

US job losses in June higher than expected

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

The Labour Department report, released yesterday, 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 per cent in May wasn't as sharp as the expected 9.6 per cent. Still, many economists predict the jobless rate will hit 10 per cent this year, and keep rising into next year, before falling back.

All told, 14.7 million Americans 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 per cent 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.

Even with the 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 yesterday.

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. — AP