

# Malaysia Labour Market

Unemployment rate fell to 3.3% in November on a steady employment growth

- **The unemployment rate edged down to 3.3% in November (Oct: 3.4%), the lowest since January 2020, indicating that the labour market has improved and returned to the pre-pandemic level**

- Unemployed persons (-0.3% MoM; Oct: -0.5%): extending its decline for 28 months, but the pace slowed to a three-month low.
- In absolute terms, the number of unemployed persons fell to 569.2k (Oct: 570.9k), the lowest since February 2020 (525.2k). Additionally, the actively unemployed fell to 454.5k (Oct: 457.2k), the lowest since March 2020 (422.9k).

- **Employment growth expanded for 28 months and at a steady pace (0.2% MoM; Oct: 0.2%)**

- The rise in employment is mainly attributable to the increased hiring in the services sector, particularly in information & communication, food & beverage services, and transportation & storage activities. Similarly, the manufacturing, construction, and mining sectors also contributed to the expansion.

- **Labour force participation rate remained at a record level (70.1%; Oct: 70.1%) for the fifth straight month as the total labour force increased slightly higher than the total working population**

- Labour force: growth expanded (0.2% MoM; Sep: 0.1%) to a five-month high, with the total labour force reaching a record high of 17.0m persons.

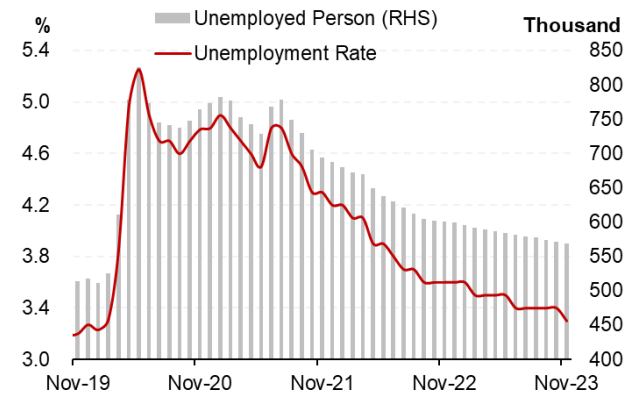
- **Stable unemployment rate across advanced economies**

- US: remains unchanged in December (3.7%; Nov: 3.7%), with the number of unemployed persons staying at 6.3m.
- Japan: unchanged in November (2.5%; Oct: 2.5%), with the job availability ratio edged down to 1.28.

- **Average unemployment rate for 2023 is likely to settle at 3.4%, slightly lower than our forecast of 3.5% (2022: 3.8%) and is projected to reduce further to an average of 3.3% in 2024**

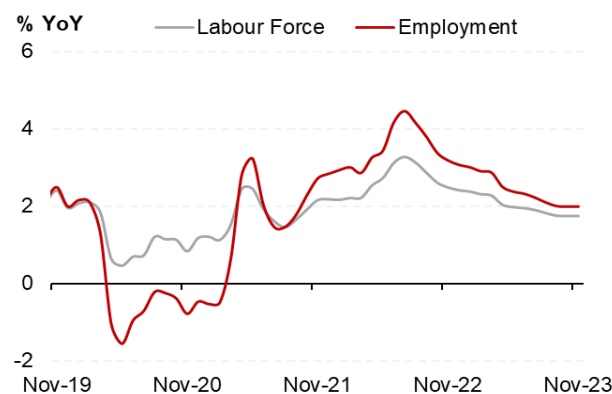
- The labour market conditions have demonstrated a steady expansion, as reflected by a steady decline in the unemployment rate. This is expected to be sustained in the near term, mainly benefiting from improving international markets, particularly China's post-pandemic recovery and the influx of tourists. Robust domestic demand, on the back of resilient household spending amid the upcoming festive season, is also expected to support the hiring activities.
- That said, we expect the labour market to continue its robust performance in the near term and throughout 2024, with the unemployment rate to average at 3.3%, barring unexpected and economically destructive events. This outlook is also associated with further economic improvements, with a projected 2024 GDP growth of 4.9%, from an estimated range of 3.5% - 4.0% in 2023 (2022: 8.7%).

Graph 1: Unemployment Rate



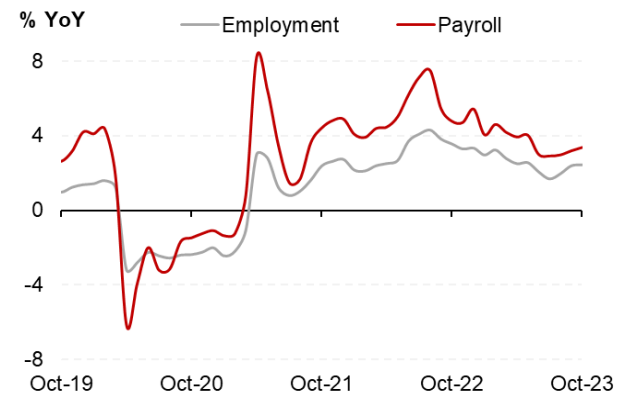
Source: Dept. of Statistics, Kenanga Research

Graph 2: Labour Force Vs. Employment



Source: Dept. of Statistics, Kenanga Research

Graph 3: Manufacturing Payroll and Employment



Source: Dept. of Statistics, Kenanga Research

11 January 2024

**Table 1: Malaysia's Labour Market Indicators**

	Nov-22	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
<b>Labour Force</b>							
Number ('000)	16,709.4	16,889.4	16,914.2	16,932.1	16,948.8	16,974.1	17,000.4
YoY %	2.5	1.9	1.9	1.8	1.8	1.7	1.7
MoM %	0.2	0.2	0.1	0.1	0.1	0.1	0.2
<b>Outside Labour Force</b>							
Number ('000)	7,235.7	7,225.7	7,225.0	7,231.3	7,238.9	7,237.6	7,235.4
YoY %	-1.5	-0.4	-0.3	-0.1	0.0	0.0	0.0
MoM %	0.0	0.0	0.0	0.1	0.1	0.0	0.0
<b>Employment</b>							
Number ('000)	16,108.6	16,307.8	16,335.0	16,354.9	16,375.1	16,403.2	16,431.1
YoY %	3.2	2.3	2.2	2.1	2.0	2.0	2.0
MoM %	0.2	0.2	0.2	0.1	0.1	0.2	0.2
<b>Unemployment</b>							
Number ('000)	600.9	581.7	579.2	577.3	573.7	570.9	569.2
YoY %	-13.5	-7.8	-6.7	-5.7	-5.2	-5.2	-5.3
MoM %	-0.2	-0.5	-0.4	-0.3	-0.6	-0.5	-0.3
<b>Unemployment Rate (%)</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.3</b>
<b>Labour Force Participation Rate (%)</b>	<b>69.8</b>	<b>70.0</b>	<b>70.0</b>	<b>70.0</b>	<b>70.1</b>	<b>70.1</b>	<b>70.1</b>

Source: Dept. of Statistics, Kenanga Research

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Published by:

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