

Labor Market Remained Robust

- Consistent growth in both labor force and employment
- The number of unemployed persons continued to decline
- Unemployment rate maintained at 3.3%
- Participation rate remained steady at its record high of 70.2%
- Varied unemployment rate across advanced economies
- Labor market in Malaysia is anticipated to improve further

OVERVIEW

Malaysia's labor force continued its strong performance in February 2024, supported by an improved economic and business outlook. The labor force in February 2024 experienced further improvement, growing by 0.1% MoM to 17.07mn persons. The number of employed persons continued to rise, increasing by 0.2% MoM reaching a record of 16.51mn persons. Meanwhile, the number of unemployed persons continued their downward trend, with a marginal drop of 0.1% to 567.0 thousand persons. The unemployment rate remained constant for the fourth straight month in February at 3.3% (Jan: 3.3%), maintaining its lowest since January 2020. The labor force participation rate remained stable at 70.2%.

Table 1: Malaysia Labor Markets Details

	Feb-23	Feb-24	YoY
Labor Force (mn)	16.78	17.08	1.8%
Employment (mn)	16.19	16.51	2.0%
Unemployed ('000)	591.9	567.0	-4.2%
Unemployment Rate (%)	3.5	3.3	-0.2-pps
Participation rate (%)	69.9	70.2	+0.4-pps

Source: DOSM, BIMB Securities

Malaysia's labor market conditions stayed stable in February, showing a greater capacity to create jobs. This aligns with the ongoing improvement in the national economic situation and is in line with the global economic expansion.

In February 2024, the number of employed persons continued in an upward trend, with a rise of 0.2% MoM (+24.9k persons) to register 16.51mn persons (Jan: 16.48mn). Year-on-year, the number of employed persons increased by 2.0% (+318.6k persons) compared to the same month in the previous year (Feb'23: 16.19mn persons).

During the month, the employment-to-population ratio, which indicates the ability of an economy to create employment, maintained at 67.9% (Jan: 67.9%). Comparatively, this ratio posted 0.5 percentage points growth from 67.4% in February 2023.

Across various economic sectors, the Services sector saw a continued increase in employed persons, especially in Wholesale & retail trade, Food & beverage services, and Transportation & storage activities. Similarly, the Manufacturing, Construction, Mining & quarrying, and Agriculture sectors also experienced a rise in employed persons in February 2024.

By employment status, most of the employment were from the formal sector (employees: 75.2%, employers: 3.6%), against informal sector (proxied by own-account workers) that constituted 18.3% of total recruitment in February. The

Table 1: M'sia Key Economic Indicator

	2022	2023	2024F
GDP growth (%)	8.7	3.7	4.7
Unempl. Rate (%)	3.5	3.3	3.3
CPI (%)	3.3	2.5	2.7
OPR (%)	2.75	3.00	3.00
IPI (%)	6.9	0.9	3.5
CPO (RM/MT)	5,161	3,810	3,600
Brent (USD/bbl)	85.9	82.0	85.0
Exports Growth (%)	24.9	-8.0	6.2
Imports Growth (%)	31.0	-6.4	5.8
Trade Surplus (RM bln)	256.2	214.1	252.0
Ringgit per Dollar	RM4.40	RM4.59	RM4.45

Employment growth extended its expansion for 31 consecutive months.

Amiratul Husna

amira.husna@bimbsec.com.my
(603) 2613 1731

remaining 3.0% were unpaid family workers. Employment in the employees' category increased slightly by 0.1% MoM to 12.41mn persons (Jan: 12.39mn persons). Similarly, own account workers sustained its growth expansion and increased 0.3% MoM to 3.02mn persons (Jan: 3.01mn persons).

Meanwhile, the number of unemployed persons declined further, with a marginal drop of 0.1% MoM to 567.0k thousand persons (Jan: 567.3k persons). February's unemployment rate remained at 3.3% as registered in the previous month. On an annual basis, the number of unemployed persons declined by 4.2% (-24.9k persons) compared to 591.9k persons in February 2023. Accordingly, the unemployment rate dropped by 0.2 percentage points from 3.5% in February last year.

The youth unemployment rate (aged 15-24) remained at 10.6% for four consecutive months, recording the number of unemployed youths at 306.6k persons (Jan: 10.6%; 306.8k persons), while the unemployed rate for those aged between 15-30 years reduced to 6.6% with 434.8k unemployed youths (Jan: 6.7%; 439.7k persons). In terms of the unemployment category, 79.8% were actively unemployed, meaning they were available for work and actively seeking jobs. This category dropped by 0.04% to record 452.4k persons (Jan: 452.5k persons).

The labor force in February 2024 saw further improvement, rising by 0.1% MoM to 17.07mn persons (Jan: 17.05mn persons). The labor force participation rate (LFPR) remained steady at 70.2%, as in the preceding month. Compared with the same month of the previous year, the number of labor force enhanced by 1.8% YoY or equivalent to 293.7k persons (Feb'23: 16.78mn persons). Therefore, the LFPR was higher by 0.3 percentage points from 69.9% in February 2023.

The number of persons outside the labor force posted a slight decline of 0.01% MoM to 7.23mn persons (Jan: 7.23mn persons). On an annual basis, the number of outside labor force fell by 0.1% from 7.24mn persons in February last year. The major composition of those outside the labor force was housework/ family responsibilities, accounting for 42.5%, while schooling/training ranked second with 41.0%.

Varied unemployment rate across advanced economies

US jobless rate was moderated to 3.8% in March 2024. Meanwhile, according to ADP payroll data, the US private sector employment grew 184k in March (Feb: 155k). On the other hand, the Job Openings and Labor Turnover Survey (JOLTS) continued to show labor demand and supply in the US coming into a better balance with job openings rising slightly in February to 8.76mn from 8.75mn (revised) reading in the prior month. The Eurozone's unemployment rate remained stable at 6.5% in February. Japan's unemployment rate stood at 2.6% in February 2024, rose slightly from the previous month.

OUTLOOK

Malaysia's unemployment rate held steady at 3.3% in February, maintaining its lowest since January 2020. The labor force participation rate remained at a record high of 70.2%, with the total labor force slightly surpassing the total working population. We anticipate the labor market to stay stable throughout 2024, given the ongoing employment growth observed in recent months. Anticipating stable hiring due to economic expansion, manufacturing recovery, increased investments, infrastructure spending, and improving tourism. The situation is expected to drive higher employment demand, crucial for sustaining

The number of unemployed persons continued its downtrend.

Youth unemployment rate remained at its lowest level since the pandemic.

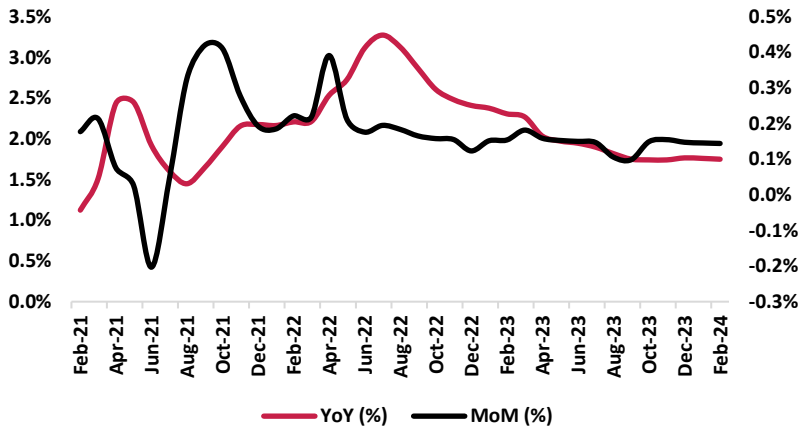
Labor force growth remained steady.

The labor market is expected to stay robust.

economic stability. We maintain our stance that the unemployment rate will remain stable at 3.3% this year, representing a technically full employment level.

The downside risks to domestic labor market among others include geopolitical tensions, slower external trade recovery, and cautious business sentiment due to domestic policy reforms.

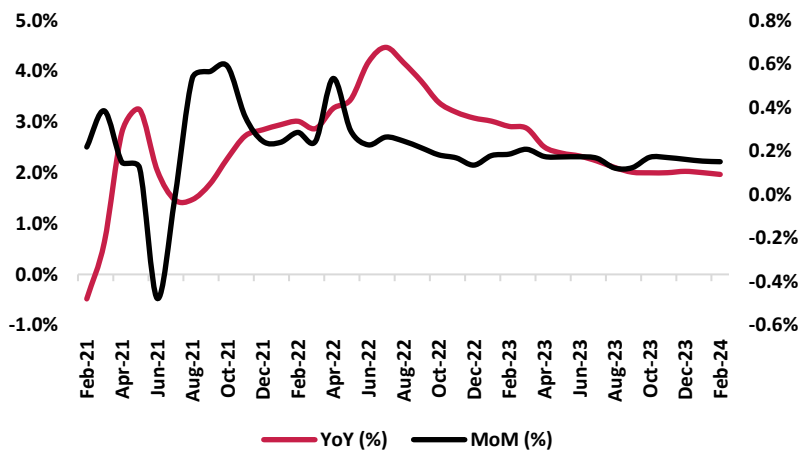
Chart 1: Malaysia Labor Force (February 2021 – February 2024)



Labor force and employment continued to show improvement.

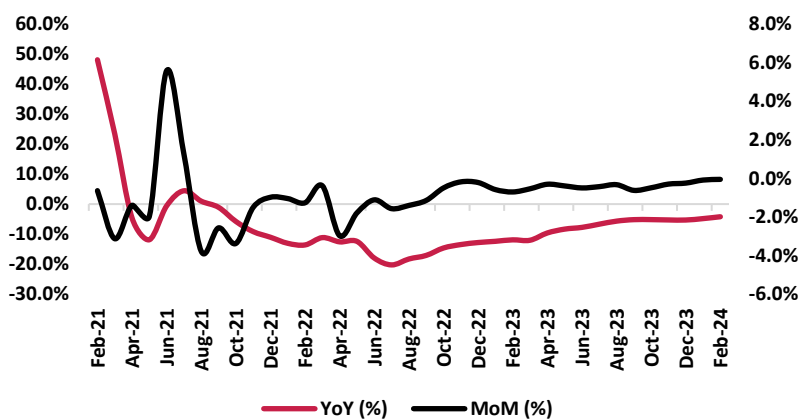
Source: DOSM, BIMB Securities

Chart 2: Malaysia Employment (February 2021 – February 2024)



Source: DOSM, BIMB Securities

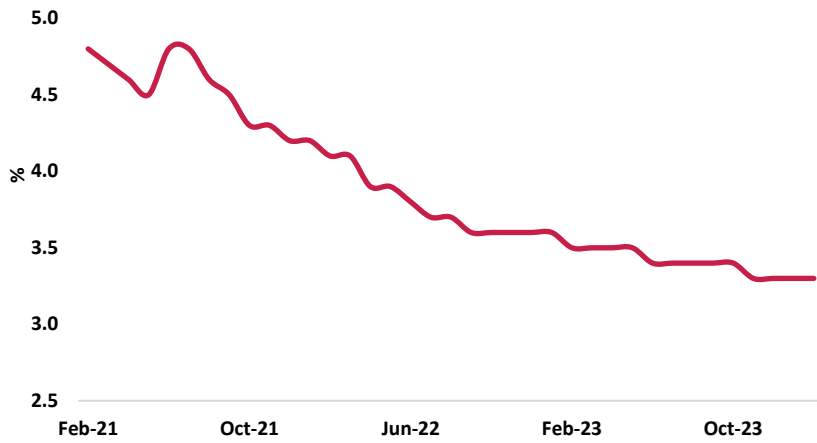
Chart 3: Malaysia Number of Unemployed (February 2021 – February 2024)



Unemployment continued to decrease, marking the 30th consecutive months of contraction rate

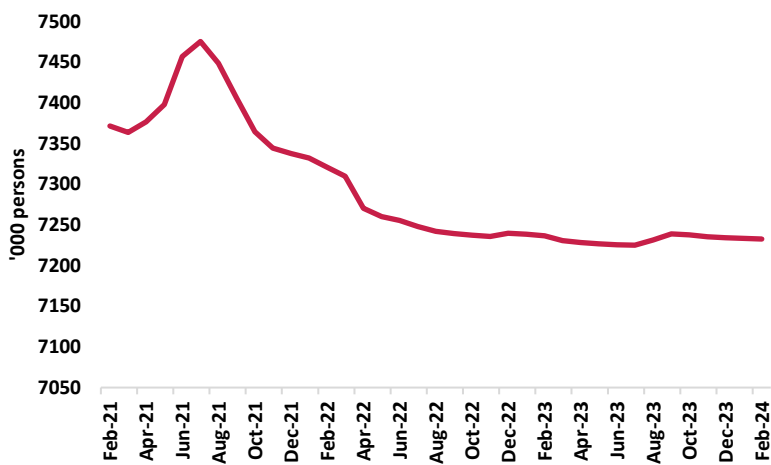
Source: DOSM, BIMB Securities

Chart 4: Malaysia Unemployment Rate (February 2021 – February 2024)



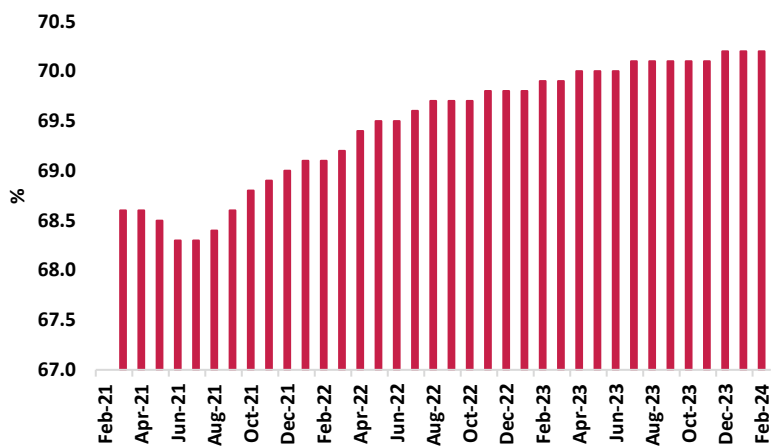
Source: DOSM, BIMB Securities

Chart 5: Malaysia Outside Labor Force (February 2021 – February 2024)



Source: DOSM, BIMB Securities

Chart 6: Malaysia Labor Force Participation Rate (February 2021 – February 2024)



Source: DOSM, BIMB Securities

LFPB remained steady.

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BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
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A Participating Organisation of Bursa Malaysia Securities Berhad

Level 34, Menara Bank Islam

No 22, Jalan Perak,

50450 Kuala Lumpur.

Tel: Tel: 03-2691 8887 Fax: 03-2691 1262

<http://www.bimbsec.com.my>

Noorhayati Maamor
Head of Research