

# 467K jobs cut in June; jobless rate at 9.5 percent

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## Employers cut larger-than-expected 467,000 jobs in June; jobless rate ticks up to 9.5 percent

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WASHINGTON (AP) -- Employers cut a larger-than-expected 467,000 jobs in June, driving the unemployment rate up to a 26-year high of 9.5 percent, suggesting that the economy's road to recovery will be bumpy.

The Labor Department report, released Thursday, showed that even as the recession flashes signs of easing, companies likely will want to keep a lid on costs and be wary of hiring until they feel certain the economy is on a solid ground.

June's payroll reductions were deeper than the 363,000 that economists expected.

However, the rise in the unemployment rate from 9.4 percent in May wasn't as sharp as the expected 9.6 percent. Still, many economists predict the jobless rate will hit 10 percent this year, and keep rising into next year, before falling back.

All told, 14.7 million people were unemployed in June.

If laid-off workers who have given up looking for new jobs or have settled for part-time work are included, the unemployment rate would have been 16.5 percent in June, the highest on records dating to 1994.

Since the recession began in December 2007, the economy has lost a net total of 6.5 million jobs.

As the downturn bites into sales and profits, companies have turned to layoffs and other cost-cutting measures to survive. Those include holding down workers' hours and freezing or cutting pay.

The average work week in June fell to 33 hours, the lowest on records dating to 1964.

Layoffs in May turned out to smaller, 322,000, versus the 345,000 first reported. But job cuts in April were a big deeper -- 519,000 versus 504,000, according to government data.

Even with higher pace of job cuts in June, the report indicates that the worst of the layoffs have passed. The deepest job cuts of the recession came in January, when 741,000 jobs vanished, the most in any month since 1949.

And there was some other encouraging job news Thursday.

In a separate report, the department said the number of newly laid-off workers filing applications for unemployment benefits fell last week to 614,000, in line with economists' predictions. The number of people continuing to draw benefits unexpectedly dropped to 6.7 million.

Still, job losses last month were widespread.

Professional and business services slashed 118,000 jobs, more than double the 48,000 cut in May. Manufacturers cut 136,000, down from 156,000. Construction companies got rid of 79,000 jobs, up from 48,000 the previous month. Retailers eliminated 21,000, up from 17,600. Financial activities cut 27,000, following 30,000 in May. The government cut 52,000 jobs, up from 10,000 the previous month. Leisure and hospitality cut 18,000 jobs, erasing a gain of the same size in May.

One of the few industries adding jobs: education and health services.

With the weakness in the job market, workers didn't see any wage gains in June. Average hourly earnings were flat at \$18.53.

The worst crises in the housing, credit and financial markets since the 1930s have plunged the country into the longest recession since World War II.

Many think the jobless rate could rise as high as 10.7 percent by the second quarter of next year before it starts to make a slow descent. Some think the rate will top out at 11 percent. The post-World War II high was 10.8 percent at the end of 1982, when the country had suffered

through a severe recession.

Federal Reserve Chairman Ben Bernanke predicts the recession will end this year, with many economists forecasting that the economy will start to grow again as soon as the current July-September quarter.

But recoveries after financial crises tend to be slow, which is why economists predict it will take years for the job market to return to normal. Some predict the nation's unemployment rate won't drop to 5 percent until 2013.

An elevated unemployment rate could become a political liability for President Barack Obama when congressional elections are held next year. The last time the unemployment rate topped 10 percent, the party of the president -- then Ronald Reagan's GOP -- lost 26 House seats in midterm elections in 1982.

So far, many people are saving -- rather than spending -- the extra money in their paychecks from Obama's tax cut, blunting its help in bracing the economy. Much of the economic benefit of Obama's increased government spending on big public works projects won't kick in until 2010, analysts say.

The White House last week said federal money is being shoveled out of Washington quickly, but states aren't steering the cash to counties that need jobs the most.

Large job cuts have continued this week. Newspaper publisher Gannett Co. said it plans to cut 1,400 jobs in the next few weeks, about 3 percent of the work force, as it faces a prolonged slump in advertising revenue. Farm machinery company Deere & Co. said 800 salaried employees, or 3 percent of its salaried work force, took a voluntary buyout offer.

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