

11 November 2025

Malaysia Labour Market

September jobless rate steady at 3.0%; services-led hiring keeps growth on track into 2026

- **Unemployment rate remained at 3.0% in September (Aug: 3.0%), the sixth straight month of no change, reflecting a stable labour market**

- The number of unemployed fell for a second straight month (-0.3% MoM; Aug: -0.3%).
- In absolute terms, the number of unemployed fell to 518.6k (Aug: 520.0k), the lowest since Jan 2020 (511.7k).
- Actively unemployed also fell to 413.6k (Aug: 414.9k), the lowest since Feb 2020.

- **Employment growth sustained at 0.2% MoM (Aug: 0.2%) for a third straight month, above the 2024 MoM average (0.1%)**

- **By sector:** The Department of Statistics (DOSM) continues to report steady hiring in services, led by wholesale and retail trade, accommodation and food & beverage services as well as information & communication. Manufacturing, construction, mining & quarrying and agriculture sectors also saw gains.
- **By employment status:** Number of employers rose 1.3% (Aug: 0.6%), and unpaid family workers returned to growth (0.1%; Aug: -0.2%) for the first time in 12 months. Growth moderated among employees (0.1%; Aug: 0.2%) and own account workers (0.4%; Aug: 0.5%).

- **Labour force participation remained at a record high of 70.9% (Aug: 70.9%) for the second straight month**

- Labour force growth held at 0.2% MoM (Aug: 0.2%), lifting the total to 17.54m (Aug: 17.51m).
- Meanwhile, people outside the labour force expanded for the third straight month, up 0.1% (Aug: 0.2%) to 7.21m, a 21-month high.

- **Unemployment rate remained stable among selected advanced Asian economies**

- Japan: Held steady (2.6%; Aug: 2.6%) for the second straight month, but highest since July 2024 as some companies take a wait-and-see approach ahead of the October minimum hourly wage hike.
- Taiwan: Unchanged (3.4%; Aug: 3.4%) for the second straight month, indicating that overall labour market conditions have stabilised after the graduation season.

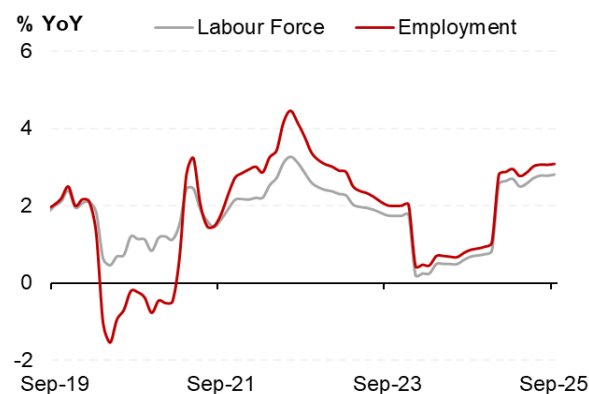
- **2025 unemployment rate forecast retained at 3.0% (2024: 3.3%); expected to hold in 2026**

- **Outlook:** Malaysia's labour market remains firm despite ongoing global headwinds, supported by strong domestic-oriented sectors, sustained services expansion, a mining recovery, and national policy frameworks that continue to attract high-quality, job-creating investment. We expect services continue lead job creation, helped by momentum from Visit Malaysia 2026 campaign. Measures outlined in the Federal Budget 2026 should also further support hiring across various industries.
- **GDP forecast:** With a stable labour market and steady services hiring, domestic growth should stay resilient, anchored by domestic demand and the ongoing realisation of approved investments. Hence, we maintain our 3Q25 GDP growth forecast at 5.0% (2Q25: 4.4%) and expect moderate growth in 4Q25. This keeps our full-year 2025 GDP growth forecast at 4.5% (2024: 5.1%), easing to 4.2% in 2026.

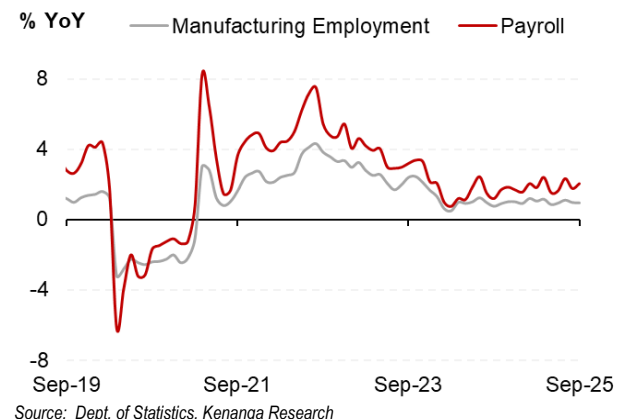
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment



Graph 3: Manufacturing Payroll and Employment



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Table 1: Malaysia's Labour Market Indicators

	Sep-24	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Labour Force							
Number ('000)	17,065.1	17,344.5	17,384.8	17,434.0	17,470.5	17,508.0	17,544.8
YoY %	0.7	2.5	2.6	2.7	2.8	2.8	2.8
MoM %	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Outside Labour Force							
Number ('000)	7,118.3	7,169.4	7,176.8	7,176.5	7,189.3	7,201.5	7,209.3
YoY %	-1.7	2.0	1.8	1.5	1.4	1.4	1.3
MoM %	0.2	0.2	0.1	0.0	0.2	0.2	0.1
Employment							
Number ('000)	16,516.3	16,818.6	16,862.4	16,915.3	16,948.9	16,988.0	17,026.3
YoY %	0.9	2.8	2.9	3.0	3.1	3.1	3.1
MoM %	0.2	0.2	0.3	0.3	0.2	0.2	0.2
Unemployment							
Number ('000)	548.8	525.9	522.4	518.7	521.6	520.0	518.6
YoY %	-4.3	-5.5	-5.7	-6.3	-5.7	-5.7	-5.5
MoM %	-0.5	-0.7	-0.7	-0.7	0.6	-0.3	-0.3
Unemployment Rate (%)	3.2	3.0	3.0	3.0	3.0	3.0	3.0
Labour Force Participation Rate (%)	70.6	70.8	70.8	70.8	70.8	70.9	70.9

Source: Dept. of Statistics, Kenanga Research

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