

## ECONOMIC REVIEW | March 2024 Labour Market

### Better Domestic Demand Contribution for 1QCY24 GDP Following Stable and Healthy Job Market

- *Full-employment condition for Malaysia continues. Malaysia's labour market remained healthy and stable as unemployment rate kept at post-pandemic low of 3.3% in Mar-24. Labour force and employment grew steadily by +1.7%yoy and +1.9%yoy respectively. We expect better domestic consumption contribution for 1QCY24 GDP performance due to steady employment growth +2.0%yoy (4QCY23: +2.0%yoy) and low jobless rate 3.3% (4QCY23: 3.3%).*
- *Average 3MCY24 job vacancies 126.2K. For the first quarter of 2024, average job vacancies were 126.2K, lower than last year's 166.9K. However, the job vacancies were still higher than pre-pandemic average 114K (2009-2019). As compared to Feb-24, job vacancies increased by +17.3%mom among others supported by manufacturing +50.5%mom and services +17.8%mom.*
- *We foresee the jobless rate to remain at 3.3% in 2024. As of 3MCY24, average jobless rate was 3.3% (2023: 3.4%) while labour force and employment increased by +1.7% (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.*

**Full-employment condition for Malaysia continues.** Malaysia's labour market remained healthy and stable as unemployment rate kept at post-pandemic low of 3.3% in Mar-24. Labour force and employment grew steadily by +1.7%yoy and +1.9%yoy respectively. The unemployed persons stayed at 567K in Mar-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 +4.8%yoy and +4.2%yoy respectively in the final month of 1QCY24. We expect better domestic consumption contribution for 1QCY24 GDP performance due to steady employment growth +2.0%yoy (4QCY23: +2.0%yoy) and low jobless rate 3.3% (4QCY23: 3.3%).

**Table 1: Summary of Labour Market ('000)**

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
<b>Labour Force</b>	16,974	17,000	17,026	17,050	17,075	17,099
YoY%	1.7	1.7	1.8	1.8	1.8	1.7
MoM%	0.1	0.2	0.1	0.1	0.1	0.1
<b>Employment</b>	16,403	16,431	16,458	16,483	16,508	16,532
YoY%	2.0	2.0	2.0	2.0	2.0	1.9
MoM%	0.2	0.2	0.2	0.2	0.2	0.1
<b>Unemployment</b>	571	569	568	567	567	567
YoY%	(5.2)	(5.3)	(5.3)	(4.8)	(4.2)	(3.8)
MoM%	(0.5)	(0.3)	(0.2)	(0.1)	(0.1)	(0.1)
<b>Outside Labour Force</b>	7,238	7,235	7,234	7,233	7,233	7,233

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
YoY%	0.0	(0.0)	(0.1)	(0.1)	(0.1)	0.0
MoM%	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Unemployment Rate %</b>	3.40	3.30	3.30	3.30	3.30	3.30

Source: DOSM, MIDFR

**Average 3MCY24 job vacancies 126.2K.** For the first quarter of 2024, average job vacancies were 126.2K, lower than last year's 166.9K. However, the job vacancies were still higher than pre-pandemic average 114K (2009-2019). As compared to Feb-24, job vacancies increased by +17.3%mom among others supported by manufacturing +50.5%mom and services +17.8%mom. We foresee average job vacancies to hover at 100~120K per month level for 2024 thanks to external trade recovery and resilient domestic demand.

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

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
<b>Total Jobs, Thousands</b>	163.2	113.6	94.1	153.5	103.6	121.6
Legislators, Senior Officials & Managers	6.1	5.3	6.0	5.8	8.2	6.4
Professionals	16.7	19.8	16.8	16.6	19.4	16.2
Technicians & Associate Professionals	13.1	12.4	13.2	23.6	12.2	21.4
Clerical Workers	8.3	9.7	11.0	11.8	12.8	9.4
Service, Shop & Market Sales Workers	12.4	12.2	14.4	9.3	11.9	12.0
Skilled Agricultural & Fisheries Workers	0.6	0.4	0.5	0.2	0.2	0.2
Craft and Related Trades Workers	5.5	5.9	3.8	4.2	6.7	7.8
Plant & Machinery Operators & Assemblers	9.1	8.1	5.5	8.2	4.4	4.8
Elementary Occupations	28.3	26.2	28.9	20.2	24.0	21.9
<b>Agriculture, Forestry &amp; Fishing</b>	7.0	10.9	7.7	0.0	0.2	4.7
<b>Mining &amp; Quarrying</b>	0.6	0.6	0.4	0.7	0.9	0.6
<b>Manufacturing</b>	16.2	17.3	20.4	14.2	15.7	20.1
<b>Construction</b>	11.2	10.1	10.6	7.0	11.3	9.6
<b>Services</b>	65.1	61.2	60.8	68.9	64.6	64.8

\*Data Available Up Until Mar-24


Source: DOSM, MIDFR

**Moderating American job market.** Job creation in the US slowed more than expected in Apr-24 as the nonfarm payrolls rose by +175K (Mar-24: +315K), the softest expansion in 6-month and below market expectations of +243K. Private payrolls increased by +167K, the slowest increase in 5-month. Most of the additional hirings were added in the services sector. Meanwhile, government payrolls rose by +8K, the weakest growth in nearly 1.5-year. The unemployment rate increased to 3.9% against market expectations for the rate to remain at 3.8%. As for Euro Area, jobless rate maintained at record low 6.5% in Mar-24. Across the globe, China's unemployment rate edged lower at 5.2% in Mar-24, better than 7-month recorded in the previous month. We foresee better recovery in China's job market in 2024 amid external trade recovery and improving domestic demand.

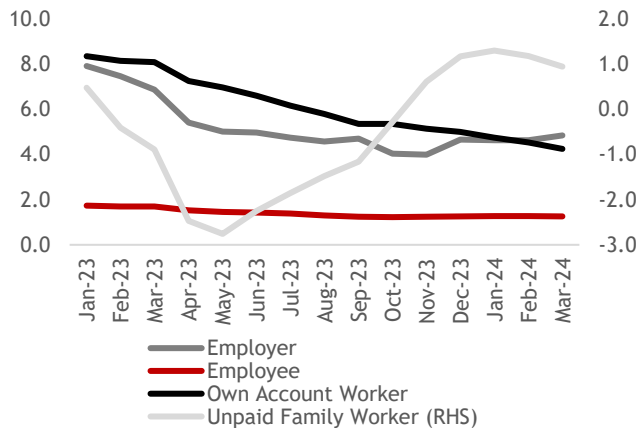
**Table 3: Global Unemployment Rate (%)**

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

Source: MACROBOND, MIDFR

**We foresee the jobless rate to remain at 3.3% in 2024.** As of 3MCY24, average jobless rate was 3.3% (2023: 3.4%) while labour force and employment increased by +1.7% (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 return of non-citizens workers is expected to boost overall employment and reduce the jobless rate. As of 2023, non-citizens' employment is -2.4% 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%)**



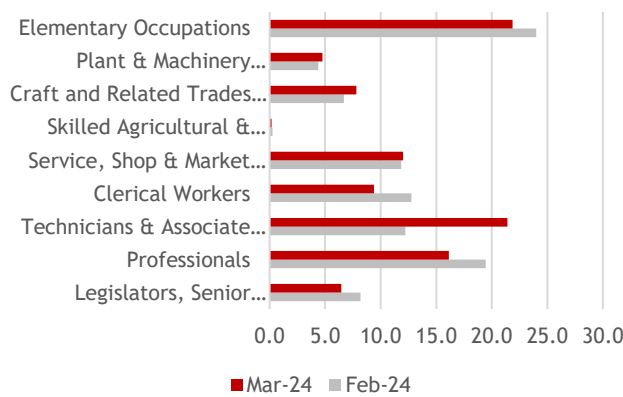
Source: DOSM, MIDFR

**Chart 2: Jobless Rate vs Vacancy Rate (%)**



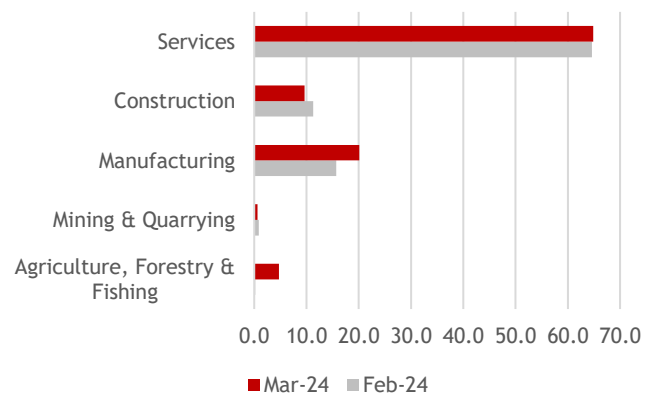
Source: DOSM, MIDFR

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



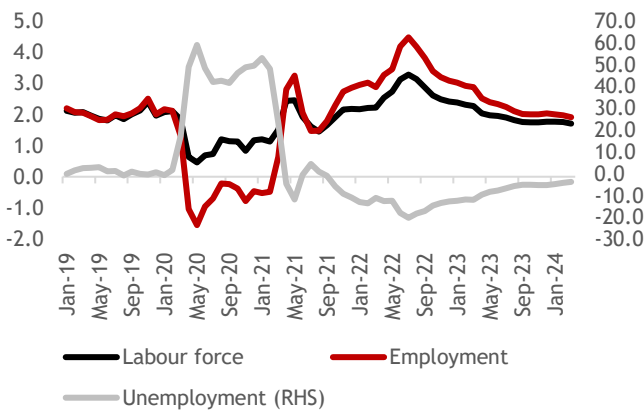
Source: DOSM, MIDFR

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



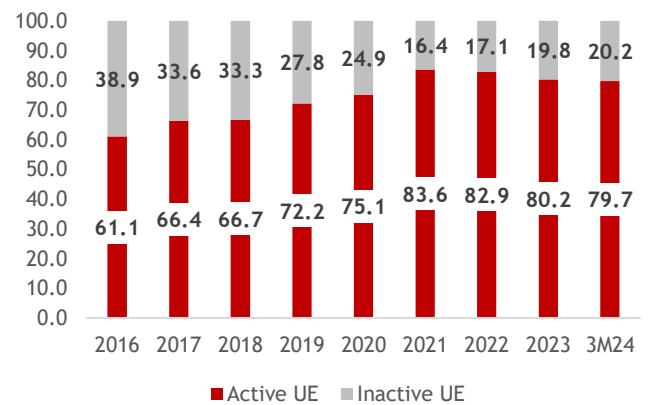
Source: DOSM, MIDFR

**Chart 5: Labour Market Performances (YoY%)**



Source: DOSM, MIDFR

**Chart 6: Type of Unemployment (% of Unemployment)**



Source: DOSM, MIDFR

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