BUSINESS

Growth has modest upswing

Things are looking up despite tax increases

By Martin Crutsinger
Associated Press

WASHINGTON — A Federal Reserve survey says economic growth increased throughout the United States from April through mid-May, fueled by home construction, consumer spending and steady hiring.

Eleven of the Fed's banking districts reported "modest to moderate" economic growth, according to the Beige Book survey released Wednesday. The 12th, in Dallas, reported strong growth.

The survey is based on anecdotal reports. The mostly favorable results of the latest survey suggest that the economy and the job market are improving despite tax increases and government spending cuts that took effect this year.

But the modest or moderate improvement reported for most regions appears to fall short of the strong and sustained growth that several Fed members have said is needed before the Fed starts tapering its bond purchases. Those purchases have helped keep interest rates at record lows.

EMPLOYMENT REPORT OUT FRIDAY

The biggest measure of the economy's health comes out Friday when the government releases the May employment report.

» Economists forecast that employers added 170,000 jobs, roughly in line with April's pace, while the unemployment rate remained at a four-year low of 7.5 percent. Private payroll processor ADP said Wednesday that businesses added 135,000 jobs in May.

The Fed has been assessing the job market's health in considering when to start scaling back its support for the economy, including $85-billion-a-month in Treasury and mortgage bond purchases. The information from the latest Beige Book will be discussed along with other economic data at the Fed's next policy meeting June 18-19.

Investors are paying closer attention to the Fed after minutes of the past meeting showed several members favored reducing the bond purchases if the economy demonstrates strong and sustained growth.