

## ECONOMIC REVIEW | February 2019 Labour Market

### Job Market Remains Stable – Monthly Jobs Added Above 2018's Average at 34K

- *Labour market remains strong. Labour force growth has maintained at 2.1%yoy in Feb-19. Employment growth inched down to 2.1%yoy while jobs added in the economy recorded at 34.0k. Meanwhile, the number of unemployed increased 1.6%yoy. Nevertheless, growth in both labour force and employment continue to outpace unemployment growth for the last 24 months since Mar-17.*
- *Job Vacancies above 2018's average. Total job vacancies in Jan-19 recorded at 106.8k which is higher than the prior month and above 2018's average of 91.3K. Most of the job vacancies were contributed by manufacturing (35.2K), agriculture (26.8K) and construction (16.1K).*
- *We forecast Malaysia's unemployment rate to average at 3.3% in 2019. The stable labour market is expected to impact positively on the economy – supporting private consumption as it drives the domestic economy through growing consumer optimism. We predict the labour market to stay on expansion pace in tandem with industrial and external trade activities.*

**Labour market remains strong.** Labour force growth has maintained at 2.1%yoy in Feb-19. Employment growth inched down to 2.1%yoy while jobs added in the economy recorded at 34.0k. Meanwhile, the number of unemployed increased 1.6%yoy. Nevertheless, growth in both labour force and employment continue to outpace unemployment growth for the last 24 months since Mar-17. The stable job market reflects healthy development of Malaysia's economy and provides solid support to domestic demand.

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

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
<b>Labour Force</b>	15,443	15,450	15,458	15,500	15,509	15,543
YoY%	2.6	2.4	2.5	2.3	2.1	2.1
<b>Employment</b>	14,927	14,937	14,941	14,986	14,993	15,027
YoY%	2.6	2.4	2.5	2.4	2.2	2.1
<b>Unemployment</b>	516	513	516	514	516	516
YoY%	0.4	0.8	2.2	1.7	(0.2)	1.6
<b>Outside Labour Force</b>	7,097	7,094	7,151	7,120	7,096	7,146
YoY%	(0.4)	(0.3)	0.4	0.5	0.3	0.5
<b>Unemployment Rate %</b>	3.3	3.3	3.4	3.3	3.2	3.3

Source: CEIC, MIDFR

**Weak domestic and external trade activities.** In Feb-19, Malaysia's total exports dropped 5.3%yoy in Feb-19, the lowest in more than 2 years primarily due to a short calendar month on top of long Chinese New Year (CNY) holidays. Domestic exports grew slightly by 0.6%yoy, third consecutive month of positive growth while re-exports posted a negative growth at -28.1%yoy. In addition, IPI grew only by 1.7%yoy in Feb-19 as manufacturing and electricity sector index expanded at a softer pace while mining posted a larger negative growth. Moving forward, we opine Malaysia's external trade and IPI performance to expand at a higher pace amid receding trade tension, gradual pick-up in commodity prices, strong domestic demand and low inflationary pressure which eventually be translated into an increase in jobs added, stable wage growth and indirectly provide additional support to Malaysia's domestic demand in 2019.

**Job Vacancies above 2018's average.** Total job vacancies in Jan-19 recorded at 106.8k which is higher than the prior month and above 2018's average of 91.3K. Most of the job vacancies were contributed by manufacturing (35.2K), agriculture (26.8K) and construction (16.1K). The strong growth in job vacancies is in line with positive performance of Malaysia's outbound shipments and industrial production in Jan-18 which expanded by 3.1%yoy and 3.2%yoy respectively. Looking ahead, we expect moderating trend of job vacancies in the upcoming month particularly in the manufacturing sector corresponding to the slowdown recorded in Feb's external trade performance.

**Low value-added jobs continue to dominate.** Malaysia's job vacancies are mainly dominated by low-skilled type of jobs. For instance, 72.0% of job vacancies in Jan-19 were for elementary occupation and 15.3% for operators while the remaining 12.7% for medium and high-skilled jobs. Job vacancies of low-skilled segment such as elementary occupations and plant & machinery operators & assemblers recorded at 76.9K and 16.3K respectively in Jan-19. The adverse consequences of increasing low value-added jobs among others are the rise in graduate unemployment, influx of low-skilled foreign workers, tepid wage growth and weakening domestic consumption. Meanwhile, vacancies of high value-added jobs such as professionals recorded at 3.5K, improved back to the level it was in the early 2018.

**Table 2: Job Vacancies by Type & Sector ('000)**

	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19
<b>Total</b>	111.4	90.9	103.0	82.1	90.4	106.8
Legislators, Senior Officials & Managers	0.1	0.3	0.8	0.2	0.7	0.6
Professionals	1.7	1.0	1.8	1.3	1.2	3.5
Technicians & Associate Professionals	2.5	1.6	2.4	2.2	2.5	2.6
Clerical Workers	0.4	0.4	0.6	0.5	0.4	0.7
Service, Shop & Market Sales Workers	2.3	1.6	2.4	1.8	1.8	4.0
Skilled Agricultural & Fisheries Workers	0.1	0.4	0.1	0.2	0.2	0.0
Craft and Related Trades Workers	1.3	5.6	2.4	3.8	2.5	2.3
Plant & Machinery Operators & Assemblers	16.8	10.0	11.9	9.5	9.3	16.3
Elementary Occupations	86.3	70.0	80.8	62.5	71.9	76.9
<b>Agriculture, Forestry &amp; Fishing</b>	28.7	29.1	20.1	20.3	28.1	26.8
<b>Mining &amp; Quarrying</b>	0.2	1.9	0.3	0.1	0.0	1.4
<b>Manufacturing</b>	45.7	27.3	40.6	28.7	26.5	35.2
<b>Construction</b>	19.7	19.5	20.3	14.1	13.3	16.1
<b>Services</b>	17.2	13.1	21.8	18.8	22.4	27.4

Source: CEIC, MIDFR


\*Data Available Up Until Jan-19

**Stable job market globally.** Based on the latest data, jobless rate across major and emerging economies are mostly on full-employment condition. For instance, unemployment rate in the US is at 3.8% in Feb-19, slightly above the 49-year low of 3.7% while the EU figure remains at 6.5%, the lowest ever recorded since the creation of the union. Looking ahead, we foresee labour market will remain on healthy condition globally as global and emerging economies' manufacturing PMIs remain on expansionary trend in Mar-19 at 50.6 and 51.0 points respectively.

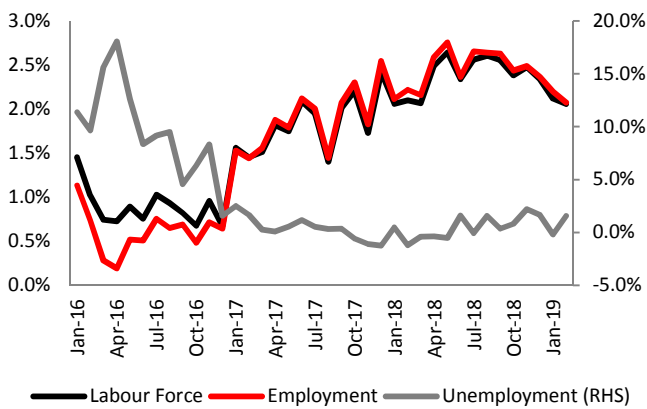
**Table 3: Global Unemployment Rate (%)**

	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Malaysia	3.3	3.3	3.4	3.3	3.2	3.3
Thailand	1.0	1.0	1.0	0.9	1.0	0.8
Taiwan	3.7	3.7	3.7	3.7	3.7	3.7
Korea	4.0	3.9	3.8	3.8	4.4	3.7
Japan	2.4	2.4	2.5	2.4	2.5	2.3
EU	6.7	6.7	6.6	6.6	6.5	6.5
USA	3.7	3.8	3.7	3.9	4.0	3.8

Source: CEIC, MIDFR

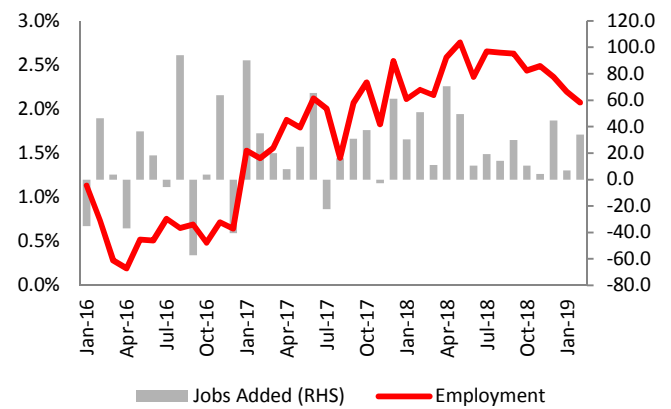
**We forecast Malaysia's unemployment rate to average at 3.3% in 2019.** The stable labour market is expected to impact positively on the economy – supporting private consumption as it drives the domestic economy through growing consumer optimism. We predict the labour market to stay on expansion pace in tandem with industrial and external trade activities. We opine Malaysia's jobless rate to remain under a full-employment condition, with the unemployment rate of 3.3% in 2019. 

**Chart 1: Labour Market Key Indicators (YoY%)**



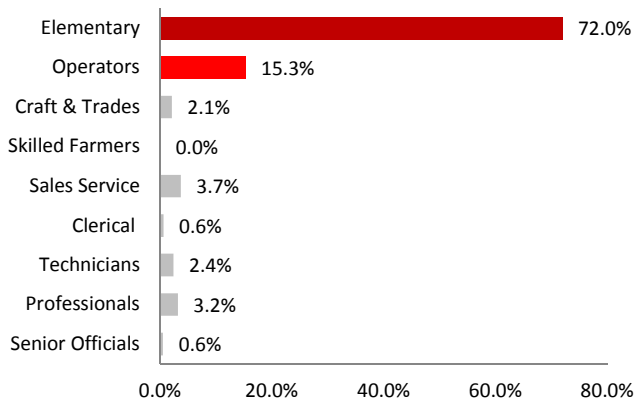
Source: CEIC, MIDFR

**Chart 2: Jobs Added ('000) vs Empl. (YoY%)**



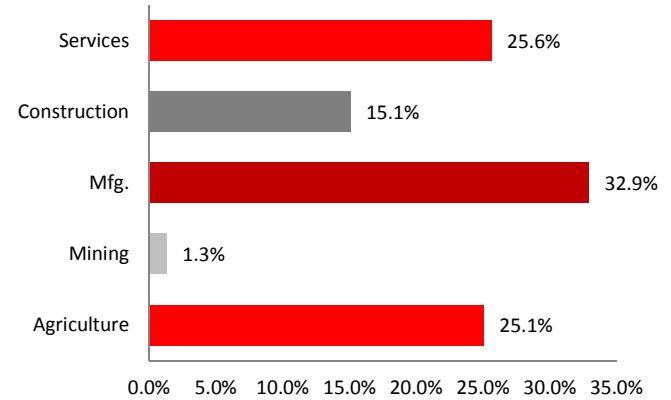
Source: CEIC, MIDFR

**Chart 3: Share of Job Vacancies by Type (%) in Jan-19**



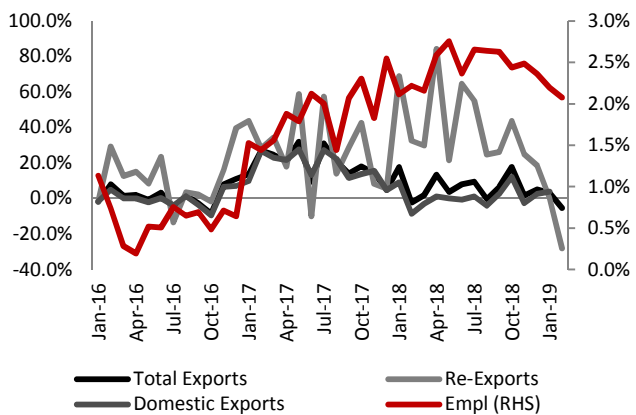
Source: CEIC, MIDFR

**Chart 4: Share of Job Vacancies by Sector (%) in Jan-19**



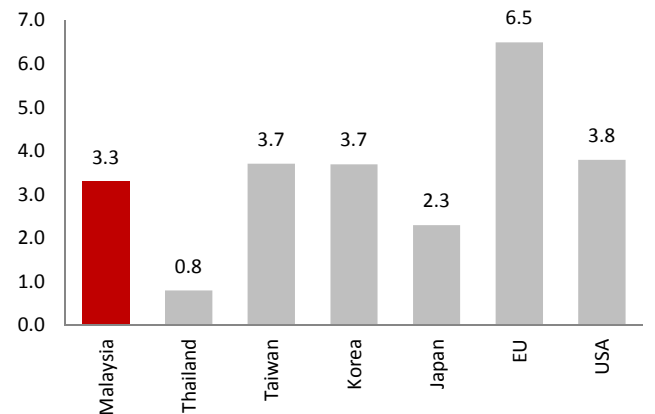
Source: CEIC, MIDFR

**Chart 5: Employment vs Re-exports vs Domestic Exports (YoY%)**



Source: CEIC, MIDFR

**Chart 6: Global Unemployment Rates (%) in Feb-19**



Source: CEIC, MIDFR

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