

KBC INSIGHTS | EMPLOYMENT MARKET UPDATE

Strong Start to 2026

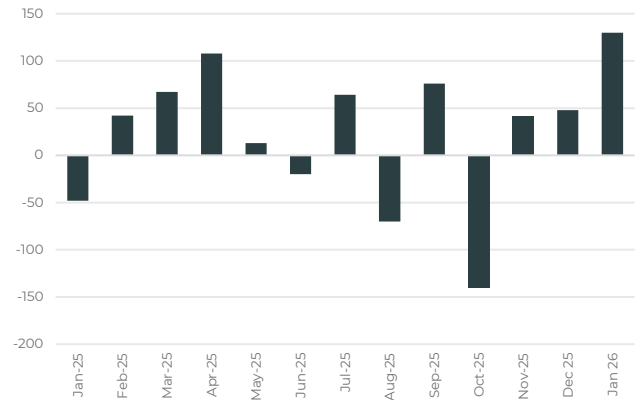
The first estimate of January employment showed a robust start to the year, albeit with caveats

STRONG START, SIGNIFICANT CAVEATS

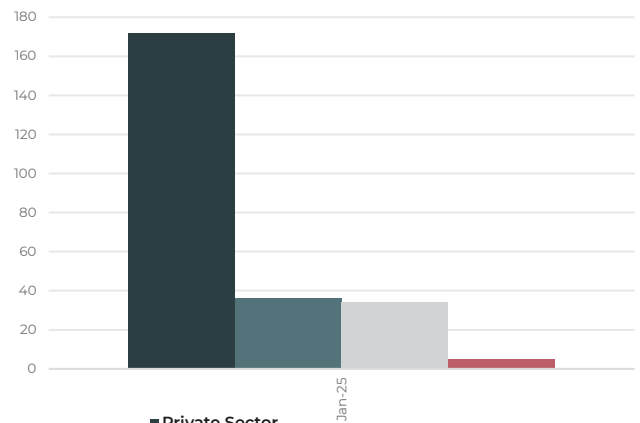
- » The first estimate of January's job growth was a robust 130,000.
- » This is the strongest job growth since December 2024 and marks the third consecutive month of increasing job growth.
- » Healthcare and social assistance accounted for 95% of job growth.
- » Wage growth was stronger than anticipated at .4% month-over-month (MOM).
- » The unemployment rate declined, falling to 4.3%.
- » The labor force participation rate increased reversing December's decline.
- » These numbers will be revised, possibly meaningfully, for multiple reasons.
- » This is the first estimate of January job growth including its modest survey response rate of 64%.
- » Additionally, January faces greater seasonal adjustment challenges.

KEY SECTORS IMPROVE

- » Key sectors showed improving job growth in January including private sector jobs, adding 172,000 jobs, the most since December 2024.
- » Goods producing jobs showed the strongest job growth since June of 2023 adding 36,000 jobs.
- » Professional and business services registered its third consecutive month of job growth adding 34,000 jobs reversing six months of declines.
- » The most promising news was that for the first time since November 2024, manufacturing showed positive job growth, albeit a modest 5,000.
- » The manufacturing reversal is in line with the employment subindex of the ISM manufacturing index moving closer to expansion, albeit also with its own caveats.
- » Given the caveats mentioned and conflicting jobs data from other sources, additional strengthening in these sectors is required to both confirm this month's initial estimate and a new trend in each.



■ Monthly Job Growth (thousands)



■ Private Sector
 ■ Goods Producing
 ■ Professional and Business Services
 ■ Manufacturing

© 2026 KBC ADVISORS This information has been obtained from sources believed to be reliable but has not been verified for accuracy or completeness. You should conduct a careful, independent investigation of the property and verify all information. Any reliance on this information is solely at your own risk. The KBC ADVISORS logo is a service mark of KBC ADVISORS. All other marks displayed on this document are the property of their respective owners. Photos herein are the property of their respective owners. Use of these images without the express written consent of the owners is prohibited.