TALiNT Partners

APAC Market Briefing

June 2026

Regional Improvement Broadens as Unemployment Eases Across Australia, China and Japan; Energy Shock Recedes

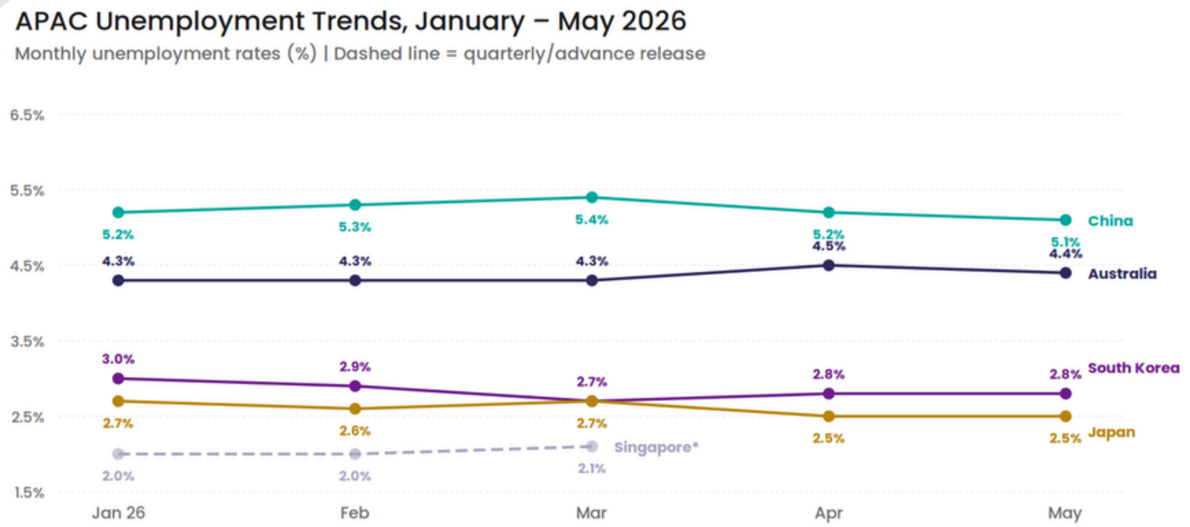
- Australia's unemployment eased to 4.4%, down 0.1pp; employment rose 40,300 and youth unemployment fell to 10.4%.
- Japan's unemployment held at 2.5%; employment hit a record 68.82M, while jobs-to-applicants slipped to 1.17.
- China's urban unemployment fell to 5.1% from 5.2%; youth unemployment dropped to 15.6%, an 11-month low.
- South Korea's unemployment held at 2.8%; employment fell 40,000, the first decline in 17 months.

APAC labour markets showed broad-based improvement in May 2026, marking a notable shift from the deterioration seen through the spring. Australia's unemployment rate fell to **4.4%** as employment rebounded by **40,300** — the strongest gain since December — while youth unemployment eased sharply to **10.4%**.

China's surveyed urban unemployment declined to **5.1%**, its lowest since December 2025, with youth unemployment falling to an 11-month low of 15.6%. Japan held steady at **2.5%** with employment reaching a record high.

The clear exception was South Korea, where the headline rate held at **2.8%** but the economy shed **40,000** jobs — the first employment decline in 17 months.

The most significant development for the region's outlook came from energy markets: following reports of a US-Iran interim agreement, Brent crude fell from a May average of **$107** per barrel toward **$79** by late June, easing the inflationary pressure that had weighed on the region's energy-importing economies through the first half of 2026.



** Singapore: Q1 2026 rate (Q2 advance not yet released). Dashed line indicates quarterly, not monthly, frequency.*
Other markets: May 2026 monthly, seasonally adjusted.

Sources: ABS, NBS China, Statistics Korea, Statistics Bureau of Japan / MHLW, MOM Singapore (June 2026 releases)

Employment and Participation Dynamics

Australia Rebounds While South Korea Shows Strain

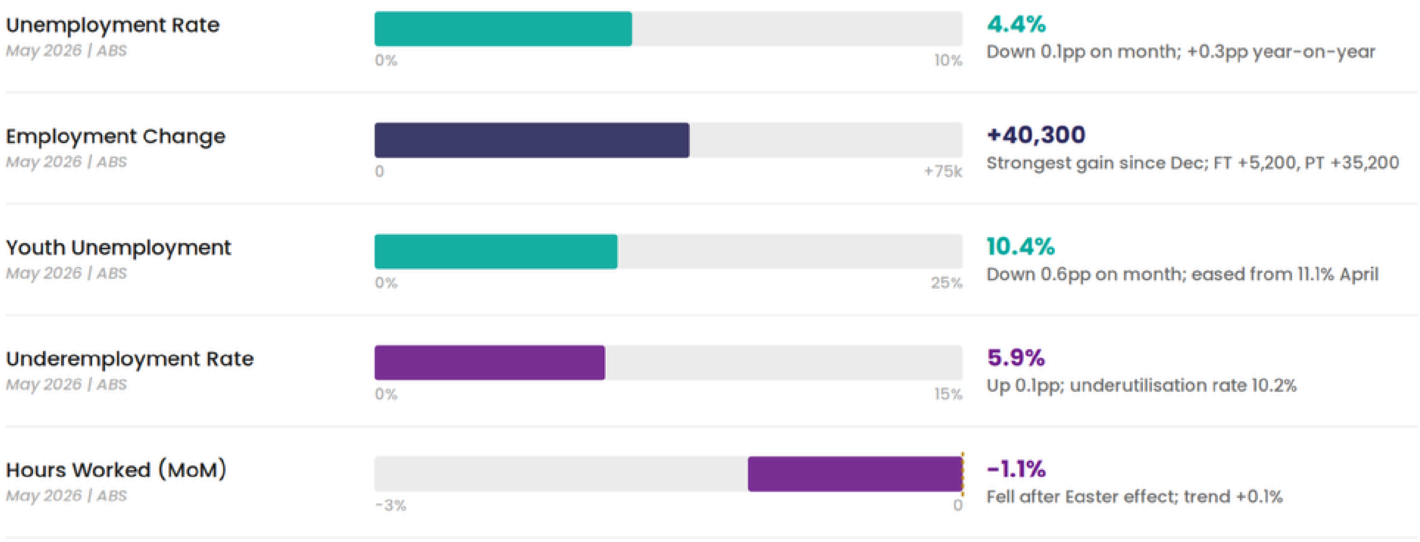
Australia's labour market rebounded strongly in May, with employment rising 40,300 — the strongest monthly gain since December 2025 — as the backlog of people waiting to start jobs eased. Full-time employment rose 5,200 and part-time 35,200, while the number of unemployed fell 18,300 to 671,300. The participation rate edged up to 66.7%.

The ABS noted that trend employment has grown at a steady monthly rate of 0.1% since January 2025, suggesting the underlying pace of jobs growth remains modest but positive despite month-to-month volatility. Hours worked fell 1.1% after an Easter-related spike in April, bringing hours back in line with employment growth.

Japan's employment reached a record high of 68.82 million in May, keeping the unemployment rate at 2.5% for a second consecutive month.

Australia: Labour Market Key Indicators

May 2026 | Source: Australian Bureau of Statistics, Labour Force Survey, released 25 June 2026



Each bar scaled to own reference. Hours Worked bar extends left from zero. Source: ABS, May 2026, released 25 June 2026

However, the jobs-to-applicants ratio slipped to 1.17, its lowest in five months, suggesting hiring demand is softening slightly even as the market remains structurally tight.

South Korea presented the region's starkest divergence: while the headline rate held at 2.8%, the economy lost 40,000 jobs — the first monthly employment decline in 17 months — with weakness concentrated in manufacturing, construction, retail and food services. The number of unemployed rose to 878,000, up 3.0% year-on-year, and the labour force participation rate fell to 62.5%.

Wage Growth and Cost Pressures

The dominant story for cost pressures in June was the sharp reversal in energy prices. Brent crude averaged $107 per barrel in May — already $10 lower than April's $117 average — before falling steeply toward $79 by late June following reports of a US-Iran interim agreement scheduled for signing on 19 June.

For APAC's predominantly energy-importing economies, this represents a material easing of the inflationary pressure that had compressed real incomes through the first half of 2026. Japan's nominal wage growth continued around 2.7% for cash earnings, supported by the spring shunto settlements, while the Bank of Japan maintained its 0.75% policy rate.

Australia's wage price index remained moderate, and the Reserve Bank of Australia — having raised rates to 4.35% in May — now faces a more benign inflation outlook if energy prices continue to normalise.

North & Southeast Asia Labour Market Indicators

Latest available data | Sources: Statistics Bureau of Japan / MHLW, NBS China, Statistics Korea, MOM Singapore

MARKET & SOURCE	RATE	DIR.	CONTEXT
Japan *May 2026 | Statistics Bureau / MHLW*	2.5%	▶	Unchanged; employment at record 68.82M Jobs-to-applicants 1.17 (5-month low); still tight
China *May 2026 | NBS*	5.1%	▼	Down from 5.2%; lowest since Dec 2025 Youth unemployment 15.6% (11-month low)
South Korea *May 2026 | Statistics Korea*	2.8%	▶	Unchanged, but -40k jobs (first fall in 17 mths) Weakness in manufacturing, construction, retail
Singapore *Q1 2026 | MOM*	2.1%	▲	Q2 advance not yet released 18th consecutive quarter of expansion (Q1)

Sources: Statistics Bureau of Japan/MHLW; NBS China; Statistics Korea; MOM Singapore (May 2026 / Q1 2026 releases)

Sectoral and Regional Variation

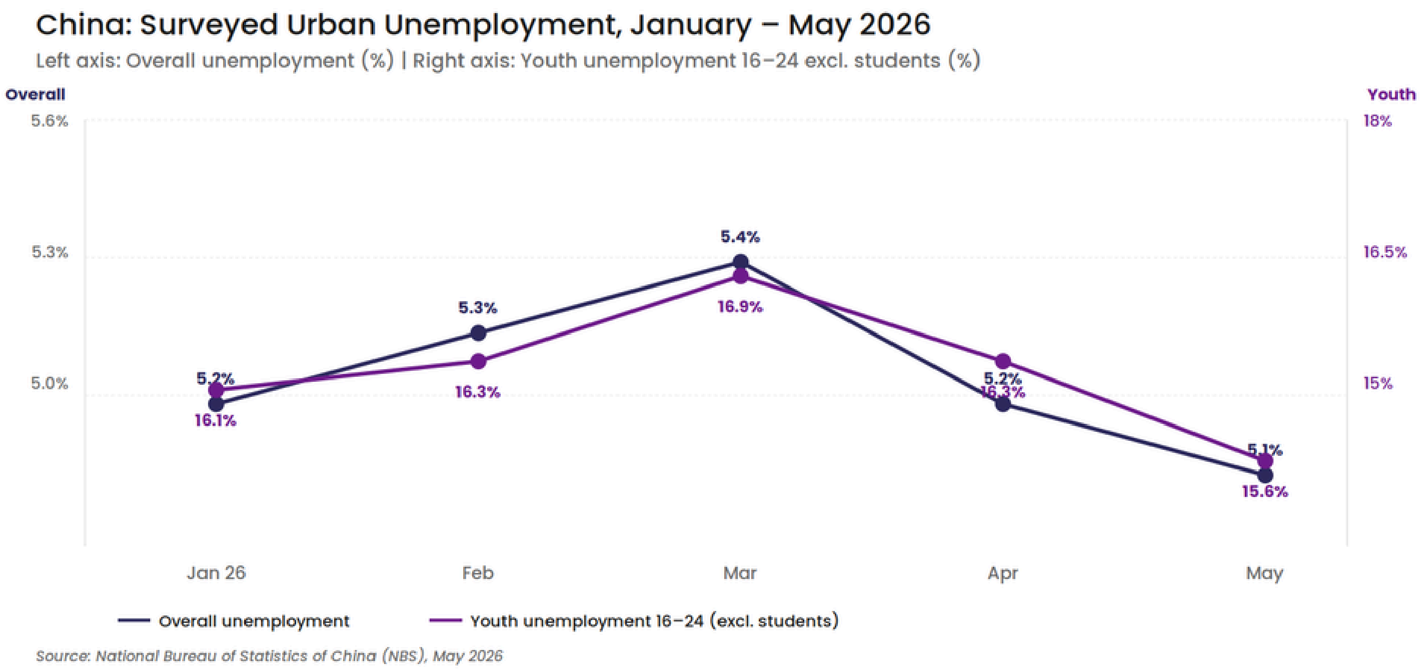
China delivered the region's most encouraging structural signal: surveyed urban unemployment fell to 5.1% in May, the lowest since December 2025, while youth unemployment (16–24, excluding students) dropped to 15.6% — an 11-month low. The improvement was broad-based, with the 25–29 cohort easing to 7.2% and the 30–59 group to 4.1%.

However, the NBS and analysts caution that youth figures typically face seasonal upward pressure in June and July as over 12 million new graduates enter the market.

South Korea's sectoral weakness was pronounced: employment fell in mining and manufacturing, construction, agriculture, wholesale and retail trade, and accommodation and food services, with gains only in electricity, transport, communication, finance and public services. Australia's improvement was led by part-time roles, which accounted for the bulk of the 40,300 employment gain.

The regional picture is one of cautious, uneven recovery. China's policy support — including infrastructure stimulus and hiring subsidies — appears to be gaining traction, though the sustainability of the youth unemployment improvement will be tested by the summer graduation wave.

For talent acquisition teams, the divergence between China and Australia's improvement and South Korea's sudden employment contraction underscores the need for market-specific rather than region-wide workforce strategies.



Comparative Analysis: APAC vs. US and Europe

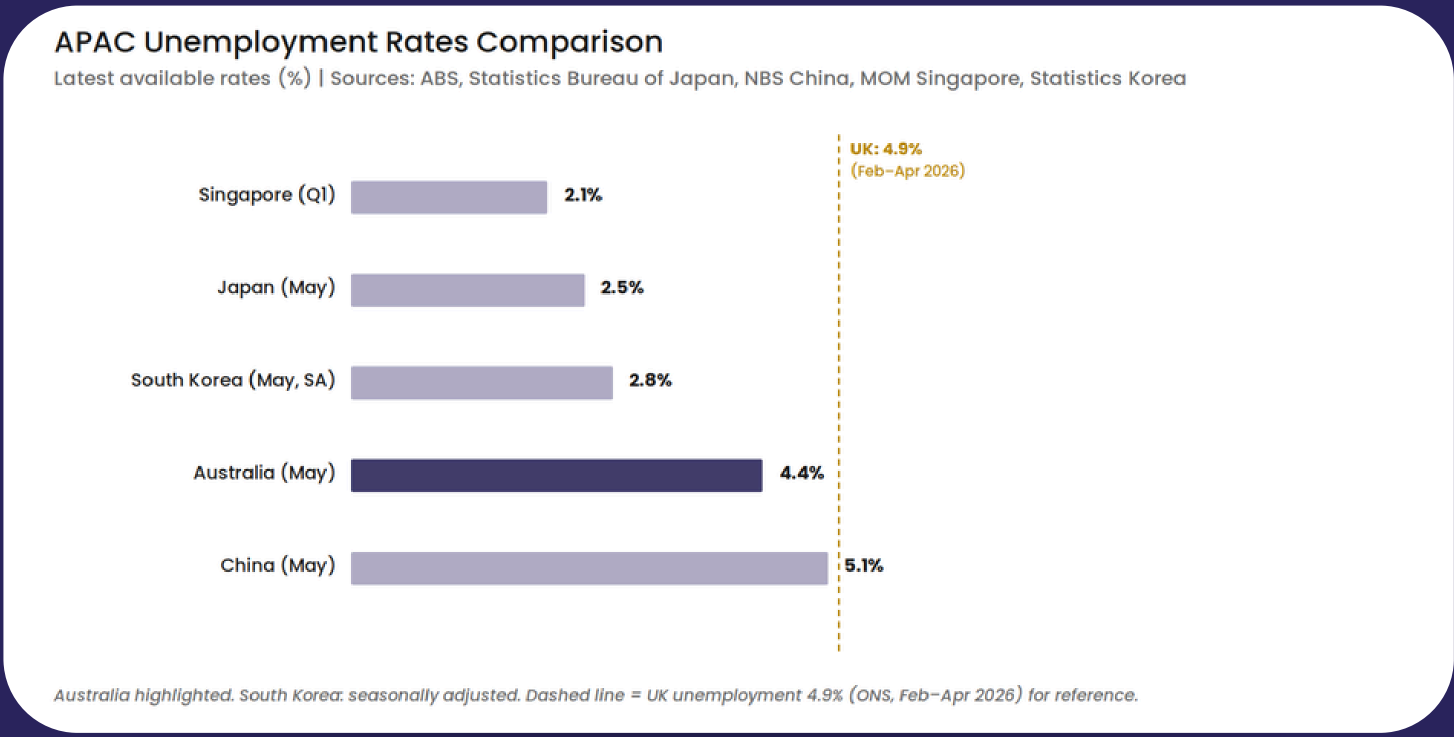
APAC unemployment ranges from 2.1% in Singapore to 5.1% in China, with the regional average now improving in contrast to rising unemployment in the UK (4.9%, Feb–Apr 2026) and steady conditions in the US (4.3%, May 2026).

Australia's 4.4% sits below the UK but above the US, while Japan and South Korea's low headline rates continue to reflect demographic tightness rather than cyclical strength — as South Korea's 40,000 job losses starkly illustrate.

The most important shared development across all regions is the retreat of the energy shock: the same US-Iran interim agreement that is easing APAC's imported inflation is also expected to relieve pressure on the US and European consumer price indices through the second half of 2026.

This synchronised easing, if sustained, would give central banks across all three regions more room to support labour markets without reigniting inflation — a materially more constructive backdrop than prevailed just one month ago.

The key risk to this more optimistic outlook is the durability of the US-Iran agreement. The EIA and IEA both caution that even with a deal, Gulf oil production and shipping will take months to normalise, and some pre-conflict trade patterns may not be restored until 2027.



A collapse of the interim agreement would rapidly reverse the energy relief and reintroduce the inflationary pressures that constrained APAC labour markets through the first half of 2026.

Strategic Implications for HR and Talent Acquisition

- The broad regional improvement creates a more favourable hiring environment, but the recovery is uneven — build market-specific strategies rather than assuming region-wide momentum.
- China's youth unemployment improvement offers an expanding early-career talent pool, but the June–July graduation wave will test its durability — time hiring campaigns to capture graduate availability before any seasonal deterioration.
- The energy shock's retreat should ease wage-inflation pressure across the region through H2 2026, potentially reducing the compensation escalation seen in tight markets like Japan and Singapore.
- Australia's rebound was part-time-led; TA leaders should assess whether this reflects genuine demand recovery or a shift toward flexible staffing models as employers hedge against uncertainty.

Forecast / Outlook

Energy relief is the main positive catalyst for APAC in H2 2026. If the US-Iran agreement holds and Brent stabilises near $79–$89, energy-importing economies should see easing inflation and stronger real incomes. Australia's unemployment is likely to stabilise around 4.3–4.5%, while China's overall rate should remain near 5.0–5.2% despite summer graduate pressure on youth unemployment.

South Korea is the key downside risk, with May's employment decline pointing to possible unemployment above 3.0% if manufacturing and construction weakness persists. Japan's labour market should remain tight, though softer hiring demand and wage growth will be critical for BoJ policy.

A collapse of the US-Iran agreement remains the biggest regional risk, as it would quickly revive energy-driven inflation pressures.

Sources & Assumptions

- *U.S. Bureau of Labor Statistics, Employment Situation, May 2026 (released 5 June 2026) — payrolls, unemployment, wages, participation rate, sector breakdown.*
- *U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), April 2026 (released 2 June 2026) — job openings, hires, quits, layoffs, jobs-to-unemployed ratio.*
- *U.S. Bureau of Labor Statistics, Consumer Price Index, May 2026 (released 10 June 2026) — CPI-U +4.2% YoY, used for real wage calculation.*
- *Comparative data: ONS Labour Market Overview, UK (released 18 June 2026); ABS Labour Force Australia April 2026; Eurostat unemployment, March 2026; Statistics Bureau of Japan / Statistics Korea, April 2026; NBS China April 2026.*
- *Oil price data: EIA Short-Term Energy Outlook (May 2026) — Brent average $117/b April 2026; EIA projection ~$106/b May–June 2026.*
- *June 2025 payroll figure (+187,000) is provisional pending confirmation from BLS historical data; all other payroll figures from BLS CES monthly series.*

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