US Market Briefing

March 2026

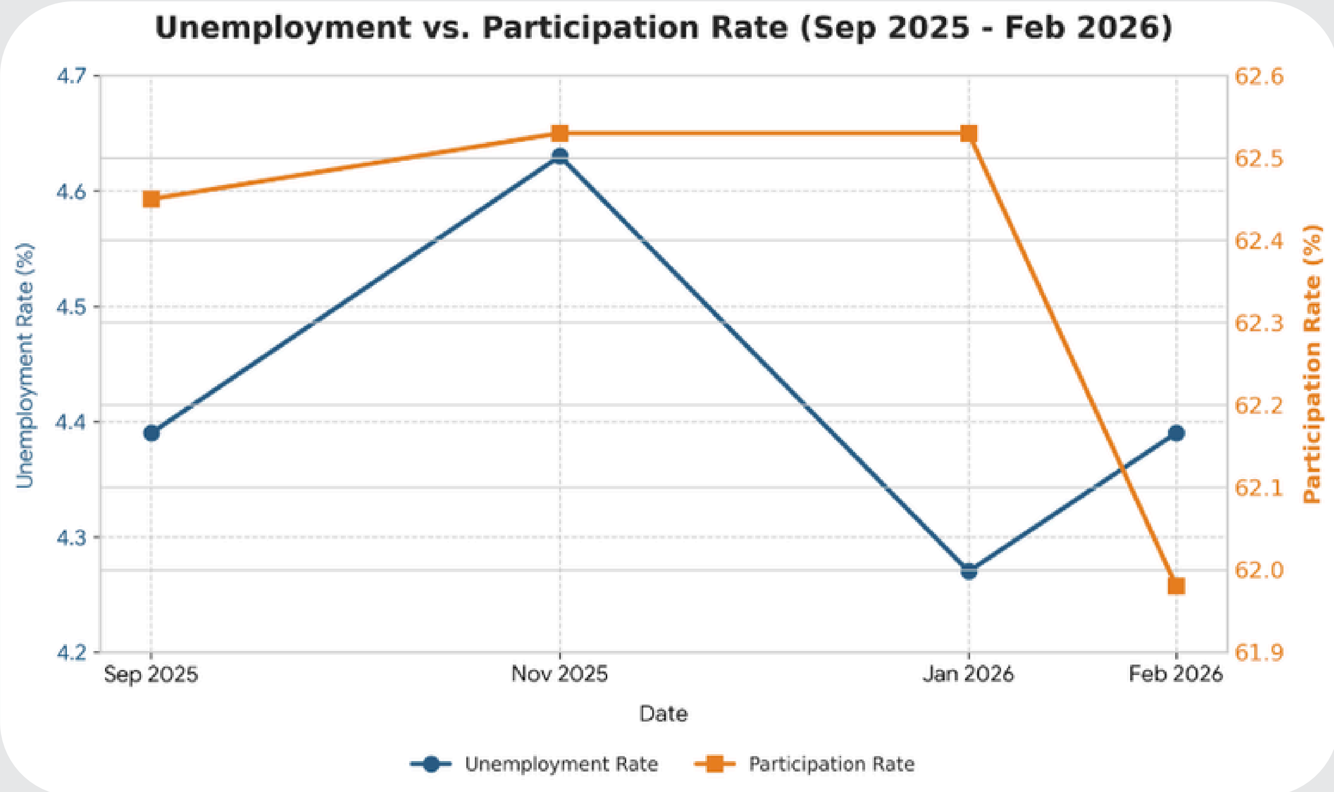
How will the 'no-hire/no-fire approach be affected by events in the Middle East?

- Nonfarm payroll employment declined by 92,000 in February 2026; payroll gains in January were revised down to 126,000.
- The unemployment rate rose to 4.4% in February, from 4.3% in January.
- Labor force participation was 62.0% in February, down from 62.5% in January.
- Average hourly earnings increased by 0.4% in February to $37.32 (3.8% year-over-year).

The U.S. labor market showed signs of cooling through early 2026. Total nonfarm payroll employment fell by **92,000** in February 2026 after a downwardly revised **126,000** increase in January, and the unemployment rate edged up to **4.4%**.

A strike by more than **30,000** Kaiser Permanente employees weighed on healthcare payrolls, but weakness was broad-based, with construction, manufacturing and leisure and hospitality all shedding jobs.

Labor force participation slipped to **62.0%**, reversing gains seen in late 2025. Average hourly earnings rose **0.4%** month-over-month to **$37.32** (**3.8%** year-over-year). Employers appear to be adopting a "no hire, no fire" posture —holding on to existing staff but showing little appetite to expand headcount.



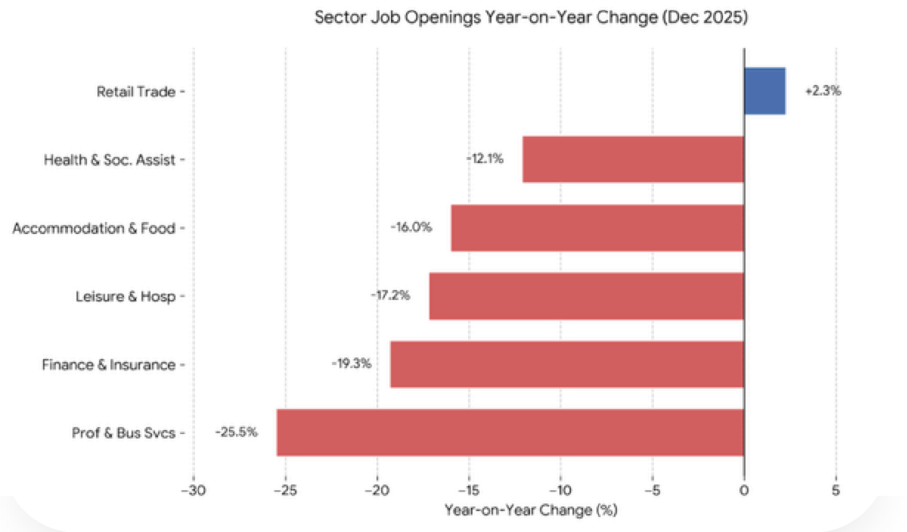
Sector-Specific Vacancy Trends

Broad-based softening in labor demand, with retail a rare outlier.

Job openings eased across most industries in December 2025. Professional and business services saw the sharpest year-over-year decline (–25.5%), reflecting reduced demand for consultants and administrative staff as firms continue to control discretionary spending.

Health care and social assistance openings slipped 12.1%, while leisure and hospitality openings were down 17.2%, suggesting that hiring momentum in consumer-facing sectors has cooled following earlier post-pandemic expansion. Retail trade was the only major sector posting a modest 2.3% increase, indicating that some employers continued to recruit to support seasonal demand and maintain store staffing levels.

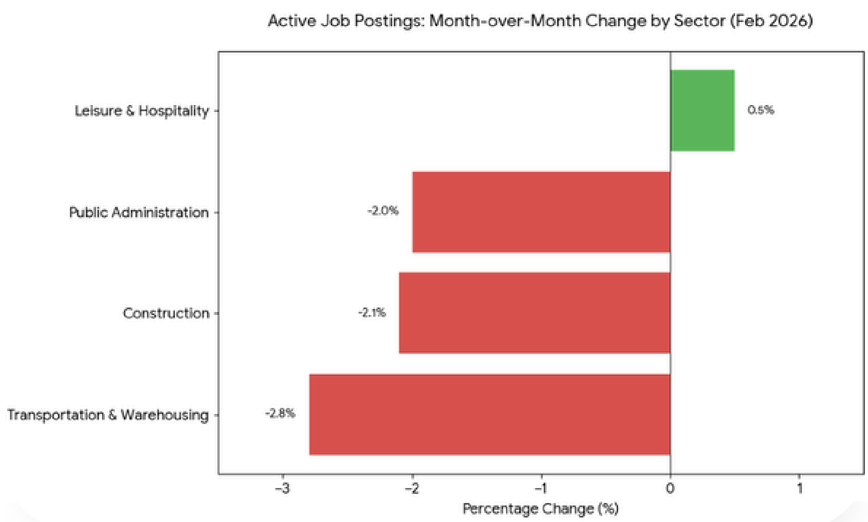
Finance and insurance openings fell 19.3% as high interest rates weighed on business activity and investment decisions. Even allowing for one-off factors such as the Kaiser Permanente strike, the breadth of weakness across sectors suggests labor demand remains fragile.



Employers appear to be adopting a more cautious approach to workforce planning, prioritising productivity and cost control while delaying new hiring where possible. If these patterns persist into early 2026, vacancy levels are likely to remain subdued despite continued resilience in overall employment.

Wage and Labour Supply Dynamics

Rising wages and a declining participation rate suggest tight labor supply in early 2026. Average hourly earnings increased 3.8% year-over-year in February, slowing from 3.9% in January.



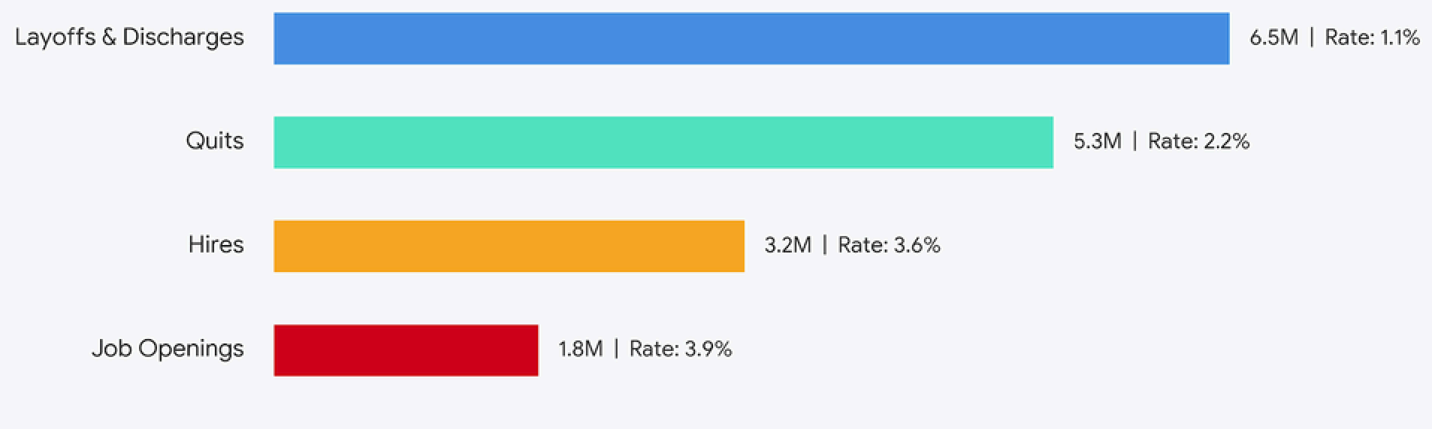
Revelio's salary index fell 1.4% month-over-month, indicating softer wage pressures in manufacturing and retail, though wages remained elevated in information and finance.

Consumer spending also showed signs of strain: retail sales declined 0.2% in January, with motor-vehicle and parts dealers seeing a 0.9% drop. Revelio Labs data show the hiring rate declining to 21.7% in February, down from 23.5% a year earlier, while attrition held at 22.1%.

Active job postings were 9.8% lower year-over-year and flat month-to-month, with the largest declines in transportation and warehousing (−2.8%) and construction (−2.1%). Leisure and hospitality postings bucked the trend with a 0.5% increase.

Core Demand Indicators (Dec 2025)

Volume in Millions (M) alongside percentage rates.



ADP Private Payrolls (Feb 2026)
+63k jobs

Strength in education & health services (+58k) offset by losses in professional/business (-30k).

Appcast Applications per Opening
+26% YoY

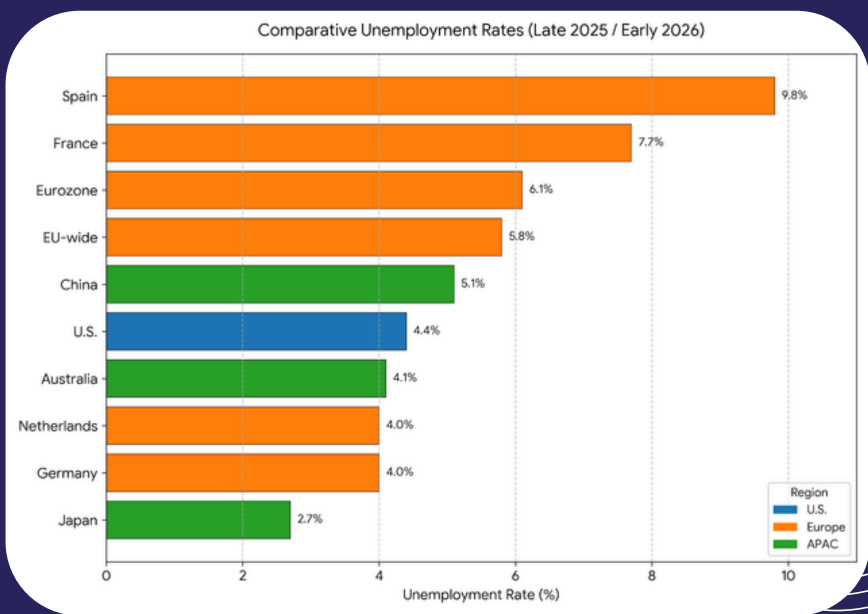
Employers receiving more candidates per vacancy compared to 2024.

Comparative Analysis: US, Eurozone and APAC

The US unemployment rate of 4.4% in February 2026 remains above pre-pandemic lows but well below many European economies. In the UK, the unemployment rate stood at around 4.4% in the three months to December 2025, broadly stable but edging higher compared with a year earlier as hiring momentum slowed.

In the Eurozone, the seasonally adjusted unemployment rate fell to 6.1% in January 2026, its lowest on record, while the EU-wide rate dropped to 5.8%.

National variations are wide, with Germany and the Netherlands near 4%, France at 7.7% and Spain at 9.8%.



In Asia–Pacific, labor markets remain tight. Japan's jobless rate ticked up to 2.7% in January 2026 and the jobs-to-applicants ratio eased to 1.18. Australia's unemployment rate held at 4.1% with participation at 66.7%. China's surveyed urban unemployment rate remained around 5.1% in December 2025. Overall, APAC economies continue to experience lower unemployment rates relative to Western peers.

Strategic Implications for HR and Talent Acquisition

- Prepare for softer yet still tight conditions; employers are gaining leverage, but high-skilled talent remains scarce.
- Invest in retention and upskilling as hiring slows and voluntary turnover remains elevated.
- Leverage data-driven sourcing tools to screen larger candidate pools as applications per posting rise.
- Monitor wage trends by sector and negotiate compensation carefully as growth moderates.
- Consider flexible work arrangements to attract talent in sectors with persistent shortages (e.g., health care and construction).

Forecast for the Remainder of 2026

- **Geopolitical risks pose the most immediate threat to the outlook.** The Middle East conflict has pushed oil prices sharply higher, reigniting inflation concerns just as the labor market softens. This places the Federal Reserve in a difficult position: the two sides of its dual mandate are working against each other, with rising price pressures arguing against rate cuts while weakening employment calls for easing. A near-term cut now looks unlikely, and a prolonged conflict could further dampen consumer spending and investment.
- Moderate job growth expected through mid-2026 as interest rates (currently 3.5–3.75%) restrain investment and consumer demand.

- Unemployment likely to drift toward 4.5% as participation stabilizes; wage growth projected to slow toward 3% by late 2026.
- Job openings will trend lower, though health care and construction should prove resilient.
- Expect increased applicant volumes per vacancy; selectively fill roles.

Sources & Assumptions

- *Bureau of Labor Statistics Employment Situation (Aug 2025–Feb 2026)* for nonfarm payroll, unemployment, participation and wage data.
- *BLS JOLTS (December 2025)* for job openings, hires, quits and layoffs.
- *ADP National Employment Report (February 2026)* for private payroll changes by sector.
- *Revelio Labs data (February 2026)* for hiring rate, attrition and job postings trends.
- *The Conference Board HWOL index (2025)* for applications per opening trends.
- Eurostat labour market statistics *(January 2026)* for Eurozone and EU unemployment rates.
- *National statistical agencies for APAC unemployment rates (Japan, Australia, China).*
- *The Times, "US sheds thousands of jobs as unemployment edges higher" (March 6, 2026)* for February payroll analysis, Federal Reserve policy outlook and Middle East conflict impact.