



### New Data Paint a Gloomy Labor Picture

BY TE-PING CHEN

The U.S. job market is off to a rough start in the new year, with companies announcing more layoff plans after freezing out job seekers, cutting back on hiring, and rattling markets.

More reports out Thursday, from both government and private data sources, point to sluggish job growth, employers' reluctance to hire, and rising willingness to slash payrolls.

They are filling in a picture of a labor market that slowed considerably in 2025 as economists wait for the government's official January report, due next week.

One report offered little hope for unemployed workers mired in long, dispiriting job searches. U.S. job openings dropped by 386,000 roles in December to their lowest level since September 2020, the Labor Department reported. Also Thursday, Revelio Labs, a workforce data company, estimated that the U.S. lost 13,300 jobs in January. Outplacement firm Challenger, Gray and Christmas, which tracks corporate layoff announcements, said companies announced 108,400 job cuts last month, up sharply from 35,500 cuts announced the month prior, marking the highest level for the month since 2009.

For months, labor economists have wondered to what extent—and when—advances in artificial intelligence will lead to wider cuts throughout the white-collar workforce. While that era might be approaching, it has yet to forcefully arrive.

Recent cuts and sluggish hiring relate largely to bloat; many companies greatly expanded their workforces during the pandemic and hiked pay as well, worried that moving too slowly might leave them with a shortage of skilled workers. Now, some companies say their hiring sprees went too far.

On Wednesday, payroll processor ADP said that the private sector added only 22,000 jobs in January, less than half of what economists surveyed by The Wall Street Journal had expected.

"The year isn't off to a great start when it comes to the labor market," said Lisa Simon, chief economist at Revelio Labs. "It's trudging along."

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Some economists are hopeful that economic growth could pick up in 2026, spurred by tax cuts and investment incentives created by last summer's tax-and-spending megabill. Still, the latest data indicates such a turnaround has yet to begin.

The number of people claiming unemployment benefits also rose to 231,000 last week, above the 212,000 economists expected. Those numbers can fluctuate, though, and might have been boosted by heavy snowfall that would have hurt companies in industries such as construction and manufacturing, leading to some temporary job cuts, said Richard F. Moody, chief economist at Regions Financial Corp.

"The low-hire, low-fire narrative still seems to be in place," he said.

The government's official January jobs report is now scheduled for release on Feb. 11, slightly delayed by the recent partial government shutdown. Analysts surveyed by The Wall Street Journal recently expected it to show that the economy added 60,000 jobs last month, up from the 50,000 it added in December.

That report will include an annual benchmark revision expected to significantly lower the final tally of jobs created between April 2024 and March 2025. The December jobs report already showed that, outside a recession, 2025 saw the lowest pace of average monthly job growth since 2003.

Among the most recent reports, the Challenger, Gray and Christmas tally of announced layoffs was partly swollen by the recent layoff news from UPS and Amazon. Challenger tracks planned job cuts through news reports, company filings and announcements, annual reports, and mandated layoff and closure notices that companies make state by state.

Revelio found job cuts were driven by losses in public administration, leisure and hospitality, and retail.

At the same time, sectors such as education and health, as well as financial activities and information, continued to grow.

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