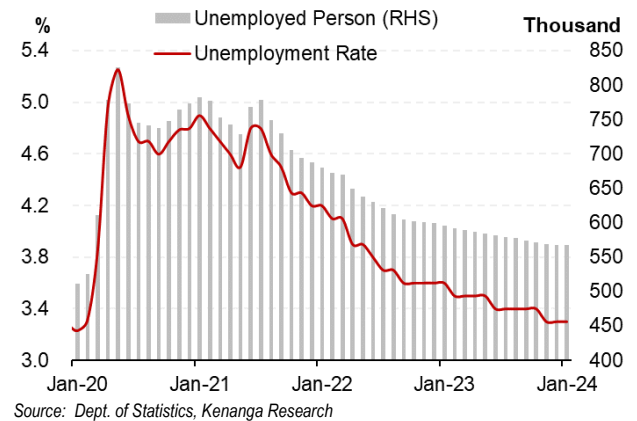


Malaysia Labour Market

Unemployment rate remained at 3.3% in January on sustained hiring

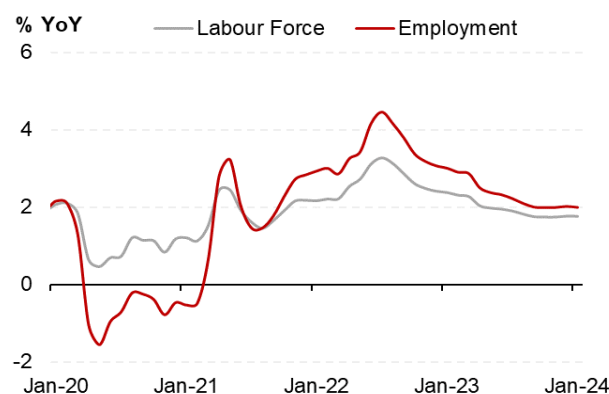
- The unemployment rate remained unchanged for the third straight month in January (3.3%; Dec: 3.3%), maintaining its lowest since January 2020**
 - Unemployed persons (-0.1% MoM; Dec: -0.2%): extending its 30-month decline, but the pace eased during the observed period.
 - In absolute terms, the number of unemployed persons fell to 567.3k (Dec: 567.8k), the lowest since February 2020 (525.2k). Additionally, the actively unemployed fell to 452.5k (Dec: 453.6k), marking the lowest since March 2020 (422.9k).
- Employment growth continued to expand for 30 months with growth (0.2% MoM; Dec: 0.2%) unchanged for the fourth straight month**
 - According to DOSM, the rise in employment was contributed by the services sector, notably in wholesale & retail trade, food & beverage services, and transportation & storage activities. Similarly, the manufacturing, construction, mining & quarrying and agriculture sectors also contributed to the expansion.
 - By employment status: growth in employees (0.1% MoM; Dec: 0.1%) sustained and constituting 75.2% of overall employed persons. Similarly, own account workers (0.3%; Dec: 0.3%) sustained its growth expansion and constituted 18.3% of overall employed persons. Meanwhile, growth in employers (0.3% MoM; Dec: 1.0%) moderated, while unpaid family workers (-0.2%; Dec: -0.2%) declined for the second straight month.
- Labour force participation rate sustained at a record high (70.2%; Dec: 70.2%) as the total labour force increased slightly higher than the total working population**
 - Labour force (0.1% MoM; Dec: 0.1%): growth sustained, with the total labour force expanded by 24.8k persons (Dec: 25.1k), reaching a record high of 17.05m persons.
- Mixed unemployment rate among advanced economies**
 - AU: expanded (4.1%; Dec: 3.9%) to a 26-month high, signalling a deterioration in the job market amid a higher interest rate environment.
 - JP: fell slightly (2.4%; Dec: 2.5%), amid a labour shortage. Nevertheless, the job availability ratio remained unchanged at 1.27.
- We retain the 2024 average unemployment rate at 3.2% (2023: 3.4%) in line with further economic expansion**
 - We continue to expect the labour market to remain stable throughout 2024, given the sustained employment growth registered in the recent month. This is also due to anticipation that the hiring activities will remain stable on the back of further expansion in economic activities alongside the recovery in the manufacturing sector as well as the realisation of approved foreign and domestic investment. This outlook also aligns with our expectation of further economic expansion, with a projected 2024 GDP growth of 4.5% - 5.0% (2023: 3.7%).
 - Nevertheless, we acknowledge the ongoing structural issues in the labour market including the higher youth unemployment rate (age: 15-24 years) which remained at 10.6% in January for the third straight month, standing at 306.8k people. 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



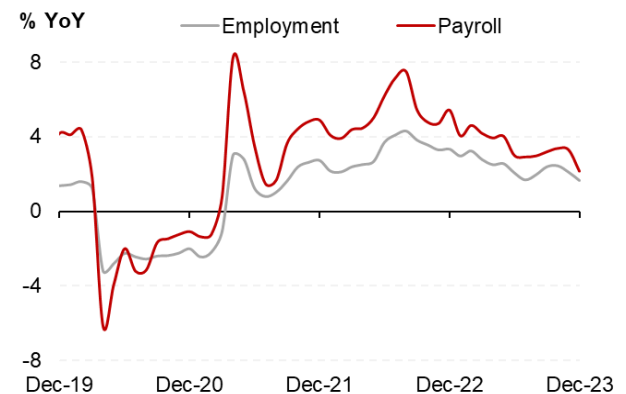
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

11 March 2024

Table 1: Malaysia's Labour Market Indicators

	Jan-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Labour Force							
Number ('000)	16,755.4	16,932.1	16,948.8	16,974.1	17,000.4	17,025.5	17,050.3
YoY %	2.4	1.8	1.8	1.7	1.7	1.8	1.8
MoM %	0.2	0.1	0.1	0.1	0.2	0.1	0.1
Outside Labour Force							
Number ('000)	7,238.3	7,231.3	7,238.9	7,237.6	7,235.4	7,234.3	7,233.4
YoY %	-1.3	-0.1	0.0	0.0	0.0	-0.1	-0.1
MoM %	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Employment							
Number ('000)	16,159.3	16,354.9	16,375.1	16,403.2	16,431.1	16,457.7	16,483.0
YoY %	3.0	2.1	2.0	2.0	2.0	2.0	2.0
MoM %	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	596.1	577.3	573.7	570.9	569.2	567.8	567.3
YoY %	-12.4	-5.7	-5.2	-5.2	-5.3	-5.3	-4.8
MoM %	-0.6	-0.3	-0.6	-0.5	-0.3	-0.2	-0.1
Unemployment Rate (%)	3.6	3.4	3.4	3.4	3.3	3.3	3.3
Labour Force Participation Rate (%)	69.8	70.1	70.1	70.1	70.1	70.2	70.2

Source: Dept. of Statistics, Kenanga Research

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