

# Malaysia Labour Market

Unemployment rate held steady at 3.3% in the final month of 2023

- **The unemployment rate remained unchanged at 3.3% in December (Nov: 3.3%), marking its lowest since January 2020. The overall 2023 average settled at 3.4%, a tad lower than house forecast of 3.5%**

- Unemployed persons (-0.2% MoM; Nov: -0.3%): extending its 29-month decline, but the pace eased to a 12-month low.
- In absolute terms, the number of unemployed persons fell to 567.8k (Nov: 569.2k), the lowest since February 2020 (525.2k). Additionally, the actively unemployed fell to 453.6k (Nov: 454.5k), marking the lowest since March 2020 (422.9k).

- **Employment growth continued to expand for 29 months and at a steady pace (0.2% MoM; Nov: 0.2%)**

- According to DOSM, the rise in employment was driven by increased hiring in the services sector, notably in information & communication, food & beverage services, and transportation & storage activities. Similarly, the manufacturing, construction, and mining & quarrying sectors also contributed to the expansion. Bucking the trend, the agriculture sector recorded a decline in the number of employed persons.
- By employment status: growth was led by an increase in number of employers (1.0% MoM; Nov: 0.3%), followed by own account workers (0.3%; Nov: 0.3%) and employees (0.1%; Nov: 0.1%). However, growth was partially capped by the decline in unpaid family worker (-0.2%; Nov: 0.1%).

- **Labour force participation rate inched up slightly to a record high (70.2%; Nov: 70.1%) as the total labour force increased slightly higher than the total working population**

- Labour force: growth expanded (0.1% MoM; Nov: 0.2%) albeit at a slower pace, with the total labour force reaching a record high of 17.03m persons.

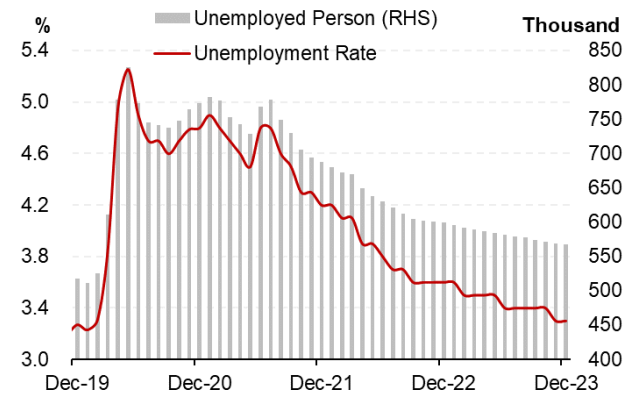
- **Stable unemployment rate across advanced economies, reflecting a resilient labour market conditions**

- US: held steady in January (3.7%; Dec: 3.7%) despite a recent announced layoffs in the technology sector.
- Japan: inched down in December (2.4%; Nov: 2.5%), with the job availability ratio slipped to 1.27.

- **We revise the 2024 average unemployment rate slightly to 3.2% (2023: 3.5%) from previous forecast of 3.3%**

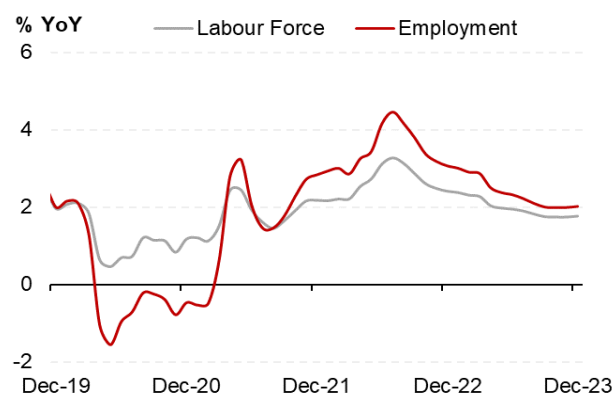
- We expect the labour market to sustain its robust performance in the near term and throughout 2024, with the unemployment rate anticipated to average at 3.2% considering the stable job creation demonstrated in the recent months and the anticipation that the economy will be further bolstered by the technology upcycle and China's gradual economic recovery especially in 2H24. Alongside continued tourist arrivals and spending, as well as the ongoing progress of multi-year infrastructure projects by the federal government, are expected to provide job opportunities. This outlook also alligns with our expectation of further economic improvements, with a projected 2024 GDP growth of 4.9%, from an estimated range of 3.5% - 4.0% in 2023 (2022: 8.7%).
- Nevertheless, structural issues in the labour market remain a key challenge. This includes a significant number of youth unemployment (age: 15-24 years) standing at 307.2k or 10.6%. Additionally, skill-related underemployment, defined as those with tertiary education and working in the semi-skilled and low-skilled categories, currently stands at 37.4%, reaching a record high of 1.94m in 4Q23.

Graph 1: Unemployment Rate



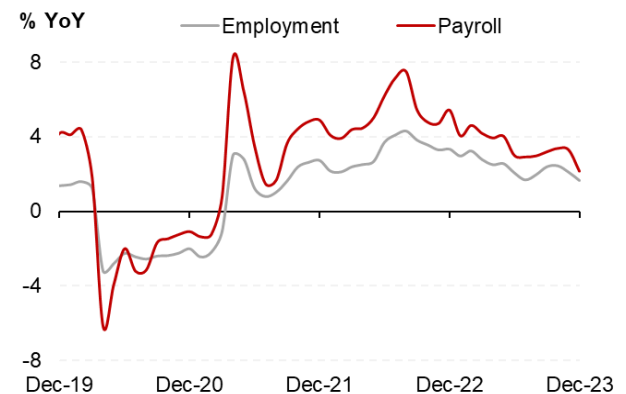
Source: Dept. of Statistics, Kenanga Research

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 February 2024

**Table 1: Malaysia's Labour Market Indicators**

	Dec-22	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
<b>Labour Force</b>							
Number ('000)	16,730.0	16,914.2	16,932.1	16,948.8	16,974.1	17,000.4	17,025.5
YoY %	2.4	1.9	1.8	1.8	1.7	1.7	1.8
MoM %	0.1	0.1	0.1	0.1	0.1	0.2	0.1
<b>Outside Labour Force</b>							
Number ('000)	7,239.5	7,225.0	7,231.3	7,238.9	7,237.6	7,235.4	7,234.3
YoY %	-1.3	-0.3	-0.1	0.0	0.0	0.0	-0.1
MoM %	0.1	0.0	0.1	0.1	0.0	0.0	0.0
<b>Employment</b>							
Number ('000)	16,130.4	16,335.0	16,354.9	16,375.1	16,403.2	16,431.1	16,457.7
YoY %	3.1	2.2	2.1	2.0	2.0	2.0	2.0
MoM %	0.1	0.2	0.1	0.1	0.2	0.2	0.2
<b>Unemployment</b>							
Number ('000)	599.6	581.7	579.2	577.3	573.7	570.9	569.2
YoY %	-12.8	-7.8	-6.7	-5.7	-5.2	-5.2	-5.3
MoM %	-0.2	-0.5	-0.4	-0.3	-0.6	-0.5	-0.3
<b>Unemployment Rate (%)</b>	<b>3.6</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.3</b>
<b>Labour Force Participation Rate (%)</b>	<b>69.8</b>	<b>70.0</b>	<b>70.1</b>	<b>70.1</b>	<b>70.1</b>	<b>70.1</b>	<b>70.1</b>

Source: Dept. of Statistics, Kenanga Research

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