

# Malaysia Labour Market

July unemployment rate remained steady at 3.3% for the ninth-straight month

- The unemployment rate remained unchanged for the ninth straight month at 3.3% in July (Jun: 3.3%), reflecting stable labour market conditions**

- Unemployment numbers fell by 0.3% MoM (Jun: -0.1%): extending a 35-month decline and at the fastest pace in eight months.
- In absolute terms, the number of unemployed persons fell to 563.7k (Jun: 565.3k), slowly approaching the pre-pandemic level (Feb-20: 525.2k). Meanwhile, the actively unemployed fell to 450.7k (Jun: 451.9k), and those unemployed for less than three months decreased to 277.0k (Jun: 277.9k), the lowest since April 2020.

- Employment growth sustained in July (0.2% MoM; Jun: 0.2%) driven by a strong services sector**

- **By sector:** The number of employed persons in the services sector continued to increase, mainly in food & beverage services, wholesale & retail trade, and transformation & storage activities. Similarly, manufacturing, construction, mining & quarrying, and agriculture sectors also registered higher employment.
- **By employment status:** sustained increase in employees (0.1% MoM; Jun: 0.1%), but the share of total employment remained at 75.0% (Jun: 75.0%). Own account workers (0.3%; Jun: 0.3%) sustained, with the share of total employment unchanged at 18.4% (Jun: 18.4%). Meanwhile, the growth of employers expanded (0.3%; Jun: 0.2%) to a two-month high, while unpaid family workers fell for the fifth straight month (-0.2%; Jun: -0.1%).

- Labour force participation rate remained at record high for the second straight month (70.4%; Jun: 70.4%)**

- Labour force (0.14% MoM; Jun: 0.15%): growth moderated slightly, adding 26.3k persons (Jun: 25.8k), reaching a total of 17.20m persons.

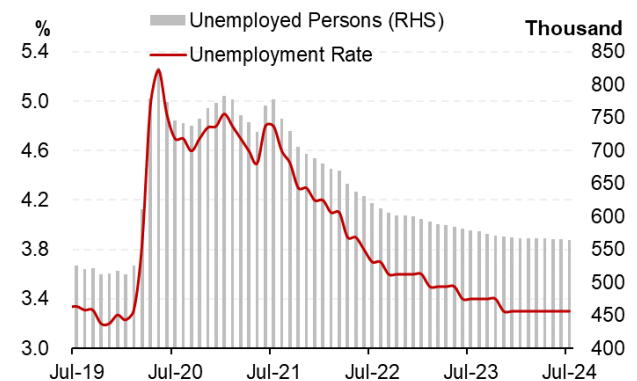
- Mixed performance of unemployment rate among advanced economies**

- US: decreased in August (4.2%; Jul: 4.3%), following an uptick in the previous month. Meanwhile, the latest jobless claims fell by 5.0k to 227.0k versus consensus of 230.0k.
- Japan: rose to a 16-month high in July (2.7%; Jun: 2.5%), but the job availability ratio edged up to 1.24 (Jun: 1.23).

- We have revised the average unemployment rate forecast for 2024 to 3.3% (2023: 3.4%) up from 3.2%**

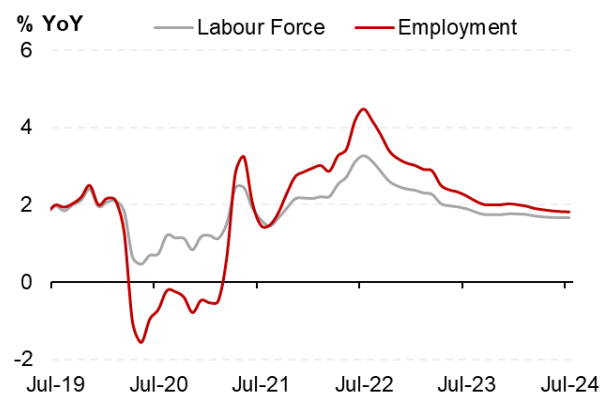
- We expect hiring activity to remain strong through the rest of the year as job openings aligns with stable employment growth as more individuals re-enter the labour market seeking better opportunities. The steady unemployment rate projection aligns with sustained growth in the services sector, driven by increased tourist arrivals. Additionally, the manufacturing sector is set for further recovery, backed by the technology upcycle and continued demand from key trading partners. This is reflected in June's manufacturing payroll growth of 1.8% YoY (May: 1.1%), a five-month high, with sector employment edged up to 1.0% YoY (May: 0.9%).
- Likewise, we maintain our 2024 GDP growth forecast at 5.0%, following better-than-expected performance in 1H24, largely due to strong domestic demand. However, we expect GDP growth to moderate slightly to 4.8% in 2025, influenced by a high base effect and heightened global economic uncertainty, particularly the performance of the US and China economies.

Graph 1: Unemployment Rate



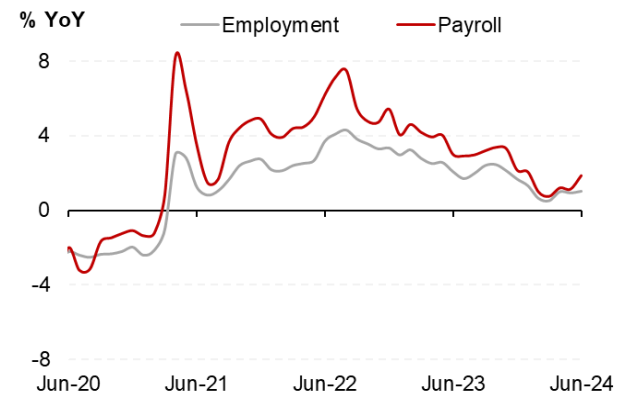
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

10 September 2024

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

	Jul-23	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>Labour Force</b>							
Number ('000)	16,914.2	17,074.9	17,098.7	17,122.1	17,145.9	17,171.1	17,195.7
YoY %	1.9	1.8	1.7	1.7	1.7	1.7	1.7
MoM %	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Outside Labour Force</b>							
Number ('000)	7,225.0	7,232.7	7,232.5	7,233.1	7,232.9	7,231.7	7,230.7
YoY %	-0.3	-0.1	0.0	0.1	0.1	0.1	0.1
MoM %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Employment</b>							
Number ('000)	16,335.0	16,507.9	16,532.2	16,555.7	16,579.9	16,605.7	16,632.0
YoY %	2.2	2.0	1.9	1.9	1.8	1.8	1.8
MoM %	0.2	0.2	0.1	0.1	0.1	0.2	0.2
<b>Unemployment</b>							
Number ('000)	579.2	567.0	566.6	566.4	566.1	565.3	563.7
YoY %	-6.7	-4.2	-3.8	-3.5	-3.2	-2.8	-2.7
MoM %	-0.4	-0.1	-0.1	0.0	-0.1	-0.1	-0.3
<b>Unemployment Rate (%)</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>
<b>Labour Force Participation Rate (%)</b>	<b>70.1</b>	<b>70.2</b>	<b>70.3</b>	<b>70.3</b>	<b>70.3</b>	<b>70.4</b>	<b>70.4</b>

Source: Dept. of Statistics, Kenanga Research

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