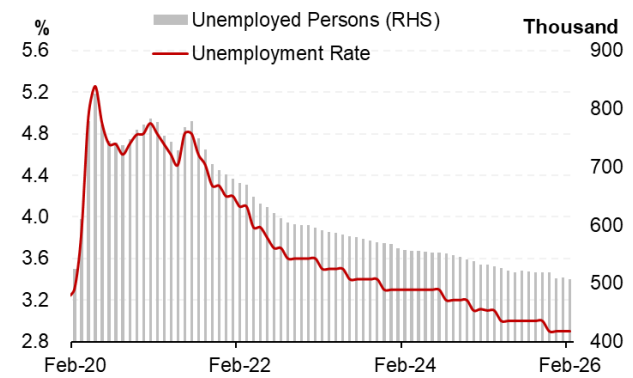


Malaysia Labour Market (Feb 26)

Labour market holds firm at cycle low, supported by steady hiring

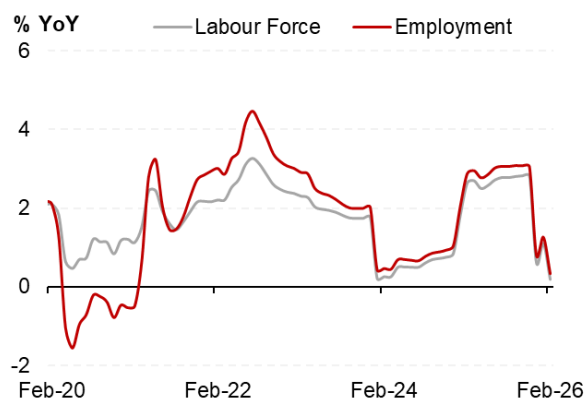
- The unemployment rate remained unchanged at 2.9% in February (Jan: 2.9%), extending its four-month run and marking the lowest since November 2014**
 - The number of unemployed declined sharply (-0.6% MoM; Jan: 0.3%) following the prior month's rebound.
 - In absolute terms, unemployment fell to 506.8k (Jan: 509.6k).
 - Actively unemployed, defined as those available for work and actively seeking jobs, fell to 404.7k (Jan: 406.9k). Its share of total unemployed edged up to 79.9% (Jan: 79.8%).
- Employment increased by 0.12% MoM (Dec: 0.04%), supported by continued hiring activity**
 - By sector:** According to DOSM, employment expanded in the services sector, led by wholesale and retail trade, with further gains in accommodation and food services as well as information and communications. Labour demand also strengthened across agriculture, manufacturing and construction, while mining and quarrying softened. A separate manufacturing survey showed employment declined by 0.4% MoM in February (Jan: 0.1%) to 2.42m (Jan: 2.43m), but payroll contractions eased (-1.5%; January: -4.4%). Average manufacturing wages edged lower to RM3,550 (Jan: RM3,590).
 - By employment status:** All categories recorded MoM gains. The number of employees and own-account workers rose by 0.1% MoM (Jan: 0.03%) and 0.3% (Jan: 0.1%), respectively. Employers expanded by 0.4% (Jan: 0.3%), while unpaid family workers rebounded to 0.1% after a contraction in January (-0.3%).
- Labour force participation remained steady at 70.9% (Jan: 70.9%)**
 - Labour force grew steadily at 0.1% MoM (Jan: 0.1%) to 17.30m (Jan: 17.28m).
 - Those outside the labour force were unchanged (0.0%; Jan: -0.4%), standing at 7.10m (Jan: 7.11m).
- Unemployment rates remained stable across selected advanced Asian economies in February**
 - Japan (2.6%; Jan: 2.7%): Declined for the first time in seven months, indicating a tight job market.
 - Taiwan (3.3%; Jan: 3.4%): Edged down slightly to the lowest level since October 2025 amid stable job market.
- We maintain our unemployment rate forecast at 2.9% in 2026 (2025: 3.0%) supported by domestic resilience**
 - Malaysia's labour market should remain stable in the near term despite heightened external uncertainties, mainly supported by resilient domestic demand and targeted policy measures. Fiscal support will sustain household spending, while the Visit Malaysia 2026 campaign should support hiring in services, particularly tourism-related segments. Manufacturing sector, led by E&E, along with public-sector hiring, including 20,000 contract teachers under the Ministry of Education, will continue to support labour demand going forward.
 - Likewise, we retain our 2026 GDP growth forecast at 4.5% (2025 5.2%), reflecting a cautiously optimistic outlook on domestic expansion surrounded by global economic uncertainty brought by ongoing geopolitical tensions. The 1Q26 Advance GDP estimate is expected to stay resilient, though with some moderation amid typical seasonal slowdown. Growth will be driven by domestic demand, sustained E&E momentum and ongoing structural reforms.

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

13 April 2026

Table 1: Malaysia's Labour Market Indicators

| | Feb-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Labour Force | | | | | | | |
| Number ('000) | 17,266.9 | 17,544.8 | 17,579.0 | 17,610.9 | 17,272.3 | 17,281.0 | 17,297.6 |
| YoY % | 2.6 | 2.8 | 2.8 | 2.8 | 0.6 | 1.1 | 0.2 |
| MoM % | 1.0 | 0.2 | 0.2 | 0.2 | -1.9 | 0.1 | 0.1 |
| Outside Labour Force | | | | | | | |
| Number ('000) | 7,153.1 | 7,209.3 | 7,218.2 | 7,218.9 | 7,132.6 | 7,105.6 | 7,102.9 |
| YoY % | 1.6 | 1.3 | 1.2 | 1.0 | -0.3 | -0.1 | -0.7 |
| MoM % | 0.6 | 0.1 | 0.1 | 0.0 | -1.2 | -0.4 | 0.0 |
| Employment | | | | | | | |
| Number ('000) | 16,734.1 | 17,026.3 | 17,060.1 | 17,092.5 | 16,764.3 | 16,771.4 | 16,790.9 |
| YoY % | 2.9 | 3.1 | 3.1 | 3.1 | 0.8 | 1.3 | 0.3 |
| MoM % | 1.0 | 0.2 | 0.2 | 0.2 | -1.9 | 0.0 | 0.1 |
| Unemployment | | | | | | | |
| Number ('000) | 532.8 | 518.6 | 518.9 | 518.4 | 508.0 | 509.6 | 506.8 |
| YoY % | -4.3 | -5.5 | -4.9 | -4.3 | -5.7 | -4.2 | -4.9 |
| MoM % | 0.1 | -0.3 | 0.1 | -0.1 | -2.0 | 0.3 | -0.6 |
| Unemployment Rate (%) | 3.1 | 3.0 | 3.0 | 3.0 | 2.9 | 2.9 | 2.9 |
| Labour Force Participation Rate (%) | 70.7 | 70.9 | 70.9 | 70.9 | 70.8 | 70.9 | 70.9 |

Source: Dept. of Statistics, Kenanga Research

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