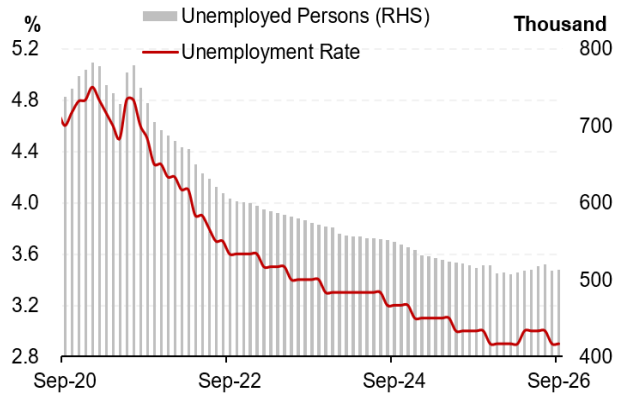
Malaysia Labour Market (Sep-26)

2.9% holds, but the hiring pipeline points to softer hiring in 4Q26

- **The unemployment rate held at 2.9% in September (Aug: 2.9%), pointing to stable job market conditions**
  - The number of unemployed rose 0.3% MoM (Aug: -1.7%) to 513.2k (Aug: 511.6k).
  - Actively unemployed (those available and actively seeking work) rose 0.6% MoM (Aug: -1.8%) to 407.6k (Aug: 405.1k). Their share of total unemployment rose slightly to 79.4% (Aug: 79.2%).
- **Employment growth slowed to 0.1% MoM (Aug: 0.2%), a sign of slightly softer hiring**
  - **By employment status:** Employee growth held at 0.1% MoM (Aug: 0.1%), while own-account workers slowed to 0.1% (Aug: 0.2%). Employer growth eased to 0.4% (Aug: 0.9%), and unpaid family workers fell 0.8% (Aug: +1.1%). Momentum softened across most categories.
  - **Share of total:** Formal employment remains the anchor, with employees making up 74.9% of total employment. Own-account workers made up 18.8%, employers 3.6% and unpaid family workers 2.7%..

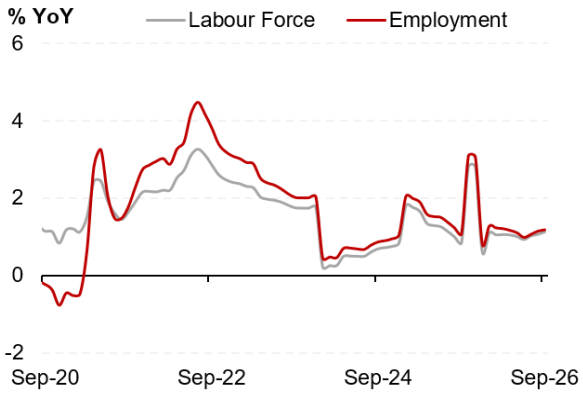
Graph 1: Unemployment Rate



Source: Dept. of Statistics, Kenanga Research

- **Labour force participation rate was unchanged at 71.0% (Aug: 71.0%)**
  - The labour force grew 0.1% MoM (Aug: 0.1%) to 17.40m (Aug: 17.39m).
  - The population outside the labour force declined by 0.03% (Aug: -0.06%) to 7.104m.
- **Regional labour markets held steady in September**
  - Japan (2.4%; Aug: 2.5%): Unemployment rate edged lower, showing resilience of Japan's labour market despite a tough external environment.
  - Taiwan (3.3%; Aug: 3.3%): Unemployment held steady, helped by fewer first-time job seekers and fewer people losing jobs for other reasons.
- **We keep our 2026 unemployment rate forecast at 2.9% (2025: 3.0%) on solid growth, but risks are building**
  - The labour market remains resilient despite lingering geopolitical risks. Firm domestic demand, more tourist arrivals under Visit Malaysia 2026 and the global E&E upcycle all support it. However, PERKESO MYFutureJobs data point to cooling. Loss of Employment (LOE) cases jumped 33.0% to 10,476 in October (Sep: 7,892). Early November needs close watching: the 3,313 cases recorded by 10 November imply about 10k for the month if the pace holds, well above September's level.
  - Labour demand is also softening, though from a high base. Active job vacancies fell 12% to 472,541 at end-October (Sep: 539,193). Job placements fell 65.0% to 9,028 (Sep: 25,708), so vacancies are turning into hires more slowly. Still, the large stock of openings should cushion employment. We keep our 2026 GDP growth forecast at 5.3% (2025: 5.2%). Growth will be driven by resilient domestic demand, a robust services sector, sustained AI and digital infrastructure investment, E&E demand from AI and data centre expansion, and stronger tourism.

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

Table 1: Malaysia's Labour Market Indicators

	Sep-25	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
Labour Force							
Number ('000)	17,209.1	17,327.6	17,338.2	17,344.9	17,365.9	17,386.0	17,402.7
YoY %	0.8	1.0	1.0	0.9	1.0	1.1	1.1
MoM %	0.0	0.1	0.1	0.0	0.1	0.1	0.1
Outside Labour Force							
Number ('000)	7,113.8	7,100.8	7,103.4	7,109.8	7,110.5	7,106.0	7,104.0
YoY %	-0.1	-0.1	0.0	0.2	0.1	0.0	-0.1
MoM %	0.1	0.0	0.0	0.1	0.0	-0.1	0.0
Employment							
Number ('000)	16,693.4	16,815.8	16,824.8	16,827.1	16,845.6	16,874.4	16,889.5
YoY %	1.1	1.2	1.1	1.0	1.1	1.1	1.2
MoM %	0.1	0.1	0.1	0.0	0.1	0.2	0.1
Unemployment							
Number ('000)	515.7	511.8	513.4	517.8	520.3	511.6	513.2
YoY %	-6.0	-2.6	-2.0	-0.7	-0.2	-1.4	-0.5
MoM %	-0.6	0.6	0.3	0.9	0.5	-1.7	0.3
Unemployment Rate (%)	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**	**2.9**	**2.9**
Labour Force Participation Rate (%)	70.8	70.9	70.9	70.9	70.9	71.0	71.0

Source: Dept. of Statistics, Kenanga Research

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