



Challenger, Gray & Christmas, Inc.
The original outplacement company

CONTACTS

James K. Pedderson, Director of Public Relations
Office: 312-422-5078
Mobile: 847-567-1463
jamespedderson@challengergray.com

Colleen Madden, Media Relations Manager
Office: 312-422-5074
colleenmadden@challengergray.com

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Job Cuts Up Slightly in June

39,372 JOB CUTS ANNOUNCED IN JUNE; MIDYEAR TOTAL DOWN 9% TO 258,932

CHICAGO, July 3, 2013 – Planned job cuts rose slightly in June, as employers announced workforce reductions totaling 39,372 during the month, up 8.2 percent from 36,398 in May. While job cuts were up last month, the pace of downsizing through the first half of the year is down about nine percent from a year ago, according to the latest report on monthly job cuts released Wednesday by global outplacement consultancy Challenger, Gray & Christmas, Inc.

Led by increased job cuts in the computer and education sectors, June was 4.8 percent higher than the same month a year ago, when employers announced 37,551 planned job cuts. For the quarter ending June 30, announced layoffs totaled 113,891, down 21.5 percent from the first quarter and 18.6 percent lower than the same three month period in 2012.

The slowdown in job cuts last quarter was responsible for an overall decline in job cuts through the first half of 2013. Employers announced 258,932 job cuts through the six months of the year, 8.5 percent fewer than the 283,091 job cuts announced by the same point in 2012. The six-month total is the second lowest since 2000, when employers announced 223,421 cuts from January through June. The lowest six-month tally since 2000 was 2011, when job cuts totaled 245,806.

While job cuts have declined overall, four of the five industries with the heaviest layoffs so far this year have seen job cuts increase by an average of 60 percent. Of the top five job-cutting sectors, financial service has experienced the heaviest downsizing and the largest year-over-year gain. Job cuts in this sector are up 82 percent to 36,762, including 1,671 in June. The second-ranked retail sector has announced 32,900 cuts this year, up 38 percent from 2012. Meanwhile, job cuts in the health care sector are up 62 percent to 22,951.

Last month, job cuts surged in the computer sector, where employers announced 10,133 job cuts, bringing the year-to-date total for the sector to a fourth-ranked 19,930. The education sector also saw its heaviest job cutting of the year in June, with 5,629 planned layoffs.

“The economy is picking up speed with housing and manufacturing staging comebacks. Threats to job security still exist, however, in the form of federal spending cutbacks stemming from sequestration as well as potential fallout from implementation of health care reform,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“So far, most of the job cuts related to health care reform have come from health care providers adjusting to lower Medicare reimbursements and state Medicaid cutbacks. As 2014 approaches, we could see more cuts related to health care reform as smaller employers, who are mandated to provide coverage if they have 50 or more full-time workers, cut the number of workers and/or hours to remain under the 50-worker threshold,” said Challenger.

“Larger companies may cut workers to offset the higher costs associated with providing affordable and adequate health care to all employees or paying \$2,000 per worker for not providing coverage. As for sequestration cuts, we are already seeing layoffs stemming from the mandated cuts in federal spending. These cuts could go on well in to 2014, as private-sector firms with government contracts start to feel the impact as current contracts expire,” he added.

To date, Challenger has tracked 10,253 job cuts related to sequestration and other federal spending cuts. The largest portion of the sequestration cuts have come from the aerospace and defense sector, which announced 4,366 layoffs between January and June. Government employers have cut another 1,976 jobs related to sequestration. Health care reform has been cited as the cause for 618 job cuts since the beginning of the year, all of which have occurred in the health care sector.

“Even if we see an increase in job cuts related to sequestration and health care reform, it is unlikely that the overall pace of downsizing will see a significant surge in the second half of the year. In fact, health care reform may be just as likely to contribute to hiring as it is to job cuts. One Iowa based call center recently announced plans to expand its staff by 120 workers after winning the contract to provide customer support services for the federal Affordable Care Act,” said Challenger.

“Meanwhile, home building, home sales and home prices are all on the rise, which bodes well for the overall economy, as it not only gets construction workers back on the job, but it fuels all kinds of economic activity, such as home improvement projects, hiring movers, buying new furniture and appliances, stocking new homes with food and household items, and so forth,” said Challenger.

“Right now, job cuts are on track to have the second-lowest annual total since 2000. We are heading into the third quarter, which is typically the slowest period for downsizing. Last year, we tracked fewer than 103,000 job cuts in the summer quarter, which was, in fact, the lowest quarterly total since 81,568 job cuts were recorded in the second quarter of 2000. Unless, there is a major shock to the economy in the second half of 2013, we could see layoff activity decline continue to decline toward pre-2000 levels,” noted Challenger.

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CHALLENGER, GRAY & CHRISTMAS, INC. JOB-CUT ANNOUNCEMENT REPORT

TOP FIVE INDUSTRIES Year To Date

	2013	2012
Financial	36,762	20,196
Retail	32,900	23,790
Health Care/Products	22,951	14,158
Computer	19,930	34,380
Aerospace/Defense	17,861	11,459

MONTH BY MONTH TOTALS

	2013	2012
January	40,430	53,486
February	55,356	51,728
March	49,255	37,880
April	38,121	40,559
May	36,398	61,887
June	39,372	37,551
July		36,855
August		32,239
September		33,816
October		47,724
November		57,081
December		32,556
TOTAL	258,932	523,362

Some reductions are identified by employers as workers who will take early retirement offers or other special considerations to leave the company.

LAYOFF LOCATION Year to Date

New York	55,288
California	25,260
Texas	23,150
Pennsylvania	15,337
Florida	12,866

Listings are identified by the location of the layoff or corporate headquarters as stated in announcement.

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JOB CUTS BY INDUSTRY

	12-Jun	13-May	13-Jun	Jan-June 2013	Jan-June 2012
Aerospace/Defense	537	3,654	1,514	17,861	11,459
Apparel	164		373	1,680	1,106
Automotive	231	2,269	560	8,373	6,671
Chemical	428		600	1,504	1,962
Commodities		100	445	612	674
Computer	1,781	4,101	10,133	19,930	34,380
Construction	240	343	495	1,168	1,642
Consumer Products	812	2,703	907	6,797	22,658
Education	6,569	2,394	5,629	12,656	24,815
Electronics	570	213	751	3,739	4,090
Energy	2,225	1,274	2,361	7,601	10,487
Entertainment/Leisure	611	2,219	837	9,145	7,036
Financial	2,912	235	1,671	36,762	20,196
Food	1,895	1,029	1,109	8,523	11,833
Government	1,069	1,164	1,458	7,727	10,462
Health Care/Products	1,981	4,886	2,084	22,951	14,158
Industrial Goods	1,243	2,814	1,620	15,546	13,387
Insurance	93	75	3,209	4,498	3,456
Legal			273	391	815
Media	1,345	543	321	6,709	3,174
Non-Profit	205	397	308	1,751	1,143
Pharmaceutical	2,945	1,687	320	6,709	7,987
Real Estate				378	280
Retail	2,807	1,386	217	32,900	23,790
Services	535	709	1,325	5,793	4,943
Telecommunications	3,838	1,007	440	5,214	13,059
Transportation	2,422	1,137	389	10,891	26,615
Utility	93	59	23	1,123	813
TOTAL	37,551	36,398	39,372	258,932	283,091

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JOB CUTS BY REGION, STATE

East	June	Y-T-D
New York	10,979	55,288
Pennsylvania	6,613	15,337
New Jersey	511	8,682
Massachusetts	371	5,705
Connecticut	430	4,413
Maryland	129	2,447
Dist. of Columbia	925	2,125
Delaware		1,440
Maine	440	928
New Hampshire		604
Rhode Island		550
Vermont		168
TOTAL	20,398	97,687

Midwest	June	Y-T-D
Illinois	2,385	12,790
Ohio	374	9,382
Missouri	348	7,994
Michigan	921	5,554
Minnesota	35	5,083
Wisconsin	397	4,577
Indiana	201	3,866
Kansas	16	1,364
Nebraska		512
Iowa	73	286
TOTAL	4,750	51,408

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JOB CUTS BY REGION, STATE

West	June	Y-T-D
California	6,307	25,260
Texas	972	23,150
Washington	95	7,019
Colorado	250	4,743
Oregon	130	2,286
Arizona	20	1,947
Hawaii	190	1,290
Utah	130	753
Oklahoma		416
North Dakota	50	389
New Mexico		300
Idaho	47	282
Wyoming	115	189
Nevada	65	188
Alaska		176
South Dakota		153
Montana	21	136
TOTAL	8,392	68,677

South	June	Y-T-D
Florida	2,260	12,866
Georgia	47	7,455
N. Carolina	1,441	5,914
Virginia	1,026	4,905
Tennessee	242	2,875
S. Carolina		2,232
Kentucky	55	1,604
Alabama	564	1,472
Mississippi		852
Arkansas	88	407
West Virginia	21	324
Louisiana	88	254
TOTAL	5,832	41,160

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JOB CUT REASONS

	June	YTD
Restructuring	17,605	113,378
Closing	5,918	53,912
Cost-Cutting	7,754	32,431
Demand Downturn	1,846	11,588
Government Contract Loss/Sequestration Concerns	2,007	8,428
Merger/Acquisition	1,179	8,007
Loss of Contract	1,340	6,020
Legal Trouble	16	3,331
Economic Conditions		3,266
Outsourcing		3,075
Voluntary Severance	530	2,423
Bankruptcy		2,346
Natural Disaster		2,000
Relocation	218	1,931
Federal Spending Cuts		1,825
Competition	238	1,428
Labor Dispute		1,000
Health Reform	321	618
Work Stoppage	400	400
Government Regulation		390
Order Cancellation/Reduction		387
Reorganization/Consolidation		359
Drought		221
Funding Loss		160
Firing		8
TOTAL	39,372	258,932

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QUARTER-BY-QUARTER

	Q1	Q2	Q3	Q4	TOTAL
1989	9,850	10,100	24,085	67,250	111,285
1990	107,052	87,686	49,104	72,205	316,047
1991	110,056	76,622	147,507	221,107	555,292
1992*	110,815	85,486	151,849	151,850	500,000
1993	170,615	84,263	194,486	165,822	615,186
1994	192,572	107,421	117,706	98,370	516,069
1995	97,716	114,583	89,718	137,865	439,882
1996	168,695	101,818	91,784	114,850	477,147
1997	134,257	51,309	95,930	152,854	434,350
1998	139,140	131,303	161,013	246,339	677,795
1999	210,521	173,027	173,181	118,403	675,132
2000	141,853	81,568	168,875	221,664	613,960
2001	406,806	370,556	594,326	585,188	1,956,876
2002	478,905	292,393	269,090	426,435	1,466,823
2003	355,795	274,737	241,548	364,346	1,236,426
2004	262,840	209,895	251,585	315,415	1,039,735
2005	287,134	251,140	245,378	288,402	1,072,054
2006	255,878	180,580	202,771	200,593	839,822
2007	195,986	197,513	194,095	180,670	768,264
2008	200,656	275,292	287,142	460,903	1,223,993
2009	578,510	318,165	240,233	151,122	1,288,030
2010	181,183	116,494	113,595	118,701	529,973
2011	130,749	115,057	233,258	127,018	606,082
2012	143,094	139,997	102,910	137,361	523,362
2013	145,041	113,891			258,932
AVG	208,629	160,183	188,155	220,678	

*Estimate based on half-year total. Challenger began tracking job-cut data in 1993. Before that, it was tabulated by an independent newsletter no longer published.

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JOB-CUT ANNOUNCEMENT REPORT**

ANNOUNCED HIRING PLANS

Industry	June	Year-To-Date
Aerospace/Defense	400	1,235
Apparel		200
Automotive	1,755	8,952
Chemical		340
Commodities		0
Computer		3,996
Construction	110	761
Consumer Products		1,225
Education	1,000	3,807
Electronics	200	280
Energy	180	1,243
Entertainment/Leisure		890
Financial		2,236
Food		3,558
Government	6	4,205
Health Care/Products	4,345	6,533
Industrial Goods	333	4,658
Insurance	75	1,260
Legal		0
Non-Profit		0
Media		133
Pharmaceutical	20	495
Real Estate		0
Retail	50	138,984
Services		150
Telecommunications	270	2,970
Transportation	30	675
Utility		
TOTAL	8,774	188,786

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**ANNOUNCED HIRING PLANS
MONTHLY TOTALS**

	2013	2012	2011
January	60,585	7,568	29,492
February	92,372	10,720	72,581
March	8,115	12,390	10,869
April	9,322	11,794	59,648
May	9,618	7,722	10,248
June	8,774	12,314	15,498
July		10,350	10,706
August		12,079	15,201
September		425,683	76,551
October		75,065	159,177
November		28,526	63,527
December		16,266	14,074
TOTAL	188,786	630,477	459,971

**In January, Lowe's announced 50,000 seasonal hires.
In February, Home Depot announced 80,000 seasonal hires.**