TALiNT Partners

US Market Briefing

May 2026

Deceleration Deepens as Job Growth Stalls Amid Energy Shock Fallout

- Payrolls +115,000 in April; February revised to -156,000, March to +185,000.
- Unemployment unchanged at 4.3%; March JOLTS hires hit 5.6 million (highest since Feb 2024) before April slowdown.
- Job openings flat at 6.9 million; quits rate 2.0%, layoffs 1.2% — low-hire, low-fire equilibrium continues.
- Average hourly earnings +0.2% MoM to $37.41; 3.6% YoY, slowest since mid-2021.

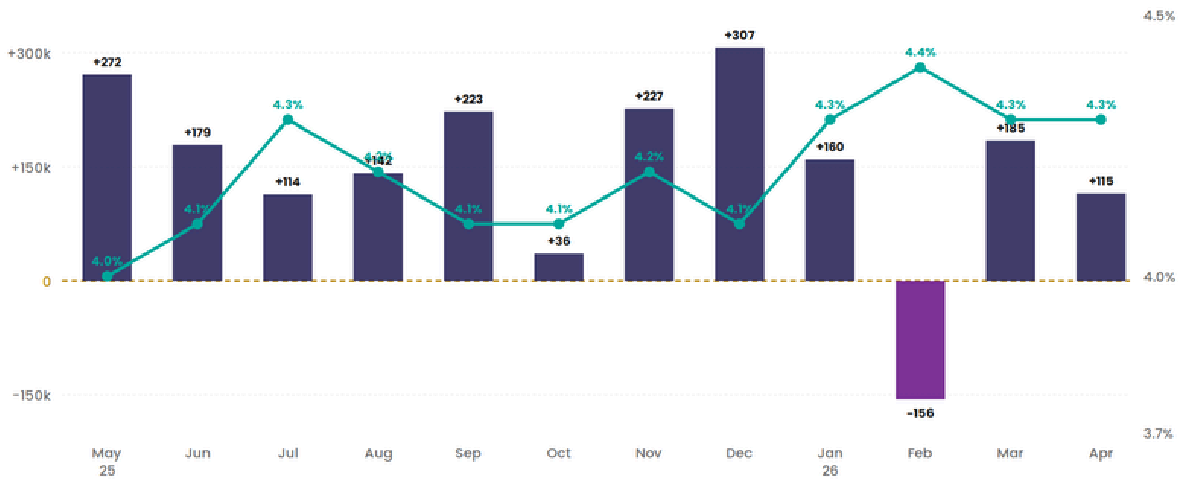
The U.S. labor market delivered a sobering April: payroll employment rose just **115,000**—less than two-thirds of March's **185,000** gain. Unemployment held at **4.3%**, but the stability masked deepening weakness.

March's **5.6** million hires—the strongest monthly hiring since February 2024—suggest firms completed delayed recruitment before pulling back in April. Wage growth held at **3.6%** year-over-year, the slowest since mid-2021, while job openings stayed flat at **6.9 million**.

The federal government shed another **9,000** positions, extending losses to **348,000 (11.5%)** since October 2024; the Information sector lost **13,000** more, bringing total declines to **342,000 (11.0%)** since November 2022. April's weakness suggests the labor market is buckling under combined tariff uncertainty, fiscal contraction, and energy-driven cost pressures.

US Nonfarm Payroll Change & Unemployment Rate, May 2025 – April 2026

Monthly payroll change (000s) and unemployment rate (%) | Source: U.S. Bureau of Labor Statistics, Employment Situation, April 2026, released 8 May



Source: U.S. Bureau of Labor Statistics, Employment Situation, April 2026, released 8 May 2026

Sector-Specific Vacancy Trends

Gains Narrow as Sector Weakness Spreads Across the Economy

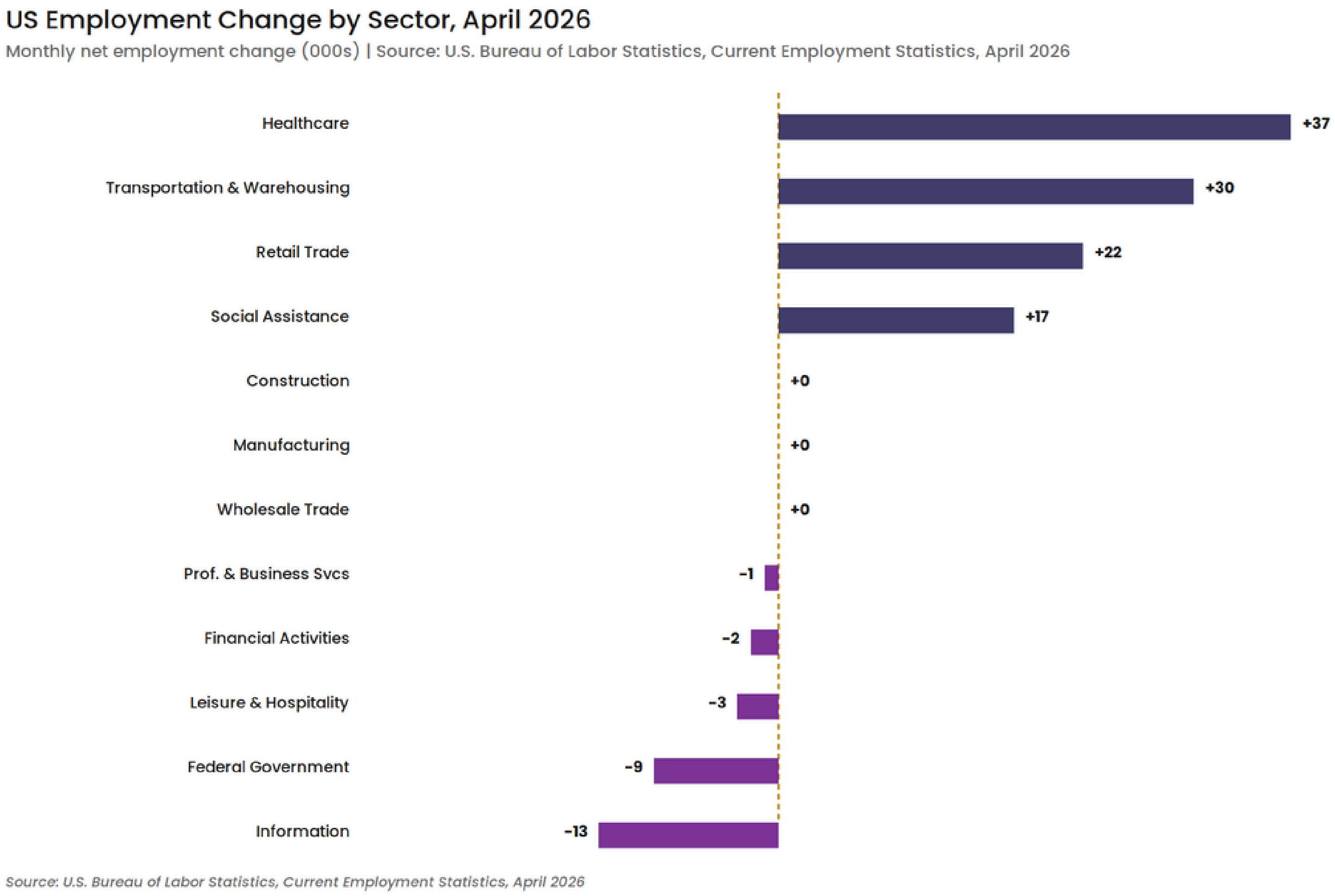
April's job gains were concentrated in a narrow set of industries, with Healthcare continuing to drive employment growth. Healthcare added 37,000, Transportation and warehousing contributed 30,000, while Retail trade posted 22,000 after months of weakness.

Structural Employment Decline: Cumulative Job Losses Since Peak

Total jobs lost and % decline from peak | Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, April 2026

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, April 2026, released 8 May 2026

Construction showed little net change. Manufacturing employment edged up slightly but remains down 82,000 since January 2025, with 71,000 of those losses occurring since April 2025's "Liberation Day" tariff announcement—undercutting the policy's stated goal.



Federal government employment declined by 9,000 in April, extending a sharp contraction that has eliminated 348,000 positions (11.5%) since October 2024—the most aggressive federal workforce reduction in decades. Information sector shed 13,000 jobs in April, bringing cumulative losses to 342,000 (11.0%) since the November 2022 peak. The narrowing base of job growth underscores the labor market's fragility: when healthcare and logistics cool, few sectors remain to absorb slack.

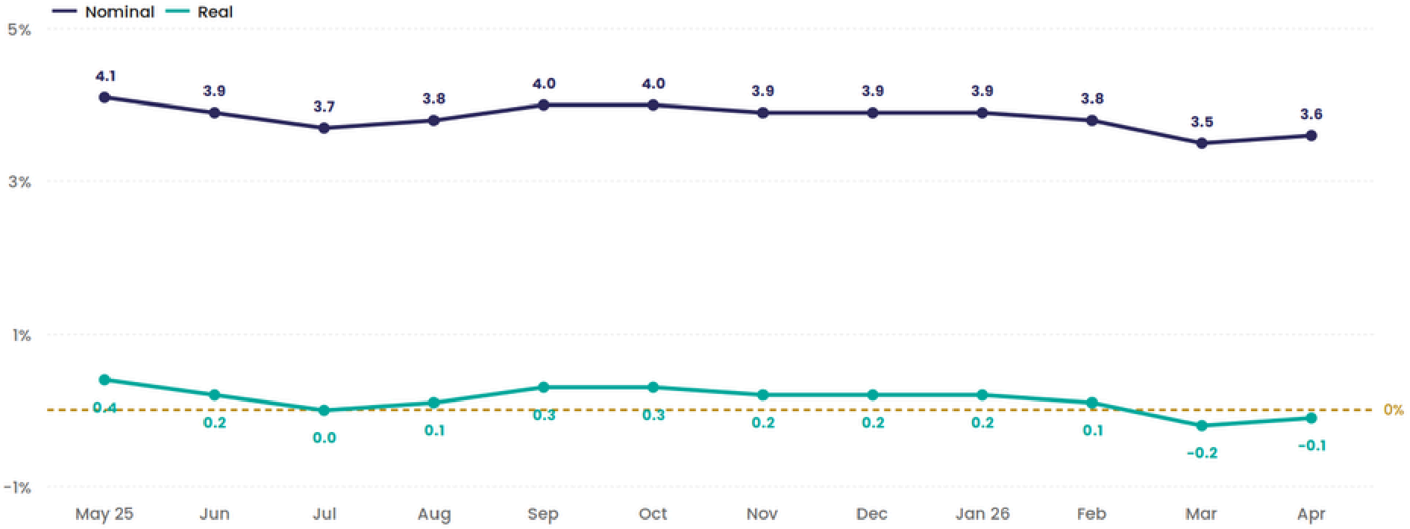
Wage and Labour Supply Dynamics

Wage growth remained subdued in April, with average hourly earnings rising just 0.2% month-over-month to $37.41. Year-over-year growth held at 3.6%, the slowest pace since mid-2021. While nominal wage growth continues to outpace inflation—giving workers modest real gains of approximately 0.5-0.7%.

The gap is narrowing as energy costs feed through to consumer prices.
Labour force dynamics showed continued stress. The average work week edged up 0.1 hour to 34.3 hours in April, but this reflects employer efforts to extract more output from existing staff rather than confidence in expansion. Long-term unemployment (27+ weeks) remains elevated at approximately 1.8 million.

US Average Hourly Earnings Growth, May 2025 – April 2026

Year-over-year wage growth (%) | Source: U.S. Bureau of Labor Statistics, Employment Situation and CPI release, April 2026



Note: Real wages shown as year-over-year change. Month-on-month real earnings fell 0.5% in April 2026 (CPI +0.6%, nominal +0.2%).

Source: U.S. Bureau of Labor Statistics, Employment Situation and CPI release, April 2026, released 8 May 2026

Discouraged workers numbered 475,000 in April, up sharply over the year. The March JOLTS report revealed job openings flat at 6.9 million. Critically, hires surged to 5.6 million in March—concentrated in Professional & Business Services (+165k), accommodation & food (+124k), and transportation/warehousing (+108k)—before firms cut back in April. The quits rate held at 2.0%, layoffs at 1.2%, confirming the persistent low-hire, low-fire dynamic.

US Labour Market: Demand & Mobility Dashboard, March 2026

JOLTS metrics | Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), released 5 May 2026

INDICATOR & CONTEXT	VALUE & DETAIL
Job Openings *March 2026* Down from 7.5M in January (revised); lowest sustained level since 2021. Demand cooling but not collapsing.	**6.9M** Unchanged from February
Hires *March 2026* Up sharply from 4.9M in February. Suggests firms completed delayed recruitment before pulling back in April.	**5.6M** Hire rate 3.5% — highest since Feb 2024
Quits *March 2026* Little changed on the month; down 285,000 year-over-year. Reduced voluntary exits reflect weaker worker confidence.	**3.2M** Quit rate 2.0% — below pre-COVID levels

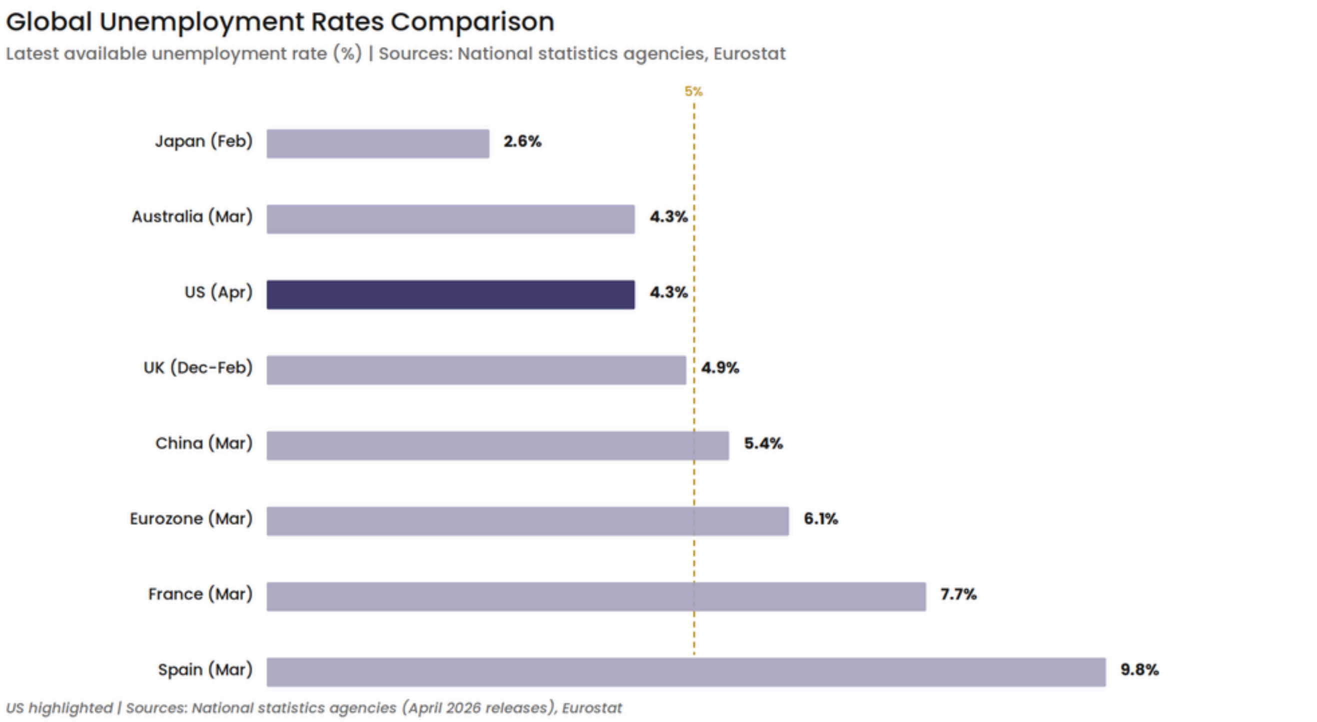
Layoffs & Discharges *March 2026* Up 272,000 year-over-year; concentrated in Professional and Business Services. Frictionless restructuring persists.	**1.9M** Layoff rate 1.2% — little changed monthly
Initial Claims *Week ending 2 May 2026* Remained in the 200-230k range consistent with a low-fire environment. Labour hoarding still evident.	**~202k** Continuing claims ~1.85M

Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS), March 2026, released 5 May 2026; Unemployment Insurance Weekly Claims

Comparative Analysis: U.S., Eurozone and APAC

The U.S. unemployment rate of 4.3% in April 2026 compares favorably to many developed economies. The UK's unemployment rate fell to 4.9% (Dec-Feb period), though underlying weakness persisted.

The Eurozone held at 6.1%, with the EU-wide rate at 5.8%. Asia-Pacific markets show relative strength: Australia's unemployment held at 4.3% in March, Japan improved to 2.6% in February, and China's surveyed urban unemployment edged up to 5.4% in March.



The U.S. labor market's volatility—swinging from -156,000 (February) to +185,000 (March) to +115,000 (April)—contrasts with steadier trends elsewhere. All regions confront energy shocks: with WTI above $106 per barrel, Brent above $112, energy-importing nations face acute current account pressures.

Strategic Implications for HR and Talent Acquisition

- Prepare for prolonged hiring slowdown; April's 115,000 gain and narrowing sectoral growth suggest broad-based caution, requiring workforce planning around internal mobility rather than external expansion.
- Monitor March hiring surge interpretation; 5.6 million hires may reflect catch-up from delayed decisions rather than genuine momentum, making April's retrenchment more significant.
- Target federal and tech displaced workers; 348,000 federal layoffs and 355,000 Information sector losses create deep talent pools, particularly in administrative, cybersecurity, and technical roles.
- Adjust to compressed job-switcher premium; 4.7% wage growth for switchers vs 3.6% for stayers shows narrowing advantage as employers resist bidding wars.
- Strengthen retention as quits fall; 285,000 fewer quits year-over-year signals reduced worker confidence, making retention cheaper than replacement in tight-margin environment.

Forecast / Outlook

Job growth is likely to remain subdued through Q2 2026; April's 115,000 pace, if sustained, would push unemployment toward 4.5–4.7% by summer. Energy costs remain far above the pre-conflict baseline — WTI above $106, Brent above $112 — constraining discretionary spending and keeping the Federal Reserve on hold through at least Q3 2026 despite weak job growth arguing for cuts.

Sectoral divergence is widening, with healthcare and logistics unable to compensate for ongoing losses in manufacturing and Information, while the participation rate of 61.8% and 475,000 discouraged workers signal growing slack on the sidelines.

The JOLTS hires surge to 5.6 million now looks like a one-month pull-forward, and the May jobs report on June 5 is the critical test: another month below 125,000 would confirm structural deceleration, with tariff uncertainty and federal workforce contraction of 11.5% leaving little buffer if conditions deteriorate.

Sources & Assumptions

- *Bureau of Labor Statistics Employment Situation (April 2026, released May 8, 2026) for nonfarm payroll, unemployment, participation, and wage data.*
- *BLS JOLTS (March 2026, released May 5, 2026) for job openings, hires, quits, and layoffs data.*
- *Federal Reserve statements and FOMC minutes (April-May 2026) for monetary policy outlook.*
- *Atlanta Fed Wage Growth Tracker (February 2026, most recent available) for job-switcher wage premium analysis.*
- *Indeed Hiring Lab and Roth Staffing JOLTS analysis (May 2026) for real-time job postings and sectoral hiring trends.*
- *Yale Budget Lab tariff impact projections and J.P. Morgan economic research (Q2 2026) for labor market forecasts.*
- *UK ONS Labour Market Overview (April 2026), Eurostat unemployment statistics (April 2026), and APAC national statistics agencies for comparative unemployment data.*
- *Bloomberg, Reuters, and energy market reporting (April-May 2026) for oil price data and Iran conflict economic impact analysis.*