

"Country's labour market to continue to recover, but moderately"

By **S Birruntha** - September 11, 2023 @ 10:39am



Hong Leong Investment Bank Bhd (HLIB Research) expects the country's labour market to continue its recovery, notably in the services sector. NSTP/DANIAL SAAD

KUALA LUMPUR: Hong Leong Investment Bank Bhd (HLIB Research) expects the country's labour market to continue its recovery, notably in the services sector.

The investment bank said this is benefitting from the growing tourist arrivals and shift of consumer demand spending pattern as consumers prioritise their outlays on services after the lack of access during the pandemic.

"Nevertheless, recent economic indicators suggest that the positive trend may remain moderate following cautious spending habits amid the high cost of living and global technology down-cycle," it said in a note today.

Malaysia's labour market showed continued improvement in July, supported by the resilient domestic demand, particularly in the services sector.

The number of unemployed persons continued to decline 0.4 per cent month-on-month (MoM) and 6.7 per cent year-on-year (YoY), albeit at a slower pace.

Following this, the unemployment rate remained steady at 3.4 per cent in July. Meanwhile, employment continued to expand at a steady pace at 0.2 per cent on a MoM basis but slowed momentum at 2.2 per cent on a YoY basis.

"Growth continued to be supported by higher employment in the services sector, in line with the shift of consumer demand from goods to services following the post-pandemic normalisation.

"In the services sector, the increase in employment was mainly recorded in food and beverage services, wholesale & retail trade and education activities.

"An upward trend in employment was also observed in the construction and mining sector," HLIB Research noted.

In terms of employment status, both employees and own account workers recorded continued growth MoM at 0.1 per cent and 0.4 per cent respectively.

The number of employed persons, who were temporarily not working, rose to 80,900 persons.

Additionally, the labour force also recorded continued expansion at 0.1 per cent MoM and 1.9 per cent YoY, while the labour force participation rate inched higher to 70.1 per cent in July.

Separately, Socso reported an increase in loss of employment (LOE) in August to 4,600, concentrated mainly in the manufacturing, wholesale and retail as well as transportation industries.

Selangor (30.2 per cent) and Kuala Lumpur (24.8 per cent) remained the two states with the highest LOE concentration.