

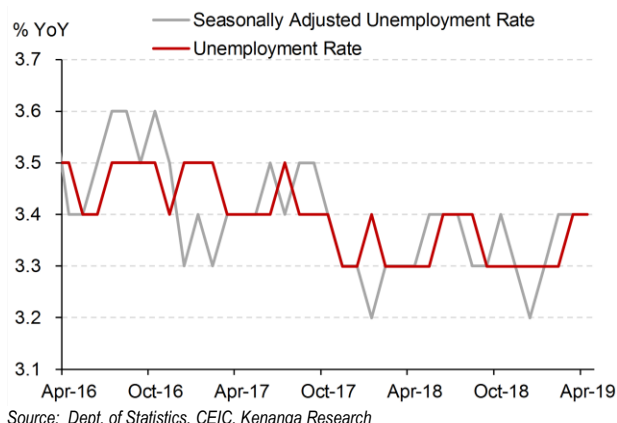
Malaysia Labour Market

Job market holds steady in April but jobless rate to creep up in 2H19

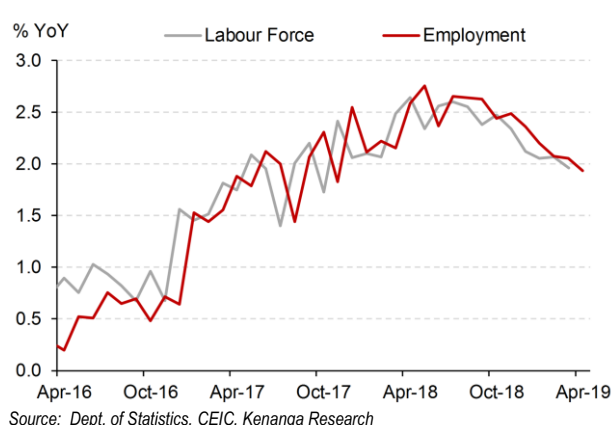
OVERVIEW

- **The unemployment rate in April was unchanged at 3.4%** for two months straight. Similarly, on a seasonally adjusted basis, unemployment rate remained at 3.4%. On MoM, it grew by 0.4% (Mar: 0.9%) to 523.3k of total unemployed. The month's unemployment rate remains steady despite growth slowdown and external economic uncertainties.
- **Meanwhile, the labour force YoY growth moderated slightly to 2.0%** (Mar: +2.1%) due to the higher base effect but expanded on MoM at 0.4% (Mar: +0.1%) or 56.5k to 15.6m persons. Meanwhile, employment growth slowed to 1.9% YoY (Mar: +2.1%) though expanded by 0.4% MoM (Mar: +0.1%), indicating a sustain expansion in hiring but on a slowing trend. Nonetheless, we expect the number of job vacancies to rise in April following a sharp rebound of 35.3% MoM in March, adding 26,169 jobs (Feb: -30.7%).
- Though the growth of labour force far outpaced employment growth in April, the **labour force participation rate remained unchanged at 68.5%** for three consecutive months largely due to the rise in the number of outside of labour force which grew by 0.8% YoY for the preceding two straight months.
- **Mix unemployment rate globally.** In the advance economy, the US jobless rate in May remained steady and unchanged at 3.6% for two straight months or a 49-year record low since 1970. Similarly, the unemployment rate in Eurozone was unchanged at 6.4% for two consecutive months. Regionally, unemployment rate in South Korea edged lower to 4.0% in May (Apr: 4.1%) while Japan registered a slightly lower jobless rate of 2.4% in April (Mar: 2.5%).
- Overall, **we forecast Malaysia's unemployment rate to reach 3.5% this year**, up from 3.3% recorded in 2018 largely due to the downside risk emanating from the on-going tit-for-tat trade war between the US and China as well as growth slowdown in major economies. The heightened risk in the external sector is expected to weigh on manufacturing output and together with an expected slowdown in domestic demand may result in slower growth in job creation in 2H19. The higher unemployment rate is also reflective of a slower GDP growth projection of 4.5% in 2019 (2018: 4.7%).

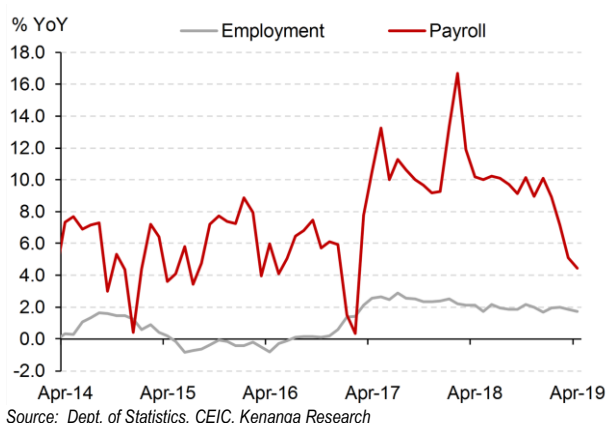
Graph 1: Unemployment Rate



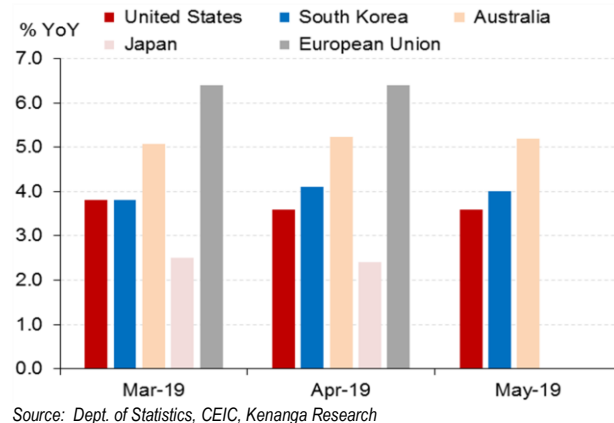
Graph 2: Labour Force Growth vs. Employment Rate



Graph 3: Manufacturing Employment & Payroll



Graph 4: Global Unemployment Rate



17 June 2019

Table 1: Malaysia's Labour Market Indicators

	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
Labour Force						
Number ('000)	15,457.5	15,500.1	15,508.5	15,543.2	15,556.6	15,613.1
YoY %	2.5	2.3	2.1	2.1	2.1	2.0
MoM %	0.0	0.3	0.1	0.2	0.1	0.4
Outside Labour Force						
Number ('000)	7,151.2	7,120.1	7,095.9	7,145.9	7,169.4	7,184.4
YoY %	0.4	0.5	0.3	0.5	0.8	0.8
MoM %	0.8	-0.4	-0.3	0.7	0.3	0.2
Employment						
Number ('000)	14,941.3	14,986.0	14,992.8	15,026.8	15,035.2	15,089.8
YoY %	2.5	2.4	2.2	2.1	2.1	1.9
MoM %	0.0	0.3	0.0	0.2	0.1	0.4
Unemployment						
Number ('000)	516.2	514.2	515.6	516.4	521.3	523.3
YoY %	2.2	1.7	-0.2	1.6	2.5	2.6
MoM %	0.6	-0.4	0.3	0.2	0.9	0.4
Unemployment Rate (%)	3.3	3.3	3.3	3.3	3.4	3.4
Unemployment Rate S.A. (%)	3.4	3.3	3.2	3.3	3.4	3.4
Labour Force Participation Rate (%)	68.4	68.5	68.6	68.5	68.5	68.5

Source: Dept. of Statistics, CEIC, Kenanga Research

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