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*The full effects of the Iran war and high energy prices have yet to play out.*

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## Broad U.S. Hiring Tops Forecasts

Employers in April added 115,000 jobs as health, leisure and retail drove gains

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The U.S. job market blew past expectations again in April, buoyed by gains across industries including retail, transportation and warehousing, and healthcare.

The American economy added 115,000 jobs in April, the Labor Department said Friday, far exceeding expectations and a sign that the labor market remained resilient so far in the face of the Iran war.

The monthly increase was down from a net gain of 185,000 in March. But it was much better than the 55,000 jobs that analysts polled by The Wall Street Journal had expected to see for April.

The unemployment rate stayed unchanged at 4.3%, as economists had expected.

The April report, coming after strong jobs gains in March, shows how the labor market is holding up better this year than last. While healthcare is still leading the way in job gains, other sectors appear to be picking up.

"Businesses are seeing conditions stabilizing, and they have weathered the tariffs, so many are hiring," said Gus

Faucher, chief economist at PNC. "It's looking somewhat better than it did last year."

In the first four months of the year, monthly payrolls have averaged 76,000, up from an average of about 42,000 during the same period last year.

Still, the U.S. has shed jobs in two of the past six months, and many companies are reluctant to bring on new workers en masse. Companies grappling with changes in everything from trade to immigration and tax policy have for the most part held off on largescale hiring and firing.

"It's still a high-anxiety job market," said Diane Swonk, chief economist at KPMG. "Those who have a job are clearly clinging on, while those looking for a job are feeling frozen out."

The better-than-expected jobs report helped lift stock prices to new highs. The Nasdaq Composite Index finished 1.7% higher, giving the techheavy benchmark its 11th record close of 2026. The S&P 500, up 0.8%, also closed at a record. Both indexes notched their sixth straight weekly gain.

The Dow Jones Industrial Average edged higher by 12 points.

For the Federal Reserve, Friday's report should put the focus squarely on inflation data when it comes to determining where it goes from here on interest rates. Four months ago, a big question for the Fed was whether it needed to keep cutting rates to support what appeared to be a shaky labor market.

That question is gone. While the labor market has steadied, inflation is now drifting up instead of down due to the effects of President Trump's tariffs and the Iran war, which has sent gasoline prices soaring.

With the labor market giving the Fed cover to maintain its pause on rates, the next move on the policy debate is when and how to tilt toward a neutral bias that suggests a rate increase could be as likely as a rate cut. The answer could turn almost entirely on the inflation numbers. The Labor Department will report the latest data on the consumer-price index next week.

Employers added jobs in a range of sectors. Healthcare and social assistance, which has been powering the overall job market, added 54,000 jobs. Retail added 22,000 jobs, with the help of higher employment in warehouse clubs and supercenters. Department stores lost jobs.

Transportation and warehousing employment increased by 30,000 in April, but was down since reaching a peak in February 2025.

Federal government payrolls were down 9,000 in April. They are now down by nearly 12%, or 348,000 jobs, since a recent peak in October 2024.

Large-scale layoffs due to artificial intelligence have yet to happen, but businesses that are beginning to invest in AI may also be reluctant to hire a lot more workers until the technology's impact on workflow and productivity becomes more clear.

The information sector lost 13,000 jobs in April, though it is still too early to say exactly how AI is impacting these numbers. Some businesses are citing AI when slashing workers; others say that AI is simply making their employees more productive.

Employment in information, which includes telecommunications, publishing and data processing, is now down 11%, or 342,000 jobs, since its most recent peak in November 2022. A key measure of underemployment also rose—a sign more people are taking on part-time roles because they can't find a full-time job.

The U-6 rate, which includes people working part time who would prefer a fulltime job and people who are so discouraged they have stopped looking for work, rose to 8.2% in April from 8% in March. It is at the highest level since December and more than a percentage point above where it was just before the pandemic.

Closely watched by the Fed, U-6 suggests many Americans are struggling with underemployment. The number of people working part time who would have preferred full-time employment increased by 445,000 to 4.9 million in April, the Labor Department said.

The full effects of the conflict with Iran and resulting higher energy prices have yet to play out in the labor market. Companies tend to make hiring plans months in advance, meaning any shifts in demand filter through with a lag.

Higher fuel prices, which have already been more difficult for lower-income families, could curtail spending on travel and services, which in turn weighs on hiring in sectors such as retail and leisure. The price surge has been especially hard on airlines.

Higher costs stemming from the war would also eat into wage gains in the coming months, another reason why some economists were cautious about Friday's positive job report.



