



MACROMATRIX



Macro Risk Monitor

The Macro Dispatch:
U.S. Labor, Oil & Trade Policy



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Executive Overview

U.S. labor market deterioration, an oil-price shock from Hormuz closure, and sweeping Section 301 trade investigations against 16 economies collectively signal escalating macro and geopolitical risk demanding urgent portfolio repositioning.

The recent U.S. macro data present a rare and dangerous convergence of labor deterioration, energy disruption, and escalating trade conflict. Nonfarm payrolls contracted by 92,000 in February the steepest monthly loss since April 2020 as simultaneous federal workforce reductions totalling 330,000 positions since October 2024, healthcare sector strikes, and broad private-sector cooling compounded into the sharpest payroll shock in six years. The unemployment rate rose to 4.4%, with 7.6 million Americans now classified as jobless and long-term unemployment duration reaching 25.7 weeks, its highest since December 2021.

On the energy front, military disruption of Strait of Hormuz traffic a corridor handling nearly 20% of global oil supply drove Brent crude from \$71/b on February 27 to \$94/b by March 12, 2026, embedding an estimated \$18/b geopolitical risk premium and threatening a second inflationary wave at precisely the moment the Fed is contemplating its rate cut.

Compounding structural fragility further, USTR's landmark March 11, 2026 Section 301 investigation targeting 16 economies including China, the EU, Japan, Vietnam, and India over state-directed manufacturing overcapacity represents the most consequential U.S. trade enforcement action in nearly a decade. With public hearings commencing May 5 and conclusions targeted by July 2026, global supply chains, cross-border M&A pipelines, and emerging market investment theses face material repricing risk across steel, batteries, chemicals, semiconductors, and textiles.

Payrolls Signal Recessionary Pressure

February's 92,000 job loss, steepest since April 2020, signals emerging structural weakness in the U.S. labor market.

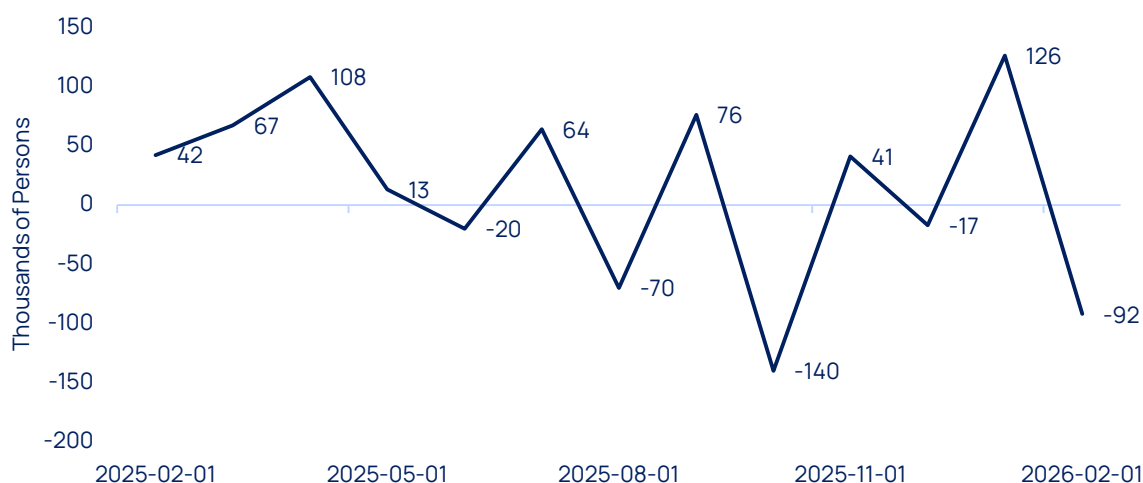
The Bureau of Labor Statistics reported on March 6, 2026, that total nonfarm payroll employment fell by 92,000 in February 2026, sharply reversing January's downwardly revised gain of +126,000 and missing the Dow Jones consensus estimate of 50,000 by a wide margin.

This marked the third payroll contraction in five months, with December additionally revised to -17,000 from a prior reading of +48,000 a combined downward revision of 69,000 for December and January. Health care, historically the most reliable jobs engine, shed 28,000 positions primarily 37,000 lost in physicians' offices due to

Kaiser Permanente strike activity in Hawaii and California. Federal government payrolls contracted by 10,000 in February, extending cumulative losses to 330,000 (an 11% workforce reduction) since October 2024. Construction lost 11,000 jobs after weather-driven gains of 48,000 in January.

Average hourly earnings rose \$0.15 (+0.4%) to \$37.32, up 3.8% year-over-year, while the average workweek held flat at 34.3 hours. The long-term unemployment average duration reached 25.7 weeks the highest since December 2021.

Figure 1: Total Nonfarm Payrolls



Source: U.S. Bureau of labor Statistics

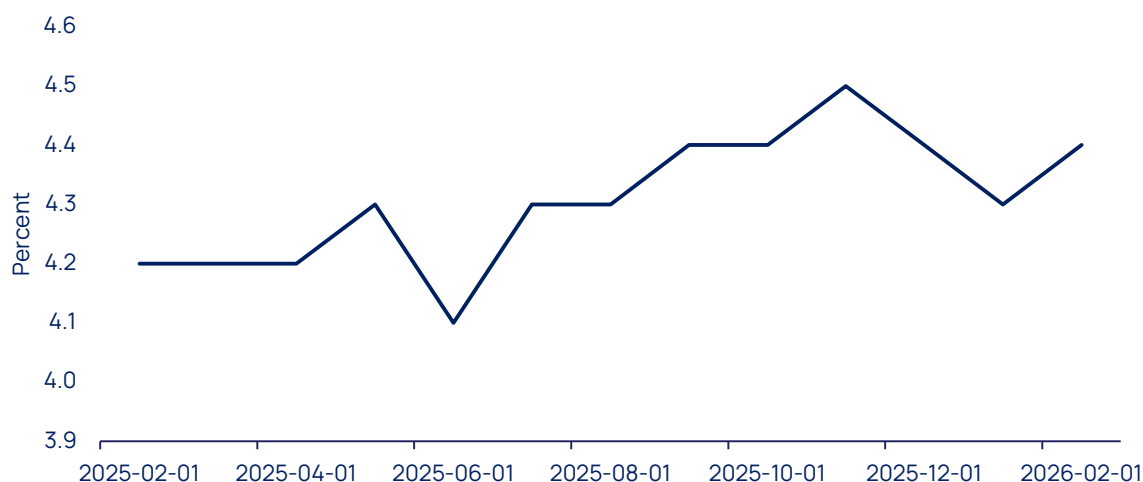
Unemployment Rate Climbs

U.S. unemployment rose to 4.4%, up 40bps since January 2025, with 7.6 million Americans unemployed.

The BLS Employment Situation report of March 6, 2026, confirmed the U-3 unemployment rate rose to 4.4% in February 2026, up from 4.3% in January and 4.0% at the start of the current administration in January 2025. Total unemployed persons now stand at approximately 7.6 million. Adult men registered unemployment at 4.0%, adult women at 4.1%, and teenagers at 14.9%.

Demographic breakdowns showed limited change: White workers at 3.7%, Black workers at 7.7%, Asian workers at 4.8%, and Hispanic workers at 5.2%. A broader U-6 unemployment measure encompassing discouraged workers and involuntary part-time workers narrowed marginally to 7.9%, down 0.2 percentage points from January. Discouraged workers fell by 109,000 to 366,000. Since January 2025, monthly average payroll additions have been fewer than 5,000 jobs.

Figure 2: U.S. Unemployment Rate



Source: U.S. Bureau of labor Statistics

Fed Governor Christopher Waller, speaking March 6 on Bloomberg, noted the weak print could prompt reconsideration of the Fed's wait-and-see stance, with CME FedWatch futures now pricing in the next rate cut as early as July 2026.

Oil Shock Rattles Markets

Brent surged from \$71 to \$94 after Strait of Hormuz disruption, raising risks of renewed U.S. inflation.

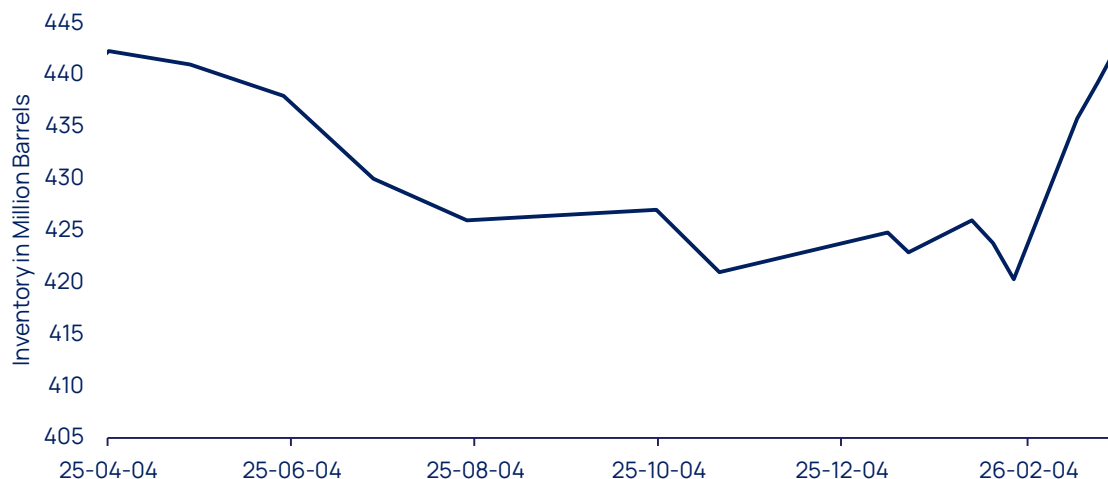
According to EIA's March 10, 2026 Short-Term Energy Outlook, the Brent crude spot price has risen approximately 50% from the start of 2026, reaching its highest level since September 2023. Military action beginning February 28 effectively halted most tanker traffic through the Strait of Hormuz a chokepoint carrying nearly 20% of global oil supply.

For the week ending March 06, 2026, U.S. commercial crude oil inventories stood at 443.1 million barrels, approximately 3% below the five-year average, with a 3.5-million-barrel build recorded in that week per EIA's Weekly Petroleum Status Report (released March 4, 2026).

Gasoline inventories fell by 1.7 million barrels, while distillate inventories remain 3% below the five-year average. U.S. crude production averaged 13.696 million barrels per day for the week ending February 27. Goldman Sachs embedded an estimated \$18/b geopolitical risk premium in current prices.

OPEC+ agreed on March 1 to add 206,000 barrels/day in April 2026. The EIA forecasts Brent above \$95/b over the next two months before falling below \$80/b in Q3 2026, with WTI averaging \$86.10/b intraday on March 12. Elevated energy costs, if sustained, risk feeding directly into core PCE and CPI, complicating the Fed's easing path.

Figure 3: U.S. Crude Oil Inventory



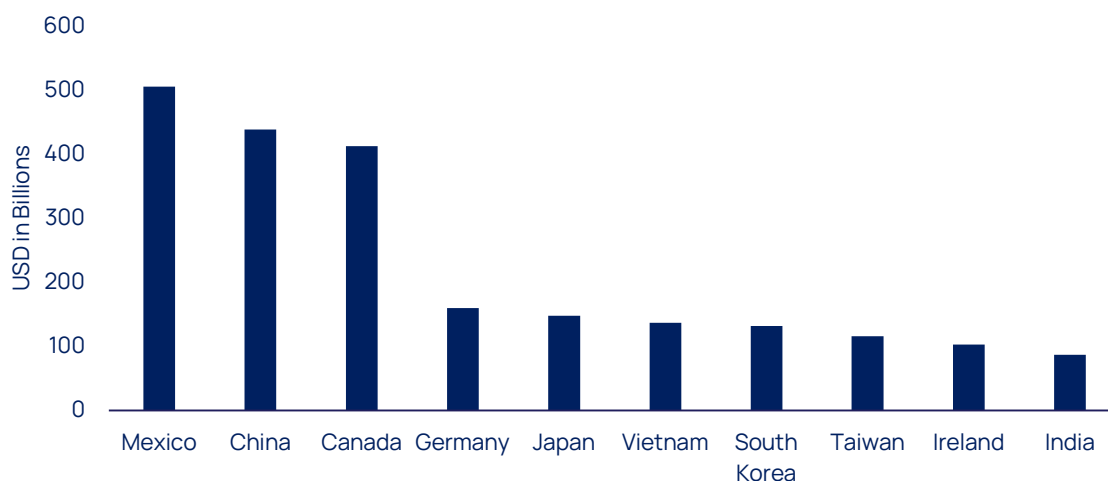
Source: U.S. Energy Information Administration

Section 301: 16-Nation Tariff Probe

U.S. launched sweeping Section 301 probe on 16 economies, signaling strongest trade enforcement since Trump-era China tariffs.

On March 11, 2026, USTR Jamieson Greer initiated Section 301(b) investigations under the Trade Act of 1974 against 16 economies: China, EU, Japan, South Korea, Vietnam, Mexico, Taiwan, Singapore, Switzerland, Norway, Indonesia, Malaysia, Cambodia, Thailand, Bangladesh, and India targeting structural manufacturing overcapacity driven by state subsidies, currency practices, and suppressed labor standards. The evidence is unambiguous: China's share of global steel excess capacity reached 54% in Q3 2025 (up from 47% in Q3 2024), Chinese lithium-ion battery output stood at 1.9x domestic installation volume, U.S. chemicals capacity utilization collapsed to 72.7% as of January 2026, and Singapore posted a \$75 billion bilateral surplus with the U.S. in 2024. Strategically, Section 301 fills the legal vacuum left by the Supreme Court's partial invalidation of IEEPA-based reciprocal tariffs providing a court-tested, Congress-compliant enforcement pathway.

Figure 4: U.S. Imports From Countries



Source: U.S. Census Bureau

The timeline is aggressive: public comments open March 17, submissions close April 15, hearings commence May 5, and conclusions are targeted by July 2026. For global investors and M&A professionals, sectors most exposed steel, batteries, chemicals, semiconductors, and solar across Southeast Asia, East Asia, and the EU require immediate portfolio and deal-pipeline reassessment.

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