US Market Briefing

April 2026

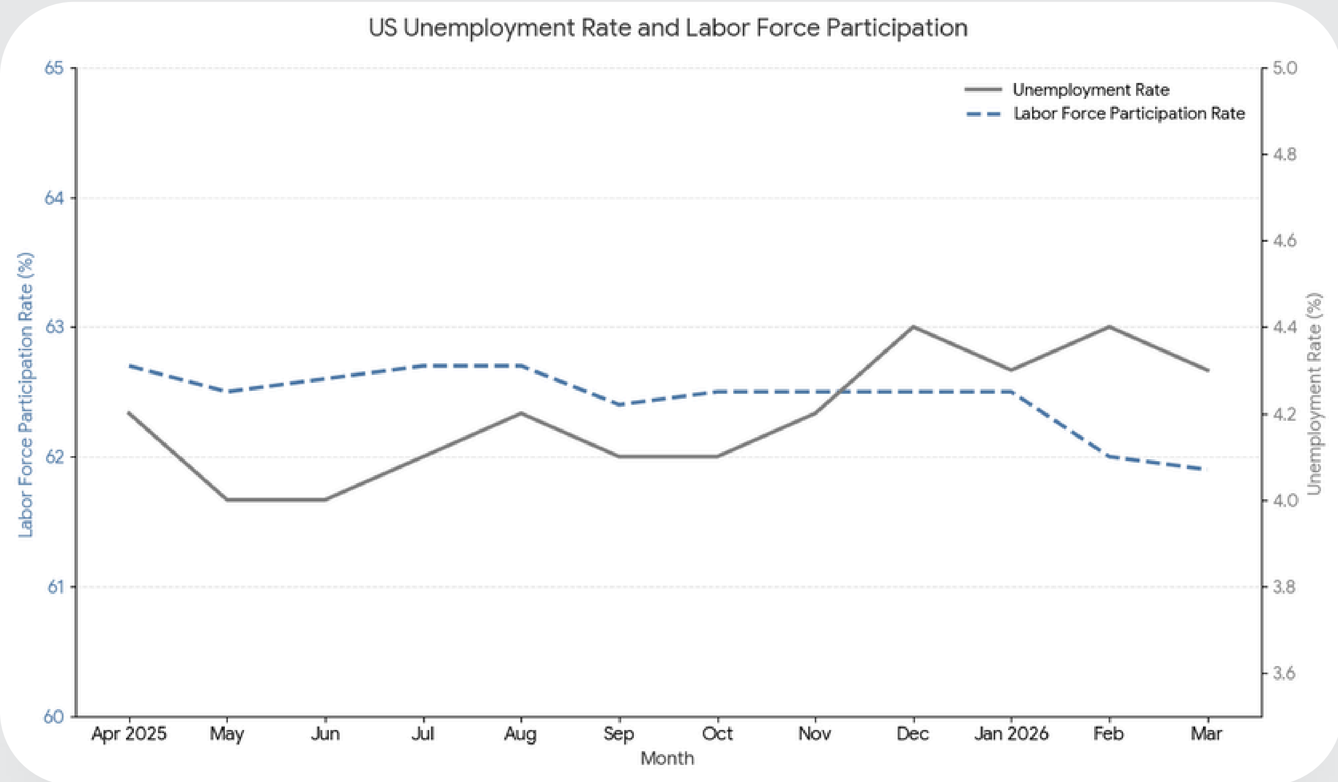
Rebound or Reprieve? Energy Shocks Test Labor Market Resilience

- Nonfarm payroll employment rose by 178,000 in March 2026; January was revised up to +160,000, but February was revised down to -133,000.
- The unemployment rate fell to 4.3% in March, down from 4.4% in February, but 396,000 people exited the labor force.
- Labor force participation declined to 61.9% in March from 62.0% in February; the employment-to-population ratio edged down to 59.2%.
- Average hourly earnings rose 0.2% month-over-month to $37.38, with year-over-year growth of 3.5%—the slowest annual pace since May 2021.

The U.S. labor market posted a surprising March rebound, adding **178,000** jobs after February's decline of **133,000**—roughly three times analyst expectations. The unemployment rate edged down to **4.3%** from **4.4%,** though this improvement was clouded by **396,000** people leaving the labor force.

Wage growth slowed to **3.5%** year-over-year, its slowest pace since May 2021. Yet much of March's strength reflected mechanical factors: about **35,000** striking physicians returned to work, and labor force participation slipped to **61.9%**.

The broader picture remains one of cooling demand, with the February JOLTS report showing hiring at its lowest since April 2020. Complicating the outlook, the U.S.-Israeli conflict with Iran that began February 28 sent oil prices surging past $100 per barrel and gasoline above $4 per gallon—raising inflation concerns and threatening consumer spending just as the labor market shows fragility.



Sector-Specific Vacancy Trends

Healthcare Leads Amidst Broad Sector Stagnation and Federal Declines

Job gains in March were concentrated in a few sectors, with healthcare driving much of the increase. Healthcare added 76,000 jobs, though 35,000 of these reflected physicians returning from strike—workers already counted as employed but whose offices weren't functioning.

Stripping this out, underlying healthcare growth was more modest. Construction gained 26,000 positions, reversing February's loss but still showing little net change over the past year. Transportation and warehousing added 21,000, primarily in couriers and messengers, yet employment remains 139,000 below its February 2025 peak. Manufacturing posted a modest gain of 15,000 but is down 82,000 jobs since January 2025, with 71,000 lost since April 2025's "Liberation Day" tariff announcement. Federal government employment continued its steep decline, shedding 18,000 jobs in March and bringing total losses to 355,000 (11.8%) since October 2024.

Financial activities declined by 15,000, extending a downward trend that has cost the sector 77,000 jobs since May 2025. Employment showed little movement in other major industries including wholesale trade, retail, information, and professional services.

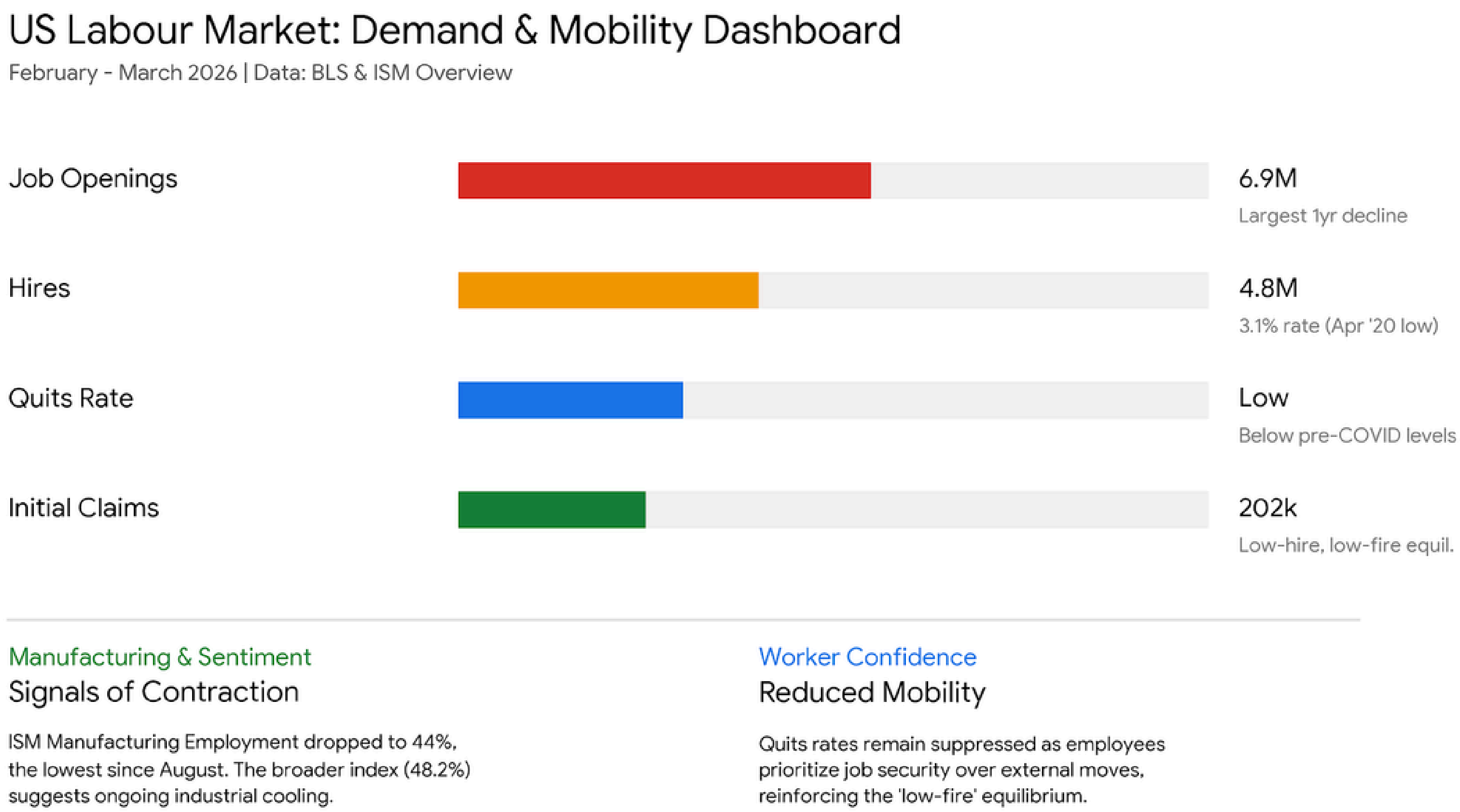
Wage and Labour Supply Dynamics

Wage growth continues to moderate as labor market slack increases. Average hourly earnings rose just 0.2% month-over-month in March, bringing the year-over-year pace to 3.5%—down from 3.8% in February and the slowest since May 2021.

The Atlanta Fed's Wage Growth Tracker edged up to 3.7% in February from 3.6% in January, with job-switchers earning 4.7% wage growth compared to 3.6% for job-stayers.

Labor force participation slipped to 61.9% in March as nearly 400,000 people exited, suggesting discouraged workers are stepping back rather than searching actively. Long-term unemployment (27+ weeks jobless) rose to 1.8 million, up 322,000 over the year and now accounting for 25.4% of all unemployed.

Discouraged workers increased by 144,000 to 510,000. The average workweek edged down 0.1 hour to 34.2 hours. Together, these indicators paint a picture of a labor market where hiring has stalled, job-seekers face longer waits, and workers are less willing to quit for better opportunities.



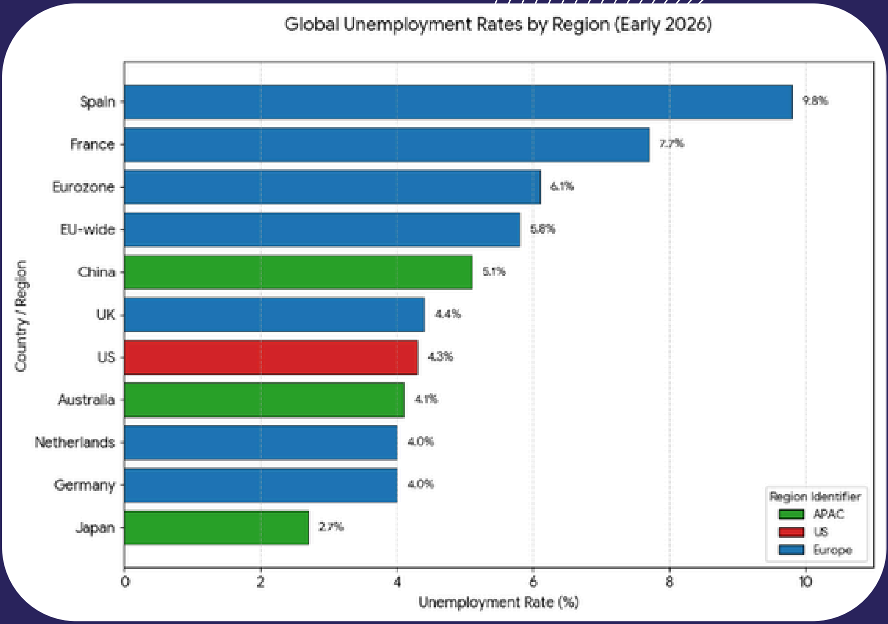
Comparative Analysis: US, Eurozone and APAC

The U.S. unemployment rate of 4.3% in March 2026 remains modestly above its recent low but well below many developed economies. In the UK, unemployment stood at approximately 4.4% in early 2026, broadly stable but edging higher as hiring momentum slowed.

The Eurozone unemployment rate reached a record low of 6.1% in early 2026, with the EU-wide rate at 5.8%. National variations remain wide: Germany and the Netherlands hover near 4%, France at 7.7%, and Spain at 9.8%. In Asia-Pacific, labor markets continue to show tightness. Japan's jobless rate remained around 2.7% in early 2026 with a jobs-to-applicants ratio of 1.18, while Australia held steady at 4.1% with participation at 66.7%.

China's surveyed urban unemployment rate stayed near 5.1%.

Overall, APAC economies maintain lower unemployment relative to Western peers, though global headwinds from energy shocks and trade uncertainty are beginning to weigh on sentiment across all regions.



Strategic Implications for HR and Talent Acquisition

- Navigate the 'low-hire, low-fire' environment by balancing workforce stability with strategic talent investments; high-skilled roles remain competitive even as overall hiring slows.
- Prioritize retention initiatives and internal mobility programs as external hiring becomes more selective and voluntary turnover declines.
- Prepare for energy cost volatility; consider flexible work arrangements to offset commuting costs and retain talent in sectors facing margin pressure.
- Monitor wage expectations carefully; while growth is moderating, workers have experienced real gains and may resist compression in compensation offers.
- Leverage larger applicant pools per opening to build stronger talent pipelines, but expect longer time-to-fill as candidates become more selective amid economic uncertainty.

Forecast for the Remainder of 2026

Energy shocks from the Iran conflict pose the most immediate risk. Oil prices surging past $100 per barrel are constraining consumer spending and raising business costs.

While a temporary ceasefire was announced April 8, prices are unlikely to return to pre-war levels quickly due to ongoing supply disruptions.

Tariff uncertainty continues to weigh on business investment. With effective rates fluctuating between 8-21% since April 2025, firms cannot forecast costs reliably, delaying workforce expansion. The Yale Budget Lab projects current tariffs will eliminate 1.3 million jobs by year-end 2026.

The Federal Reserve faces a policy bind: rising energy-driven inflation argues against rate cuts while softening employment calls for easing. Markets project unemployment reaching 4.5% by mid-2026, with J.P. Morgan forecasting the peak in early summer before potential recovery in late 2026 as tariff uncertainty resolves and Fed rate cuts support growth.

Job openings are expected to decline through Q2 2026, though healthcare and construction may prove resilient. Wage growth is projected to slow toward 3% by late 2026.

The April jobs report (releasing May 8) will be critical: if job growth falls well below 100,000 or unemployment rises to 4.5% or higher, the deceleration narrative becomes harder to dismiss.

Sources & Assumptions

- *Bureau of Labor Statistics Employment Situation (January-March 2026) for nonfarm payroll, unemployment, participation and wage data.*
- *BLS JOLTS (February 2026) for job openings, hires, quits and layoffs.*
- *Federal Reserve statements and meeting minutes (March 2026) for monetary policy outlook.*
- *Atlanta Fed Wage Growth Tracker (February 2026) for wage trends by job-switching status.*
- *Yale Budget Lab tariff impact analysis for employment projections.*
- *J.P. Morgan economic research (December 2025) for 2026 labor market forecasts.*
- *Eurostat labour market statistics (January 2026) for Eurozone and EU unemployment rates.*
- *National statistical agencies for APAC unemployment rates (Japan, Australia, China).*
- *CNBC, Reuters, Time, Al Jazeera, World Economic Forum reporting (March-April 2026) on Iran conflict economic impacts and energy market disruptions.*

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