

Malaysia Labour Market

December labour market steady, hiring resilience supports firmer 2026 outlook

- **Unemployment rate held at 2.9% in December (Nov: 2.9%) for the second straight month, bringing the 2025 average to 3.0%, matching house forecast**

- The number of unemployed fell (-0.1% MoM; Nov: -0.1%) for the second straight month.
- In absolute terms, unemployment eased to 517.7k (Nov: 518.4k), the lowest since Jan 2020 (511.7k).
- Actively unemployed, defined as those available for work and actively seeking jobs, declined to 412.4k (Nov: 413.5k), the lowest since March 2020. Its share of total unemployed edged down to 79.7% (Nov: 79.8%).

- **Employment growth held at 0.2% MoM (Nov: 0.2%) for the sixth straight month, staying above the 2024 monthly average of 0.1%**

- **By sector:** The Department of Statistics (DOSM) reported steady hiring in the services sector, led by wholesale and retail trade, accommodation and food & beverage services as well as information & communication activities. Hiring also expanded in agriculture, manufacturing, and construction, while mining & quarrying posted a slight decline. Notably, a separate manufacturing report showed employment rebounding by 0.1% MoM (Nov: -0.2%) to 2.43m (Nov: 2.42m), with payrolls rising sharply by 7.7% (Nov: -0.3%), lifting the average manufacturing salary to RM3,756 (Nov: RM3,491), a record high.
- **By employment status:** Employers rose 1.1% MoM (Nov: 0.8%) and own account workers grew 0.4% (Nov: 0.3%). Employees held steady at 0.1% (Nov: 0.1%) for the fourth straight month. Notably, unpaid family workers declined (-0.1%; Nov: 0.1%) after a brief rebound.

- **Labour force participation remained at a record high of 70.9% (Nov: 70.9%) for the fifth straight month**

- Labour force sustained (0.2% MoM; Nov: 0.2%) for the sixth straight month to 17.65m (Nov: 17.61m).
- Those outside the labour force increased (0.1%; Nov: 0.0%) to 7.23m (Nov: 7.22m), a two-year high.

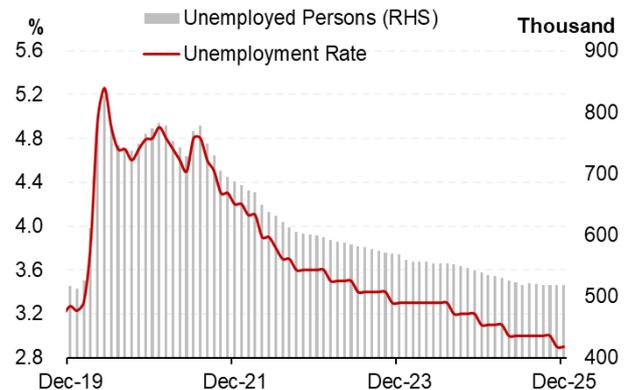
- **Unemployment rates remained stable across selected advanced Asian economies in December**

- Japan (2.6%; Nov: 2.6%): Unchanged for the fifth straight month amid persistent labour shortages.
- Taiwan (3.4%; Nov: 3.4%): Held steady for the second straight month as festive demand supported consumer-related employment.

- **Unemployment rate is expected to remain steady, averaging 2.9% in 2026 (2025: 3.0%), slightly below our previous forecast of 3.0%, as domestic resilience continues to support hiring**

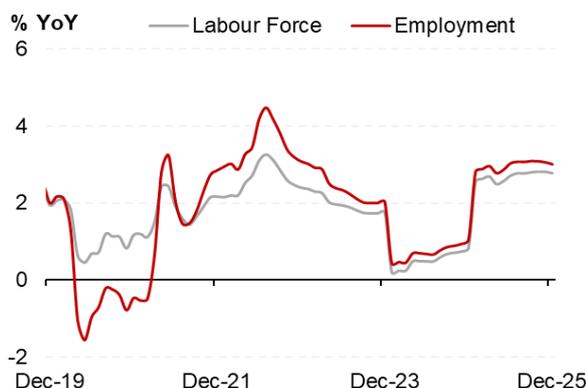
- **Outlook:** Malaysia's labour market is expected to remain stable in the near term, with domestic-oriented sectors driving job creation. Services sector will continue to lead employment growth supported by the Visit Malaysia 2026 campaign. Manufacturing hiring should remain firm, led by the E&E segment, benefitting from the global tech upcycle and rising demand linked to AI, 5G, EVs, and data-centre investment.
- **GDP forecast:** Despite a slightly lower unemployment path, we maintain our full-year 2026 GDP growth projection at 4.5% versus an expected 4.9% expansion in 2025. External risks remain, but domestic demand should stay supported by strong services-sector momentum tied to Visit Malaysia 2026.

Graph 1: Unemployment Rate



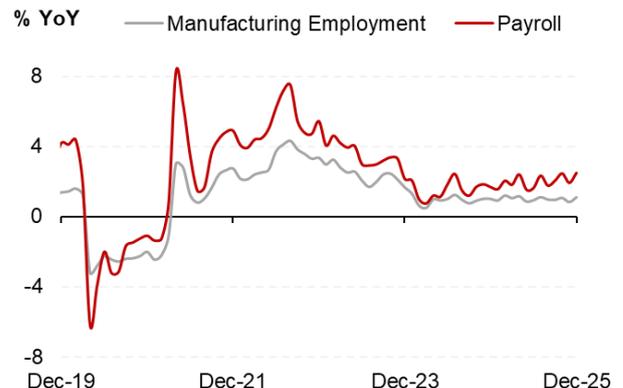
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

12 February 2026

Table 1: Malaysia's Labour Market Indicators

	Dec-24	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Labour Force							
Number ('000)	17,168.4	17,470.5	17,508.0	17,544.8	17,579.0	17,610.9	17,647.1
YoY %	0.8	2.8	2.8	2.8	2.8	2.8	2.8
MoM %	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Outside Labour Force							
Number ('000)	7,156.8	7,189.3	7,201.5	7,209.3	7,218.2	7,218.9	7,225.9
YoY %	-1.1	1.4	1.4	1.3	1.2	1.0	1.0
MoM %	0.1	0.2	0.2	0.1	0.1	0.0	0.1
Employment							
Number ('000)	16,629.9	16,948.9	16,988.0	17,026.3	17,060.1	17,092.5	17,129.5
YoY %	1.0	3.1	3.1	3.1	3.1	3.1	3.0
MoM %	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	538.5	521.6	520.0	518.6	518.9	518.4	517.7
YoY %	-5.2	-5.7	-5.7	-5.5	-4.9	-4.3	-3.9
MoM %	-0.6	0.6	-0.3	-0.3	0.1	-0.1	-0.1
Unemployment Rate (%)	3.1	3.0	3.0	3.0	3.0	2.9	2.9
Labour Force Participation Rate (%)	70.6	70.8	70.9	70.9	70.9	70.9	70.9

Source: Dept. of Statistics, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies. Kenanga Investment Bank Berhad being a full-service investment bank offers investment banking products and services and acts as issuer and liquidity provider with respect to a security that may also fall under its research coverage.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

