Economy up, but not enough to spur jobs

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The Associated Press

WASHINGTON — The U.S. economy is showing signs of modest improvement — not enough to reduce high unemployment but enough to ease fears that another recession might be near.

Fewer Americans applied for unemployment benefits last week, though some of that was because of technical factors. And the economy grew slightly more in the April-June quarter than previously estimated. Growth is also expected to tick up in coming months.

Investors drew some hope from the latest data, and from news that Germany's government approved a plan to bolster Europe's response to its debt crisis. The Dow Jones industrial average rose 1.5 percent in midday trading.

Thursday's other news was less encouraging.

Chief executives of the largest U.S. companies are more pessimistic than they were only three months ago, according to a survey by a trade group, the Business Roundtable. Just one-third of CEOs said they plan to hire or boost spending in the next six months.

That's down from about half who said so in June.

And fewer Americans signed contracts to buy homes in August, the second straight month of declines.

The economy grew at an annual rate of 1.3 percent in the April-June quarter, up from an estimate of 1 percent made a month ago, the Commerce Department said. The improvement reflected modestly higher consumer spending and a bigger boost from trade.

Even so, the economy grew at an annual rate of just 0.9 percent in the first six months of the year. That's the weakest six-month performance since the recession ended more than two years ago.