11 October 2024

ECONOMIC REVIEW | August 2024 Labour Market

Malaysia's Jobless Rate Fell to New Post-Pandemic Low of 3.2% in Aug-24

- *Unemployment rate fell to new post-pandemic low. Malaysia's labour market remained healthy in Aug-24 as the unemployment rate fell to 3.2%, the lowest in the post-pandemic period and back to the level last seen in Jan-20. With more people getting employed, the unemployment count decreased further to 559K, the lowest since Feb-20.*
- *Stable labour demand in Aug-Sep 2024. Labour demand remained strong as job vacancies increased to 4-month high of 127.6K in Aug-24, and still hovered more than 126K a month for the third consecutive month in Sep-24. Monthly vacancies averaged higher at 127.1K in 3QCY24 compared to the previous 2 quarters (1HCY24 average: 124.8/month).*
- *Malaysia's unemployment rate to remain low at around 3.3% in 2024. As of 8MCY24, 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%). We maintain our projection that Malaysia's unemployment rate will average at 3.3% in 2024 (2023: 3.4%).*

Unemployment rate fell to new post-pandemic low. Malaysia's labour market remained healthy in Aug-24 as the unemployment rate fell to 3.2%, the lowest in the post-pandemic period and back to the level last seen in Jan-20. Employment growth was marginally higher at +1.9%yoy vis-à-vis sustained growth of +1.7%yoy in the labour force. As a result, with more people getting employed, the unemployment count decreased further to 559K, the lowest since Feb-20 but still higher than average 519K in 2019. The breakdown shows the unemployment rate for youth aged 15-24 fell slightly to 10.4% (Jul-24: 10.5) since May-24, still the lowest reading since Feb-20. By employment type, employee (share: 75% of total employment) and the employer (3.6% of employment) categories rose faster at +1.4%yoy and +5.0%yoy, respectively, while the own-account-worker (18.5% of employment) sustained expansion at +3.7%yoy in Aug-24. With more people entering the job market, the labour force participation rate remained at record high of 70.4% for the third straight month. We foresee the healthy labour market conditions will continue as companies increased labour demand and hirings to cope with growing economic activities. We expect the labour market, particularly increased employment, will remain the key factor supporting the sustained rise in domestic spending activities.

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

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Labour Force	17,099	17,122	17,146	17,171	17,196	17,220
YoY%	1.7	1.7	1.7	1.7	1.7	1.7
MoM%	0.1	0.1	0.1	0.1	0.1	0.1
Employment	16,532	16,556	16,580	16,606	16,632	16,661
YoY%	1.9	1.9	1.8	1.8	1.8	1.9
MoM%	0.1	0.1	0.1	0.2	0.2	0.2
Unemployment	567	566	566	565	564	559
YoY%	(3.8)	(3.5)	(3.2)	(2.8)	(2.7)	(3.3)
MoM%	(0.1)	(0.0)	(0.1)	(0.1)	(0.3)	(0.9)

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Outside Labour Force	7,233	7,233	7,233	7,232	7,231	7,230
YoY%	0.0	0.1	0.1	0.1	0.1	(0.0)
MoM%	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Labour Force Participate Rate (%)	70.3	70.3	70.3	70.4	70.4	70.4
Unemployment Rate (%)	3.30	3.30	3.30	3.30	3.30	3.20

Source: DOSM, MIDFR

Still high and stable labour demand in Aug-Sep 2024. Labour demand remained strong as job vacancies increased to 4-month high of 127.6K in Aug-24, and still hovered more than 126K a month for the third consecutive month in Sep-24. Monthly vacancies averaged higher at 127.1K in 3QCY24 compared to the previous 2 quarters (1HCY24 average: 124.8/month). Although the trend thus far this year (9MCY24: 125.6K per month) was lower than 166.9K per month recorded last year, the recent trend remained above 114K a month during the pre-pandemic years (2010-2019). By job type, month-on-month increases in vacancies in Aug-24 were mainly for senior officials & managers (+3.2K), clerical workers (+2.1K), service, shop & market sales workers (+1.8K) and professionals, technicians & associate professionals (+1.1K), which offset the lower demand for elementary occupations (-7.1K). By sector, increased vacancies in Aug-24 were mainly concentrated in the services and agriculture industries. On the back of sustained domestic demand and tourism sector recovery, labour demand in the services sector increased further in Sep-24. However, vacancies in the mining industry continued to trend lower since May-24, falling to 9-month low of 606 in Sep-24. As the positive growth momentum is expected to be sustained, we foresee labour demand in Malaysia's job market will remain robust in the coming months.

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

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Total Jobs (in thousands)	**138.1**	**122.9**	**109.3**	**127.0**	**127.6**	**126.5**
Legislators, Senior Officials & Managers	9.9	5.8	6.1	5.2	7.7	6.8
Professionals	16.9	22.5	18.9	18.9	19.1	18.4
Technicians & Associate Professionals	19.2	17.3	16.2	15.1	15.5	14.7
Clerical Workers	14.0	11.3	12.2	10.2	11.8	9.9
Service, Shop & Market Sales Workers	10.7	11.4	11.2	9.7	11.1	11.1
Skilled Agricultural & Fisheries Workers	0.4	0.3	0.3	0.8	0.2	0.9
Craft and Related Trades Workers	5.2	5.9	5.2	4.9	5.1	4.1
Plant & Machinery Operators & Assemblers	4.5	4.6	6.9	4.6	4.6	10.0
Elementary Occupations	19.1	20.9	23.1	30.6	24.9	24.2
Agriculture, Forestry & Fishing	**5.7**	**7.4**	**6.6**	**6.5**	**9.4**	**10.6**
Mining & Quarrying	**1.1**	**1.1**	**1.3**	**1.0**	**0.6**	**0.5**
Manufacturing	**12.5**	**17.9**	**18.9**	**18.3**	**17.5**	**16.1**
Construction	**13.5**	**10.3**	**9.6**	**12.1**	**9.5**	**8.1**
Services	**67.3**	**63.4**	**63.7**	**62.1**	**62.9**	**64.7**

Source: PERKESO, MIDFR

Jobless rates declined in other economies in Aug-24. Conditions in job markets improved in Aug-24 as jobless rates declined in major and regional economies. The US labour market continued to show resilience as unemployment rate fell further to 4.1% in Sep-24 (Jul-24: 4.3%), with higher-than-expected rise in nonfarm payrolls by +254K (Aug-24: +118K). As a result, the strength in the job market eased concerns over hard landing or recession risk. Similarly, other economies like euro area, Japan, South Korea and the Philippines also reported lower unemployment rates in Aug-24. In contrast, the rise in jobless rate to 5.3% also points to weaker growth momentum in China. In Taiwan, although the unemployment rate increased to 4-month high of 3.4%, but the job market was still stable which led to more individuals seeking for jobs.

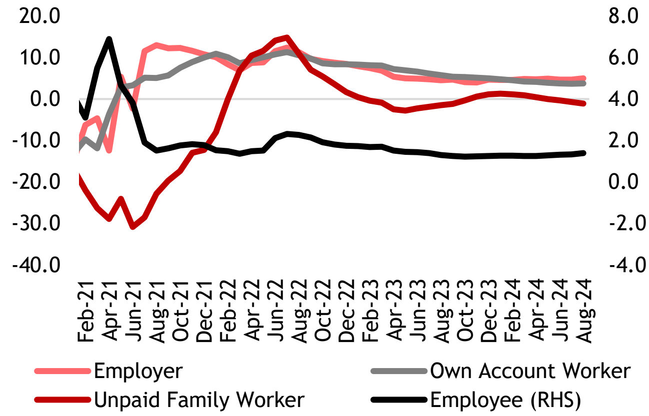
Table 3: Global Unemployment Rates (%)

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Malaysia	3.3	3.3	3.3	3.3	3.3	3.3	3.2
Philippines	3.5	3.9	4.0	4.1	3.1	4.7	4.4
Taiwan	3.4	3.4	3.4	3.4	3.3	3.3	3.4
South Korea	2.6	2.8	2.8	2.8	2.8	2.5	2.4
Hong Kong	2.9	3.0	3.0	3.0	3.0	3.0	3.0
China	5.3	5.2	5.0	5.0	5.0	5.2	5.3
Japan	2.6	2.6	2.6	2.6	2.5	2.7	2.5
Euro Area	6.5	6.5	6.4	6.5	6.5	6.4	6.4
UK	4.2	4.3	4.4	4.4	4.2	4.1	n.a.
USA	3.9	3.8	3.9	4.0	4.1	4.3	4.2

Source: Macrobond, MIDFR

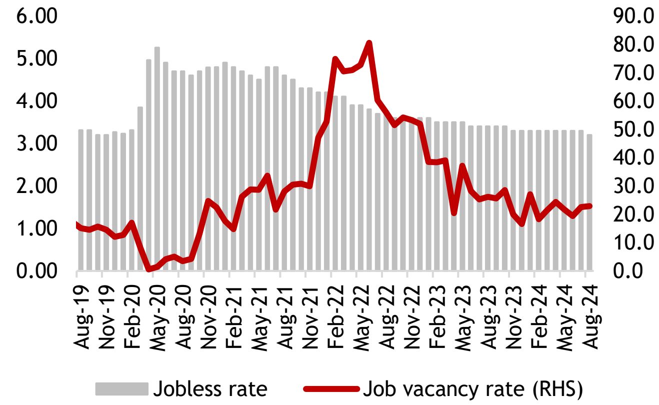
Malaysia's unemployment rate to remain low at around 3.3% in 2024. As of 8MCY24, jobless rate has been averaging at 3.3% (2023: 3.4%), with the labour force and employment growing by +1.7%yoy (2023: +2.0%) and +1.9%yoy (2023: +2.4%). With the jobless rate falling further to 3.2% in Aug-24, we foresee firms will continue to increase labour demand in view of positive economic outlook. As we expect the positive labour market condition will continue, we maintain our projection that Malaysia's unemployment rate will average at 3.3% in 2024 (2023: 3.4%). Meanwhile, 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. Given the external uncertainties, we remain cautious that job market outlook will also be affected by several downside risks such as renewed weakness in external trade and disruption to global supply chain, either due to weak final demand from major trading partners or worsening in the ongoing geopolitical conflicts.

Chart 1: Employment by Type (YoY%)



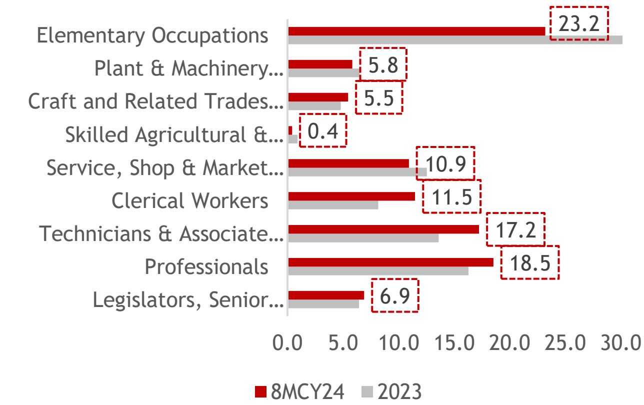
Source: Macrobond, MIDFR

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



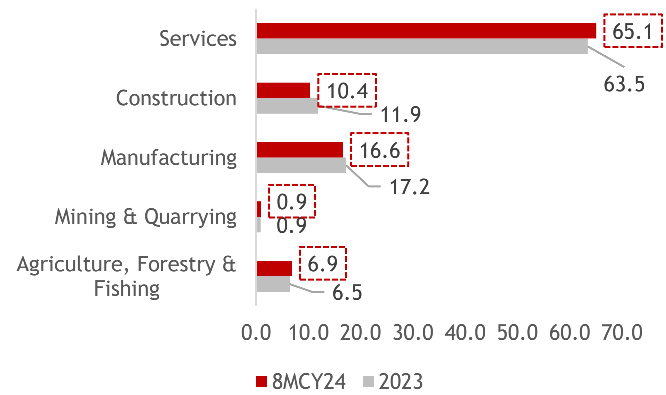
Source: Macrobond, MIDFR

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



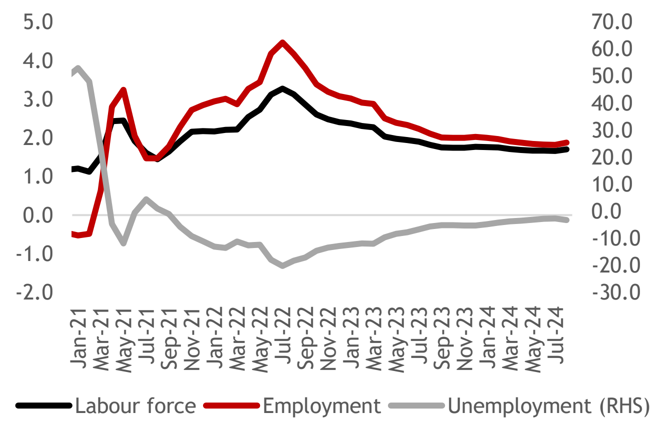
Source: DOSM, MIDFR

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



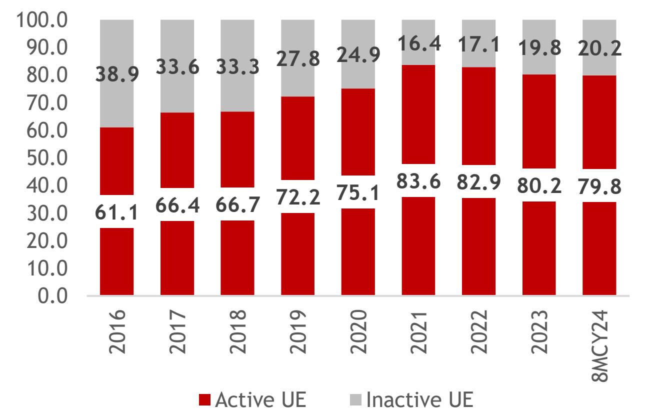
Source: DOSM, MIDFR

Chart 5: Labour Market Performances (YoY%)



Source: Macrobond, MIDFR

Chart 6: Type of Unemployment (% of Unemployment)



Source: DOSM, MIDFR

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