The unemployment rate in Brazil fell to its lowest since January in spite of efforts by policy makers to cool growth and inflation in Latin America's biggest economy. The jobless rate fell to 6.2% in June, from 6.4% in May and 7% a year earlier, the national statistics agency said in a report distributed in Rio de Janeiro.

"The numbers are strong, with the job market growing even at full employment," said Gabriel Goulart, analyst at Mercatto Gestão de Recursos, who helps manage US$ 1.6 billion at the Rio de Janeiro-based asset management company. "It shows the economic deceleration is very soft."

The Brazilian Central bank last week increased the benchmark interest rate to 12.50%, (for the fifth time in 2011) to cool demand and to slow the fastest inflation in six years.

Brazil will create more jobs in the second half of the year than it did in the first anticipated Brazilian Labor Minister Carlos Lupi reiterating his prediction that a record 3 million formal jobs will be generated in 2011.

Recent data show that the economy continues to expand at a pace that puts pressure on inflation. Retail sales recovered in May following an unexpected decline the previous month. Industrial capacity utilization was 82.4% in May, the same level it was in December before the central bank began raising rates.

Brazil's economy created 215,393 government-registered jobs in June, the Labor Ministry said.

Consumer prices rose 6.71% in the year through June, the fastest pace since 2005. The central bank aims to slow inflation back to the midpoint of its target in 2012. The government targets

inflation of 4.5%, plus or minus two percentage points.

Alexandre Tombini, Brazil's Central Bank president, said he expects inflation to start slowing after August.

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