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# ECONOMICS

**In this report:**

**Malaysia – March unemployment and trade data weaken**

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## Malaysia

### March unemployment and trade data weaken

Both the unemployment and trade data presented weaker numbers in March, suggesting the impact from the virus is hurting the economy. More so with the containment measure of the movement control order (MCO) introduced on 18 March.

We expect these two data to remain weak in 2Q2020, as the impact from the MCO and now conditional MCO continue to weigh on both business and consumer confidence. The economic performance is expected to worsen in 2Q, before staging a modest recovery in 3Q and a further improvement in 4Q, supported by the relief and recovery measures. On that note, we expect the unemployment rate to hover around 4.5%–5.0% for the year.

- Two key macro data were unveiled in March, i.e. unemployment and distributive sales. Both the data were affected by the Covid-19 impact that resulted from the movement control order (MCO) which began on 18 March.
- Disruptions to the supply chain and demand saw job losses in March increase by 85.3K to 610.5K from 525.2K in February. As a result, the unemployment rate rose to 3.9% from 3.3% in February – reporting a 11 year high.
- At the same time, the distributive sales turned around to 5.7% in March from 5.3% in February following poor performance across the board. The wholesale, retail and motor vehicle sales fell -2.7% y/y, -6.6% y/y and -15.3% y/y respectively in March versus 4.9% y/y, 6.3% y/y and 3.5% y/y, respectively in February.
- We expect these two data are to remain weak in 2Q2020, Impact from the MCO and now Conditional MCO will continue to weigh on both business and consumer confidence. This, the economic performance is expected to shed the worst performance in 2Q, before envisaging modest recovery in 3Q and further improvement in 4Q supported by the relief and recovery measures. On that note, we expect the unemployment rate to hover around 4.5%–5.0% for the year.

**Table 1: Key Labour data**

	Mar'19	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'20	Feb	Mar
Net Employed (K)	8.4	54.6	32.7	12.1	45.2	6.0	44.1	35.7	49.4	-29.0	31.6	26.9	-112.1
Net Unemployed (K)	4.9	2.0	-3.5	1.6	3.4	-4.6	1.2	-9.3	1.8	3.1	-5.3	13.5	85.3
Unemployment Rate (%)	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.2	3.2	3.3	3.2	3.3	3.9
LFPR (%)	68.5	68.5	68.5	68.6	68.5	68.6	68.7	68.7	68.8	68.9	68.9	68.7	68.6

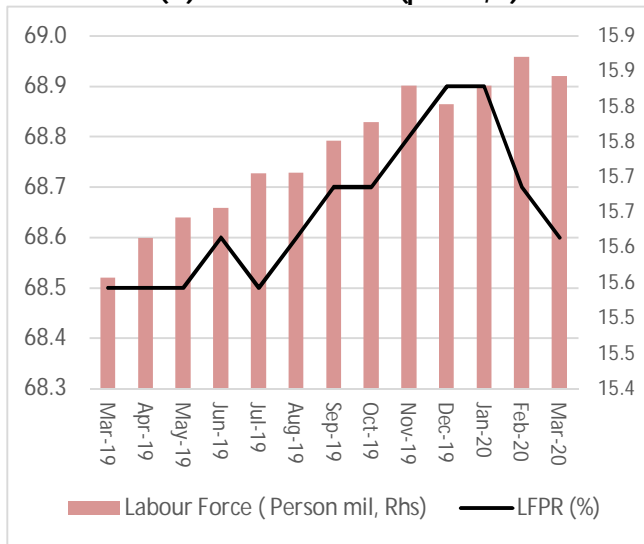
Source: CEIC/AmBank Research

**Table 2: Distributive Trade (y/y %)**

	Mar'19	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan'20	Feb	Mar
Wholesale Sales y/y	5.0	5.3	5.5	6.4	6.6	6.0	4.7	3.9	4.4	5.5	5.2	4.9	-2.7
Retail Sales y/y	6.9	7.0	7.8	7.7	7.1	6.9	7.2	6.8	7.0	7.0	6.7	6.3	-6.6
Motor Vehicles Sales y/y	2.6	2.2	9.1	-2.5	-1.7	1.1	4.4	3.7	3.0	4.5	1.0	3.5	-15.3

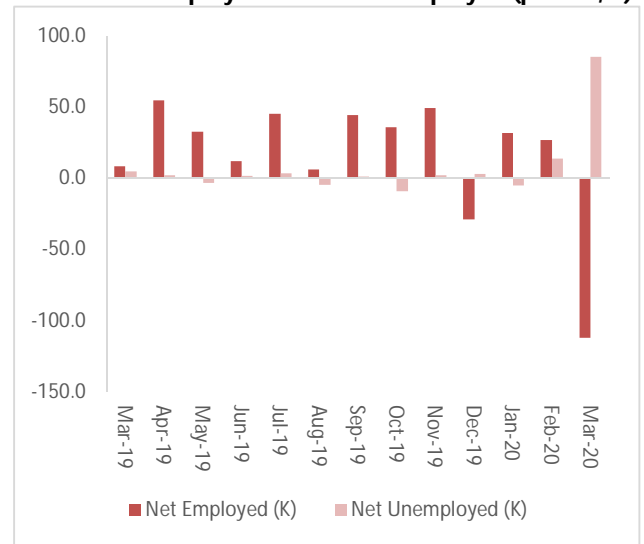
Source: CEIC/AmBank Research

**Chart 1: LFPR (%) and Labour Force (person, K)**



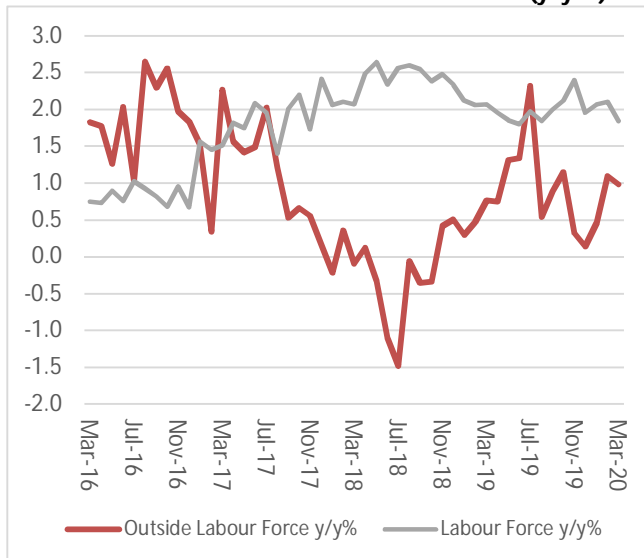
Source: CEIC/AmBank Research

**Chart 2: Net Employed and Net Unemployed (person, K)**



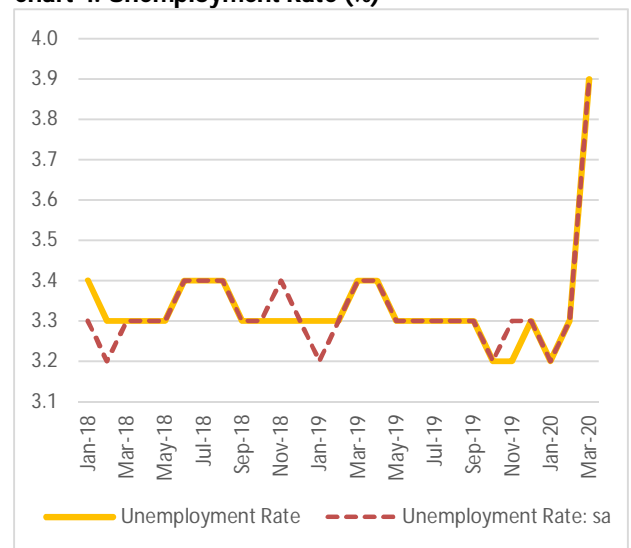
Source: CEIC/AmBank Research

**Chart 3: Labour Force vs. Outside Labour Force (y/y %)**



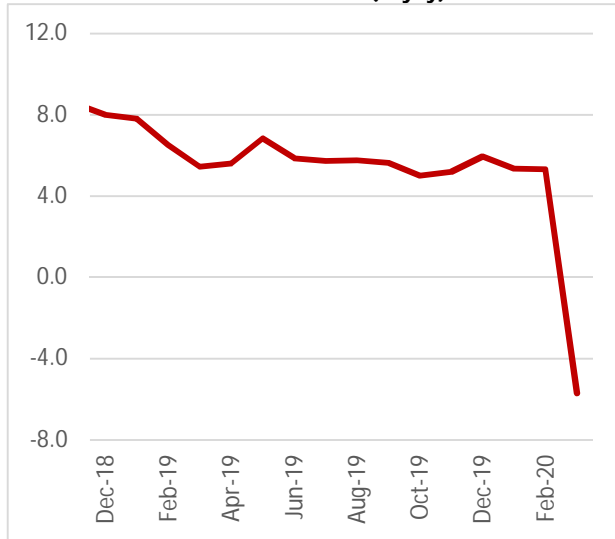
Source: CEIC/AmBank Research

**Chart 4: Unemployment Rate (%)**



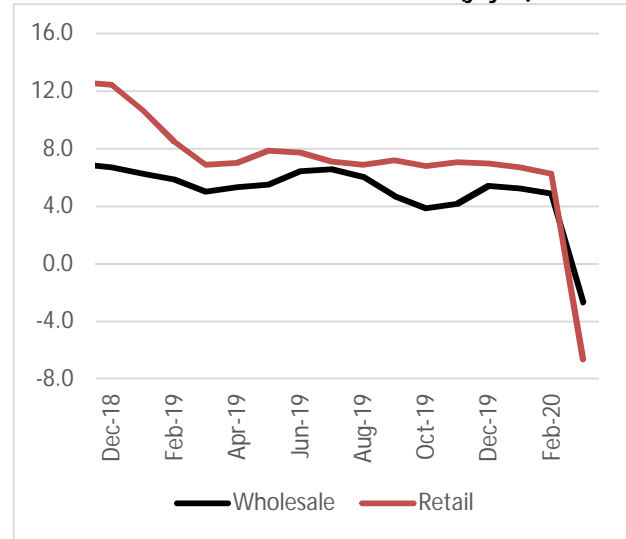
Source: CEIC/AmBank Research

**Chart 5: Distributive Trade Sales (% y/y)**



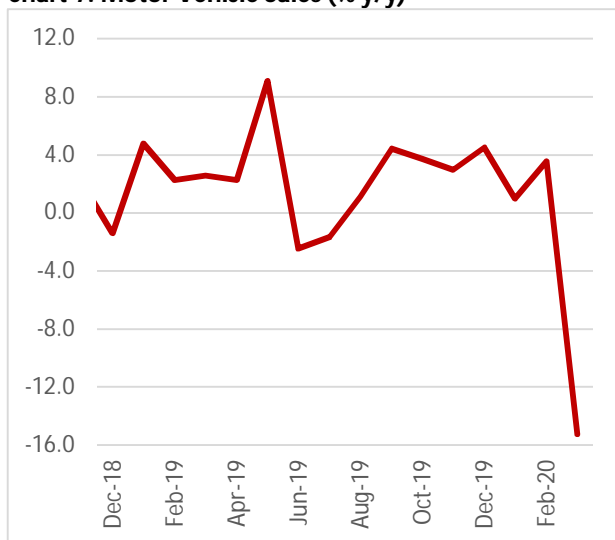
Source: CEIC/AmBank Research

**Chart 6: Wholesale & Retail Trade Sales (y/y %)**



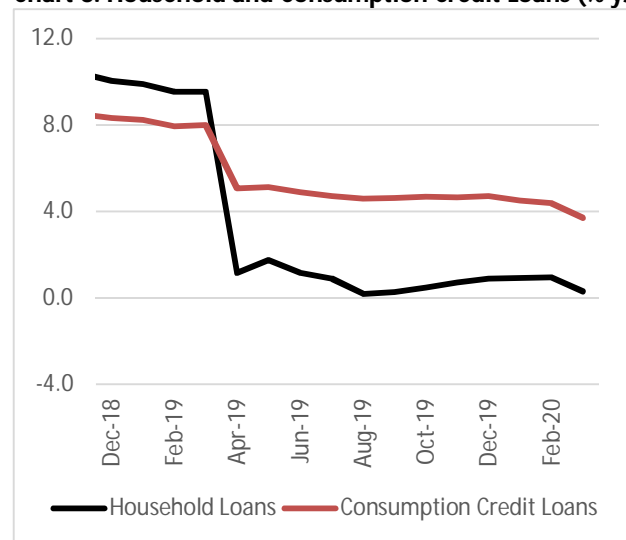
Source: CEIC/AmBank Research

**Chart 7: Motor Vehicle Sales (% y/y)**



Source: CEIC/AmBank Research

**Chart 8: Household and Consumption Credit Loans (% y/y)**



Source: CEIC/AmBank Research

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