

ECONOMIC REVIEW | January 2020 Labour Market

Labor Market Remains Resilience Despite Challenging External Environment

- *Employment growth rebounded. Malaysia's employment growth in Jan-20 increased by 2.2%yoy as compared to 2.0%yoy in Dec-19 while the labour force rose by 2.1%yoy. Unemployment declined by -0.8%yoy, maintaining its jobless rate below 3.5% for the 27th month at 3.2%.*
- *Lower job vacancies in 2019. Average job vacancies per month recorded last year was 81.2K, the lowest in 3-year. This was in tandem with the moderation in GDP growth. However, there were improvements in term of vacancies types. We observed the share of low-value jobs decreased while high-value jobs improved.*
- *We maintain our unemployment rate forecast at 3.4%. Malaysia's unemployment rate will maintain under state of full employment in 2020 but with an upward tick to 3.4%. Slight moderation could be observed in the employment growth this year due to the slowdown in both domestic and global economies.*

Employment growth rebounded. Malaysia's employment growth in Jan-20 increased by 2.2%yoy as compared to 2.0%yoy in Dec-19 while the labour force rose by 2.1%yoy. Unemployment declined by -0.8%yoy, maintaining its jobless rate below 3.5% for the 27th month at 3.2%. We opine the stable job market will provide solid foundation for Malaysia's domestic demand to grow at solid pace in 2020. In addition, we view Malaysia's labour market to remain stable despite the Covid-19 fear and weak external demand in 1H20.

Table 1: Summary of Labour Market ('000)

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Labour Force	15,706	15,751	15,778	15,830	15,803	15,829
YoY%	1.8	2.0	2.1	2.4	2.0	2.1
Employment	15,186	15,230	15,266	15,320	15,286	15,318
YoY%	1.9	2.0	2.2	2.5	2.0	2.2
Unemployment	520	521	512	514	517	512
YoY%	(0.9)	1.0	(0.2)	(0.4)	0.5	(0.8)
Outside Labour Force	7,172	7,160	7,175	7,170	7,129	7,129
YoY%	0.5	0.9	1.1	0.3	0.1	0.5
Unemployment Rate %	3.3	3.3	3.2	3.3	3.3	3.2

Source: CEIC, MIDFR

Lower job vacancies in 2019. Average job vacancies per month recorded last year was 81.2K, the lowest in 3-year. This was in tandem with the moderation in GDP growth. However, there were improvements in term of vacancies types. We observed the share of low-value jobs decreased while high-value jobs improved. For instance, for every hundred jobs available last year, 68 vacancies for Elementary occupation against 78 vacancies registered for the same post in 2018. Comparatively, share of professionals increased from 2% in 2018 to 3.3% in 2019. Similar trends for Senior Officials and Technicians. By sector, share of vacancies in services sector expanded whereas construction lower due to tepid investment spending and manufacturing impacted by global trade war.

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

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Total	90.8	78.4	75.5	80.4	74.6	62.4
Legislators, Senior Officials & Managers	0.8	0.7	0.9	0.7	0.5	0.3
Professionals	3.2	2.3	2.5	2.7	2.2	1.4
Technicians & Associate Professionals	4.5	3.3	2.3	3.9	2.3	1.4
Clerical Workers	1.7	1.3	0.6	1.1	0.9	0.5
Service, Shop & Market Sales Workers	4.6	3.5	4.4	3.4	3.1	2.5
Skilled Agricultural & Fisheries Workers	0.1	0.1	0.2	0.5	0.2	0.1
Craft and Related Trades Workers	1.6	4.5	2.0	2.4	2.7	2.0
Plant & Machinery Operators & Assemblers	11.4	12.3	13.9	11.4	9.3	8.2
Elementary Occupations	63.0	50.5	48.9	54.2	53.5	46.1
Agriculture, Forestry & Fishing	23.2	15.3	13.5	16.4	13.7	13.1
Mining & Quarrying	0.5	0.1	0.2	0.3	0.2	0.1
Manufacturing	28.6	26.2	29.5	28.0	30.8	22.2
Construction	11.5	15.1	10.3	10.6	11.9	9.9
Services	26.9	21.8	21.9	25.1	18.0	17.1

Source: CEIC, MIDFR

*Data Available Up Until Dec-19

Global unemployment rate at low levels. Jobless rate across developed and emerging economies remain at stable and trending downwards. Despite global risks and political instability, unemployment rate in the US was maintained at a 50-year low at 3.6% in Jan-20, marking the 23rd consecutive month at or below 4%. Developed economies like EU and Japan are indicating positive developments in their job market. Moving forward, we view labour market in developed and emerging economies to remain steady in 2020 despite global risks and volatility in commodity prices as accommodative fiscal and monetary policies and steady domestic demand will provide support for economic and employment growth.

Table 3: Global Unemployment Rate (%)

	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Malaysia	3.3	3.3	3.2	3.3	3.3	3.2
Thailand	1.0	1.0	0.9	1.1	1.0	1.1
Taiwan	3.7	3.7	3.7	3.7	3.7	3.7
Korea	3.1	3.4	3.5	3.6	3.7	4.0
Japan	2.2	2.4	2.4	2.2	2.2	2.4
EU	6.3	6.3	6.3	6.3	6.2	6.2
USA	3.7	3.5	3.6	3.5	3.5	3.6

Source: CEIC, MIDFR


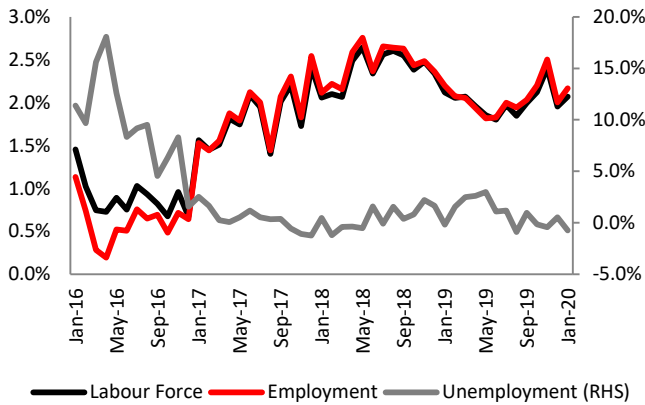
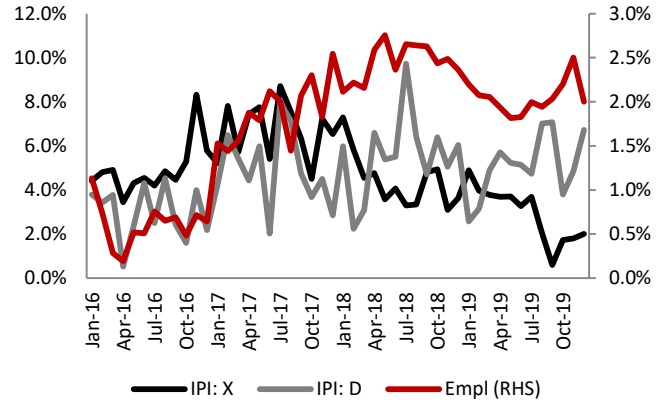
We maintain our unemployment rate forecast at 3.4%. Malaysia's unemployment rate will maintain under state of full employment in 2020 but with an upward tick to 3.4%. Slight moderation could be observed in the employment growth this year due to the slowdown in both domestic and global economies. We opine the current external headwinds would not prolong till 2H20, thus unemployment rate to remain at below 3.5% and operating at full-employment condition. Strong domestic demand, low inflationary pressure, low OPR and stimulus package effects would spur Malaysian economic growth this year. 

Chart 1: Labour Market Key Indicators (YoY%)



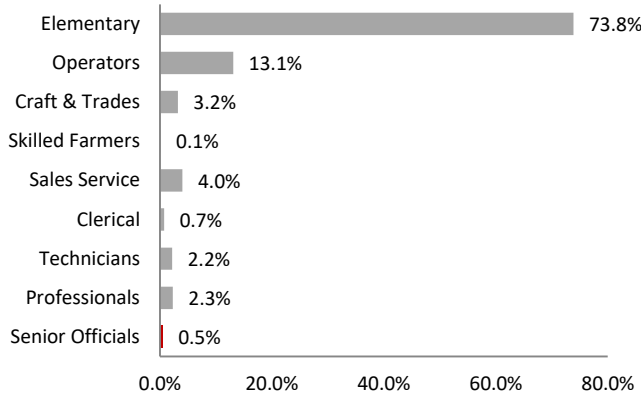
Source: CEIC, MIDFR

Chart 2: Empl. Vs IPI; Exports vs IPI; Domestic (YoY%)



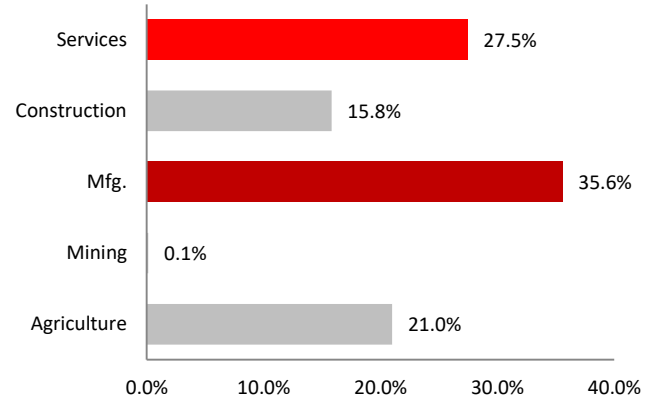
Source: CEIC, MIDFR

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



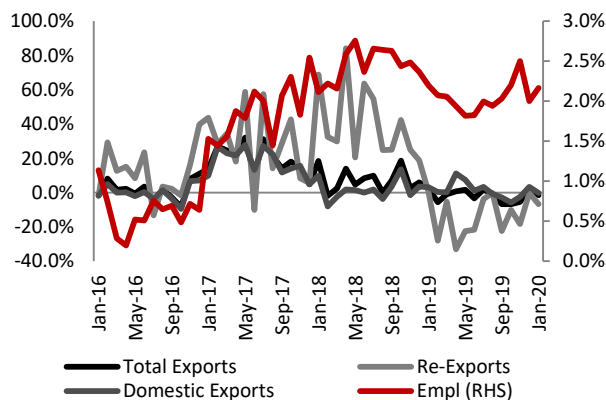
Source: CEIC, MIDFR

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



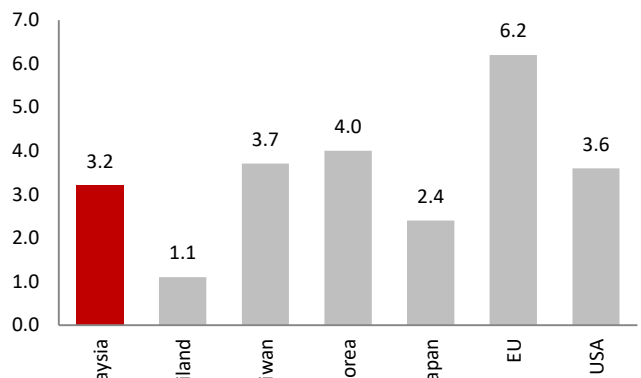
Source: CEIC, MIDFR

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



Source: CEIC, MIDFR

Chart 6: Global Unemployment Rates (%) in Jan-20



Source: CEIC, MIDFR

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