Labor Outlook

Global Insights Center

Q2 2026

The Hartford

Key Takeaways

The unemployment rate has stabilized at a healthy level, though it's taking longer to find a job. Wage inflation continues to ease but remains elevated.

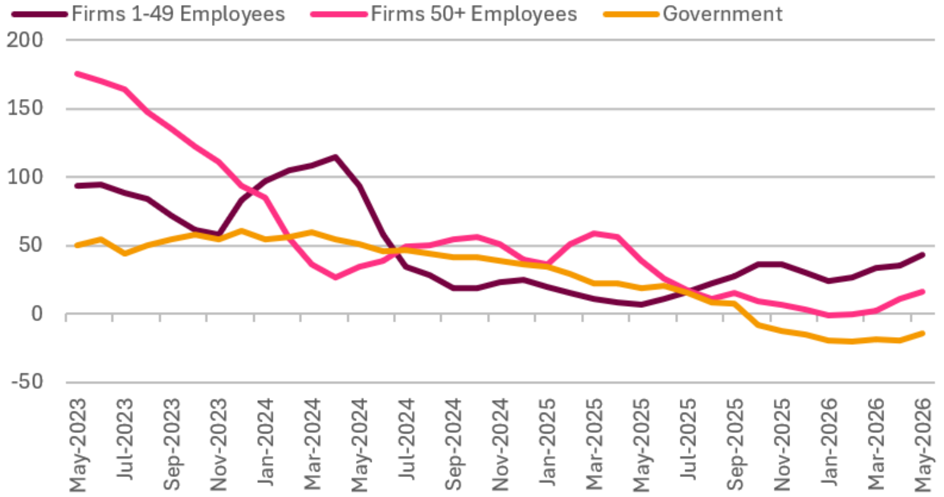
Job growth has stabilized in 2026 following weakness in 2025, but high retirements and low immigration will likely limit long-term labor force expansion.

The job market outlook is mostly positive. Healthy job growth, a stable unemployment rate, and slightly softer wage inflation area expected for the remainder of 2026.

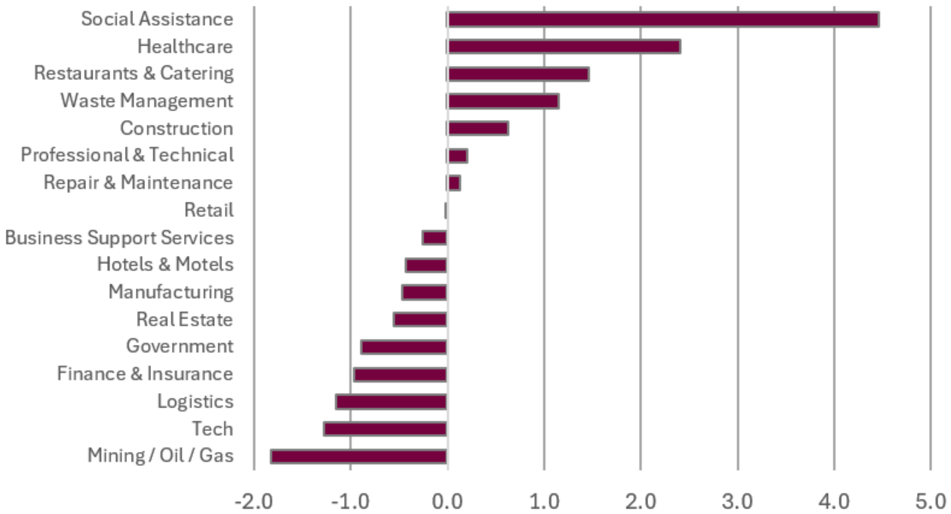
Job Growth: Stabilizing after temporary weakness

Job growth is improving after a slowdown in 2025, showing some signs of recovery.

- Job growth was slow in 2025. The economy added only 10,000 jobs per month on average. Growth has picked up to 42,000 per month over the 12 months through May.
- The smallest firms (<50 employees) continue to drive job growth, while larger firms have resumed modest job gains after stalling in late 2025. Government employment remains in decline, though losses are easing.
- Job growth over the past year remains uneven across industries: gains were concentrated in social assistance (4.5% growth), healthcare (2.4%), and restaurants & catering (1.5%). The fastest losses were in mining/oil/gas (-1.8%), tech (-1.3%), and logistics (-1.2%).



Source: Bureau of Labor Statistics, ADP, Haver Analytics, The Hartford's Global Insights Center

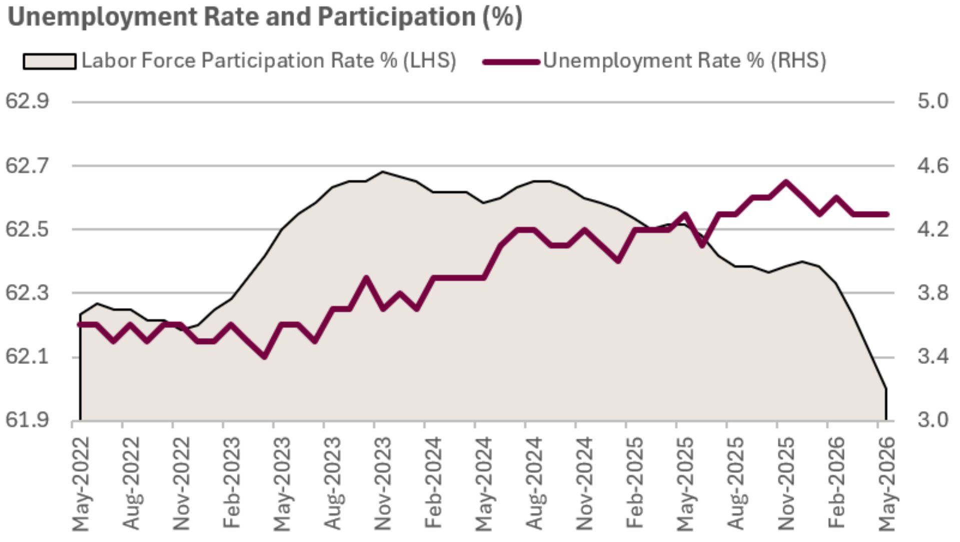


Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

Unemployment: Holding at healthy levels

Labor market conditions have moderated slightly and remain healthy.

- Labor market is “in balance” when unemployment is between 4.0% and 4.5%. Lower unemployment rates indicate tight labor conditions and higher indicates weakness.
- The unemployment rate held at 4.3% in May and remains within a healthy range.
- Unemployment rates are falling in some industries while rising in others. Unemployment fell the fastest in oil and gas, due to strong industry performance in the wake of higher energy prices. Unemployment increased the fastest in repair & maintenance.
- The labor force participation rate (share of population in the workforce) is experiencing continued declines as more workers retire.



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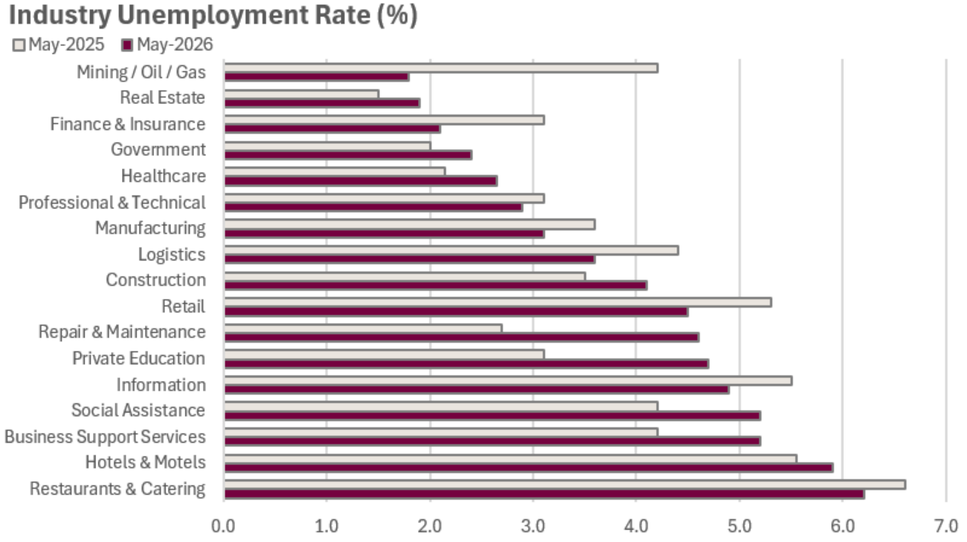


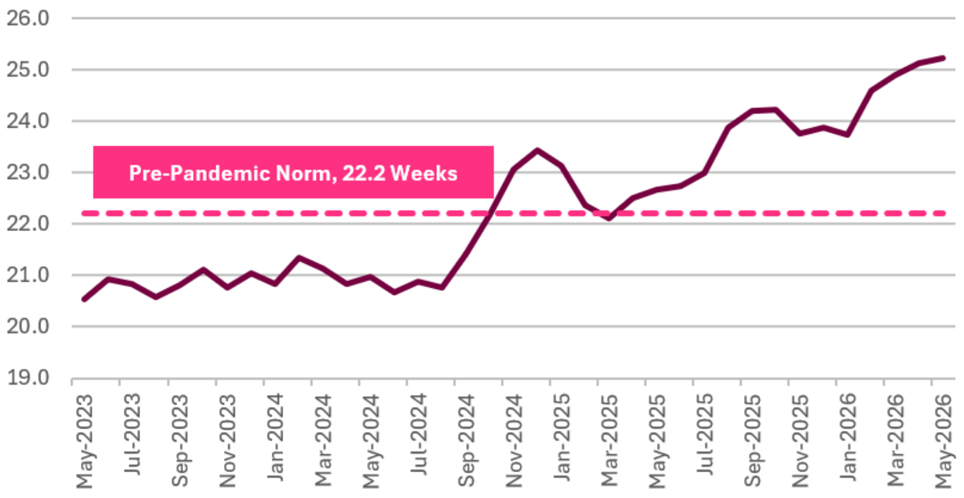
Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

Unemployment: Length of unemployment elevated and rising

Average length of unemployment is continuing to increase.

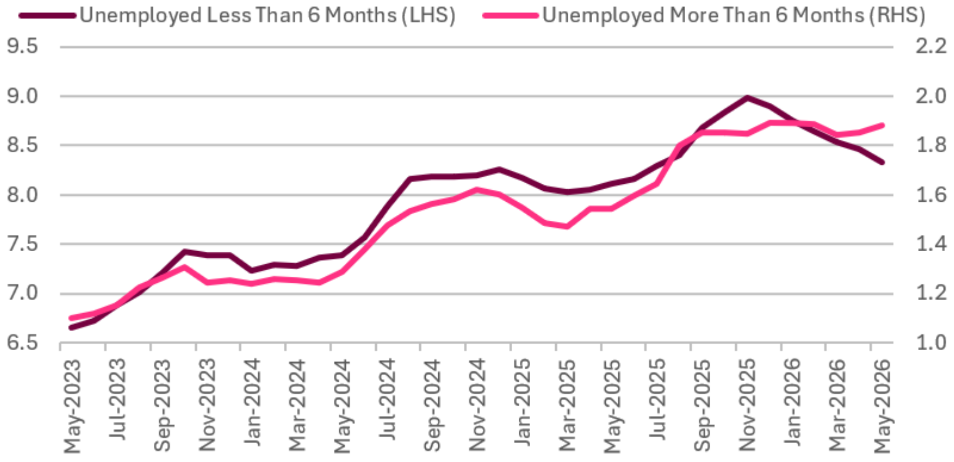
- It currently takes unemployed individuals an average of 25.2 weeks to find a job. The average length of unemployment has increased over the past two years and exceeds the pre-pandemic average of 22.2 weeks.
- Average unemployment is longest in the information industry (40.9 weeks) and retail & wholesale (30.0 weeks).
- It is shortest in construction (24.3 weeks), transportation & utilities (24.0 weeks), and healthcare & private education (23.8 weeks).
- 8.30 million people have been unemployed less than 6 months, up from 8.21 million a year ago. 1.88 million people have been unemployed 6+ months, up from 1.55 million.

Length of Unemployment: Avg. Weeks Unemployed (3-Month Trend)



Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

Length of Unemployment: Number of Workers Unemployed for more/less than 6 Months (Millions, 3-Month Trend)



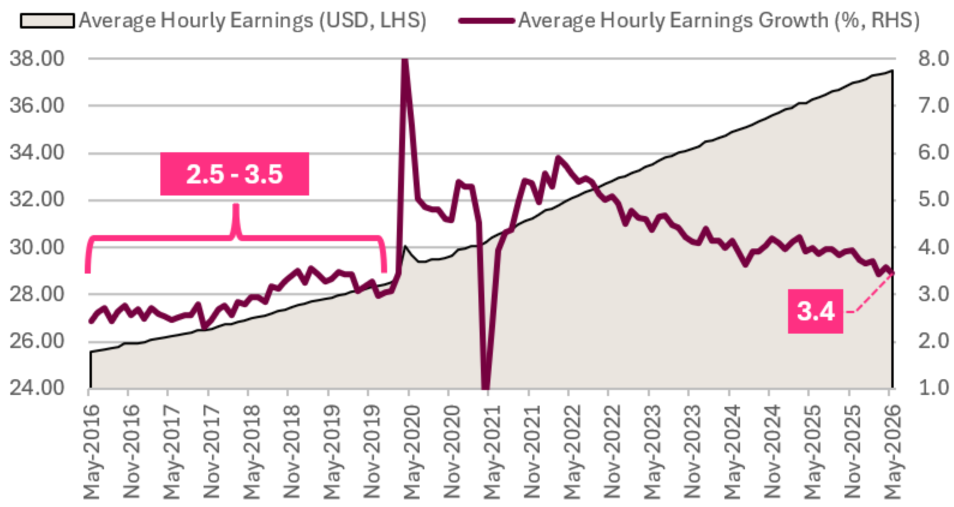
Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

Wage Inflation: Moderating but varied across sectors

Wage inflation has eased but remains slightly elevated, with some industries facing staffing challenges.

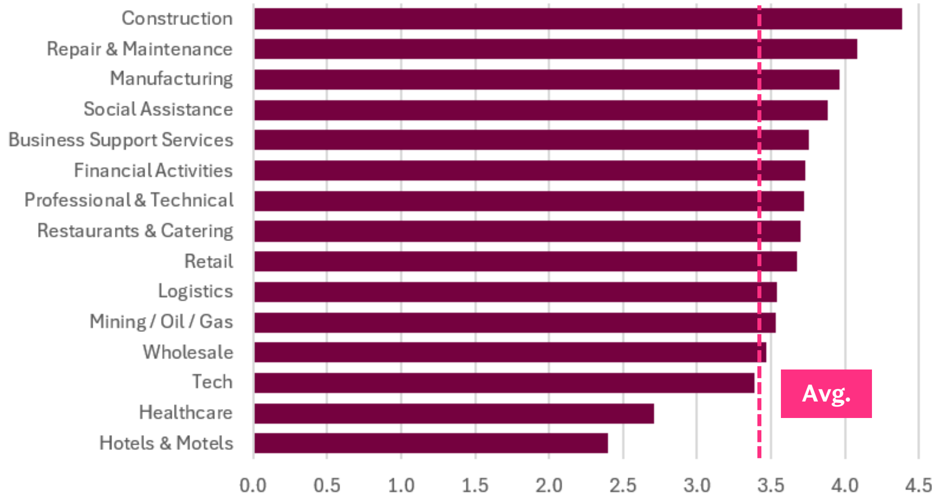
- May wage inflation was 3.4% year-over-year (YoY), below 4.0% a year prior. Wage inflation has returned to the upper end of the 2016-2019 norm.
- Wage growth has normalized alongside stabilization in the unemployment rate, as wages and unemployment are inversely correlated.
- Wage growth is highest in construction, repair & maintenance, and manufacturing, driven by the AI infrastructure buildout and a reliance on foreign-born labor.
- Wage inflation is lowest in hotels & motels, and in healthcare. Unemployment is high in hotels & motels, and healthcare job growth has been concentrated in lower-paid positions like home aids, lowering the industrywide average.

Wages and Wage Growth



Source: Bureau of Labor Statistics, Haver Analytics, The Hartofrd's Global Insights Center

Industry Wage Growth (YoY%)



Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

Job Growth: Low turnover environment persists

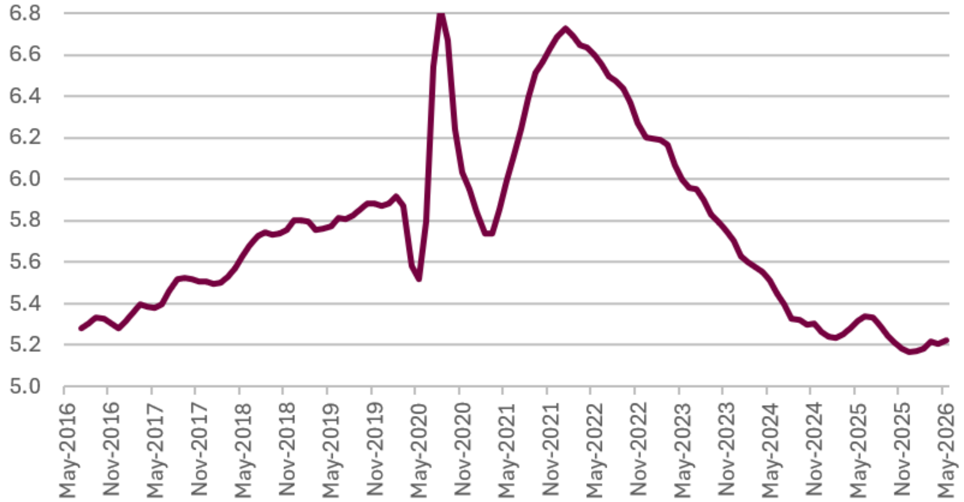
Muted hiring and firing persist despite stronger job growth.

- Layoffs remain subdued compared to 2018-2019 but are higher than 2021 and 2022 when companies struggled to retain talent.
- Hiring has fallen to a decade low, trending down since 2022, but is now showing early signs of stabilization as job growth has picked up in 2026.
- Low layoffs and subdued hiring have created stability for hiring managers across many industries, but have reduced advancement opportunities for employees seeking new positions outside their current firms.
- Hiring is low due to several factors: the talent pool is growing slowly, the economy faces geopolitical and technological uncertainty, and some industries have profit challenges.

Layoffs (Millions, 3-Month Avg.)

Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

Hires (Millions, 3-Month Avg.)

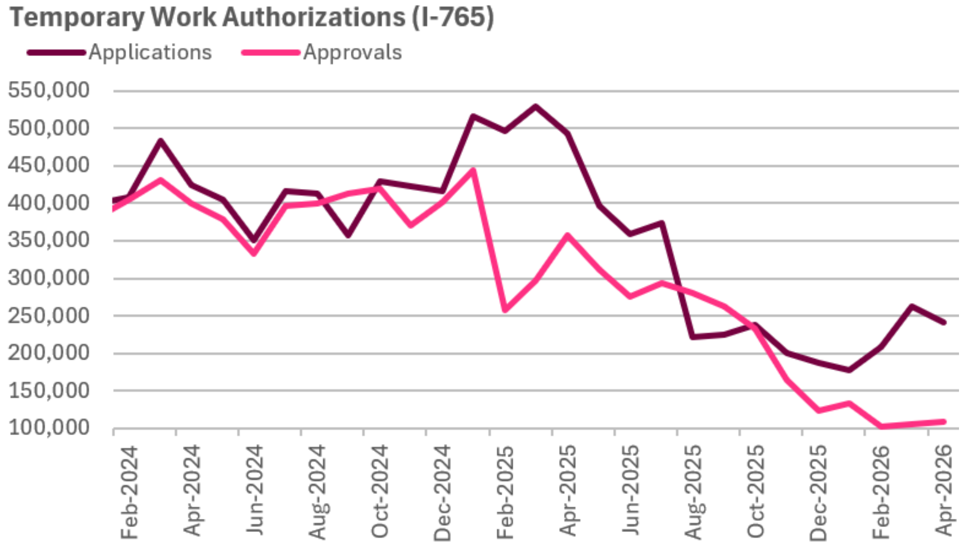


Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

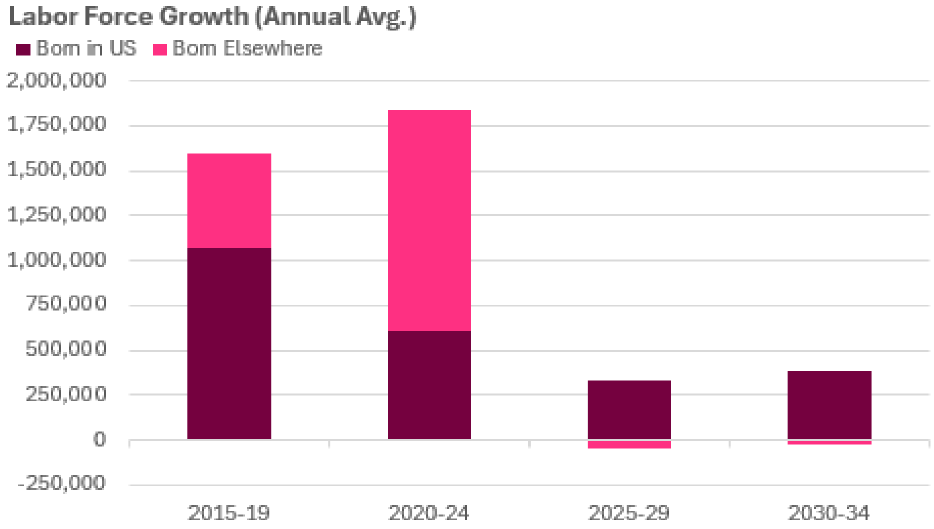
Labor Force: Slow growth in the decade ahead

Talent pool is growing slowly due to low immigration and high retirements.

- Immigration was high in 2021-2024 but has slowed significantly since then. Fewer immigrants are applying for work authorization, and even fewer are attaining approval.
- Reduced immigration raises staffing risks across some sectors including construction, logistics, repair & maintenance, hospitality, manufacturing, and agriculture.
- At the same time, the native-born workforce is growing more slowly amid increased retirements and fewer new entrants.
- Taken together, labor force expansion is expected to be much slower over the next decade compared to previous decades, impacting most sectors to varying degrees.



Source: US Citizenship and Immigration Services, The Hartofrd's Global Insights Center

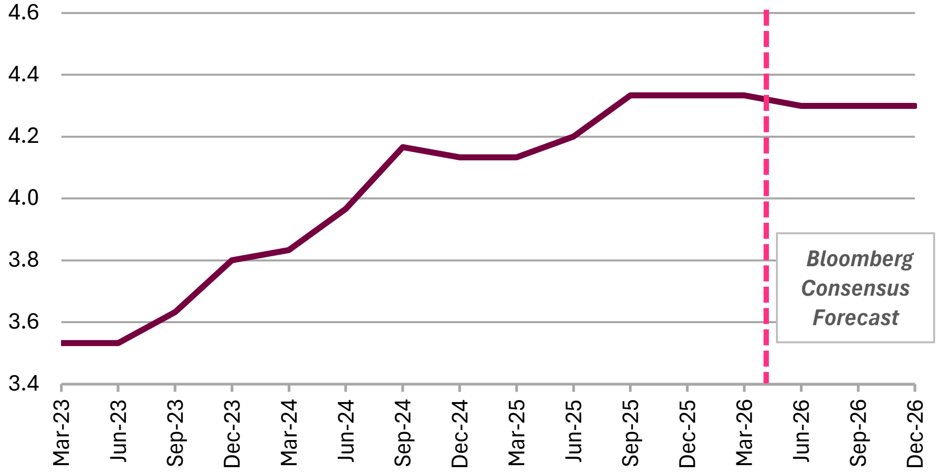


Source: Bureau of Labor Statistics, Haver Analytics, The Hartford's Global Insights Center

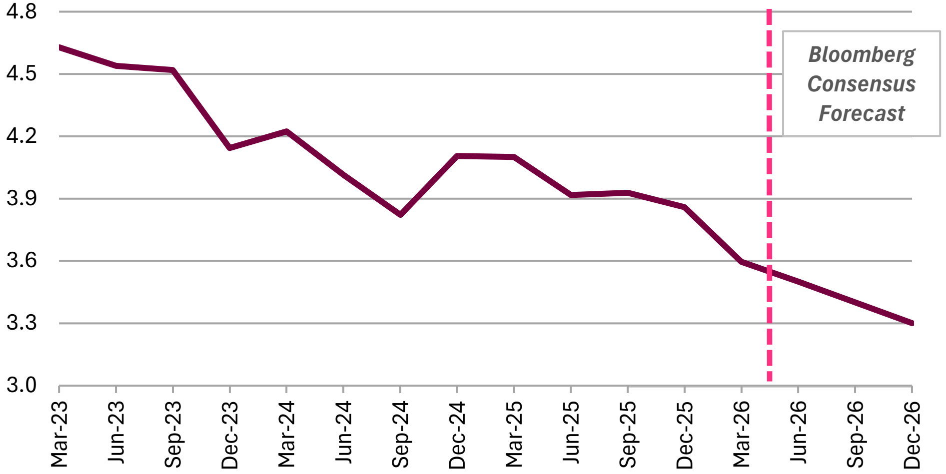
2026 Labor Outlook: Stability is likely

- Unemployment is likely to remain near current levels. Bloomberg consensus forecast is 4.3% average in 2026.
- Wage growth is expected to slow down. Bloomberg consensus is 3.5% average in 2026.
- Job growth will likely be healthy. Bloomberg consensus is 80,000 jobs created per month in 2026.

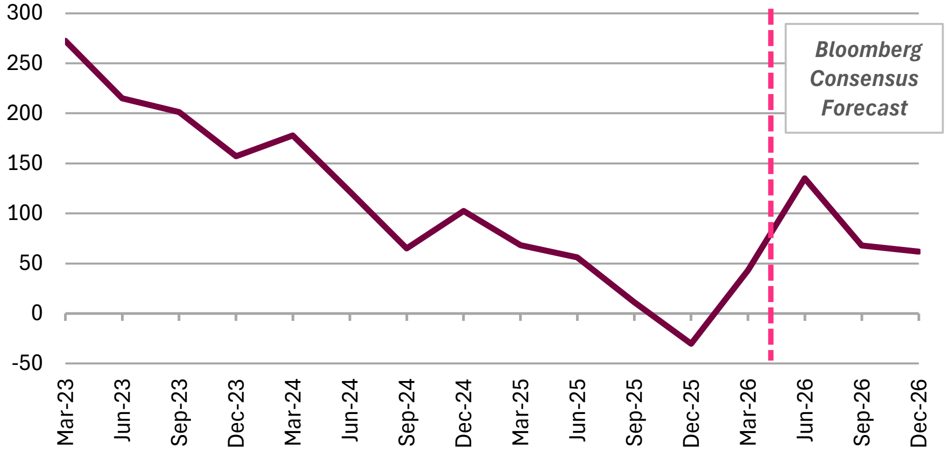
Unemployment Rate (%)
Bloomberg Consensus Forecast



Wage Inflation (YoY%)
Bloomberg Consensus Forecast



Job Growth (QoQ Thousands)
Bloomberg Consensus Forecast



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