TALiNT Partners

US Market Briefing

January 2026

Executive Summary

- **Payroll growth slowed to +50k in December as unemployment dipped to 4.4%, signaling weak but stable hiring**
- **Job openings fell 1.4% m/m and ~14% y/y, pointing to softer hiring demand heading into Q1 2026**
- **Wage growth eased to 3.8% y/y while quits stayed low at 3.2 M, underscoring a cooling labor market**

Jobs Growth & Unemployment

The official December Employment Situation underscores a labor market that is stalling but not collapsing. Non-farm payroll employment increased by **50,000**, well below 2024's average monthly gain **(~168k)**. Gains were concentrated in food services and drinking places **(+27k),** health care **(+21k)** and social assistance **(+17k)**. Retail trade lost **25 k** jobs, reflecting holiday hiring cuts, while most other sectors saw little change.

The unemployment rate fell to **4.4 %** as employment-to-population ratio held at **59.7 %** and the participation rate remained at **62.4 %**. Unemployment for adult men and women **(3.9 %)** and teens **(15.7 %)** showed little change.

Long-term unemployment **(≥27 weeks)** was **1.9 M**, representing **26 %** of total unemployed. October employment was revised lower to **−173k** and November to **+56k**, highlighting slower momentum than previously reported.

Payroll trend:
Chart A displays monthly changes in non-farm payroll employment in 2025. After relatively robust gains early in the year, growth slowed sharply in Q4, with October showing a large decline due to the federal shutdown.

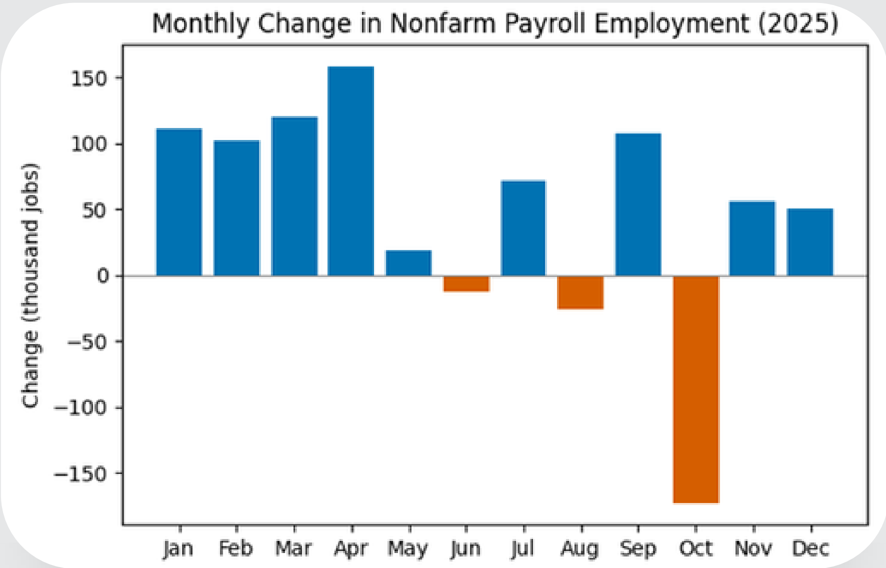

Chart A – Monthly change in non-farm payroll employment (2025)

November and December both saw **sub-60k** gains, underscoring a stall-speed labor market.

Labor demand & churn

(JOLTS + Revelio)

The latest JOLTS figures (November) show job openings at **7.1 M**, with the job-openings rate at **4.3 %**. Openings were down by **885 k y/y**, reflecting broad softening demand. Vacancies fell sharply in accommodation & food services **(−148 k)**, transportation & warehousing **(−108 k)** and wholesale trade **(−63 k)** but rose in construction **(+90 k)**. Hiring remained subdued at **5.1 M (3.2 %)**, with declines in state/local government. Separations were also **5.1 M**, and quits stayed at **3.2 M (2.0 %)**, indicating limited worker mobility. Layoffs/discharges at **1.7 M** show no surge in involuntary turnover.

Revelio's RPLS data – a leading indicator released one day before Jobs Friday – paint a similar but more current picture. Active job postings fell **1.4 %** in December; openings declined in nearly all industries, with the steepest year-over-year drops in Public Administration **(−35.5 %)**, Other Services **(−32 %)** and Professional & Business Services **(−30 %)**. Only a few sectors showed month-over-month growth, such as Agriculture **(+2.0 %)** and Retail Trade **(+0.1 %)**.

On the churn side, the annualized hiring rate ticked up to **25.0%** in December from **24.2%** in November. The improvement was led by Information (**63%** hiring rate) and Financial Activities, while attrition rates also edged higher (Total US attrition **24.5%**). This suggests that although hiring is improving, turnover is also rising, leaving net gains modest. The JOLTS data (which lag by a month) still indicate minimal churn, so the RPLS uptick may not yet be reflected in official data.

Vacancy rate: Chart B tracks the monthly job-openings rate (vacancy rate). The measure fell from **4.5%** in December 2024 to **4.3%** by November 2025, reinforcing the view that labor demand is gradually easing.

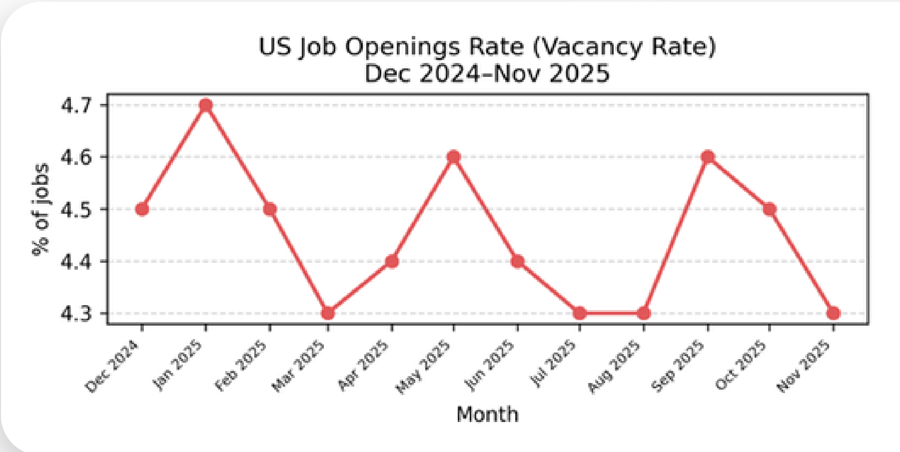

Chart B – Vacancy rate trend (Dec 2024 – Nov 2025)

Wages (AHE + Revelio salaries)

Average hourly earnings for all employees rose **0.3% m/m** and **3.8% y/y** to **$37.02**. Earnings for production and nonsupervisory workers were $31.76, rising by only **3** cents. The average workweek edged down to **34.2 hours**. Combined, the data show real wage growth decelerating in Q4 2025.

Revelio's salary-from-postings data, which capture offered pay in new job postings, provide a forward-looking view of compensation pressures. Salaries fell **0.5% m/m** in December, with declines driven by Education & Health, Agriculture and Leisure & Hospitality. Pay offers increased for Transportation & Warehousing and the Financial sector, while information and professional services saw modest gains.On a year-over-year basis, the largest salary increases were in Transportation & Warehousing (**+9%**) and Unclassified (**+10.8%**), whereas Education & Health Services and Agriculture posted declines.

The contrast between official AHE and RPLS salaries suggests that employers are tempering compensation offers, especially in sectors with slackening demand. As labor demand cools, wage growth is likely to ease further in early 2026.

Sector/occupation hotspots

Strengthening demand:

- **Construction:** JOLTS shows job openings in construction rose by **90k** in November. RPLS hiring rates for construction also ticked up to **28%** in December (up **1.7pp m/m**), and salaries grew **+0.37% m/m**.
- **Information & Financial Activities:** RPLS hiring surged in Information (**63%** hiring rate, **+7pp m/m**) and Financial Activities (**36.8%**, **+0.3pp m/m**), while wages remain high (Information median salary **~$99k** and **+5.2% y/y**, Financial **+5.4% y/y**). Employers continue to compete for tech and finance talent.
- **Transportation & Warehousing:** Salaries in this sector rose **+0.04% m/m** and **+9% y/y**; RPLS hiring picked up (**20.2%**, **+1.7pp m/m**). The sector benefits from ongoing logistics demand and supply-chain investments.

Weakening demand:

- **Public Administration & Other Services:** RPLS job postings fell **−35%** and **−32% y/y** respectively, reflecting budget constraints and less hiring. JOLTS data show rising layoffs in state/local government.
- **Professional & Business Services:** Both BLS payrolls and RPLS postings indicate softness. Job openings were down **30% y/y** and pay offers fell **0.31% m/m**. Hiring remains elevated (**32.5%** hiring rate), but attrition is also high, suggesting churn rather than growth.
- **Education & Health Services:** Even though BLS data show strong hiring, RPLS postings and salaries signal caution. Active postings declined **4.2% m/m** and wages were flat to down.

Outlook (next 4–8 weeks)

Labor market likely to remain subdued. Leading indicators from RPLS point to further weakening in job openings, while official payroll growth has slowed markedly. With the unemployment rate near **4.5%** and labor force participation stable, the labor market still has some slack, but not enough to generate strong job gains.

Most sectors are entering 2026 with lower postings and cautious hiring plans, especially in professional services and government.
Wages expected to decelerate. Moderating wage growth is evident in both AHE and RPLS salary offers. As demand softens and inflation continues to ease, nominal wage increases are likely to slow toward **3% y/y** by spring 2026.

Corporate performance vs labor demand. Chart C juxtaposes the S&P 500 index with the job-openings rate. During 2024–25 the S&P 500 surged almost **50 %** while the vacancy rate declined from **5.2 %** to **4.3 %**.

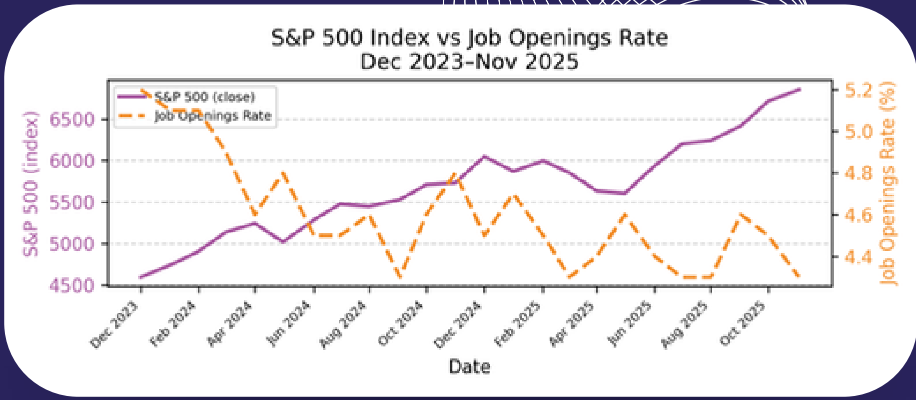

Chart C – S&P 500 vs job-openings rate

This divergence suggests that businesses boosted productivity and profits—helped by generative AI and automation—rather than hiring, leading to layoffs even as equity markets hit record highs. Large employers have also used AI to rationalize support roles, contributing to the decline in job openings.

Chart D shows employment in the employment services industry (a proxy for staffing-firm performance).

Employment declined from roughly **3.42 M** in January 2024 to **3.18 M** by November 2025—a **7 %** drop—implying that

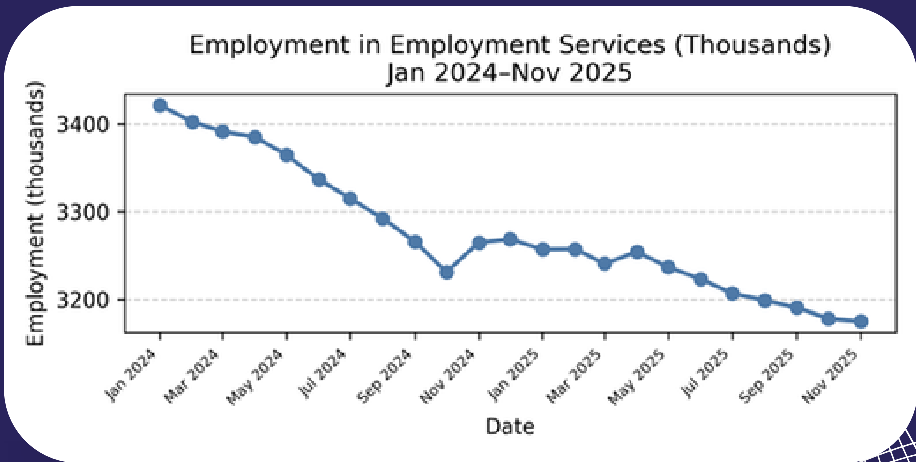

Chart D – S&P 500 vs job-openings rate

staffing firms cut headcount in response to weaker demand. This helps explain why staffing-sector stocks underperformed the broader market in 2025 and why staffing firms continue to consolidate.

Overall, US labor market conditions remain softening but not collapsing. Employers enjoy greater bargaining power amid rising applications per job, enabling more selective hiring and modest wage offers.

Staffing and talent-acquisition leaders should prepare for continued slow hiring, focus on retention and upskilling, and monitor leading indicators for early signs of either renewed strength or a sharper downturn.

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