

Malaysia Labour Market (Apr-26)

Cracks appear as unemployment rate hits six-month high

- **The unemployment rate rose to 3.0% in April (Mar: 2.9%), ending five months of stability**

- The number of unemployed rose 0.6% MoM (Mar: 0.4%) to a nine-month high of 511.8k (Mar: 509.0k).
- Actively unemployed (those available for work and actively seeking work), rose to 407.1k (Mar: 405.8k), although their share of unemployed declined further to 79.5% (Mar: 79.7%).

- **Employment growth sustained at 0.1% MoM (Mar: 0.1%), pointing to continued hiring**

- **By sector:** Services remained the primary employment driver, led by wholesale & retail trade, accommodation and food & beverage services, and information & communications. Employment also rose in manufacturing, construction, agriculture, and mining & quarrying.
- **By employment status:** Employee picked up to 0.1% MoM (Mar: 0.0%), while own-account workers slowed to a three-month low of 0.2% (Mar: 0.3%). Employer were flat (0.0%; Mar: 0.2%), and unpaid family workers fell for the second straight month (-0.2%; Mar: -0.2%).

- **Labour force participation rate held steady at a record high of 70.9% (Mar: 70.9%) for the fourth straight month**

- The labour force grew steadily at 0.1% MoM (Mar: 0.1%) to 17.33m (Mar: 17.31m).
- Those outside the labour force edged off for the fifth straight month (-0.01%; Mar: -0.02%) to 7.10m (Mar: 7.103m).

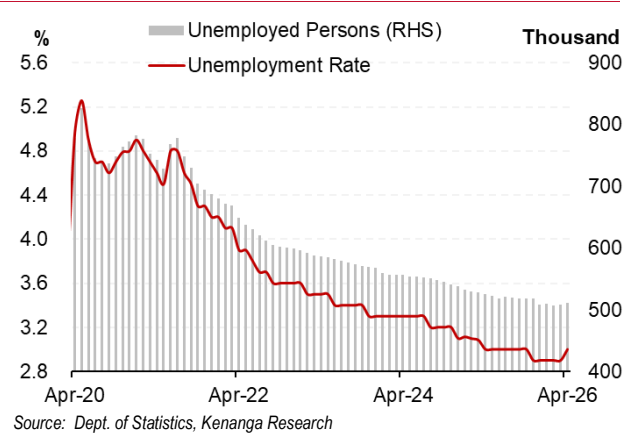
- **Regional labour markets showed improvement in April**

- Japan (2.5%; Mar: 2.7%): Fell sharply to nine-month low, as employed persons rose by 0.64m to 68.6m.
- Taiwan (3.3%; Mar: 3.4%): Edged down in line with seasonal trends amid post-Chinese New Year hiring.

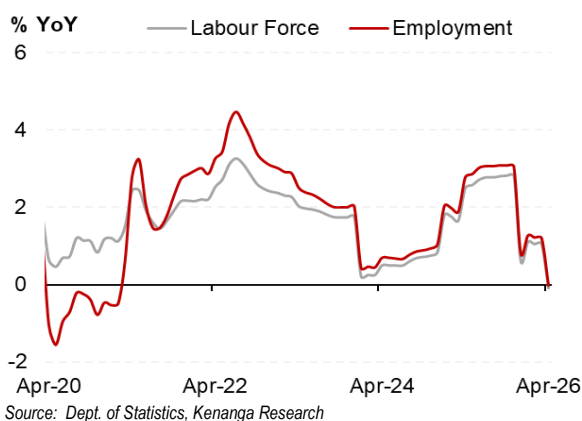
- **We maintain our unemployment rate forecast at 2.9% in 2026 (2025: 3.0%), absent any unexpected shock**

- Despite April's uptick, labour market conditions remained broadly stable, underpinned by steady employment growth, resilient domestic demand, and continued policy support. Services-sector hiring tied to Visit Malaysia 2026 continues to support job creation. Fiscal measures, including government wage adjustments and targeted transfers, are also sustaining household spending.
- That said, early signs of softening are emerging. PERKESO's MYFutureJobs data show loss of employment (LOE) rose to 7,766 in May (Apr: 7,162), above the 2025 monthly average 6,237. Early June data (as of 5 June) puts LOE at 1,531, with further increases expected. Additionally, active job vacancies fell to 107,439 as of 31 May (Apr: 112,429). Downside risks may intensify in 2H26 if external headwinds weigh on export-oriented sectors.
- Hence, we reiterate our 2026 GDP growth forecast of 4.5% (2025: 5.2%), reflecting a cautiously optimistic outlook for 2H26. Growth is projected to remain above 5.0% in 2Q26 (1Q26: 5.4%), supported by a low base effect and inventory build-up linked to supply disruptions. A demand slowdown is possible in 2H26 if energy prices stay elevated. Nonetheless, upside risk to growth remains, supported by the ongoing global tech cycle.

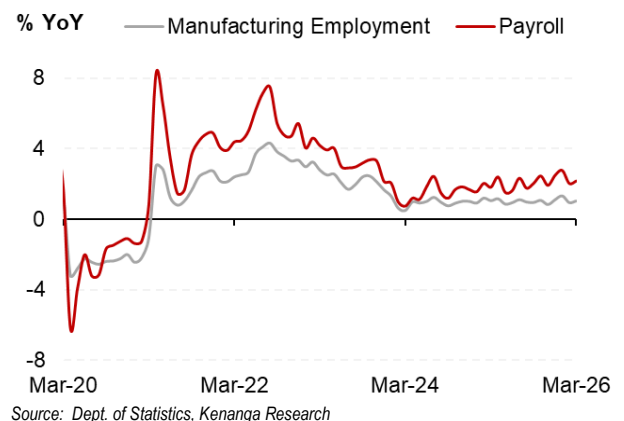
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment



Graph 3: Manufacturing Payroll and Employment



11 June 2026

Table 1: Malaysia's Labour Market Indicators

| | Apr-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Labour Force | | | | | | | |
| Number ('000) | 17,344.5 | 17,610.9 | 17,272.3 | 17,281.0 | 17,297.6 | 17,313.0 | 17,327.6 |
| YoY % | 2.5 | 2.8 | 0.6 | 1.1 | 1.0 | 1.1 | -0.1 |
| MoM % | 1.2 | 0.2 | -1.9 | 0.1 | 0.1 | 0.1 | 0.1 |
| Outside Labour Force | | | | | | | |
| Number ('000) | 7,169.4 | 7,218.9 | 7,132.6 | 7,105.6 | 7,102.9 | 7,101.2 | 7,100.8 |
| YoY % | 2.0 | 1.0 | -0.3 | -0.1 | 0.0 | -0.1 | -1.0 |
| MoM % | 0.9 | 0.0 | -1.2 | -0.4 | 0.0 | 0.0 | 0.0 |
| Employment | | | | | | | |
| Number ('000) | 16,818.6 | 17,092.5 | 16,764.3 | 16,771.4 | 16,790.9 | 16,804.0 | 16,815.8 |
| YoY % | 2.8 | 3.1 | 0.8 | 1.3 | 1.2 | 1.2 | 0.0 |
| MoM % | 1.3 | 0.2 | -1.9 | 0.0 | 0.1 | 0.1 | 0.1 |
| Unemployment | | | | | | | |
| Number ('000) | 525.9 | 518.4 | 508.0 | 509.6 | 506.8 | 509.0 | 511.8 |
| YoY % | -5.5 | -4.3 | -5.7 | -4.2 | -4.4 | -3.6 | -2.7 |
| MoM % | -0.4 | -0.1 | -2.0 | 0.3 | -0.5 | 0.4 | 0.6 |
| Unemployment Rate (%) | 3.0 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 3.0 |
| Labour Force Participation Rate (%) | 70.8 | 70.9 | 70.8 | 70.9 | 70.9 | 70.9 | 70.9 |

Source: Dept. of Statistics, Kenanga Research

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