Malaysia's Unemployment Rate Higher at 3.0% in Apr-26

Economic Review
Apr-26 Labour Market



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- Malaysia's labour market remained robust despite the unemployment rate returning to 3.0% in Apr-26, slightly higher than the 2.9% recorded in Mar-26, after five consecutive months of stagnating at 2.9%.
- Labour demand declined in May-26, with job vacancies declining by -7.5k to 114.5 (Apr-26: +122K), tracking back below the +120k level. By sector, vacancies in the services declined by -2K to 65.7K, primarily attributed to the decline in accommodation and food service activities, accommodation and food service activities, and financial and insurance activities
- We expect the 2026 unemployment rate to remain steady at 3.0%, unchanged from 2025. Job growth in domestic services and strong consumer spending continue to stabilise the economy.

Unemployment rate continues to be at 2.9% as employment growth was flat

Malaysia's labour market remained robust despite the unemployment rate returning to 3.0% in Apr-26, slightly higher than the 2.9% recorded in Mar-26, after five consecutive months of stagnating at 2.9%. Employment growth stagnated last month from +1.2%yoy in Mar-26; however still outpacing the labour growth, which was contracted by -0.1%yoy in Apr-26 (Mar-26: +1.1%yoy). The number of unemployed people crept higher to 512K (Mar-26: 509K). Meanwhile, the youth unemployment rate (aged 15-24) remained stable at 10.2% from the previous month; the elevated unemployment persists among youth and recent graduates, highlighting a stalled transition into the labour force for entry-level job seekers.

Labour demand weakened in May-26

Labour demand declined in May-26, with job vacancies declining by -7.5k to 114.5 (Apr-26: +122K), tracking back below the +120k level. By sector, vacancies in the services declined by -2K to 65.7K, primarily attributed to the decline in accommodation and food service activities, accommodation and food service activities, and financial and insurance activities. Vacancies in other sectors also declined, including agriculture, forestry & fishing, mining & quarrying. However, manufacturing increased (+0.8k) and construction (+0.2k). Job vacancies averaged 113.0k in 5MCY26 (4MCY26: 112.6k), indicating a slightly softer labour demand at the start of the year.

Cracks in global demand continue to remain a risk

Anticipating future trends, steady consumer spending is expected to keep labour demand in the services sector robust. In tandem, the construction sector should remain a key growth driver through 2026, with resilience underpinned by positive high-frequency investment trends and the initial pipeline of 13MP projects. On manufacturing activities, the latest Malaysia's global manufacturing PMI declined to 49.0 in May-26 (Apr-26: 51.6), the first contraction since Feb-26; as new orders and output eased due to weaker demand. Export orders also softened for a third consecutive month, which led to firms pausing hiring as output moderated. S&P Global, however reported some improvement in business confidence for the first time in four months, and being at the highest level since Feb-26.

Mixed trends on the global front

In the US, the labour market remained resilient as the unemployment rate was unchanged at 4.3% in Apr-26, within market expectations. Meanwhile, the US economy added +172k jobs in May-26, well above the market forecast of +85k, indicating resilience. However, initial jobless claims continued to remain above 200K in May and ended highest at the end of the month at 225K, which were above market expectations. In China, the job market continued to weaken, as it dropped to 5.2% in Apr-26 (Mar-26: 5.4%), while the youth unemployment rate fell to 16.3% in Apr-26 (Mar-26: 16.9%), showing some improvement in the youth unemployment rate. Meanwhile, job market conditions improved in Taiwan and Japan.

Global geopolitical uncertainty vs the E&E upswing

Based on the FOMC minutes for the Apr-26 meeting, although the interest rates were left unchanged, most of the Federal Reserve officials indicated a readiness to implement additional rate hikes if geopolitical escalation in Iran continues to aggravate inflation. Fed officials remained divided on both the length of war-driven supply shocks and the possibility of maintaining a dovish policy bias. Although a segment of the committee favoured cutting rates once inflation reliably pathing toward 2% or labour conditions deteriorate, persistent upside inflation risks from the conflict have clearly complicated the consensus. The New York Fed survey showed that consumer spending plunged to a record low of 44.8 in May-26, marking a third straight monthly decline, as the Straits of Hormuz disruptions continued to push gasoline prices higher. Meanwhile, the cost of living remained the main concern as consumers are feeling the higher prices impacting their personal finances. The global labour market outlook remains skewed to the downside as the implementation of broad-based US tariffs threatens to escalate operational costs and dampen global growth. This heightened policy uncertainty is likely to induce a 'wait-and-see' approach among firms, potentially triggering hiring freezes or preemptive workforce reductions as businesses recalibrate their capital expenditure in response to trade volatility. Looking ahead, a cooling of trade frictions and pro-growth international policies could inject further upside into economic momentum. In tandem, employment within the manufacturing space is poised to remain resilient, sustained by highly favourable cycles in advanced E&E and capital equipment manufacturing.

Unemployment set to hold at 3% for 2026

We expect the 2026 unemployment rate to remain steady at 3.0%, unchanged from 2025. Job growth in domestic services and strong consumer spending continue to stabilise the economy. Moving forward, the rollout of major policies like the 13MP, NSS, and GEAR-uP initiatives will give the national growth trajectory a major boost. These reforms will transform the industrial sector, create more high-skilled jobs and raising wages. As a result, higher household incomes will strengthen domestic consumption, creating a positive cycle that drives overall economic expansion. Monetary policy setting, which remains supportive of growth, coupled with a stable labour outlook, should continue to support domestic demand. Geopolitical risks cloud the transport and travel outlook, but the E&E sector’s shift into AI and advanced semiconductors will keep skilled labor demand robust.

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

	Monthly Data					
	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Labour Force	17,611	17,272	17,281	17,298	17,313	17,328
YoY%	2.8	0.6	1.1	0.2	0.0	(0.1)
MoM%	0.2	(2.0)	0.1	0.1	0.1	0.1
Employment	17,055	16.764	16,771	16,791	16,804	16,816
YoY%	3.1	0.8	1.3	0.3	0.2	0.0
MoM%	0.2	(1.9)	0.0	0.1	0.1	0.1
Unemployment ('000)	518	508	510	507	509	512
YoY%	(4.3)	(5.7)	(4.2)	(4.9)	(3.9)	(2.7)
MoM%	(0.1)	-2.0	0.3	(0.6)	0.4	0.6
Outside Labour Force	7,219	7,133	7,106	7,103	7,101	7,101
YoY%	1.0	(0.3)	(0.1)	(0.7)	(0.8)	(1,0)
MoM%	0.0	(1.2)	(0.4)	0.0	0.0	0.0
Labour Force Participation Rate, %	70.9	70.8	70.9	70.9	70.9	70.9
Unemployment Rate, %	2.9	2.9	2.9	2.9	2.9	3.0

Source: Macrobond, MBSBR

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

	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Total Jobs, Thousands	115.9	125.0	96.5	107.0	122.0	114.5
Legislators, Senior Officials & Managers	4.3	5.5	7.2	5.6	7.0	7.2
Professionals	16.3	17.9	18.3	18.1	20.3	19.9
Technicians & Associate Professionals	11.9	12.3	14.0	16.1	14.5	16.3
Clerical Workers	11.2	13.9	9.3	10.5	10.1	9.8
Service, Shop & Market Sales Workers	11.2	11.0	11.3	11.1	11.3	10.5
Skilled Agricultural & Fisheries Workers	0.3	2.0	2.2	0.6	0.4	0.1
Craft and Related Trades Workers	3.2	4.4	4.8	3.3	3.9	4.6
Plant & Machinery Operators & Assemblers	8.0	7.2	6.0	8.3	5.8	6.9
Elementary Occupations	33.5	25.9	27.0	26.4	26.7	24.6
Agriculture, Forestry & Fishing	5.4	6.4	10.3	6.2	5.7	3.2
Mining & Quarrying	0.4	0.5	0.6	0.7	0.9	0.6
Manufacturing	24.0	22.8	21.5	29.2	23.8	24.6
Construction	5.1	6.2	6.4	5.3	5.8	6.0
Services	65.2	64.1	61.1	58.6	63.7	65.7

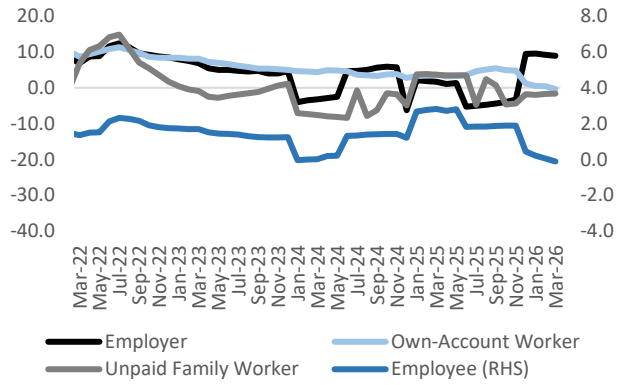
Source: Macrobond, MBSBR

Table 3: Global unemployment rates (%)

	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Malaysia	3.0	2.9	2.9	2.9	2.9	2.9	n.a
Philippines	5.0	4.4	4.4	5.8	5.1	5.0	-
Taiwan	3.3	3.3	3.4	3.6	3.3	3.4	3.3
South Korea	2.6	2.8	3.3	3.0	2.9	2.7	2.8
Hong Kong	3.8	3.8	3.8	3.9	3.8	3.7	3.7
China	5.1	5.1	5.1	5.2	5.3	5.4	5.2
Japan	2.6	2.6	2.6	2.7	2.6	2.7	2.5
Euro area	6.4	6.3	6.3	6.2	6.3	6.3	n.a
UK	5.1	5.1	5.2	5.2	5.0	5.0	n.a
US	4.4	4.5	4.4	4.3	4.4	4.3	4.3

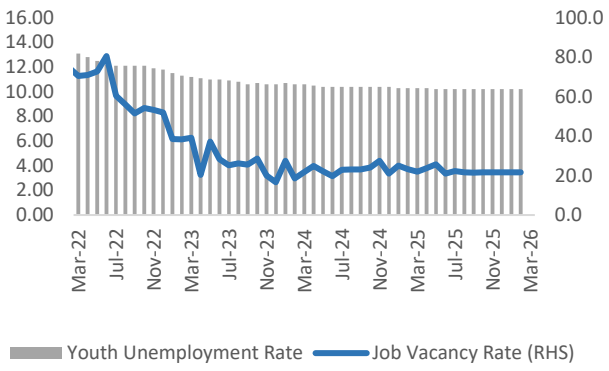
Source: Macrobond, MBSBR

Chart 1: Employment by Type (YoY%)



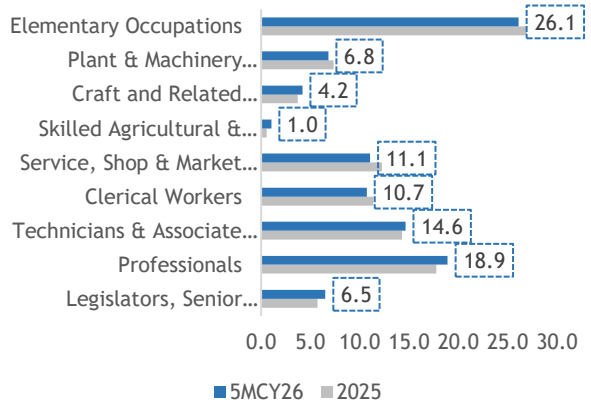
Source: Macrobond, MBSBR

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



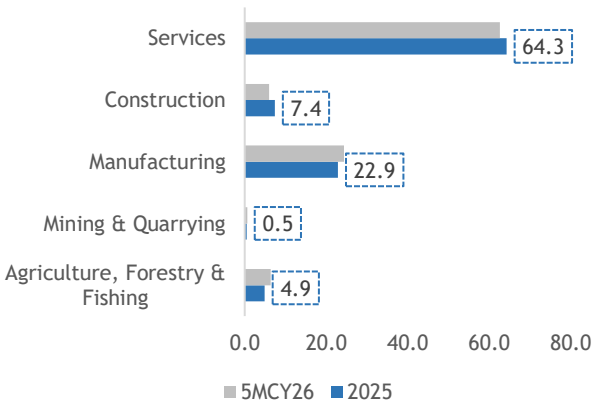
Source: Macrobond, MBSBR

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



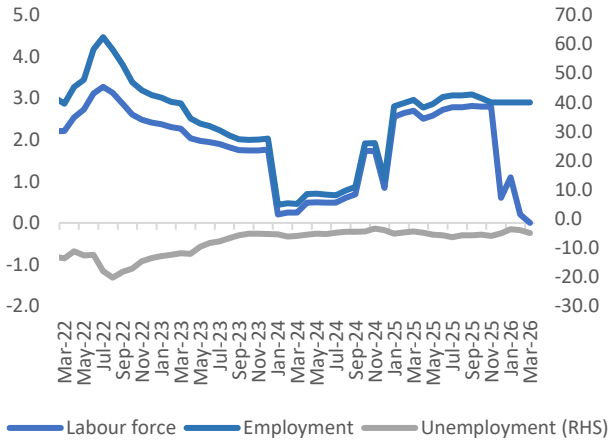
Source: Macrobond, MBSBR

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



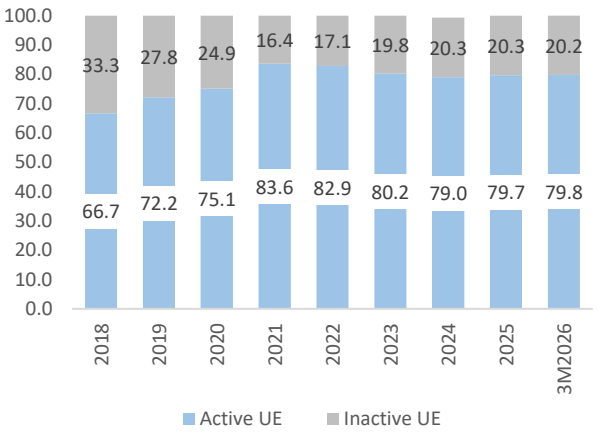
Source: Macrobond, MBSBR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, MBSBR

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



Source: DOSM, MBSBR

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