

## ECONOMIC REVIEW | April 2017 Malaysian Labor Market

### Unemployment Rate Maintained at 3.4%

- *Labour market continues to expand. Malaysia's employment expanded in April to 14.4 million while labour force grew closer to 15 million persons. The expansion in employment means 7,600 new jobs have been added as compared to previous month. As for unemployed persons, the unemployment numbers increase slightly by 900 to 0.52 million.*
- *Manufacturing employment hits the highest record ever – 1,047,310. Electrical & electronics sector also breached a new achievement by registering employment at 351,025 in April. In term of jobs added, the electrical & electronics sector saw increase in employment by 2,326 and followed by metal and rubber products at 1,038 and 484 respectively during the month.*
- *We reiterate our expectation that Malaysia's unemployment rate to average at 3.3% in 2017.*

**Labour market continues to expand.** Malaysia's employment expanded in April to 14.4 million while labour force grew closer to 15 million persons. The expansion in employment means 7,600 new jobs have been added as compared to previous month. As for unemployed persons, the unemployment numbers increase slightly by 900 to 0.52 million. With labour force participation rate remain unchanged at 67.7%, Malaysia's unemployment rate stays at 3.4% after three consecutive months of sticking at 3.5%. In comparison with the same month of 2016, total labour force and employment grew steadily by 1.8%yoy and 1.9%yoy, both records are the highest in 16-months. The firm growth in both total labour force and employment reflects solid momentum in Malaysia's economic activity.

**Table 1: Summary of Labour Market**

	Nov-16	Dec-16	Jan-17	Feb-17	Mac-17	Apr-17
<b>Labour Force ('000)</b>	<b>14,828</b>	<b>14,789</b>	<b>14,881</b>	<b>14,917</b>	<b>14,933</b>	<b>14,942</b>
YoY	1.0%	0.7%	1.6%	1.5%	1.5%	1.8%
MoM	0.4%	-0.3%	0.6%	0.2%	0.1%	0.1%
<b>Employment ('000)</b>	<b>14,317</b>	<b>14,277</b>	<b>14,367</b>	<b>14,402</b>	<b>14,422</b>	<b>14,430</b>
YoY	0.7%	0.6%	1.5%	1.4%	1.6%	1.9%
MoM	0.4%	-0.3%	0.6%	0.2%	0.1%	0.1%
<b>Unemployment ('000)</b>	<b>511</b>	<b>512</b>	<b>514</b>	<b>515</b>	<b>511</b>	<b>512</b>
YoY	8.3%	1.6%	2.5%	1.8%	0.2%	0.0%
MoM	-0.2%	0.3%	0.4%	0.2%	-0.8%	0.2%
<b>Unemployment Rate (%)</b>	<b>3.4</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>
<b>Labour Force Participation Rate (%)</b>	<b>67.7</b>	<b>67.6</b>	<b>67.7</b>	<b>67.8</b>	<b>67.7</b>	<b>67.7</b>

Source: DOSM; MIDFR

**Steady unemployment rate – Thanks to upward trends in domestic and global economies.** Domestic economic activities remain upbeat as reflected in the latest data of industrial production and distributive trade. Both indicators grew by 4.2%yoy and 9.6%yoy in April, reflecting steady domestic demand in the economy. For external sector, Malaysia's exports registered fifth consecutive months of double digit growth. April 2017 saw exports grew by 20.6%yoy. Based on current indicators, domestic as well as global trade activities remain on ascending trajectories. Plus, market confidences in developed and emerging economies stay optimistic with the current global economic developments. Therefore, we opine Malaysia's labour market to mutually benefits and continue to strengthen in the coming months.

**Manufacturing employment hits the highest record ever – 1,047,310.** Electrical & electronics sector also breached a new achievement by registering employment at 351,025 in April. In term of jobs added, the electrical & electronics sector saw increase in employment by 2,326 and followed by metal and rubber products at 1,038 and 484 respectively during the month. The positive development in manufacturing employment is partly due to improvement in Malaysia's external trade performance. Gradual recovery in global commodities prices and surge in global demand translate into more jobs creation in the manufacturing export-oriented industries. In addition, strengthening domestic spending also a factor for greater production of factory output as well as jobs creation.

**Table 2: Employment by Manufacturing Sub-Sectors (Person)**

	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Food & Beverages	60,553	60,663	61,712	61,636	62,051	61,728
Apparels & Footwear	46,771	46,693	46,903	47,250	47,372	47,182
Wood Products	114,883	114,501	115,106	114,317	114,206	112,443
Petroleum & Chemical Products	51,717	51,472	52,397	52,122	52,345	52,181
Rubber Products	82,413	83,074	83,939	83,775	83,574	84,058
Plastic Products	79,249	79,224	80,659	80,011	80,962	80,815
Glass, Cement & Non-Metallic Products	42,659	42,507	44,481	44,405	44,619	44,642
Metal Products	88,786	89,262	91,742	92,713	93,412	94,450
Electrical & Electronic Products	343,430	345,009	347,554	347,581	348,699	351,025
Machinery	24,267	24,341	23,145	22,994	23,125	23,192
Motor Vehicles	71,706	71,842	72,296	72,211	71,589	71,481
Other Products	24,311	24,309	24,412	23,934	24,086	24,113
<b>Total Manufacturing</b>	<b>1,030,745</b>	<b>1,032,897</b>	<b>1,044,346</b>	<b>1,042,949</b>	<b>1,046,040</b>	<b>1,047,310</b>


Source: DOSM; MIDFR

**Global unemployment is on declining trends.** Broad-based recovery in major economies push-down global unemployment rate. Unemployment rate of US registered at 4.3% in May, the lowest in 16-year. The US economy is currently operating at full employment condition, within the Fed's range of unemployment rate. In fact, the strengthening labour market also was among the reasons for the recent rate hike. As for other economies, unemployment rate in the Euro Area continues to slide below double digit rate despite of market uncertainties in the region. Looking ahead, global unemployment rate will stay on healthy condition as threat of protectionism seems to taper off and hence provide better platform for expansion in global trade movements.

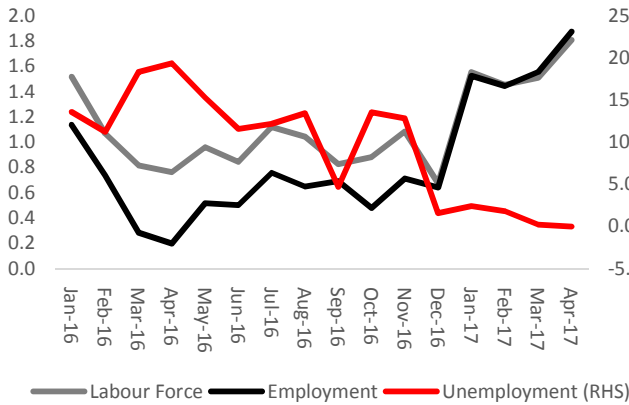
**Table 3: Global Unemployment Rate (%)**

	Nov-16	Dec-16	Jan-17	Feb-17	Mac-17	Apr-17
<b>Malaysia</b>	3.4	3.5	3.5	3.5	3.4	3.4
<b>Thailand</b>	1.0	0.8	1.2	1.1	1.3	1.2
<b>South Korea</b>	3.6	3.5	3.6	4.0	3.7	4.0
<b>Australia</b>	5.7	5.8	5.7	5.9	5.9	5.7
<b>Euro Area</b>	9.7	9.6	9.6	9.5	9.5	9.3
<b>Japan</b>	3.1	3.1	3.0	2.8	2.8	2.8
<b>United States</b>	4.6	4.7	4.8	4.7	4.5	4.4

Source: CEIC; MIDFR

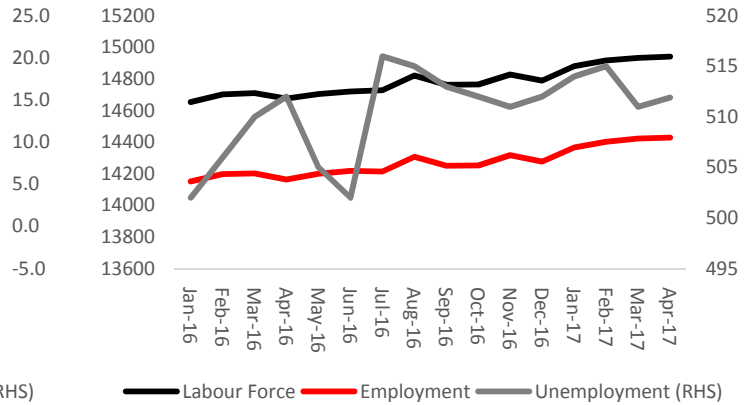
**We reiterate our expectation that Malaysia's unemployment rate to average at 3.3% in 2017.** Moving forward, we anticipate domestic as well as global economic activities will stay on upward trajectory given key economic indicators are showing sign of optimism. Therefore, we forecast global trade will improve further this year and Malaysia as an export-reliance economy will benefit from the development via increase in exports demand and more jobs creation in the exports-oriented industries. 

**Chart 1: Labour Market Key Indicators (YoY%)**



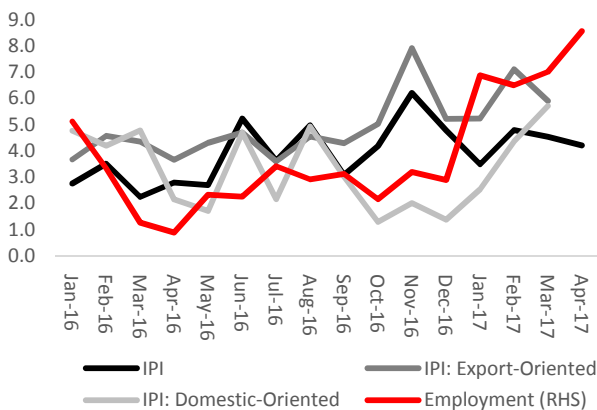
Source: DOSM; MIDF

**Chart 2: Number of Person ('000)**



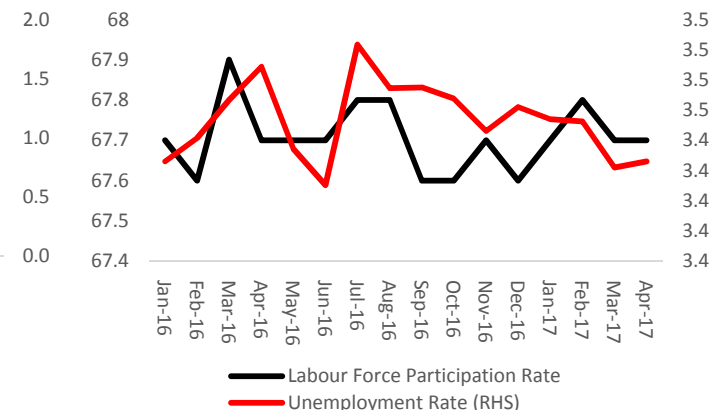
Source: DOSM; MIDFR

**Chart 3: Labour Market vs IPI (YoY%)**



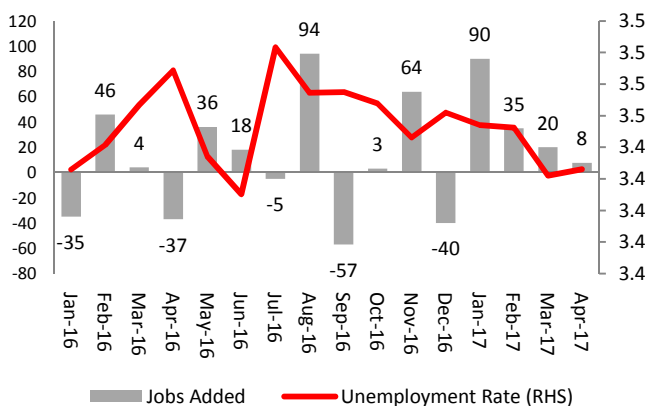
Source: DOSM; MIDFR

**Chart 4: UE Rate vs LFPR (%)**



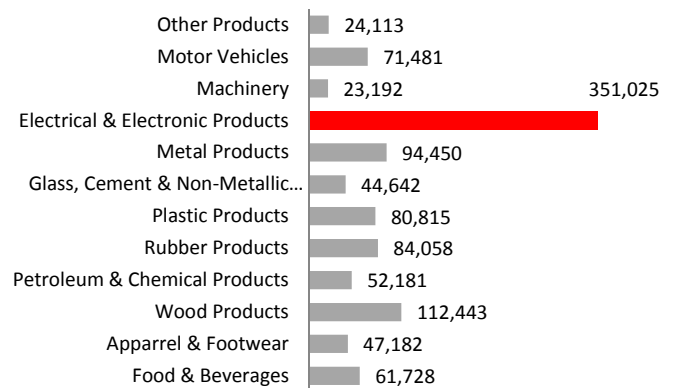
Source: DOSM; MIDFR

**Chart 5: Jobs Added ('000) vs UE Rate (%)**



Source: DOSM; MIDF

**Chart 6: Manufacturing employment by sub-sectors (Person)**



Source: DOSM; MIDFR

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