

In this June 13 photo, Maria Wilt, center, talks to a recruiter at a job fair expo in Anaheim, Calif. A survey released Thursday shows U.S. businesses increased hiring in June, suggesting the job market could be recovering after three sluggish months.

ASSOCIATED PRESS

Hiring outlook improves

U.S. economy still not quite healthy

BY CHRISTOPHER S. RUGABER
ASSOCIATED PRESS

WASHINGTON — The outlook for the U.S. job market brightened a little Thursday after the government said fewer people applied for unemployment benefits last week and surveys of private companies showed hiring increased in June.

The economy is still far from healthy. U.S. service companies grew more slowly last month. Retail sales figures were disappointing. And central banks in Europe and China cut their interest rates, an indication that they expect weaker growth ahead.

But despite all the gloom, American factories and service firms kept hiring in June. Economists say that suggests many companies are less worried that the spring slump will endure.

"It is beginning to look like the labor market is not nearly as weak as feared," Joel Naroff, chief economist at Naroff Economic Advisors, said in a note to clients.

Wall Street was mixed in light of the latest economic reports. Stocks fell early but recovered much of their losses by midday. Bad news from Europe was offset by higher expectations for June job growth, which the government will report on Friday.

The economy added an average of just 73,000 jobs a month in April and May. That's much lower than the 226,000 a month that were added in the first three months of the year. And it's far too low to reduce the unemployment rate, which rose to 8.2 percent in May.

Before Thursday, most economists didn't expect much change from that pace. They forecast that employers added 90,000 jobs last month, while the unemployment rate didn't change, according to a survey by Factset.