Labor Market Monitor

August 2026

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The Labor Market Monitor captures key trends important for understanding the health of the labor market. By bringing together a broad range of data on job creation, unemployment, and wage growth, as well as deep dives on the labor market impact of AI and the healthcare industry, this report provides a comprehensive look at how workers are faring in today's economy.

Labor Market Overview

Overview of job creation, unemployment, wage growth, and other related insights on the current state of the labor market

Key Takeaways: Labor Market Overview

- **While job creation improved through the first half of the year, the latest data suggests conditions may be cooling** even as the unemployment rate has improved. Employment growth so far in 2026 has been narrow and concentrated in healthcare
- **Unemployment is on the rise for certain groups** including new college graduates and those holding BA degrees or higher
- **Data continue to point to a low-hire, low-fire environment.** Low hiring is contributing to longer stints of unemployment with over 27% of the unemployed population currently unemployed 27 weeks or longer. Additionally, weak hiring may be contributing to recent increases in part-time employment
- Demographic shifts continue to shape the labor force. While prime-age (25-54) labor force participation remains elevated above the pre-pandemic rate, **labor force participation is declining among workers 55+ approaching retirement.** At the same time, employers across industries continue to report shortages of skilled workers, pointing to some structural constraints on labor supply
- **Initial unemployment claims – a proxy for layoffs – remain low** and as job separation expectations are elevated, voluntary quitting also continues to decline. In other words, workers are staying put in their jobs as confidence in the labor market is low
- **The recent pickup in inflation is eroding wage gains,** as wage growth continues to cool

Anecdotal evidence reinforces low-hire, low-fire environment while demand for skilled professionals remains

"Overall, contacts characterized the labor market as stable. Across industries, including manufacturing, **several contacts reported that they were planning to hire at rates similar to prior reporting periods. Some noted continued difficulty finding skilled workers...**"
— Chicago

"Services employment was mostly stable, although one firm reported **modest layoffs of white-collar staff because of AI-related efficiency gains**. In construction, apprentices experienced layoffs, while more experienced workers held their jobs."
— Boston

"Employers continued to generally maintain head counts, selectively hiring in response to attrition or specific business needs. **There were fewer reports of announced or planned layoffs relative to prior reporting periods. Turnover rates remained low**…"
— San Francisco

"**Manufacturing firms reported continued competition for skilled machine operators and welders**, with workers willing to commute for up to 45 minutes for slightly higher wages. One employer noted that employees have become increasingly willing to change jobs for as little as a one-dollar-per-hour, reflecting greater wage sensitivity as household financial conditions tighten."
— Kansas City

"**Those who reported flat or declining staffing levels cited softer demand, a need to protect operating margins, or uncertainty about overall economic conditions.** Several contacts were using or planning to use AI or other forms of automation to reduce the need for workers or improve the productivity of existing workers."
— Cleveland

"However, a couple of contacts highlighted that the lack of skilled labor has constrained manufacturing activity, an issue that has **worsened in recent months with competition for skilled labor picking up and the existing workforce continuing to age into retirement.**"
— Philadelphia

"**Finding the right talent remained challenging, partly driven by an aging workforce and reluctance among qualified candidates to switch jobs in an uncertain environment**. Oilfield services firms noted increased competition for skilled labor from the power generation and AI industries, and data center developers also said it was challenging to find skilled workers such as electricians and technicians."
— Dallas

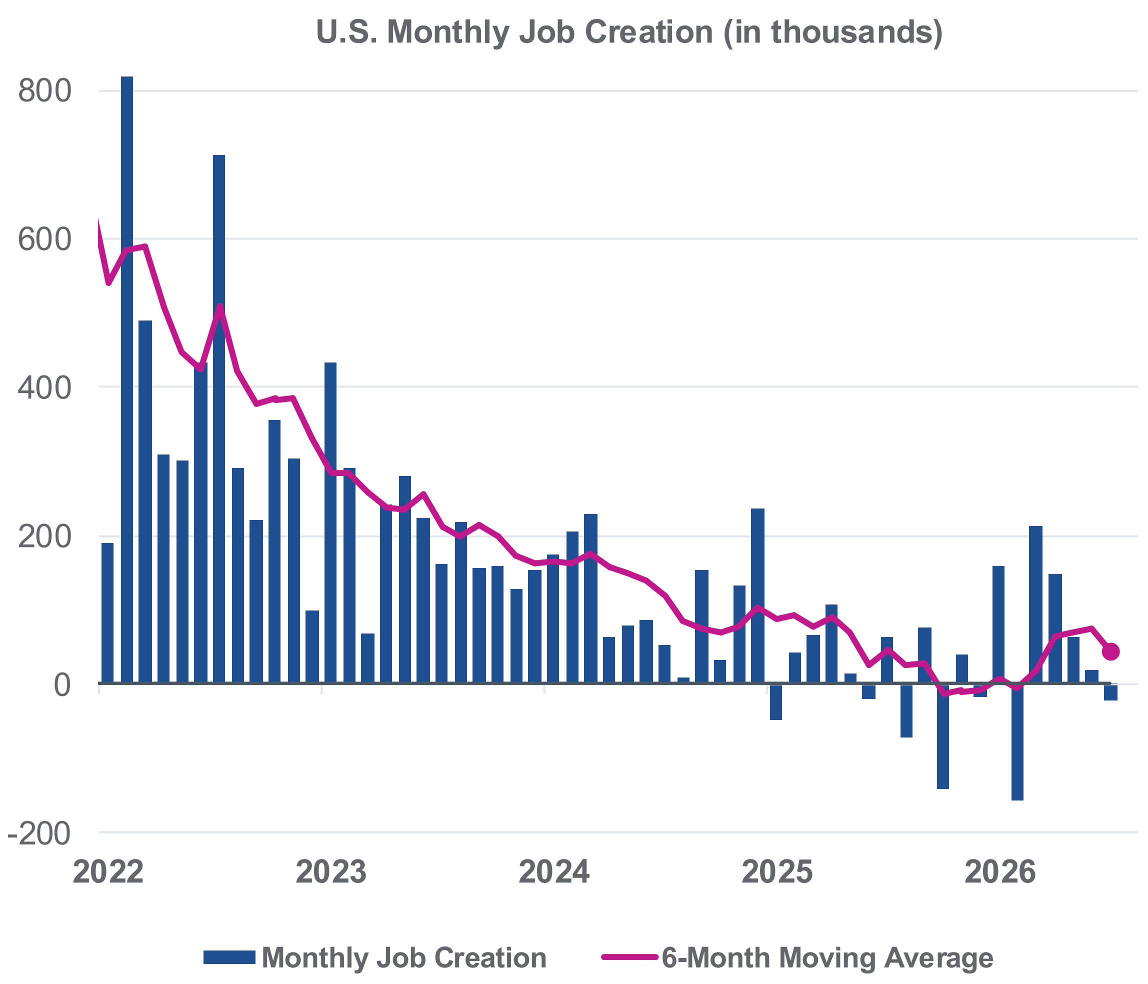
"Utilization of AI broadened, with more contacts describing deployments of AI tools and automation to boost employee productivity and efficiency. **However, most do not expect these efforts to lead to significant workforce reductions in the near term.**"
— Atlanta

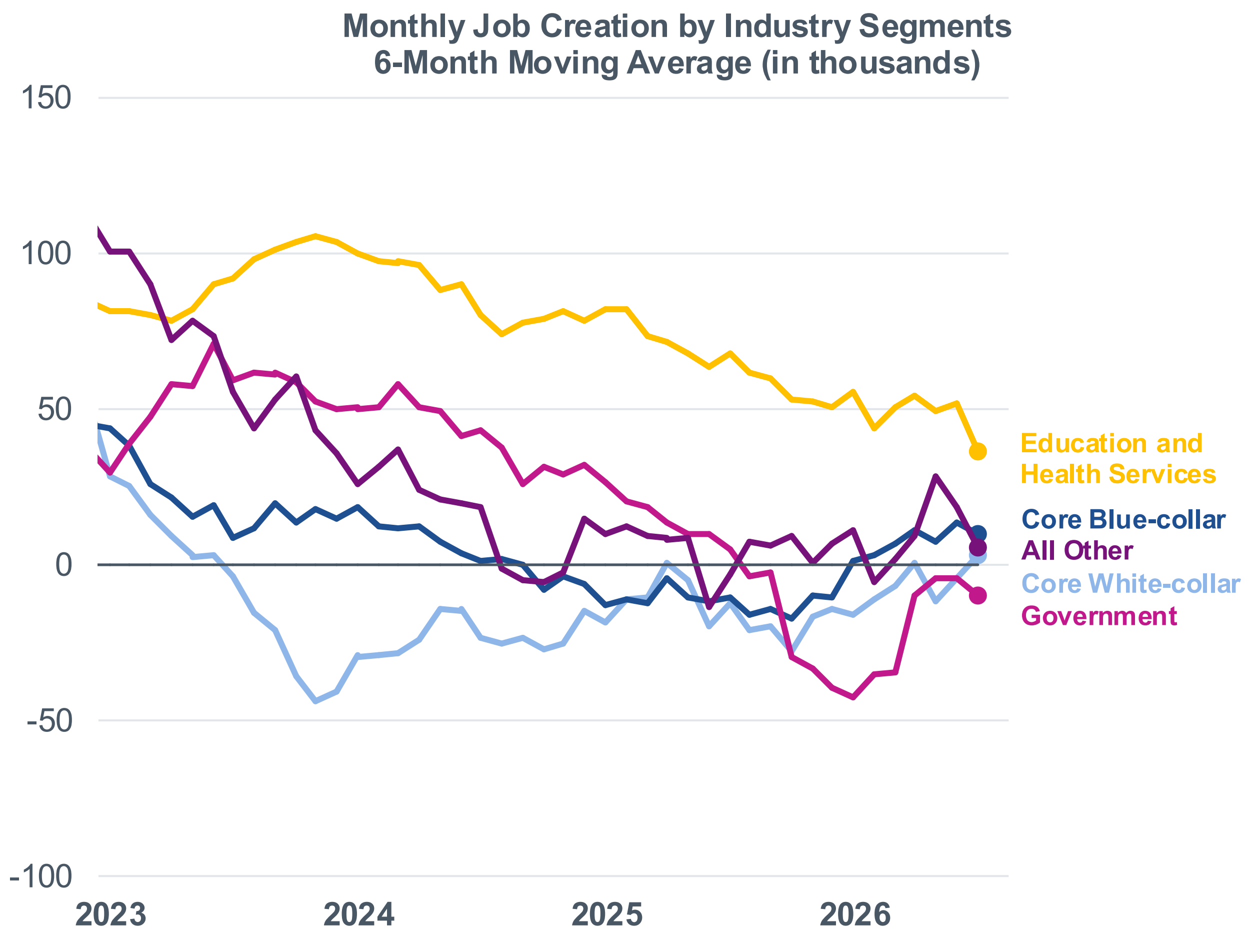
"Multiple firms reported being **unable to operate at full capacity due to understaffing**. For example, a construction company could not take on additional work due to a lack of available employees, while a recruiting firm reported increased demand from clients struggling to find and **hire skilled talent.**"
— Richmond

Sources: Federal Reserve Beige Book July 2026 and Experian Economic Strategy Group

Job creation slowing after a pickup in first half of the year

Education and health services (including healthcare) remain the primary driver of job creation

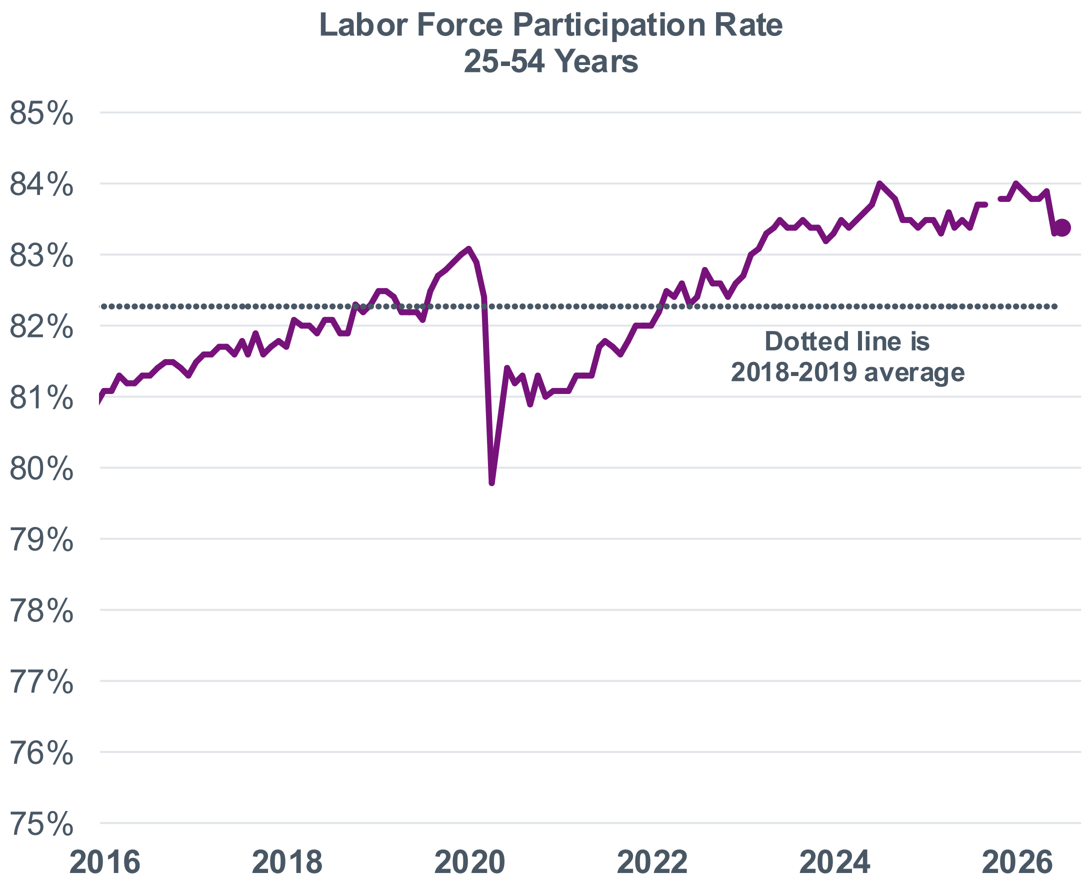


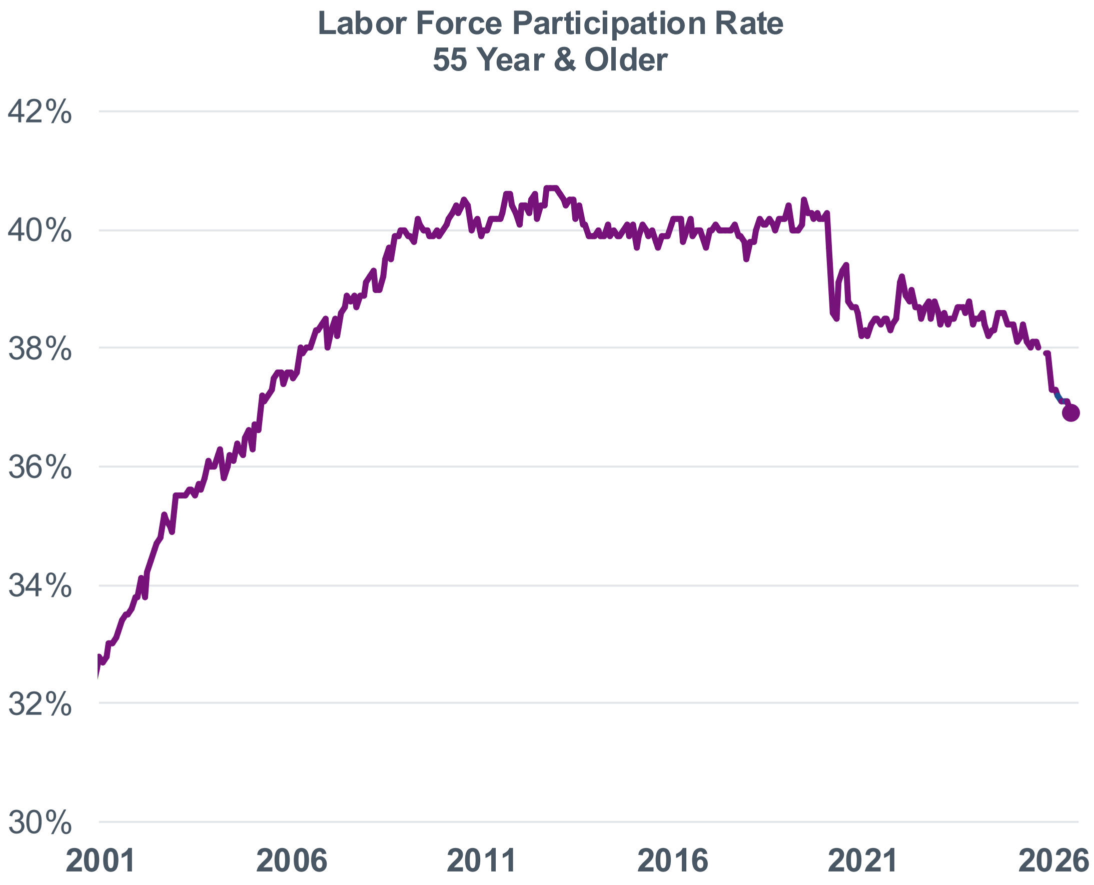


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Prime-age labor force participation above pre-pandemic rate

However, as baby boomers retire, labor force participation rates for 55+ continue to decline

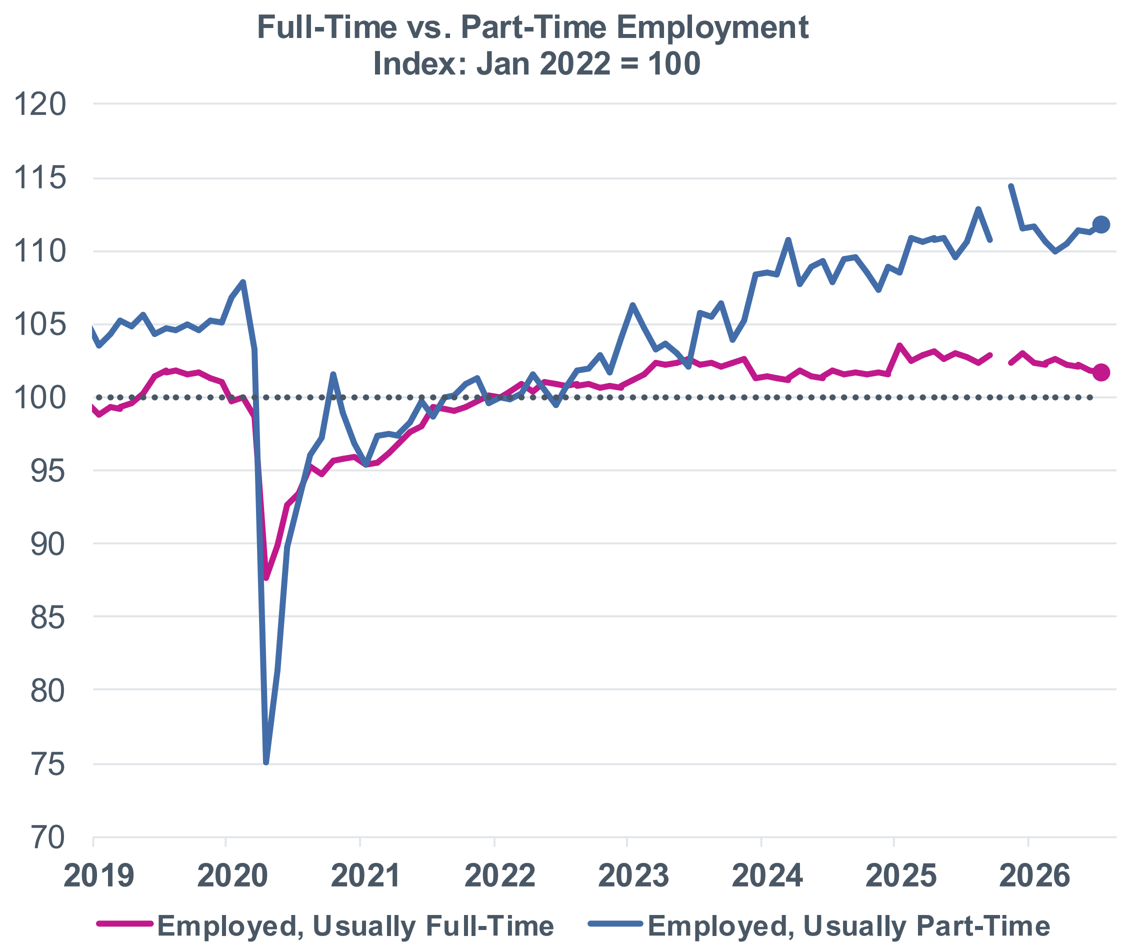


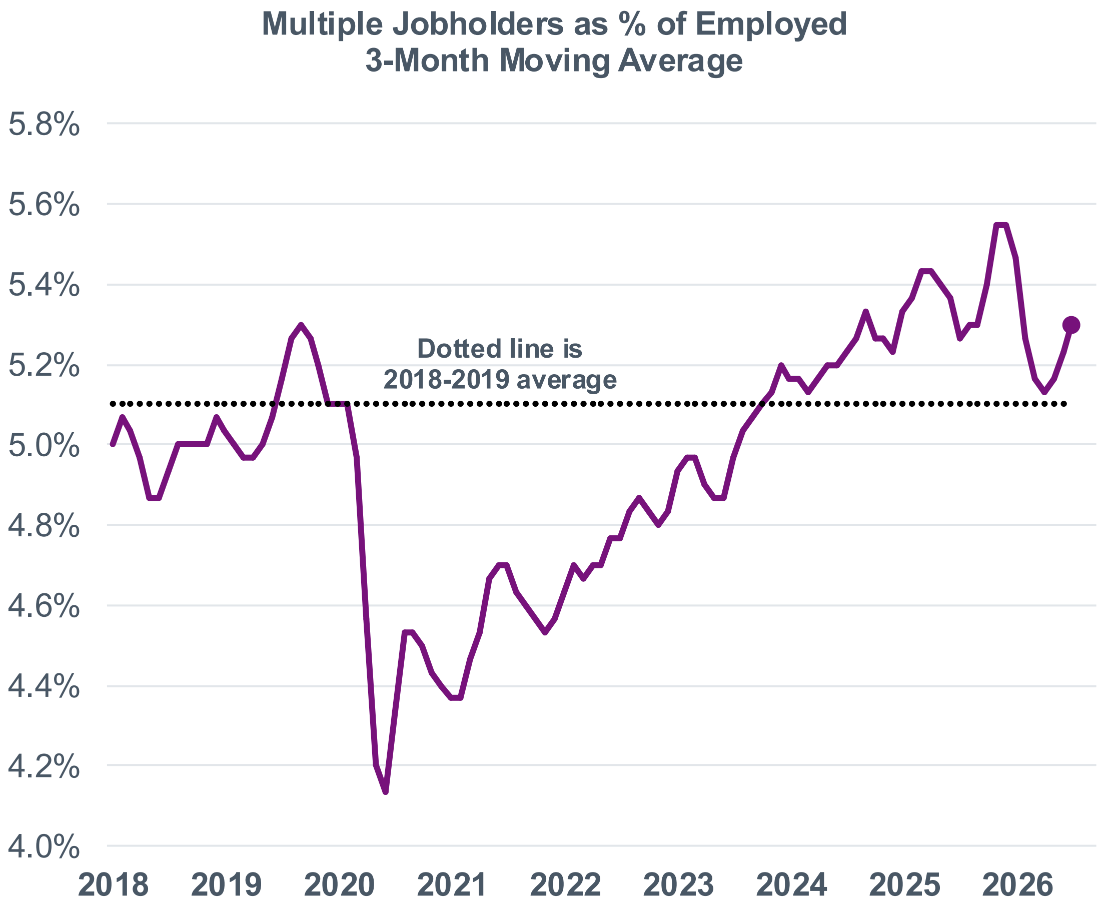


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Part-time employment continues to grow

The prevalence of holding multiple jobs is ticking up again

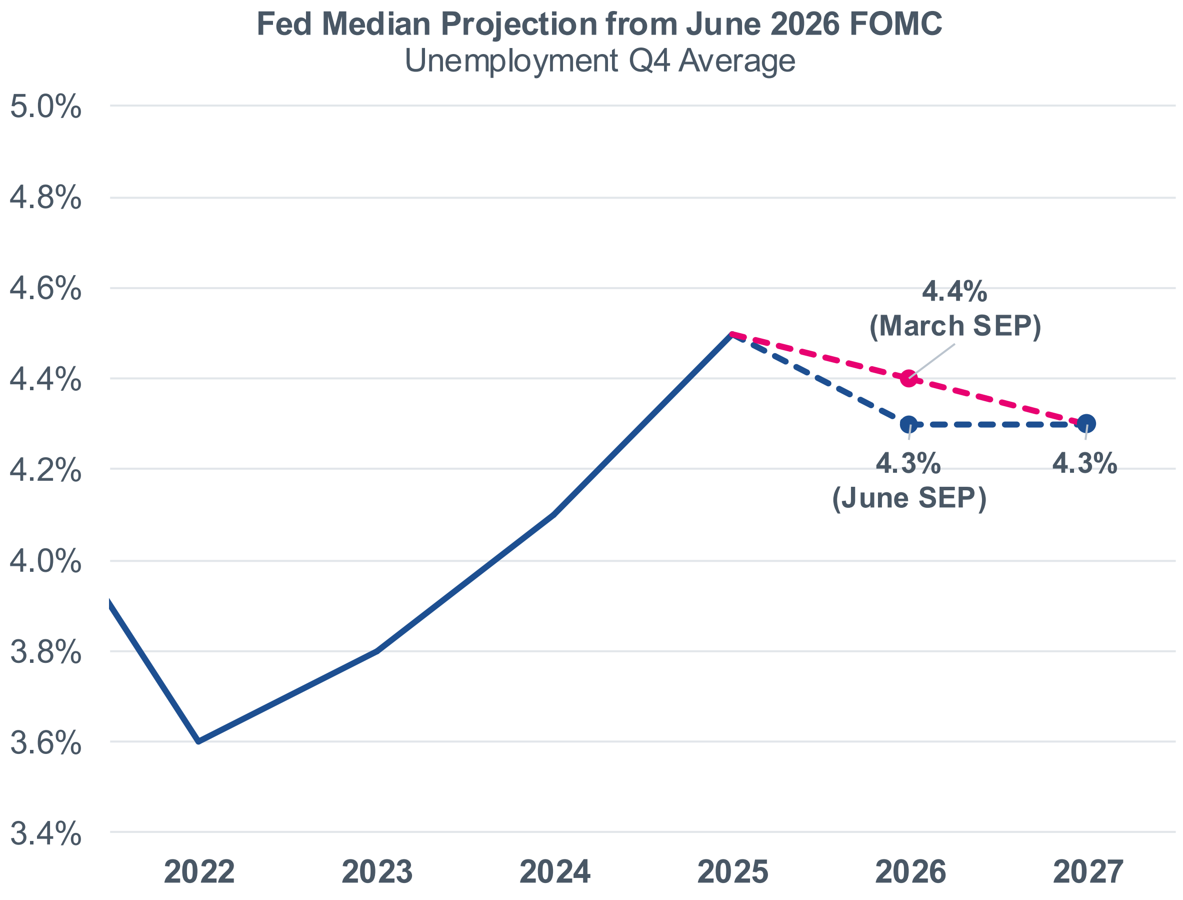


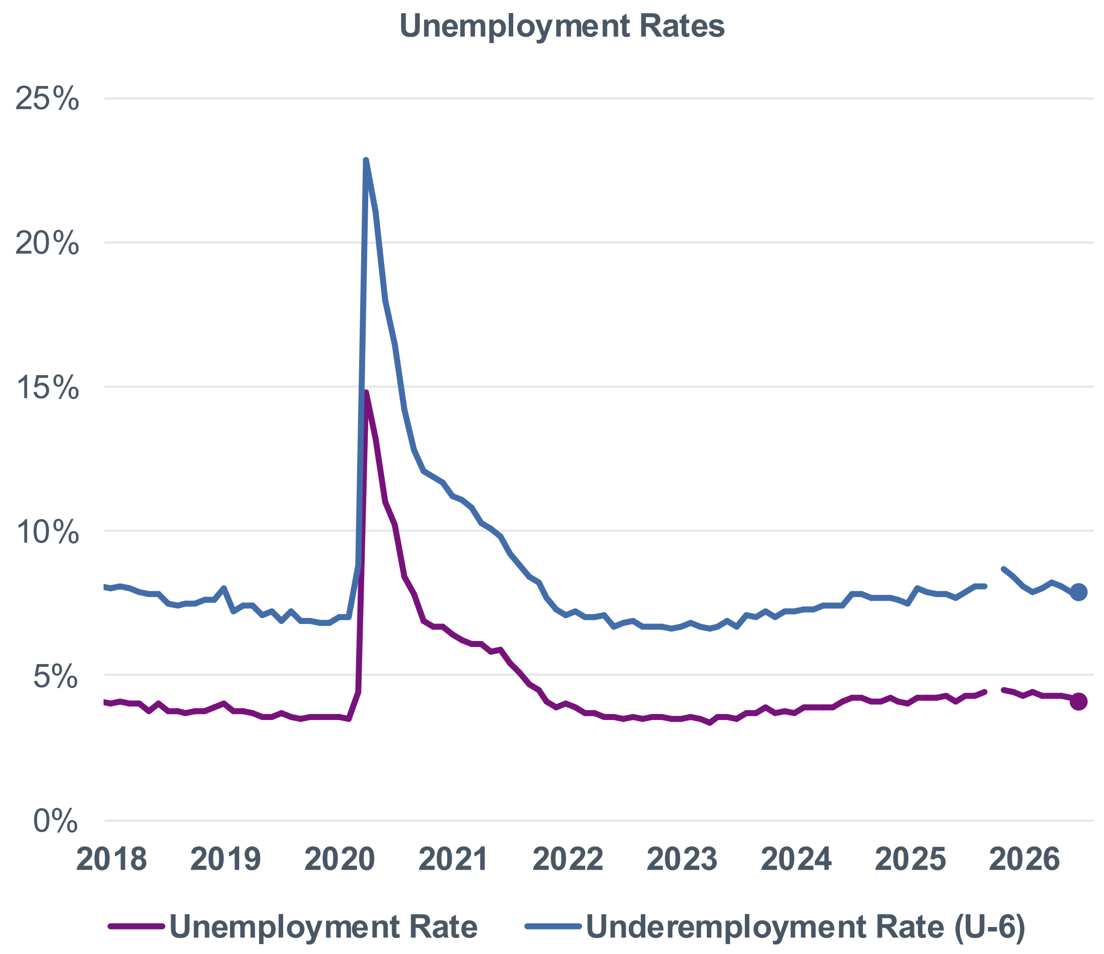


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Unemployment continues to hold steady

The Fed lowered their unemployment projection during their June meeting

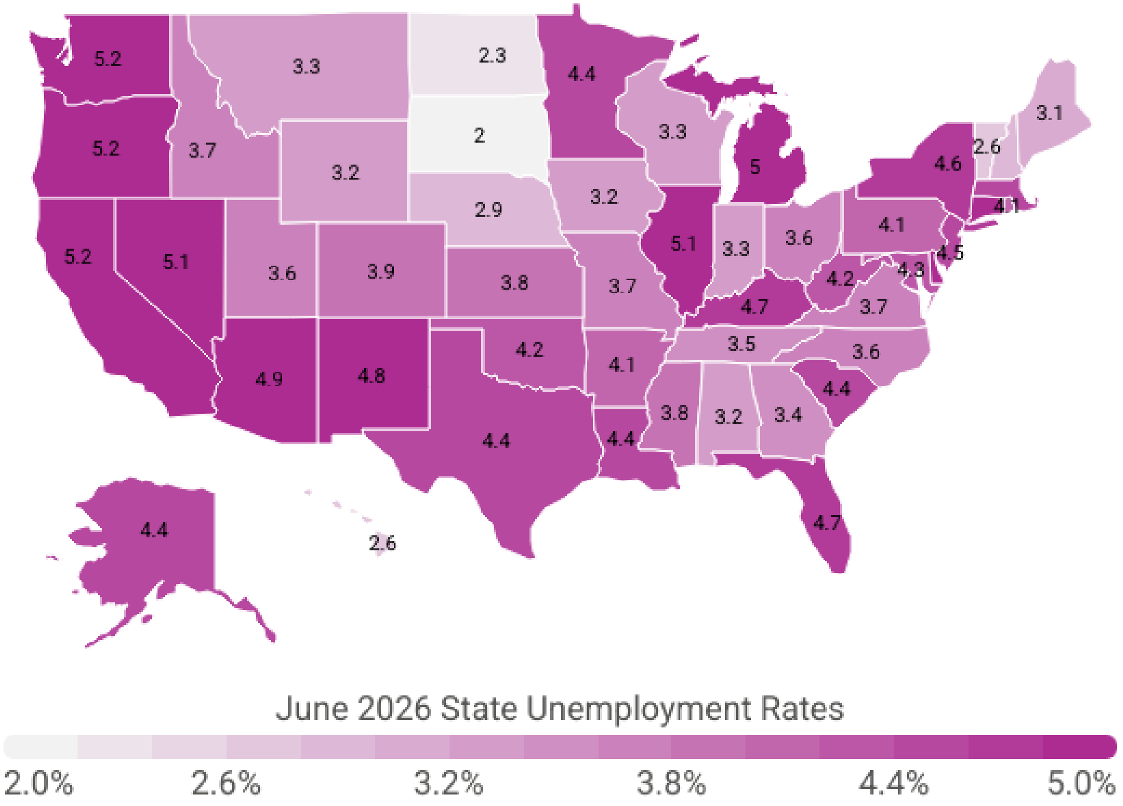


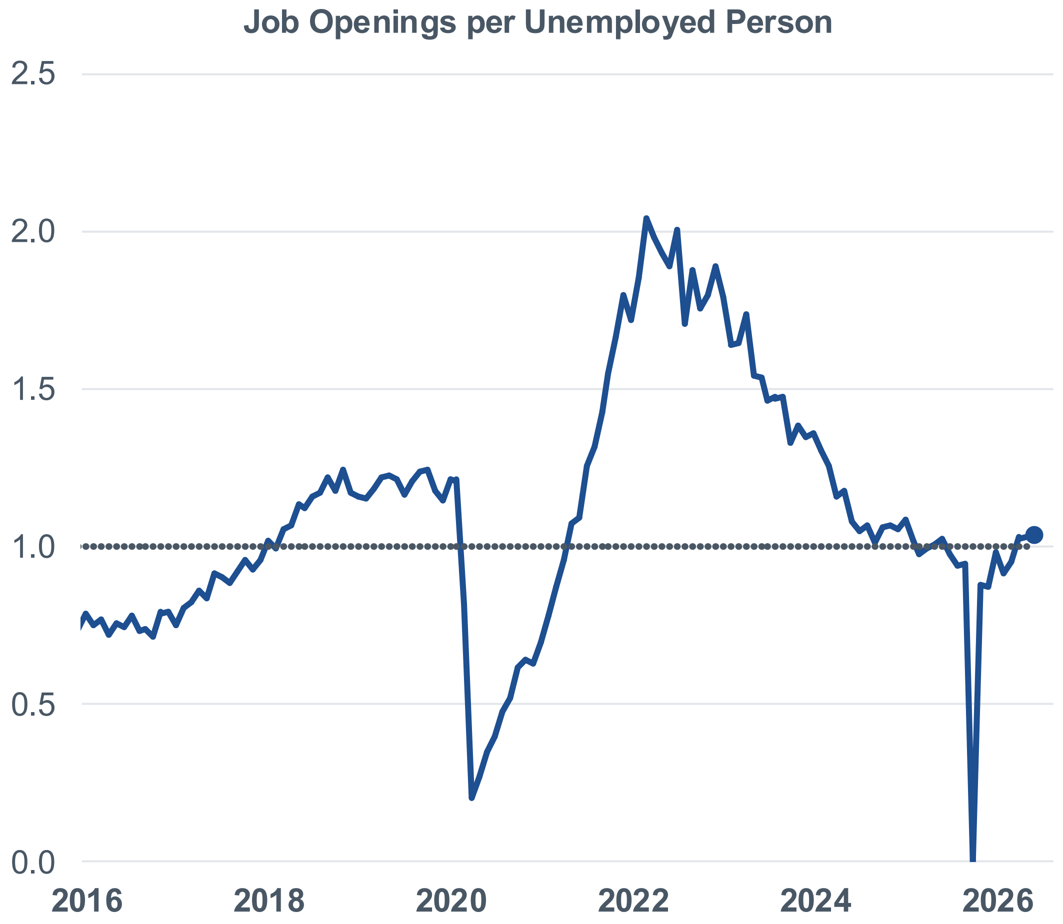


Sources: Federal Reserve Board of Governors, Bureau of Labor Statistics and Experian Economic Strategy Group

Highest unemployment in D.C. and on the west coast

Ratio of job openings to unemployed workers has returned to 1:1

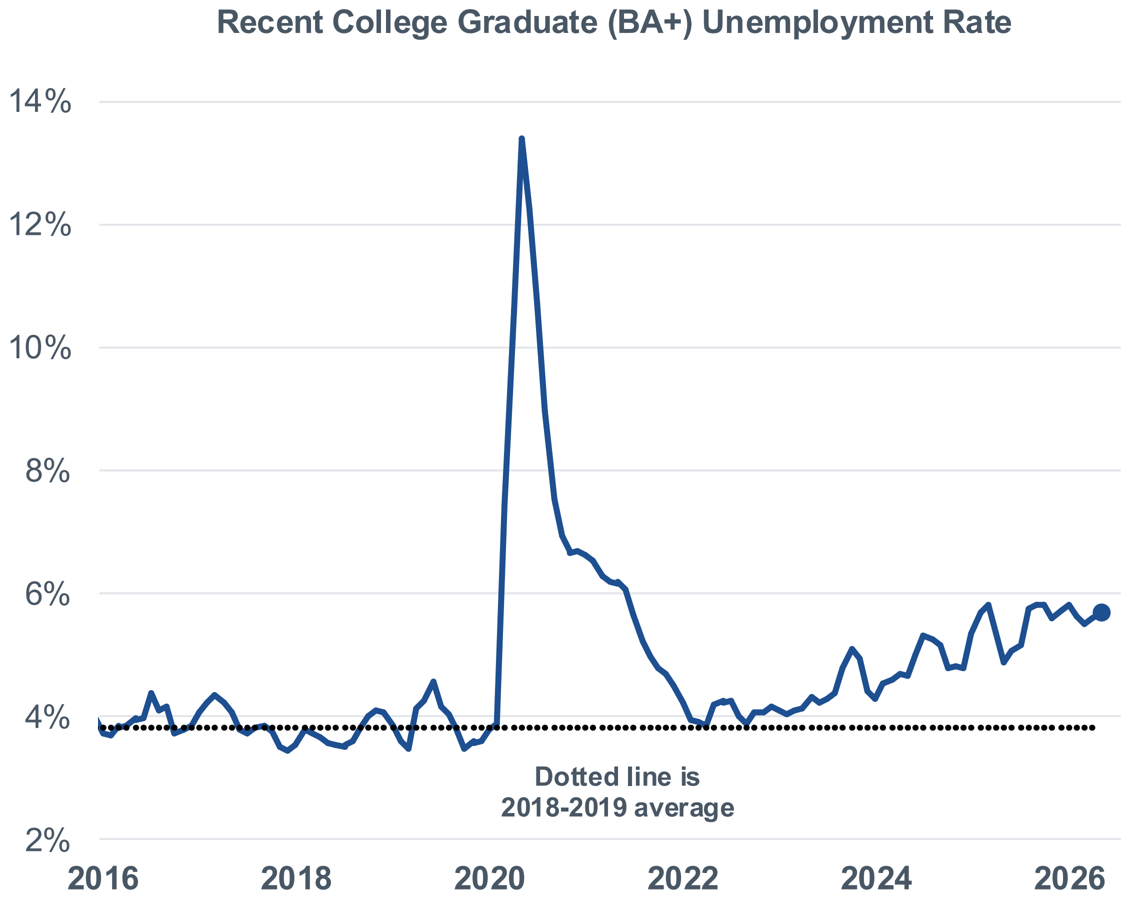


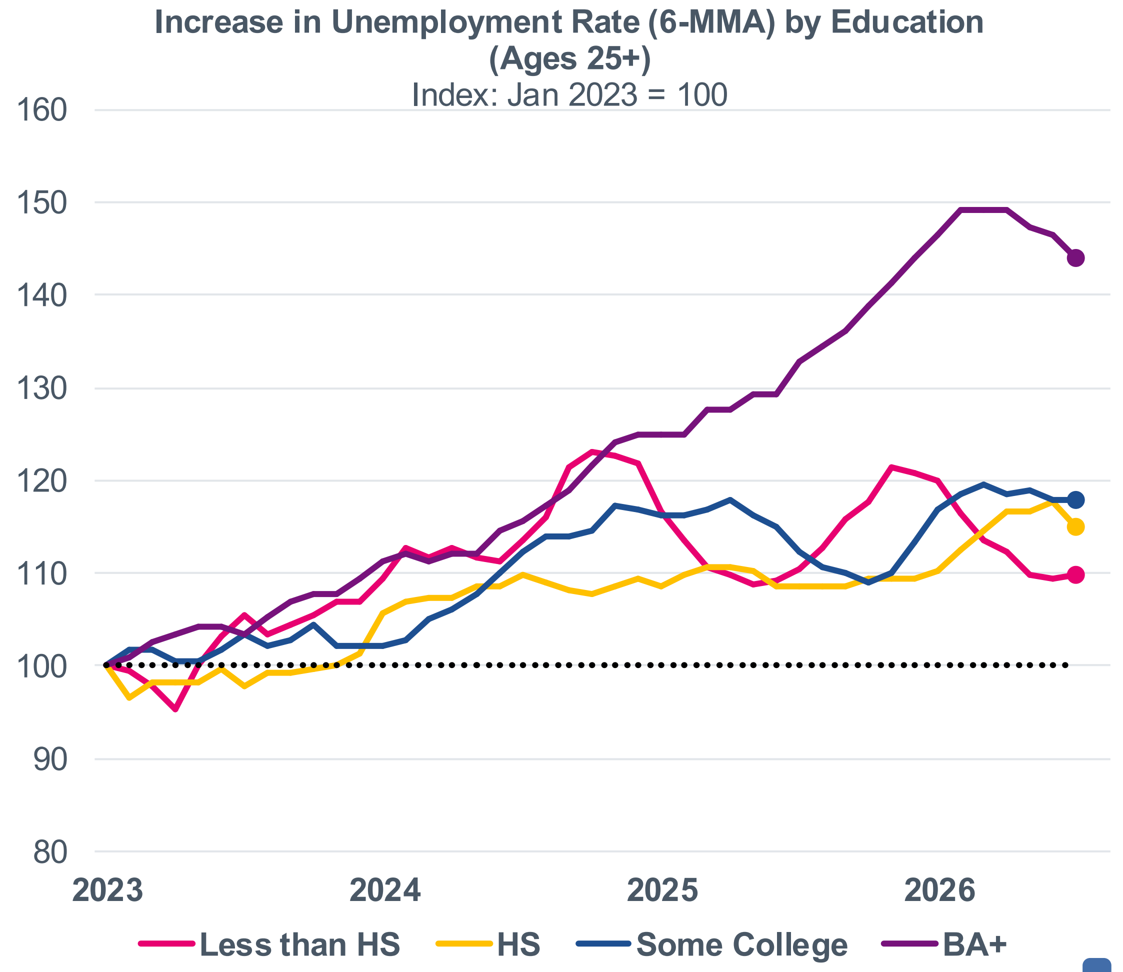


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

New college grad unemployment continues to rise

BA+ holders have seen the fastest pace of increase in unemployment among education groups

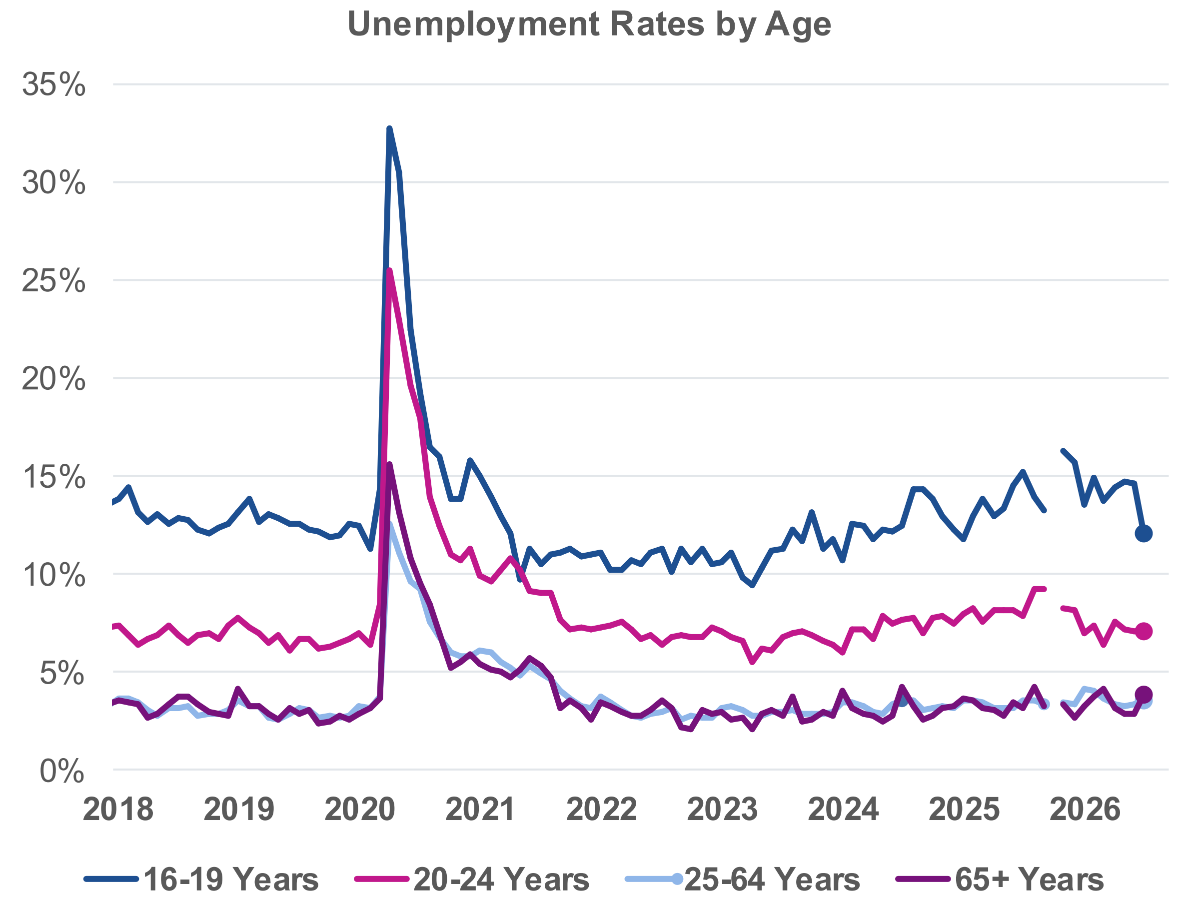


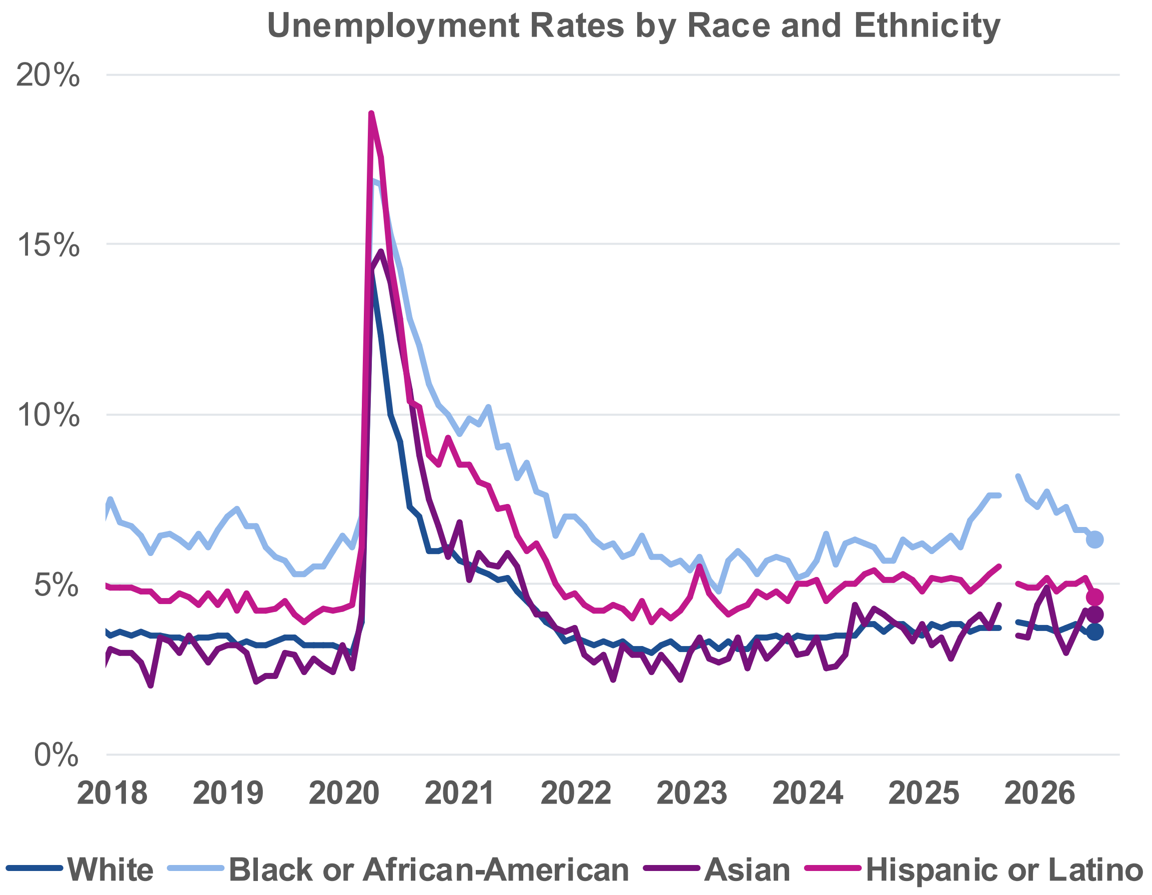


Sources: Bureau of Labor Statistics, New York Federal Reserve and Experian Economic Strategy Group

Unemployment easing across most demographic groups

Teen unemployment remains elevated despite moderating from its late-2025 peak

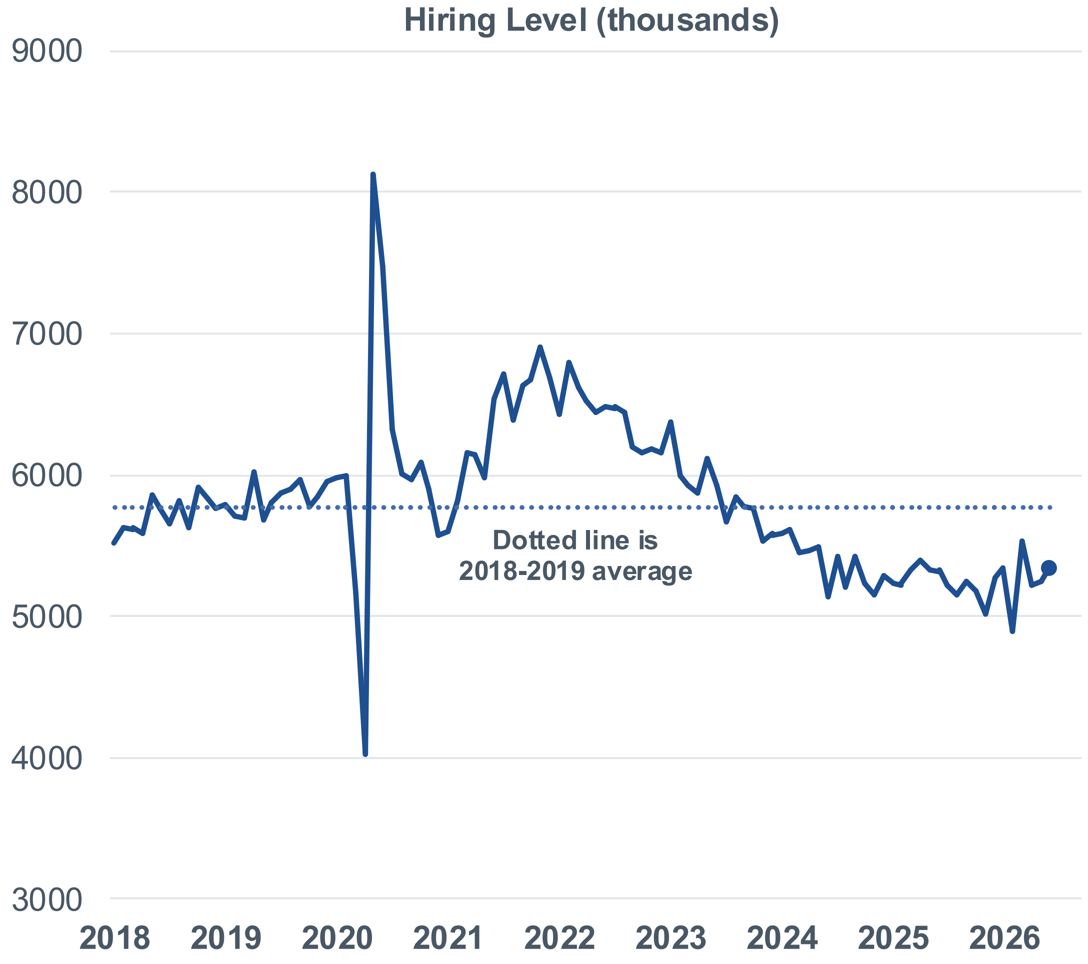


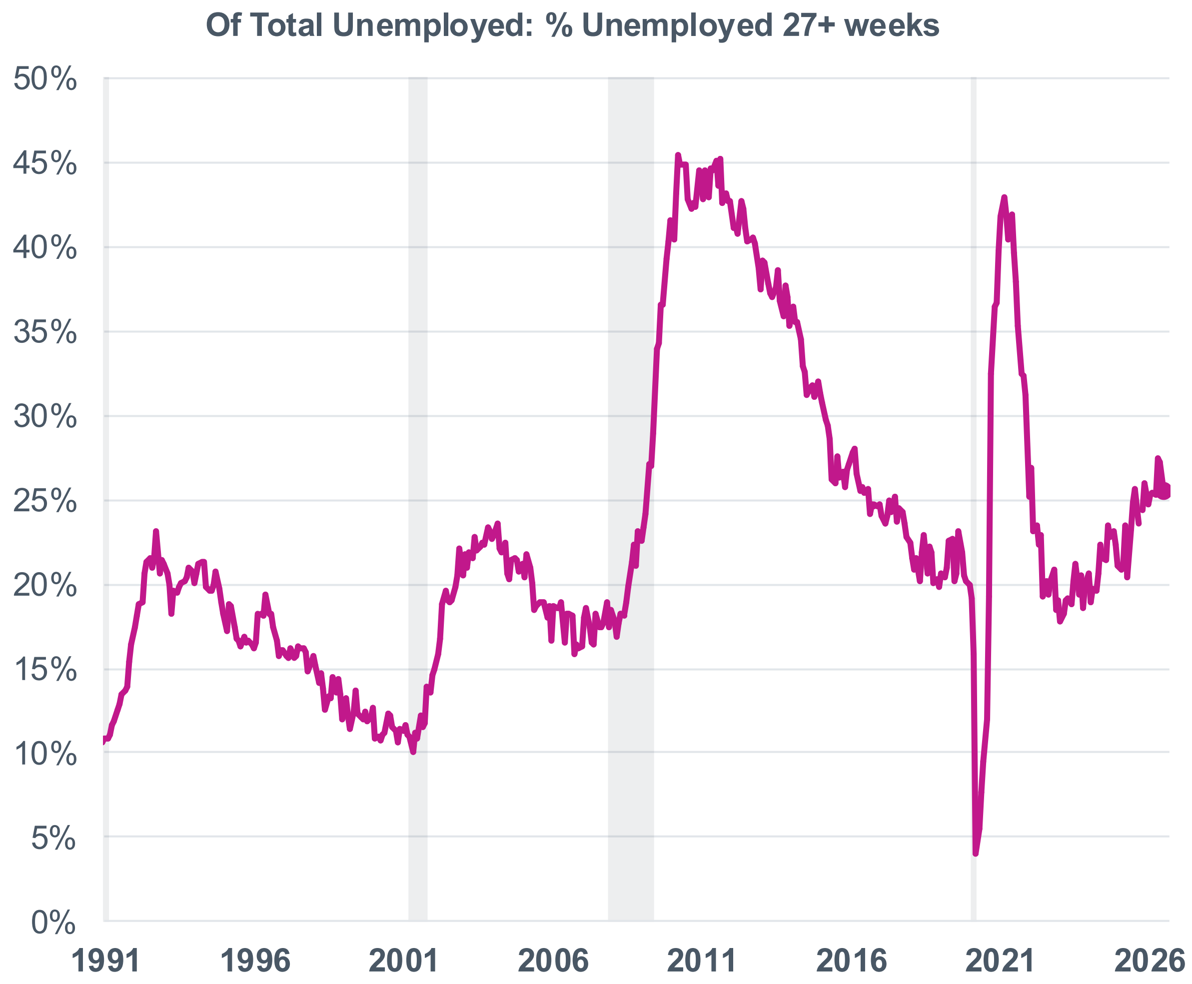


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Hiring remains low

Low hiring may be contributing to longer stints of unemployment

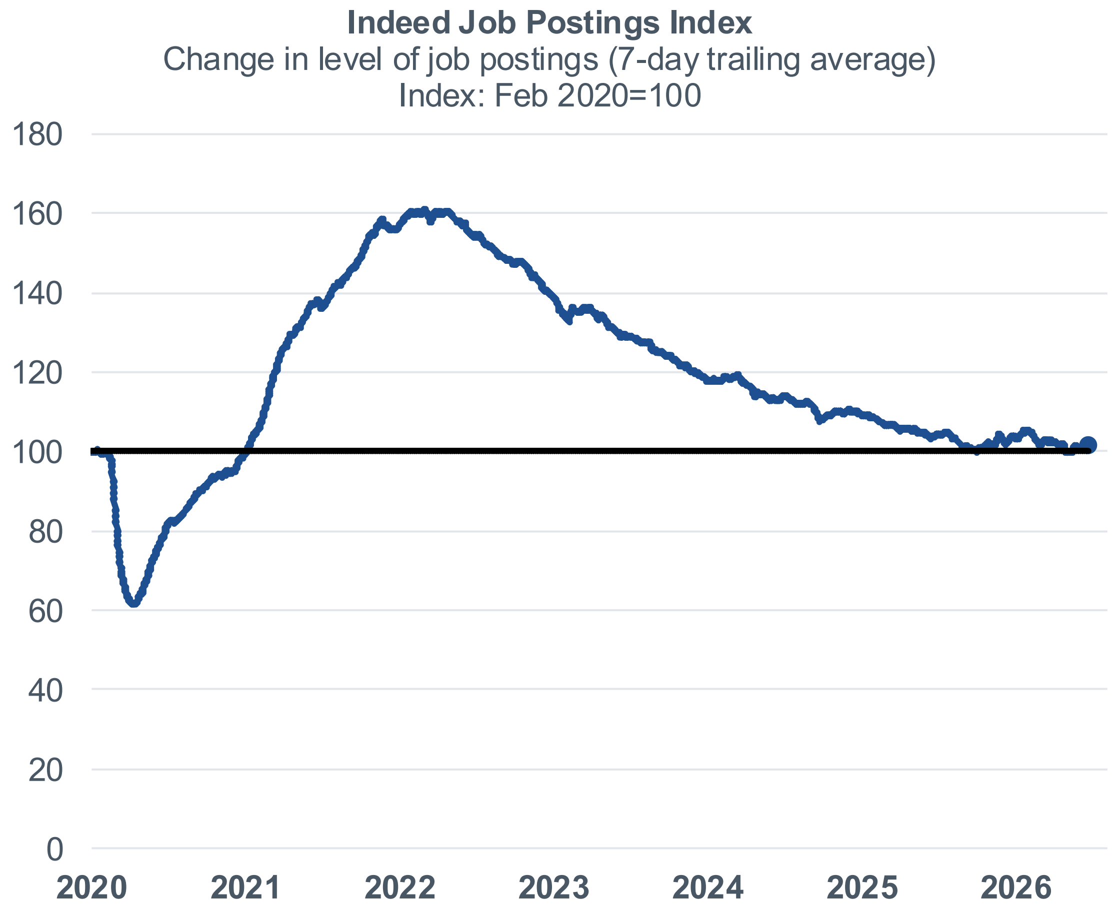


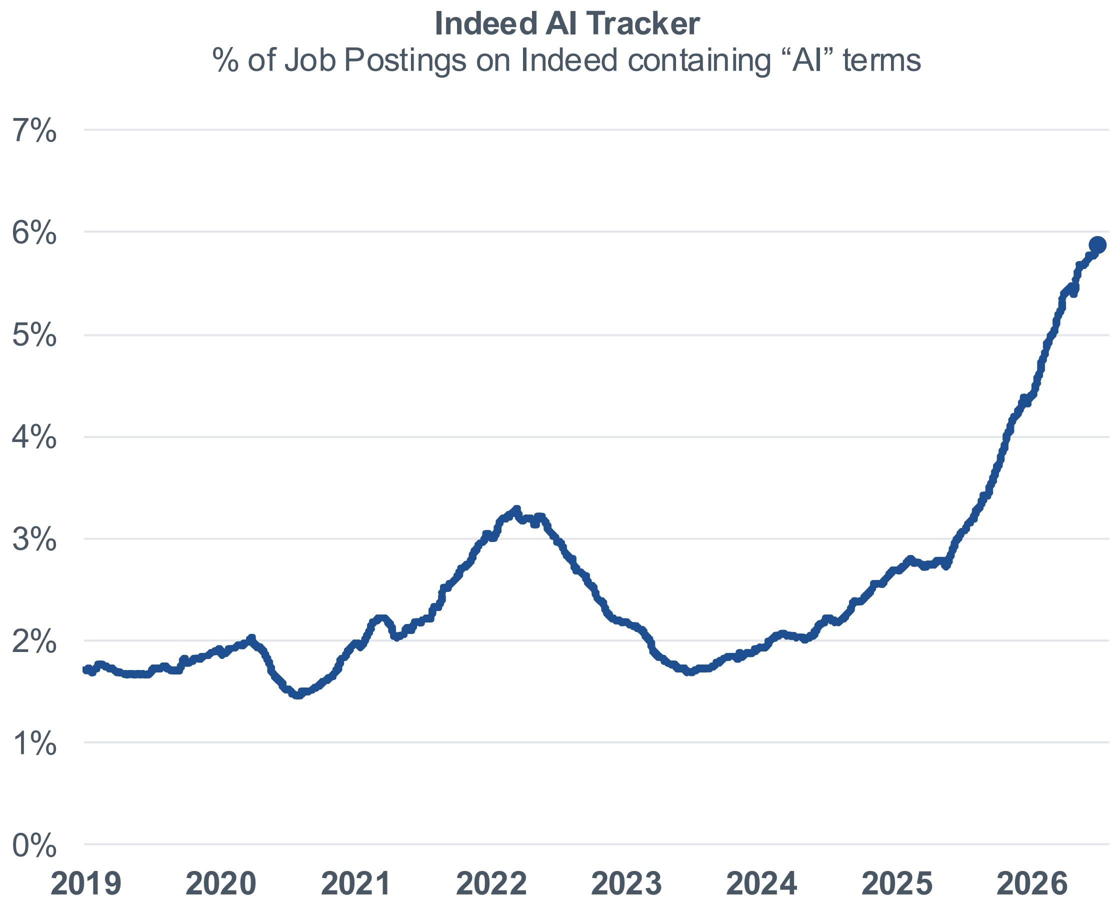


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Job postings have declined to the pre-pandemic level

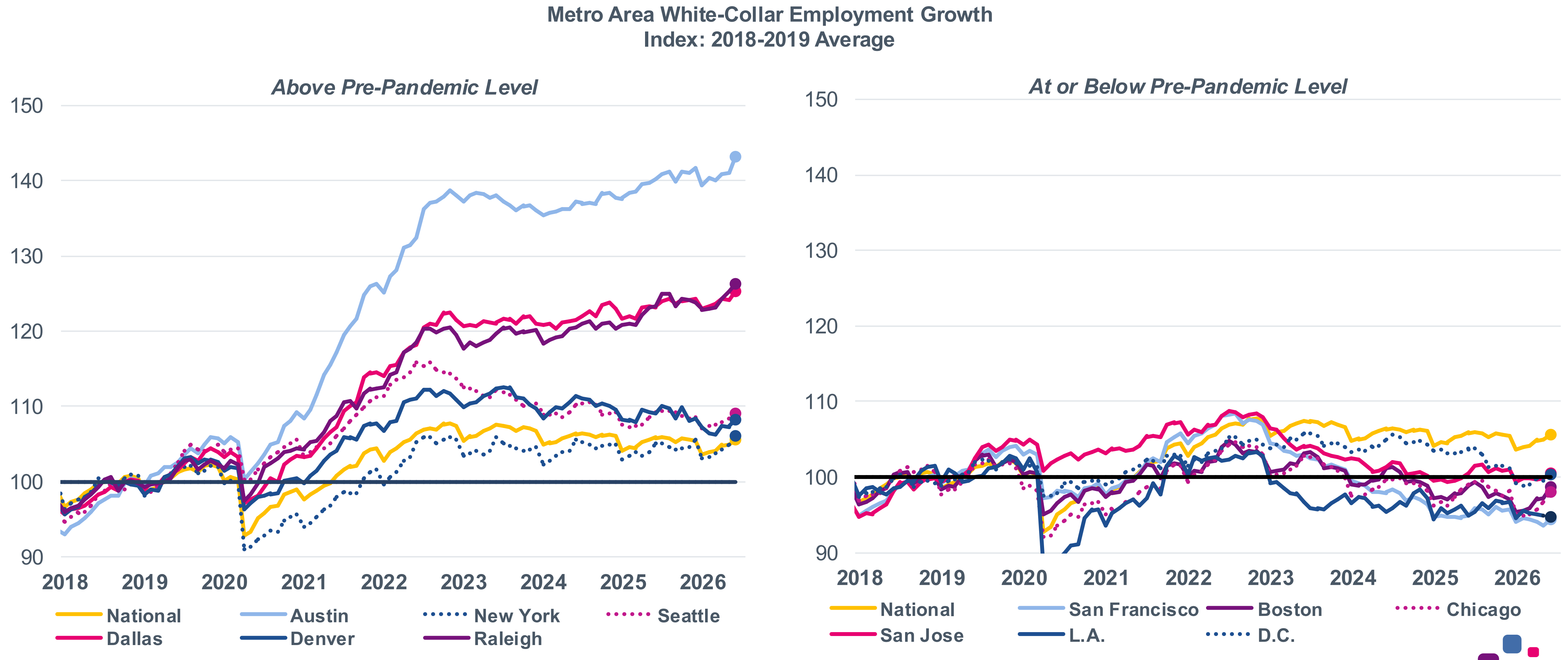
However, AI-related job postings are on the rise





Sources: Indeed Hiring Lab and Experian Economic Strategy Group

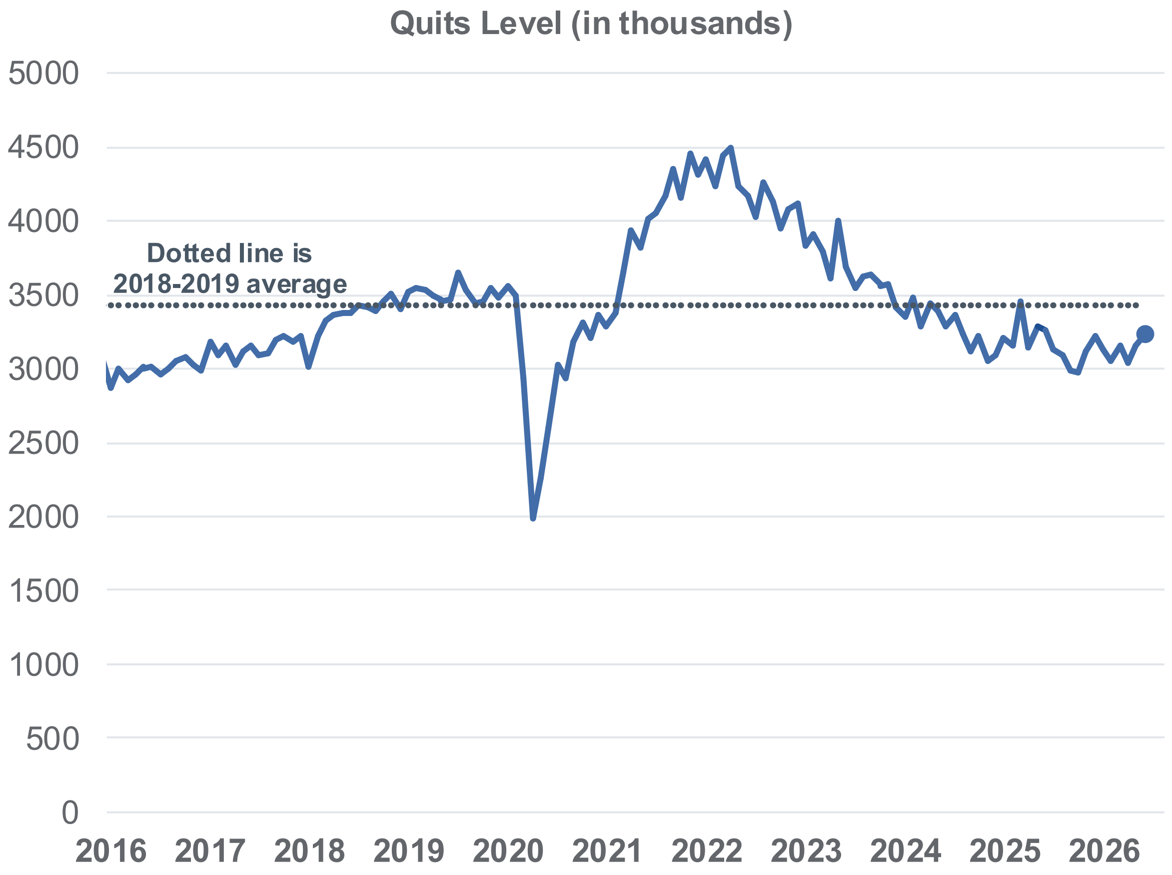
White-collar employment has grown across several U.S. cities but declined in others

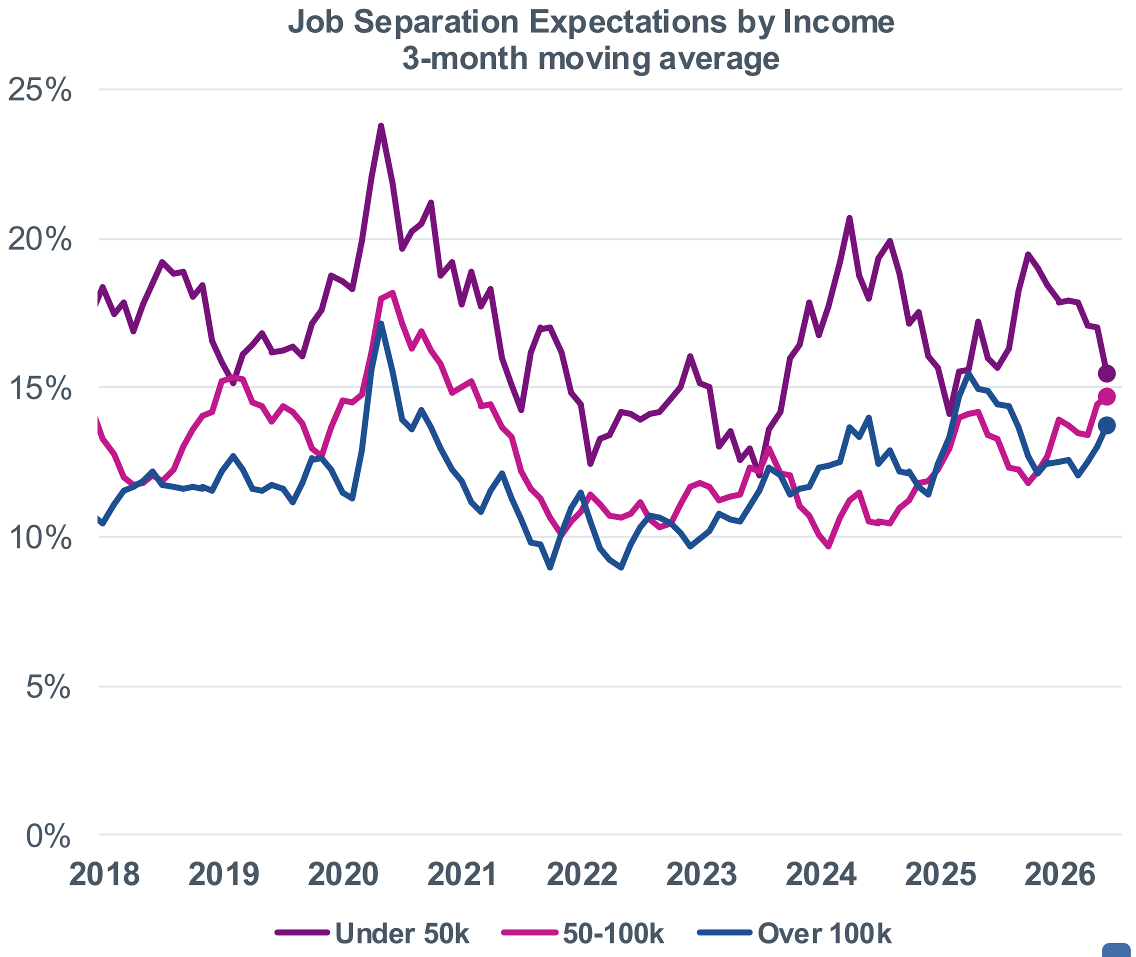


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Voluntary quitting remains low

Expectations for job-loss on the rise for mid and upper-income groups

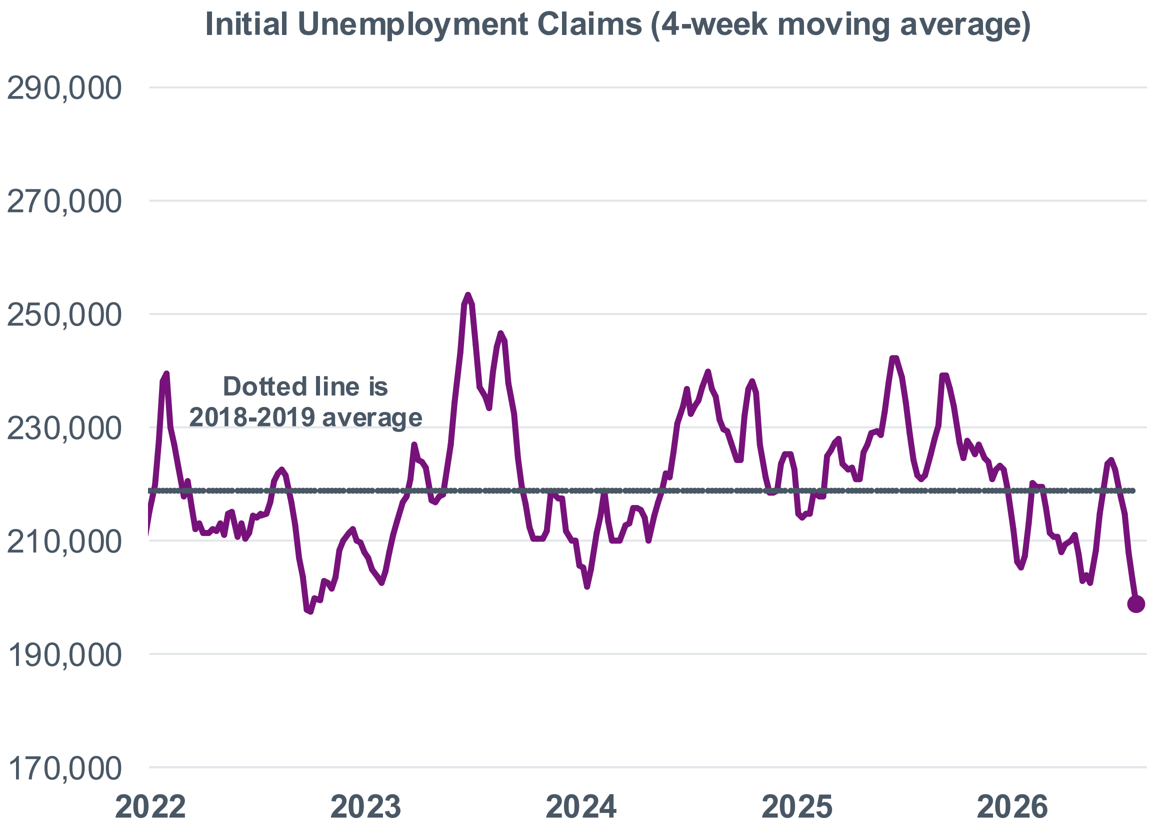


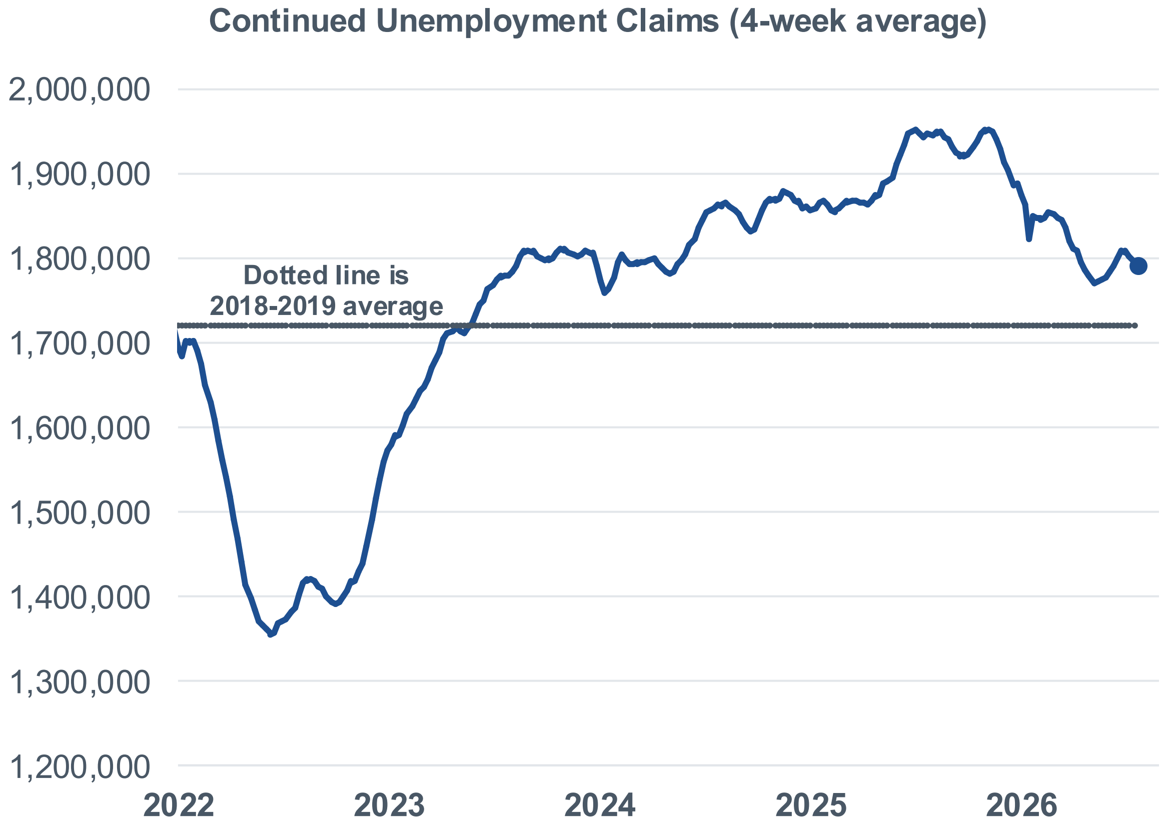


Sources: Bureau of Labor Statistics, New York Federal Reserve and Experian Economic Strategy Group

Initial unemployment claims below pre-pandemic level

However, continued claims (representing those who remain on unemployment benefits) remains elevated

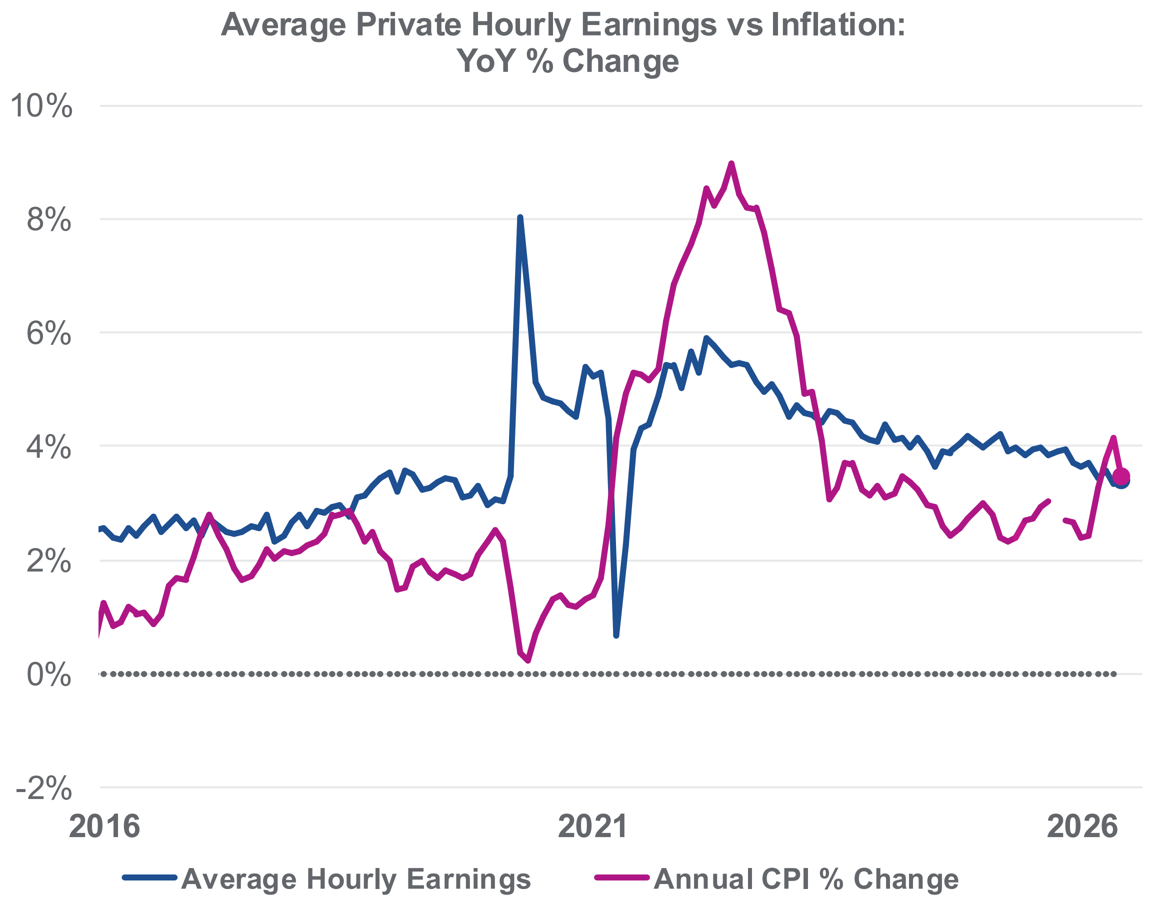


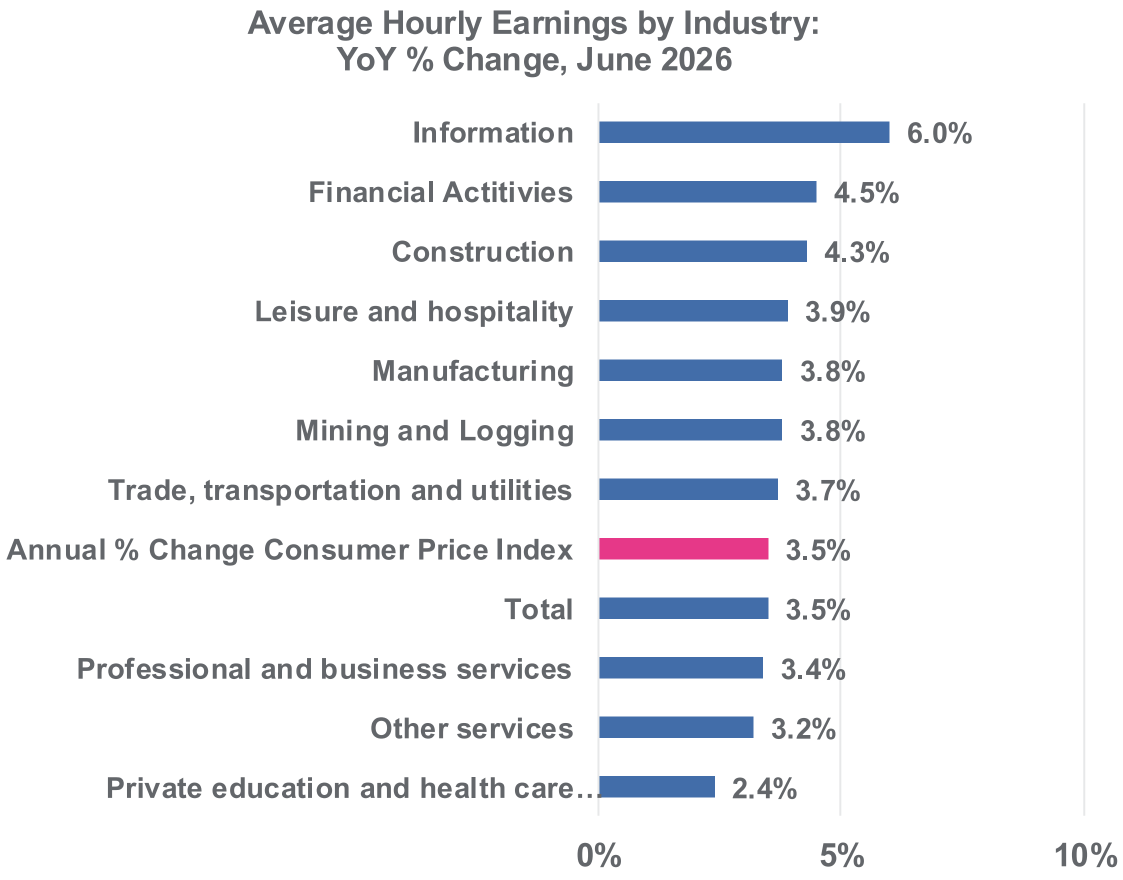


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Recent inflation pickup eroding wage gains

Information (tech), finance and construction saw the strongest wage growth in June





Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

The AI Labor Market Debate

A summary of studies around the current and expected impact of AI on the labor market

Recent research reveal mixed signals toward the impact of AI on the labor market

Revelio Labs and Ramp

High-intensity AI adopters are increasing hiring

- High-intensity AI adopters – top 1/3 of firms in terms of AI spend per employee in the first 3 months of adoption – grew headcount 10.2% in the first two years following initial adoption
- Low-intensity adopters – bottom 2/3 – saw no statistically significant headcount change
- Entry-level employment grew 12% for high-intensity adopters in those first two years
- AI-adopters tend to be larger and have more funding before adoption than non-adopters

"The Companies Spending the Most on AI Are Also Spending the Most on Humans"
Published June 2026

Yale Budget Lab

Employment shares in AI-exposed and AI-unexposed occupations have remained stable

- AI usage does not currently appear to have a meaningful impact on employment or unemployment
- The employment shares of AI-exposed and comparable AI-unexposed occupations have remained generally stable
- However, recent data have are pointing to some correlation between higher AI exposure and longer unemployment stints within the unemployed worker population

AI Labor Market Tracker
(through June 2026)

Stanford Digital Economy Lab

Hiring has slowed for industries and groups with the highest AI exposure, including early-career workers

- While still positive overall since the launch of ChatGPT in 2022, employment growth is slowest for the industries with the highest AI exposure
- Early-career workers see the most prominent employment divergence by AI exposure
    - Employment has declined since the launch of ChatGPT across the 40% most highly AI-exposed early-career workers (aged 22-25)

AI Economic Indicators - Canaries Dashboard
(through June 2026)

Challenger, Gray & Christmas

AI is the leading cited reason for announced job cuts in 2026

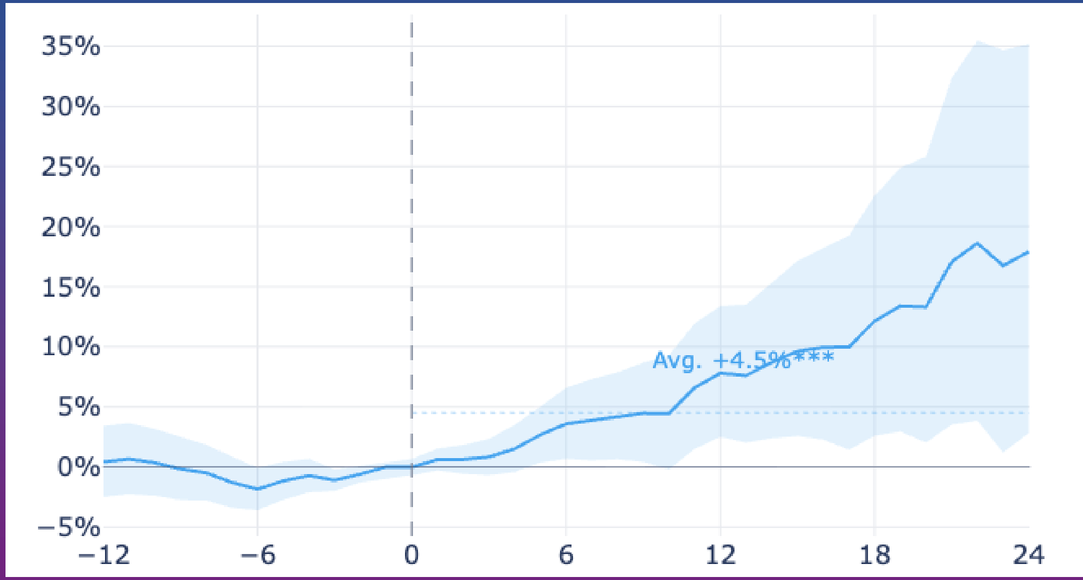
- Although total announced job cuts have declined in recent months, the monthly share attributed to AI has increased since the beginning of the year. Year to date, AI has accounted for more than 23% of all announced job cuts
- AI is the most cited reason for layoffs in 2026, followed by market and economic conditions, closing and restructuring
- While there were 54,836 layoffs attributed to AI in 2025, the number has jumped to 112,713 in the first seven months of 2026

Challenger Reports
(through July 2026)

Sources: Ramp x Revelio Labs "The Companies Spending the Most on AI Are Also Spending the Most on Humans," Yale Budget Lab – AI Labor Market Tracker, Stanford Digital Economy Lab (AI Economic Indicators - Canaries Dashboard), Challenger, Gray & Christmas Report and Experian Economic Strategy Group

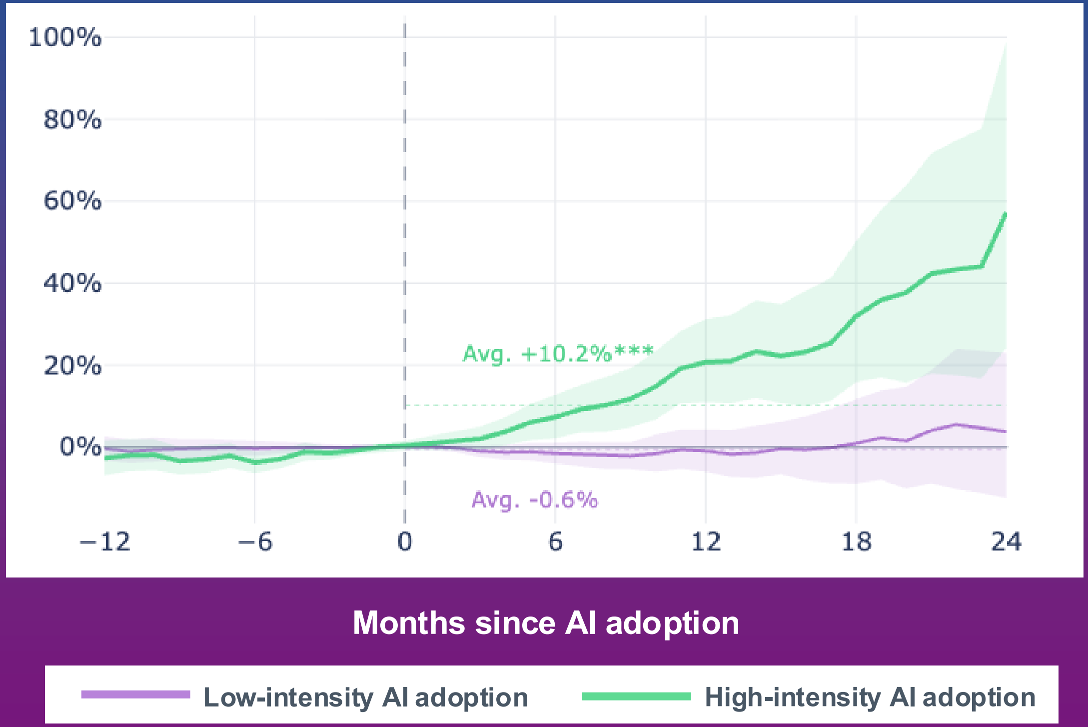
Ramp x Revelio Labs: High-intensity AI adopters are expanding headcount

Change in headcount:
AI adopters relative to not-yet adopters



Months since AI adoption

Change in headcount by AI adoption intensity:
Compared to not-yet adopters

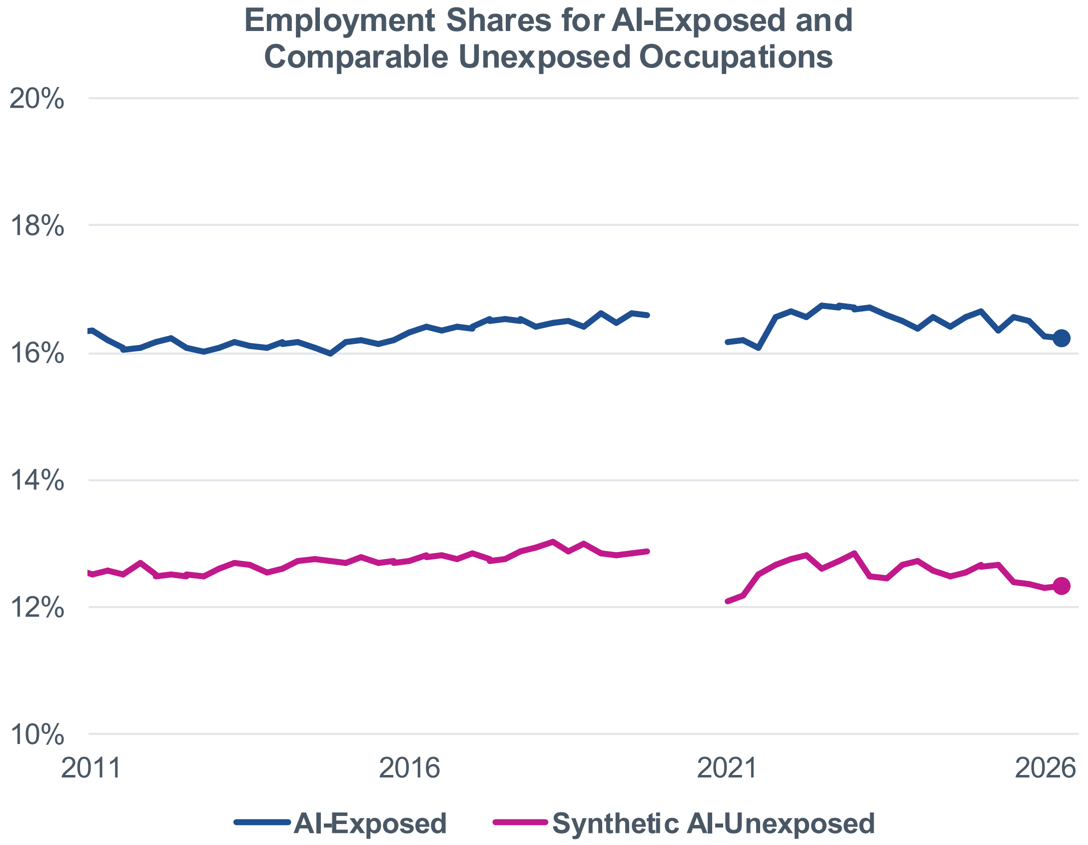


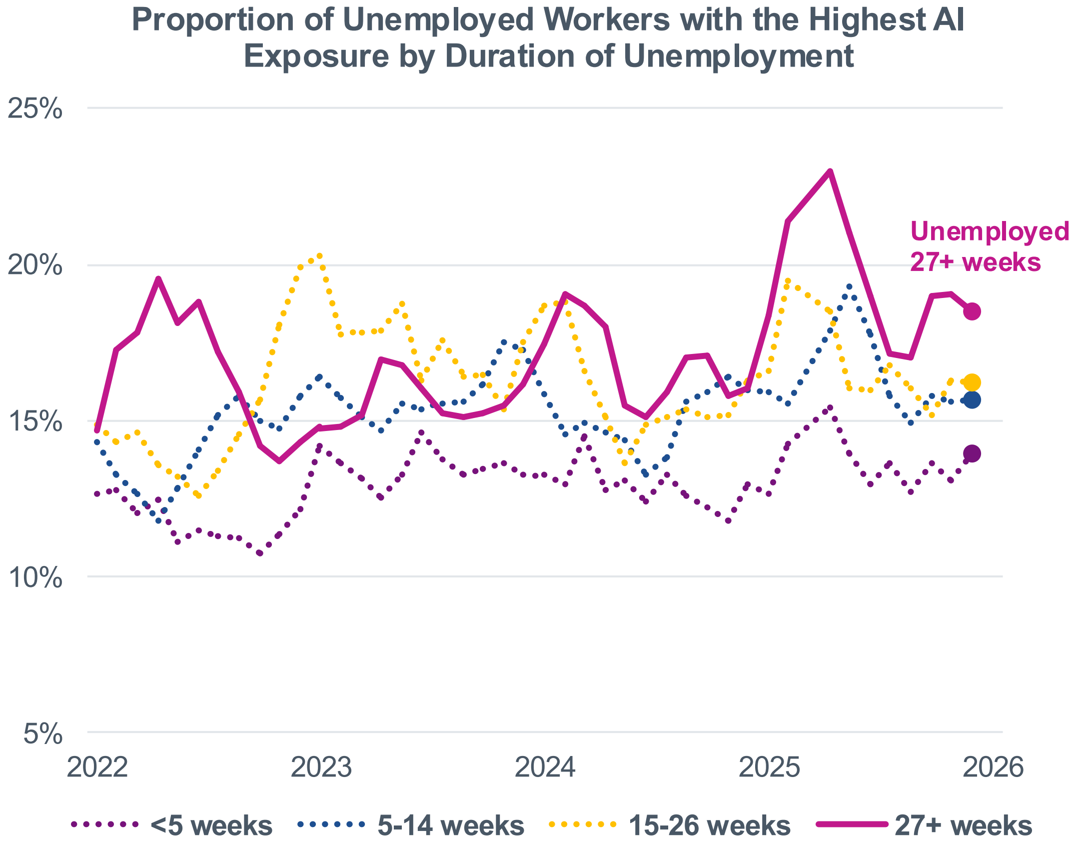
Months since AI adoption

Source: Ramp x Revelio Labs "The Companies Spending the Most on AI Are Also Spending the Most on Humans"

Yale Budget Lab: Employment shares have remained stable in AI-exposed occupations

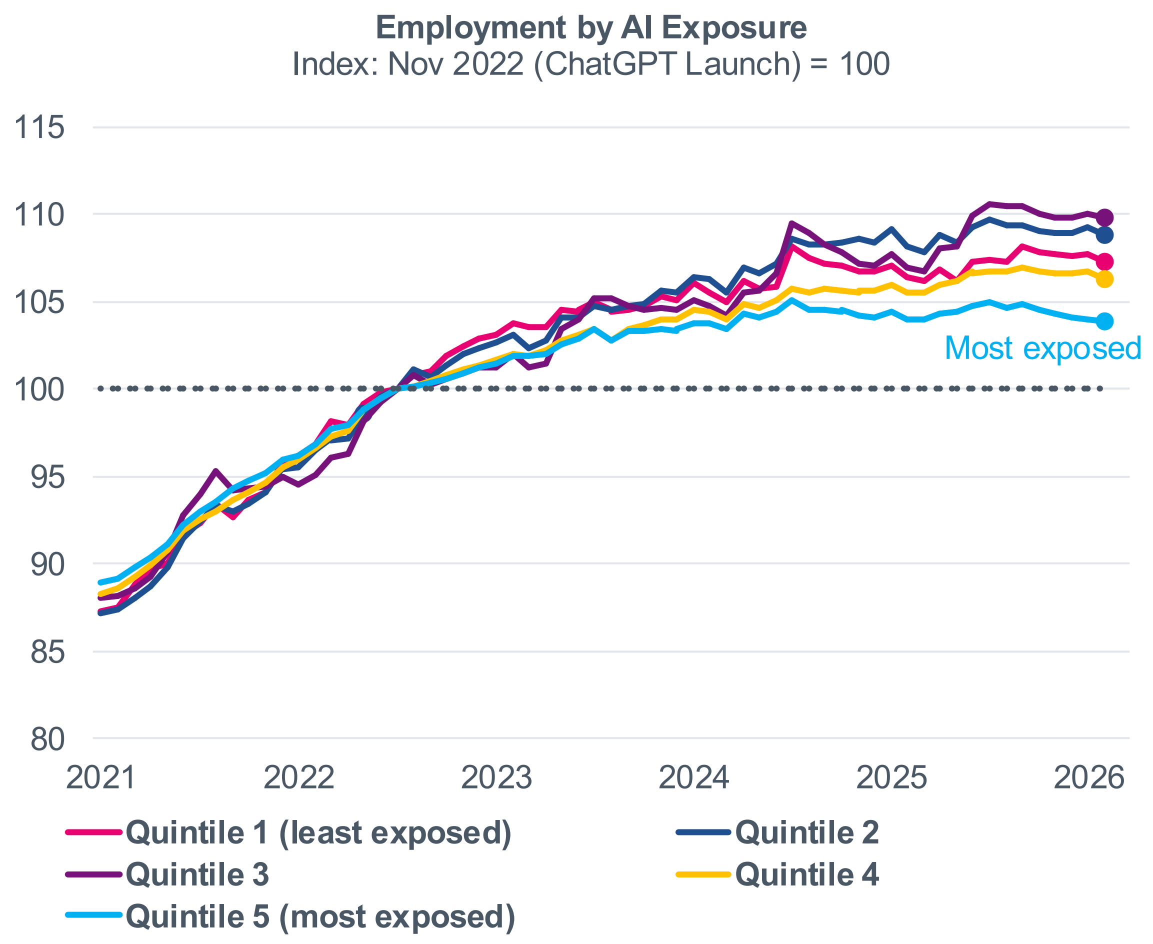
However, recent data show increasing share of longer-term unemployed workers come from highly AI-exposed occupations

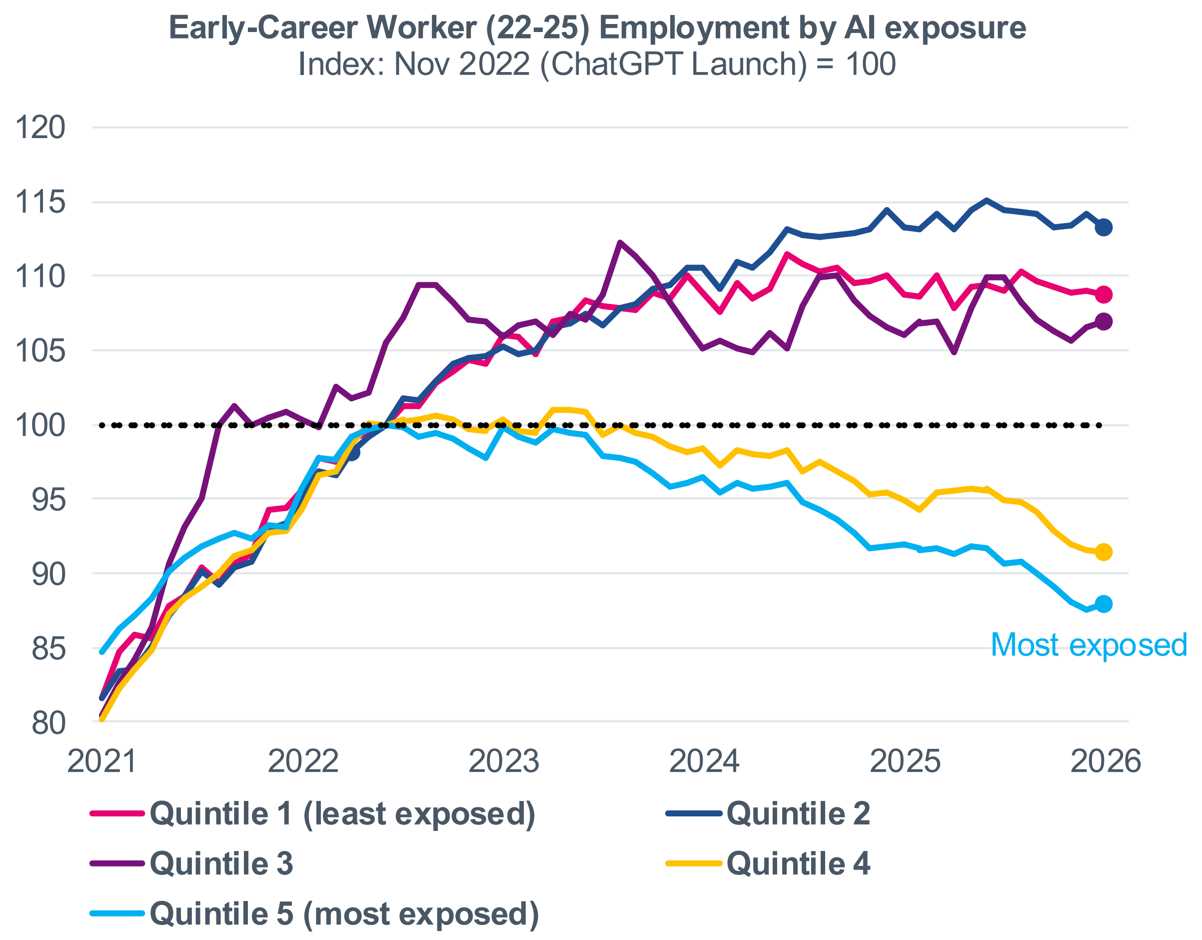




Sources: Yale Budget Lab – AI Labor Market Tracker and Experian Economic Strategy Group

Stanford Digital Economy Lab: Industries and early-career workers with the highest AI exposure are seeing slower employment growth

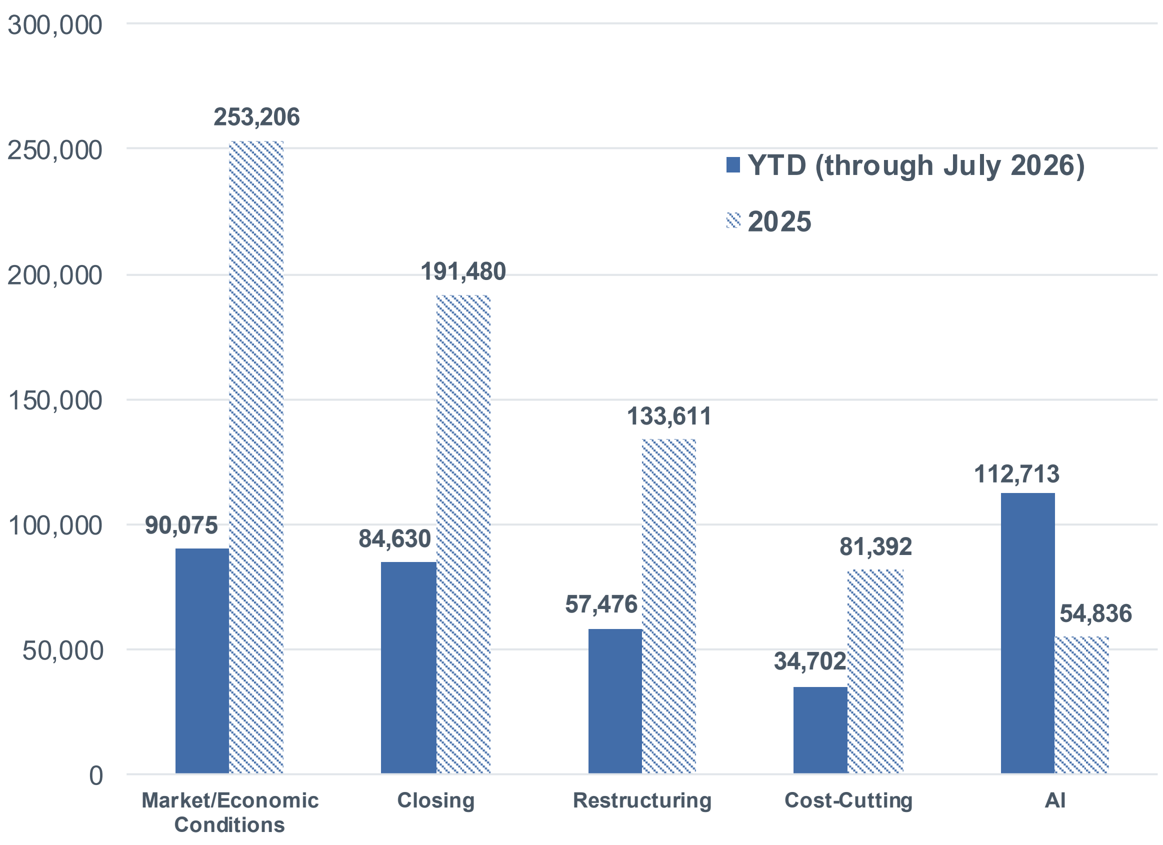




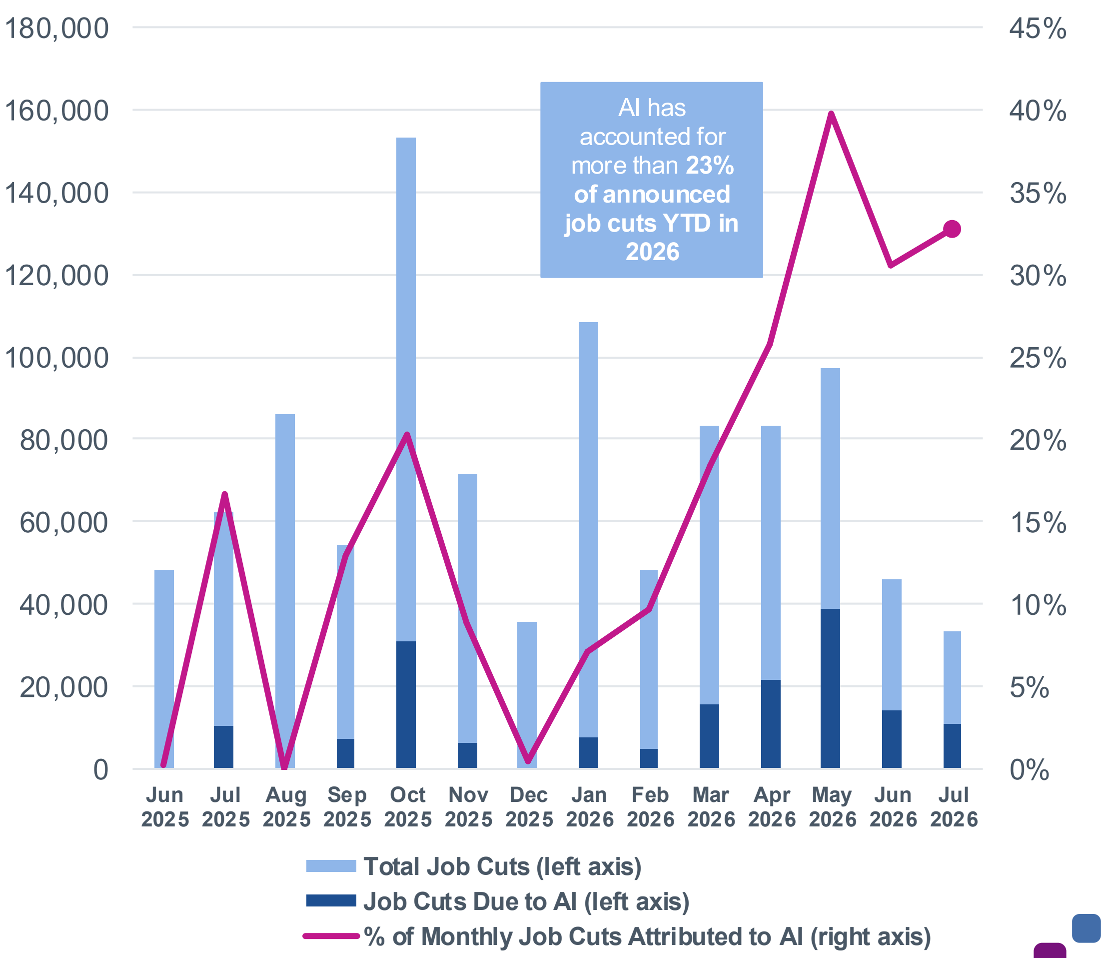
Sources: Stanford Digital Economy Lab (AI Economic Indicators - Canaries Dashboard) and Experian Economic Strategy Group

Challenger, Gray and Christmas: AI is the leading cited reason for job cuts in 2026, even as total layoffs have eased in recent months

Job Cuts by Reason



Job Cuts due to AI



Sources: Challenger, Gray & Christmas Report and Experian Economic Strategy Group

Industry Spotlight: Healthcare

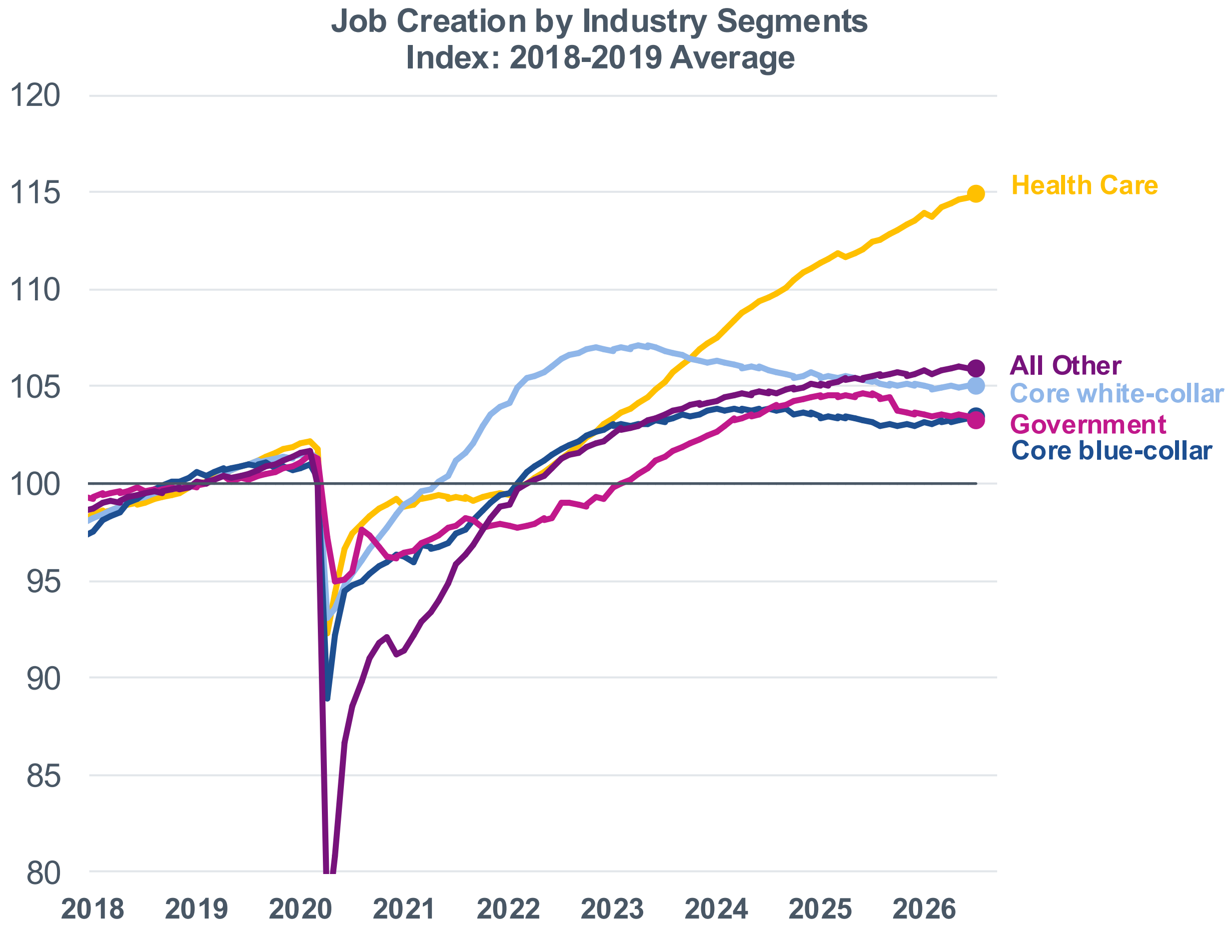
A closer look at the healthcare industry including specific areas of growth, wages and future projections for the industry

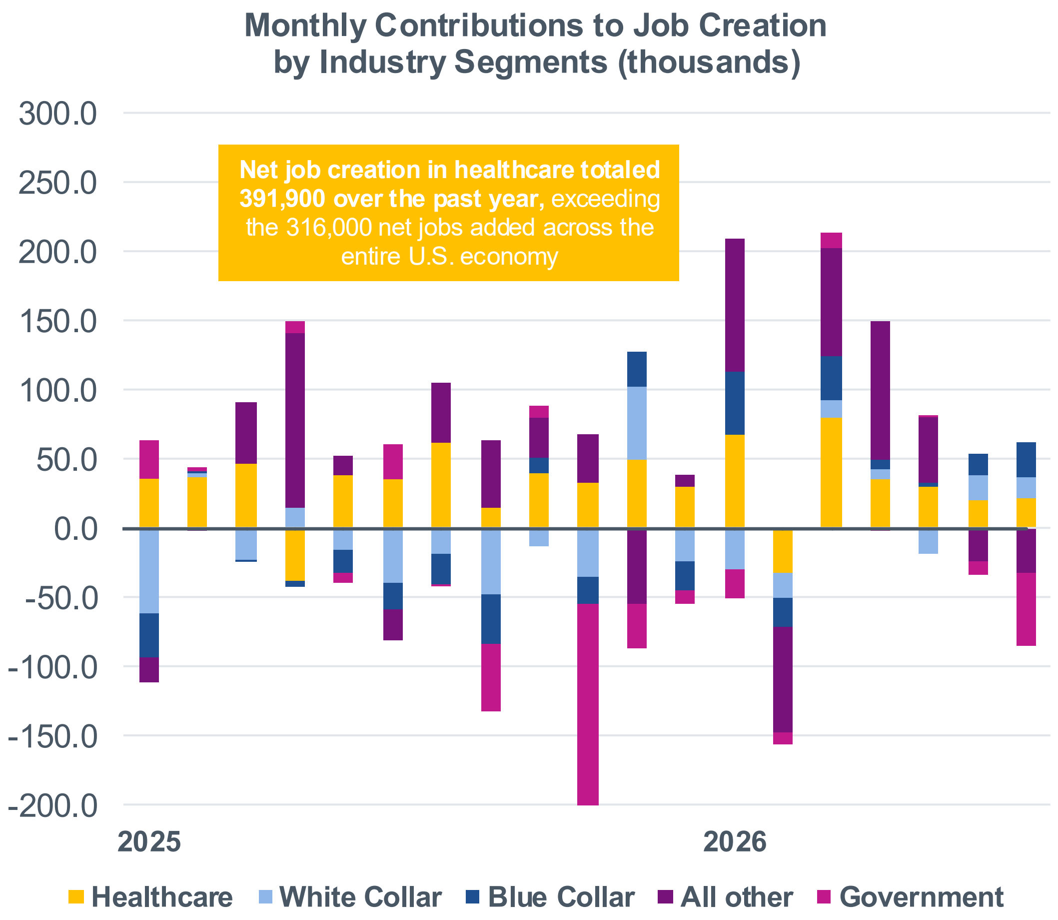
Key Takeaways: Healthcare

- **The healthcare industry continues to fuel employment growth.** Over the past year, **healthcare has added a net of 391,900 jobs, exceeding overall net job creation of 316,000.** In other words, without the healthcare industry, the US economy would have lost 75,900 jobs on net over the last twelve months
- Healthcare employment is growing across employment settings including hospitals, doctor's offices and longer-term care facilities. **As the baby boomer generation continues to age and the percentage of the US population aged 65 or older grows, demand for home health care services has increased.** Consequently, home health care services has seen the fastest employment growth across healthcare settings since prior to the pandemic
- Although employment growth has grown fastest in **home health care services, average wages and wage growth for this group remain low** relative to the rest of the industry and national averages
- Healthcare is expected to remain an employment growth engine for the US economy over the next decade, with **1 in 10 US job openings projected to come from healthcare through 2034**. Home health and personal care aides are projected to see the biggest increase in total job creation, with 740k new jobs added through 2034 and an average of 766k job openings annually – driven by both new jobs and ongoing replacement needs

The healthcare industry is fueling employment growth

Net job creation in healthcare exceeded total U.S. net job creation over the past year

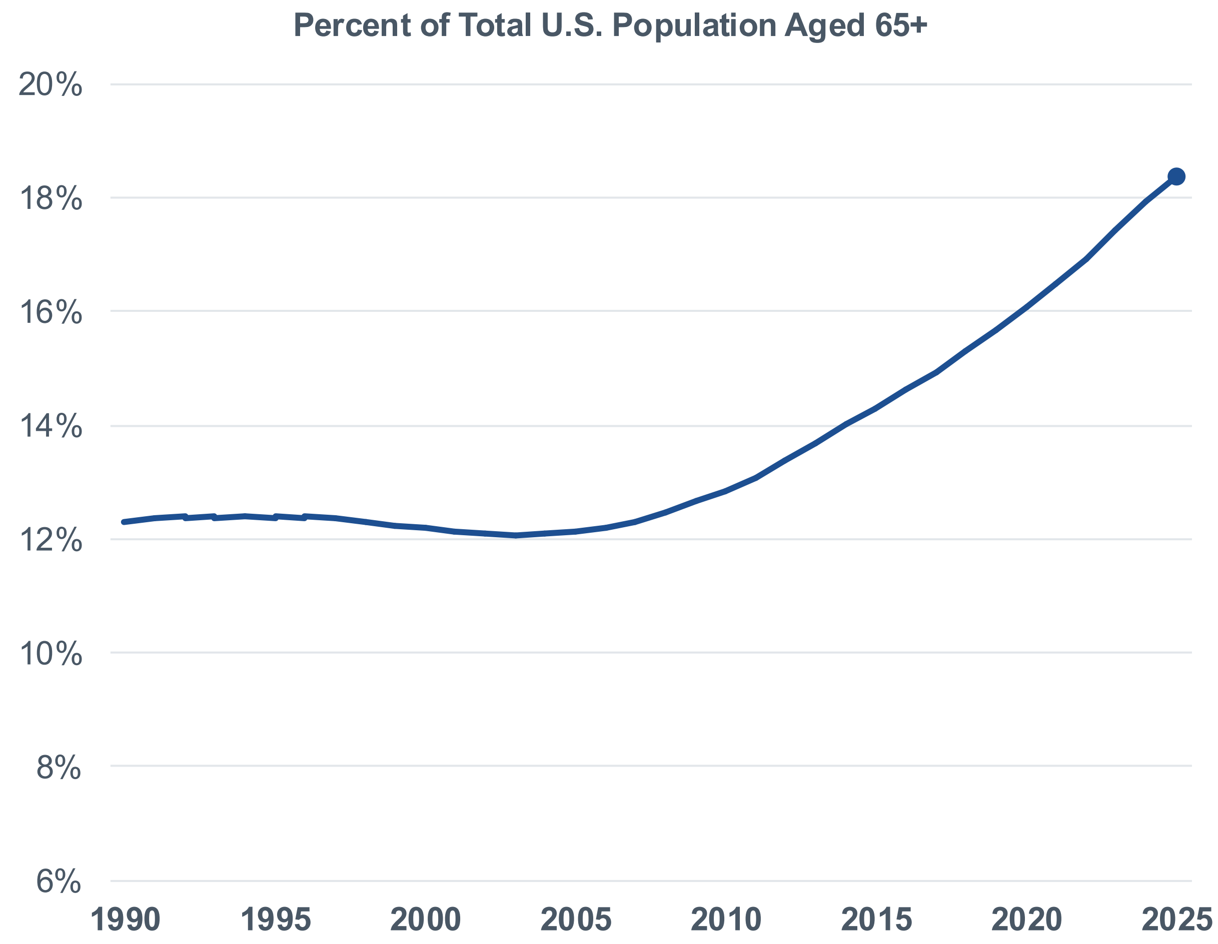


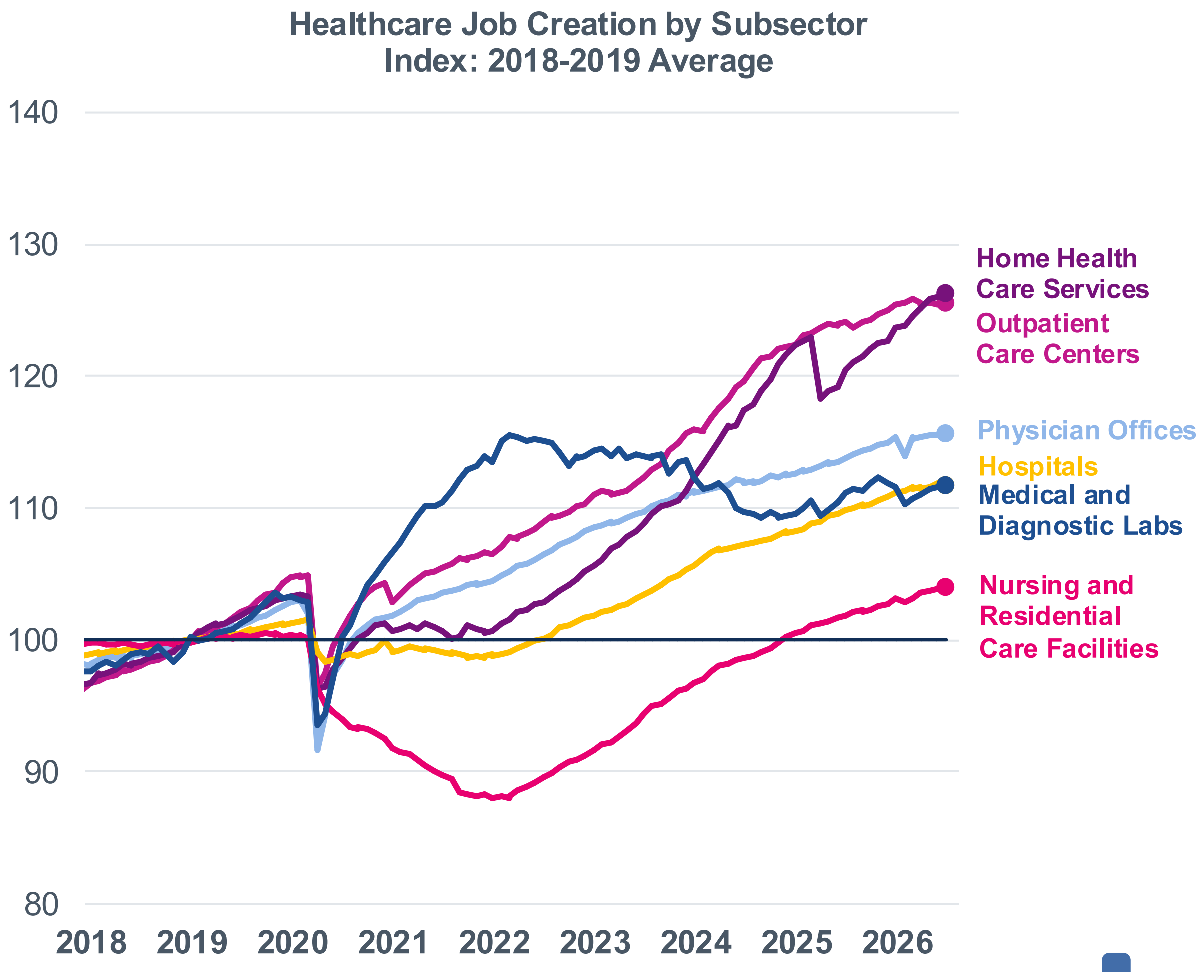


Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Healthcare employment is growing steadily across settings

As the population ages, home health care service jobs are leading growth

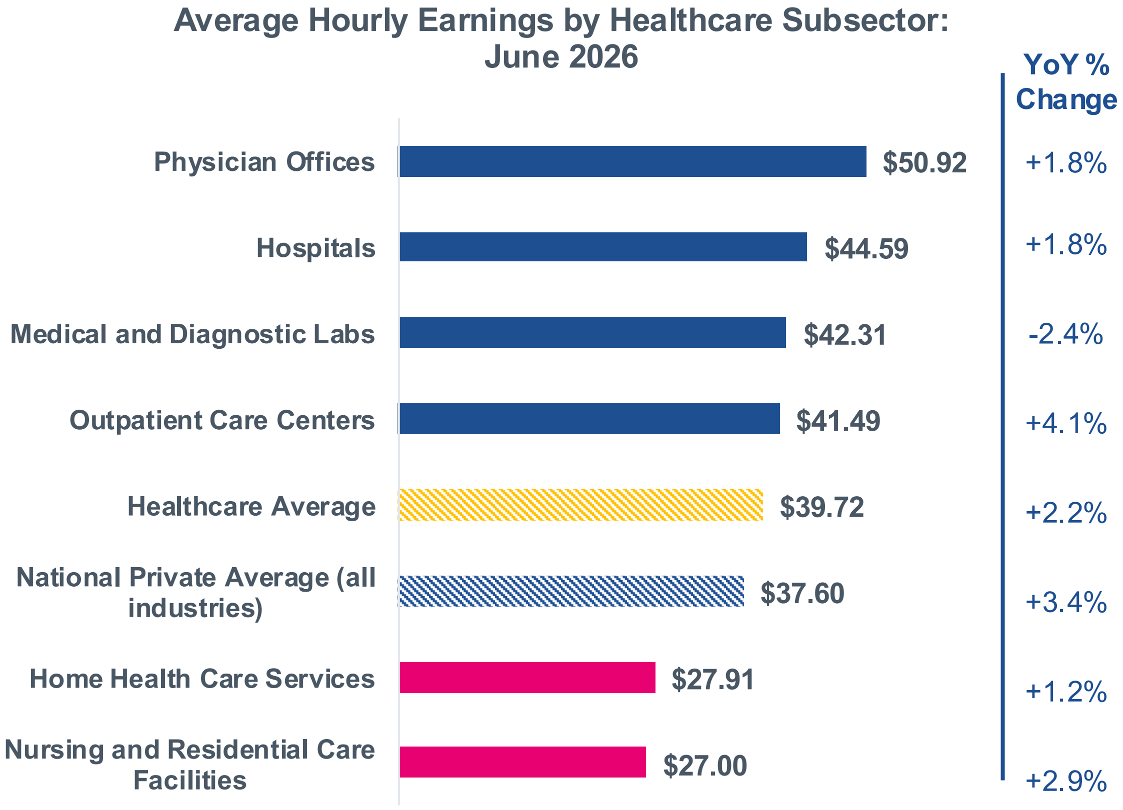


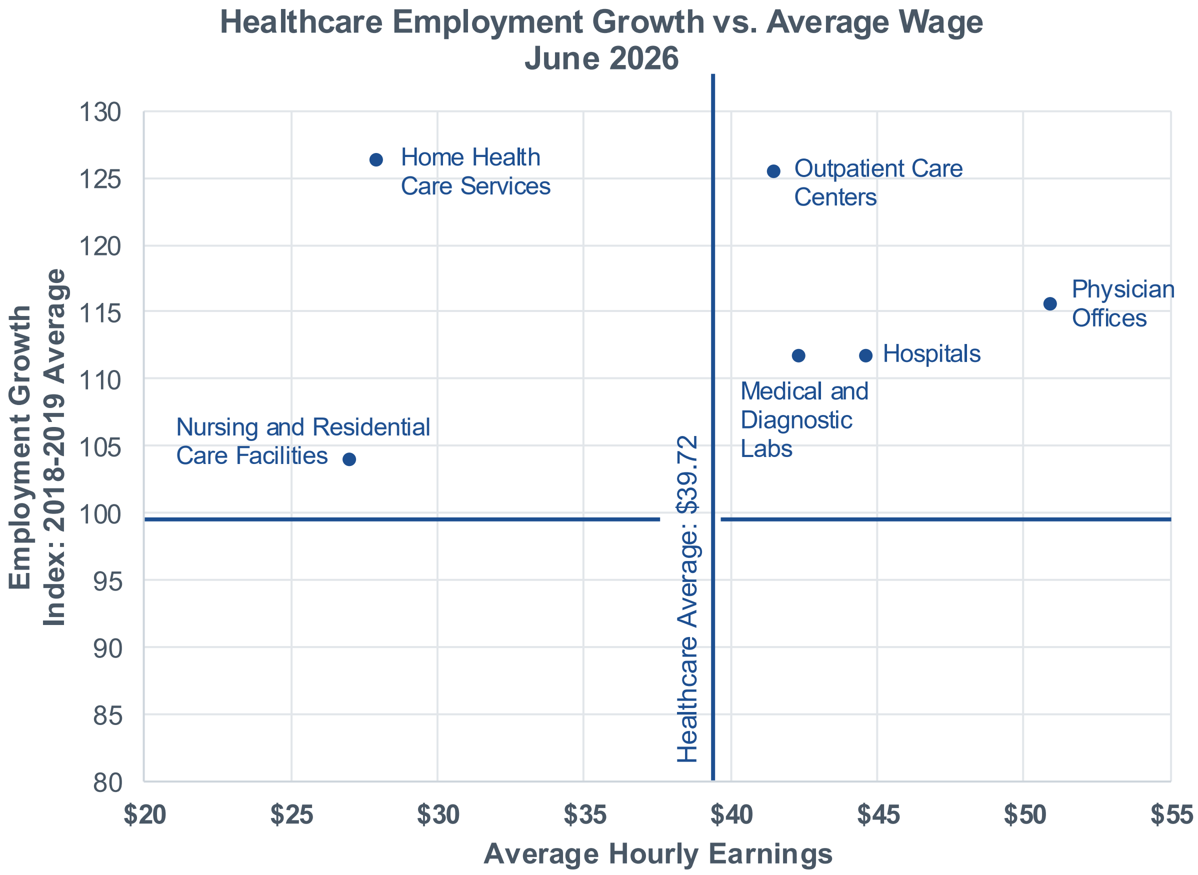


Sources: World Bank, Bureau of Labor Statistics and Experian Economic Strategy Group

Wage growth varies across healthcare settings

Although home health care services have seen the fastest employment gains, wage growth remains below overall healthcare and national averages

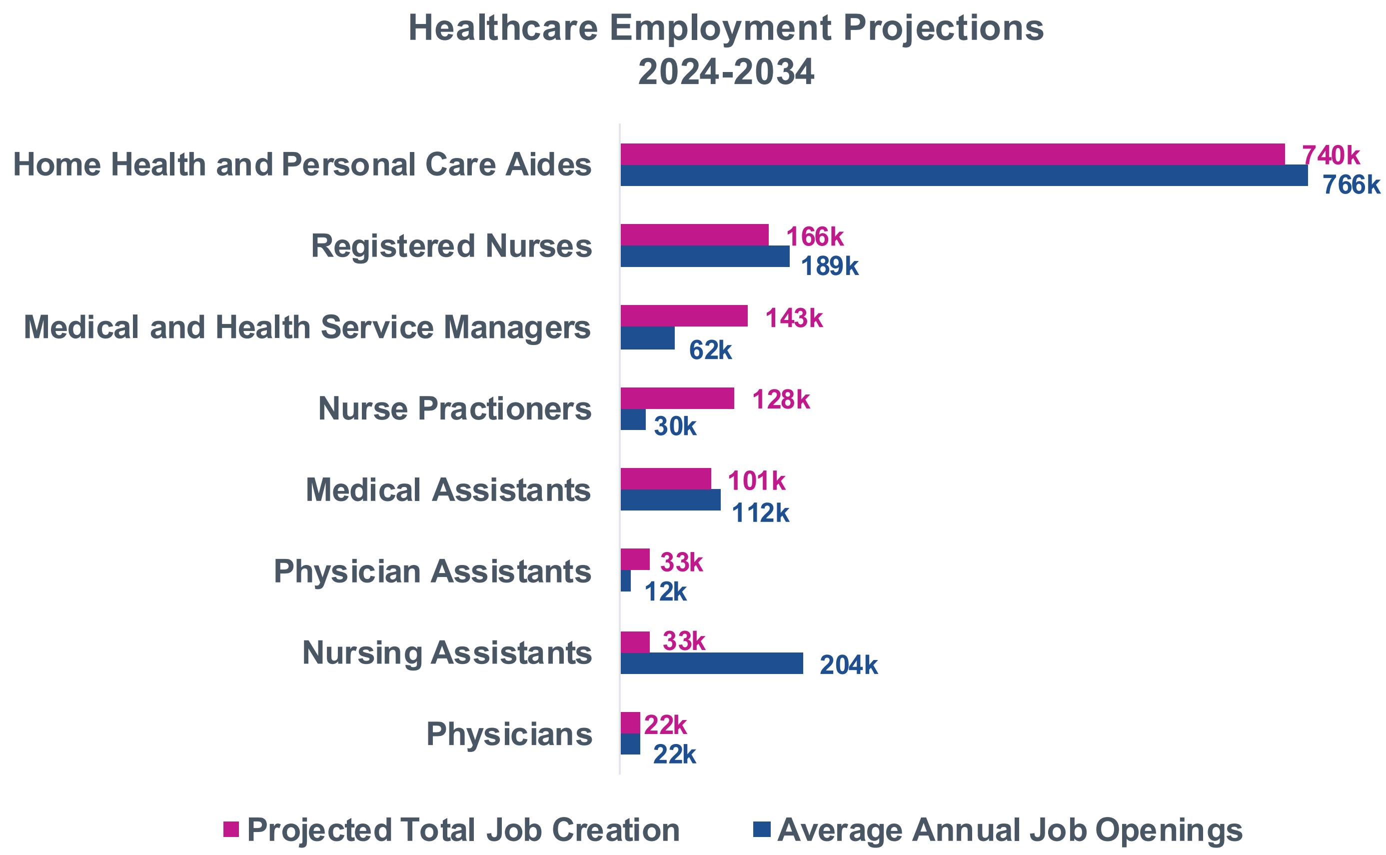




Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

Healthcare is projected to remain a hiring growth engine for the U.S. economy

Annual openings include both employment growth and replacement needs



Healthcare Workforce Outlook (through 2034)

1.9M

Healthcare job openings projected annually on average

1 in 10

U.S. job openings are expected to be in healthcare occupations

Healthcare hiring is driven by both:

- **Increasing demand** due to aging population
- **Replacement needs**

Sources: Bureau of Labor Statistics and Experian Economic Strategy Group

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