

APAC Market Briefing

May 2026

Energy Shock Widens Divergence as Unemployment Ticks Up Across the Region

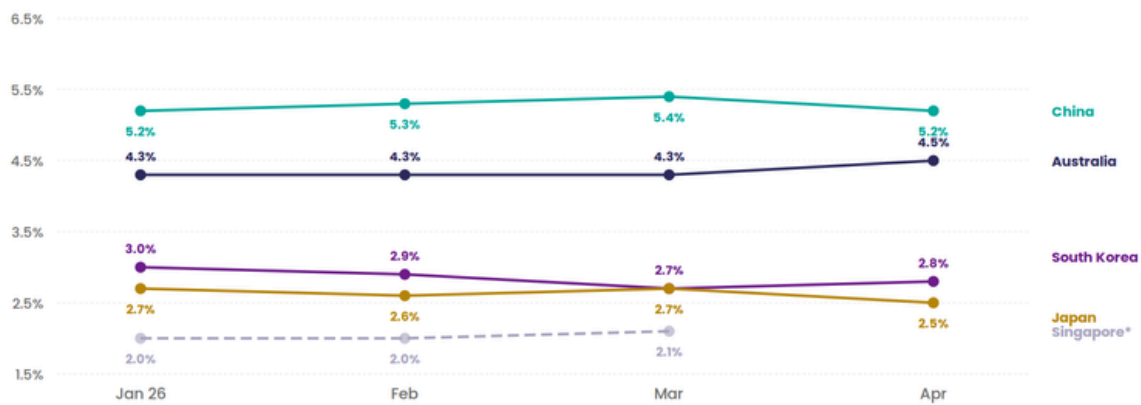
- **Australia:** Unemployment 4.5% (April), employment -18,600, youth unemployment 11.1%; hours worked +0.8% MoM. Source: ABS, released 21 May 2026.
- **Japan:** Unemployment 2.5% (April), down from 2.7% in March; jobs-to-applicants ratio 1.18 (April, MHLW); average cash earnings +2.7% YoY. Source: Statistics Bureau of Japan / MHLW, May 2026.
- **China:** Urban unemployment 5.2% (April), down from 5.4%; youth (16–24) 16.3%; policy support gaining traction. Source: NBS China, May 2026.

APAC labour markets entered the second quarter of 2026 facing a deteriorating external environment, with the Iran conflict's energy shock disproportionately affecting the region's energy-importing economies.

Unemployment ticked upward in Australia, South Korea and Singapore, while Japan's March uptick reversed in April to **2.5%** and China recorded a modest improvement. Australia delivered the sharpest deterioration: employment fell **18,600** in April, unemployment rose to **4.5%**, and youth unemployment surged to **11.1%**.

APAC Unemployment Trends, January – April 2026

Monthly unemployment rates (%) | Dashed line = quarterly/advance release



* Singapore: Mar 2026 / Q1 advance release (MOM). Dashed line indicates quarterly, not monthly, frequency. Other markets: April 2026 monthly, seasonally adjusted. Japan April 2026: Statistics Bureau of Japan.

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

South Korea recorded a year-on-year employment increase of just **74,000** — the weakest annual gain in **16** months. Singapore remained the regional outlier, recording its **18th** consecutive quarter of employment expansion, while Japan held tight with structural labour shortages persisting.

Employment and Participation Dynamics

Australia Softens Under the RBA's Squeeze While Asia Stays Tight

Australia's labour market weakened significantly in April, with unemployment rising to 4.5% — up 0.2 percentage points on the month — as employment fell 18,600 in seasonally adjusted terms. Both full-time (-10,700) and part-time (-7,900) positions declined. Youth unemployment surged 0.9 percentage points to 11.1%, its highest level in 2026 to date.

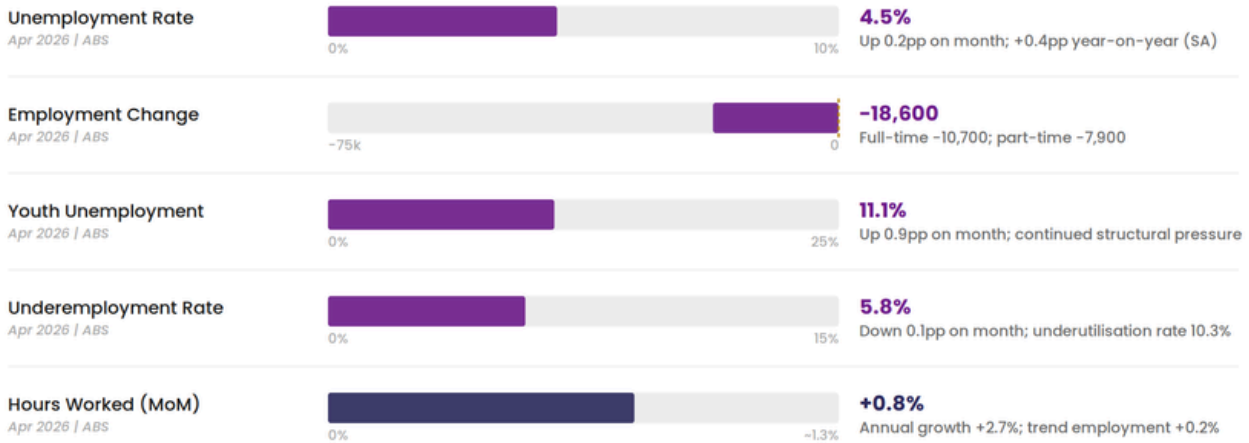
The ABS noted survey transition effects may partly explain the deterioration, but trend employment and hours worked both grew — up 0.2% and 0.3% respectively — indicating residual underlying demand.

The Reserve Bank of Australia raised the cash rate target by 25 basis points to 4.35% on 5 May 2026 — the third consecutive hike this year — increasing pressure on hiring-sensitive sectors.

The RBA cited persistent inflation (monthly CPI inflation of 4.6% in the 12 months to March) and upside risks to inflation expectations, while the Middle East energy shock added further pressure to the outlook. It also signalled there is room to pause and assess whether April's labour-market weakness proves temporary.

Australia: Labour Market Key Indicators

April 2026 | Source: Australian Bureau of Statistics, Labour Force Survey, released 21 May 2026



Each bar scaled to its own reference max (shown below bar). Employment Change bar extends left from zero. Source: ABS, April 2026

Singapore recorded its 18th consecutive quarter of employment expansion in Q1 2026, with 5,000 net jobs added and retrenchments stable at 1.5 per 1,000 employees.

South Korea recorded a year-on-year employment increase of just 74,000 in April — the smallest annual gain in 16 months — pushing seasonally adjusted unemployment to 2.8%.

Total unemployed exceeded one million in Q1 for the first time since 2021. Japan's unemployment rate fell to 2.5% in April from 2.7% in March, while the jobs-to-applicants ratio remained at 1.18, confirming structural tightness despite softer month-to-month momentum.

Wage Growth and Cost Pressures

Wage dynamics diverged sharply across the region in Q1 2026. Japan's average cash earnings grew 2.7% year-on-year in March, while base salary growth was around 3.2%, per MHLW regular-pay data — reflecting the ongoing shunto wage settlement cycle in which major firms agreed 4–5% increases.

The Bank of Japan maintained its 0.75% policy rate, with wage-price dynamics broadly supportive of gradual normalisation, though energy cost pass-through adds near-term uncertainty.

Singapore's GDP grew 4.6% year-on-year in Q1, supporting modest real wage gains, though MOM noted firms signalled increasing caution in wage plans.

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 Apr 2026 Statistics Bureau / MHLW	2.5%	▼	Down from 2.7% Mar; lowest since July 2025 Jobs-to-applicants 1.18; cash earnings +2.7% YoY
China Apr 2026 NBS	5.2%	▼	Down from 5.4% Mar; modest improvement Youth unemployment 16.3%; 25–29 age group 7.4%
South Korea Apr 2026 Statistics Korea	2.8%	▲	Up 0.1pp; YoY employment +74k (16-mth low) Seasonally adjusted. Youth unemployment 7.4% (Q1)
Singapore Mar 2026 Q1 advance MOM	2.1%	▲	Up from 2.0%; 18th consecutive expansion Employment +5,000 Q1; retrenchments 1.5/1,000

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

Brent remained elevated in May after averaging around \$117/b in April (EIA), with prices expected around \$106/b in May and June — eroding real household purchasing power across all APAC energy importers.

Australia and South Korea tend to face greater current account pressure in high-energy-price environments; Japan's controlled energy pricing provides partial insulation. South Korea's starting salary growth appeared subdued, consistent with elevated candidate oversupply reducing competitive pressure on compensation.

Sectoral and Regional Variation

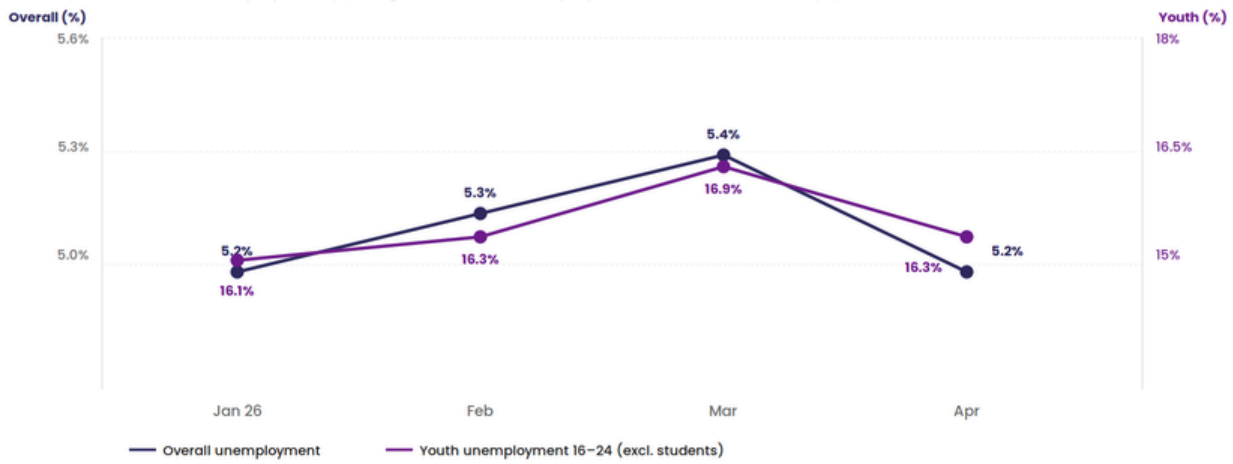
China delivered the region's most encouraging labour market signal: the surveyed urban unemployment rate fell to 5.2% in April from a 13-month high of 5.4% in March, with youth unemployment (16–24, excluding students) easing to 16.3% from 16.9%.

Policy support — including infrastructure stimulus and targeted hiring subsidies — appears to be gaining traction. However, the recovery remains fragile given ongoing property sector stress and US tariff pressure remains a major headwind — tariffs previously reached 145% before being reduced under temporary arrangements, with the risk of renewed escalation continuing to weigh on export-linked hiring.

Supply chain relocation toward Vietnam, India and Indonesia is creating structural shifts in manufacturing employment that will weigh on Chinese factory hiring through the remainder of 2026.

China: Surveyed Urban Unemployment, January – April 2026

Left axis: Overall unemployment (%) | Right axis: Youth unemployment 16–24 excl. students (%)



Sectorally, Australia's healthcare and education continued to anchor employment growth, while construction and mining faced headwinds from project deferrals linked to energy cost uncertainty.

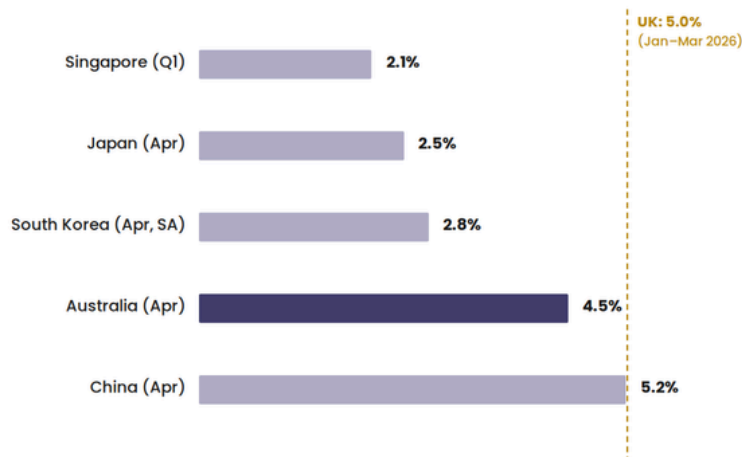
South Korea's technology and semiconductor sectors showed resilience, but export-oriented manufacturing is directly exposed to US tariff escalation. Across the region, engineering and technical roles remained the most sought-after, consistent with the demand patterns identified in APAC recruiter surveys.

Comparative Analysis: APAC vs. US and Europe

APAC unemployment ranges from 2.1% in Singapore to 5.2% in China — a spread that reflects structural differences rather than cyclical divergence. Australia's 4.5% unemployment rate remains below the UK's 5.0% (Jan–Mar), but now sits above the US rate of 4.3% (April) — a reversal from Australia's stronger post-pandemic labour-market position.

APAC Unemployment Rates Comparison

Latest available rates (%) | Sources: ABS, Statistics Bureau of Japan, NBS China, MOM Singapore, Statistics Korea



Australia highlighted. South Korea: seasonally adjusted. Dashed line = UK unemployment 5.0% (ONS, Jan–Mar 2026).

The common thread is exposure to the Iran conflict's energy shock: as a bloc of predominantly energy-importing economies, APAC faces more acute current account and inflation pressure than the US from elevated oil prices.

China's partial insulation through domestic energy supply and controlled pricing partly explains its relative resilience, though US tariff exposure is an offsetting headwind of comparable magnitude.

The key divergence lies in trajectory: Australia's unemployment rose 0.2 percentage points in a single month, while the US showed a more gradual deceleration (April payrolls +115,000) and the UK recorded a quarterly improvement (5.0%, down from 5.2%).

Japan and Singapore's structurally low rates reflect demographic constraints rather than demand strength. Both the US and APAC confront elevated energy costs, but APAC's heavier reliance on imported energy magnifies inflationary pressures and current account deterioration.

Strategic Implications for HR and Talent Acquisition

- Monitor Australia closely as a leading indicator; falling employment, rising youth unemployment and energy cost pressures mirror conditions preceding prior hiring pullbacks. TA teams should reassess pipeline timelines.
- Leverage expanded candidate availability in South Korea and Australia; both markets have seen supply increase materially in 2026, reducing competition for talent outside tariff-exposed sectors.
- Prioritise Singapore and Japan for critical hires; both remain structurally tight, with Japan's jobs-to-applicants ratio still above 1.0 and Singapore's labour market continuing to expand for an 18th consecutive quarter.
- Bifurcate China hiring strategy; policy-exposed sectors face continued headwinds while domestically-focused services and green economy roles benefit from stimulus.
- Build energy cost scenario planning into workforce models; Brent remaining elevated (averaging ~\$117/b in April; EIA projects ~\$106/b May-June) typically leads to deferred headcount investment within two quarters across energy-importing APAC economies.

Forecast / Outlook

- Energy shock is the immediate risk; sustained Brent elevation (EIA projects ~\$106/b May–June) threatens consumer confidence and corporate hiring budgets across Australia, South Korea and Japan through H2 2026.
- Australia's unemployment likely to drift toward 4.7–4.8% through H2 2026; RBA rate cut window narrowing as energy-driven inflation complicates the easing path.
- Japan's structural shortages persist; demographics and ongoing 3.2% base salary growth keep the jobs-to-applicants ratio above 1.0; BoJ normalisation continues cautiously.
- China's youth unemployment remains structurally elevated at 16–17%; overall 5.2% to 5.0% trajectory achievable if policy support holds, but tariff escalation is the principal downside risk.
- Regional wildcard: Iran conflict de-escalation would reduce energy costs sharply, providing the single largest potential positive catalyst for APAC labour markets in H2 2026.

Sources & Assumptions

- Australian Bureau of Statistics, *Labour Force Australia*, April 2026 (released 21 May 2026) — unemployment, employment, hours worked, youth unemployment.
- Statistics Bureau of Japan, *Labour Force Survey*, April 2026; MHLW, jobs-to-applicants ratio, April 2026 — unemployment 2.5%, ratio 1.18; Japan wage data from MHLW Monthly Labour Survey, March 2026.
- National Bureau of Statistics of China (NBS), *Surveyed Urban Unemployment Rate*, April 2026 (released May 2026) — overall and youth unemployment.
- Ministry of Manpower Singapore (MOM), *Labour Market Advance Release*, Q1 2026 (released 30 April 2026) — unemployment, employment change, retrenchments.
- Statistics Korea, *Employment Situation*, April 2026 (released May 2026) — unemployment rate, employment change, youth unemployment.
- Bank of Japan, Reserve Bank of Australia, Bank of Korea — monetary policy communications, May 2026.
- Comparative data: UK Office for National Statistics (May 2026); U.S. Bureau of Labor Statistics, *Employment Situation* (April 2026); Eurostat (March 2026).
- Oil price data from Trading Economics (Brent crude, WTI) as of May 2026; EIA Short-Term Energy Outlook (May 2026) for Brent forecasts.
- IMF World Economic Outlook, April 2026 — regional forecasts and comparative unemployment projections.



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