

Malaysia Labour Market

January unemployment holds at 3.1%, lowest in a decade

- **The unemployment rate remained unchanged for the second straight month at 3.1% in January (Dec 24: 3.1%), in line with the house forecast**

- Unemployment fell 0.9% MoM (Dec 24: -1.5%), albeit at a slower pace than the previous month.
- The number of unemployed dropped to 533.8k (Dec 24: 538.5k), nearing pre-pandemic levels (Feb-20: 525.2k).
- Meanwhile, the actively unemployed fell to 423.6k (Dec 24: 432.8k), the lowest since March 2020 (422.9k).

- **Employment growth rebounded by 0.3% MoM (Dec 24: -0.7%) driven by steady hiring in the services sector**

- **By sector:** according to the Department of Statistics (DOSM), services sector saw steady growth, mainly in accommodation, food & beverage, wholesale & retail trade, healthcare and social work activities. Manufacturing, construction, agriculture and mining & quarrying sectors also showed positive hiring trends.
- **By employment status:** employees (0.1% MoM; Dec 24: 0.1%) recorded a sustained growth. Employers (-10.6%; Dec 24: 0.3%), unpaid family worker (-3.5%; Dec 24: 0.1%), and own account workers (-0.4%; Dec 24: 0.4%) contracted.

- **Labour force participation rate remained at a record high (70.6%; Dec 24: 70.6%)**

- Labour force (0.29% MoM; Dec 24: -0.73%) rebounded, adding 49.8k persons (Dec 24: -125.4k), reaching 17.22m. Meanwhile, outside the labour force declined slightly (-0.03%; Dec 24: -0.97%) to 7.15m.

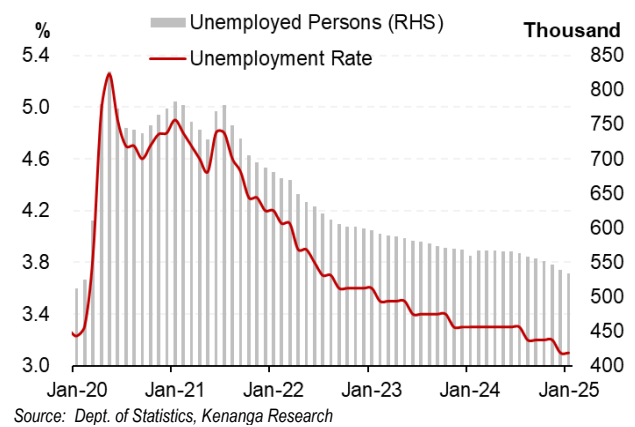
- **Mixed performance of unemployment rate among advanced economies**

- US: edged up in February (4.1%; Jan: 4.0%), with 151k jobs added, slightly below the 160k consensus forecast.
- Japan: unchanged for the fourth straight month in January (2.5%; Dec 24: 2.5%), reflecting a tight labour market.

- **2025 unemployment rate forecast remained at 3.1% (2024: 3.3%) banking on stable domestic demand**

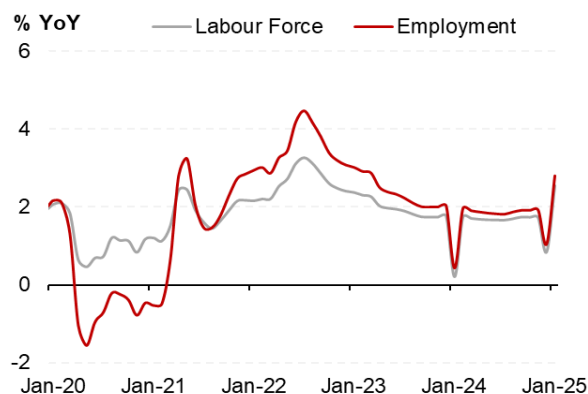
- **Outlook:** Despite global economic uncertainty from US policy shifts and escalating global trade war, Malaysia's labour market is expected to remain steady in 2025. Strong domestic demand, rising minimum wages, and higher government salaries will drive private consumption growth. Additionally, robust private investment, backed by various national policy initiatives and record-high approved investments, will further support employment. The ongoing recovery in tourism and record-high Federal government spending will further support the domestic economy.
- **GDP Growth:** The 2025 GDP growth forecast to moderate slightly to 4.8% (2024: 5.1%), reflecting last year's high base, the impact of rising global trade protectionism, 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

11 March 2025

Table 1: Malaysia's Labour Market Indicators

	Jan-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Labour Force							
Number ('000)	16,789.3	17,219.9	17,244.3	17,268.9	17,293.8	17,168.4	17,218.2
YoY %	0.2	1.7	1.7	1.7	1.7	0.8	2.6
MoM %	-1.4	0.1	0.1	0.1	0.1	-0.7	0.3
Outside Labour Force							
Number ('000)	7,026.8	7,230.0	7,229.2	7,228.0	7,226.7	7,156.8	7,154.8
YoY %	-2.9	0.0	-0.1	-0.1	-0.1	-1.1	1.8
MoM %	-2.9	0.0	0.0	0.0	0.0	-1.0	0.0
Employment							
Number ('000)	16,229.4	16,661.4	16,689.0	16,717.5	16,747.0	16,629.9	16,684.4
YoY %	0.4	1.9	1.9	1.9	1.9	1.0	2.8
MoM %	-1.4	0.2	0.2	0.2	0.2	-0.7	0.3
Unemployment							
Number ('000)	559.9	558.5	555.3	551.4	546.7	538.5	533.8
YoY %	-6.1	-3.3	-3.2	-3.4	-4.0	-5.2	-4.7
MoM %	-1.4	-0.9	-0.6	-0.7	-0.9	-1.5	-0.9
Unemployment Rate (%)	3.3	3.2	3.2	3.2	3.2	3.1	3.1
Labour Force Participation Rate (%)	70.5	70.4	70.5	70.5	70.5	70.6	70.6

Source: Dept. of Statistics, Kenanga Research

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