

## ECONOMIC REVIEW | September 2024 Labour Market

### Robust Labour Market Keeps Unemployment Rate Low in Sep-24

- *Unemployment rate maintained at 3.2%. Malaysia's labour market remained robust in Sep-24, with the unemployment rate holding steady at a post-pandemic low of 3.2%. Both labour force and employment experienced growth at +1.7%yoy and +1.9%yoy, respectively. As a result, with more people getting employed, the number of unemployed individuals fell to 555K, the lowest since Feb-20 although this figure is still about 36K higher than the average of 519K jobless individuals in 2019.*
- *Still high and stable labour demand in Aug-Sep 2024. Labour demand remained strong as job vacancies increased to hovered more than 126K in Sep-24 and increased to 132.4K in Oct-24, which is the highest in 6 months. Although the overall trend in vacancies this year (10MCY24: 126.2K per month) was lower than 166.9K per month in 2023, the level generally remained above 114K a month during the pre-pandemic years (2010-2019).*
- *Malaysia's unemployment rate to remain low at around 3.3% in 2024. As of 9MCY24, jobless rate has been averaging at 3.3% (2023: 3.4%), with the labour force and employment growing by +0.4%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 maintained at 3.2%.** Malaysia's labour market remained robust in Sep-24, with the unemployment rate holding steady at a post-pandemic low of 3.2%. Both labour force and employment experienced growth at +1.7%yoy and +1.9%yoy, respectively. As a result, with more people getting employed, the number of unemployed individuals fell to 555K, the lowest since Feb-20 although this figure is still about 36K higher than the average of 519K jobless individuals in 2019. The youth unemployment rate for those aged 15-24 saw a slight rise to 10.5% (Aug-24: 10.4%), back to the reading recorded in May-July 2024. In terms of employment type, employee (share: 75% of total employment) and the employer (3.6% of employment) grew at +1.4%yoy and +5.6%yoy, respectively, while the own-account-worker (18.5% of employment) continue to expand at +3.8%yoy in Sep-24. The labour force participation rate rose to record high of 70.5%, with more people entering the job market, after remaining unchanged at 70.4% in the past 3 months. We foresee that favourable labour market conditions will persist as companies are ramping up their hiring and demand for workers to keep pace with expanding economic activities. We expect the labour market specifically in employment growth, will be a crucial driver of continued increases in domestic spending.

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

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
<b>Labour Force</b>	17,122	17,146	17,171	17,196	17,220	17,244
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
<b>Employment</b>	16,556	16,580	16,606	16,632	16,661	16,689
YoY%	1.9	1.8	1.8	1.8	1.9	1.9
MoM%	0.1	0.1	0.2	0.2	0.2	0.2
<b>Unemployment</b>	566	566	565	564	559	555
YoY%	(3.5)	(3.2)	(2.8)	(2.7)	(3.3)	(3.2)

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
MoM%	(0.0)	(0.1)	(0.1)	(0.3)	(0.9)	(0.6)
<b>Outside Labour Force</b>	7,233	7,233	7,232	7,231	7,230	7,229
YoY%	0.1	0.1	0.1	0.1	(0.0)	(0.1)
MoM%	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
<b>Labour Force Participate Rate (%)</b>	70.3	70.3	70.4	70.4	70.4	70.5
<b>Unemployment Rate (%)</b>	3.3	3.3	3.3	3.3	3.2	3.2

Source: DOSM, MIDFR

**Still high and stable labour demand in Aug-Sep 2024.** Labour demand remained strong as job vacancies increased to hovered more than 126K in Sep-24 and increased to 132.4K in Oct-24, which is the highest in 6 months. Although the overall trend in vacancies this year (10MCY24: 126.2K per month) was lower than 166.9K per month in 2023, the level generally remained above 114K a month during the pre-pandemic years (2010-2019). By job type, month-on-month increases in vacancies in Oct-24 were mainly for elementary occupations (+7.3K); craft & related trade workers (+2.8K) and technicians & associate professionals (+2.0K), in contrast to reduced demand for plant & machinery operators & assembler (-5.9K) and professionals (-1.6K). By sector, although the number of vacancies in Oct-24 were mainly concentrated (available) in the services (77.3K) and manufacturing (26.7K) industries, the monthly rise from Sep-24 to Oct-24 were contributed increased demand in the manufacturing (+6.3K) and construction (+4.9K) sectors. The increased labour demand is in line with the sustained growth recorded in the goods-producing industries and more progress in construction projects. Meanwhile, increased vacancies in the services sub-sectors such as wholesale & retail and accommodation & food services reflect the positive prospects in the job market to cope with growing domestic demand and increased tourist arrivals (and spending). In addition, although vacancies dropped in the agriculture industry, but the level remained healthy around 12K to 13K a month in the 3-month to Oct-24. We foresee labour demand in Malaysia's job market will remain robust in the coming months, in line with growing economic activities.

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

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
<b>Total Jobs (in thousands)</b>	122.9	109.3	127.0	127.6	126.5	132.4
Legislators, Senior Officials & Managers	5.8	6.1	5.2	7.7	6.8	6.7
Professionals	22.5	18.9	18.9	19.1	18.4	16.3
Technicians & Associate Professionals	17.3	16.2	15.1	15.5	14.7	15.6
Clerical Workers	11.3	12.2	10.2	11.8	9.9	10.0
Service, Shop & Market Sales Workers	11.4	11.2	9.7	11.1	11.1	11.5
Skilled Agricultural & Fisheries Workers	0.3	0.3	0.8	0.2	0.9	0.2
Craft and Related Trades Workers	5.9	5.2	4.9	5.1	4.1	6.0
Plant & Machinery Operators & Assemblers	4.6	6.9	4.6	4.6	10.0	5.0
Elementary Occupations	20.9	23.1	30.6	24.9	24.2	28.6
<b>Agriculture, Forestry &amp; Fishing</b>	7.4	6.6	6.5	9.4	10.6	9.1
<b>Mining &amp; Quarrying</b>	1.1	1.3	1.0	0.6	0.5	0.8
<b>Manufacturing</b>	17.9	18.9	18.3	17.5	16.1	20.1
<b>Construction</b>	10.3	9.6	12.1	9.5	8.1	11.5
<b>Services</b>	63.4	63.7	62.1	62.9	64.7	58.5


Source: PERKESO, MIDFR

**Jobless rates in other economies continue to decline in Sep-24.** Conditions in job markets improved in Sep-24 with jobless rates continue to decline in major and regional economies. The US maintained a steady unemployment rate of 4.1% in Oct-24, despite a significantly lower-than-expected increase in nonfarm payrolls of just +12K (Sep-24: +223K), likely attributed to unusual one-off factors (i.e. adverse weather and labour strikes). The positive trend in job creations alleviated fears of a severe economic downturn or recession. China's job market rebounded as the unemployment rate fell to 5.1% (Aug-24: 5.3%), signalling a recovery from stagnant demand. Similarly, Japan and the Philippines also reported lower unemployment rates in Sep-24. In contrast, South Korea saw a slight increase in the jobless rate to 2.5%, indicating a weaker economic growth. Meanwhile, the euro area, Taiwan and Hong Kong recorded no change in their unemployment rates, which remained at 6.3%, 3.4% and 3.0%, respectively.

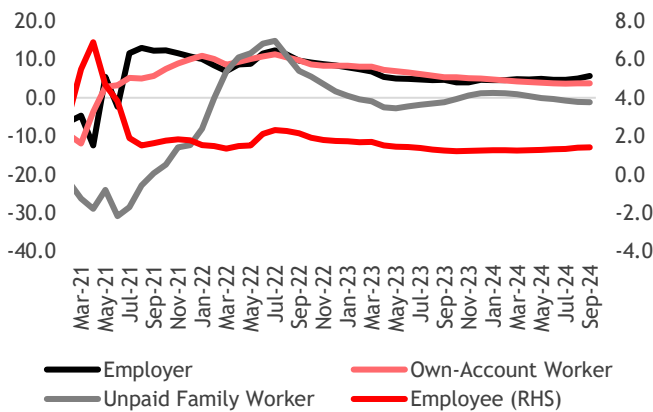
**Table 3: Global Unemployment Rates (%)**

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
Malaysia	3.3	3.3	3.3	3.3	3.3	3.2	3.2
Philippines	3.9	4.0	4.1	3.1	4.7	4.0	3.7
Taiwan	3.4	3.4	3.4	3.3	3.3	3.4	3.4
South Korea	2.8	2.8	2.8	2.8	2.5	2.4	2.5
Hong Kong	3.0	3.0	3.0	3.0	3.0	3.0	3.0
China	5.2	5.0	5.0	5.0	5.2	5.3	5.1
Japan	2.6	2.6	2.6	2.5	2.7	2.5	2.4
Euro Area	6.5	6.4	6.5	6.5	6.4	6.3	6.3
UK	4.3	4.4	4.4	4.2	4.1	4.0	n.a.
USA	3.8	3.9	4.0	4.1	4.3	4.2	4.1

Source: Macrobond, MIDFR

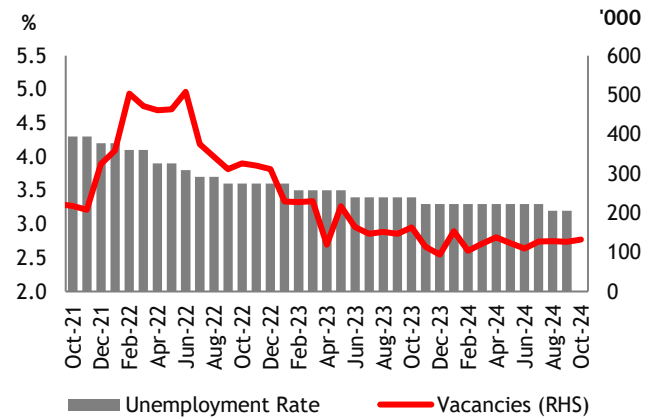
**Malaysia's unemployment rate to average lower at 3.3% in 2024.** As of 9M CY24, jobless rate has been averaging at 3.3% (2023: 3.4%), with the labour force and employment growing by +0.4%yoy (2023: +2.0%) and +1.9%yoy (2023: +2.4%). With the jobless rate remaining unchanged at 3.2% in Sep-24, we foresee 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 2.41m as of 3QCY24 (4QCY23: 2.22m), +1.1% higher than the pre-pandemic level of 2.39m in 4QCY19, indicating that labour demand has exceeded pre-pandemic levels. However, given the increased domestic and external uncertainties, we remain cautious that job market outlook will also be affected by several downside risks such as weaker demand from trading partners, rising trade barriers and the possible negative spillover effects from domestic policy measures. 

**Chart 1: Employment by Type (YoY%)**



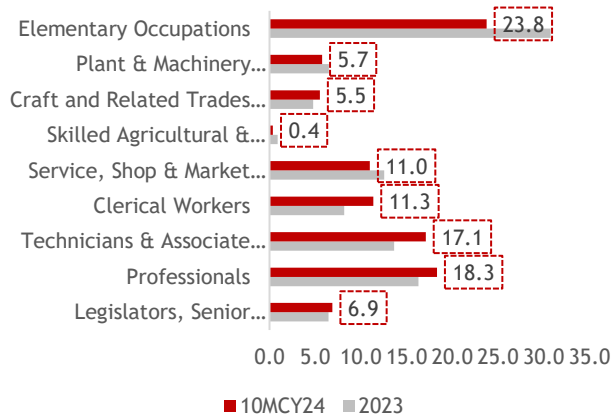
Source: Macrobond, MIDFR

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



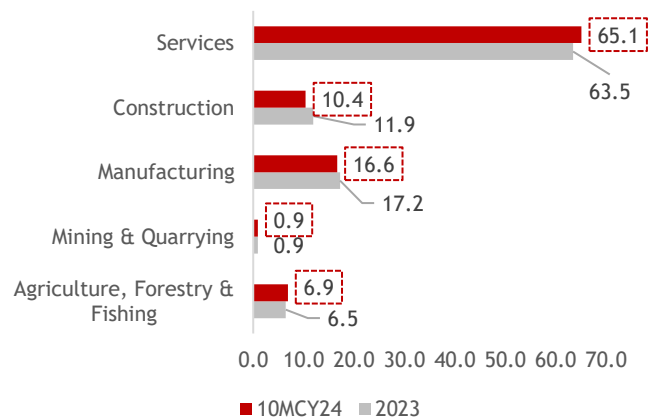
Source: Macrobond, MIDFR

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



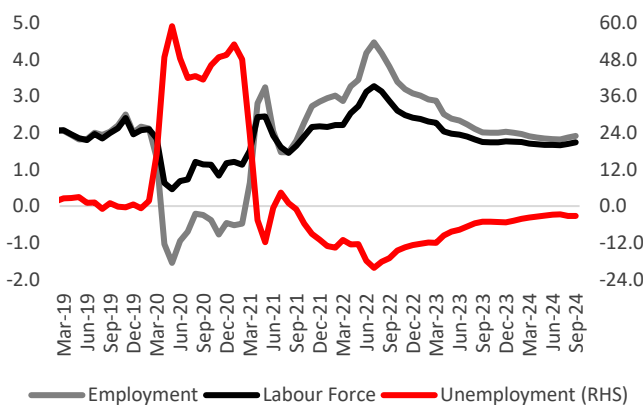
Source: DOSM, MIDFR

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



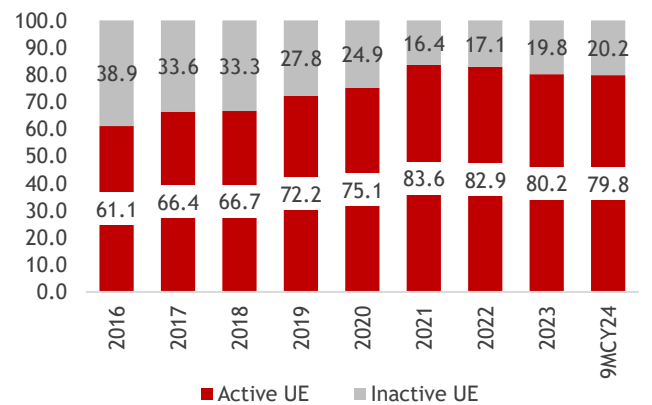
Source: DOSM, MIDFR

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



Source: Macrobond, MIDFR

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



Source: DOSM, MIDFR

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