

LABOR MARKET SHOCK: A STORMY FUTURE

OUTLOOK

The February labor market delivered a sharp downturn, with the U.S. economy losing 92,000 jobs instead of the expected gains. A major healthcare strike and severe winter weather contributed to the decline, but underlying data reveals broader softening. Revisions to prior months cut an additional 69,000 jobs, the unemployment rate rose to 4.4%, and labor force participation fell to its lowest point since 2021—signaling growing worker disengagement.

Industry performance was uneven. Seeing healthcare, manufacturing and transportation all contracted, while Social Assistance and Financial Activities saw modest growth. Despite weaker hiring, wages continued rising, up 0.4% month-over-month and 3.8% year-over-year, reflecting continued competition for specialized talent.

Economic uncertainty—from tariffs to input costs—is making employers more cautious, with long-term unemployment reaching 1.9 million. Additionally, recent military actions in Iran are expected to have subsequent economic repercussions and heighten labor market volatility.

For HR and talent leaders, the data underscores the importance of strengthening retention, preparing for volatility, and adopting more sophisticated workforce planning to navigate an increasingly unpredictable 2026.

7.5
MILLION*

OPEN
JOBS

4.4
PERCENT

UNEMPLOYMENT
RATE

-92
THOUSAND

NEW JOBS
ADDED

MONTHLY
QUITS

3.3
MILLION*

HOURLY
EARNINGS

+0.4
PERCENT

LABOR FORCE
PARTICIPATION
RATE

62
PERCENT

*ESTIMATED

SOURCES:

[Federal Reserve Beige Book](#)
[CNBC](#)
[NBC News](#)
[The Hill](#)
[Barron's](#)
[Kiplinger](#)

**U.S. JOBS
REPORT RECAP**
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