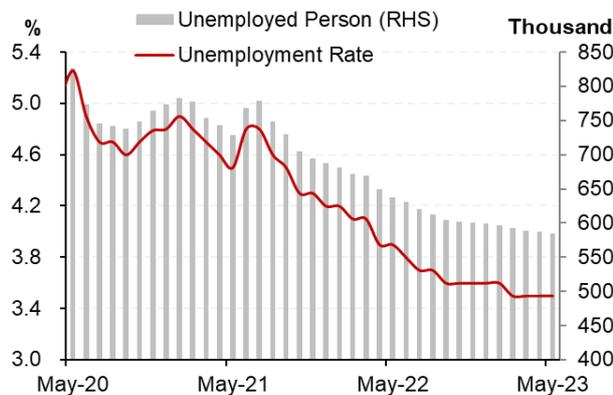


Malaysia Labour Market

Unemployment rate remained steady at 3.5% in May amid record participation rate

- The unemployment rate remained at 3.5% for the fourth straight month in May (Apr: 3.5%)**
 - Unemployed persons (-0.4% MoM; Apr: -0.3%): continue to decline for 22 consecutive months and the sharpest drop in two months.
 - The number of unemployed persons fell to 584.6k (Apr: 586.9k), the lowest since February 2020 (525.2k). Additionally, the actively unemployed fell slightly to 470.4k (Apr: 471.9k), the lowest since April 2020 (459.8k).
- Employment growth expanded at a steady pace for 22-straight months (0.2% MoM; Apr: 0.2%), hitting 16.28m people, a record high**
 - Labour force: growth sustained (0.2% MoM; Apr: 0.2%), with the total labour force expanding to a record high of 16.86m persons (Apr: 16.84m).
 - New job creation: expanded (28.1k; Apr: 28.4k) but at a moderate pace.
- Labour force participation rate remained at its record level in May (70.0%; Apr: 70.0%)**
 - The number of those outside the labour force declined further (-0.02% MoM; Apr: -0.03%), but at the slowest pace in three months, to 7.226m as more people returned to find work.
- Unemployment rate falls among advanced economies**
 - US: decline in June (3.6%; May: 3.7%) with 209.0k jobs added, despite the US Fed delivering a cumulative 500 bps worth of rate hikes since March 2022.
 - AU: unemployment fell in May (3.6%; Apr: 3.7%) with 76.0k jobs added, and the national workforce expanded beyond 14.0m for the first time.
- Unemployment rate forecast remains at 3.5% (2022: 3.8%) and is expected to decline to 3.4% in 2024**
 - We expect the labour market will remain tight for the rest of the year, with the average unemployment rate forecasted at 3.5% (2022: 3.8%). This is mainly because the unemployment rate has remained steady for the last few months with sustained employment growth and a record level of labour participation rate bolstered by a resilient domestic demand.
 - Against this backdrop, we have forecasted 2Q23 GDP growth to expand by 6.0% (1Q23: 5.8%). Nevertheless, on the back of an imminent global growth slowdown we project growth to be slower in 2H23 (3.6%; 1H23: 5.8%). Barring unforeseen circumstances, we maintain 2023 GDP growth forecast at 4.7% (2022: 8.7%).

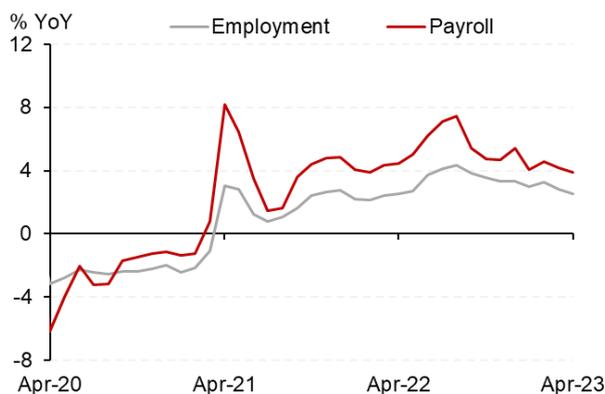
Graph 1: Unemployment Rate



Graph 2: Labour Force Vs. Employment

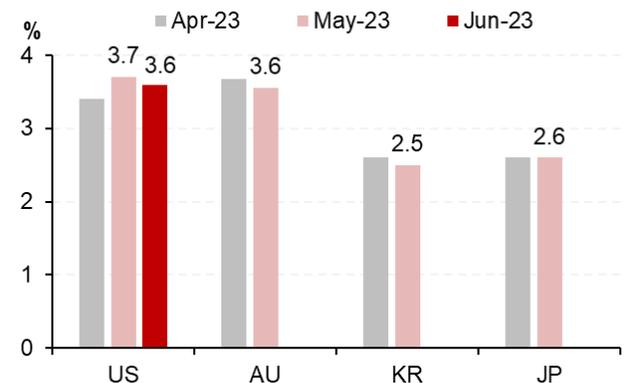


Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, Kenanga Research

Graph 4: Global Unemployment Rate



Source: Dept. of Statistics, Kenanga Research

11 July 2023

Table 1: Malaysia's Labour Market Indicators

	May-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23
Labour Force							
Number ('000)	16,537.8	16,730.0	16,755.4	16,781.2	16,811.7	16,838.4	16,864.1
YoY %	2.7	2.4	2.4	2.3	2.3	2.0	2.0
MoM %	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Outside Labour Force							
Number ('000)	7,260.1	7,239.5	7,238.3	7,236.7	7,230.6	7,228.2	7,226.8
YoY %	-1.9	-1.3	-1.3	-1.1	-1.1	-0.6	-0.5
MoM %	-0.1	0.1	0.0	0.0	-0.1	0.0	0.0
Employment							
Number ('000)	15,900.0	16,130.4	16,159.3	16,189.3	16,223.0	16,251.4	16,279.5
YoY %	3.4	3.1	3.0	2.9	2.9	2.5	2.4
MoM %	0.3	0.1	0.2	0.2	0.2	0.2	0.2
Unemployment							
Number ('000)	637.7	599.6	596.1	591.9	588.7	586.9	584.6
YoY %	-12.4	-12.8	-12.4	-11.9	-12.0	-9.6	-8.3
MoM %	-1.8	-0.2	-0.6	-0.7	-0.5	-0.3	-0.4
Unemployment Rate (%)	3.9	3.6	3.6	3.5	3.5	3.5	3.5
Labour Force Participation Rate (%)	69.5	69.8	69.8	69.9	69.9	70.0	70.0

Source: Dept. of Statistics, Kenanga Research

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