

**UNIVERSITI TEKNOLOGI MARA**



**COVID-19 INCURRED MORE UNEMPLOYMENT:  
FORECASTING FUTURE RATE IN MALAYSIA**

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**JULY 2021**

## **ACKNOWLEDGEMENT**

First and foremost, we would like to show our deepest gratitude to Allah for giving us the opportunity to complete this study in order to fulfil the requirement of this final year project.

Secondly, we would like to thank our lecturer, Dr. Noryanti binti Nasir for her help throughout the making of this report. We are thankful to be supervise under her and we surely learnt a lot throughout this one year. Without her guidance and support, this project could not become a reality.

Furthermore, we would like to thank our parents for giving us moral supports. When carrying out this project during the Online Distance and Learning (ODL), we must get used to the new norm by completing everything online. With the moral support given by them, we are more motivated to finish the study and giving our best for the final report.

Lastly, a gazillion thanks to each of our team members for the full commitment and responsibility given in finishing their own parts of the report that has been divided equally. Without the passion and commitments, it would be hard to complete this study.

## ABSTRACT

In March 2020, due to the impact of the Movement Control Order (MCO), Malaysia's rate of unemployment jumped to 3.9 percent which is the highest since June 2010 according to *Laporan Tenaga Buruh Malaysia* (2021), from the Department of Statistics Malaysia (DOSM). Unemployment has a negative impact on families' disposable income, reduces purchasing power, lowers worker morale, and weakens an economy's productivity. This study aims to identify whether COVID-19 is affecting the unemployment rate in Malaysia and to forecast the unemployment rate for the next 2 years using descriptive analysis and Box-Jenkins's methodology. Secondary data of the unemployment rate from January 2016 to December 2020 are used. The results show an increasing trend in the data series and imply that ARIMA (2,1,2) is the best model to forecast the unemployment rate by considering all the RMSE, MAPE and MAE. It is found that the estimated unemployment rate continues to rise year to year.

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