

10 March 2023

Malaysia Labour Market

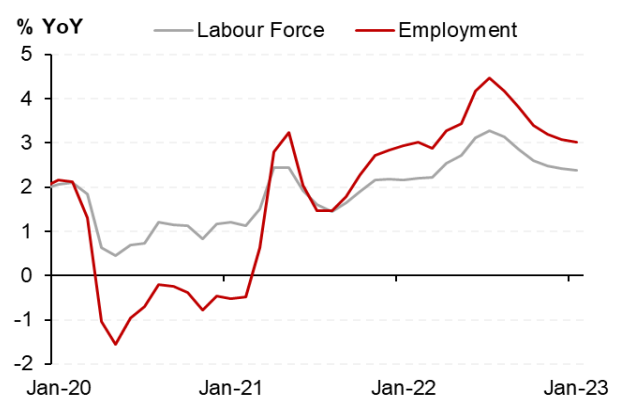
Unemployment rate remains at 3.6% in January

- The unemployment rate held steady for the fifth straight month in January (3.6%; Dec 22: 3.6%) and remained the lowest since February 2020**
 - Unemployed persons (-0.6% MoM; Dec 22: -0.2%): It declined for eighteen straight months and at the fastest pace in four months, reflecting a continued improvement in the domestic labour market.
 - Consequently, the number of unemployed persons fell to 596.1k (Dec 22: 599.6k), the lowest since February 2020. Similarly, the actively unemployed fell to 481.6k (Dec 22: 484.2k), the lowest since April 2020 (459.8k).
- Employment continued to expand for eighteen straight months (0.2% MoM; Dec 22: 0.1%), bringing total employment to 16.16m people, a record high**
 - Labour force: growth expanded (0.2% MoM; Dec 22: 0.1%), with the total labour force rising to a record high of 16.76m persons (Dec 22: 16.73m).
 - New job creation: expanded (28.9k; Dec 22: 21.8k) to a three-month high.
- Labour force participation rate remained unchanged (69.8%; Nov: 69.8%) for the third straight month and remained the highest recorded since the data was made available in January 2015**
 - The number of those outside the labour force edged down slightly (-0.02% MoM; Dec 22: 0.05%) to 7.238m as more people returned to seek employment.
- Mixed labour market conditions among regional economies**
 - JP: edged down (Jan: 2.4%; Dec 22: 2.5%), the lowest since February 2020, as the number of employed far exceeded unemployed people.
 - AU: expanded (Jan: 3.7%; Dec 22: 3.5%) to an eight-month high amid the impact of higher interest rates.
- 2023 unemployment rate forecast revised slightly to 3.5% from 3.3% (2022: 3.8%)**
 - The revised forecast reflects the stickier-than-expected labour market conditions given that the unemployment rate has somewhat stayed at a 3.6% level for five straight months or since September 2022. Though the recovery appears to be sustained due to an increase in domestic economic activities, we expect the momentum towards the end of the year to be slower than previously anticipated. Besides, youth unemployment remains high at 11.5% (Dec 22: 11.8%), albeit improving, but still above the pre-pandemic level (Jan 20: 10.0%).
 - Nevertheless, we retained our 2023 GDP growth forecast at 4.7% (2022: 8.7%), underpinned by resilient domestic demand, an increase in tourist arrivals and foreign direct investment, as well as the implementation of the federal government projects under the revised Budget 2023.

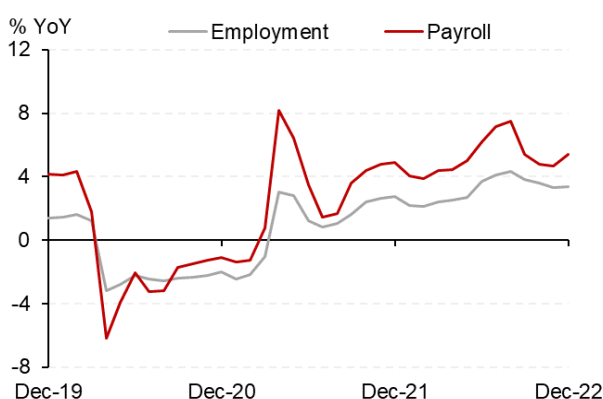
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment

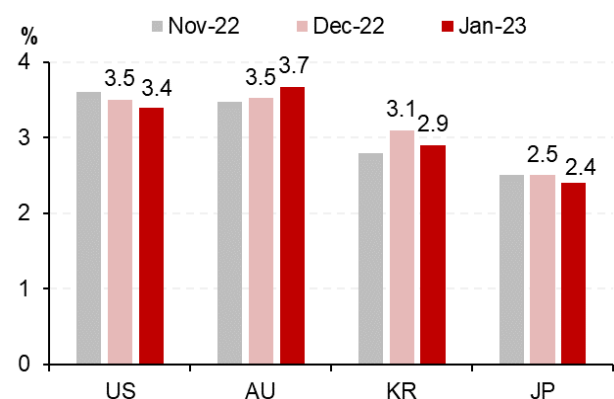


Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Global Unemployment Rate



Source: Dept. of Statistics, CEIC, Kenanga Research

10 March 2023

Table 1: Malaysia's Labour Market Indicators

	Jan-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Labour Force							
Number ('000)	16,366.4	16,629.7	16,657.2	16,683.5	16,709.4	16,730.0	16,755.4
YoY %	2.2	3.1	2.9	2.6	2.5	2.4	2.4
MoM %	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Outside Labour Force							
Number ('000)	7,332.1	7,242.0	7,239.2	7,237.3	7,235.7	7,239.5	7,238.3
YoY %	-0.5	-2.8	-2.3	-1.7	-1.5	-1.3	-1.3
MoM %	-0.1	-0.1	0.0	0.0	0.0	0.1	0.0
Employment							
Number ('000)	15,686.1	16,017.7	16,052.2	16,081.5	16,108.6	16,130.4	16,159.3
YoY %	2.9	4.2	3.8	3.4	3.2	3.1	3.0
MoM %	0.2	0.2	0.2	0.2	0.2	0.1	0.2
Unemployment							
Number ('000)	680.4	612.0	605.0	602.0	600.9	599.6	596.1
YoY %	-13.0	-18.3	-17.1	-14.6	-13.5	-12.8	-12.4
MoM %	-1.0	-1.4	-1.1	-0.5	-0.2	-0.2	-0.6
Unemployment Rate (%)	4.2	3.7	3.6	3.6	3.6	3.6	3.6
Labour Force Participation Rate (%)	69.1	69.7	69.7	69.7	69.8	69.8	69.8

Source: Dept. of Statistics, CEIC, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

Afiq Asyraf Syazwan Abd. Rahim
Economist
afiqasyraf@kenanga.com.my

Zalman Basree
Economist
zalman@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may affect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my