

12 June 2025

# Malaysia Labour Market

April jobless rate hits 10-year low on services strength, but hiring momentum slows

- The unemployment rate edged down to 3.0% in April (Mar: 3.1%), a 10-year low backed by hiring in the services sector

- Unemployment dropped 0.7% MoM (Mar: -0.6%), the fastest pace in three months.
- In absolute terms, the number of unemployed fell to 525.9k (Mar: 529.6k), near pre-pandemic levels (Feb-20: 525.2k).
- The actively unemployed fell to 418.6k (Mar: 420.7k), the lowest since February 2020 (343.2k).

- Employment growth slowed to 0.2% MoM (Mar: -0.3%), the weakest in five months

- By sector: According to the Department of Statistics (DOSM), the services sector saw continued hiring, especially in wholesale and retail trade, accommodation and food & beverage services, and transportation & storage.

Manufacturing, construction, agriculture and mining & quarrying sectors also saw increased hiring. Separate DOSM data showed manufacturing employment rebounded by 0.5% MoM in April (Mar: -0.2%) to 2.4m workers after four straight months of contraction. However, payrolls remained weak, falling by 0.9% MoM (Mar: -0.4%).

- By employment status: employees and own account workers remained steady at 0.2% and 0.6% MoM, respectively (Mar: 0.2% and 0.6%, respectively) for the third straight month. Employer growth slowed further to 0.2% (Mar: 0.4%), while unpaid family workers declined for a fourth straight month (-0.2%; Mar: -0.3%).

- Labour force participation hit a record high (70.8%; Mar: 70.7%)

- Labour force growth slowed to 0.21% MoM (Mar: 0.24%), adding 36.4k persons (Mar: 41.2k), bringing the total labour force to 17.34m.
- Meanwhile, the number of people outside the labour force rose to 0.16% (Mar: 0.07%) to 7.17m.

- Unemployment rates held steady across advanced economies

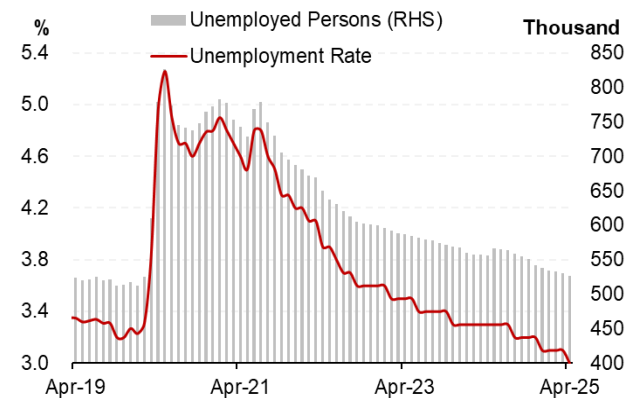
- US: Unchanged in May (4.2%; Apr: 4.2%), with 139.0k jobs added, beating the 130.0k consensus.
- JP: Unchanged in April (2.5%; Feb: 2.5%), with the jobs-to-applicants ratio stable at 1.26 (Mar: 1.26).

- 2025 unemployment rate forecast maintained at 3.1% (2024: 3.3%) despite April's improvement

- Outlook: We expect the labour market to remain stable throughout 2025, underpinned by resilient domestic demand. This is further supported by strong investment momentum as reflected in rising total approved investment reaching RM89.8b in 1Q25, a 3.7% YoY increase, mainly in the services sector. Meanwhile, private consumption remains firm, as evidenced by steady household loan growth at 5.9% in April (Mar: 5.9%), suggesting healthy consumer confidence and spending capacity.

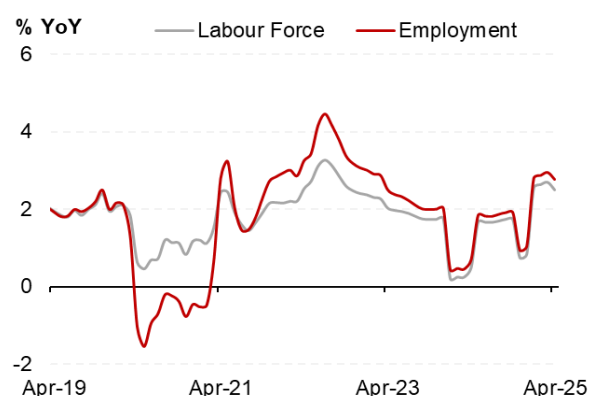
- GDP forecast: Overall, we maintain our GDP growth forecast at 4.3% (2024: 5.1%) after revising it from 4.8% following weaker-than-expected 1Q25 growth (4.4%), which had fallen short of our forecast (4.9%). While growth may moderate in the 2H25, we don't expect a sharp economic slowdown this year, especially with improving US-China trade prospects.

Graph 1: Unemployment Rate



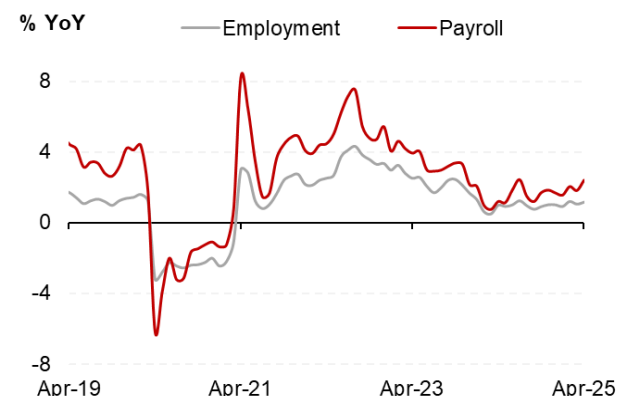
Source: Dept. of Statistics, Kenanga Research

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

	Apr-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
<b>Labour Force</b>							
Number ('000)	16,920.9	17,127.5	17,168.4	17,218.2	17,266.9	17,308.1	17,344.5
YoY %	0.5	0.7	0.8	2.6	2.6	2.7	2.5
MoM %	0.4	-0.8	0.2	0.3	0.3	0.2	0.2
<b>Outside Labour Force</b>							
Number ('000)	7,032.0	7,150.3	7,156.8	7,154.8	7,153.1	7,158.1	7,169.4
YoY %	-2.7	-1.2	-1.1	1.8	1.6	1.5	2.0
MoM %	-0.3	-1.1	0.1	0.0	0.0	0.1	0.2
<b>Employment</b>							
Number ('000)	16,364.4	16,585.7	16,629.9	16,684.4	16,734.1	16,778.5	16,818.6
YoY %	0.7	0.9	1.0	2.8	2.9	3.0	2.8
MoM %	0.4	-0.8	0.3	0.3	0.3	0.3	0.2
<b>Unemployment</b>							
Number ('000)	556.5	541.8	538.5	533.8	532.8	529.6	525.9
YoY %	-5.2	-4.8	-5.2	-4.7	-4.3	-4.9	-5.5
MoM %	0.0	-1.7	-0.6	-0.9	-0.2	-0.6	-0.7
<b>Unemployment Rate (%)</b>	<b>3.3</b>	<b>3.2</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.0</b>
<b>Labour Force Participation Rate (%)</b>	<b>70.6</b>	<b>70.5</b>	<b>70.6</b>	<b>70.6</b>	<b>70.7</b>	<b>70.7</b>	<b>70.8</b>

Source: Dept. of Statistics, Kenanga Research

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