Unemployment Rate Remain at 10-Year Low in June-25

Economic Review
Jun-25 Labour Market



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Economic Review

- Malaysia's labour market remained firm and healthy in Jun-25 as the unemployment rate was sustained at 3.0%, maintaining the lowest rate in ten years. This resilience was supported by the stronger employment growth (+3.0%yoy; May-25: +2.9%yoy), which continued to outpace labour force growth (+2.7%yoy; May-25: +2.6%yoy) for the 47th consecutive month since Aug-21.
- Labour demand improved in Jul-25, with job vacancies rising to 116.4K (Jun-25: 108.5K). Sector-wise, the services sector recorded higher vacancies of 72.6K (Jun-25: 69.9K). Job openings rose in information and communication, administrative and support service activities and transport & storage. The manufacturing sector added +6K job vacancies, bringing up the total to 31.6K (Jun-25: 25.1K).
- We expect Malaysia's unemployment rate to average lower around 3.0% in 2025 (2024: 3.3%), supported by higher employment and sustained job opportunities, particularly in the services sector. Job creation and strong labour demand will likely be driven by resilient domestic consumption and steady investment activity.

Resilient domestic demand

Malaysia's labour market remained firm and healthy in Jun-25 as the unemployment rate was sustained at 3.0%, maintaining the lowest rate in ten years. This resilience was supported by the stronger employment growth (+3.0%yoy; May-25: +2.9%yoy), which continued to outpace labour force growth (+2.7%yoy; May-25: +2.6%yoy) for the 47th consecutive month since Aug-21. The number of unemployed individuals dropped further to 519K (May-25: 522K), the lowest level since Feb-20. Compared to a year ago, the unemployment rate fell by -6.3%yoy (May-25: -5.7%yoy), the sharpest drop since Aug-23. The unemployment rate among youths aged 15 to 24 was unchanged at 10.2% during the month but remained elevated, which reflects persistent challenges faced by graduates and young job seekers in securing jobs and entering the labour market.

Healthy labour market to persist

Looking ahead, favourable labour market conditions are expected to support domestic consumption, a key driver in navigating the ongoing global trade challenges. However, we remain cautious about the outlook for export-oriented sectors as higher US tariffs could dampen hiring and restrain wage growth. That said, targeted government measures—such as wage subsidies, tax incentives, and training support—could help firms retain workers and encourage new hiring, particularly in sectors most affected by the external headwinds.

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

	Monthly Data					
	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Labour Force	17,218	17,267	17,308	17,345	17,385	17,434
YoY%	2.6	2.6	2.7	2.5	2.6	2.7
MoM%	0.3	0.3	0.2	0.2	0.2	0.3
Employment	16,684	16,734	16,779	16,819	16,862	16,915
YoY%	2.8	2.9	3.0	2.8	2.9	3.0
MoM%	0.3	0.3	0.3	0.2	0.3	0.3
Unemployment ('000)	534	533	530	526	522	519
YoY%	(4.7)	(4.3)	(4.9)	(5.5)	(5.7)	(6.3)
MoM%	(0.9)	(0.2)	(0.6)	(0.7)	(0.7)	(0.7)
Outside Labour Force	7,155	7,153	7,158	7,169	7,177	7,177
YoY%	1.8	0.0	1.5	2.0	1.8	1.5
MoM%	(0.0)	0.0	0.1	0.2	0.1	(0.0)
Labour Force Participation Rate, %	70.6	70.7	70.7	70.8	70.8	70.8
Unemployment Rate, %	3.1	3.1	3.1	3.0	3.0	3.0

Source: Macrobond, MBSBR

Higher vacancies in Jul-25

Labour demand improved in Jul-25, with job vacancies rising to 116.4K (Jun-25: 108.5K). Among job categories, an increase in vacancies was seen for elementary occupations (+3.3K), professionals (+2.1K) and technician and associate professionals (+1.2K). In contrast, the service & sales workers recorded a decline in vacancies by -515 and clerical support workers fell by -95. Sector-wise, the services sector recorded higher vacancies of 72.6K (Jun-25: 69.9K). Job openings rose in information and communication, administrative and support service activities and transport & storage. The manufacturing sector added +6K job vacancies, bringing up the total to 31.6K (Jun-25: 25.1K). Meanwhile, the agriculture sector recorded a further drop of -990 vacancies, totalling 4.4K (Jun-25: 5.4K). Looking ahead, we expect labour demand in the services sector to remain robust, supported by resilient domestic spending and favourable market conditions. In construction, demand will be sustained by ongoing multi-year projects across both private and public sectors. The Jul-25 Manufacturing PMI report showed a slight decline in employment amid continued drops in work backlogs. We expect manufacturing job openings to soften as tariffs and weak external demand curb hiring, especially in export-oriented and commodity-linked industries.

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

	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Total Jobs, Thousands	123.7	116.2	125.3	134.6	108.5	116.4
Legislators, Senior Officials & Managers	5.3	4.8	5.5	6.2	6.9	7.2
Professionals	20.7	16.9	17.6	16.7	19.9	20.3
Technicians & Associate Professionals	15.6	12.3	14.3	13.0	15.6	15.6
Clerical Workers	11.8	11.6	11.7	9.6	12.3	11.4
Service, Shop & Market Sales Workers	13.4	10.8	13.6	9.5	12.9	11.6
Skilled Agricultural & Fisheries Workers	0.6	0.6	0.3	0.9	0.4	0.4
Craft and Related Trades Workers	3.3	3.7	4.7	3.7	3.8	3.5
Plant & Machinery Operators & Assemblers	5.8	8.2	7.7	8.9	7.1	7.5
Elementary Occupations	23.5	30.8	24.7	31.5	21.2	22.6
Agriculture, Forestry & Fishing	6.6	4.3	3.9	4.1	4.9	3.8
Mining & Quarrying	0.5	0.5	0.4	0.5	0.5	1.0
Manufacturing	20.5	22.2	20.1	24.9	23.1	27.1
Construction	6.4	9.1	10.3	8.6	7.1	5.7
Services	66.0	63.9	65.2	61.9	64.4	62.4

Source: Macrobond, MBSBR

Broadly resilient global labour market

The US job market performed better as the jobless rate fell to 4.1% in Jul-25 (Jun-25: 4.2%), on the back of higher non-farm payrolls (Jul-25: 73K; Jun-25: +14K). The job market in China was stable as the unemployment rate was unchanged at 5.0% in May-25 (Apr-25: 5.2%), with the youth unemployment falling for the fourth consecutive month to 14.5% (May-25: 14.9%). The rate of unemployment edged down in Philippines (3.7%, May-25: 3.9%) and South Korea (2.6%, May-25: 2.7%) but remaining unchanged in euro area (6.2%), Japan (2.5%), Hong Kong (3.5%), and Taiwan (3.3%). The overall trend points to continued stability in the global labour market, with improvements in some economies. Looking ahead, tariff implementation could push costs higher, posing a risk of a broader US labour market slowdown later in the year. Meanwhile, softer final demand and slower global trade may also dampen labour demand in other economies.

Table 1: Global unemployment rates (%)

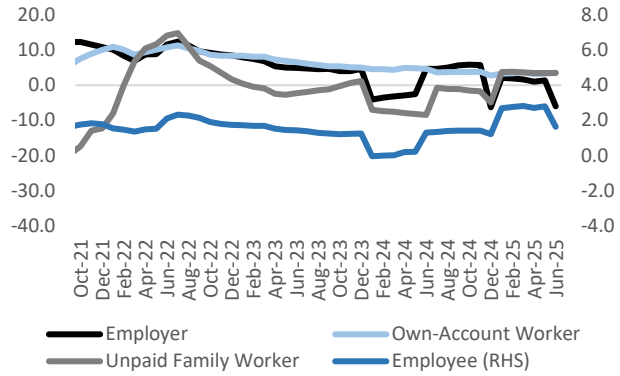
	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Malaysia	3.1	3.1	3.1	3.1	3.0	3.0	3.0
Philippines	3.1	4.3	3.8	3.9	4.1	3.9	3.7
Taiwan	3.4	3.4	3.4	3.4	3.4	3.3	3.3
South Korea	3.7	3.7	2.7	2.9	2.7	2.7	2.6
Hong Kong	3.1	3.1	3.2	3.2	3.4	3.5	3.5
China	5.1	5.2	5.4	5.2	5.1	5.0	5.0
Japan	2.4	2.5	2.4	2.5	2.5	2.5	2.5
Euro area	6.2	6.3	6.3	6.3	6.2	6.2	6.2
UK	4.4	4.4	4.4	4.5	4.6	4.7	-
US	4.1	4.0	4.1	4.2	4.2	4.2	4.1

Source: Macrobond, MBSBR

Maintain forecast unemployment rate to average lower in 2025

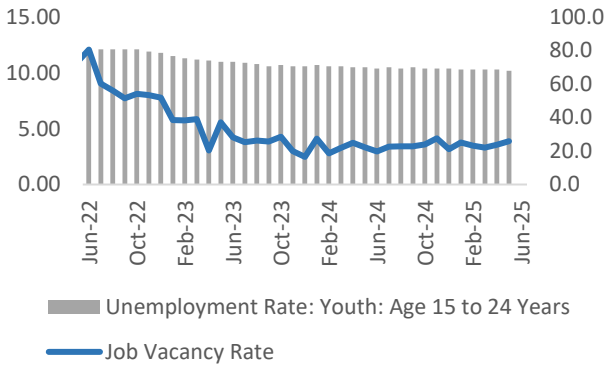
We expect Malaysia's unemployment rate to average lower around 3.0% in 2025 (2024: 3.3%), supported by higher employment and sustained job opportunities, particularly in the services sector. Job creation and strong labour demand will likely be driven by resilient domestic consumption and steady investment activity. However, tariff-related disruptions could dampen global demand and weigh on hiring in export- and commodity-linked sectors. In contrast, rising employment and steady wage growth are expected to be concentrated in domestic-oriented industries that are relatively insulated from the impact of higher US tariffs.

Chart 1: Employment by Type (YoY%)



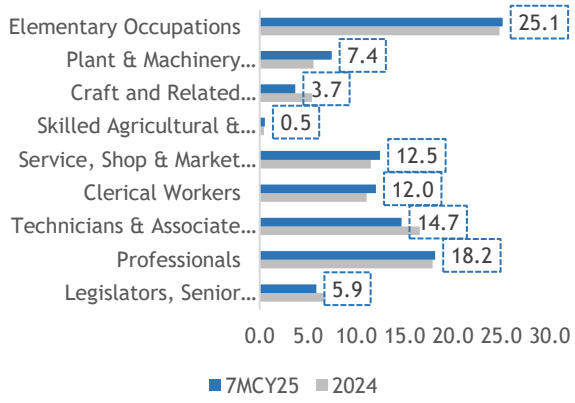
Source: Macrobond, MBSBR

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



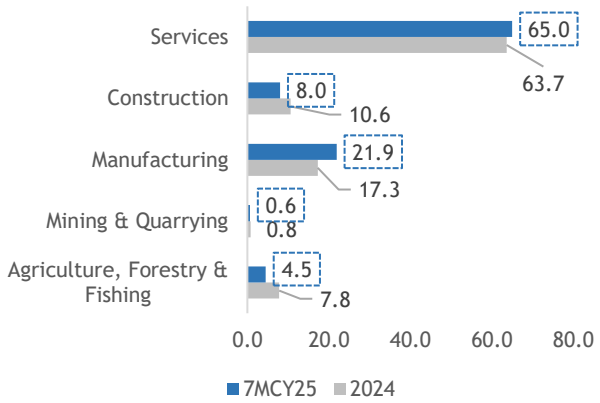
Source: Macrobond, MBSBR

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



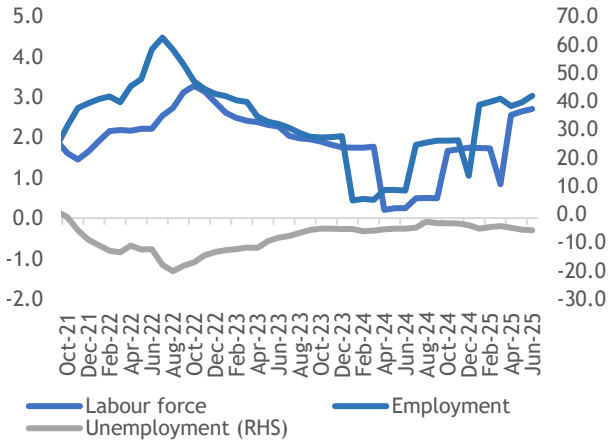
Source: Macrobond, MBSBR

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



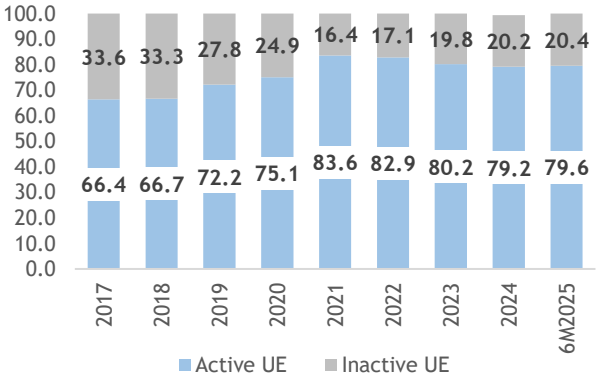
Source: Macrobond, MBSBR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, MBSBR

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



Source: DOSM, MBSBR

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