



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

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Job Cuts Decline From 6-Month High

PLANNED LAYOFFS TOTAL 40,289 IN SEPTEMBER

CHICAGO, October 3, 2013 – Planned job cuts fell to their lowest level in three months, as U.S.-based employers announced plans to reduce payrolls by 40,289 in September. That was down 20 percent from August, when job cuts reached a six-month high of 50,462, according to the latest report on monthly job cuts released Wednesday by global outplacement consultancy Challenger, Gray & Christmas, Inc.

The September total was 19 percent higher than the 33,816 planned job cuts announced the same month last year. This marks the fourth consecutive month that saw heavier job cutting than a year ago.

As a result of this trend, job cuts in the third quarter were up 25 percent from a year ago. Overall, 128,452 planned cuts were announced during the three month period ending September 30, compared to 102,910 over the same stretch last year. The third-quarter total was 13 percent higher than the second quarter, when 113,891 job cuts were announced.

Despite the recent surge, the overall pace of job cutting in 2013 is virtually unchanged from a year ago. To date, employers have announced 387,384 job cuts, up 0.4 percent from the 386,001 announced from January through September in 2012.

For the third time in the last five months, the health care sector was the leading announcer of job cuts, with reported layoffs totaling 8,128. That is the highest monthly job-cut total for this sector since November 2009, when these organizations announced 9,558 job cuts. The sector has now announced 41,085 job cuts in 2013, which is 13.4 percent more than the 36,212 health care job cuts announced in all of 2012.

“The health care sector is adjusting workforce levels due to cutbacks in Medicare and Medicaid reimbursements initiated under the Affordable Care Act as well as overall reductions in federal spending due to sequestration. A prime example of this occurred last month, when the Cleveland Clinic announced plans to reduce its headcount by 3,000, accounting for more than one-third of the health care cuts during the month. It attributed the cuts to lower government payments under health care reform,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“It is important to remember that while it is critical for government spending to be reduced in order to shrink the nation’s deficit, these cutbacks do not occur in a vacuum. They have real-world consequences that ripple throughout the economy. So, the push to cut federal spending, while absolutely necessary, is going to impact jobs both inside and outside of the government. We are seeing it in health care, education, and aerospace and defense,” said Challenger.

After health care, the financial sector experienced the next largest number of job cuts in September. These firms announced 6,932 planned layoffs during the month, bringing the year-to-date total for the sector to 48,874, which is the most among all industries for the year.

“Many of the recent banking cuts have been concentrated in the mortgage business. A couple of trends are happening here to help drive up job cuts. Many banks brought in extra workers in their mortgage departments to help deal with the large number of foreclosures. The number of foreclosures is now shrinking, which is eliminating the need for these extra workers. Additionally, recent upticks in interest rates have lowered demand for refinancing, which, in turn, is lowering the need for workers to process these transactions,” noted Challenger.

“If there can be any silver lining in job-cut announcements, the banking cuts seem to be stemming from an improving economy. They are the result of fewer foreclosures and higher interest rates, neither of which would occur in a downward-heading economy. Home buying is increasing around the country, along with home prices. Hiring has been strong of late, and weekly jobless claims are declining to the some of the lowest levels we have seen since the end of the recession,” said Challenger.

Challenger pointed out that there are still many challenges for this economy, the latest being the government shutdown. However, the one-day-old shutdown has had no noticeable impact on the economy, yet. The stock market saw gains on the first day of the shutdown and it did not stop Amazon.com from announcing plans to hire 70,000 seasonal workers for the upcoming holidays.

Amazon joins several other nationwide retailers who have already announced holiday hiring intentions, including Macy’s, which plans to hire 83,000; Target, hiring 70,000; and Walmart, 55,000. All told, hiring announcements totaled 444,617 in September, with 99 percent coming from seasonal plans.

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TOP FIVE INDUSTRIES Year To Date

	2013	2012
Financial	48,874	27,732
Industrial Goods	44,750	20,259
Health Care/Products	41,085	26,080
Retail	36,494	30,306
Aerospace/Defense	28,170	15,903

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	37,701	36,855
August	50,462	32,239
September	40,289	33,816
October		47,724
November		57,081
December		32,556
TOTAL	387,384	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	64,808
California	44,131
Illinois	34,904
Texas	28,139
Pennsylvania	20,298

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-Sep	13-Aug	13-Sep	Jan-Sept 2013	Jan-Sept 2012
Aerospace/Defense	2,627	1,362	4,058	28,170	15,903
Apparel	306	220		2,170	1,823
Automotive	1,897	931	1,136	11,407	10,405
Chemical	50	340		2,240	2,545
Commodities		8	1,225	2,071	674
Computer	3,001	4,663	1,712	27,892	40,671
Construction	558		177	1,570	2,693
Consumer Products	1,917	152	2,966	10,815	26,851
Education	1,130	413	190	16,116	28,106
Electronics	841	2,169	90	6,168	7,380
Energy	3,393	2,600	3,047	15,076	16,736
Entertainment/Leisure	1,400	220	944	11,291	11,100
Financial	845	3,096	6,932	48,874	27,732
Food	1,159	1,505	311	11,461	16,486
Government	1,360	388	136	10,378	14,186
Health Care/Products	3,105	3,163	8,128	41,085	26,080
Industrial Goods	3,045	22,162	4,691	44,750	20,259
Insurance	3,189	47	835	6,284	7,714
Legal		30		501	931
Media	411	1,039	229	8,239	4,087
Non-Profit	159	144	533	3,141	1,418
Pharmaceutical	483	1,384	129	8,922	10,109
Real Estate			109	378	280
Retail	1,519	873	927	36,494	30,306
Services	533	151	438	7,545	6,696
Telecommunications	232	2,620	251	8,888	19,219
Transportation	656	755	167	13,257	33,063
Utility		27	928	2,092	2,548
TOTAL	33,816	50,462	40,289	387,275	386,001

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JOB CUTS BY REGION, STATE

East	September	Y-T-D
New York	2,491	64,808
Pennsylvania	1,660	20,298
Connecticut	283	12,425
New Jersey	366	10,028
Massachusetts	1,080	8,174
Maryland	771	4,321
Dist. of Columbia	166	2,396
New Hampshire		1,477
Delaware		1,447
Maine	49	1,299
Rhode Island		803
Vermont	120	507
TOTAL	6,986	127,983

Midwest	September	Y-T-D
Illinois	2,202	34,904
Ohio	3,275	16,657
Missouri	94	9,811
Michigan	1,000	7,541
Indiana	1,521	6,634
Wisconsin	465	5,678
Minnesota	80	5,354
Kansas	344	3,110
Iowa	85	572
Nebraska		512
TOTAL	9,066	90,773

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JOB CUTS BY REGION, STATE

West	September	Y-T-D
California	9,146	44,131
Texas	2,127	28,139
Washington	897	9,318
Colorado	77	7,554
Oklahoma	2,341	3,492
Oregon	229	3,261
Arizona		2,457
Idaho		2,023
Hawaii	22	1,336
South Dakota	169	1,192
Utah	239	1,041
Nevada	816	1,004
New Mexico		739
North Dakota		389
Montana	125	261
Alaska		208
Wyoming	6	195
TOTAL	16,194	106,740

South	September	Y-T-D
Florida	863	15,968
Georgia	150	8,805
N. Carolina	610	8,030
Virginia	494	7,337
Tennessee	603	6,082
S. Carolina	1,247	4,734
Alabama	1,213	3,484
Mississippi	2,278	3,130
Louisiana	40	3,012
Kentucky	525	2,421
Arkansas	20	1,419
West Virginia		966
TOTAL	8,043	65,388

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	September	YEAR-TO-DATE
Restructuring	11,213	140,979
Closing	8,257	80,543
Cost-Cutting	1,089	61,797
Demand Downturn	2,165	18,147
Merger/Acquisition	1,716	13,976
Sequestration	1,406	11,967
Economic Conditions	6,334	9,772
Loss of Contract	1,308	9,456
Voluntary Severance	3,311	5,914
Falling Sales		5,280
Outsourcing	250	5,002
Legal Trouble	253	4,284
Bankruptcy	1,451	4,042
Relocation	135	2,676
Health Reform	1,079	2,525
Federal Spending Cuts		2,500
Natural Disaster	22	2,052
Competition		1,660
Labor Dispute		1,000
Rising Costs	56	868
Order Cancellation/Reduction		846
Government Regulation		566
Work Stoppage		400
Reorganization/Consolidation		359
Drought		221
Government Drawdown in Iraq	75	215
Funding Loss	20	180
Technological Update	149	149
Firing		8
TOTAL	40,289	387,384

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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	128,452		387,384
AVG	208,629	160,183	185,668	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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ANNOUNCED SEASONAL HIRING PLANS

Macy's	83,000
Target	70,000
Amazon	70,000
Walmart	55,000
Kohl's	52,000
Toys R Us	45,000
JC Penney	35,000
GameStop	17,000
Meijer	9,000
eBay (Louisville, KY)	2,000
Eddie Bauer (Columbus, OH)	1,200

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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	9,728	10,350	10,706
August	7,662	12,079	15,201
September	444,617	425,683	76,551
October		75,065	159,177
November		28,526	63,527
December		16,266	14,074
TOTAL	650,793	630,477	459,971

In January, Lowe's announced 50,000 seasonal hires.

In February, Home Depot announced 80,000 seasonal hires.

In September, seasonal/holiday hires numbered 439,200

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ANNOUNCED HIRING PLANS

Industry	September	Year-To-Date
Aerospace/Defense		4,145
Apparel		300
Automotive	1,789	15,441
Chemical	20	360
Commodities		0
Computer		4,216
Construction		1,675
Consumer Products	428	2,081
Education	379	4,242
Electronics	25	445
Energy		1,243
Entertainment/Leisure	200	1,140
Financial	225	3,861
Food	75	3,853
Government		4,217
Health Care/Products	1,030	7,644
Industrial Goods	740	6,100
Insurance	12	1,322
Legal		0
Non-Profit	11	11
Media		133
Pharmaceutical		495
Real Estate		0
Retail	439,463	583,537
Services		425
Telecommunications	120	3,090
Transportation		717
Utility	100	100
TOTAL	444,617	650,793