

ECONOMIC REVIEW | December 2023 Labour Market

Malaysia to Remain in Full-Employment Conditions as Jobless Rate Forecasted Below 3.5% in 2024

- Resilient and healthy labour market.** Malaysia's labour market continued on an improving trend as unemployment rate maintained at post-pandemic low of 3.3% in Dec-23. Overall 2023, the jobless rate averaged at 3.4%. Labour force and employment improved further by +2.0% (2022: +2.6%) and +2.4% (2022: +3.5%) respectively. Unemployed persons declined by -8.1% (2022: -14.8%) while outside labour force fell by -0.5% (2022: -1.7%).
- Job vacancies to hover 100~120K per month in 2024.** Malaysia's job vacancies registered at 113.6K in Nov-23, more than 3-year low. The monthly average job vacancies dipped below post-pandemic levels at 173.5K in 11MCY23 (2021: 206.7K, 2022: 396.1K). As comparison, monthly average during 2010-2019 was lower at 114K. We foresee average job vacancies to hover at 100~120K per month level for 2024 amid external trade recovery and resilient domestic demand.
- We predict average jobless rate to remain at 3.4% in 2024.** The labour market in Malaysia is expected to strengthen further in 2024, backed by encouraging momentum in the domestic economy and recovery in external trade. Malaysia's average unemployment rate is expected to maintain at 3.4% in 2024. The downside risks to Malaysia's labour market among others is lower-than-expected external trade recovery and nosedived of global commodity prices.

Resilient and healthy labour market. Malaysia's labour market continued on an improving trend as unemployment rate maintained at post-pandemic low of 3.3% in Dec-23. Overall 2023, the jobless rate averaged at 3.4%. Labour force and employment improved further by +2.0% (2022: +2.6%) and +2.4% (2022: +3.5%) respectively. Unemployed persons declined by -8.1% (2022: -14.8%) while outside labour force fell by -0.5% (2022: -1.7%). The unemployed persons dropped further by -0.2%mom to 568K in Dec-23, approximately 49K higher than average jobless persons 519K in 2019. For youth aged 15~24, the unemployment rate averaged at pandemic and post-pandemic low of 10.9% in 2023 (2019: 10.4%). By employment type, employee which made up about 75.4% of the employment increased steadily by +1.4%yoy while employer (3.5% of employment) and own-account-worker (18% of employment) increased by +5.3%yoy and +6.5%yoy respectively in 2023. The strengthening and healthier job market in our view will further reinforce consumer consumption and support overall GDP growth for 2024.

Table 1: Summary of Labour Market ('000)

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Labour Force	16,914	16,932	16,949	16,974	17,000	17,026
YoY%	1.9	1.8	1.8	1.7	1.7	1.8
MoM%	0.1	0.1	0.1	0.1	0.2	0.1
Employment	16,335	16,355	16,375	16,403	16,431	16,458
YoY%	2.2	2.1	2.0	2.0	2.0	2.0
MoM%	0.2	0.1	0.1	0.2	0.2	0.2

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Unemployment	579	577	574	571	569	568
YoY%	(6.7)	(5.7)	(5.2)	(5.2)	(5.3)	(5.3)
MoM%	(0.4)	(0.3)	(0.6)	(0.5)	(0.3)	(0.2)
Outside Labour Force	7,225	7,231	7,239	7,238	7,235	7,234
YoY%	(0.3)	(0.1)	(0.0)	0.0	(0.0)	(0.1)
MoM%	(0.0)	0.1	0.1	(0.0)	(0.0)	(0.0)
Unemployment Rate %	3.40	3.40	3.40	3.40	3.30	3.30

Source: DOSM, MIDFR

Job vacancies to hover 100~120K per month in 2024. Malaysia's job vacancies registered at 113.6K in Nov-23, more than 3-year low. The moderation is as expected given the surge in job vacancies after economic reopening in post-pandemic era. The monthly average job vacancies dipped below post-pandemic levels at 173.5K in 11MCY23 (2021: 206.7K, 2022: 396.1K). As comparison, monthly average during 2010-2019 was lower at 114K. We foresee average job vacancies to hover at 100~120K per month level for 2024 amid external trade recovery and resilient domestic demand.

Table 2: Composition of Job Vacancies by Type & Sector (%)*

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
Total Jobs, Thousands	164.3	146.4	151.4	147.0	163.2	113.6
Legislators, Senior Officials & Managers	7.5	7.2	6.4	7.1	6.1	5.3
Professionals	19.9	18.8	18.0	14.9	16.7	19.8
Technicians & Associate Professionals	11.2	13.6	11.8	12.1	13.1	12.4
Clerical Workers	7.4	8.9	7.4	8.9	8.3	9.7
Service, Shop & Market Sales Workers	10.9	13.4	11.9	11.7	12.4	12.2
Skilled Agricultural & Fisheries Workers	0.3	0.6	0.5	0.6	0.6	0.4
Craft and Related Trades Workers	5.3	4.7	4.7	5.1	5.5	5.9
Plant & Machinery Operators & Assemblers	10.2	4.9	9.6	10.4	9.1	8.1
Elementary Occupations	27.3	28.0	29.6	29.3	28.3	26.2
Agriculture, Forestry & Fishing	3.3	5.0	4.4	8.6	7.0	10.9
Mining & Quarrying	0.4	0.6	0.6	0.5	0.6	0.6
Manufacturing	18.2	19.7	15.9	15.7	16.2	17.3
Construction	13.9	11.8	11.9	11.8	11.2	10.1
Services	64.1	62.9	67.2	63.4	65.1	61.2

*Data Available Up Until Nov-23

Source: DOSM, MIDFR

American job market stay tight and strong. The US nonfarm payrolls rose by +353K in Jan-24, the largest increase in 1-year and close to doubled of market expectations +180K. In terms of annual change, hiring growth moderated to +1.9%yoy (Dec-23: +2.0%yoy). Private sector workforce expanded by +317K (Dec-23: +278K), surpassing market expectations of +155K. Private services providers added +289K jobs (Dec-23: +245K). Meanwhile, the goods-producing sectors' employment rose softer at +28K (Dec-23: +33K). The manufacturing

sector added +23K (Dec-23: +8K), much faster than market consensus of +5K. Government payrolls expanded softer at +36K (Dec-23: +55K). The job market still in full-employment condition as unemployment rate steadied at +3.7% for 3-consecutive months. Labour income remained robust, growing by +4.5%yoy (Dec-23: +4.4yoy; market forecasts: +4.1%yoy). As for Euro Area, jobless rate maintained at record low 6.4% in Dec-23. Across the globe, China's unemployment rate edged up to 4-month high at 5.1% in the last month of 2023. The 2023 average jobless rate in China 5.22% is lower than the official target of 5.5%. We foresee better recovery in China's job market in 2024 amid stimulus effects and external trade recovery.

Table 3: Global Unemployment Rate (%)

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Malaysia	3.4	3.4	3.4	3.4	3.4	3.3	3.3
Taiwan	3.5	3.4	3.4	3.4	3.4	3.4	3.4
South Korea	2.6	2.8	2.4	2.6	2.5	2.8	3.3
Hong Kong	2.9	2.8	2.8	2.8	2.9	2.9	2.9
China	5.2	5.3	5.2	5.0	5.0	5.0	5.1
Japan	2.5	2.7	2.7	2.6	2.5	2.5	2.4
Euro Area	6.4	6.5	6.5	6.5	6.5	6.4	6.4
US	3.6	3.5	3.8	3.8	3.8	3.7	3.7

Source: MACROBOND, MIDFR


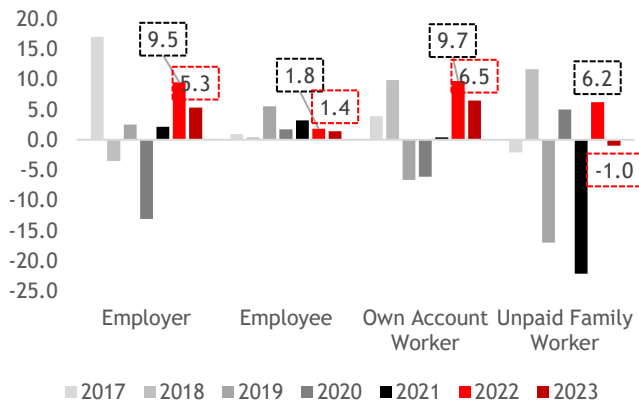
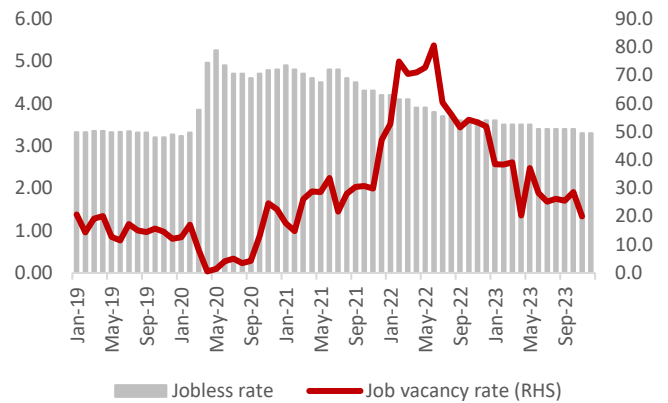
We predict average jobless rate to remain at 3.4% in 2024. The labour market in Malaysia is expected to strengthen further in 2024, backed by encouraging momentum in the domestic economy and recovery in external trade. Malaysia's average unemployment rate is expected to maintain at 3.4% in 2024. The return of non-citizens workers is expected to boost overall employment and reduce the jobless rate. As of 3QCY23, non-citizens' employment is almost -0.8% lower than pre-pandemic levels. The downside risks to Malaysia's labour market among others is lower-than-expected external trade recovery and nosedived of global commodity prices. 

Chart 1: Employment by Type (YoY%)



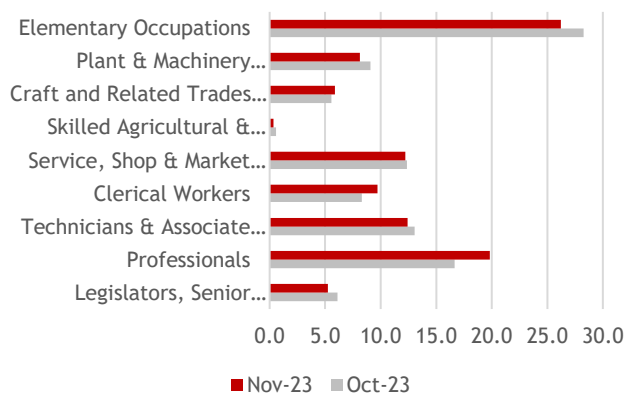
Source: DOSM, MIDFR

Chart 2: Jobless Rate vs Vacancy Rate (%)



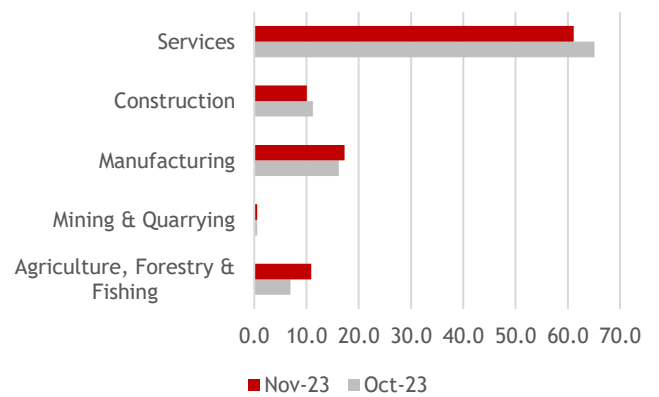
Source: DOSM, MIDFR

Chart 3: Share of Job Vacancies by Type (%)



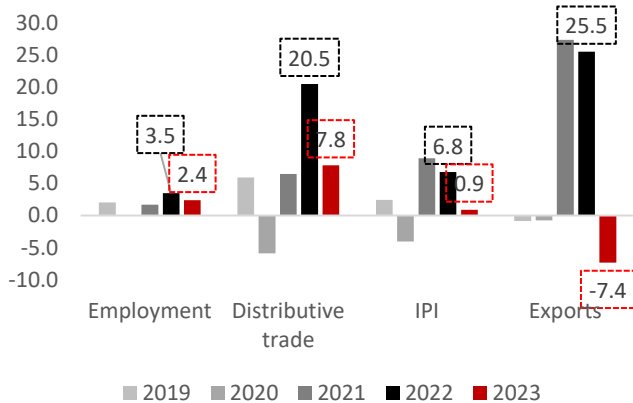
Source: DOSM, MIDFR

Chart 4: Share of Job Vacancies by Sector (%)



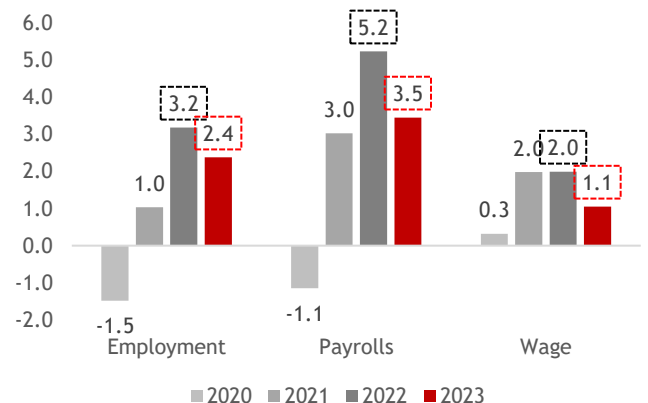
Source: DOSM, MIDFR

Chart 5: Employment vs. Other Macro Data (YoY%)



Source: DOSM, MIDFR

Chart 6: Manufacturing Sector (%)



Source: DOSM, MIDFR

**MIDF RESEARCH is part of MIDF Amanah Investment Bank Berhad
197501002077 (23878-X).
(Bank Pelaburan)
(A Participating Organisation of Bursa Malaysia Securities Berhad)**

DISCLOSURES AND DISCLAIMER

This report has been prepared by MIDF AMANAH INVESTMENT BANK BERHAD (197501002077 (23878-X)). It is for distribution only under such circumstances as may be permitted by applicable law.

Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MIDF AMANAH INVESTMENT BANK BERHAD makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such.

This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MIDF AMANAH INVESTMENT BANK BERHAD.

The directors, employees and representatives of MIDF AMANAH INVESTMENT BANK BERHAD may have interest in any of the securities mentioned and may benefit from the information herein. Members of the MIDF Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein. This document may not be reproduced, distributed or published in any form or for any purpose.