

Malaysia Labour Market

Unemployment rate hit 3.1% in December, the lowest in a decade

- **The unemployment rate fell to 3.1% in December (Nov: 3.2%), with the 2024 average at 3.3% (2023: 3.4%), in line with house forecast**

- Unemployment fell 0.4% MoM (Nov: -0.9%), marking a 41-month decline, though at the slowest pace in five months.
- The number of unemployed dropped to 544.3k (Nov: 546.7k), nearing pre-pandemic level (Feb-20: 525.2k).
- Meanwhile, the actively unemployed fell to 432.8k (Nov: 436.2k), the lowest since March 2020 (422.9k).

- **Employment growth steady at 0.2% MoM (Nov: 0.2%) for the seventh straight month, led by continued hiring in the services sector**

- **By sector:** according to the Department of Statistics (DOSM), employment in the services sector has steadily increased, mainly in wholesale & retail trade; art, entertainment & recreation; and accommodation and food & beverage services activities. Similarly, the number of employed in manufacturing, construction, and agriculture also expanded. Bucking the trend, employment in mining & quarrying decreased.
- **By employment status:** employees (0.1% MoM; Nov: 0.1%) and own account workers (0.4%; Nov: 0.4%) continued to rise. Meanwhile, employers edged up (0.3%; Nov: 0.2%), while unpaid family workers rebounded (-0.1%; Nov: -0.2%) after two months of decline.

- **Labour force participation rate edged up to a new record high (70.6%; Nov: 70.5%)**

- Labour force (0.15% MoM; Nov: 0.14%) increased at the fastest pace in 11 months, adding 25.9k persons (Nov: 24.9k) to reach 17.32m persons. Meanwhile, outside the labour force declined (-0.04%; Nov: -0.02%) to 7.22m.

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

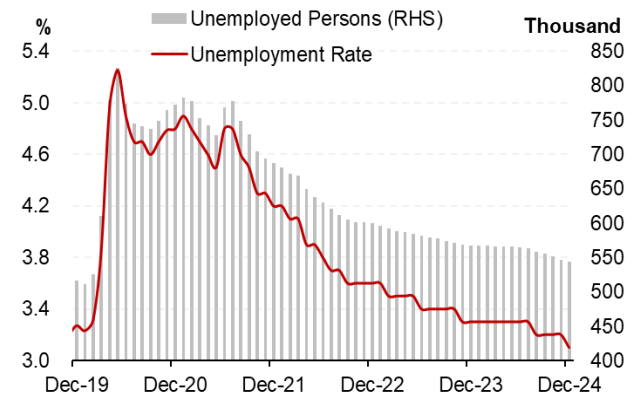
- US: fell in January (4.1%; Nov: 4.2%), the lowest level since May 2024, but job growth slowed.
- Japan: edged down in December (2.4%; Nov: 2.5%), beating market expectations (2.5%).

- **2025 unemployment rate is expected to fall further to 3.1% (2024: 3.3%)**

- **Outlook:** We expect the labour market to remain steady in 2025, backed mainly by a steady domestic demand following the impact of increased minimum wages and government salary hikes, boosting private consumption growth. Additionally, robust recovery in the tourism-related sector, the realisation of approved investments and record-high Federal government spending are set to drive employment growth.

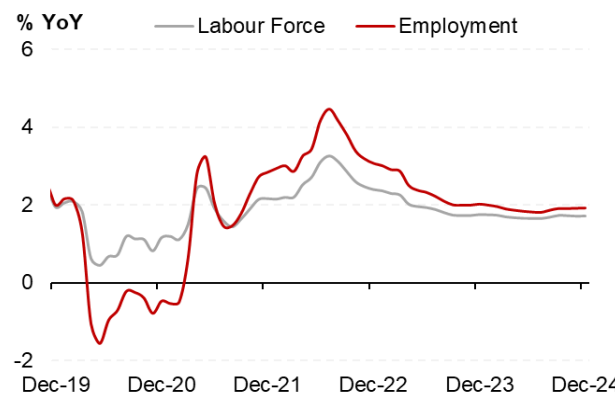
- **GDP Growth:** The 2024 GDP growth forecast remains at 5.0% (2023: 3.6%) as we expect 4Q24 growth to moderate to 4.6% (3Q24: 5.3%). Going forward, GDP growth is projected to moderate slightly to 4.8% in 2025 due to the base effect, rising external uncertainties following the renewed trade war amid a policy shift in the US administration, and normalising domestic 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

12 February 2025

Table 1: Malaysia's Labour Market Indicators

	Dec-23	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Labour Force							
Number ('000)	17,025.5	17,195.7	17,219.9	17,244.3	17,268.9	17,293.8	17,319.7
YoY %	1.8	1.7	1.7	1.7	1.7	1.7	1.7
MoM %	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Outside Labour Force							
Number ('000)	7,234.3	7,230.7	7,230.0	7,229.2	7,228.0	7,226.7	7,224.0
YoY %	-0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.1
MoM %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment							
Number ('000)	16,457.7	16,632.0	16,661.4	16,689.0	16,717.5	16,747.0	16,775.4
YoY %	2.0	1.8	1.9	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)	567.8	563.7	558.5	555.3	551.4	546.7	544.3
YoY %	-5.3	-2.7	-3.3	-3.2	-3.4	-4.0	-4.1
MoM %	-0.2	-0.3	-0.9	-0.6	-0.7	-0.9	-0.4
Unemployment Rate (%)	3.3	3.3	3.2	3.2	3.2	3.2	3.1
Labour Force Participation Rate (%)	70.2	70.4	70.4	70.5	70.5	70.5	70.6

Source: Dept. of Statistics, Kenanga Research

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