Labour market expected to strengthen further in 2024

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KUCHING: Malaysia's labour market is expected to continue its robust performance in the near term and throughout 2024 backed by encouraging economic improvements, analysts observed.

In a report, the research team at Kenanga Investment Bank Bhd (Kenanga Research) pointed out that Malaysia's unemployment rate edged down to 3.3 per cent in November (October: 3.4 per cent) -- the lowest since January 2020 -- indicating that the labour market has improved and returned to the pre-pandemic level.

It also highlighted that the rise in employment is mainly attributable to the increased hiring in the services sector, particularly in information and communication, food and beverage services, and transportation and storage activities.

Similarly, the manufacturing, construction, and mining sectors also contributed to the expansion.

"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," Kenanga Research opined.

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That said, it expected the labour market to continue its robust performance in the near term and throughout 2024, with the unemployment rate to average at 3.3 per cent, barring unexpected and economically destructive events.

This outlook is also associated with further economic improvements, with a projected 2024 GDP growth of 4.9 per cent, from an estimated range of 3.5 to 4.0 per cent in 2023 (2022: 8.7 per cent), the research team said.

Meanwhile, the research team at MIDF Amanah Investment Bank Bhd (MIDF Research) opined: "The labour market in Malaysia is expected to strengthen further in 2024 and 2025, backed by encouraging momentum in the domestic economy and recovery in external trade.

"Malaysia's average unemployment rate is expected to maintain at 3.4 per cent in 2024 and 3.3 per cent in the following year.

"The return of non-citizens workers is expected to boost overall employment and reduce the jobless rate."

It noted that as of 3Q23, non-citizens' employment is almost -0.8 per cent lower than pre-pandemic levels.

As of 11M23, employment grew by 2.4 per cent y-o-y (2022: 3.5 per cent) while unemployment reduced by -8.3 per cent y-o-y (2022: -14.8 per cent) and jobless rate averaged at 3.4 per cent (2022: 3.8 per cent).

"The downside risks to Malaysia's labour market among others is weaker-than-expected external trade recovery and nosedive of global commodity prices," it noted.