

ECONOMIC REVIEW | February 2024 Labour Market

Stable Job Market Continues as Unemployment Rate Maintains at 3.3%

- Strong and stable labour market. Malaysia's labour market maintained on an improving trend as unemployment rate maintained at post-pandemic low of 3.3% in Feb-24. Labour force and employment grew steadily by +1.8%yoy and +2.0%yoy respectively. The unemployed persons dropped further by -4.2%yoy and -0.1%mom to 567K in Feb-24, approximately 48K higher than average jobless persons 519K in 2019.*
- Job vacancies to hover 100~120K per month in 2024. Malaysia's job vacancies registered at 94.1K in Dec-23, more than 3-year low. The moderation was 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 167K in 2023 (2021: 206.7K, 2022: 396.1K). As comparison, monthly average during 2010-2019 was lower at 114K.*
- We keep forecast average jobless rate at 3.3% in 2024. As of 2MCY24, average jobless rate is 3.3% (2023: 3.4%) while labour force and employment increased by +1.8% (2023: +2.0%) and +2.0% (2023: +2.4%). 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 3.3% in 2024. The downside risks to Malaysia's labour market among others are lower-than-expected external trade recovery and nosedived of global commodity prices.*

Strong and stable labour market. Malaysia's labour market maintained on an improving trend as unemployment rate maintained at post-pandemic low of 3.3% in Feb-24. Labour force and employment grew steadily by +1.8%yoy and +2.0%yoy respectively. The unemployed persons dropped further by -4.2%yoy and -0.1%mom to 567K in Feb-24, approximately 48K higher than average jobless persons 519K in 2019. For youth aged 15~24, the unemployment rate stayed at post-pandemic low of 10.6% (2019: 10.4%). By employment type, employee which made up about 75.2% of the employment increased steadily by +1.3%yoy while employer (3.5% of employment) and own-account-worker (18.3% of employment) increased by +4.6%yoy and +4.5%yoy respectively in Feb-24. 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)

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Labour Force	16,949	16,974	17,000	17,026	17,050	17,075
YoY%	1.8	1.7	1.7	1.8	1.8	1.8
MoM%	0.1	0.1	0.2	0.1	0.1	0.1
Employment	16,375	16,403	16,431	16,458	16,483	16,508
YoY%	2.0	2.0	2.0	2.0	2.0	2.0
MoM%	0.1	0.2	0.2	0.2	0.2	0.2
Unemployment	574	571	569	568	567	567
YoY%	(5.2)	(5.2)	(5.3)	(5.3)	(4.8)	(4.2)

	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
MoM%	(0.6)	(0.5)	(0.3)	(0.2)	(0.1)	(0.1)
Outside Labour Force	7,239	7,238	7,235	7,234	7,233	7,233
YoY%	(0.0)	0.0	(0.0)	(0.1)	(0.1)	(0.1)
MoM%	0.1	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Unemployment Rate %	3.40	3.40	3.30	3.30	3.30	3.30

Source: DOSM, MIDFR

Job vacancies to hover 100~120K per month in 2024. Malaysia's job vacancies registered at 94.1K in Dec-23, more than 3-year low. The moderation was 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 167K in 2023 (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 (%)*

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Total Jobs, Thousands	146.4	151.4	147.0	163.2	113.6	94.1
Legislators, Senior Officials & Managers	7.2	6.4	7.1	6.1	5.3	6.0
Professionals	18.8	18.0	14.9	16.7	19.8	16.8
Technicians & Associate Professionals	13.6	11.8	12.1	13.1	12.4	13.2
Clerical Workers	8.9	7.4	8.9	8.3	9.7	11.0
Service, Shop & Market Sales Workers	13.4	11.9	11.7	12.4	12.2	14.4
Skilled Agricultural & Fisheries Workers	0.6	0.5	0.6	0.6	0.4	0.5
Craft and Related Trades Workers	4.7	4.7	5.1	5.5	5.9	3.8
Plant & Machinery Operators & Assemblers	4.9	9.6	10.4	9.1	8.1	5.5
Elementary Occupations	28.0	29.6	29.3	28.3	26.2	28.9
Agriculture, Forestry & Fishing	5.0	4.4	8.6	7.0	10.9	7.7
Mining & Quarrying	0.6	0.6	0.5	0.6	0.6	0.4
Manufacturing	19.7	15.9	15.7	16.2	17.3	20.4
Construction	11.8	11.9	11.8	11.2	10.1	10.6
Services	62.9	67.2	63.4	65.1	61.2	60.8

*Data Available Up Until Dec-23

Source: DOSM, MIDFR

Surprising American job market. According to the latest non-farm payrolls data, the US job market added +303K in Mar-24 (Feb-24: +270K) which higher than market expectations of +200K. Mainly healthcare, government and construction sectors recorded significant pick-up while mining, manufacturing, transportation & storage and financial services showed little change. The jobless rate surprisingly registered lower at 3.8% in the last month of 1QCY24. As for Euro Area, jobless rate maintained at record low 6.5% in Feb-24. Across the globe,

China's unemployment rate edged up to 7-month high at 5.3% in Feb-24. We foresee better recovery in China's job market in 2024 amid stimulus effects and external trade recovery.

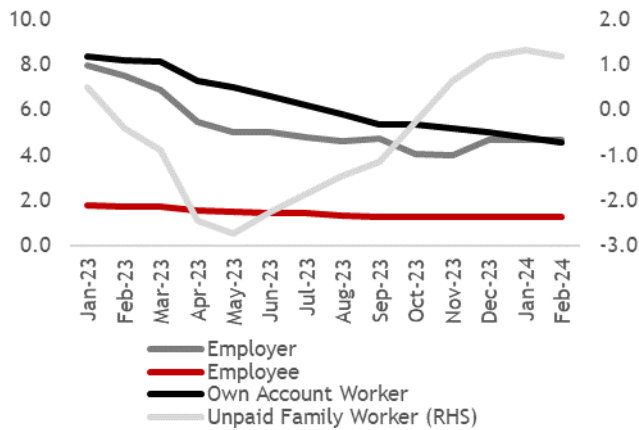
Table 3: Global Unemployment Rate (%)

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Malaysia	3.4	3.4	3.4	3.3	3.3	3.3	3.3
Taiwan	3.4	3.4	3.4	3.4	3.4	3.4	3.4
South Korea	2.4	2.6	2.5	2.8	3.2	3.0	2.6
Hong Kong	2.8	2.8	2.9	2.9	2.9	2.9	2.9
China	5.2	5.0	5.0	5.0	5.1	5.2	5.3
Japan	2.7	2.6	2.5	2.5	2.5	2.4	2.6
Euro Area	6.5	6.5	6.6	6.5	6.5	6.5	6.5
US	3.8	3.8	3.8	3.7	3.7	3.7	3.9

Source: MACROBOND, MIDFR

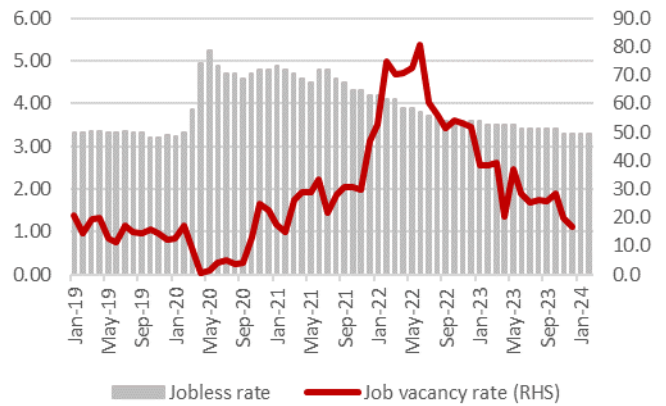
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Chart 1: Employment by Type (YoY%)



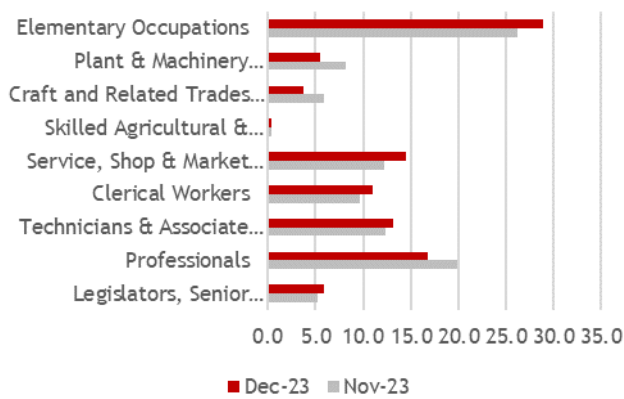
Source: DOSM, MIDFR

Chart 2: Jobless Rate vs Vacancy Rate (%)



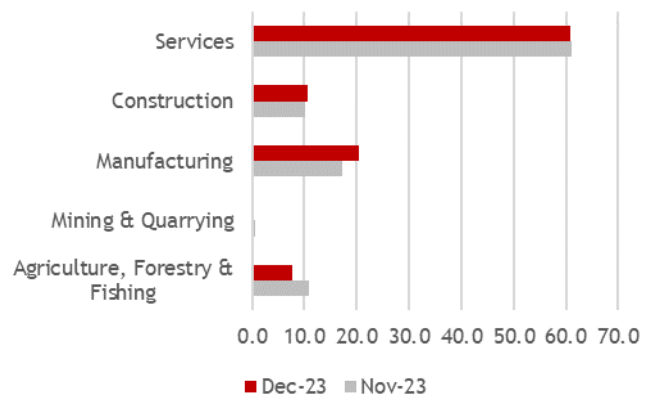
Source: DOSM, MIDFR

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



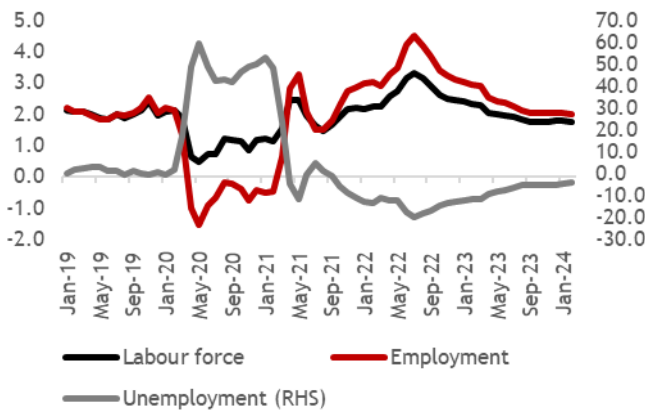
Source: DOSM, MIDFR

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



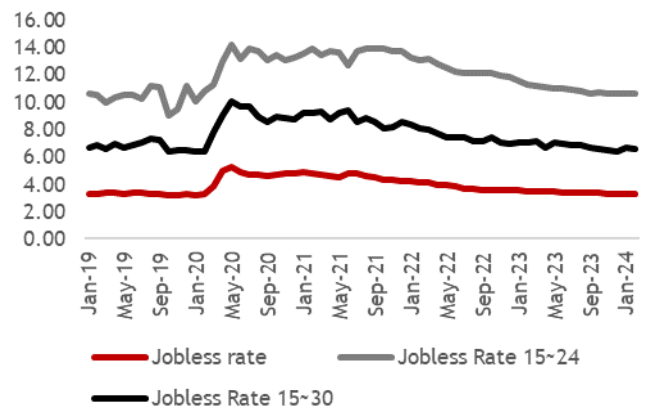
Source: DOSM, MIDFR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, MIDFR

Chart 6: Jobless Rate by Age (%)



Source: DOSM, MIDFR

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