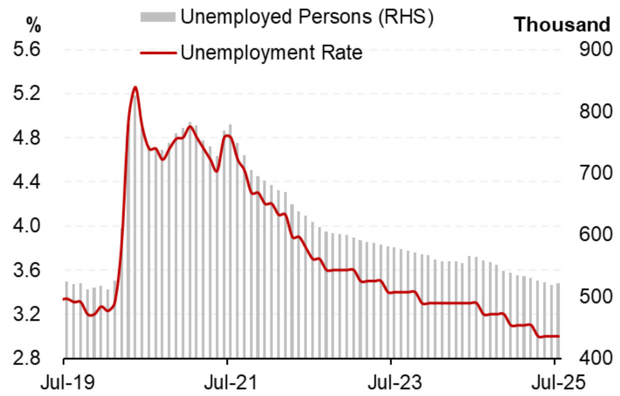
Malaysia Labour Market

July jobs steady, momentum may slow towards end-2025

- **The unemployment rate stayed at 3.0% (Jun: 3.0%) for the fourth straight month, supported by sustained hiring in the services sector**
  - Unemployment numbers, however, rebounded (0.6% MoM; Jun: -0.7%) for the first time in 13 months.
  - In absolute terms, the number of unemployed expanded to 521.6k (Jun: 518.7k), ending 12 straight month of decline.
  - The actively unemployed expanded to 416.2k (Jun: 414.4k), a two-month high, ending the 10 straight month of decline.

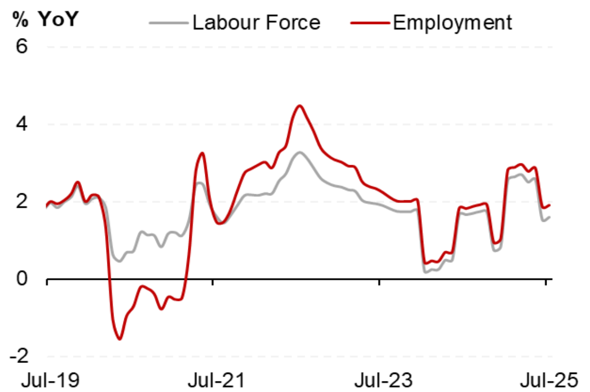
Graph 1: Unemployment Rate



Source: Dept. of Statistics, Kenanga Research

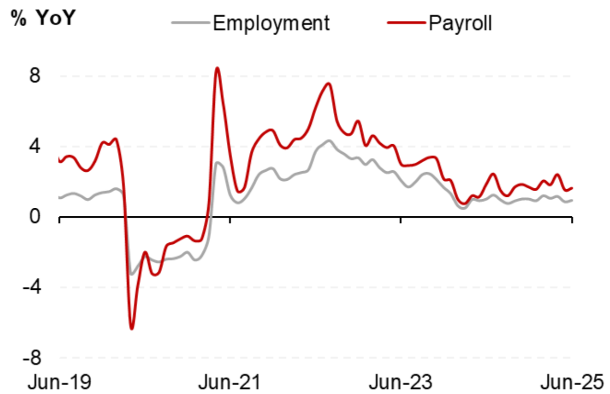
- **Employment growth slowed to 0.2% MoM (Jun: 0.3%), but year-to-date average remained at 0.3%, above the 2024 average (0.1% MoM)**
  - **By sector:** The Department of Statistics (DOSM) reported a sustained hiring in the services sector, particularly in wholesale and retail trade, accommodation and food & beverage services, as well as information & communication activities. Manufacturing, construction, agriculture and mining & quarrying sectors also registered a positive hiring.
  - **By employment status:** Growth slowed among employer (0.6%; Jun: 0.8%), employees (0.1%; Jun: 0.2%) and own account workers (0.4%; Jun: 0.6%), while unpaid family workers fell marginally (-0.02%; Jun: -0.2%).
- **Labour force participation stayed at a record high of 70.8% (Jun: 70.8%) for the fourth straight month**
  - Labour force growth up 0.21% MoM (Jun: 0.28%), bringing the total to 17.47m (Jun: 17.43m), a record high.
  - Meanwhile, the number of people outside the labour force rebounded by 0.18% (Jun: -0.004%) to 7.19m.
- **Mixed labour market conditions across advanced economies**
  - US: Edged up in August (4.3%; Jul: 4.2%) due to slower job gains in nonfarm payrolls (22.0k).
  - JP: Fell in July (2.3%; Jun: 2.5%), the first improvement in five months and lowest since Dec 2019.
- **2025 unemployment rate forecast revised slightly to 3.0% (2024: 3.3%) from 3.1% earlier amid steady hiring**
  - **Outlook:** The unemployment rate averaged 3.0% in the first seven months of this year. Despite a positive outlook, we remain cautious about the labour market prospect as July's performance indicate a slower momentum. Meanwhile, according to statistics from SOCSO's LMX platform, the number of available vacancies fell to 112,316 in August (Jul: 116,442), while loss of employment (LOE) stood at 6,683 (Jul: 6,365). Even so, we expect hiring in services sector to continue supporting the labour market, backed by higher tourist arrivals and approved investment implementation.
  - **GDP forecast:** We reiterate our 2025 GDP growth forecast at 4.3% (2024: 5.1%). We expect moderate growth in 4Q25 outlook weighed by external factors and the lagged effect of higher US tariffs. Upside risks remain if domestic demand stays resilient.

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-24	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Labour Force							
Number ('000)	17,195.7	17,266.9	17,308.1	17,344.5	17,384.8	17,434.0	17,470.5
YoY %	1.7	2.6	2.7	2.5	2.6	1.5	1.6
MoM %	0.1	0.3	0.2	0.2	0.2	0.3	0.2
Outside Labour Force							
Number ('000)	7,230.7	7,153.1	7,158.1	7,169.4	7,176.8	7,176.5	7,189.3
YoY %	0.1	1.6	1.5	2.0	1.8	-0.8	-0.6
MoM %	0.0	0.0	0.1	0.2	0.1	0.0	0.2
Employment							
Number ('000)	16,632.0	16,734.1	16,778.5	16,818.6	16,862.4	16,915.3	16,948.9
YoY %	1.8	2.9	3.0	2.8	2.9	1.9	1.9
MoM %	0.2	0.3	0.3	0.2	0.3	0.3	0.2
Unemployment							
Number ('000)	563.7	532.8	529.6	525.9	522.4	518.7	521.6
YoY %	-2.7	-4.3	-4.9	-5.5	-5.7	-8.2	-7.5
MoM %	-0.3	-0.2	-0.6	-0.7	-0.7	-0.7	0.6
Unemployment Rate (%)	**3.3**	**3.1**	**3.1**	**3.0**	**3.0**	**3.0**	**3.0**
Labour Force Participation Rate (%)	70.4	70.7	70.7	70.8	70.8	70.8	70.8

Source: Dept. of Statistics, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

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KENANGA INVESTMENT BANK BERHAD (15678-H)
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880   Website: www.kenanga.com.my   E-mail: research@kenanga.com.my