KERATAN AKHBAR

More jobs forecast for Malaysians in 2023

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Unemployment rate to hit pre-pandemic level

LABOUR

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>
> Hong Leong Investment Bank Research

PETALING JAYA: The worst is over for the domestic labour market and more Malaysians are likely to be hired this year.

Economists anticipate the country's average unemployment rate to drop further in 2023, with a possibility to hit the pre-pandemic level.

This is despite the expectation that the economic growth momentum would lose steam this year amid global recessionary risks.

Kenanga Research said various policy support by the government as well as the sustained recovery in the tourism and transportation sub-sectors have helped to improve the labour market over the past several months.

"The momentum is expected to spill over in 2023 amid robust domestic demand, which is likely to continue supporting hiring activities.

"The 2022 unemployment rate is expected to settle at 3.8% (2021: 4.6%) and to decline further to 3.3% in 2023," it said in a note yesterday.

For comparison, the unemployment rate in pre-pandemic 2019 was 3.3%.

Looking ahead, Hong Leong Investment Bank Research expects the domestic labour market to further improve in the upcoming months.

This would be underpinned by domestic demand and the reviving tourism landscape, particularly so following China's reopening.

"The government's latest efforts to ease and expedite the conditions of hiring foreign workers are also expected to help relieve the remaining manpower shortages," it said.

On Jan 10, the Statistics Department reported that the unemployment rate in November 2022 held steady for the third straight month at 3.6%.

The labour market situation continued to improve amid the nation's continuously growing economic and social activities, coupled with the rising tourist arrivals, especially heading towards the year-end.

Employment expanded for the 16th month, bringing the country's total employment to a record high of 16.11 million people in November 2022.

However, it is noteworthy that the pace of expansion for total employment had remained unchanged for the fourth straight month.

Meanwhile, TA Research said the labour market is likely to strengthen further in December 2022, underpinned by continuing momentum in the domestic economy, nonetheless, at a more moderate pace.

"While the economic recovery will sustain in the coming months, a moderation in trend appeared at the middle of the fourth quarter.

"For instance, the Leading Index (which predicts the economic trend in the three to six months) contracted for the two consecutive months (on a month-on-month basis), and registered a low three-month moving average of 1.6% year-on-year (y-o-y) in October 2022 versus 2.8% y-o-y in September 2022," it said.

The research firm projects the jobless rate in 2022 at 3.8%, with the rate expected to improve further in 2023, possibility by between 3.5% and 3.7%.

"Concurrently, efforts are taken by the government to ensure the wellbeing of workers by addressing issues like low pay and discrimination in the workplace.

"Also, we anticipate that the reopening of the Chinese market and the robust domestic demand in Malaysia would have a positive effect on the jobless rate, to approach the pre-pandemic level of 3.5% on average," according to TA Research.