Malaysia's Labour Market Remains Stable, Unemployment Holds at 3.1% in January 2025

ECONOMIC REVIEW:
Jan 2025 Labour Market



Author
MIDF Research
research@midf.com.my

Economic Review

- Unemployment unchanged at 3.1%. Malaysia's labour market began the year on a stable footing as the unemployment rate remained steady at 3.1% in Jan-25, unchanged from the previous month. Malaysia's labor market remained stable, mainly attributable to robust investment in the semiconductor industry, which continues to fuel job creation and boost employment.
- Slightly lower vacancies in Feb-25. Labour demand eased slightly in Feb-25, with job vacancies decreasing to 123.7K (Jan-25: 133.9K). In terms of job categories, professional workers experienced the most significant month-on-month increase, with vacancies rising by +5K.
- Malaysia's unemployment rate to remain steady in 2025. Malaysia's unemployment rate is projected to average slightly lower in 2025 at 3.2% (2024: 3.3%), reflecting a stable and resilient labour market. Looking ahead for the year, we foresee positive labour demand with increased job vacancies in the construction and services sectors, supported by steady domestic economic growth.

Unemployment unchanged at 3.1%. Malaysia's labour market began the year on a stable footing as the unemployment rate remained steady at 3.1% in Jan-25, unchanged from the previous month. Malaysia's labor market remained stable, mainly attributable to robust investment in the semiconductor industry, which continues to fuel job creation and boost employment. This steady performance was underpinned by a continued rise in the labour force (+2.6%yoy) and steady employment growth (+2.8%yoy). Notably, this marked the 42nd consecutive month since Aug-21 in which employment growth outpaced the expansion of the labour force. Consequently, the number of unemployed individuals declined to 534K (Dec-24: 539K), the lowest level since Feb-20. Unemployment count declined further by -4.7%yoy, which has consistently been on a declining trend since Sep-21. Among youths aged 15-24, the unemployment rate edged down to 10.3% in Jan-25 (Dec-24: 10.4%). By employment type, employees continued to make up the largest share of total employment at 75.3% during the month, followed by own-account workers (18.6%) and employers (3.3%). All three categories contributed to employment growth, with year-on-year increases during the month of +2.7%yoy, +3.3%yoy, and +2.1%yoy, respectively. The labour force participation rate remained high and steady at 70.6%, reflecting increased workforce entry. Coupled with steady employment growth and lower unemployment rate, this signals that more individuals are securing jobs, supported by Malaysia's steady domestic economic conditions. Looking ahead, a stable labour market along with growing wages are expected to support consumer spending and drive domestic economic growth.

Table 1: Summary of labour Market (in '000)

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Labour Force	17,220	17,244	17,269	17,294	17,168	17,218
YoY%	1.7	1.7	1.7	1.7	0.8	2.6
MoM%	0.1	0.1	0.1	0.1	-0.7	0.3
Employment	16,661	16,689	16,718	16,747	16,630	16,684
YoY%	1.9	1.9	1.9	1.9	1.0	2.8
MoM%	0.2	0.2	0.2	0.2	-0.7	0.3

Unemployment	559	555	551	547	539	534
YoY%	(3.3)	(3.2)	(3.4)	(4.0)	(5.2)	(4.7)
MoM%	(0.9)	(0.6)	(0.7)	(0.9)	(1.5)	(0.9)
Outside Labour Force	7,230	7,229	7,228	7,227	7,157	7,155
YoY%	(0.0)	(0.1)	(0.1)	(0.1)	(1.1)	1.8
MoM%	(0.0)	(0.0)	(0.0)	(0.0)	(1.0)	(0.0)
Labour Force Participation Rate, %	70.4	70.5	70.5	70.5	70.6	70.6
Unemployment Rate, %	3.2	3.2	3.2	3.2	3.1	3.1

Source: Macrobond, MIDFR

Slightly lower vacancies in Feb-25. Labour demand eased slightly in Feb-25, with job vacancies decreasing to 123.7K (Jan-25: 133.9K). In terms of job categories, professional workers experienced the most significant month-on-month increase, with vacancies rising by +5K. Most other categories saw declines, with the steepest drop observed in clerical support workers (-6K), followed by service and sales workers (-4K), and technicians and associate professionals (-2K). Sector-wise, the services sector saw a drop in vacancies, falling to 81.7K (Jan-25: 95.6K). Growth in openings was recorded for financial and insurance activities, other services, and health and social work activities. Nonetheless, declines in transportation and storage; administration and support service activities; and wholesale and retail trade contributed to the lower vacancies figures for the services sector in Feb-25. The manufacturing sector recorded a rebound, with vacancies increasing by +4.4K to a total of 25.3K, reversing the -2.5K decline in the previous month. The agriculture sector grew +2.9K jobs, with vacancies growing to 8.1K (Jan-25: 5.3K), whereas openings in the construction sector recorded a steeper decline of -3.5K (Jan-25: -168). Looking ahead, we expect job vacancies in the construction and services sectors to remain as major sources of labour demand, driven by steady domestic economic expansion.

Table 2: Composition of Job Vacancies by Type & Sector (share, %)

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Total Jobs, Thousands	126.5	132.4	150.4	111.7	133.9	123.7
Legislators, Senior Officials & Managers	6.8	6.7	6.0	6.9	5.1	5.3
Professionals	18.4	16.3	14.2	17.3	14.9	20.7
Technicians & Associate Professionals	14.7	15.6	12.6	15.6	16.2	15.6
Clerical Workers	9.9	10.0	7.7	11.7	15.8	11.8
Service, Shop & Market Sales Workers	11.1	11.5	12.5	15.9	15.5	13.4
Skilled Agricultural & Fisheries Workers	0.9	0.2	0.8	0.6	0.8	0.6
Craft and Related Trades Workers	4.1	6.0	6.5	3.1	3.1	3.3
Plant & Machinery Operators & Assemblers	10.0	5.0	5.0	4.2	6.9	5.8
Elementary Occupations	24.2	28.6	34.7	24.7	21.6	23.5
Agriculture, Forestry & Fishing	10.6	9.1	10.2	5.8	3.9	6.6
Mining & Quarrying	0.5	0.8	0.5	0.5	0.6	0.5
Manufacturing	16.1	20.1	15.0	20.8	15.6	20.5
Construction	8.1	11.5	14.7	10.3	8.5	6.4
Services	64.7	58.5	59.5	62.5	71.4	66.0

Source: Macrobond, MIDFR

The global labour market remains stable amid a challenging trade landscape. The global labour market demonstrated continued stability in Jan-25, with unemployment rates remaining steady in most countries. This trend highlights the resilience of the global job market. In the US, the unemployment rate edged down to 4% (Dec-24: 4.1%) and nonfarm payrolls recorded softer growth by +125K (Dec-24: +323K jobs). The positive job growth still points at a stable labor market landscape despite Department of Government Efficiency (DOGE) measures to reduce the size of the federal civilian workforce. China's Jan-25 unemployment data is pending, but the government aims to keep urban unemployment around 5.5% and pledged to create over 12 million new jobs this year. We believe adequate policy support could drive job creation to meet this target. Unemployment rate ticked up in Japan (2.5%), whereas the rate surged in the Philippines to 4.3% from a record low of 3.1% in Dec-24. Meanwhile, other regions recorded stable unemployment rate, including euro area (6.2%), Taiwan (3.4%), South Korea (3.7%), and Hong Kong (3.1%). Overall, the steady unemployment figures reflect the underlying stability and resilience of the global job market despite challenges posed by the escalating trade tensions and ongoing geopolitical conflicts.

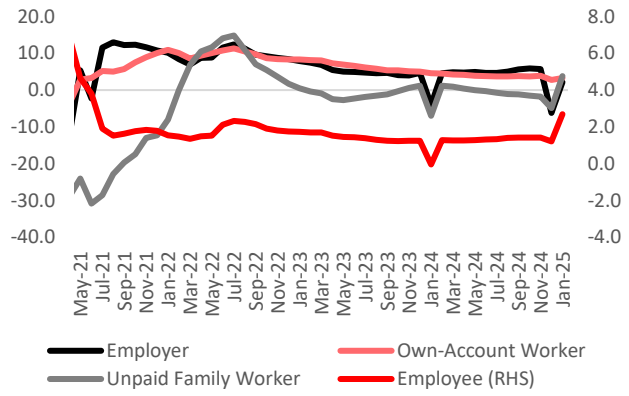
Table 3: Global unemployment rates (%)

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Malaysia	3.3	3.2	3.2	3.2	3.2	3.1	3.1
Philippines	4.7	4	3.7	3.9	3.2	3.1	4.3
Taiwan	3.3	3.4	3.4	3.4	3.4	3.4	3.4
South Korea	2.5	2.4	2.5	2.7	2.7	3.7	3.7
Hong Kong	3	3	3	3.1	3.1	3.1	3.1
China	5.2	5.3	5.1	5	5	5.1	n.a.
Japan	2.7	2.5	2.4	2.5	2.5	2.4	2.5
Euro area	6.4	6.3	6.3	6.3	6.2	6.2	6.2
UK	4.1	4	4.3	4.3	4.4	4.4	n.a
US	4.3	4.2	4.1	4.1	4.2	4.1	4.0

Source: Macrobond, MIDFR

Malaysia's unemployment rate to remain steady in 2025. Malaysia's unemployment rate is projected to average slightly lower in 2025 at 3.2% (2024: 3.3%), reflecting a stable and resilient labour market. Looking ahead for the year, we foresee positive labour demand with increased job vacancies in the construction and services sectors, supported by steady domestic economic growth. The manufacturing sector, however, remains vulnerable to global trade fluctuations, which could impact employment in the technology sector and other trade-oriented industries. Economic challenges, including the volatile global trade landscape, geopolitical uncertainties and weaker demand from major trading partners, pose downside risks to Malaysia's labour market outlook in the near term. Nonetheless, sustained domestic demand, realisation of investment activities and increased government spending are expected to drive job creation and sustain healthy labour demand.

Chart 1: Employment by Type (YoY%)



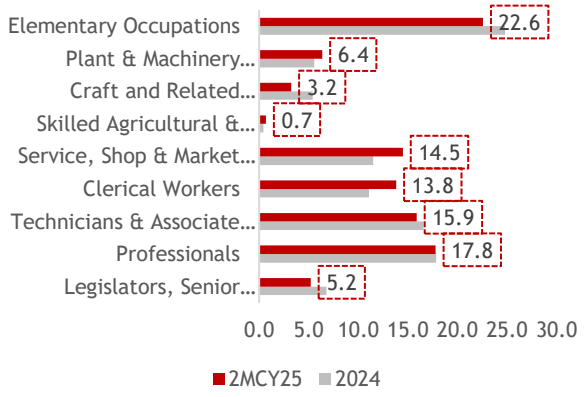
Source: DOSM, Macrobond, MIDFR

Chart 2: Jobless Rate vs. Job Vacancies Rate (%)



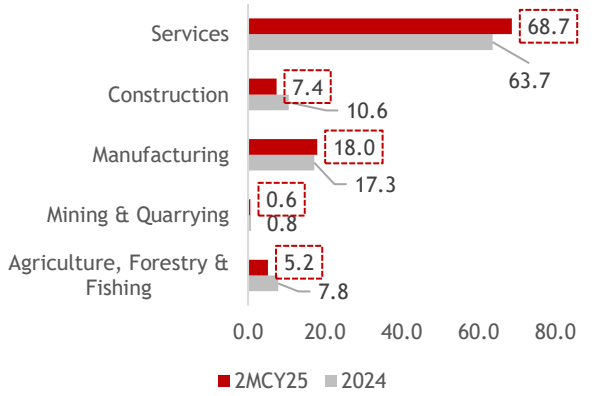
Source: DOSM, Macrobond, MIDFR

Chart 3: Share of Job Vacancies by Type (%)



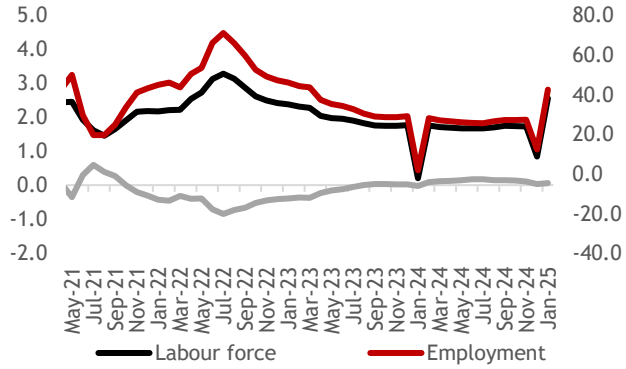
Source: PERKESO, Macrobond, MIDFR

Chart 4: Share of Job Vacancies by Sector (%)



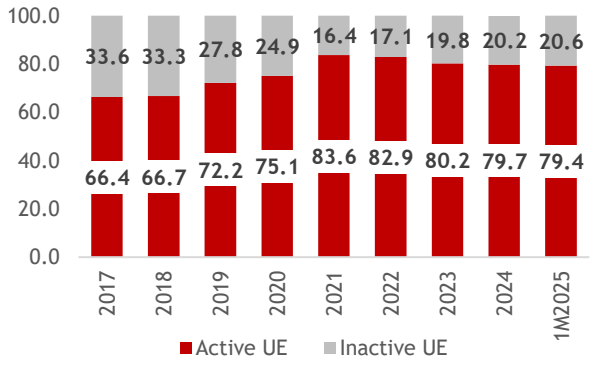
Source: PERKESO, Macrobond, MIDFR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, Macrobond, MIDFR

Chart 6: Type of unemployment (% share of unemployment)



Source: DOSM, Macrobond, MIDFR

MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad

197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.