Job Market Remains Healthy with Unemployment Rate Declining to 2.9%

Economic Review
Nov-25 Labour Market



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- Malaysia's labour market remained resilient in Nov-25, with the unemployment rate easing lower to 2.9%, breaking the recent trend after remaining at 3.0% for six consecutive months, being the lowest level in a decade. The improvements were driven by steady employment growth (+3.1%yoy), which continued to outpace the labour force expansion (+2.8%yoy) since Aug-21.
- Labour demand was lower in Nov-25, with job vacancies decreasing by -19K to 105.8K (Oct-25: 124.9K), the lowest reading since Feb-24. By sector, services vacancies fell by -14K to 65.2K (Oct-25: 80.1K), mainly dragged by lower vacancies in scientific, transportation, and food & beverage activities. Vacancies in the manufacturing sector, however, dropped marginally to 28.2K (Oct-25: 28.8K), whereas agriculture vacancies declined to 4.7K (Oct-25: 7.8K).
- Looking into 2026, we continue to expect that the unemployment rate will average around 3.0% (11M25: 3.0%), on the back of the steady employment growth and sustained opportunities, especially in the domestic-oriented services sector, which continues to benefit from resilient household spending.

Unemployment rate rate edged lower to 2.9% in Nov-25

Malaysia's labour market remained resilient in Nov-25, with the unemployment rate easing lower to 2.9%, breaking the recent trend after remaining at 3.0% for six consecutive months, being the lowest level in a decade. The improvements were driven by steady employment growth (+3.1%yoy), which continued to outpace the labour force expansion (+2.8%yoy) since Aug-21, as both indicators maintaining their pace from the previous month. The number of unemployed people slightly moderated to 518K. Meanwhile, the youth unemployment rate (aged 15–24) held steady at 10.1%, for the third consecutive months, underscoring persistently elevated joblessness among young people and challenges for graduates and new entrants in securing employment and transitioning into the labour market.

Policy supports to sustain jobs and wages in 2026

Labour market stability will provide firm support for domestic consumption in 2026. This internal strength will be amplified by Visit Malaysia 2026, where a surge in arrivals is expected to drive momentum for SMEs and service providers, acting as a critical growth multiplier for the local economy. On the other hand, we think the uncertainty clouding the export-oriented sector will remain as a headwind despite the positive outcome from the trade negotiations with the US, especially as it could weigh on hiring and wage growth. Initiatives and measures as outlined in Budget 2026 are expected to provide support to exporters, improve the business outlook, sustain hiring, and encourage workforce retention. Together with key initiatives such as the 13th Malaysia Plan (13MP) to strengthen TVET, the National Strategic Strategy (NSS), and the GEAR-uP reform programme, these measures are expected to support quality job creation, sustain employment and wage growth, and help ease elevated youth unemployment.

Labour demand softens in Nov-25 amid broad sector weakness

Labour demand was lower in Nov-25, with job vacancies decreasing by -19K to 105.8K (Oct-25: 124.9K), the lowest reading since Feb-24. By sector, services vacancies fell by -14K to 65.2K (Oct-25: 80.1K), mainly dragged by lower vacancies in scientific, transportation, and food & beverage activities. Vacancies in the manufacturing sector, however, dropped marginally to 28.2K (Oct-25: 28.8K), whereas agriculture vacancies declined to 4.7K (Oct-25: 7.8K). Meanwhile, labour demand for the construction sector ticked down to 7.0K (Oct-25: 7.8K). Sharp declines were seen mostly across the board, including professionals, technicians, sales, managers, and craft workers, while only elementary and agriculture workers recorded higher vacancies. Job vacancies averaged 119K per month in 11MCY25 (2024: 127K), indicating a more stable and normalized labour demand.

Sectoral resilience and trade momentum to provide sustainable labour demand

Looking ahead, labour demand in the services sector is projected to remain resilient, underpinned by stable domestic consumption and favourable market dynamics. Simultaneously, the construction industry is poised for continued growth, fuelled by the steady execution of public and private projects, strong investment realisation, and strategic initiatives under the 13th Malaysia Plan (13MP) that are expected to accelerate industrial job creation. Also, Malaysia's manufacturing PMI was unchanged at Dec-25 at 50.1, being the highest level since May-24, and being the second straight month of factory activity growth. On top of that, employment rose for the second month, marking the third fastest gain since 2012, and the strongest gain in over seven years. The growth likely reflects upbeat sentiment as Malaysia's trade continues to perform well despite tariffs, supported by a multi-market export strategy.

Mixed trends on the global front

In the US, the unemployment rate edged higher to +4.6% in Nov-25 (Sep-25: +4.4%), exceeding market consensus of +4.4%, and reflecting the highest level since Sep-21. However, labour market data were mixed, as initial jobless claims fell below the 200k level for the week ending 27 Nov (previous: 215k), being the second lowest level for 2025. In China, the job market continues its improvement as the unemployment rate was unchanged at 5.1% in Nov-25 from Oct-25, and youth unemployment edged slightly lower to 16.9% in Nov-25 (Oct-25: 17.3%), both indicators showed signs of strength for the past month. Interestingly, Hong Kong, Japan, and Taiwan unemployment rate were stable at 3.8%, 2.6%, and 3.3%, respectively. Meanwhile, the unemployment rate for euro area edged lower to 6.3% in Nov-25.

Evolving labor dynamics: between policy uncertainty and the E&E upswing

Some signs of softening of labour market sentiment in the US, which is one of the main concerns for several FOMC members. The New York Fed survey showed consumers were concerned about the softening of the labour market sentiment, with job finding expectations weakened to a series low and job loss expectations worsened. Consistently, labour market expectation in the University of Michigan Sentiment Index was revised lower to 52.9 in Dec-25 (Nov-25: 53.3), indicating a declining trend. The global labour market outlook remains tilted on the downside as Trump's broad tariffs could raise business costs, slow growth, and trigger hiring freezes or job cuts. Heightened policy uncertainty could also prompt businesses to delay hiring decisions. Nonetheless, upside potential includes a softer-than-expected impact from tariffs on economic and trade activity as well as supportive, pro-growth policies in key economies. Continued robust demand for manufactured goods, particularly advanced E&E products and equipment, could support employment in the manufacturing industries.

Unemployment set to hold at 3% for 2026

Looking into 2026, we continue to expect that the unemployment rate will average around 3.0% (11M25: 3.0%), on the back of the steady employment growth and sustained opportunities, especially in the domestic-oriented services sector, which continues to benefit from resilient household spending. Some positives for this year would be the implementation of the key national initiatives, including 13MP, NSS, NIMP, and GEAR-uP, which will have spillover effects on the overall economy and translate to boosting job creation and strengthening labour demand. In turn, this will further support domestic consumption and economic growth for this year. On top of that, with the lower OPR going into this year, added to a stable labour outlook, overall domestic demand is well supported. While global trade related volatility remains a headwind for export-linked employment,

Malaysia's labour outlook is bolstered by two key buffers, which is the VMY26 tourism surge and the structural demand in the E&E sector. These domestic and tech-sector tailwinds are expected to mitigate the softening seen in global commodity-linked hiring.

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

	Monthly Data					
	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Labour Force	17,434	17,471	17,508	17,545	17,579	17,595
YoY%	2.7	2.8	2.8	2.8	2.8	2.8
MoM%	0.3	0.2	0.2	0.2	0.2	0.2
Employment	16,915	16,949	16,988	17,026	17,060	17,055
YoY%	3.0	3.1	3.1	3.1	3.1	3.1
MoM%	0.3	0.2	0.2	0.2	0.2	0.2
Unemployment ('000)	519	522	520	519	519	518
YoY%	(6.3)	(5.7)	(5.7)	(5.5)	(4.9)	(4.3)
MoM%	(0.7)	0.6	(0.3)	(0.3)	0.1	(0.1)
Outside Labour Force	7,177	7,189	7,202	7,209	7,218	7,218
YoY%	1.5	1.4	1.4	1.3	1.2	1.0
MoM%	(0.0)	0.2	0.2	0.1	0.1	0.0
Labour Force Participation Rate, %	70.8	70.8	70.9	70.9	70.9	71.0
Unemployment Rate, %	3.0	3.0	3.0	3.0	3.0	2.9

Source: Macrobond, MBSBR

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

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
FTotal Jobs, Thousands	108.5	116.4	112.3	111.5	124.9	105.8
Legislators, Senior Officials & Managers	6.9	7.2	5.6	6.2	6.1	5.4
Professionals	19.9	20.3	18.2	17.4	18.0	16.2
Technicians & Associate Professionals	15.6	15.6	13.6	14.9	15.3	13.2
Clerical Workers	12.3	11.4	11.6	11.3	8.7	9.4
Service, Shop & Market Sales Workers	12.9	11.6	11.4	13.2	12.0	12.0
Skilled Agricultural & Fisheries Workers	0.4	0.4	0.8	0.8	0.4	0.5
Craft and Related Trades Workers	3.8	3.5	4.1	3.7	5.0	2.6
Plant & Machinery Operators & Assemblers	7.1	7.5	6.4	6.3	7.5	8.0
Elementary Occupations	21.2	22.6	28.2	26.2	27.0	32.6
Agriculture, Forestry & Fishing	4.9	3.8	6.8	4.4	6.2	4.5
Mining & Quarrying	0.5	1.0	0.4	0.6	0.4	0.7
Manufacturing	23.1	27.1	25.7	26.6	23.0	26.6
Construction	7.1	5.7	5.8	6.1	6.3	6.6
Services	64.4	62.4	62.4	62.4	64.1	61.6

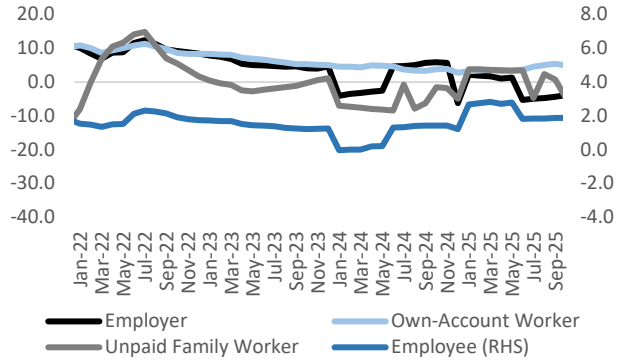
Source: Macrobond, MBSBR

Table 3: Global unemployment rates (%)

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Malaysia	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Philippines	3.9	3.7	5.3	3.9	3.8	5.0	4.4
Taiwan	3.3	3.3	3.3	3.4	3.4	3.3	3.3
South Korea	2.7	2.6	2.5	2.6	2.5	2.6	2.7
Hong Kong	3.5	3.5	3.7	3.7	3.9	3.8	3.8
China	5.0	5.0	5.2	5.3	5.2	5.1	5.1
Japan	2.5	2.5	2.3	2.6	2.6	2.6	2.6
Euro area	6.4	6.3	6.2	6.3	6.3	6.4	6.3
UK	4.7	4.7	4.7	4.8	5.0	5.1	n.a.
US	4.2	4.1	4.2	4.3	4.4	n.a	4.6

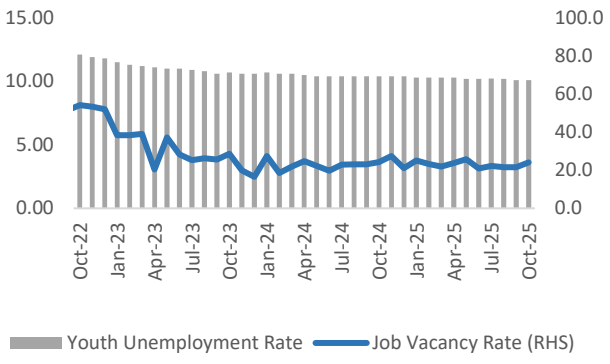
n.a. not available
Source: Macrobond, MBSBR

Chart 1: Employment by Type (YoY%)



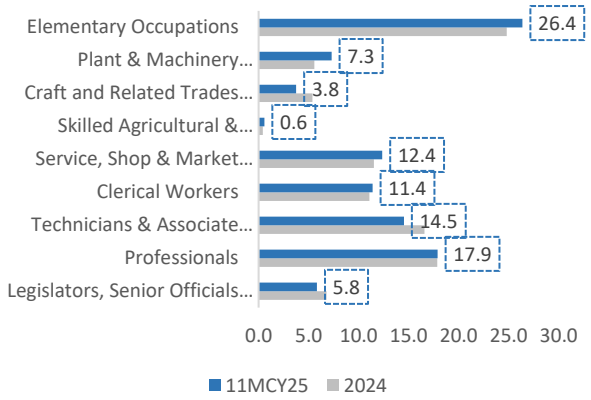
Source: Macrobond, MBSBR

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



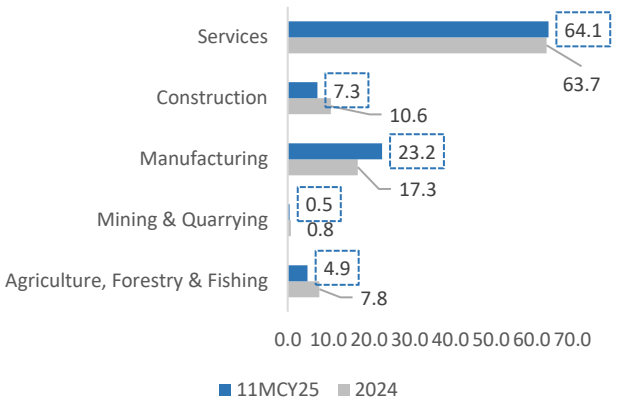
Source: Macrobond, MBSBR

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



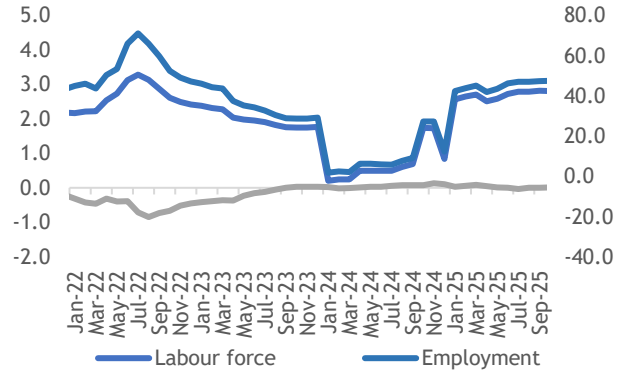
Source: Macrobond, MBSBR

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



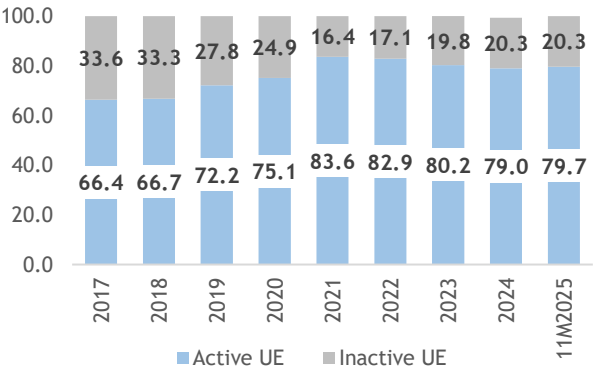
Source: Macrobond, MBSBR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, MBSBR

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



Source: DOSM, MBSBR

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