

Malaysia Labour Market

Steady unemployment rate of 3.2% in November; to further improve in 2025

- **The unemployment rate remained at 3.2% (Oct: 3.2%) for the fourth straight month, the lowest since January 2020**

- Unemployment numbers fell by 0.9% MoM (Oct: -0.7%), extending a 40-month decline and the fastest pace in three months.
- In absolute terms, the number of unemployed persons declined to 546.7k (Oct: 551.4k), gradually approaching the pre-pandemic level (Feb-20: 525.2k).
- Meanwhile, the actively unemployed fell to 436.2k (Oct: 440.0k), the lowest since March 2020 (422.9k), with those unemployed for less than three months decreasing to 272.9k (Oct: 273.7k).

- **Employment growth steady at 0.2% MoM (Oct: 0.2%), led by continued strength in the services sector**

- **By sector:** according to the Department of Statistics (DOSM), the number of employed persons in the services sector continued to increase, mainly in wholesale & retail trade, transportation & storage activities and information & communication activities. Similarly, the number of employed in manufacturing, construction, mining & quarrying, and agriculture also expanded.
- **By employment status:** sustained increase in employees (0.1% MoM; Oct: 0.1%), while own account workers expanded (0.4%; Oct: 0.3%) to a 17-month high. However, employers moderated (0.2%; Oct: 0.4%), while unpaid family workers continued to decline (-0.2%; Oct: -0.1%) for the second straight month.

- **Labour force participation rate remained at a record high (70.5%; Oct: 70.5%) for the third straight month**

- Labour force (0.14% MoM; Oct: 0.14%) recorded a steady expansion, adding 24.9k persons (Oct: 24.6k), reaching 17.29m persons, while those outside the labour force declined (-0.02%; Oct: -0.02%) further to 7.23m.

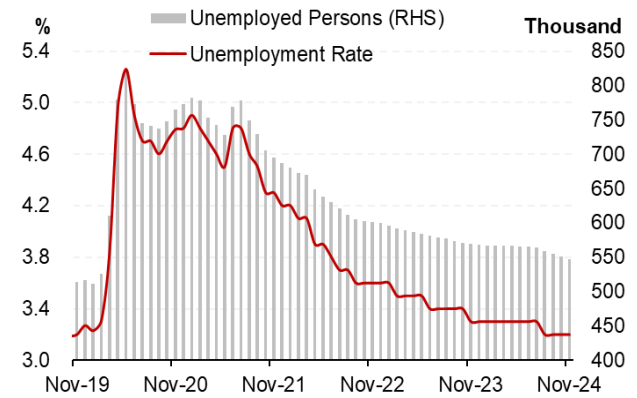
- **Lower unemployment rate recorded among advanced economies**

- US: fell in December (4.1%; Nov: 4.2%) driven by strong job growth and reduced job losses.
- Japan: unchanged in November (2.5%; Oct: 2.4%), with job availability ratio remained at 1.25 (Oct: 1.25)

- **The unemployment rate is likely to settle at 3.3% in 2024 (2023: 3.4%), aligning with our forecast. We have revised the 2025 unemployment rate to 3.1% from the 3.2% projected earlier, banking on steady domestic growth**

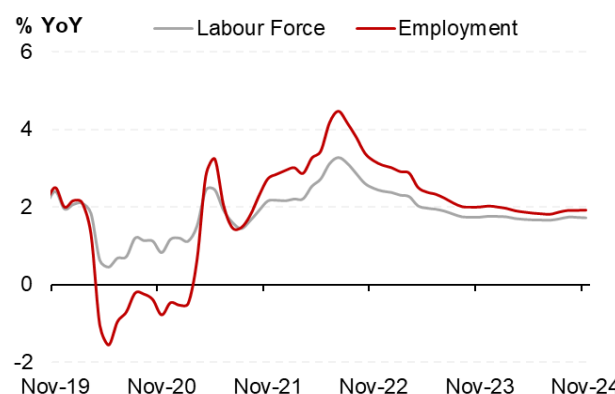
- Unemployment rate averaged 3.3% in the first 11 months, with 4Q24 likely to record the lowest quarterly unemployment rate since 4Q19, signalling a return to pre-pandemic levels.
- **2025 Outlook:** Our revised unemployment rate forecast of 3.1% for 2025 is backed mainly by a steady domestic demand growth, robust employment expansion in the services and manufacturing sectors, and the realisation of approved investments. Federal government spending, including a record RM421.0b in Budget 2025, and the expectation of higher tourist arrivals this year, ahead of the Visit Malaysia Year 2026, are expected to boost hiring.
- **GDP Growth:** The 2024 GDP growth forecast remains at 5.0% (2023: 3.6%). Growth is projected to moderate slightly to 4.8% in 2025, reflecting the base effect and rising external uncertainties amid heightened geopolitical tensions and normalising economic activities.

Graph 1: Unemployment Rate



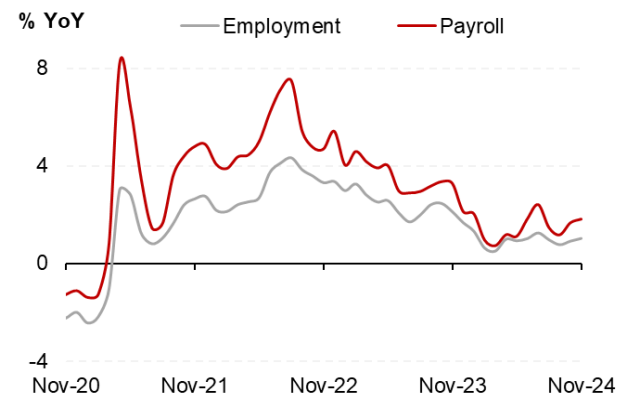
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

13 January 2025

Table 1: Malaysia's Labour Market Indicators

	Nov-23	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Labour Force							
Number ('000)	17,000.4	17,171.1	17,195.7	17,219.9	17,244.3	17,268.9	17,293.8
YoY %	1.7	1.7	1.7	1.7	1.7	1.7	1.7
MoM %	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Outside Labour Force							
Number ('000)	7,235.4	7,231.7	7,230.7	7,230.0	7,229.2	7,228.0	7,226.7
YoY %	0.0	0.1	0.1	0.0	-0.1	-0.1	-0.1
MoM %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment							
Number ('000)	16,431.1	16,605.7	16,632.0	16,661.4	16,689.0	16,717.5	16,747.0
YoY %	2.0	1.8	1.8	1.9	1.9	1.9	1.9
MoM %	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	569.2	565.3	563.7	558.5	555.3	551.4	546.7
YoY %	-5.3	-2.8	-2.7	-3.3	-3.2	-3.4	-4.0
MoM %	-0.3	-0.1	-0.3	-0.9	-0.6	-0.7	-0.9
Unemployment Rate (%)	3.3	3.3	3.3	3.2	3.2	3.2	3.2
Labour Force Participation Rate (%)	70.1	70.4	70.4	70.4	70.5	70.5	70.5

Source: Dept. of Statistics, Kenanga Research

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