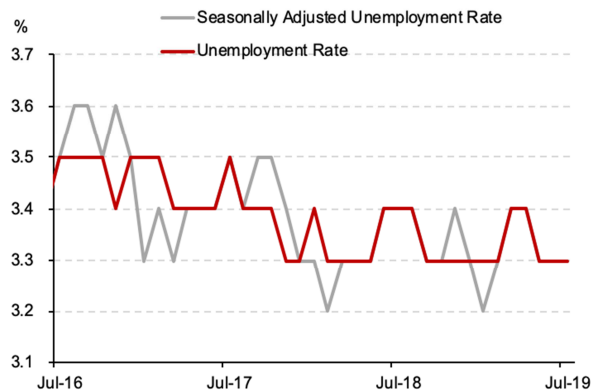


Malaysia Labour Market

Jobless rate unchanged in July, job vacancies contracted

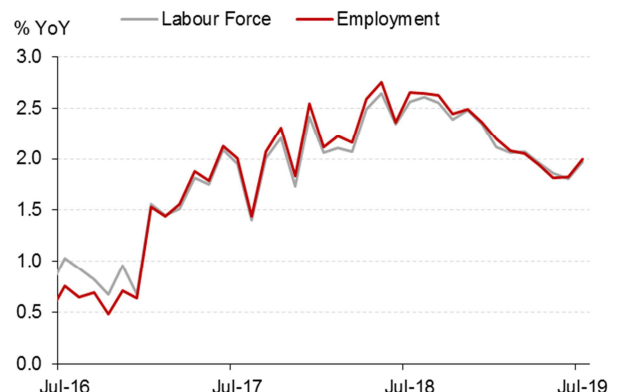
- **The unemployment rate was sustained at 3.3% in July** for the third straight month, matching the seasonally adjusted basis, as labour force added in July was largely absorbed by a steady rise in hiring. Unemployed persons expanded by 0.7% MoM (Jun: 0.3%), the steepest increase in four months, bringing the total unemployed persons to 524.8k (Jun: 521.4k).
- **Similarly, the labour force growth accelerated to 0.3% MoM** (Jun: 0.1%), with the overall labour force totalling up to 15.70m persons in July (Jun: 15.66m). **Employment growth also picked up to 0.3% MoM** (Jun: 0.1%), with new jobs creation increased to 45.2k (Jun: 12.1k), signalling improved hiring activities, in spite of the rocky demand conditions faced by the firms, especially in the export oriented sectors. **Labour force participation rate edged marginally lower to 68.5% (Jun: 68.6%)**, reflecting the larger growth of those outside the labour force (0.7% MoM) relative to those inside the labour force.
- The number of **job vacancies remained on a downtrend mode for two successive months, albeit at a smaller pace of -10.0% (May: -36.8%)**, registering 59.8k vacant positions in June. Of note, vacancies were mostly posted in the services sector and predominantly comprised of low-skilled jobs, contributing to as much as 65% of overall vacancies.
- **Stable labour conditions globally.** In the advanced region, the US jobless rate was sustained at 3.7% for the third consecutive months in August, remaining near 50-year low, though the pace of hiring slowed. Meanwhile, in the EU, seasonally adjusted unemployment rate ticked down to 6.3% in July, the lowest since the initiation of its monthly unemployment series in January 2000. Regionally, unemployment rate in South Korea softened to 3.1% in August, lowest since 2013, supported by larger hiring in the public sector.
- Overall, **we maintain our unemployment rate forecast at 3.5% this year**, up from 3.3% recorded in 2018 largely due to the downside risk emanating from the continued US-China trade dispute as well as growth slowdown in major economies. The heightened external risks, which are expected to weigh on manufacturing output, coupled with an expected slowdown in domestic demand may result in moderation in job creations in the near term. The higher expected unemployment rate is also in tandem with softer economic expansion projected for this year (4.5%; 2018: 4.7%).

Graph 1: Unemployment Rate



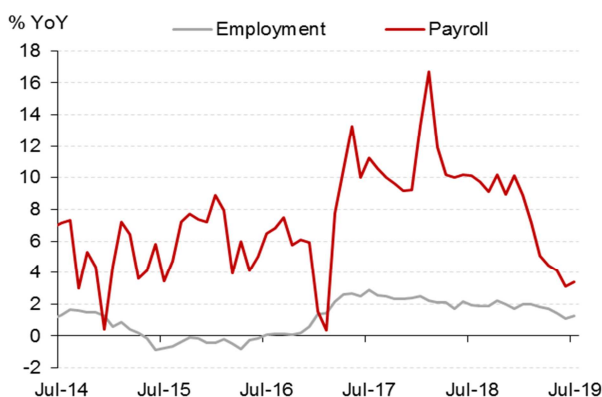
Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 2: Labour Force Vs. Employment



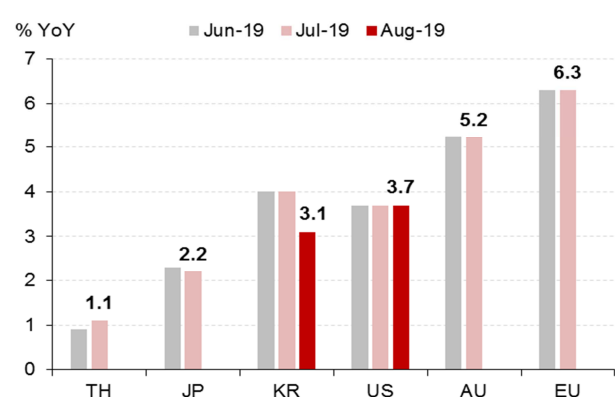
Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 3: Manufacturing Employment & Payroll



Source: Dept. of Statistics, CEIC, Kenanga Research

Graph 4: Global Unemployment Rate



Source: Dept. of Statistics, CEIC, Kenanga Research

Table 1: Malaysia's Labour Market Indicators

	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
Labour Force						
Number ('000)	15,543.2	15,556.6	15,613.1	15,642.3	15,655.9	15,704.6
YoY %	2.1	2.1	2.0	1.9	1.8	2.0
MoM %	0.2	0.1	0.4	0.2	0.1	0.3
Outside Labour Force						
Number ('000)	7,145.9	7,169.4	7,184.4	7,190.0	7,156.7	7,207.7
YoY %	0.5	0.8	0.8	1.3	1.3	2.3
MoM %	0.7	0.3	0.2	0.1	-0.5	0.7
Employment						
Number ('000)	15,026.8	15,035.2	15,089.8	15,122.5	15,134.6	15,179.8
YoY %	2.1	2.1	1.9	1.8	1.8	2.0
MoM %	0.2	0.1	0.4	0.2	0.1	0.3
Unemployment						
Number ('000)	516.4	521.3	523.3	519.8	521.4	524.8
YoY %	1.6	2.5	2.6	3.0	1.1	1.2
MoM %	0.2	0.9	0.4	-0.7	0.3	0.7
Unemployment Rate (%)	3.3	3.3	3.4	3.4	3.3	3.3
Unemployment Rate S.A. (%)	3.2	3.3	3.4	3.4	3.3	3.3
Labour Force Participation Rate (%)	68.6	68.5	68.5	68.5	68.5	68.6

Source: Dept. of Statistics, CEIC, Kenanga Research

For further information, please contact:

Wan Suhaimie Wan Mohd Saidie
Head of Economic Research
wansuhaimi@kenanga.com.my

Atiqa Noor Azlan
Economist
atiqa.noorazlan@kenanga.com.my

Muhammad Saifuddin Sapuan
Economist
saifuddin.sapuan@kenanga.com.my

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)
Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my