

Malaysia Labour Market

February unemployment rate steady at 3.3% amid ongoing hiring

- **The unemployment rate remained unchanged for the fourth straight month in February (3.3%; Jan: 3.3%), matching pre pandemic level**

- Unemployed persons (-0.1% MoM; Jan: -0.1%): extending its 31-month decline, but the pace was unchanged for the second straight month.
- In absolute terms, the number of unemployed persons fell to 567.0k (Jan: 567.3k), the lowest since February 2020 (525.2k). Additionally, the actively unemployed fell slightly to 452.4k (Jan: 452.5k), marking the lowest since March 2020 (422.9k).

- **Employment growth continued to expand steadily for 31 months with growth (0.2% MoM; Jan: 0.2%) unchanged for the fifth straight month**

- By sector: according to DOSM, there was a broad-based increase in employment across the sector. For the services sector specifically, job gains were recorded in the wholesale & retail trade, food & beverage services, and transportation & storage activities.
- By employment status: employees (0.1% MoM; Jan: 0.1%) sustained and constituted 75.2% of overall employment. Similarly, own account workers (0.3%; Jan: 0.3%) sustained its growth expansion and constituted 18.3% of overall employment. Notably, growth for employers (0.4% MoM; Jan: 0.3%) expanded, while unpaid family workers (0.0%; Jan: -0.2%) were stagnant.

- **Labour force participation rate remained at a record high (70.2%; Jan: 70.2%) as the total labour force increased slightly higher than the total working age population**

- Labour force (0.14% MoM; Jan: 0.15%): growth moderated slightly, with the total labour force expanded by 24.6k persons (Jan: 24.8k), reaching a record high of 17.07m persons.

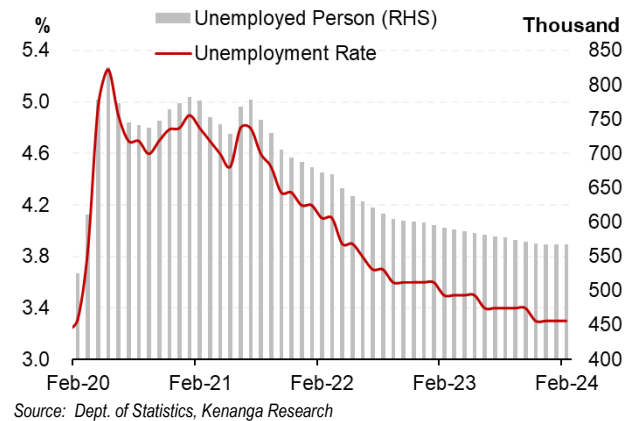
- **Mixed unemployment rate among advanced economies**

- US: fell in March (3.8%; Feb: 3.9%) driven by job gains in healthcare, government, and construction sectors.
- JP: expanded in February (2.6%; Jan: 2.4%), as more people entered the job market amid rising living cost.

- **No change to our forecast, we retain the 2024 average unemployment rate at 3.2% (2023: 3.4%)**

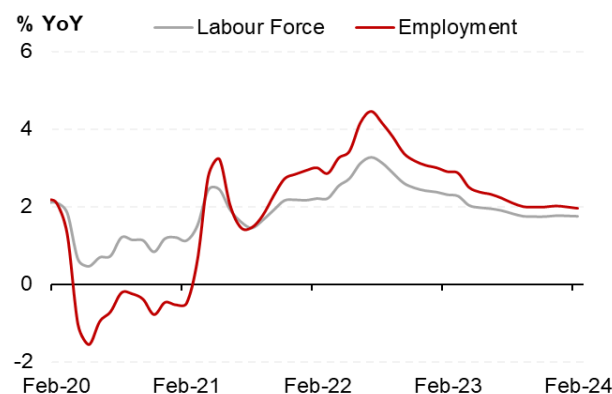
- We expect the labour market to remain stable throughout 2024, reflected in the continuous employment growth observed recently. This is largely attributed to the expected steady expansion in economic activities driven by strong domestic demand as we project GDP growth to expand to 3.3% in 1Q24 (4Q23: 3.0%) with overall 2024 GDP growth forecast at 4.5% - 5.0% (2023: 3.7%). Additionally, an expected recovery in the manufacturing sector driven by the technology upcycles as well as the realisation of approved investment recorded last year to further boost hiring activities in the coming months.
- Nevertheless, structural issues in the labour market remain concerning, namely the persistent youth unemployment rate (age: 15-24 years) which remained at 10.6% in February for the fourth straight month, standing at 306.6k people. Additionally, skill-related underemployment stands at 37.4%, reaching a record high of 1.94m in 4Q23.

Graph 1: Unemployment Rate



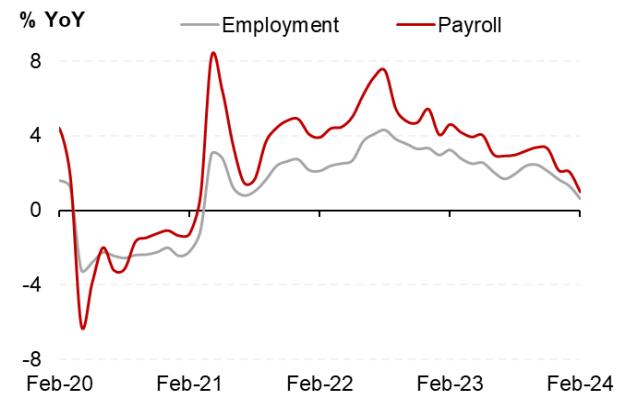
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

09 April 2024

Table 1: Malaysia's Labour Market Indicators

	Feb-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Labour Force							
Number ('000)	16,781.2	16,948.8	16,974.1	17,000.4	17,025.5	17,050.3	17,074.9
YoY %	2.3	1.8	1.7	1.7	1.8	1.8	1.8
MoM %	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Outside Labour Force							
Number ('000)	7,236.7	7,238.9	7,237.6	7,235.4	7,234.3	7,233.4	7,232.7
YoY %	-1.1	0.0	0.0	0.0	-0.1	-0.1	-0.1
MoM %	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Employment							
Number ('000)	16,189.3	16,375.1	16,403.2	16,431.1	16,457.7	16,483.0	16,507.9
YoY %	2.9	2.0	2.0	2.0	2.0	2.0	2.0
MoM %	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	591.9	573.7	570.9	569.2	567.8	567.3	567.0
YoY %	-11.9	-5.2	-5.2	-5.3	-5.3	-4.8	-4.2
MoM %	-0.7	-0.6	-0.5	-0.3	-0.2	-0.1	-0.1
Unemployment Rate (%)	3.5	3.4	3.4	3.3	3.3	3.3	3.3
Labour Force Participation Rate (%)	69.9	70.1	70.1	70.1	70.2	70.2	70.2

Source: Dept. of Statistics, Kenanga Research

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