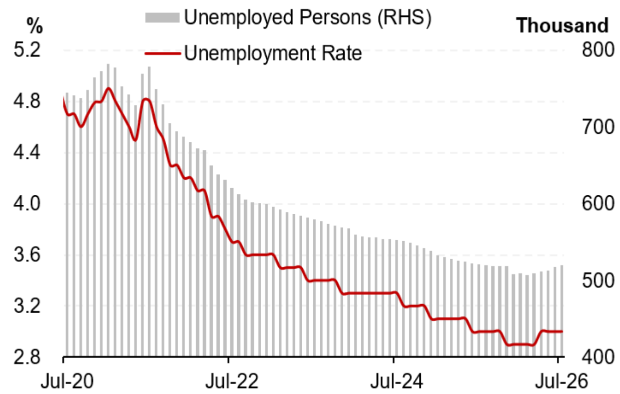
14 September 2026

Malaysia Labour Market (Jul-26)

Unemployment rate hold at 3.0%: resilient, but easy gains are behind us

- **The unemployment rate held at 3.0% in July (Jun: 3.0%), reflecting a stable job market**
  - The unemployed growth eased 0.5% MoM (Jun: 0.9%) to 520.3k (Jun: 517.8k).
  - Actively unemployed (those available and actively seeking work) growth moderated 0.4% MoM (Jun: 0.7%) to 412.6k (Jun: 410.9k), while their share of total unemployment eased to 79.3% (Jun: 79.4%).
- **Employment growth edged up to 0.1% MoM (Jun: 0.0%), pointing to a modest pickup in hiring**
  - **By sector:** Services remained the main driver, led by arts, entertainment & recreation, accommodation & food & beverage services, and financial & insurance/takaful activities. Employment also grew in agriculture, mining & quarrying, manufacturing, and construction.
  - **By employment status:** Employees rose to 0.1% MoM (Jun: 0.0%), and own-account workersup 0.3% (Jun: 0.0%). Employers increased (0.3%; Jun: 0.1%), while unpaid family workers rose for ther first time in six months (0.1%; Jun: -0.4%).

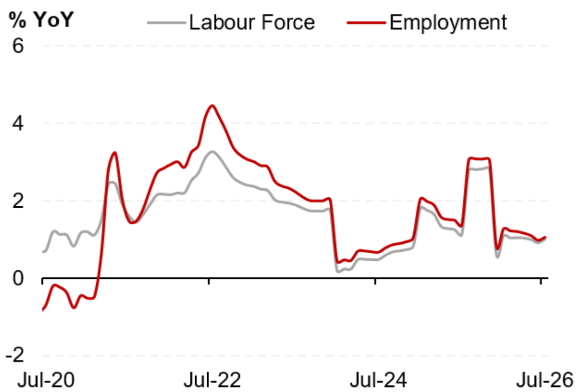
Graph 1: Unemployment Rate



Source: Dept. of Statistics, Kenanga Research

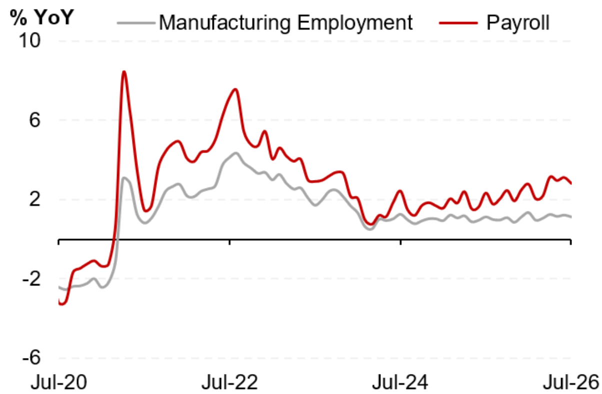
- **Labour force participation rate remained held at a record high of 70.9% (Jun: 70.9%) for the seventh straight month**
  - The labour force grew to 0.1% MoM (Jun: 0.0%), increasing to 17.37m (Jun: 17.34m).
  - The population outside the labour force fell (0.01%; Jun: 0.09%) to 7.110m.
- **Regional labour markets remained stable in July**
  - Japan (2.4%; Jun: 2.5%): The unemployment rate fell to its lowest level in almost a year, while employment rose 0.2% at 68.31m, signalling stable labour market.
  - Taiwan (3.3%; Jun: 3.3%): Held steady despite new graduates and students entering the labour market for summer jobs.
- **We keep our 2026 unemployment rate forecast at 2.9% (2025: 3.0%) on strong domestic activity**
  - The labour market has stayed resilient despite ongoing geopolitical uncertainty. Firm domestic demand, stronger tourist arrivals under Visit Malaysia 2026 and the ongoing the global E&E upcycle should continue to support industry.
  - PERKESO's MYFutureJobs data show improvement, with Loss of Employment (LOE) cases falling to 7,526 in August (July: 9,013). Early September data warrant caution, The 3,128 cases recorded as of 10 September imply a monthly pace above August's if sustained. Services accounted for the largest share of retrenchments, followed by manufacturing. Labour demand remained robust, with active job vacancies rising to 368,642 at end-August (July: 242,434). However, job placements eased to 26,468 (July: 28,365), suggesting vacancies are not fully turning into hires. High vacancies should still underpin labour market resilience.
  - Against this backdrop, we raised our 2026 GDP growth forecast to 5.3% (2025: 5.2%), with domestic demand remaining the main growth driver.

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

	Jul-25	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Labour Force							
Number ('000)	17,190.6	17,297.6	17,313.0	17,327.6	17,338.2	17,344.9	17,365.9
YoY %	1.1	1.0	1.1	1.0	1.0	0.9	1.0
MoM %	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Outside Labour Force							
Number ('000)	7,105.8	7,102.9	7,101.2	7,100.8	7,103.4	7,109.8	7,110.5
YoY %	0.2	0.0	-0.1	-0.1	0.0	0.2	0.1
MoM %	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Employment							
Number ('000)	16,669.5	16,790.9	16,804.0	16,815.8	16,824.8	16,827.1	16,845.6
YoY %	1.4	1.2	1.2	1.2	1.1	1.0	1.1
MoM %	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Unemployment							
Number ('000)	521.1	506.8	509.0	511.8	513.4	517.8	520.3
YoY %	-5.8	-4.4	-3.6	-2.6	-2.0	-0.7	-0.2
MoM %	-0.1	-0.5	0.4	0.6	0.3	0.9	0.5
Unemployment Rate (%)	**3.0**	**2.9**	**2.9**	**2.9**	**3.0**	**3.0**	**3.0**
Labour Force Participation Rate (%)	70.8	70.9	70.9	70.9	70.9	70.9	70.9

Source: Dept. of Statistics, Kenanga Research

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