

Malaysia Labour Market

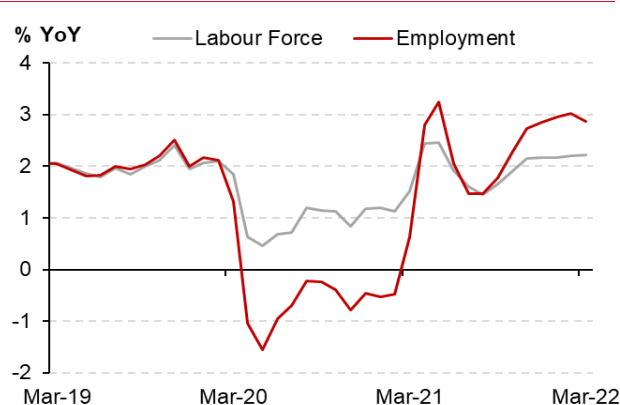
Unemployment rate remained at 4.1% in March as labour market improves

- The unemployment rate remained unchanged at 4.1% in March (Feb: 4.1%)**
 - Unemployed persons (-0.4% MoM; Feb: -1.3%): fell for the eight straight months albeit at the slowest pace since August 2021. Nonetheless, the decline in unemployed persons reflects a continued recovery in the labour market, mainly driven by the relaxation of COVID-19 pandemic restrictions and various ongoing policy support.
 - The number of unemployed persons fell to 669.2k (Feb: 671.8k), the lowest level since March 2020 and almost reaching the pre-pandemic level.
- Employment grew (0.2% MoM; Feb: 0.3%) on persistent new job creation, hitting 15.77m person, a record high**
 - Labour force: growth expansion unchanged (0.2% MoM; Feb: 0.2%), subsequently bringing the total labour force to a record high of 16.44m persons (Feb: 16.40m).
 - New job creation: sustained increase (39.1k; Feb: 44.8k).
- Labour force participation rate inched up (69.2%; Feb: 69.1%)**
 - The number of those outside the labour force fell for the eighth straight month (-0.1% MoM; Feb: -0.2%) to 7.31m, the lowest since March 2020. Nonetheless, it remain above pre pandemic level average of 7.2m.
- Solid labour market conditions in the advanced economies**
 - US: unemployment rate unchanged in April (3.6%; Mar: 3.6%), amid tight labour market.
 - JP: unemployment rate fell in March (2.6%; Feb: 2.7%), its lowest level in almost two years underpinned by further relaxation of COVID-19 restrictions.
- 2022 unemployment rate forecast retained at 3.9% (2021: 4.6%)**
 - While downside risks to growth persist mainly associated with the potential surge of COVID-19 cases brought by the new variant, the ongoing Russia-Ukraine crisis and China's economic slowdown due to its zero-Covid policy, we continue to believe that the labour market will improve further in 2022. This is largely supported by the relaxation of pandemic-related restrictions, reopening of borders for international tourist, and various ongoing policy support.
 - Against these backdrops, we retained our forecast that the unemployment rate to settle at 3.9% in 2022.

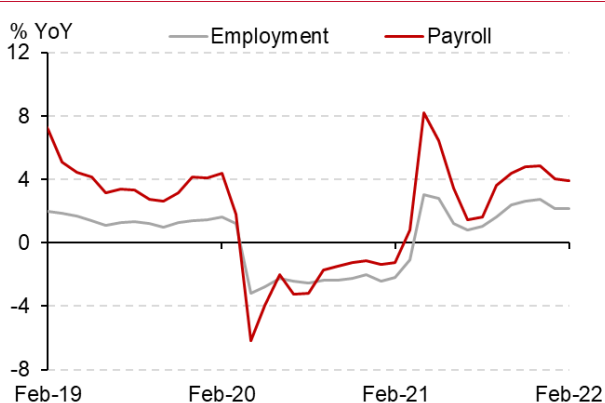
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment

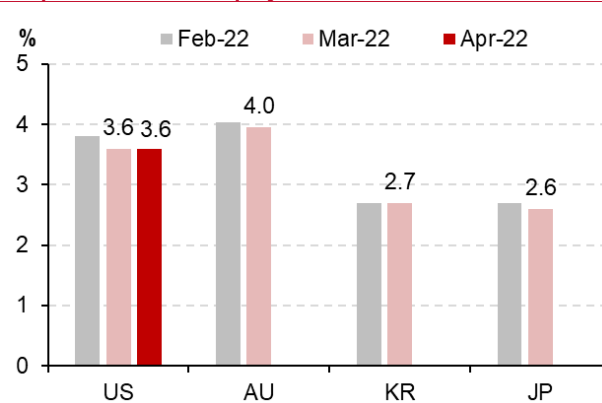


Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Global Unemployment Rate



Source: Dept. of Statistics, CEIC, Kenanga Research

11 May 2022

Table 1: Malaysia's Labour Market Indicators

	Mar-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Laour Force							
Number ('000)	16,082.5	16,259.6	16,304.7	16,336.2	16,366.4	16,402.7	16,440.0
YoY %	1.5	1.9	2.2	2.2	2.2	2.2	2.2
MoM %	0.2	0.4	0.3	0.2	0.2	0.2	0.2
Outside Labour Force							
Number ('000)	7,363.7	7,364.5	7,344.4	7,337.8	7,332.1	7,320.7	7,310.0
YoY %	1.7	0.2	-0.4	-0.5	-0.5	-0.7	-0.7
MoM %	-0.1	-0.6	-0.3	-0.1	-0.1	-0.2	-0.1
Employment							
Number ('000)	15,329.3	15,554.6	15,610.3	15,648.6	15,686.1	15,730.9	15,770.0
YoY %	0.6	2.3	2.7	2.8	2.9	3.0	2.9
MoM %	0.4	0.6	0.4	0.2	0.2	0.3	0.2
Unemployment							
Number ('000)	753.2	705.0	694.4	687.6	680.4	671.8	669.2
YoY %	23.4	-5.8	-9.2	-11.0	-13.0	-13.6	-11.2
MoM %	-3.1	-3.4	-1.5	-1.0	-1.0	-1.3	-0.4
Unemployment Rate (%)	4.7	4.3	4.3	4.2	4.2	4.1	4.1
Labour Force Participation Rate (%)	68.6	68.8	68.9	69.0	69.1	69.1	69.2

Source: Dept. of Statistics, CEIC, Kenanga Research

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Published and printed by:

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