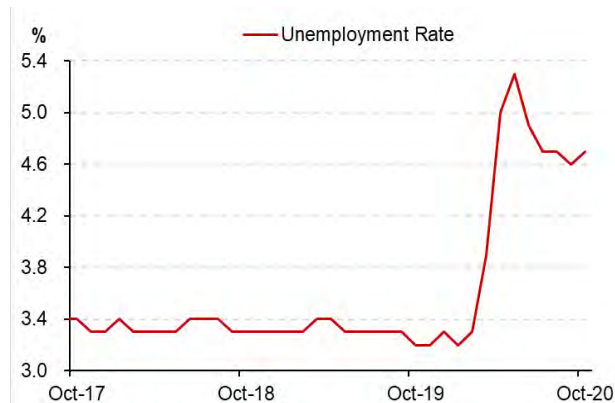


# Malaysia Labour Market

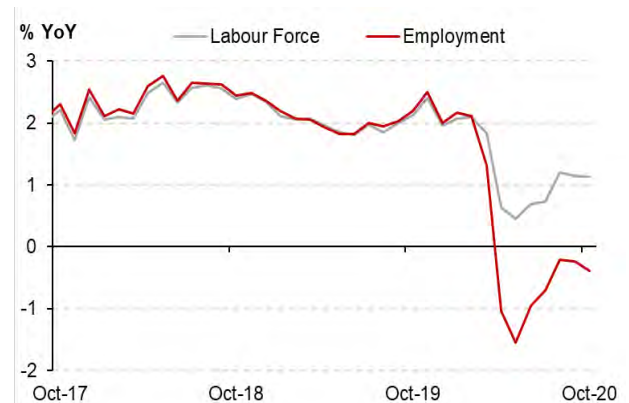
Unemployment rate ticked up to 4.7% in October

- The unemployment rate edged up to 4.7% in October (Sep: 4.6%) as the reinstatement of COVID-19 prevention measures seems to threaten and possibly reverse the labour market recovery**
  - Unemployed persons (1.5% MoM; Sep: -0.6%): the total number of unemployed persons increased to 748.2k (Sep: 737.5k), marking the first rise in five months, halting the improvement seen since June due to the resurgence of local COVID-19 cases and reimplementation of Conditional Movement Control Order (CMCO) measures.
- Employment growth softened for the fifth consecutive month (0.1% MoM; Sep: 0.3% MoM), whilst labour force growth remained at the same level (0.2%; Sep: 0.2%)**
  - Labour force: increased marginally, setting a new record high (15.96m persons; Sep: 15.93m).
  - New job creation: dropped further, reaching a five-month low (14.0k; Sep: 39.6k).
- Labour force participation edged higher (68.5%; Sep: 68.4%)**
  - The number of people outside of the labour force contracted marginally after rebounding last month (-0.2%; Sep: 0.1%), as people re-entered the job market despite renewed concerns about CMCO measures.
  - Growth in active job postings surged to a four-year high (196.4% MoM; Aug: -32.1%), reaching 75.5k in September, with the share of elementary positions rose to a six-month high (share: 64.7%; Sep: 43.5%).
- Labour market improved in the US but generally weak elsewhere**
  - US: eased for the seventh consecutive month (6.7%; Oct: 6.9%), as employers added 245.0k jobs following the continued resumption of economic activity. Nevertheless, the pace of improvement in the labour market seems to be slowing.
  - JP: unemployment rose to its highest level in over three years (3.1%; Sep: 3.0%), despite a newly launched wage subsidy programme aimed to protect jobs through the COVID-19 pandemic.
- 2020 unemployment rate forecast revised up to 4.5% from 4.2% (2019: 3.3%) as downside risks are elevated**
  - In the near term, the number of unemployed persons is expected to rise amid widespread restrictions on businesses to curb the spread of the COVID-19 infections. In addition, the recent surge in Malaysia COVID-19 cases are adding to the already heightened level of uncertainty in the job market, reinforcing fears that the economy is taking a turn for the worse. However, government's decision to allow domestic travel bubbles and lift certain COVID-19 restrictions may partially help to lift the labour market.

Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment

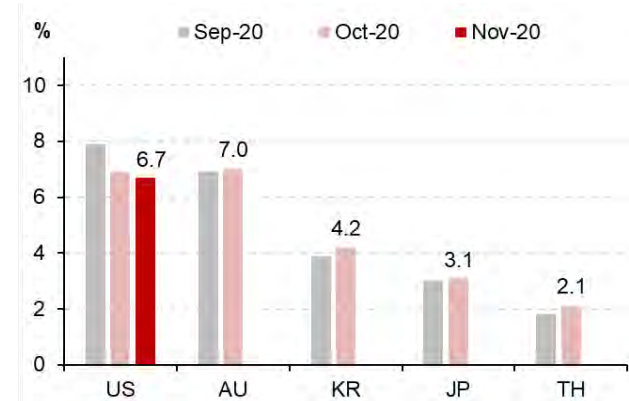


Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Global Unemployment Rate



Source: Dept. of Statistics, CEIC, Kenanga Research

14 December 2020

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

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
Labour Force						
Number ('000)	15,714.0	15,763.5	15,818.5	15,895.1	15,930.6	15,955.3
YoY %	0.5	0.7	0.7	1.2	1.1	1.1
MoM %	0.0	0.3	0.3	0.5	0.2	0.2
Outside Labour Force						
Number ('000)	7,392.1	7,398.5	7,399.8	7,351.5	7,359.8	7,347.7
YoY %	2.8	3.4	2.7	2.5	2.8	2.4
MoM %	0.6	0.1	0.0	-0.7	0.1	-0.2
Employment						
Number ('000)	14,887.9	14,990.2	15,073.4	15,153.5	15,193.1	15,207.1
YoY %	-1.6	-1.0	-0.7	-0.2	-0.2	-0.4
MoM %	-0.3	0.7	0.6	0.5	0.3	0.1
Unemployment						
Number ('000)	826.1	773.2	745.1	741.6	737.5	748.2
YoY %	58.9	48.3	42.0	42.6	41.4	46.1
MoM %	6.1	-6.4	-3.6	-0.5	-0.6	1.5
Unemployment Rate (%)	5.3	4.9	4.7	4.7	4.6	4.7
Labour Force Participation Rate (%)	68.0	68.1	68.1	68.4	68.4	68.5

Source: Dept. of Statistics, CEIC, Kenanga Research

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