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3Q25 GDP Growth:	+5.2%
2025 GDP Growth Forecast:	+4.7%
2026 GDP Growth Forecast:	+4.3%
11M25 Export Growth:	+6.1%
2025 Export Growth Forecast:	+6.0%
2026 Export Growth Forecast:	+4.8%
11M25 Unemployment Rate:	3.0%
2025 Unemployment Rate Forecast:	3.0%
2026 Unemployment Rate Forecast:	3.1%
11M25 Headline Inflation:	+1.4%
2025 Headline Inflation Forecast:	+1.4%
2026 Headline Inflation Forecast:	+1.8%
End-2025 OPR	2.75%
End-2026 OPR Forecast:	2.75%

Malaysia Labour Market

Positive conditions supportive of growth outlook

- The labour market remained resilient in November, with the unemployment rate easing further to an 11-year low of 2.9%.
- Services should remain a key anchor for employment in 2026, supported by resilient consumption, Visit Malaysia 2026 and sustained investment flows.
- Easing tariff concerns and steady global semiconductor demand provide further tailwinds for manufacturing, supporting continued hiring in the sector.
- We maintain our unemployment forecasts at 3.0% for 2025 (11M25: 3.0%; 2024: 3.2%) and 3.1% for 2026.
- Accordingly, we keep our GDP growth projections at +4.7% YoY for 2025 and a more moderate +4.3% for 2026 amid lingering external uncertainties.

Unemployment rate falls to 11-year low

Malaysia's labour market remained resilient in November, with the unemployment rate easing further to an 11-year low of 2.9%, reflecting a firmer growth outlook alongside an improving external backdrop. The number of unemployed edged down to 518.4k (Oct: 518.9k), while active jobseekers declined marginally to 413.5k (Oct: 413.8k).

Employment continued to expand at a steady pace of +0.2% MoM (Oct: +0.2%), underpinned by sustained hiring in the services sector, particularly human health & social work activities, wholesale & retail trade and F&B. Employment gains were also recorded across manufacturing, construction, agriculture and mining sectors during the month.

By employment status, the number of employers (+0.8% MoM; Oct: +0.9%) and own-account workers (+0.3%; Oct: +0.4%) moderated slightly, while employees (+0.1%; Oct: +0.1%) was largely unchanged. The labour force expanded by +0.2% to 17.61m (Oct: 17.58m), with the participation rate steady at 70.9%.

External resilience provides further tailwinds

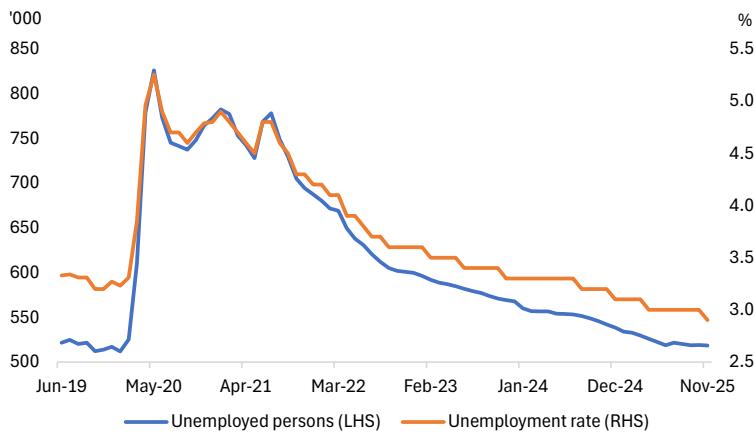
Steady hiring momentum in services, which accounts for nearly two-thirds of total employment, should remain a key anchor in 2026, supported by resilient consumption, Visit Malaysia 2026 and sustained investment flows. A tight labour market, alongside income-related measures including the one-off RM100 SARA subsidy to be disbursed in February, should continue to underpin domestic demand.

Externally, easing tariff concerns and a steady outlook for global semiconductor demand amid the AI-led technology upcycle provide further tailwinds for manufacturing, the second-largest contributor to employment. In addition, Malaysia's December manufacturing PMI recorded a second straight month of employment growth, as firms ramped up hiring ahead of new projects and staff replacement. External resilience should continue to provide near-term support to hiring in manufacturing.

Maintain a positive growth outlook

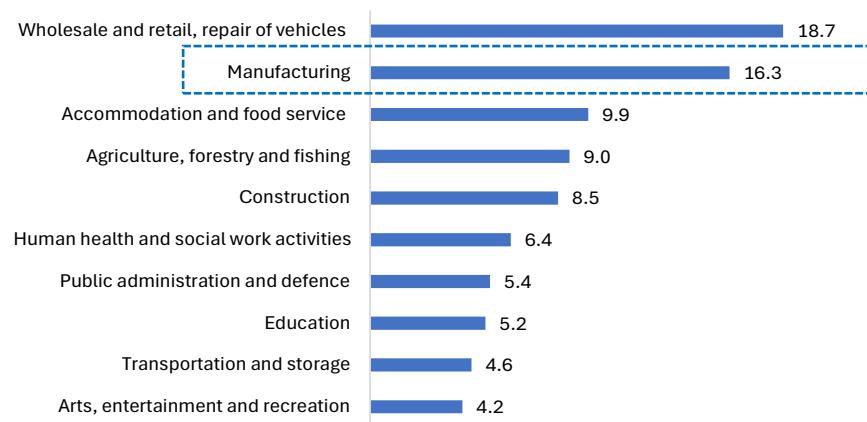
Overall, firm labour market conditions remain supportive of consumption momentum, consistent with our real private consumption growth forecast of +5.1% YoY in 2026 (9M25: +5.1%). We maintain our unemployment forecasts at 3.0% for 2025 (11M25: 3.0%; 2024: 3.2%) and 3.1% for 2026. Accordingly, we keep our GDP growth projections at +4.7% for 2025 and a more moderate +4.3% for 2026 amid lingering external uncertainties.

Figure 1: Unemployment rate fell to an 11-year low of 2.9% in November



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.