

ECONOMIC REVIEW | May 2024 Labour Market

Malaysia's Employment Outlook to Remain Stable as Guided by Job Vacancy Rate Trajectory

- Stable job market continues. Malaysia's labour market remained steady and stable as unemployment rate stayed at post-pandemic low of 3.3% in May-24. Labour force and employment rose steadily by +1.7%yoy and +1.8%yoy respectively. For youth aged 15~24, the unemployment rate touched a new post-pandemic low of 10.5% (2019: 10.4%).*
- Looking ahead, Malaysia's employment outlook to remain stable as guided by job vacancy rate trajectory. As of 5MCY24, the average vacancy rate stood at 22.6% (2023: 28.7%), way higher than pre-pandemic (2016~2019) average at 17.8%. By sector, positive changes in. Rise of vacancies in agriculture, mining and construction sectors gave a signal of future expansion. For instance, monthly average job vacancies of agriculture sector recorded at 2K in 1QCY24 while the first two months of 2QCY24 averaging at 8.5K. Similarly, construction sector registered average vacancies at 11.4K in 1QCY24 and 15.6K in Apr~May-24.*
- Malaysia's unemployment rate to remain at 3.3% for 2024. As of 5MCY24, average jobless rate was 3.3% (2023: 3.4%) while labour force and employment increased by +1.7% (2023: +2.0%) and +1.9% (2023: +2.4%). The labour market in Malaysia is expected to strengthen further in 2024, backed by steady upbeat momentum in the domestic economy and further recovery in external trade. Malaysia's average unemployment rate is expected to maintain at 3.3% in 2024.*

Stable job market continues. Malaysia's labour market remained steady and stable as unemployment rate stayed at post-pandemic low of 3.3% in May-24. Labour force and employment rose steadily by +1.7%yoy and +1.8%yoy respectively. The unemployed persons were kept at 566K in May-24, approximately 47K higher than average jobless persons 519K in 2019. For youth aged 15~24, the unemployment rate touched a new post-pandemic low of 10.5% (2019: 10.4%). By employment type, employee which made up about 75.1% of the employment increased steadily by +1.3%yoy while employer (3.6% of employment) and own-account-worker (18.3% of employment) increased by +4.9%yoy and +3.9%yoy respectively in May-24. Looking ahead, Malaysia's employment outlook to remain stable as guided by job vacancy rate trajectory. As of 5MCY24, the average vacancy rate stood at 22.6% (2023: 28.7%), way higher than pre-pandemic (2016~2019) average at 17.8%. Steady upbeat momentum in the domestic economy and further recovery in external trade are key supporting factors for the job market.

Table 1: Summary of Labour Market ('000)

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Labour Force	17,026	17,050	17,075	17,099	17,122	17,146
YoY%	1.8	1.8	1.8	1.7	1.7	1.7
MoM%	0.1	0.1	0.1	0.1	0.1	0.1
Employment	16,458	16,483	16,508	16,532	16,556	16,580
YoY%	2.0	2.0	2.0	1.9	1.9	1.8
MoM%	0.2	0.2	0.2	0.1	0.1	0.1

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Unemployment	568	567	567	567	566	566
YoY%	(5.3)	(4.8)	(4.2)	(3.8)	(3.5)	(3.2)
MoM%	(0.2)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)
Outside Labour Force	7,234	7,233	7,233	7,233	7,233	7,233
YoY%	(0.1)	(0.1)	(0.1)	0.0	0.1	0.1
MoM%	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)
Unemployment Rate %	3.30	3.30	3.30	3.30	3.30	3.30

Source: DOSM, MIDFR

Average 5MCY24 job vacancies 127.9K. As of 5MCY24, monthly average job vacancies were 127.9K, lower than last year's 166.9K. However, the job vacancies were still higher than pre-pandemic average 114K (2009-2019). By job type, we observed upsurge of "Legislators, Senior Officials & Managers" which the monthly average for 1QCY24 was less than 10K (2023 Average: 10.4K) but the vacancies rose to 13.7K in Apr-24 and 25.6K in May-24. By sector, positive changes in agriculture, mining and construction. Rise of vacancies in these sectors gave a signal of future expansion. For instance, monthly average job vacancies of agriculture sector recorded at 2K in 1QCY24 while the first two months of 2QCY24 averaging at 8.5K. Similarly, construction sector registered average vacancies at 11.4K in 1QCY24 and 15.6K in Apr~May-24. On the flip side, job vacancies in manufacturing and services sectors remain encouraging, reflecting steady macro performances attributing from domestic and external fronts.

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

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Total Jobs, Thousands	94.1	153.5	103.6	121.6	138.1	122.9
Legislators, Senior Officials & Managers	6.0	5.8	8.2	6.4	9.9	20.8
Professionals	16.8	16.6	19.4	16.2	16.9	17.6
Technicians & Associate Professionals	13.2	23.6	12.2	21.4	19.2	14.4
Clerical Workers	11.0	11.8	12.8	9.4	14.0	9.6
Service, Shop & Market Sales Workers	14.4	9.3	11.9	12.0	10.7	9.8
Skilled Agricultural & Fisheries Workers	0.5	0.2	0.2	0.2	0.4	0.3
Craft and Related Trades Workers	3.8	4.2	6.7	7.8	5.2	5.4
Plant & Machinery Operators & Assemblers	5.5	8.2	4.4	4.8	4.5	4.0
Elementary Occupations	28.9	20.2	24.0	21.9	19.1	18.2
Agriculture, Forestry & Fishing	7.7	0.0	0.2	4.7	5.7	7.4
Mining & Quarrying	0.4	0.7	0.9	0.6	1.1	1.1
Manufacturing	20.4	14.2	15.7	20.1	12.5	17.9
Construction	10.6	7.0	11.3	9.6	13.5	10.3
Services	60.8	68.9	64.6	64.8	67.3	63.4

Source: PERKESO, MIDFR

American jobless rate rose despite stronger NFP numbers. The US nonfarm payrolls rose at a more moderate pace of +206K in Jun-24 (May-24: +218K), albeit surpassing market expectations of +190K. Private payrolls rose by +136K, (May-24: +193K) as private service providers upsized their workforce by +117K, slower than (May-24: +181K) whereas payrolls in the goods-producing sector registered a steeper rise of +19K (May-24: +12K). Government payrolls increased by +70K, the biggest jump in 3-month. Despite of stronger-than-expected NFP, the jobless rate rose to +4.1% in Jun-24. This was the highest since Nov-21 and against market consensus of +4.0%. As for Euro Area, jobless rate maintained at record low 6.4% in May-24. Across the globe, China's unemployment rate maintained at 5-month low 5.0% in May-24.

Table 3: Global Unemployment Rate (%)

	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24
Malaysia	3.3	3.3	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	2.8	3.2	3.0	2.6	2.8	2.8	2.8
Hong Kong	2.9	2.9	2.9	2.9	3.0	3.0	3.0
China	5.0	5.1	5.2	5.3	5.2	5.0	5.0
Japan	2.5	2.5	2.4	2.6	2.6	2.6	2.6
Euro Area	6.5	6.5	6.5	6.5	6.5	6.4	6.4
USA	3.7	3.7	3.7	3.9	3.8	3.9	4.0

Source: MACROBOND, MIDFR


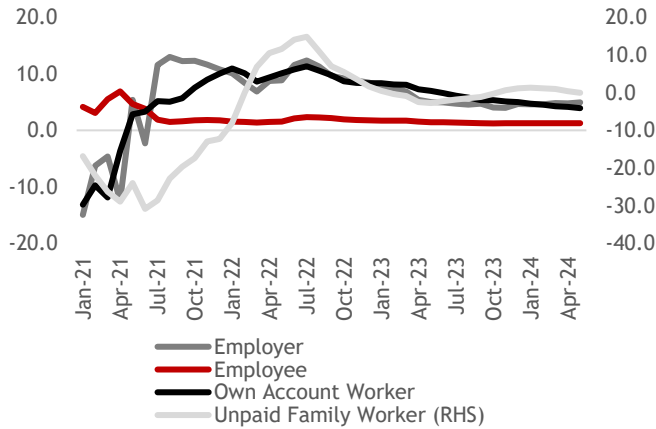
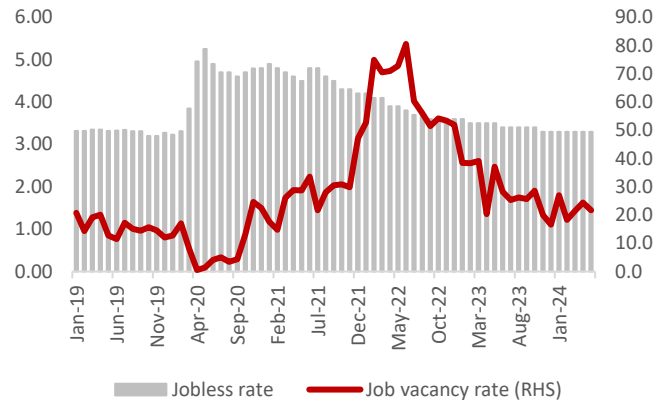
Malaysia's unemployment rate to remain at 3.3% for 2024. As of 5MCY24, average jobless rate was 3.3% (2023: 3.4%) while labour force and employment increased by +1.7% (2023: +2.0%) and +1.9% (2023: +2.4%). The labour market in Malaysia is expected to strengthen further in 2024, backed by steady upbeat momentum in the domestic economy and further 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%)



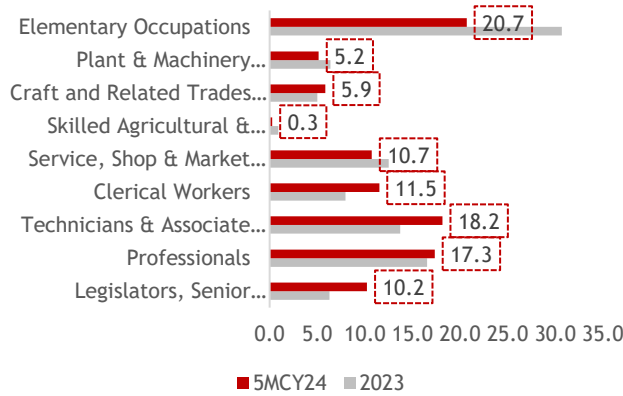
Source: DOSM, MIDFR

Chart 2: Jobless Rate vs. Job Vacancy Rate (%)



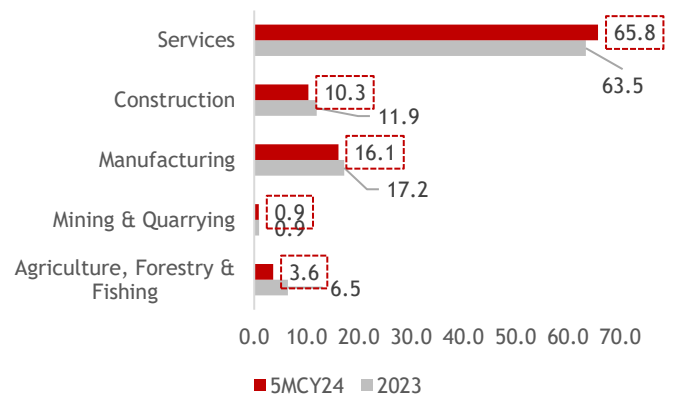
Source: DOSM, MIDFR

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



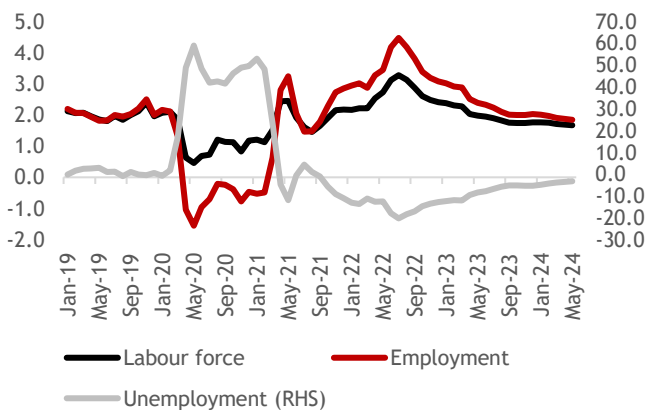
Source: DOSM, MIDFR

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



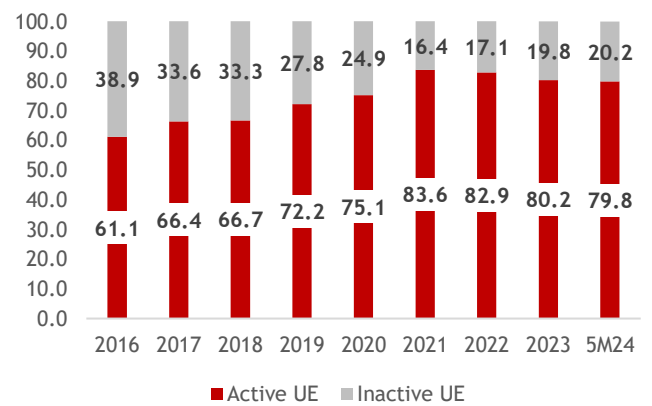
Source: DOSM, MIDFR

Chart 5: Labour Market Performances (YoY%)



Source: DOSM, MIDFR

Chart 6: Type of Unemployment (% of Unemployment)



Source: DOSM, MIDFR

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