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What Do the Latest Unemployment Numbers Mean For Your Business?

According to the latest Unemployment Insurance Weekly Claims Report from the Labor Department, new claims for U.S. unemployment benefits rose more than anticipated for the last week in June. Claims jumped by 13,000 to 472,000 despite a Bloomberg survey that had forecasted them to fall to 450,000.

"The trend has generally been moving higher in recent weeks, suggesting that the labor market is perhaps starting to weaken," said Andrew Gledhill at Moody's Economy.com.

Analysts agree that jobless claims ideally need to drop below 400,000 in the last two quarters of 2010 to give investors confidence that the economy is truly recovering. If commercial activity increases and jobless claims decrease, companies may reduce layoffs and resume hiring, steps that are critical for sustainable economic growth.

On a more positive note, private sector payrolls continue to recover, continuing the trend that's held strong every month this year. June also marked the third consecutive month in which announced job cuts were fewer than 40,000 according to a report by Challenger, Gray & Christmas. The rate of downsizing has decreased significantly each month in 2010 versus last year, even as U.S. unemployment numbers remain steady at 9.7%.

Industries with the highest number of cuts included computer, government/non-profit, retail and transportation. It's also important to note that as many as 235,000 nonfarm jobs eliminated in May were temporary government jobs for the 2010 census.

Fortunately, the Challenger report shows that layoffs within the top five job-cutting industries have declined this year, which can be viewed as a good sign for the job market the next two quarters.

As your business banker, I want to help your business grow and prosper as we all watch the economy for signs of growth and improvement. If you'd like to talk about new initiatives or financing solutions for your business, please give me a call.

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