

ECONOMIC REVIEW | July 2024 Labour Market

Malaysia's Labour Market Remains Healthy in Jul-24 with Higher Labour Demand

- *Job market remains consistent. Malaysia's labour market has remained stable, with the unemployment rate holding steady at 3.3% in Jul-24. Labour force and employment shown a consistent growth by +1.7%yoy and +1.8%yoy respectively.*
- *Increased labour demand. Job vacancies registered monthly increase of +17.6K to 127K in Jul-24, particularly due to strong labour demand in the services and construction industries. This indicated healthy labour demand, exceeding than the average 119K a month in 6MCY24.*
- *Malaysia's unemployment rate to remain at 3.3% for 2024. As of 7MCY24, jobless rate has been averaging at 3.3% (2023: 3.4%), with the labour force and employment growing by +1.7%yoy (2023: +2.0%) and +1.9%yoy (2023: +2.4%). Following more encouraging growth in 2024, we foresee firms will continue to increase labour demand, therefore we maintain our projection that Malaysia's unemployment rate will average at 3.3% in 2024.*

Still stable job market. Malaysia's labour market remained stable, with the unemployment rate holding steady at 3.3% in Jul-24 as expected. Labour force and employment sustained growth at +1.7%yoy and +1.8%yoy, respectively. The number of unemployed persons decreased to 564K in Jul-24, a new low in the post-pandemic period but still higher than average 519K jobless persons in 2019. For youth aged 15-24, the unemployment rate remained at 10.5% since May-24, the lowest rate since Feb-20. By employment type, employee (share: ~75% of total employment) experienced a steady increase of +1.3%yoy, while the employer (3.6% of employment) and own-account-worker (18.4% of employment) increased by +4.7%yoy and +3.7%yoy, respectively, in Jul-24. Looking ahead, Malaysia's employment outlook is expected to remain stable, with the increased vacancies signal growing labour demand. As we anticipate the positive momentum in the domestic economy to continue, we expect sustained growth in domestic economic activities including recovery in tourism-related and external trade industries will contribute to the resilience of the domestic job market.

Table 1: Summary of Labour Market ('000)

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Labour Force	17,075	17,099	17,122	17,146	17,171	17,196
YoY%	1.8	1.7	1.7	1.7	1.7	1.7
MoM%	0.1	0.1	0.1	0.1	0.1	0.1
Employment	16,508	16,532	16,556	16,580	16,606	16,632
YoY%	2.0	1.9	1.9	1.8	1.8	1.8
MoM%	0.2	0.1	0.1	0.1	0.2	0.2
Unemployment	567	567	566	566	565	564
YoY%	(4.2)	(3.8)	(3.5)	(3.2)	(2.8)	(2.7)
MoM%	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.3)
Outside Labour Force	7,233	7,233	7,233	7,233	7,232	7,231
YoY%	(0.1)	0.0	0.1	0.1	0.1	0.1
MoM%	(0.0)	0.0	0.0	0.0	(0.0)	(0.0)
Labour Force Participate Rate (%)	70.2	70.2	70.3	70.3	70.4	70.4
Unemployment Rate (%)	3.3	3.3	3.3	3.3	3.3	3.3

Source: DOSM, MIDFR

Increased labour demand. Job vacancies registered monthly increase of +17.6K to 127K in Jul-24, particularly due to strong labour demand in the services and construction industries. This indicated healthy labour demand, exceeding than the average 119K a month in 6M CY24. Although the trend thus far this year (7M CY24: 125.1K per month) was relatively slower (2023: 166.9K per month), it was still higher than average of 114K a month during the pre-pandemic years (2010-2019). By job type, month-on-month increases in vacancies were mainly for elementary occupations (+13.6K), professionals (+3.4K) and technicians & associate professionals (+1.5K). By sector, higher vacancies were mainly recorded in the services sector (+9.2K), followed by construction (+4.9K), manufacturing (+2.6K) and agriculture (+1.1K) sectors. Vacancies in the mining industry, however, dropped by +0.1K from Jun-24. Looking at the stronger labour demand in sectors like services, construction and manufacturing signals the encouraging developments in these sectors. As we expect the economy to continue expanding, we foresee the increased demand for labour will continue to grow.

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

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Total Jobs (in thousands)	103.6	121.6	138.1	122.9	109.3	127.0
Legislators, Senior Officials & Managers	8.2	6.4	9.9	5.8	6.1	5.2
Professionals	19.4	16.2	16.9	22.5	18.9	18.9
Technicians & Associate Professionals	12.2	21.4	19.2	17.3	16.2	15.1
Clerical Workers	13.0	9.4	14.0	11.3	12.2	10.2
Service, Shop & Market Sales Workers	11.9	12.0	10.7	11.4	11.2	9.7
Skilled Agricultural & Fisheries Workers	0.2	0.2	0.4	0.3	0.3	0.8
Craft and Related Trades Workers	6.7	7.8	5.2	5.9	5.2	4.9
Plant & Machinery Operators & Assemblers	4.4	4.8	4.5	4.6	6.9	4.6
Elementary Occupations	24.0	21.9	19.1	20.9	23.1	30.6
Agriculture, Forestry & Fishing	7.6	4.7	5.7	7.4	6.6	6.5
Mining & Quarrying	0.9	0.6	1.1	1.1	1.3	1.0
Manufacturing	15.7	20.1	12.5	17.9	18.9	18.3
Construction	11.3	9.6	13.5	10.3	9.6	12.1
Services	64.6	64.8	67.3	63.4	63.7	62.1

Source: PERKESO, MIDFR

Rising jobless rates signal cooling labour markets in several economies. The increase in the US jobless rate to 4.3% in Jul-24 led to renewed concern of recession risk as firms slowed hirings, with the nonfarm payrolls only increased by +89K (Jun-24: +118K). Although the nonfarm payrolls rose faster at +142K in Aug-24, the US labour market continued to cool as the job growth was weaker than expected, despite the unemployment rate falling to 4.2%. Similarly, countries like Japan, China and the Philippines also reported signs of cooling job markets as the unemployment rates rose in Jul-24. In contrast, more encouraging job market developments led to lower jobless rates in South Korea and euro area.

Table 3: Global Unemployment Rate (%)

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Malaysia	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Philippines	4.5	3.5	3.9	4.0	4.1	3.1	4.7
Taiwan	3.4	3.4	3.4	3.4	3.4	3.3	3.3
South Korea	3.0	2.6	2.8	2.8	2.8	2.8	2.5
Hong Kong	2.9	2.9	3.0	3.0	3.0	3.0	3.0
China	5.2	5.3	5.2	5.0	5.0	5.0	5.2
Japan	2.4	2.6	2.6	2.6	2.6	2.5	2.7
Euro Area	6.5	6.5	6.5	6.5	6.5	6.5	6.4
UK	4.0	4.2	4.3	4.4	4.4	4.2	n.a.
USA	3.7	3.9	3.8	3.9	4.0	4.1	4.3

Source: Macrobond, MIDFR


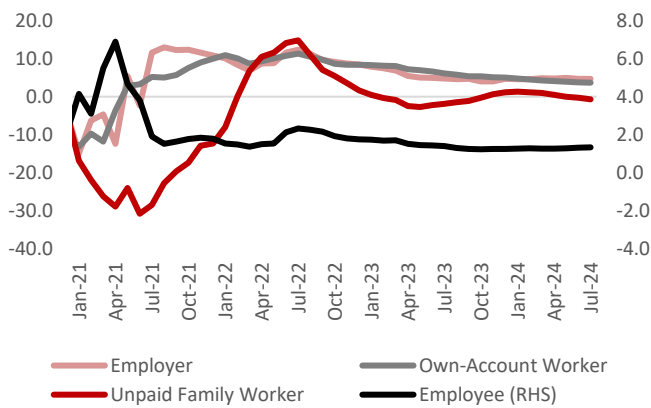
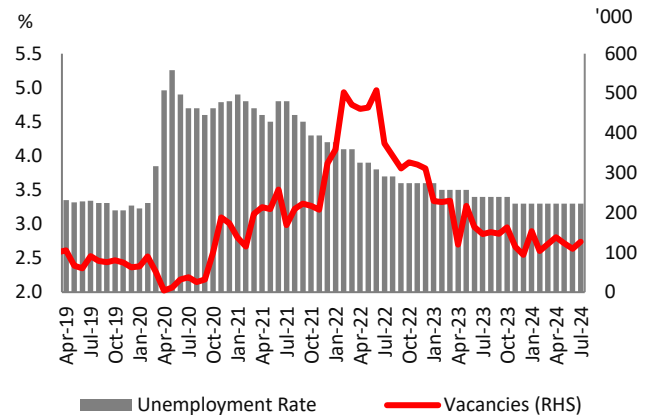
Malaysia's unemployment rate to remain at 3.3% for 2024. As of 7MCY24, jobless rate has been averaging at 3.3% (2023: 3.4%), with the labour force and employment growing by +1.7%yoy (2023: +2.0%) and +1.9%yoy (2023: +2.4%). Following more encouraging growth in 2024, we foresee firms will continue to increase labour demand. With more people entering the job market and getting employed, the healthy labour market is a crucial factor contributing towards the sustained rise in domestic spending activities and the recovery in external trade. We maintain our projection that Malaysia's unemployment rate will average at 3.3% in 2024. Increased employment of foreign labour will also contribute to employment growth, with total hirings of non-citizens having increased to 2.36m as of 2QCY24 (4QCY23: 2.22m) or only -1.1% lower than the pre-pandemic level of 2.39m in 4QCY19. However, there are several downside risks to the labour market outlook, such as renewed weakness in external trade and disruption to global supply chain, either due to weak final demand from major trading partners or escalation in geopolitical conflicts. Declines in the global commodity prices, with the growing concerns over demand outlook recently, could also disrupt hirings and investment plans in the resource-based industries. 

Chart 1: Employment by Type (YoY%)



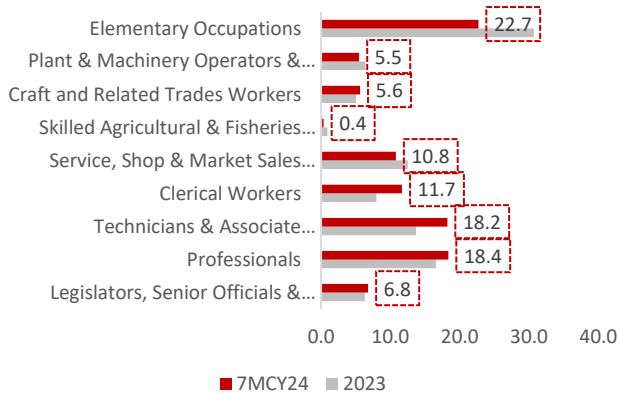
Source: Macrobond, MIDFR

Chart 2: Jobless Rate (%) vs. Job Vacancies ('000)



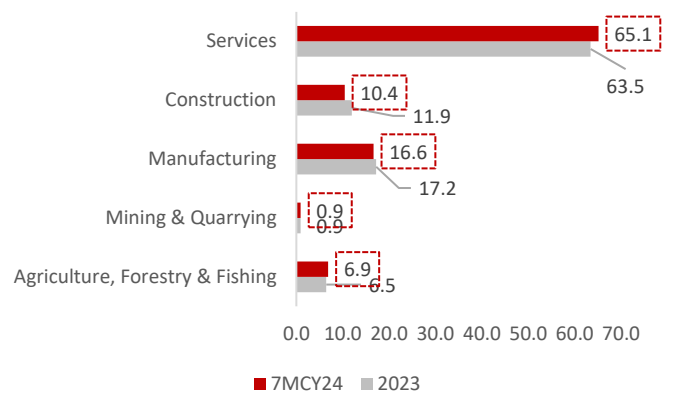
Source: Macrobond, MIDFR

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



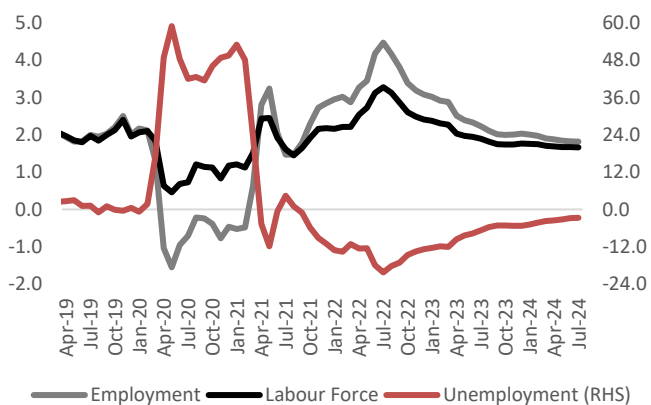
Source: DOSM, MIDFR

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



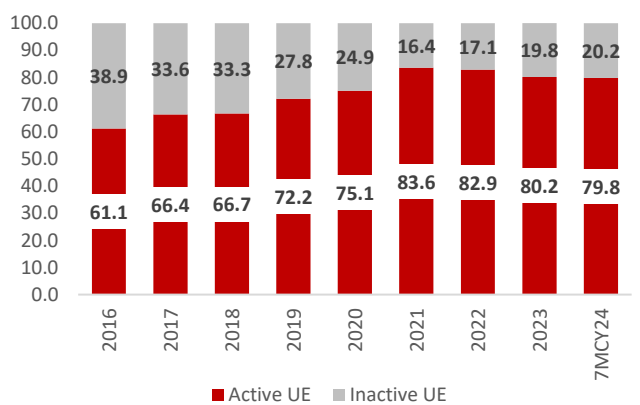
Source: DOSM, MIDFR

Chart 5: Labour Market Performances (YoY%)



Source: Macrobond, MIDFR

Chart 6: Type of Unemployment (% of Unemployment)



Source: DOSM, MIDFR

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