

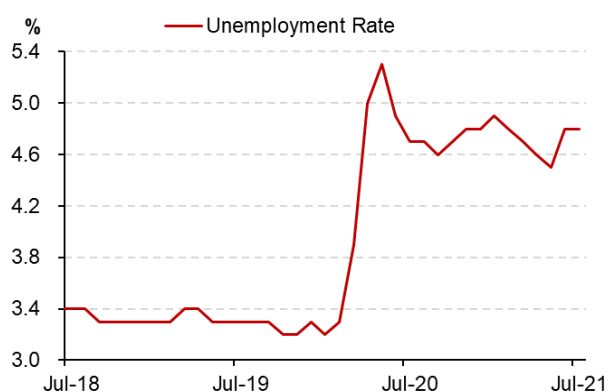
10 September 2021

Malaysia Labour Market

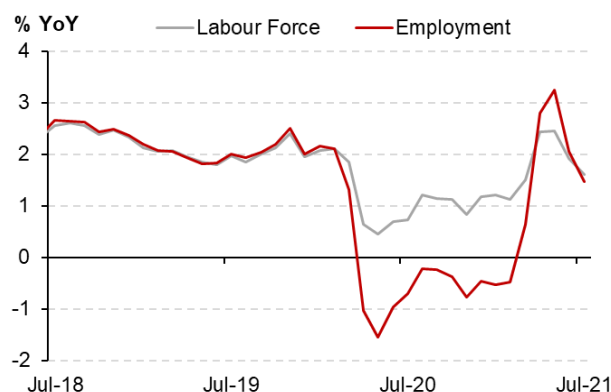
Unemployment rate unchanged at 4.8% in July

- The unemployment rate remained at 4.8% in July (Jun: 4.8%), reflecting the subdued labour market brought by surging COVID-19 infections and the impact of movement restrictions under the National Recovery Plan**
 - Unemployed persons (1.2% MoM; Jun: 5.6%): expanded at a moderating pace, bringing the number of unemployed persons to a six-month high (778.2k; Jun: 768.7k).
- Employment growth contracted for the second straight month (-0.02% MoM; Jun: -0.5%), albeit at a marginal rate reflecting the subdued labour market condition**
 - Labour force: expanded slightly (16.072m persons; Jun: 16.066m).
 - New job creation: dropped for the second straight month (-2.7k; Jun: -73.3k) albeit at a slower pace.
- Labour force participation rate remained unchanged (68.3%; Jun: 68.3%)**
 - As growth of labour force (0.04% MoM; Jun: -0.2%) and those outside the labour force (0.2%; Jun: 0.8%) expanded marginally.
- Jobless rate eased in the advanced economies despite rising threat of the virulent Delta variant**
 - US: jobless rate dropped in August to a 17-month low (5.2%; Jun: 5.4%) despite a resurgence in COVID-19 infections brought by the Delta variant.
 - JP: unemployment rate edged down for the second consecutive month in July (2.8%; Jun: 2.9%) despite extended emergency measures due to a resurgence of COVID-19 infections.
- 2021 unemployment rate forecast retained at 4.5% (2020: 4.5%)**
 - While the extended movement restrictions and the prolonged interstate travel banned are expected to weigh on the services sector, particularly the retail, tourism and transportation sub-sector, we expect the labor market to recover towards the end of the year. This is in tandem with the expected resumption of most economic activities with the progress of the COVID-19 vaccination rate and the relaxation of SOPs for fully vaccinated people.
 - In addition, the ongoing various policy support, coupled with sustained export-oriented manufacturing sector activities and an unleashing of expected pent-up demand, would contribute to a steady pick up in hiring activities by year-end. Nonetheless, downside risks remain associated with the unabated surged of COVID-19 infections brought by the new and highly contagious Delta variant, impeding the pace of economic recovery.

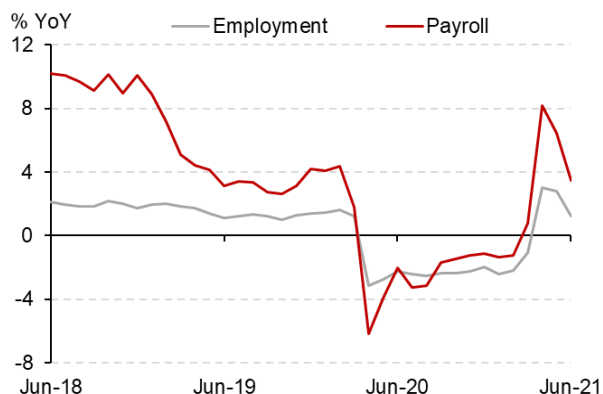
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment

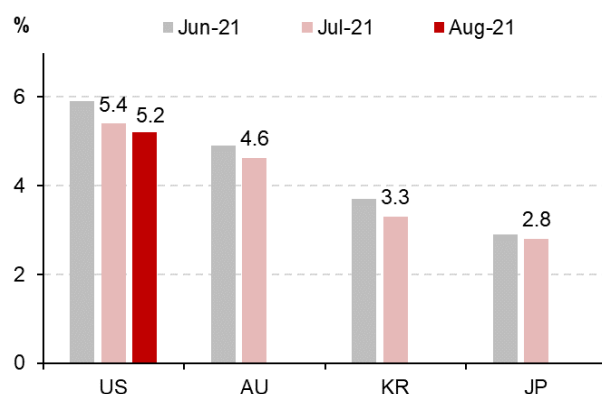


Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Global Unemployment Rate



Source: Dept. of Statistics, CEIC, Kenanga Research

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Table 1: Malaysia's Labour Market Indicators

	Jul-20	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Laour Force							
Number ('000)	15,818.5	16,048.2	16,082.5	16,094.7	16,098.9	16,066.2	16,072.9
YoY %	0.7	1.1	1.5	2.4	2.4	1.9	1.6
MoM %	0.3	0.2	0.2	0.1	0.0	-0.2	0.0
Outside Labour Force							
Number ('000)	7,399.8	7,371.4	7,363.7	7,376.8	7,398.0	7,456.8	7,475.4
YoY %	2.7	2.0	1.7	0.4	0.1	0.8	1.0
MoM %	0.0	0.1	-0.1	0.2	0.3	0.8	0.2
Employment							
Number ('000)	15,073.4	15,270.6	15,329.3	15,352.0	15,370.8	15,297.5	15,294.8
YoY %	-0.7	-0.5	0.6	2.8	3.2	2.1	1.5
MoM %	0.6	0.2	0.4	0.1	0.1	-0.5	0.0
Unemployment							
Number ('000)	745.1	777.5	753.2	742.7	728.1	768.7	778.2
YoY %	42.0	48.0	23.4	-4.6	-11.9	-0.6	4.4
MoM %	-3.6	-0.6	-3.1	-1.4	-2.0	5.6	1.2
Unemployment Rate (%)	4.7	4.8	4.7	4.6	4.5	4.8	4.8
Labour Force Participation Rate (%)	68.1	68.5	68.6	68.6	68.5	68.3	68.3

Source: Dept. of Statistics, CEIC, Kenanga Research

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