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Malaysia Labour Market

Unemployment Rate Holds

Executive Summary

- Malaysia's unemployment rate remained at 3.1%, reflecting a stable labour market with sustained economic activity and labour demand.
- The labour force participation rate has remained stable at 70.6%, reflecting continued workforce engagements.
- We foresee labour market to remain fairly stable this year amid sustained job creation, supportive policies, and investment realization will drive employment growth.

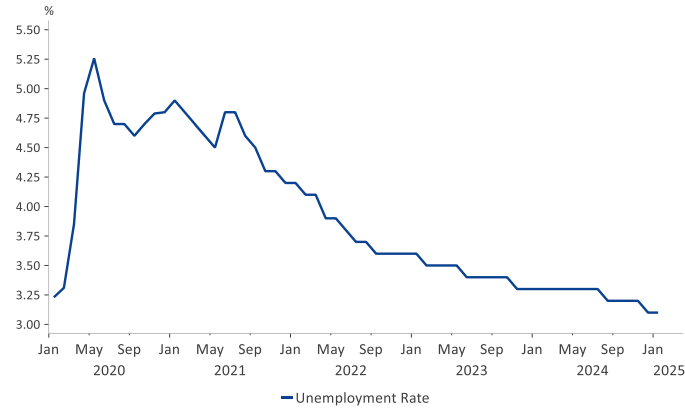
Steady labour market signals sustained economic growth. As of Jan 2025, the unemployment rate remained at 3.1%, reflecting a stable labour market with continued economic activity and labour demand. The number of unemployed persons continued to decline, decreasing by -0.9% to 533.8k persons in Jan 2025. This steady improvement highlights sustained job creation and economic expansion. Employment growth, both month-on-month (mom) and year-on-year (yoy), fluctuated throughout the observed period. The steady increase in employment is consistent with economic resilience. The number of employees rose by 0.3%, reaching 12.6m, while the number of own-account workers increased by 0.7% to 3.1m, indicating more entrepreneurial and freelance opportunities in the economy.

Workforce expansion drives job growth. The labour force grew by 0.3% in Jan 2025, reaching 17.2m persons. This reflects an expanding workforce and an increasing number of individuals participating in economic activities. Employment levels improved further, rising by 0.3% to 16.7m. The employment-to-population ratio also increased slightly to 68.5%, signalling the economy's ability to create jobs at a steady pace. The Services sector continued to drive employment growth, particularly in Accommodation and food & beverage services, Wholesale & retail trade, and Human health and social work activities. Additionally, employment in the Manufacturing, Construction, Agriculture, and Mining & quarrying sectors saw positive growth.

Labor force holds strong as participation remains steady. The labour force participation rate has remained stable at 70.6%, reflecting continued workforce engagement. Meanwhile, the number of persons outside the labour force slightly declined by 0.03% to 7.2m. Among those outside the labour force, the majority cited housework/family responsibilities (43.6%) and schooling/training (41.8%) as the primary reasons for non-participation. Labor force growth remained positive, with consistent expansion in employment levels. The slight fluctuations observed in early 2024 and early 2025 may be attributed to seasonal employment trends or policy adjustments. The overall steady increase in the labour force aligns with broader economic growth and improved job opportunities.

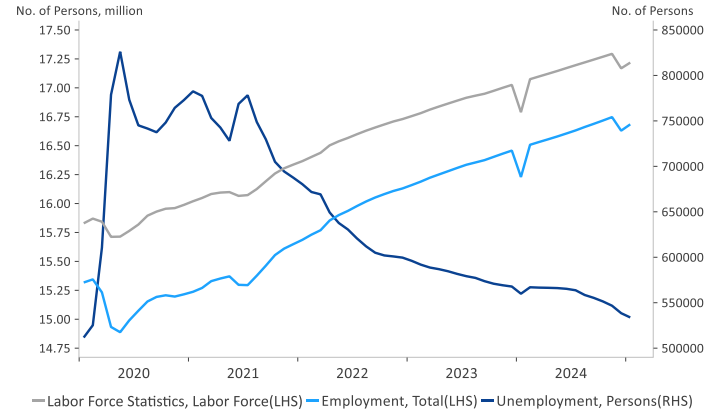
Our thoughts. As 2025 progresses, we foresee sustained job creation across various industries could support this momentum. With the unemployment rate holding at 3.1% and labour force participation remained steady, employment opportunities are likely to continue expanding. However, we continue to monitor risks such as global economic uncertainties, inflationary pressures, and supply chain disruptions could pose challenges to labour market stability. The continued expansion of the Services and Manufacturing sectors, along with a rise in self-employment, highlights the market's adaptability to shifting economic conditions. Moving forward, policies that enhance workforce participation, skills development, and job market flexibility will be essential for long-term employment resilience. Additionally, higher realisation of approved investments, the rollout of national master plan initiatives, and increased tourist arrivals should further support employment growth in 2025.

Figure 1: Unemployment rate held steady at 3.10% in Jan 25



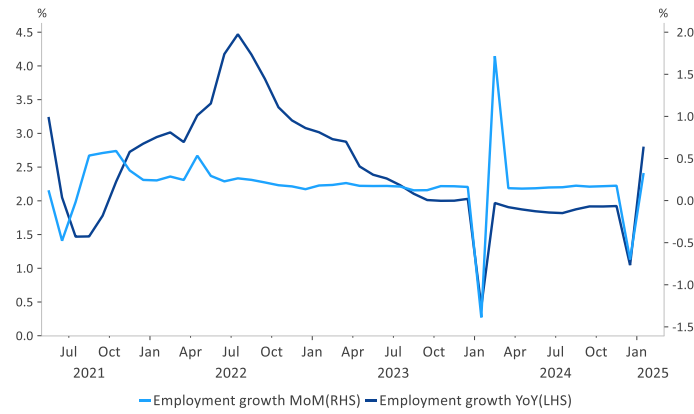
Source: Macrobond, Apex Securities

Figure 2: Labour force expands to 17.2 mn in Jan 25 (Dec: 17.1 mn)



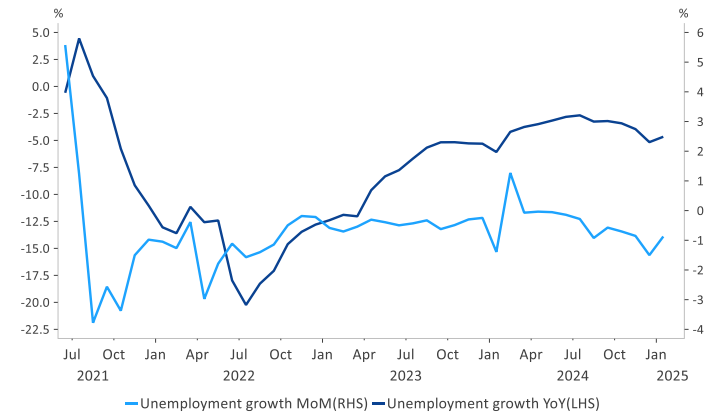
Source: Macrobond, Apex Securities

Figure 3: Employment growth rises 2.8% YoY in Jan 25 (Dec: 1.0% YoY)



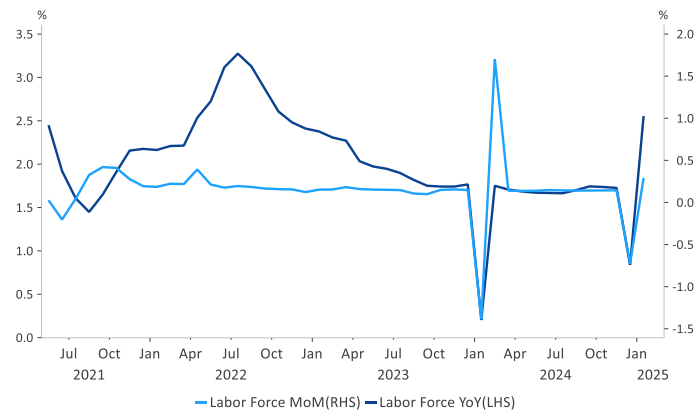
Source: Macrobond, Apex Securities

Figure 4: Unemployment growth fell by -4.7% YoY (Dec: -5.2% YoY)



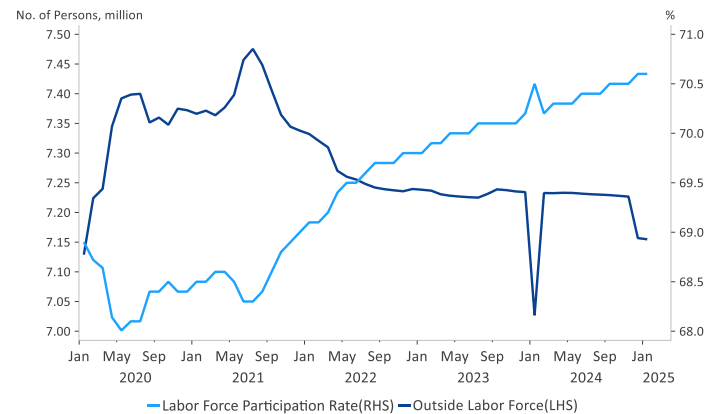
Source: Macrobond, Apex Securities

Figure 5: Labour force expands 2.6% YoY in Jan 25 (Dec: 0.8% YoY)



Source: Macrobond, Apex Securities

Figure 6: Labour Force Participation Rate steady at 70.6% in Jan 25



Source: Macrobond, Apex Securities

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.
