

13 May 2025

Malaysia Labour Market

Unemployment rate holds at 3.1% in March, hiring picks up

- The unemployment rate remained unchanged for the fourth straight month in March at 3.1% (Feb: 3.1%), in line with the house forecast

- Unemployment fell 0.6% MoM (Feb: -0.2%), the fastest pace in two months.
- In absolute terms, the number of unemployed fell to 529.6k (Feb: 532.8k), nearing pre-pandemic levels (Feb-20: 525.2k).
- The actively unemployed fell to 420.7k (Feb: 422.7k), the lowest since February 2020 (343.2k).

- Employment growth sustained at 0.3% MoM (Feb: -0.3%) for the third straight month

- **By sector:** according to the Department of Statistics (DOSM), most jobs were in the services sector, particularly in accommodation and food & beverage services, information & communication and professional, scientific & technical activities. Manufacturing, construction, agriculture and mining & quarrying sectors also saw increased hiring.
- **By employment status:** employees and own account workers remained steady (0.2% and 0.6%, respectively; Feb: 0.2% and 0.6%, respectively). Employer growth slowed to 0.4% (Feb: 0.7%). Meanwhile, unpaid family workers fell for the third straight month (-0.3%; Feb: -0.2%).

- Labour force participation rate held at a record high (70.7%; Feb: 70.7%)

- The labour force grew 0.24% MoM (Feb: 0.29%), adding 41.2k persons (Feb: 48.7k), bringing the total to 17.31m.
- Meanwhile, the number of people outside the labour force edged up 0.07% (Feb: -0.02%) to 7.16m after a 10-month decline.

- Mixed performance of unemployment rate among advanced economies

- US: Steady in April (4.2%; Mar: 4.2%), with 177.0k jobs added, beating the 133.0k consensus forecast.
- JP: Edged up in March (2.5%; Feb: 2.5%), while the jobs-to-applicants ratio expanded to 1.26 (Feb: 1.24).

- 2025 unemployment rate forecast retained at 3.1% (2024: 3.3%) amid sustained domestic demand

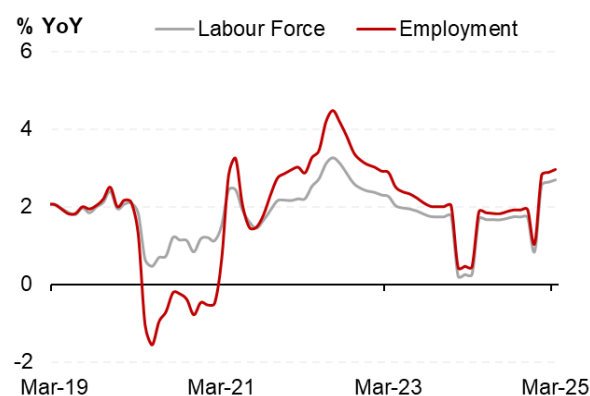
- **Outlook:** We expect a stable labour market throughout 2025, mainly supported by steady domestic demand. Key drivers include higher minimum wages and public sector salaries, which will lift private consumption. Investment is also expected to remain robust, steered by various national policy initiatives, record-high approved investments last year, and continued Federal government spending under Budget 2025.
- **Sector view:** On the supply side, the services sector will continue expanding, led by tourism-related activities and a likely boost from the influx of tourists from China and regional economies.
- **GDP forecast:** We project 1Q25 GDP growth at 4.9% (4Q24: 5.0%), slightly lower than the previous quarter, though higher than the DOSM Advance Estimate of 4.4%. We believe there is some upside to 1Q25 growth given the better-than-expected March IPI numbers (3.2%; KIBB: 2.2%; Consensus: 2.1%). Our 2025 GDP forecast remains at 4.8% (2024: 5.1%) for now, despite global trade uncertainties, as we anticipate Malaysia stands to gain from trade and investment diversion, along with continued domestic resilience.

Graph 1: Unemployment Rate



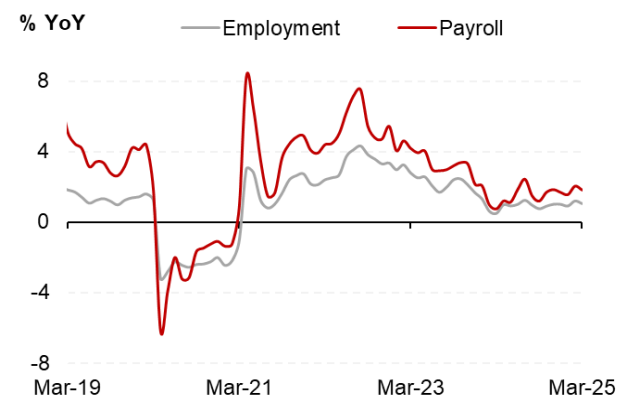
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

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Table 1: Malaysia's Labour Market Indicators

	Mar-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Labour Force							
Number ('000)	16,853.1	17,268.9	17,293.8	17,168.4	17,218.2	17,266.9	17,308.1
YoY %	0.2	1.7	1.7	0.8	2.6	2.6	2.7
MoM %	0.2	0.1	0.1	-0.7	0.3	0.3	0.2
Outside Labour Force							
Number ('000)	7,054.0	7,228.0	7,226.7	7,156.8	7,154.8	7,153.1	7,158.1
YoY %	-2.4	-0.1	-0.1	-1.1	1.8	1.6	1.5
MoM %	0.2	0.0	0.0	-1.0	0.0	0.0	0.1
Employment							
Number ('000)	16,296.6	16,717.5	16,747.0	16,629.9	16,684.4	16,734.1	16,778.5
YoY %	0.5	1.9	1.9	1.0	2.8	2.9	3.0
MoM %	0.2	0.2	0.2	-0.7	0.3	0.3	0.3
Unemployment							
Number ('000)	556.6	551.4	546.7	538.5	533.8	532.8	529.6
YoY %	-5.5	-3.4	-4.0	-5.2	-4.7	-4.3	-4.9
MoM %	-0.1	-0.7	-0.9	-1.5	-0.9	-0.2	-0.6
Unemployment Rate (%)	3.3	3.2	3.2	3.1	3.1	3.1	3.1
Labour Force Participation Rate (%)	70.5	70.5	70.5	70.6	70.6	70.7	70.7

Source: Dept. of Statistics, Kenanga Research

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