

JPMorgan Chase to cut 4,000 jobs

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JPMorgan announced plans Tuesday to cut \$1 billion through trimming various costs and eliminating about 4,000 jobs. The bank claimed new regulations on Wall Street could cost up to 10 percent of its market revenues.

At the same time, the bank said it would be reducing the workforce in its mortgage banking unit by between 13,000 and 15,000 employees by the end of 2014. These jobs are considered mostly contractual and part-time, the bank insisted.

Speaking before the JPMorgan investor meeting on Tuesday, CFO Marianne Lake said that the planned cuts would be driven by savings in its mortgage unit, despite the fact that the US housing sector has shown some improvement from the post-2008 economic meltdown.

JPMorgan's mortgage production revenue was up 70 percent in 2012. However, analysts expect refinancing volumes to ebb after several years of borrowers trying to lower their interest rates in response to the Federal Reserve keeping short-term rates close to zero.

News of the layoffs came as another banking giant, Goldman Sachs, is reportedly set to begin a new round of job cuts as early as this week, according to Reuters. Goldman usually cuts around 5 percent of its employees around this time of year, but this year's cutbacks are expected to be deeper.

Job cuts at Goldman's equity trading desk are likely to be in excess of 5 percent, due to weak volumes and earnings, while layoffs in the bank's fixed-income business are expected to be less than 5 percent. Goldman has cut about 9 percent of its workforce over the past two years.

FOX Business reported in December that Goldman and Morgan Stanley were considering slashing jobs in the following weeks and months in response to declining trading volumes and mounting costs tied to regulation.

In a broader shakeup late last year, Citigroup announced plans to slash about 11,000 jobs. In October 2012, a report from the New York State Comptroller showed that employment in the Wall Street securities industry was down about 4,800 from 168,700 jobs the previous year.



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