar on prospects for easing before trading at 80.06 as of 2:06 p.m. in Tokyo. The MSCI Asia Pacific Index (MXAP) fell 1.03 percent while the Nikkei 225 Stock Average was down 1.22 percent.

More Planned

Economy Minister Seiji Maehara told reporters that today’s measures would boost gross domestic product by 0.1 percentage point, without specifying over what period. The government hasn’t decided on how to fund planned further stimulus steps to be drawn up in November, Maehara said, adding that it is too early to say how big those extra measures will be.

South Korea’s gross domestic product expanded 1.6 percent in the three months through September from a year earlier, the slowest pace since 2009, Bank of Korea data showed today. That compares with the median 1.7 percent estimate of 13 economists surveyed by Bloomberg News. Asia’s fourth-largest economy grew 0.2 percent from a quarter ago.

Earnings gains reported today by Samsung Electronics Co., which has annual sales equivalent to 13 percent of the nation’s GDP, highlighted prospects for a rebound.

In Japan, the meeting on the bond market is due at 4 p.m. in Tokyo and will be followed by a briefing with reporters. Opposition lawmakers are blocking a bill allowing the government to borrow 38.3 trillion yen for this year’s deficit as they press Prime Minister Yoshihiko Noda to call elections.

Debt Auctions

The legislation needs to be approved by the end of November for the ministry to hold debt auctions as planned, according to records of the ministry’s Sept. 14 meeting with domestic institutional investors.

“They risk of a Japanese fiscal cliff is quite big,” said Soichi Okuda, chief economist at Sumitomo Shoji Research Institute in Tokyo. “Without the passage of the bill, the government can’t pay for necessary spending and the implementation of the budget will be delayed.”

The extra yield that investors demand to hold Japanese 20-year government bonds instead of 10-year securities is at 92 basis points, the most since July 1999, according to data compiled by Bloomberg. Longer bonds tend to be more sensitive to the market’s fiscal outlook.

The yield on 20-year notes was 1 1/2 basis point lower at 1.680 percent as of 1:40 p.m. in Tokyo. The benchmark 10-year
bond was also down 1 1/2 basis point at 0.765 percent.

Consumer prices excluding fresh food declined 0.1 percent from a year earlier, the statistics bureau reported in Tokyo today. The central bank will release its semi-annual outlook report on prices and growth at a meeting on Oct. 30 and may predict it will miss its 1 percent inflation goal in the next two fiscal years, according to people familiar with the matter.

**Spending Crunch**

Finance Minister Koriki Jojima said last week that the government will run out of money by the end of November without the bill’s passage. Japan has the highest debt load among developed nations and an economy at risk of contracting.

The government this month downgraded its economic assessment for a third month, the longest streak since the 2009 global recession. Nintendo Co. has cut its full-year profit and sales forecasts.

Today’s stimulus taps discretionary funds in this fiscal year’s budget to cover 400 billion yen in spending, with the rest coming from local governments and the effect of subsidies for energy-efficient technology, the government said.

The main opposition Liberal Democratic Party is pushing Noda to hold an election by the end of the year, after he promised in August to go to the polls “soon.”

**U.S. Expansion**

In economic reports due elsewhere today, spending by U.S. consumers probably picked up in the third quarter, helping the world’s largest economy overcome a slump in business investment, a government report is predicted to show today.

Gross domestic product probably rose at a 1.8 percent annual rate after expanding at a 1.3 percent pace the prior quarter, according to the median forecast of 86 economists surveyed by Bloomberg ahead of Commerce Department data. It would be the first back-to-back readings lower than 2 percent since the U.S. was emerging from the recession in 2009.

In Europe, reports may show French consumer confidence fell this month and Spain’s unemployment rate rose in the third quarter.

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