IS IT A HIRING FREEZE NATION?

Engage2Excel
RECRUITMENT SOLUTIONS

7.1 MILLION
OPEN JOBS

4.4 PERCENT
UNEMPLOYMENT RATE

50 THOUSAND
NEW JOBS ADDED

MONTHLY QUITS
NOV 2025 MOST RECENT
3.2 MILLION

HOURLY EARNINGS
+0.3 PERCENT

LABOR FORCE PARTICIPATION RATE
62.4 PERCENT



OUTLOOK

The December 2025 employment report marks a clear inflection point in U.S. labor market dynamics. After a robust 2024 in which the economy added an average of 168,000 jobs per month, 2025 saw a dramatic deceleration to just 49,000 jobs monthly—a 71 percent decline from the prior year. **In fact, the difference in total jobs created in 2024 vs 2025 is approximately a million less.** This slowdown reflects multiple headwinds: policy uncertainty from tariffs, shifting consumer demand, the emerging impact of artificial intelligence on labor demand, and a tight federal budget environment following the government shutdown.

The unemployment rate's modest improvement to 4.4 percent masks a deteriorating underlying picture in which long-term unemployment is rising, involuntary part-time employment has expanded by nearly one million workers over the year, and consumer confidence in their ability to find employment has reached record lows. The concentration of job growth in healthcare and hospitality—representing just 22 percent of the economy but accounting for 84 percent of job gains—underscores the uneven nature of labor demand.

Looking ahead, labor market participants should monitor three key developments: whether the Federal Reserve's concerns about "hiring freezes, replacement-only hiring, and attrition" translate into accelerating unemployment in 2026; the extent to which artificial intelligence begins to reduce labor demand across a broader range of occupations; and whether policy shifts regarding tariffs and immigration provide enough clarity to encourage renewed hiring among business contacts.

For now, the labor market appears to be in a period of painful adjustment—not severe enough to warrant emergency policy interventions, but slow enough to create genuine hardship for workers seeking employment, particularly those without college education, and to constrain the income growth that supports broader consumer demand.

SOURCES:
BLS Employment Situation
Bloomberg
CNBC
Federal Reserve Beige Book
LinkendIn Hiring Lab

U.S. JOBS REPORT RECAP
JANUARY 2026