Malaysia's Unemployment Rate Fell to 3.0% in Apr-25, Lowest in 10 Years

ECONOMIC REVIEW:
Apr-25 Labour Market



Author
MIDF Research
research@midf.com.my

Economic Review

- The unemployment rate edged down to 3.0%. Malaysia's labour market improved as the unemployment rate edged down to 3.0% in Apr-25, the lowest in 10 years after staying at 3.1% for four consecutive months. This improvement was supported by steady employment growth (+2.8%yoy; Mar-25: +3.0%yoy), which continued to outpace labour force growth (+2.5%yoy; Mar-25: +2.7%yoy) for the 45th consecutive month since Aug-21.
- Higher vacancies in May-25. Labour demand grew in May 25, with job vacancies increasing to 134.6K (Apr-25: 125.3K). Among job categories, elementary occupations saw the largest monthly rise in vacancies, up by +12K.
- Steady unemployment in 2025. We expect Malaysia's unemployment rate to average around 3.1% in 2025 (2024: 3.3%), underpinned by increased employment and more job opportunities particularly in the services sector. Rising employment and wage growth in domestic-oriented sectors will provide support to household spending.

The unemployment rate edged down to 3.0%. Malaysia's labour market improved as the unemployment rate edged down to 3.0% in Apr-25, the lowest in 10 years after staying at 3.1% for four consecutive months. This improvement was supported by steady employment growth (+2.8%yoy; Mar-25: +3.0%yoy), which continued to outpace labour force growth (+2.5%yoy; Mar-25: +2.7%yoy) for the 45th consecutive month since Aug-21. The number of unemployed individuals fell to 526K (Mar-25: 530K), the lowest level since Feb-20. Meanwhile, unemployment fell by -5.5%yoy (Mar-25: -4.9%yoy), the sharpest drop in 13 months, extending the downtrend since Sep-21. The unemployment rate among youths aged 15 to 24 remained elevated at 10.3% for the fourth consecutive month, highlighting ongoing difficulties in youth job placement and labour market entry. The labour force participation rate edged higher at 70.8% (Mar-25: 70.7%), indicating rising workforce entry amid growing economic activity. Steady employment growth coupled with lower unemployment rate suggests more job seekers are successfully securing employment, though youth employment remains a persistent challenge. Looking ahead, favourable labour market conditions are expected to support domestic demand and underpin economic growth despite external trade uncertainties. However, we remain cautious on export-oriented sectors, as higher tariffs may dampen employment and wage growth. Even so, targeted government support could help firms sustain hiring despite heightened uncertainties and a potentially weaker global demand outlook.

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

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Labour Force	17,294	17,168	17,218	17,267	17,308	17,345
YoY%	1.7	0.8	2.6	2.6	2.7	2.5
MoM%	0.1	-0.7	0.3	0.3	0.2	0.2
Employment	16,747	16,630	16,684	16,734	16,779	16,819
YoY%	1.9	1.0	2.8	2.9	3.0	2.8
MoM%	0.2	-0.7	0.3	0.3	0.3	0.2
Unemployment ('000)	547	539	534	533	530	526
YoY%	(4.0)	(5.2)	(4.7)	(4.3)	(4.9)	(5.5)
MoM%	(0.9)	(1.5)	(0.9)	(0.2)	(0.6)	(0.7)

Outside Labour Force	7,227	7,157	7,155	7,153	7,158	7,169
YoY%	(0.1)	(1.1)	1.8	0.0	1.5	2.0
MoM%	(0.0)	(1.0)	(0.0)	0.0	0.1	0.2
Labour Force Participation Rate, %	70.5	70.6	70.6	70.7	70.7	70.8
Unemployment Rate, %	3.2	3.1	3.1	3.1	3.1	3.0

Source: Macrobond, MIDFR

Higher vacancies in May-25. Labour demand grew in May 25, with job vacancies increasing to 134.6K (Apr-25: 125.3K). Among job categories, elementary occupations saw the largest monthly rise in vacancies, up by +12K. Vacancies rose for plant operators and managers (+2K each) but fell for service & sales workers (-4K) and clerical staff (-2K). Sector-wise, the services sector recorded higher vacancies of 83.3K (Apr-25: 81.7K). Job openings rose in administrative support, professional services, and the arts, but fell sharply in retail trade and healthcare. The manufacturing sector added +8K job vacancies, bringing the total to 33.5K (Apr-25: 25.2K). Meanwhile, the agriculture sector added +614 job vacancies, totaling 6K (Apr-25: 5K). Looking ahead, we believe labour demand in the services sector is expected to remain robust, supported by resilient domestic spending and favourable labour market conditions. Meanwhile, labour demand in the construction sector will be supported by ongoing progress of multi-year projects in both the private and public sectors. With the May-25 Manufacturing PMI report indicating stable employment after seven months of cuts, we expect job openings in the manufacturing sector to remain steady, while tariff-related disruptions and weaker external demand could slow hire in export-oriented sectors and commodity-related sectors.

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

	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Total Jobs, Thousands	111.7	133.9	123.7	116.2	125.3	134.6
Legislators, Senior Officials & Managers	6.9	5.1	5.3	4.8	5.5	6.2
Professionals	17.3	14.9	20.7	16.9	17.6	16.7
Technicians & Associate Professionals	15.6	16.2	15.6	12.3	14.3	13.0
Clerical Workers	11.7	15.8	11.8	11.6	11.7	9.6
Service, Shop & Market Sales Workers	15.9	15.5	13.4	10.8	13.6	9.5
Skilled Agricultural & Fisheries Workers	0.6	0.8	0.6	0.6	0.3	0.9
Craft and Related Trades Workers	3.1	3.1	3.3	3.7	4.7	3.7
Plant & Machinery Operators & Assemblers	4.2	6.9	5.8	8.2	7.7	8.9
Elementary Occupations	24.7	21.6	23.5	30.8	24.7	31.5
Agriculture, Forestry & Fishing	5.8	3.9	6.6	4.3	3.9	4.1
Mining & Quarrying	0.5	0.6	0.5	0.5	0.4	0.5
Manufacturing	20.8	15.6	20.5	22.2	20.1	24.9
Construction	10.3	8.5	6.4	9.1	10.3	8.6
Services	62.5	71.4	66.0	63.9	65.2	61.9

Source: Macrobond, MIDFR

Still stable global labour market. Unemployment rates in major economies remained largely steady, with only slight changes observed. In the US, the unemployment rate remained at 4.2% in May-25, unchanged from Mar-25, whereas nonfarm payrolls slightly moderated with an increase of +139K jobs in May-25 (Apr-25: +147K jobs), indicating that the US job market remained relatively stable. Nonetheless, rising cost from higher tariffs and Trump's immigration crackdown add further uncertainties to near-term hiring outlook. China's unemployment rate, on the other hand, edged down to 5.1% in Feb-25 (Mar-25: 5.2%), while the youth unemployment fell to 15.8% (Mar-25: 16.5%), both the lowest since Dec-24. Given sluggish domestic demand, we believe China's government would intensify efforts to boost household income and employment to sustain long-term economic growth. Slightly higher unemployment rates were recorded in the UK (4.6%; Mar-25: 4.5%) and the Philippines (4.1%; Feb-25: 3.9%). We expect the UK job market to stay weak as firms remain cautious amid rising costs from higher National Insurance and minimum wage hikes amid intensified global trade tensions. Meanwhile, unemployment edged down in South Korea (2.9%, Feb-25: 2.7%) and euro area (6.2%, Feb-25: 6.3%), but remaining unchanged in Taiwan (3.4%) and Japan (2.5%). The overall trend reflects continued global labour market stability despite trade uncertainties, though reciprocal tariffs after the 90-day pause could raise hiring costs, risking a broader job market slowdown in the latter part of the year. In contrast, a positive outcome from trade negotiations could offer some support to the global labour market outlook.

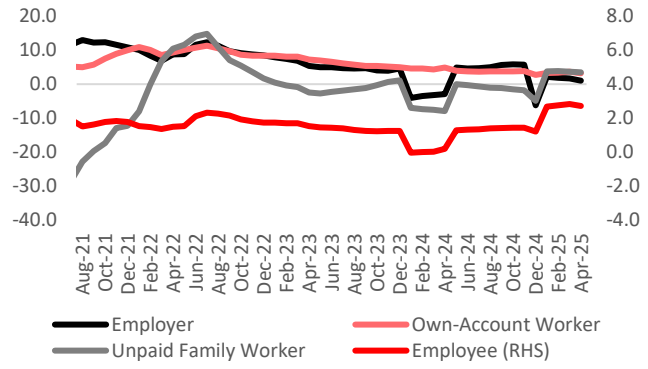
Table 3: Global unemployment rates (%)

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Malaysia	3.2	3.2	3.1	3.1	3.1	3.1	3.0
Philippines	3.9	3.2	3.1	4.3	3.8	3.9	4.1
Taiwan	3.4	3.4	3.4	3.4	3.4	3.4	3.4
South Korea	2.7	2.7	3.7	3.7	2.7	2.9	2.7
Hong Kong	3.1	3.1	3.1	3.1	3.2	3.2	3.4
China	5	5	5.1	5.2	5.4	5.2	5.1
Japan	2.5	2.5	2.4	2.5	2.4	2.5	2.5
Euro area	6.3	6.2	6.2	6.3	6.3	6.3	6.2
UK	4.3	4.4	4.4	4.4	4.4	4.5	4.6
US	4.1	4.2	4.1	4.0	4.1	4.2	4.2

Source: Macrobond, MIDFR

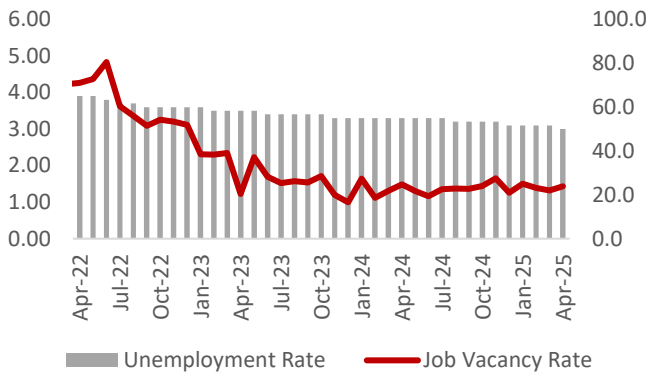
Steady unemployment in 2025. We expect Malaysia's unemployment rate to average around 3.1% in 2025 (2024: 3.3%), underpinned by increased employment and more job opportunities particularly in the services sector. Rising employment and wage growth in domestic-oriented sectors will provide support to household spending. Expansion in job creation and a healthy labour demand will be fuelled by robust domestic demand and sustained investment activities. Still, we remain wary that tariff disruptions could soften global demand and curb hiring in both export- and commodity-related sectors. However, we believe that if Malaysia–US trade talks progress positively and enhance Malaysia's competitive edge, it could help offset significant impacts from the higher US tariffs on local businesses and ease risks to domestic job market.

Chart 1: Employment by Type (YoY%)



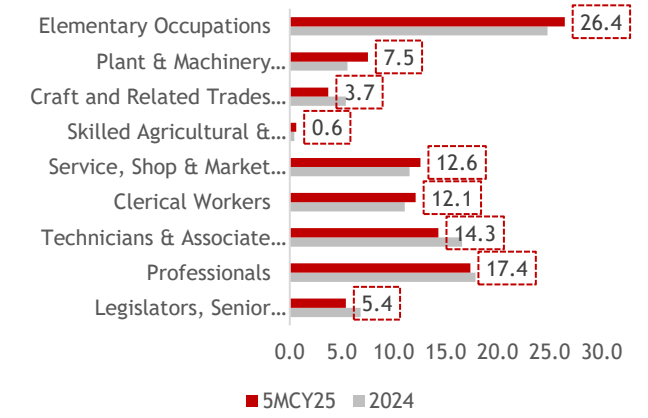
Source: DOSM, Macrobond, MIDFR

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



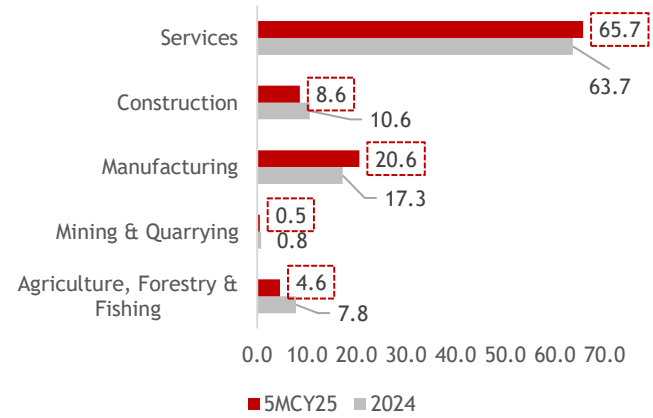
Source: DOSM, Macrobond, MIDFR

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



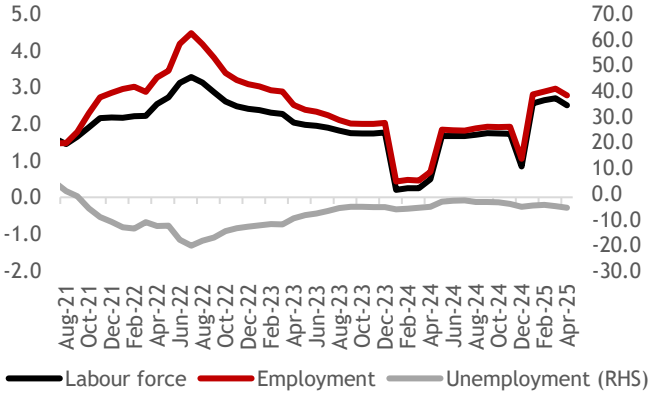
Source: PERKESO, Macrobond, MIDFR

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



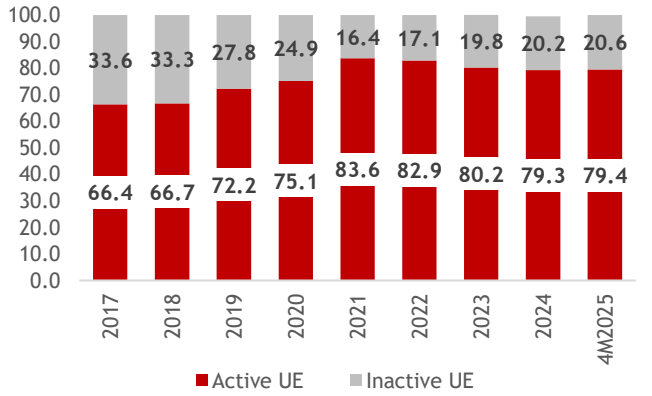
Source: PERKESO, Macrobond, MIDFR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, Macrobond, MIDFR

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



Source: DOSM, Macrobond, MIDFR

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