

Malaysia Labour Market

Unemployment rate held steady at 3.3% in May due to robust labour market

- The unemployment rate remained unchanged for the seventh straight month at 3.3% in May (Apr: 3.3%), amid steady labour market conditions**

- Unemployment numbers fell by 0.1% MoM (Apr: -0.04%): extending its 34-straight month of decline and at a faster pace in two months.
- In absolute terms, the number of unemployed persons continued to decline to 566.1k (Apr: 566.4k), slowly approaching the pre-pandemic level of 525.2k (February 2020). Notably, the actively unemployed expanded for the first time in 34 months to 452.0k (Apr: 451.4k).

- Employment growth sustained its expansion for 34 consecutive months in May (0.1% MoM; Apr: 0.1%) thanks largely to a strong services sector**

- **By sector:** according to DOSM, the services sector continued to register an uptrend in the number of employed persons, mainly in the wholesale & retail trade, food & beverage services and information & communication activities. Additionally, the manufacturing, construction, mining & quarrying, and agriculture sectors also recorded a rise in employment.
- **By employment status:** growth in the number of employees (0.1% MoM; Apr: 0.1%) sustained, with the share of total employment unchanged at 75.1%. Similarly, own account workers (0.3%; Apr: 0.3%) also remained unchanged, with the share of total employment stayed at 18.4%. However, employers moderated (0.4%; Apr: 0.5%) while unpaid family workers fell for the third straight month (-0.3%; Apr: -0.2%), the lowest in 16 months.

- Labour force participation rate remained unchanged (70.3%; Apr: 70.3%) for the third straight month and the highest on record**

- Labour force (0.14% MoM; Apr: 0.14%): growth sustained for the fourth straight month, with the total labour force expanded by 24.2k persons (Apr: 23.5k), reaching a record high of 17.15m persons.

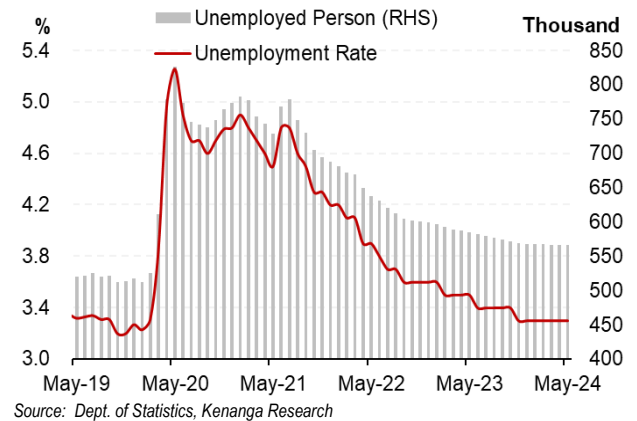
- Mixed unemployment rate among advanced economies**

- US: expanded in June (4.1%; May: 4.0%), highest since November 2021 despite the economy adding 206,000 jobs (consensus: 190,000).
- Japan: remained unchanged in May (2.6%; Apr: 2.6%) for the fourth straight month, but the job availability ratio fell slightly to 1.24 (Apr: 1.26).

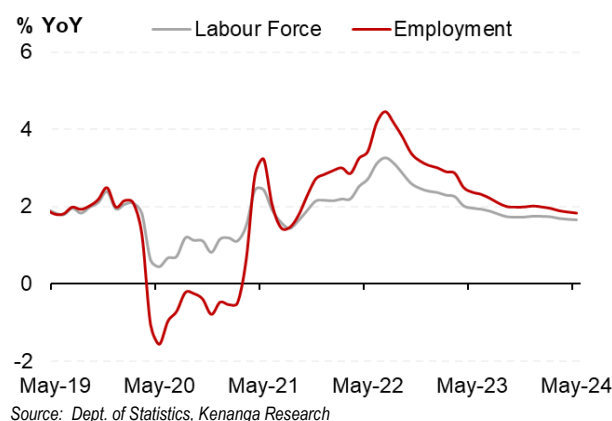
- Average unemployment rate forecast for 2024 remains at 3.2% (2023: 3.4%), with strong hiring expected in the 2H24**

- We continue to project an improvement in the unemployment rate towards the end of the year, given sustained expansion in the services sector activity in recent months. This is further reinforced by a gradual recovery in the manufacturing-export oriented, thanks to the impact of technology upcycle. The ongoing progress of multiyear government infrastructure projects as well as various policy support also remained key factors driving the steady labour market for this year. Additionally, the realisation of record-approved investment worth RM329.5b registered last year as well as the recent RM83.7b worth of investment approved in 1Q24 will further stimulate hiring activities in the coming months. Hence, we maintained our 2024 GDP growth forecast of 4.5% - 5.0% (2023: 3.6%).

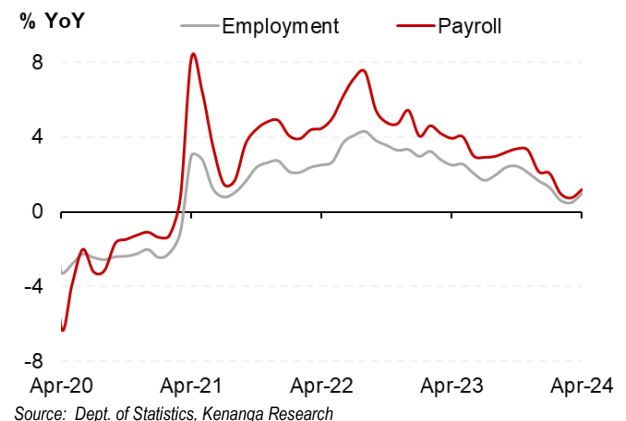
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment



Graph 3: Manufacturing Payroll and Employment



11 July 2024

Table 1: Malaysia's Labour Market Indicators

	May-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Labour Force							
Number ('000)	16,864.1	17,025.5	17,050.3	17,074.9	17,098.7	17,122.1	17,145.9
YoY %	2.0	1.8	1.8	1.8	1.7	1.7	1.7
MoM %	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Outside Labour Force							
Number ('000)	7,226.8	7,234.3	7,233.4	7,232.7	7,232.5	7,233.1	7,232.9
YoY %	-0.5	-0.1	-0.1	-0.1	0.0	0.1	0.1
MoM %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment							
Number ('000)	16,279.5	16,457.7	16,483.0	16,507.9	16,532.2	16,555.7	16,579.9
YoY %	2.4	2.0	2.0	2.0	1.9	1.9	1.8
MoM %	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Unemployment							
Number ('000)	584.6	567.8	567.3	567.0	566.6	566.4	566.1
YoY %	-8.3	-5.3	-4.8	-4.2	-3.8	-3.5	-3.2
MoM %	-0.4	-0.2	-0.1	-0.1	-0.1	0.0	-0.1
Unemployment Rate (%)	3.5	3.3	3.3	3.3	3.3	3.3	3.3
Labour Force Participation Rate (%)	70.0	70.2	70.2	70.2	70.3	70.3	70.3

Source: Dept. of Statistics, Kenanga Research

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