

Malaysia Labour Market

Unemployment remained at 3.4% in July; labour force participation rate hit record high

Labour market remained steady in July, with the unemployment rate unchanged at 3.4% (Jun: 3.4%)

- Unemployed persons (-0.4% MoM; Jun: -0.5%): continue to decline for 24 consecutive months, albeit at a slower pace than the previous month.
- The number of unemployed persons fell to 579.2k (Jun: 581.7k), the lowest since February 2020 (525.2k), indicating that the labour market has gradually returned to the pre-pandemic level. Additionally, the actively unemployed fell to 464.7k (Jun: 466.9k), the lowest since April 2020 (459.8k).

Employment growth expanded at a steady pace for 24th straight month (0.2% MoM; Jun: 0.2%), hitting 16.34m people, a new record high

- Labour force: growth moderated (0.1% MoM; Jun: 0.2%), and the total labour force reached a record high of 16.91m persons (Jun: 16.89m).
- New job creation: eased slightly (27.2k; Jun: 28.3k) to a seven month low.

Labour force participation rate reached its record level in July (70.1%; Jun: 70.0%)

- Partly due to a decline in the number of those outside the labour force (-0.01% MoM; Jun: -0.02%) to 7.225m as more people entered the job market.

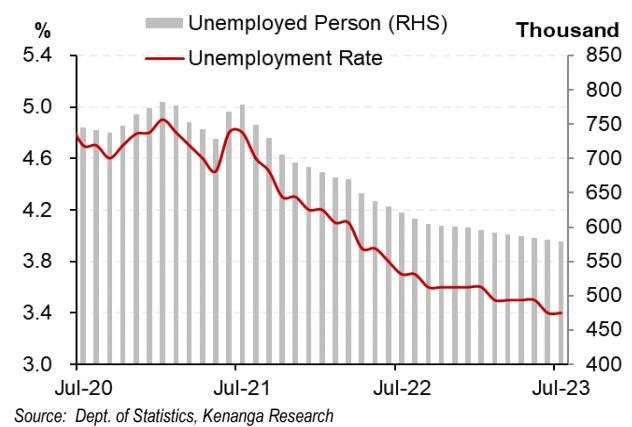
Unemployment rate inched up among advanced economies as more people returned to find work

- US: expanded in August (3.8%; Jul: 3.5%) to the highest level since February 2022, as 736.0k people entered the job market, while employment increased by 222.0k only. Nevertheless, the jobless rate remains below the Fed's median estimate of 4.1% for 2023, indicating that the labour market remains resilient to a higher interest rate environment.
- JP: expanded to a four-month high in July (2.7%; Jun: 2.5%) as unemployed persons rose by 110.0k, while the jobs-to-applicants ratio fell to 1.29 from 1.30 in the previous month, indicating there were 129 jobs available for every 100 applicants.

The forecasted unemployment rate for 2023 is maintained at 3.5% (2022: 3.8%) and to fall further to 3.3% in 2024

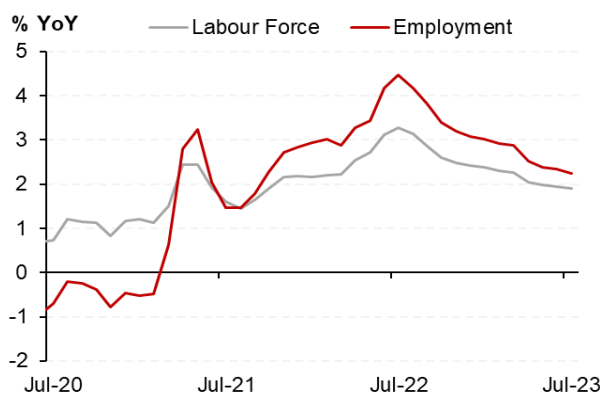
- Despite the impact of the global economic slowdown brought by China's fragile recovery, a higher interest rate environment, and slower-than-expected 2Q23 GDP growth performance, the labour market continues to improve month-to-month. This is evidenced by sustained MoM employment growth which could be attributed to various measures by the federal government, including the MADANI Career Incentive, as well as a pick-up in tourism activities amid higher tourist arrivals and spending. Notably, MyFutureJobs statistics recorded 119,161 active job vacancies in August (Jul: 33,967), reflecting robust monthly hiring activities. Meanwhile, youth unemployment fell to 10.9% (Jun: 11.0%), the lowest level since February 2020.
- Therefore, we expect the labour market to remain robust for the rest of the year, with the average unemployment rate expected to settle at 3.5% (2022: 3.8%). Likewise, we retain our 2023 GDP growth forecast at 3.5% - 4.0% (2022: 8.7%), with growth mainly contributed by domestic demand and expansion in the services sector.

Graph 1: Unemployment Rate



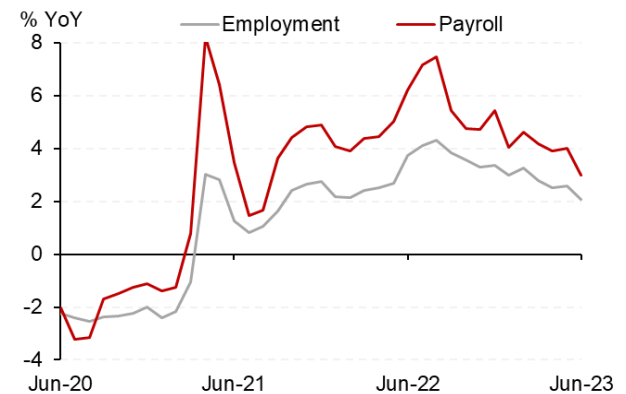
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, Kenanga Research

11 September 2023

Table 1: Malaysia's Labour Market Indicators

	Jul-22	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Labour Force							
Number ('000)	16,599.2	16,781.2	16,811.7	16,838.4	16,864.1	16,889.4	16,914.2
YoY %	3.3	2.3	2.3	2.0	2.0	1.9	1.9
MoM %	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Outside Labour Force							
Number ('000)	7,247.9	7,236.7	7,230.6	7,228.2	7,226.8	7,225.7	7,225.0
YoY %	-3.0	-1.1	-1.1	-0.6	-0.5	-0.4	-0.3
MoM %	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0
Employment							
Number ('000)	15,978.4	16,189.3	16,223.0	16,251.4	16,279.5	16,307.8	16,335.0
YoY %	4.5	2.9	2.9	2.5	2.4	2.3	2.2
MoM %	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	620.7	591.9	588.7	586.9	584.6	581.7	579.2
YoY %	-20.2	-11.9	-12.0	-9.6	-8.3	-7.8	-6.7
MoM %	-1.6	-0.7	-0.5	-0.3	-0.4	-0.5	-0.4
Unemployment Rate (%)	3.7	3.5	3.5	3.5	3.5	3.4	3.4
Labour Force Participation Rate (%)	69.6	69.9	69.9	70.0	70.0	70.0	70.1

Source: Dept. of Statistics, Kenanga Research

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