Employers added an average of only 73,000 jobs per month in April and May, a sharp slowdown from the monthly average of 226,000 jobs added in January through March.

WASHINGTON (AP) -- Companies placed more orders with U.S. factories in May from April, demanding more computers, machinery and other equipment that signal investment plans.

The increase is a welcome sign after two months of declining factory orders.

Still, factory orders are down from the start of the year. And more recent data show manufacturing activity shrank in June for the first time in three years, adding to worries that weaker global growth is weighing on the U.S. economy.

"The demand for manufactured goods is recovering moderately and irregularly, but that recovery has been relatively weak relative to the magnitude of the previous declines," said Steven Wood, chief economist at Insight Economics

Factory orders increased 0.7 percent in May from April, the Commerce Department said Tuesday.

Core capital goods, which include machinery and computers, rose 2.1 percent. That's better than the 1.6 percent estimated in a preliminary report a week ago and shows companies are still making investment plans.

Overall factory orders increased to $469 billion. That's 43.5 percent higher than the recession low reached in March 2009. But orders have fallen 2.5 percent over the past five months from their post-recession high hit in December.

Manufacturing has lost some vigor this year. U.S. job growth has slowed and consumers and businesses are less confident in the economy. Europe's debt crisis has reduced demand for U.S. exports. And manufacturing has slowed in big countries like China, which rely on U.S. factories for equipment, machinery and vehicles.

Orders for long-lasting durable goods, everything from airplanes to refrigerators, rose 1.3 percent in May. Orders for non-durable goods, which include food, paper, chemicals and energy products, edged up 0.2 percent. The increase may have been held back by falling oil and gas prices.

Still, orders are likely to decline in June, based on a report from the Institute of Supply Management. The trade group of purchasing managers on Monday said manufacturing contracted in June for the first time since July 2009 - one month after the recession ended.

Factory production and exports declined, and a measure of new orders plunged.

Economists said the manufacturing figures from the ISM survey were consistent with growth at an annual rate of 1.5 percent or less.

Such growth would be lower than the January-March quarter's tepid annual pace of 1.9 percent. Growth of 1.9 percent typically generates roughly 90,000 jobs a month. That's considered too weak to reduce the unemployment rate, which was 8.2 percent in May.

Employers added an average of only 73,000 jobs per month in April and May, a sharp slowdown from the monthly average of 226,000 jobs added in January through March.

Despite the slowdown, manufacturers have reported job gains for eight straight months.

The government reports Friday on June employment. Economists forecast employers added just 90,000 jobs last month and no change in the unemployment rate