

11 December 2025

Malaysia Labour Market

October jobless rate holds at 3.0%, supported by services-led hiring

- **Unemployment rate held steady at 3.0% in October (Sep: 3.0%), marking seventh straight month of stability and signalling a stable labour market**

- The number of unemployed, however, rebounded (0.1% MoM; Sep: -0.3%) for the first time in three months.
- In absolute terms, the number of unemployed expanded slightly to 518.9k (Sep: 518.6k).
- Actively unemployed also edged up slightly to 413.8k (Sep: 413.6k).

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

- **By sector:** The Department of Statistics (DOSM) reported steady hiring in services, underpinned by accommodation and food & beverage services, wholesale and retail trade, and information & communication. Manufacturing, construction, and agriculture sectors also saw gains. However, mining & quarrying reported a decline.
- **By employment status:** Mixed performance across the groups. Growth of employers slowed to 0.9% (Sep: 1.3%), but employees (0.1%; Sep: 0.1%) and own account workers (0.4%; Sep: 0.4%) held steady. Meanwhile, unpaid family workers fell (-0.2%; Sep: 0.1%), after a brief rebound.

- **Labour force held at record high of 70.9% (Sep: 70.9%) for the third straight month**

- Labour force sustained (0.2% MoM; Sep: 0.2%), for the fourth straight month, rising to 17.58m (Sep: 17.54m).
- Meanwhile, people outside the labour force sustained by 0.1% (Sep: 0.1%) to 7.22m, a 22-month high.

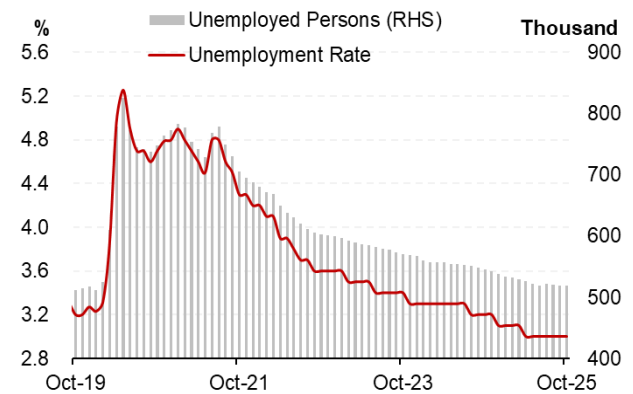
- **Selected advanced Asian economies showed similar stability in October**

- Japan: Remained unchanged (2.6%; Sep: 2.6%) for a third straight month, reflecting a tight labour market, though government officials reported that some firms are taking a wait-and-see approach as the minimum hourly wage rises from October.
- Taiwan: Jobless ticked down (3.3%; Sep: 3.4%), a three-month low, bolstered by robust hiring in services.

- **2025 unemployment rate is expected to settle at 3.0% (2024: 3.3%) and remain sticky in 2026**

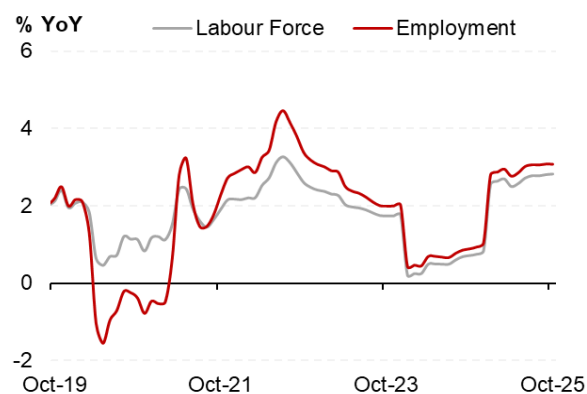
- **Outlook:** Malaysia's labour market is expected to remain stable despite persistent external headwinds, supported by resilient domestic-oriented sectors as it moves up the value chain and advances structural reforms. Services will remain the main driver of job creation, supported by Visit Malaysia 2026 campaign, ongoing realisation of approved investments, and contributions from the manufacturing, particularly the E&E amid tech upcycle.
- **GDP forecast:** Domestic growth is projected to stay firm in the near term, anchored by a steady labour market and rising hiring in services, boosted by tourism-related activities. Continued realisation of approved investments in services and manufacturing will add support. Against this backdrop, we maintain our full-year 2025 GDP growth forecast at 4.5% (2024: 5.1%) for now, with scope to upgrade to 4.8% should upcoming high frequency indicators hold firm.

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

	Oct-24	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Labour Force							
Number ('000)	17,095.5	17,384.8	17,434.0	17,470.5	17,508.0	17,544.8	17,579.0
YoY %	0.7	2.6	2.7	2.8	2.8	2.8	2.8
MoM %	0.2	0.2	0.3	0.2	0.2	0.2	0.2
Outside Labour Force							
Number ('000)	7,134.7	7,176.8	7,176.5	7,189.3	7,201.5	7,209.3	7,218.2
YoY %	-1.4	1.8	1.5	1.4	1.4	1.3	1.2
MoM %	0.2	0.1	0.0	0.2	0.2	0.1	0.1
Employment							
Number ('000)	16,549.8	16,862.4	16,915.3	16,948.9	16,988.0	17,026.3	17,060.1
YoY %	0.9	2.9	3.0	3.1	3.1	3.1	3.1
MoM %	0.2	0.3	0.3	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	545.7	522.4	518.7	521.6	520.0	518.6	518.9
YoY %	-4.4	-5.7	-6.3	-5.7	-5.7	-5.5	-4.9
MoM %	-0.6	-0.7	-0.7	0.6	-0.3	-0.3	0.1
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	70.9	70.9	70.9

Source: Dept. of Statistics, Kenanga Research

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