

AP: Hiring at fastest pace since '06

By JEANNINE AVERSA - Late May 7, 2011

268,000 new hires in April across economy offer welcome boost

Washington — American companies are on a hiring spree.

Businesses delivered a jolt of strength to the economy by creating 268,000 jobs in April, the biggest monthly total in more than five years. The gains were solid across an array of industries, even beleaguered construction.

It was the third month in a row of at least 200,000 new jobs. The private sector has added jobs for 14 consecutive months. Even a slight rise in the unemployment rate to 9 percent appears to be a quirk.

The job growth was better than economists expected and perhaps the strongest sign yet that what they call a "virtuous cycle" has taken hold: When people spend more, corporate earnings rise, leading to more hiring and then more spending.

Companies have added more than 200,000 jobs for three months in a row.

"This was really a good report because ultimately it is all about jobs," said Joel Naroff, president of Naroff Economic Advisors. "More and more, it is looking as if the recovery is on track despite the headwinds it is facing."

Those include higher prices for crude oil and gas. But energy prices fell sharply earlier this week, apparently reflecting lower consumption in the United States and a stronger dollar. Analysts think the price of gas might have peaked at about \$4 a gallon.

The rise in the unemployment rate, to 9 percent in April from 8.8 percent the month before, was the first increase since November. But it appeared to be because of a temporary disparity in two surveys the government uses to track jobs.

Wall Street was pleased by Friday's report from the Labor Department. The Dow Jones industrials rose more than 150 points shortly after the opening bell. The Dow closed up 55 points.

Businesses added jobs in April across the economy. Retailers, factories, financial companies, education, health care and the construction industry all reported gains.

And the government said the job gains it reported for March and February turned out to be even stronger than previously thought. Private employers have now added jobs for 14 straight months.

Economists say companies are paying for new hires by starting to spend some of the almost \$2 trillion in cash that businesses stockpiled after the recession ended in June 2009. Analysts have said the use of corporate cash reserves is the most effective way to strengthen the job market.

Once again, governments at the federal, state and local levels all cut jobs — 24,000 in April. Counting those cuts, the economy as a whole added 244,000 jobs last month. The private sector job gains were the most since February 2006.

President Barack Obama, refocusing on the economy after a week in which the killing of Osama bin Laden had dominated his agenda, said the figures were a sign that "we are regaining our footing."

"We've made this progress at a time when our economy's been facing some serious headwinds," the president told workers at a transmission plant in Indiana. "There will undoubtedly be some more challenges ahead, but the fact is that we are still making progress," he said. "And that proves how resilient the American economy is, and how resilient the American worker is, and that we can take a hit and we can keep on going forward."