

MARKET BRIEF

January Jobs Report



January jobs surprised to the upside this morning at 130,000, marking a markedly firmer start to 2026 after the lackluster late 2025 labor market. This headline was warmly welcomed on Wall Street and supports a more constructive outlook for the year ahead. We at EMM Research have been anticipating this momentum in our house view over the past few months, based both on our macro research and on the strong recent pickup in new search activity at both Jackson Lucas and The Bachrach Group. Notably, growth was driven by the healthcare, social assistance, and construction industries, mirroring trends we have observed in recent search demand.

Prior to this release, prevailing sentiment around the labor market had settled into a neutral stance, with below-average activity with respect to both hiring and quits. The BLS hires rate, featured in the chart below, reveals the reason behind this sentiment; the rate has declined since the post-COVID hiring surge of the early 2020s. That said, by late 2025 the rate had begun to stabilize, and today's payroll gain points to a potential inflection toward renewed hiring momentum, even if initial gains prove uneven across sectors.

The best way to sum up the current job market, in our view, is one of emerging opportunity while we wait for fuller expression of several major upcoming drivers: tax-based fiscal stimulus (for both corporations and individuals), meaningful AI productivity implementation (which we believe will be a significantly net creative force for the economy and job market), and continued expansion in domestic industrial production. The January jobs release represents an encouraging signal that this rate is poised to move from stable to increasing as these drivers manifest.

