

The Sun

October 4, 2007 Edition > Section: [Business](#) > Printer-Friendly Version

Subprime Mortgage Crisis Taking a Toll on Employment

BY A. BALLA - Special to the Sun

October 4, 2007

URL: <http://www.nysun.com/article/63950>

The first signs are emerging that the crisis in the subprime mortgage industry is resulting in heavy job losses in the financial sector.

America's financial industry has announced nearly 130,000 job cuts so far this year, with more than half, or 69,664, by mortgage and subprime lending institutions, according to a report released yesterday by employment firm Challenger, Gray & Christmas.

The news comes just in time for tomorrow's release of the Labor Department's nonfarm payroll employment data, an important indicator of economic health. Last month, American nonfarm payroll employment fell by 4,000, the first time it had gone down since

ADVERTISEMENT


ADVERTISEMENT



I ♥ NY.
 Snuggle Friday and Saturday.
 Stay cozy on Sunday night FREE.

Find a New York State
 Cozy Inn now 

ADVERTISEMENT



**THE
 DNA ANCESTRY
 PROJECT**

Discover your ancestry with DNA
www.DNAAncestryProject.com

www.dnaancestryproject.com

Ads by Google



July 2003. After a rally earlier this week, the stock market has quieted down while investors wait to see tomorrow's numbers.

While some of the country's industries are growing, the housing problems are a sore spot. Of the nearly 72,000 jobs lost nationwide last month, one in three was a direct result of the housing slump, as mortgage lenders, construction companies, and real estate firms cut jobs to deal with the liquidity crisis.

Financial firms, which are the backbone of New York's economy, have been hit hard, with 16,065 jobs lost statewide in housing-related markets so far this year, according to Challenger, Gray's data.

"It's clearly a down cycle, but it can be short-lived," the president of the executive search firm Whiterock Group, LLC, Gustavo Dolfino, said.

On Tuesday, Morgan Stanley, the New York-based financial bank, said it was cutting 600 jobs related to its mortgage business. The cuts will not affect New York City, people familiar with the matter said. Bear Stearns said yesterday it was cutting 310 jobs as it shrinks its residential mortgage lending business. Both financial banks reported losses in quarterly earnings last year.

"I doubt the worst is over — there are more shoes to drop," the chief executive at Challenger, Gray, John Challenger, said in a telephone interview. "We could continue to see heavy job cuts in the financial sector through the end of the year."

Despite all of this bleak news related to the housing and financial services sectors, the economy as a whole seems to be on stable footing. Job cuts were 9.7% lower than the six-month high of 79,459 in August, and 28.5% lower than last September, when employers announced 100,315 job losses — one of only two times last year that monthly job cuts exceeded 100,000, according to Challenger, Gray's report.

"Basically the rest of the economy is healthy. There are jobs being created in health care and technology businesses," Mr. Challenger said. "I don't think it's going to be a blockbuster month, but there will be more moderate job growth, which is better than last month."

October 4, 2007 Edition > Section: [Business](#) > [Printer-Friendly Version](#)