



Market Monitor - 1 May 2026

Emerging Conditions Which Indicate Potential Volatility

Birches Group conducts salary surveys and monitors labor market conditions in more than 150 countries. The salary survey program updates and publishes changes in employer compensation three times per year (April, July and October).

On a continuing basis, Birches Group monitors economic indicators that highlight potential volatility. These indicators are largely based on examination of exchange rate movement against the US Dollar.

Birches Group publishes the Market Monitor to keep our clients and collaborators informed about emerging conditions which may require closer monitoring. The Market Monitor is published twice a month and is available at no cost. [Sign up](#) to continue receiving updates.

Each organization needs to determine for itself the appropriate triggers within labor market conditions which will warrant a change/update of salaries and benefits and how these changes will be applied to individual staff. In the vast majority of locations a planned annual review of labor market movement is sufficient to sustain dynamic compensation.

Where economies begin to experience volatility, organizations should have policies and measures in place to respond to these conditions to sustain dynamic pay systems and provide for business/operational continuity to the extent possible. How aggressive these measures can and should be is dependent upon the volatility which is occurring. For the most part exchange rate movement/inflation which remains under ten percent per year will normally be captured in standard labor market movement. Where these indicators begin to exceed ten percent movement over a period of six months or less, additional monitoring becomes prudent with anticipation of the need for more rapid adjustment.



Why Exchange Rates?

Many clients are asking why we track exchange rates to monitor markets instead of relying on inflation data. Here's why:

Employers set salaries based on the cost of labor—what other employers pay for similar roles in the same market. In stable economic conditions, cost of labor alone is sufficient to ensure a competitive compensation program. However, during periods of market volatility, currency devaluation and inflation often increase.

While our research shows that devaluation, inflation, and labor market movement are not directly correlated—meaning they frequently move independently—employers commonly consider devaluation and inflation when responding to volatility in the labor market.

Exchange rates serve as a leading indicator of volatility. They are widely available and based on real-time, observed market data rather than estimates. Inflation, by contrast, is a lagging indicator. Reliable inflation data can be difficult to obtain and is often incomplete or estimated.

For example, according to the OECD's April 2026 release, global inflation figures for February 2026 are based on reported data from only 37 of 156 countries. Following significant reporting gaps in 2021–2022, when nearly half of tracked countries did not report data, most countries resumed reporting between 2023 and 2025. However, some gaps remain and cannot be fully calculated.

OECD data is valuable and likely the best publicly available source, but it still relies partly on estimates and projections rather than fully reported figures. Additionally, inflation affects employees differently depending on their standard of living and personal circumstances.

For these reasons, Birches Group uses currency exchange rates as the most reliable measure of market volatility. Inflation often follows currency devaluation, making devaluation a practical early indicator of inflationary impact. Employers that monitor devaluation and respond proactively and consistently are better positioned to maintain a competitive market position despite challenging economic conditions.



Having examined the impact of exchange rate movement on salaries, it has been observed that the impact can be profound but not entirely correlated to the full movement. Following the current data on volatility, a table of six levels of volatility is presented. These six levels provide guidance to organizations as to the degree of volatility and indicate that heightened levels of attention are required to plan for any additional measures to sustain competitiveness of the local pay system.

In this update, one country remains at Level One, while seven countries stay at Level Five. Argentina and Ethiopia remain excluded from our volatility levels as their exchange rate movements remain below ten percent.



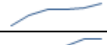


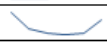

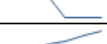



For those organizations subscribing to Birches Group labor market data, updated market data for April 2026 is available where organizations can possibly examine movement.







Early May 2026 Conditions

For Market Monitor Report Vol. 5, No. 5 examination of exchange rate movement over the prior six months now identifies ten countries which warrant heightened monitoring. The table of exchange rate movement for these ten is presented below. An additional table tracking exchange rate movement against the US Dollar for the Euro, British Pound, CFA Franc, and Japanese Yen is also available (exchange rate values are in USD):

Birches Group Exchange rate alert, 1 May 2026

Country	Currency	ISO Code	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26		6 mo movement
Argentina	Argentine Peso	ARS	1411.492	1437.493	1467	1445	1415.091	1393.558	1400.269		-0.8%
Ethiopia	Birr	ETB	151.924	153.767	154.838	154.963	155.151	156.107	156.605		3.1%
Iran	Iranian Rial	IRR	891656	914902.7	1154684	1209074	1381939	1370104	1399549		57.0%
Lebanon	Lebanese Pound	LBP	89500	89500	89500	89500	89500	89500	89500		0.0%
Libya	Libyan Dinar	LYD	5.443	5.42	5.401	6.246	6.289	6.352	6.32		16.1%
South Sudan, Republic of	South Sudanese Pounds	SSP	4583.584	4555.528	4546.887	4543.419	4546.364	4570.324	4642.125		1.3%
Sudan	Sudanese Pound	SDG	2400	2400	2400	3250	3350	3350	3850		60.4%
Syrian Arab Republic	Syrian Pound	SYP	11055	11055	11055	110.5	110.5	110.5	113		-99.0%
Venezuela	Bolivar Digital	VES	231.046	257.928	330.375	355.552	407.378	465.477	484.74		109.8%
Zimbabwe	Zimbabwe Gold	ZIG	26.392	25.46	25.218	25.083	25.006	24.737	24.633		-6.7%

Euro	EUR	0.865	0.852	0.858	0.835	0.847	0.873	0.855		-1.2%
U.K. Pound	GBP	0.764	0.745	0.744	0.723	0.738	0.759	0.742		-2.9%
CFA Franc	XOF	567.241	558.594	563.053	548.047	555.425	572.588	561.031		-1.1%
Yen	JPY	154.99	155.09	159.01	153.16	156.07	159.59	160.08		3.3%

Legend

- Movement greater than 10% in 6 months
- Movement greater than 20% in 6 months
- Movement greater than 30% in 6 months
- Movement greater than 40% in 6 months
- Movement greater than 50% in 6 months

Based upon UN official exchange rates

Early May 2026 Conditions

Based on the above data, the recommended monitoring and response level is as follows:

Level One	Level Five
Libya	Iran Lebanon South Sudan Sudan Syria Venezuela Zimbabwe

Libya remains at Level One, while Iran, Lebanon, South Sudan, Sudan, Syria, Venezuela, and Zimbabwe remain at Level Five. Employers surveyed at Level Five countries predominantly pay salaries in US dollars or euros. We will continue to monitor these exceptional situations closely.

Argentina and Ethiopia continue to exhibit exchange rate movements below ten percent and thus remains excluded from our volatility levels.

Where organizations decide to proceed with a response to economic developments beyond Level One where standard pay management policies still typically remain in place, consideration should be given to close monitoring and a determination as to when the organization will revert pay management to Level One.

Birches Group has developed a range of response scenarios which organizations may consider to address the conditions found for each level of volatility. We are happy to work with individual organizations to examine the context of current pay approaches to help design an appropriate response.

Birches Group presents this information for the sole purpose of providing data on emerging conditions. The decision to proceed with any response to changing conditions is entirely within the purview of each organization. Having policies in place that identify possible volatile conditions, define possible “triggers” for supplemental action and provide guidance as to the steps an organization will pursue to sustain stability to a partial extent brings a great degree of transparency to compensation management.

The analysis and response level anticipates compensation established in local currency. Denomination of compensation in currencies other than the national currency should be highly exceptional. The conditions warranting the possible consideration of this response are detailed in Response Level Five.

Levels of Volatility

To guide an organization on appropriate measures against timeframes for managing the updating of salary scales, the table below has been prepared aligning the measure against the market condition.

Level of Volatility	Market Condition
Level One	Standard Market Conditions 0 to 20% exchange rate movement in six months
Level Two	Dynamic Market Conditions 20+% exchange rate movement in six months
Level Three	Rapid Evolving Market Conditions 40+% exchange rate movement in six months Multiple reviews and revisions typical amongst comparators
Level Four	Sudden, Unexpected Social/Economic Event Currency devaluation of 50% or more in six months or less Disjointed and unclear comparator response
Level Five	National currency aligned Dollars/Euros Wide prevailing practice to denominate national salaries in Dollars or Euros Legal for staff to have Dollar/Euro bank accounts
Level Six	Labor market collapse Departure of most comparators from the market Absence of reliable data on currency and inflation



Responding to Volatility

This table of categories of volatility should be discussed and agreed as a basis to develop aligned responses. Measures organizations choose to develop to sustain market competitiveness and business continuity in response to economic and social volatility should be widely disseminated so everyone in the organization knows the basis beyond the founding principles upon which pay will be reviewed and revised. Provisions need to be made in advance to ensure arrangements are in place to support the needed action as conditions evolve. There needs to be close coordination with the data provider. Again, Birches Group is prepared to work with organizations to develop responses and help communicate these policies with staff and management.

With appropriate organization and planning, the creation of a flexible framework for sustaining compensation during periods of volatility is quite possible. Most importantly, having a policy framework in place guided by market information ensures sustaining the goal and integrity of the salary system while remaining in the context of local market conditions.

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- Scores the overall health of your HR systems
- Flags risks that need attention
- Highlights what's working well
- Offers a roadmap for improvement

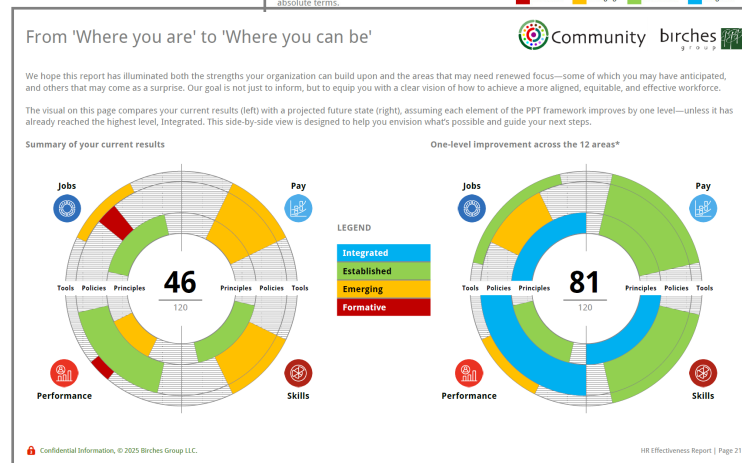
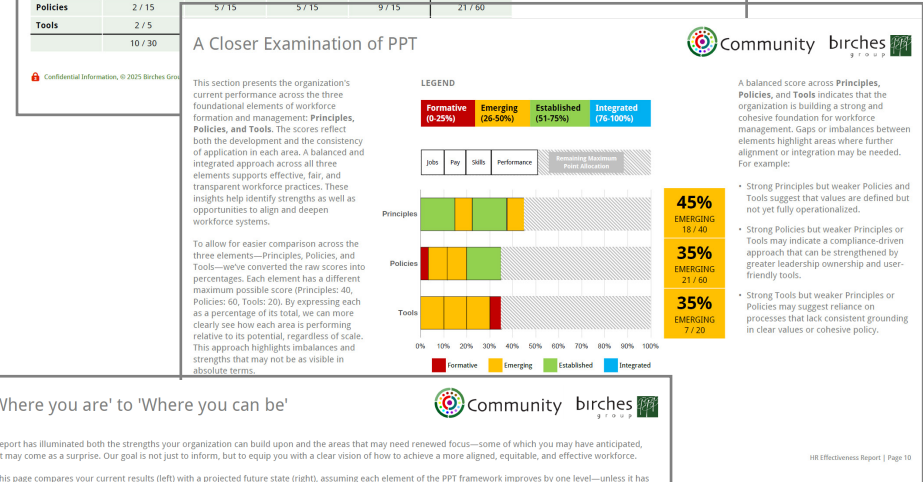
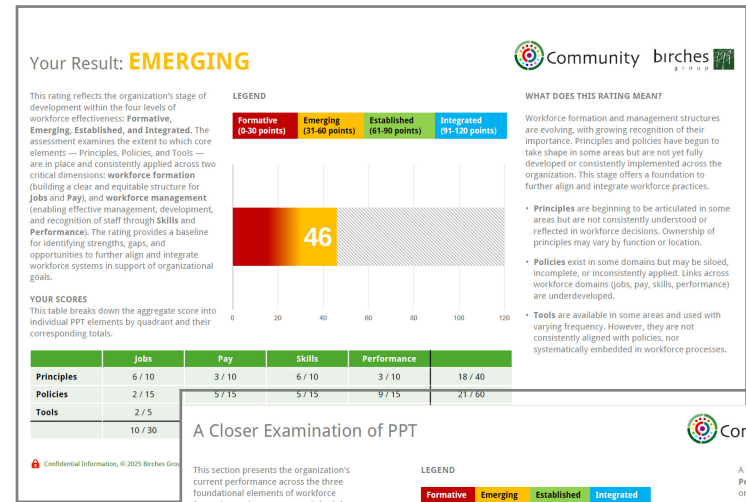
WHY IT MATTERS

A strong HR system builds:

- Trust with staff and leadership
- Confidence with stakeholders and funders
- A foundation for fairness, consistency, and impact

But weak systems? They create risk, waste, and abuse.

Our HR Effectiveness Framework reveals where your HR practices are aligned—and where they need work. It's a simple, powerful way to benchmark your progress and plan for what's next.



DISCOVER HOW EFFECTIVE YOUR HR SYSTEMS REALLY ARE! Take the free [HR Effectiveness Assessment](#)

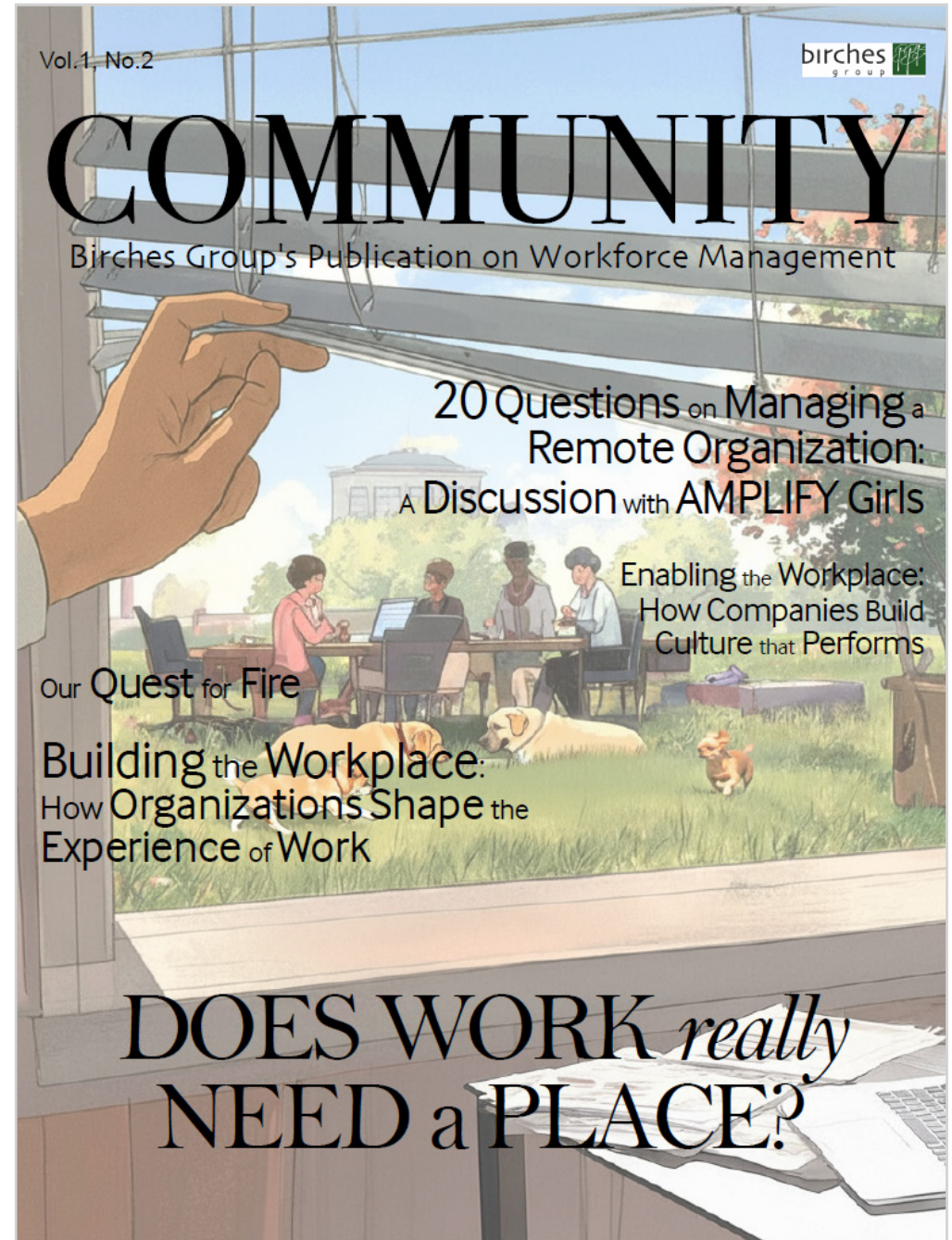
Community: Birches Group's Publication on Issues of Workforce Management

Equity Starts Here: Insights, News, and Actions for Workforce Management

Birches Group has released its newest publication, **Community: Birches Group's Publication on Issues of Workforce Management**, a space dedicated to bringing you news, insights, and strategies on equity in workforce management within international development.

In our second edition, we're excited to deliver the latest updates, strategies, and insights around how virtual work is impacting workforces across various organizations. Don't miss our exclusive interviews with HR experts, who share unique perspectives and actionable steps for advancing innovative workforce management within organizations around the world.

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We're here to help you integrate your workforce management



COMMUNITY™ INTEGRATED WORKFORCE MANAGEMENT

At Birches Group, we believe in a holistic approach to managing your workforce, from the initial structure to the capacity of your people, through skills development and performance. The Community™ platform is Birches Group's methodology that integrates critical areas of human resources: job design and evaluation, compensation management, skills measurement, and performance management. Community™ uses a simple, clear, and consistent approach across all areas of HR, all built on the foundation of **Jobs**.



SIMPLE AND CONSISTENT JOB EVALUATION

Birches Group Community™ Jobs is a simple and transparent job evaluation approach easily understood by HR, managers and even staff. We believe that job evaluation forms the fundamental underpinning of everything HR does – from compensation and recruitment to development and performance. Every area of HR is impacted by job evaluation and job levels.



DESIGNING AND MAINTAINING YOUR SCALE

Our Scale Design Specialists have extensive experience in creating and maintaining salary scales for different types of organizations, as well as providing updated labor market data to help sustain your desired market position.



MANAGING INDIVIDUAL PAY USING COMMUNITY™ SKILLS

At Birches Group, we believe that pay movement should reflect one's experience. As an employee gains more experience in their job, they develop a deeper understanding of their role and accumulate the necessary skills that enable them to be more effective and produce higher quality results. Birches Group Community™ Skills provides a framework for measuring experience. Companies can link their compensation administration to the progression of Skills in any number of ways, and provide increases based on employee growth in their jobs rather than performance.



REWARDING ACHIEVEMENT THROUGH COMMUNITY™ PERFORMANCE

Birches Group believes that performance should be used for one-time recognition, not salary increases. Birches Group's Community™ approach to performance management centers the expectations on performance to the actual definition of the job level and celebration of the good. Using an approach that measures achievement by linking it back to the job evaluation factors, purpose, engagement, and delivery, Community™ provides organizations with a performance management system that is standardized, simplified, and can easily align with objectives across different grade levels and teams.

READY TO DEVELOP YOUR SPECIAL MEASURES POLICY?

[Contact us](#) to learn how Birches Group services can help your organization take the next steps toward developing your own special measures policy. You can also learn more about Community™ and how it can further align the foundations of your organization.