

ECONOMIC REVIEW | January 2017 Malaysian Labor Market

Malaysian Labor Market Signals Modest Recovery

- *Unemployment rate stays at 3.5% in January 2017. Malaysia's unemployment rate reflects moderate recovery in the economy. The rate is considered a full employment condition. In January, labour force increased to 14.8 million people while employment rose to 14.4 million people.*
- *Malaysian economy is expected to grow at gradual pace. Among others, improvement in global economic activity and domestic spending with further public expenditure will add towards steady economic growth this year. Manufacturing sector is expected to benefit from the improving global demand whereas mining sector to benefit from the gradual rise in global commodities prices. Therefore, we remain on our course predicting Malaysia to grow at 4.3% in 2017.*

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Relatively, unemployment rate in Malaysia is low. Certain economies especially European economies are still registering double-digit unemployment rate. However, unemployment rate in US economy is seen recovering and went down to 4.7% in February. The development in US economy may have positive spill over effect to the global economy as well as Malaysian economy

Stabilized unemployment rate is seen as a sign of modest economic recovery in Malaysia. Referring to Industrial Production Index, IPI grew by 3.5% in January. The IPI has been grown steadily since middle of last year, in particular manufacturing and mining sector. Thanks to improving global demand and increase in commodities prices, Malaysian external trade perform better since middle of 2016. Exports and Imports grew by 13.6% & 16.1% in January. Indirectly, job market will benefit from the improvement in external trade activities.

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Chart 1: Unemployment Rate, %

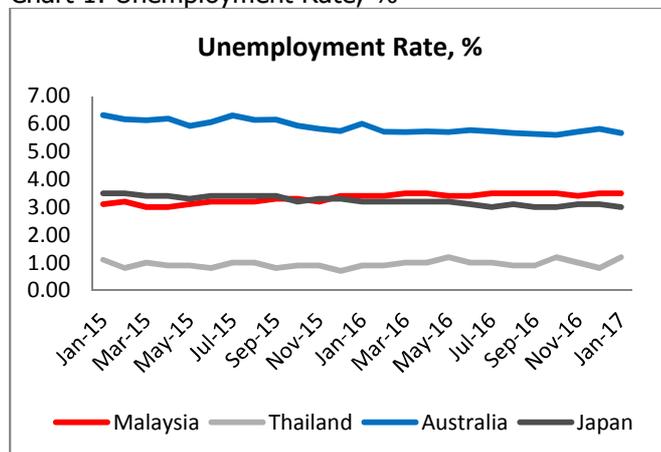
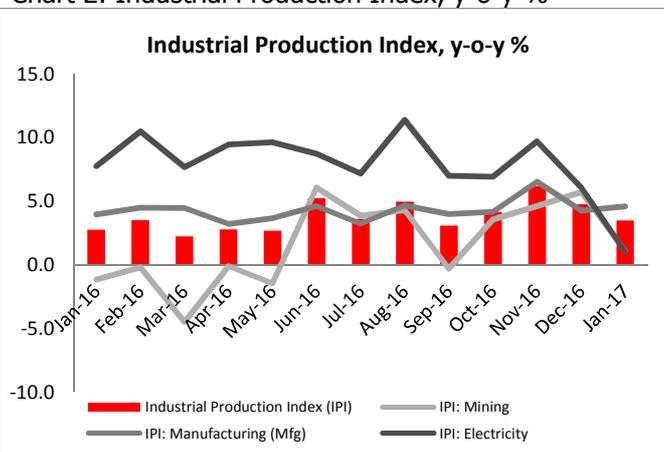


Chart 2: Industrial Production Index, y-o-y %



Source: CEIC DATA; MIDF RESEARCH

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