

13 May 2024

Malaysia Labour Market

Unemployment rate remains stable at 3.3% in March, expected to improve in 2H24

- **The unemployment rate remained unchanged in March (3.3%; Feb: 3.3%), for the fifth straight month, matching pre pandemic level**

- Unemployment figures fell 0.1% MoM (Feb: -0.1%): extending its 32-month trend of sustained decline.
- In absolute terms, the number of unemployed persons continued to decline to 566.6k (Feb: 567.0k), the lowest since February 2020 (525.2k). Additionally, the actively unemployed fell slightly to 451.5k (Feb: 452.4k), marking the lowest since March 2020 (422.9k).

- **Employment growth continued to expand for 32 months (0.1% MoM; Feb: 0.2%) albeit at a slower pace**

- **By sector:** according to DOSM, most sectors recorded an expansion in the number of employed persons. For the services sector specifically, job gains were recorded in the wholesale & retail trade, food & beverage services, and information & communication activities.
- **By employment status:** expansion in the number of employees (0.1% MoM; Feb: 0.1%) sustained, but the share edged down slightly to 75.1% of overall employment. Similarly, own account workers (0.3%; Feb: 0.3%) also sustained its growth expansion. Notably, growth for employers (0.5% MoM; Feb: 0.4%) expanded to the highest since December 2023, while unpaid family workers (-0.1%; Feb: 0%) fell.

- **Labour force participation rate edged up to a record high (70.3%; Feb: 70.2%) as the total labour force increased slightly higher than the total working age population**

- Labour force (0.14% MoM; Feb: 0.14%): growth sustained, with the total labour force expanded by 23.8k persons (Feb: 24.8k), reaching a record high of 17.1m persons.

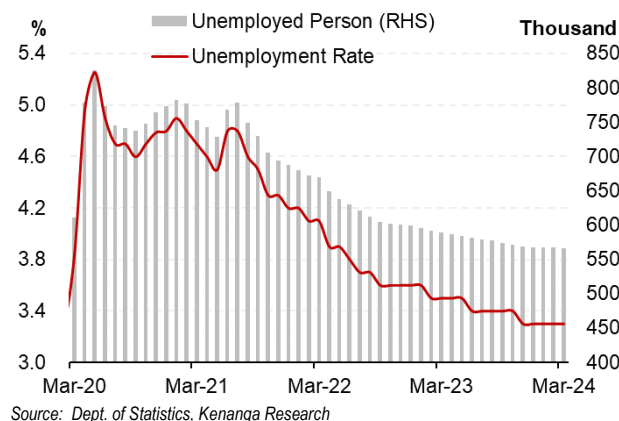
- **Unemployment rate remained below 4.0% among advanced economies, reflecting a tight labour market**

- US: expanded in April (3.9%; Mar: 3.8%) as job growth slowed. Nonetheless, the unemployment rate has remained below 4.0% for the 27th straight month.
- Japan: remained unchanged in March (2.6%; Feb: 2.6%) with the number of unemployed reaching 1.82m people.

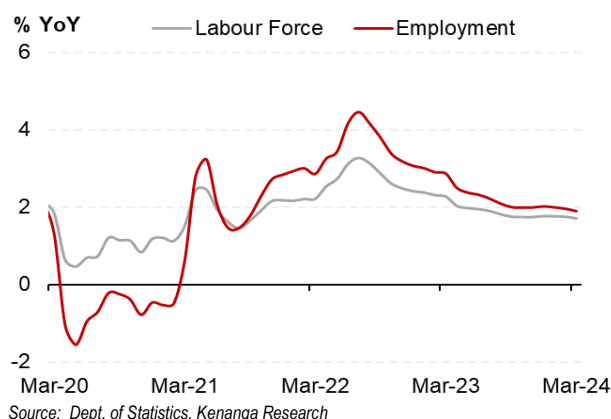
- **The 2024 average unemployment rate forecast is maintained at 3.2% (2023: 3.4%) on the expectation of robust hiring in the 2H24**

- The labour market is expected to remain stable throughout 2024, with hiring activities to stay positive. This is mainly due to the expected steady expansion in economic activities led by the services sector propelled by resilient domestic demand as we project GDP growth to expand to 4.5% - 5.0% in 2024 (2023: 3.7%). Meanwhile, manufacturing recovery is expected to strengthen by year-end, driven by the expectation of technology upcycles and improved external trade demand amid China's gradual recovery. The progress of realisation of approved investment recorded last year at RM329.5b also would likely boost hiring activities in the coming months.

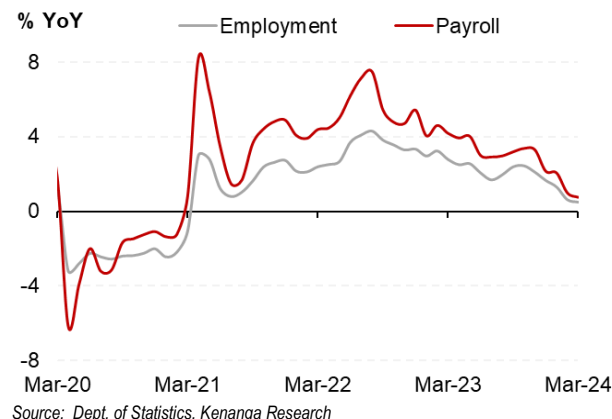
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment



Graph 3: Manufacturing Payroll and Employment



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Table 1: Malaysia's Labour Market Indicators

	Mar-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Labour Force							
Number ('000)	16,811.7	16,974.1	17,000.4	17,025.5	17,050.3	17,074.9	17,098.7
YoY %	2.3	1.7	1.7	1.8	1.8	1.8	1.7
MoM %	0.2	0.1	0.2	0.1	0.1	0.1	0.1
Outside Labour Force							
Number ('000)	7,230.6	7,237.6	7,235.4	7,234.3	7,233.4	7,232.7	7,232.5
YoY %	-1.1	0.0	0.0	-0.1	-0.1	-0.1	0.0
MoM %	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Employment							
Number ('000)	16,223.0	16,403.2	16,431.1	16,457.7	16,483.0	16,507.9	16,532.2
YoY %	2.9	2.0	2.0	2.0	2.0	2.0	1.9
MoM %	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Unemployment							
Number ('000)	588.7	570.9	569.2	567.8	567.3	567.0	566.6
YoY %	-12.0	-5.2	-5.3	-5.3	-4.8	-4.2	-3.8
MoM %	-0.5	-0.5	-0.3	-0.2	-0.1	-0.1	-0.1
Unemployment Rate (%)	3.5	3.4	3.3	3.3	3.3	3.3	3.3
Labour Force Participation Rate (%)	69.9	70.1	70.1	70.2	70.2	70.2	70.3

Source: Dept. of Statistics, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Nurul Hanees Hairulkama
Economist
nurulhanees@kenanga.com.my

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KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

