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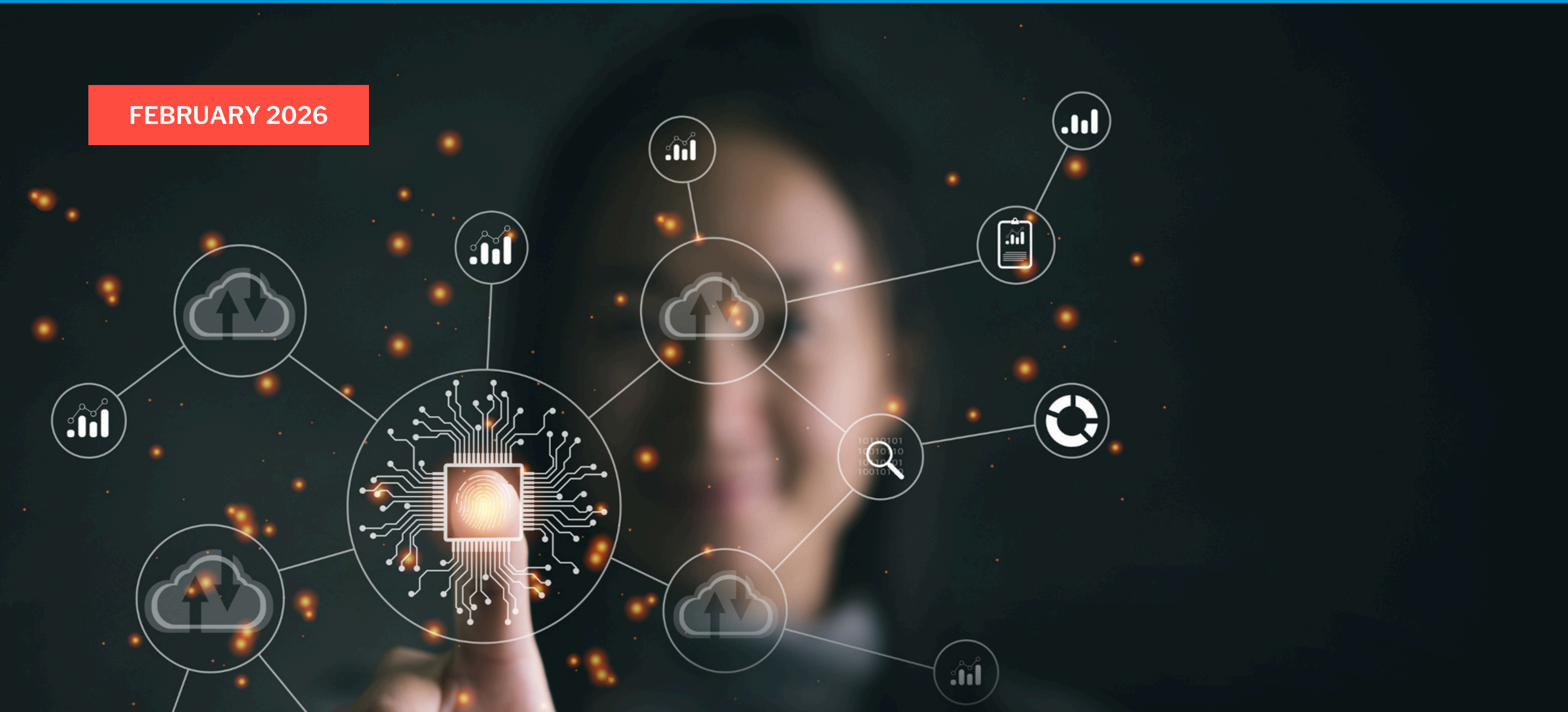

Workforce Optics

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE

Welcome! In this issue of Workforce Optics, we examine a labor market that may be finding its footing after a prolonged slowdown. January brought stronger hiring and a slight decline in unemployment, even as job openings remain below prior peaks and growth continues to concentrate in select sectors. We break down what these shifting signals mean for employers navigating 2026.

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Is This a Labor Market Turning Point?

Workforce Optics once again welcomes economists Daniel Zhao of Glassdoor and Svenja Gudell of Indeed to discuss a labor market that may be shifting after a prolonged slowdown.

HIRING PICKS UP

According to the latest Bureau of Labor Statistics report, total nonfarm payroll employment rose by 130,000 in January while the unemployment rate edged down to 4.3%. After a year marked by extremely slow job growth, the stronger January reading suggests the labor market may be stabilizing.

Job gains were concentrated in health care, social assistance, and construction. Health care alone added 82,000 jobs, with notable increases in ambulatory services and hospitals. Construction added 33,000 jobs, signaling resilience in nonresidential activity. At the same time, federal government and financial activities continued to shed jobs.

Wage growth remained steady, with average hourly earnings up 3.7% over the past year. The average workweek ticked slightly higher.

A RECOVERY, BUT NOT BROAD BASED

Even with the stronger headline number, underlying dynamics remain uneven. Annual revisions show that 2025 was far weaker than initially estimated, with job growth averaging just 15,000 per month. January's gain nearly matches much of last year's pace, raising the possibility of a turning point.

Still, growth remains concentrated. In 2025, roughly 75% of all new jobs were created in health care and social assistance, according to Bureau of Labor Statistics data. That concentration continues in in the first month of 2026, supporting overall payroll gains but leaving other sectors comparatively flat.

ABOUT THE EXPERTS

Svenja Gudell is the Chief Economist at Indeed, where she leads economic research and analysis on global labor market trends. Her work focuses on workforce dynamics, hiring demand, and the intersection of technology and employment.

Daniel Zhao is the Chief Economist at Glassdoor, where he oversees labor market research and workplace analytics. He specializes in employee sentiment, job search behavior, and economic forces shaping the modern workplace.

Danile Zhao of Glassdoor shared that this uneven expansion helps explain why worker sentiment has lagged headline improvements. While unemployment is low and hiring has picked up, opportunities are not evenly distributed across industries or experience levels.

FROM FROZEN TO CAUTIOUS

Svenja Gudell of Indeed described 2025 as a year of frozen hiring. Quit rates remained subdued, and employers hesitated to expand payrolls amid trade uncertainty, AI investment shifts, and policy volatility. January's stronger report may signal that some of that hesitation could be easing.

At the same time, job openings remain well below prior peaks, and certain industries, including financial services and parts of government, continue to contract. ADP's January *National Employment* report showed more modest private sector growth, reinforcing the idea that stabilization may be emerging gradually rather than accelerating sharply.

A CONSTRUCTIVE OUTLOOK

January's report offers a more hopeful picture than late 2025 BLS data suggested. Improvements in payroll growth, declining unemployment, and steady wage gains indicate resilience. However, it remains too early to declare a full rebound. Employers are likely to continue prioritizing productivity, targeted hiring, and flexibility as the broader economic landscape evolves.

For now, the labor market appears to be moving off pause. The question for employers is whether this represents the beginning of sustained momentum or simply a strong start to an uneven year.

Sources: Challenger, Gray and Christmas, Challenger; BLS 2026 Jobs Data, ADP National Employment Report Jan 2026

108,000+

U.S. LAYOFFS ANNOUNCED IN JANUARY

the highest January total since 2009

6.54 MILLION

AVAILABLE JOB OPENINGS IN DECEMBER

the lowest level since September 2020

EMPLOYMENT NEWS OF NOTE

The Sectors Still Driving Opportunity in 2026

Even as hiring remains slow overall, job growth has not disappeared. Indeed's *Best Jobs in the U.S. for 2026* analysis shows opportunity becoming more concentrated, with demand clustering in a smaller set of sectors and roles. Healthcare dominates the list, reflecting sustained hiring for essential, human-centered roles that are difficult to automate. Strong opportunities also appear in skilled trades, applied technology, and select business and IT functions, particularly roles requiring specialized expertise. Based on job posting volume and three-year growth trends, the data highlights careers positioned for both near-term hiring and long-term stability. In a cautious labor market, the strongest opportunities are increasingly tied to real-world demand, skill depth, and roles that support critical services.

Mobility Intentions Are Up, Confidence Is Down

According to LinkedIn, more than half of professionals plan to job hunt in 2026, yet most say they do not feel prepared, reflecting a growing tension between ambition and uncertainty. While unemployment remains stable, slower hiring and fewer entry-level opportunities are weighing on sentiment across age groups. The result is a workforce that wants to move but feels increasingly stuck as employers remain cautious.

Sources: Indeed's Best Jobs of 2026 Index; Gartner, CHRO Labor Market Report, December 2025; LinkedIn, The 2026 Job Market: What to Know About Hiring, Confidence and Opportunity, January 2026

Employment Value Propositions Are Under Fire

Competing priorities are making it harder for organizations to deliver a compelling employment value proposition (EVP). According to Gartner, 44% of HR leaders cite reduced focus on employee experience as the top challenge undermining EVP execution. As attention fragments, gaps can emerge between EVP messaging and employees' day-to-day reality. Clear governance, leadership accountability, and consistent messaging are becoming critical to sustaining credibility in a volatile talent market.

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OF HR LEADERS

cite reduced focus on employee experience as the top challenge undermining EVP execution

MANUFACTURING UPDATE

Manufacturing Shows Signs of Life to Start 2026

U.S. manufacturing activity returned to expansion in January, making a meaningful shift after a year of contraction. The ISM Manufacturing PMI rose to 52.6 percent, up sharply from December's 47.9% reading. That rise ended a 12-month stretch below expansion territory. While the recovery remains early, the improvement was broad based and signals momentum entering 2026.

Demand indicators led the rebound. New orders expanded for the first time since August, climbing to 57.1%, their strongest reading since early 2022. Production also strengthened, reaching its highest level in nearly three years. Order backlogs returned to expansion, supported by customers' inventories remaining firmly in "too low" territory, a dynamic that typically points to continued production gains ahead. Some of the increase reflects seasonal post-holiday restocking and efforts to get ahead of potential tariff driven price increases.

Employment conditions improved but remain constrained. The Employment Index rose to 48.1%, its strongest reading in months, though still below expansion. Most manufacturers continue to manage head counts cautiously rather than hire, reflecting uncertainty around demand, pricing, and trade policy.

Input conditions were mixed. Supplier deliveries slowed for the second straight month, a common sign of improving demand, while prices continued to rise, driven largely by higher metals costs and tariffs. Inventories remained in contraction, though at a slower pace.

Industry data was also encouraging. Five of the six largest manufacturing industries expanded in January, including transportation equipment, machinery, chemicals, food and beverage, and computer and electronic products.

ISM'S EMPLOYMENT INDEX

EMPLOYMENT	% HIGHER	% SAME	% LOWER	NET	INDEX
Jan 2026	13.7	68.0	18.3	-4.6	48.1
Dec 2025	9.0	69.9	21.1	-12.1	44.8
Nov 2025	10.8	64.1	25.1	-14.3	44.1
Oct 2025	13.1	64.6	22.3	-9.2	45.8

THE TAKEAWAY ▶ Early demand signals are improving, but labor and cost pressures suggest employers will continue prioritizing productivity, workforce flexibility, and cautious hiring decisions in the months ahead.

Sources: Manufacturing ISM® Report On Business® & Institute of Supply Management 02/02/2026 Newswire Release

About Staffmark Group

STAFFMARKGROUP.COM

Staffmark Group (SMG) is one of the largest staffing companies in the United States and is a portfolio company of RGF Staffing and Recruit Group, renowned for pioneering brands like Indeed and Glassdoor. Harnessing our global strength and innovation, we power your business with the people, flexibility, and data insights you need to succeed in your market.

From the bustling floors of manufacturing facilities to the dynamic environments of technical and professional firms, we offer the widest range of specialized workforce solutions. The expertise of our specialty brands, Advantage Technical, Digital People, Hunter Hamilton, Employee Management Services and Staffmark, ensures the talent and customized solutions to propel your business forward.

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