

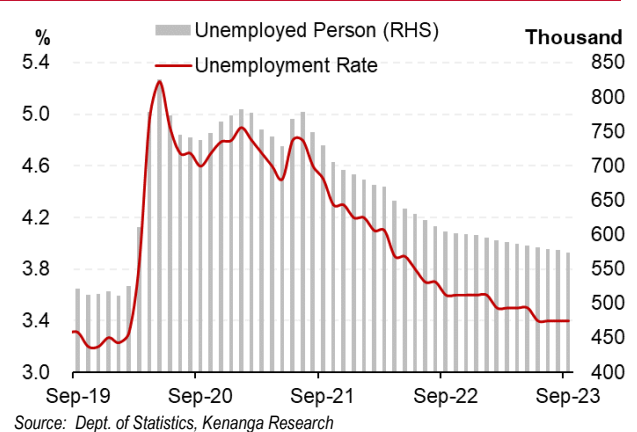
# Malaysia Labour Market

Unemployment rate stayed at 3.4% in September on steady job growth

- The labour market remained stable in September, with the unemployment rate holding steady at 3.4% (Aug: 3.4%) for the fourth straight month**

- Unemployed persons (-0.6% MoM; Aug: -0.3%): extending its decline for 26 consecutive months and at the sharpest pace in seven months.
- Consequently, the number of unemployed persons fell to 573.7k (Aug: 577.3k), the lowest since February 2020 (525.2k), as the labour market condition continues to improve. Additionally, the actively unemployed fell to 458.9k (Aug: 462.1k), the lowest since March 2020 (422.9k).
- 3Q23 (3.4%; 2Q23: 3.5%): The unemployment rate, on average, edged down slightly during the quarter, the lowest since 4Q19 (3.2%), returning to the pre-pandemic level.

**Graph 1: Unemployment Rate**



- Employment growth expanded for 26th straight month (0.1% MoM; Aug: 0.1%)**

- Labour force: growth was unchanged (0.1% MoM; Aug: 0.1%) for the third straight month, and the total labour force reached a record high of 16.95m persons (Aug: 16.93m).
- New job creation: expanded slightly (20.2k; Aug: 19.9k) to a two-month high.

- Labour force participation rate remained at its record level for the third month in September (70.1%; Aug: 70.1%)**

- Attributable to a steady pace in those outside the labour force (0.1% MoM; Aug: 0.1%), the same pace as the increase in employment and total labour force.

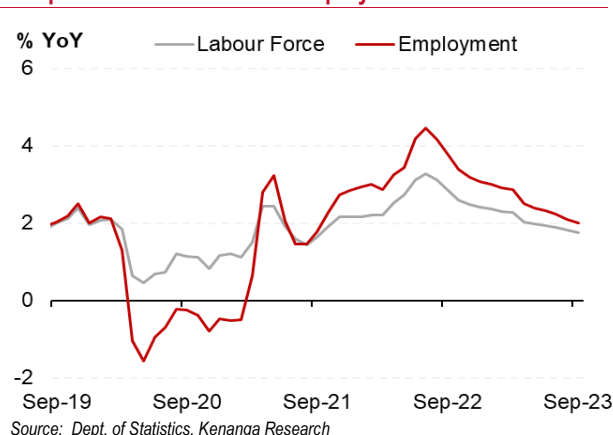
- Unemployment rate remained firm among advanced economies in September**

- US: inched up slightly (3.9%; Aug: 3.8%), as job growth slowed with nonfarm payrolls increased by 150,000 jobs, below expectations amid strikes by the United Auto Workers (UAW) union against Detroit's "Big Three" car makers.
- JP: fell slightly (2.6%; Aug: 2.7%) to a three-month low as the jobless declined by 4.3% MoM, while employment growth grew 0.1% MoM. Nonetheless, the job availability ratio stays at 1.29 for the third straight month, indicating 129 job openings for every 100 job seekers.

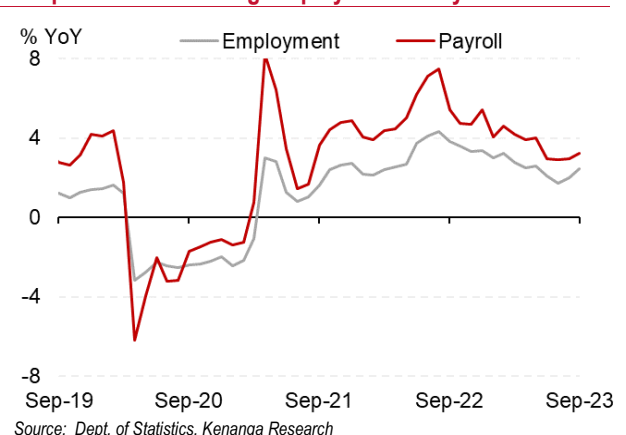
- Average unemployment rate forecast for 2023 is retained at 3.5% (2022: 3.8%) and to decline to 3.3% in 2024**

- Despite the slowdown in the external sector, as reflected by weak exports and subdued manufacturing PMI, the labour market remained steady in September. This demonstrates the role of domestic demand in enduring the global economic slowdown, partly bolstered by a gradual increase in tourism activities and improved household income. Besides, we believe government measures and initiatives also played an important role. This includes the continued restriction on recruiting foreign workers, while the upcoming Progressive Wage Model (PWM) policy will also support future employment and remuneration.
- That said, we expect the labour market to maintain its strength throughout the year and into 2024. Our forecast remains unchanged, barring unforeseen circumstances, with the average unemployment rate expected to settle at 3.5% in 2023 (2022: 3.8%) and further reduced to 3.3% in 2024. This is backed by an improvement in the economy for 2024, as it is projected to expand by 4.9% from our forecast of 3.5% - 4.0% (2022: 8.7%) this year.

**Graph 2: Labour Force Vs. Employment**



**Graph 3: Manufacturing Employment & Payroll**



09 November 2023

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

	Sep-22	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
<b>Labour Force</b>							
Number ('000)	16,657.2	16,838.4	16,864.1	16,889.4	16,914.2	16,932.1	16,948.8
YoY %	2.9	2.0	2.0	1.9	1.9	1.8	1.8
MoM %	0.2	0.2	0.2	0.2	0.1	0.1	0.1
<b>Outside Labour Force</b>							
Number ('000)	7,239.2	7,228.2	7,226.8	7,225.7	7,225.0	7,231.3	7,238.9
YoY %	-2.3	-0.6	-0.5	-0.4	-0.3	-0.1	0.0
MoM %	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<b>Employment</b>							
Number ('000)	16,052.2	16,251.4	16,279.5	16,307.8	16,335.0	16,354.9	16,375.1
YoY %	3.8	2.5	2.4	2.3	2.2	2.1	2.0
MoM %	0.2	0.2	0.2	0.2	0.2	0.1	0.1
<b>Unemployment</b>							
Number ('000)	605.0	586.9	584.6	581.7	579.2	577.3	573.7
YoY %	-17.1	-9.6	-8.3	-7.8	-6.7	-5.7	-5.2
MoM %	-1.1	-0.3	-0.4	-0.5	-0.4	-0.3	-0.6
<b>Unemployment Rate (%)</b>	3.6	3.5	3.5	3.4	3.4	3.4	3.4
<b>Labour Force Participation Rate (%)</b>	69.7	70.0	70.0	70.0	70.1	70.1	70.1

Source: Dept. of Statistics, Kenanga Research

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