

Malaysia Labour Market

Unemployment rate remained steady at 3.4% in August but job creation slowed

- The labour market remained stable in August, with the unemployment rate holding steady at 3.4% (Jul: 3.4%) for the third straight month**

- Unemployed persons (-3.8% MoM; Jul: -0.4%): extending its decline for 25 consecutive months.
- The number of unemployed persons fell to 557.3k (Jul: 579.2k), the lowest since February 2020 (525.2k), indicating that the labour market condition has gradually returned to the pre-pandemic level. Additionally, the actively unemployed fell to 462.1k (Jul: 464.7k), the lowest since April 2020 (459.8k).

- Employment growth expanded for 25th straight month (0.1% MoM; Jul: 0.2%), albeit at a slower pace**

- Labour force: growth unchanged (0.1% MoM; Jul: 0.1%) for the second straight month, and the total labour force reached a record high of 16.93m persons (Jul: 16.91m).
- New job creation: slowed slightly (19.9k; Jul: 27.2k) to a seven-month low.

- Labour force participation rate remained at its record level in August (70.1%; Jul: 70.1%)**

- Partly as those outside the labour force (0.09% MoM; Jul: -0.01%) expanded marginally to 7.231m.

- Unemployment rate remained firm among advanced economies**

- US: held firm in September (3.8%; Aug: 3.8%), driven by higher growth in the leisure and hospitality sectors as well as government. Nevertheless, the jobless rate remains below the Fed's median estimate of 4.1% for 2023, indicating that the labour market remains resilient. This raised market's concern that the Fed would maintain rates higher for longer.
- JP: unchanged (2.7%; Jul: 2.7%) as a decline in the number of laid-offs was mitigated by an increase in the number of those who resigned to seek higher wages. In addition, the job availability ratio stays at 1.29 for the second straight month.

- We maintain our unemployment rate forecast for 2023 at 3.5% (2022: 3.8%). Looking ahead, we anticipate a further decline to 3.3% in 2024**

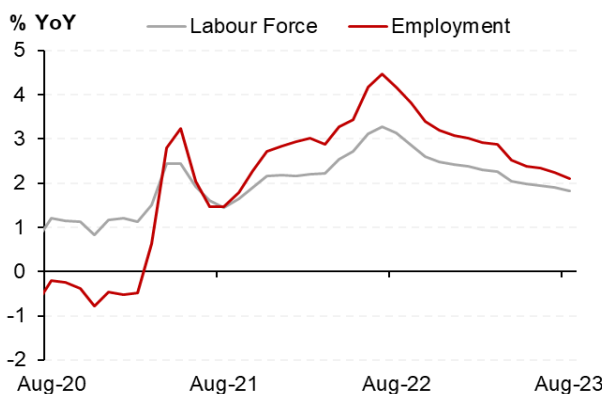
- The labour market remained stable in August, showing resilience in the face of the ongoing global economic slowdown. This stability is primarily attributed to sustained MoM employment growth, bolstered by government initiatives and a gradual rebound in tourism activities driven by increased tourist arrivals and spending. Domestic demand remained a steadfast pillar supporting this growth.
- That said, the labour market is poised to maintain its strength throughout the rest of the year, characterised by expanding hiring activities. Our forecast remains unchanged, with the average unemployment rate expected to settle at 3.5% in 2023 (2022: 3.8%) and further declining to 3.3% in 2024. Likewise, our 2023 GDP growth forecast stands firm at 3.5% - 4.0% (2022: 8.7%).

Graph 1: Unemployment Rate



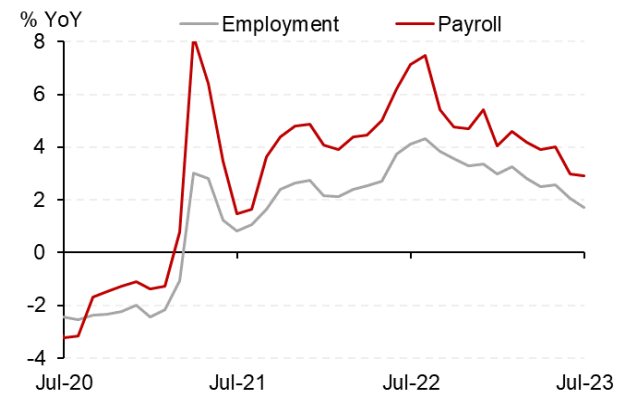
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, Kenanga Research

11 October 2023

Table 1: Malaysia's Labour Market Indicators

	Aug-22	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Labour Force							
Number ('000)	16,629.7	16,811.7	16,838.4	16,864.1	16,889.4	16,914.2	16,932.1
YoY %	3.1	2.3	2.0	2.0	1.9	1.9	1.8
MoM %	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Outside Labour Force							
Number ('000)	7,242.0	7,230.6	7,228.2	7,226.8	7,225.7	7,225.0	7,231.3
YoY %	-2.8	-1.1	-0.6	-0.5	-0.4	-0.3	-0.1
MoM %	-0.1	-0.1	0.0	0.0	0.0	0.0	0.1
Employment							
Number ('000)	16,017.7	16,223.0	16,251.4	16,279.5	16,307.8	16,335.0	16,354.9
YoY %	4.2	2.9	2.5	2.4	2.3	2.2	2.1
MoM %	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Unemployment							
Number ('000)	612.0	588.7	586.9	584.6	581.7	579.2	557.3
YoY %	-18.3	-12.0	-9.6	-8.3	-7.8	-6.7	-8.9
MoM %	-1.4	-0.5	-0.3	-0.4	-0.5	-0.4	-3.8
Unemployment Rate (%)	3.7	3.5	3.5	3.5	3.4	3.4	3.4
Labour Force Participation Rate (%)	69.7	69.9	70.0	70.0	70.0	70.1	70.1

Source: Dept. of Statistics, Kenanga Research

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