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Jobs are coming back due to government efforts

Mustapa says youth unemployment rate decreasing

ECONOMY

PETALING JAYA: Positive trends in the job market in August are indicators that the economy is gradually recovering as a result of government efforts and initiatives, with support from the industry.

The labour market remained relatively stable with the number of unemployed decreasing marginally by 3,500 persons to 741,600 in August compared with July. However, the unemployment rate remained at 4.7%.

Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed noted that the unemployment rate among youths aged 15-30 years recorded an encouraging decrease, falling below 9% for the first time since April, coming in at 8.9% for August.

"Although the labour market is recovering as targeted, the government is aware and concerned that the number of unemployed is still high compared with the average of 494,000 people for the period between 2016 and 2019. The current situation also shows an increasing trend of new Covid-19 cases that will likely make it a challenge for people to enter the job market.

"Thus, the government will continue to focus on efforts to accelerate the country's economic recovery so more job opportunities can be created and more unemployed people can return to work and restore the country to full employment," he said in a statement.

The recovery trend in August was supported by various factors, including businesses restarting operations in June under the recovery movement control order (MCO) and the reopening of the education sector. The approval for interstate travel also enabled more vibrant domestic tourism activities.

There was also a positive impact from government initiatives like the Prihatin, Prihatin SME+ and Penjana stimulus packages. The packages include programmes that emphasised the recovery of the labour market, such as the employment recruitment incentives programme, upskilling and reskilling pro-

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gramme for the youth and unemployed, global online workforce and the Penjana tourism financing scheme.

Mustapa added that the number of employed persons went up by 0.5% month-on-month to 15.15 million people. In line with this, the employment-to-population ratio,

which indicates the ability of an economy to create employment, increased 0.3 percentage point month-on-month to 65.2% in August compared with 64.9% in July.

Although many are anxious about the conditional MCO enforced in Sabah, Selangor, Kuala Lumpur and Putrajaya, Mustapa said there was a need to protect lives and livelihoods of the people in a balanced way. Hence, the economic, industrial and business sectors are allowed to operate but within the compliance of strict standard operating procedure issued by the National Security Council.

While the unemployment trend appears to have stabilised, analysts said the downside risk remained in the near term if the third wave of Covid-19 turns more severe.

"The prospect of a continuous recovery in the labour market, supported by the extended wage subsidy programme, is subject to a risk of a worsening Covid-19 situation," said Kenanga Research.

AmBank Research said the unemployment rate should be between 4.7% and 4.9%, while the worst-case scenario could see it at 6% to 8%.