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Tech layoffs continue as the Fed signals more rate hikes

Article

The latest layoff numbers: A slew of tech companies have announced or enacted layoffs over the past few weeks, and the talent bloodletting shows no signs of easing in 2023.

- **Micron:** Citing missed revenue targets, the chipmaker says it will lay off 10% of its workforce.

- **Twitter:** The social media company has cut **40** positions in data science and engineering, adding to the **3,700** global staff and up to **5,500** contract workers it previously slashed.
- **Vimeo:** Due to an "uncertain economic environment," the video platform says it will reduce its payroll by **11%**.
- **Stitch Fix:** The AI-driven fashion company announced plans to cut **20%** of its salaried staff.
- **ByteDance:** Despite news of **TikTok**'s owner hiring for open roles, it has also enacted layoffs for **10%** of its staff.
- **Intel:** The chip giant plans to cut about **200** employees at two of its California campuses early this year.
- **Adobe:** The company is shifting some employees to critical roles to avoid company-wide layoffs but will cut **100** workers from its sales team.
- **Lenovo:** Declining to cite a specific number, the PC maker confirmed it will lay off some of its workers in North Carolina.
- **Qualcomm:** Facing falling smartphone demand, the tech giant will lay off 153 members of its San Diego workforce.
- As we shared last week, **Amazon** has raised its projected layoffs outlook from **10,000** to **18,000** and **Salesforce** has decided to lay off **10%** of its staff in a global restructuring move.

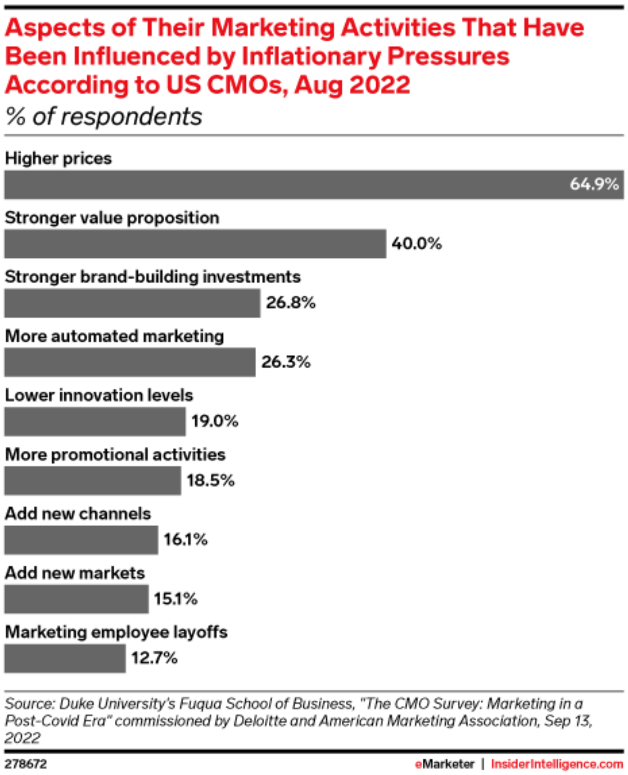
Over **17,000 employees have been laid off from 18 tech companies in 2023** as of January 6, per Layoffs.fyi. It adds to the **153,937 tech workers laid off from 1,020 companies in 2022**.

Economic headwinds for tech: It's been a rough start to the new year for the tech industry as it continues to grapple with recessionary fears.

- The culprit is an overall strong US labor market that the **US Federal Reserve** wants to dampen as a means to rein in inflation.
- The **Dow Jones Industrial Average**, **S&P 500**, and **Nasdaq** fell Thursday following an **ADP** payroll report that indicated private employers added **235,000** jobs in December. That's significantly more than the **153,000** economists had anticipated, per Forbes.

Uncertainty ahead: Job creation among small and medium-size businesses has been good for workers, but it signals that the Fed could continue to enact bold interest rate hikes this year.

- **A resulting drought of capital could curtail the outlook for tech's economic recovery and mean more layoffs.**
- If the Fed fails to strike a balance between curbing inflation and enabling economic growth, a full-blown recession is still a distinct possibility this year.



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