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2Q25 GDP Growth:	+4.4%
2025 GDP Growth Forecast:	+4.2%
8M25 Headline Inflation:	+1.4%
2025 Headline Inflation Forecast:	+1.4%
BNM OPR:	2.75%
End-2025 OPR Forecast:	2.75%

Malaysia Labour Market

Supportive of growth outlook despite external risks

- The labour market remained stable in August, with the unemployment rate holding at 3.0%, consistent with full employment.
- Hiring in the services sector is expected to remain firm, supported by resilient domestic demand, though risks persist for export-oriented manufacturing sectors amid impending sectoral tariffs and geopolitical tensions.
- We maintain our 2025 unemployment forecast at 3.0% (2024: 3.2%), which should help anchor household spending against external trade headwinds.
- We keep our 2025 private consumption growth forecast at +5.1% YoY (2024: +5.1%) and reiterate our 2025 GDP growth projection at +4.2% (2024: +5.1%).

Resilient labour market conditions in August

Malaysia's labour market remained largely stable in August. The unemployment rate stayed at 3.0% (Jul: 3.0%), as the number of unemployed edged down to 520k (Jul: 521.6k). Meanwhile, active jobseekers went down slightly to 414.9k (Jul: 416.2k).

Employment growth held steady at +0.2% MoM (Jul: +0.2%), led by hiring in services sector, particularly wholesale & retail trade, information & communication as well as accommodation and F&B. Besides, manufacturing, construction, mining and agriculture sectors also recorded upward trend. By employment status, the number of employers (+0.7%; Jul: +0.6%) and employees (+0.2%; Jul: +0.1%) continued to rise, while the self-employed (-0.2%; Jul: -0.02%) eased during the month.

The labour force expanded by +0.2% MoM (Jul: +0.2%) to 17.51m (Jul: 17.47m), with the participation rate edging higher to 70.9% (Jul: 70.8%).

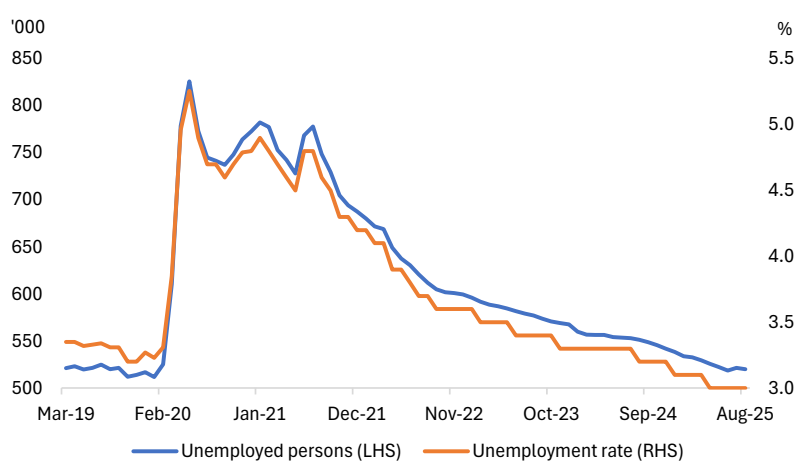
Potential softening in manufacturing hires

The stable labour market continues to underscore resilience despite the US's 19% tariff on Malaysia that took effect in August. We expect hiring momentum in the services sector to hold up, supported by firm domestic demand and generally positive business conditions. However, risks are tilted towards softer hirings in export-oriented manufacturing sectors amid external headwinds including impending sectoral tariffs and geopolitical conflicts. Malaysia's September manufacturing PMI signalled reductions in staffing alongside subdued export orders, suggesting potential slowdown in hiring momentum within the sector.

Stable labour market to underpin consumption amid external risks

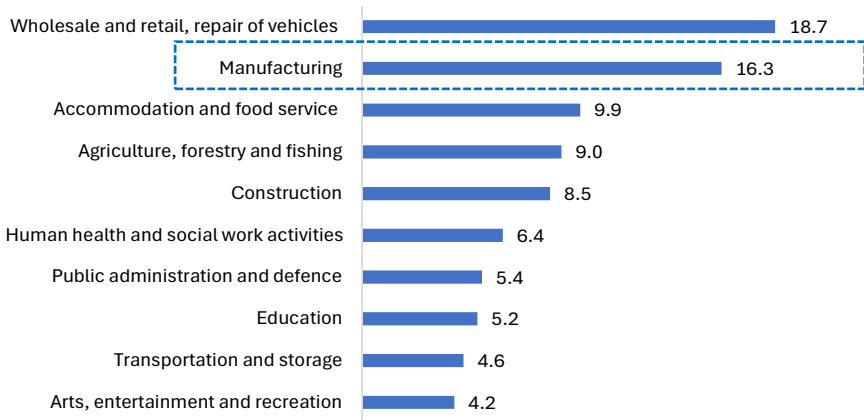
With the unemployment rate averaging 3.0% in 8M25, we **maintain our 2025 unemployment forecast at 3.0%** (2024: 3.2%), consistent with full employment. A resilient labour market at this level should continue to anchor household spending and cushion the economy against external trade headwinds. We therefore **keep our 2025 private consumption growth forecast at +5.1% YoY** (2024: +5.1%), and **reiterate our 2025 GDP growth projection at +4.2%** (2024: +5.1%).

Figure 1: Unemployment rate remains at a decade-low of 3.0% in August



Source: Department of Statistics, Apex Securities

Figure 2: Manufacturing sector accounted for 16.3% share of employment in 2024



Source: Department of Statistics, 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 + dividend yield

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.
