

Second Quarter 2018

Labour Market Advance Release



MINISTRY OF
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LABOUR MARKET ADVANCE RELEASE SECOND QUARTER 2018

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MISSION

To provide timely and reliable national statistical information on the labour market to facilitate informed decision-making within the government and community-at-large

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Notations

- : nil or negligible
- P : Preliminary
- Q : Quarter
- M : March
- J : June
- S : September
- D : December

Abbreviations

- EDB : Economic Development Board
- FDW : Foreign Domestic Workers
- GDP : Gross Domestic Product
- MOM : Ministry of Manpower
- MTI : Ministry of Trade and Industry
- SSIC : Singapore Standard Industrial Classification
- excl : Excluding

HIGHLIGHTS

- Total employment increased in the second quarter of 2018 even as unemployment rates rose. This occurred as more persons entered the labour force to look for work on the back of continued expansion in economic activities. Retrenchments in 2Q 2018 edged up from 1Q 2018, after trending down since 4Q 2016.
- The unemployment rate rose for overall (from 2.0% in March 2018 to 2.1% in June 2018), for residents (from 2.8% to 3.0%) and for citizens (from 3.0% to 3.1%), after a general downtrend since June 2017. The rates in June 2018 remained lower than in June 2017.
- Total employment (excluding Foreign Domestic Workers) grew by 7,100 in the second quarter of 2018. This increase was higher than in the previous quarter (400), as the declines in construction and manufacturing moderated. The increase in 2Q 2018 was also a reversal from the contraction observed in the same period a year ago (-7,900). Services continued to add workers (7,800 excluding FDWs), particularly in sectors such as transportation & storage, information & communications, community, social & personal services, professional services and financial & insurance.
- Preliminary estimates showed that slightly more workers were retrenched in 2Q 2018 (2,500) compared to the preceding quarter (2,320), reflecting on-going restructuring and re-organisation. Retrenchments in 2Q 2018 remained lower than a year ago (3,640). They edged up in manufacturing, remained largely unchanged in construction and declined in services.

Overview

Total employment increased in the second quarter of 2018 even as unemployment rates rose. This occurred as more persons entered the labour force to look for work on the back of continued expansion in economic activities. Retrenchments in 2Q 2018 edged up from 1Q 2018, after trending down since 4Q 2016.

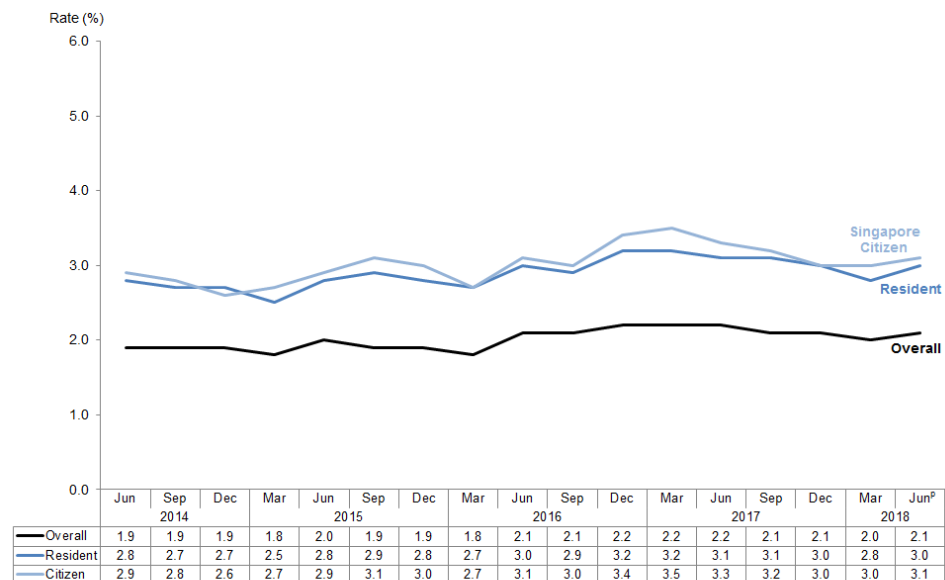
Unemployment

Unemployment rates rose from March 2018 to June 2018 as more persons entered the labour force to look for work on the back of continued expansion in economic activities.¹ The seasonally adjusted unemployment rate rose for overall (from 2.0% in March 2018 to 2.1% in June 2018), for residents (from 2.8% to 3.0%) and for citizens (from 3.0% to 3.1%), after a general downtrend since June 2017. The rates in June 2018 remained lower than in June 2017.

In June 2018, an estimated 69,500 residents were unemployed, higher than the 64,800 in March 2018. It rose for citizens (from 57,600 to 60,600).²

Unemployment rates in June 2018 increased from March 2018

Chart 1 Unemployment Rate (Seasonally Adjusted)



Source: Labour Force Survey, Manpower Research & Statistics Department, MOM

^P: Preliminary

¹ Also commonly known as an “encouraged worker effect”. More details in Annex A.

² Based on seasonally adjusted data on number of unemployed persons.

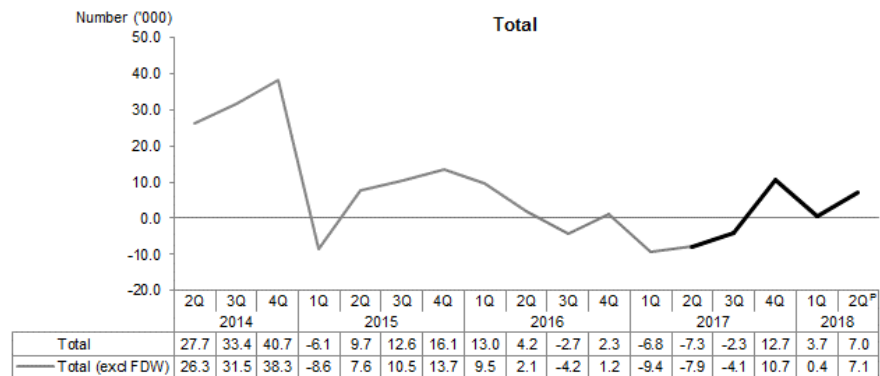
Employment

Total employment in 2Q 2018 grew by a larger extent than the preceding quarter

Total employment (excluding Foreign Domestic Workers) grew by 7,100 in the second quarter of 2018. This was a larger increase than in the preceding quarter (400) as the declines in construction and manufacturing employment moderated. The increase in 2Q 2018 was a reversal from the decline observed in the same period a year ago (-7,900).

Employment in construction contracted by 600 in 2Q 2018; private sector construction activities continued to be weak.³ Employment in manufacturing was largely unchanged (-100), following consecutive declines since fourth quarter 2014. Services continued to add workers (7,800 excluding FDWs), albeit at a pace slower than in the previous quarter (9,800). Even so, the pace of growth remained comparable to the first three quarters of 2017.⁴ Services sectors such as transportation & storage, information & communications, community, social & personal services, professional services and financial & insurance continued to see employment increase.

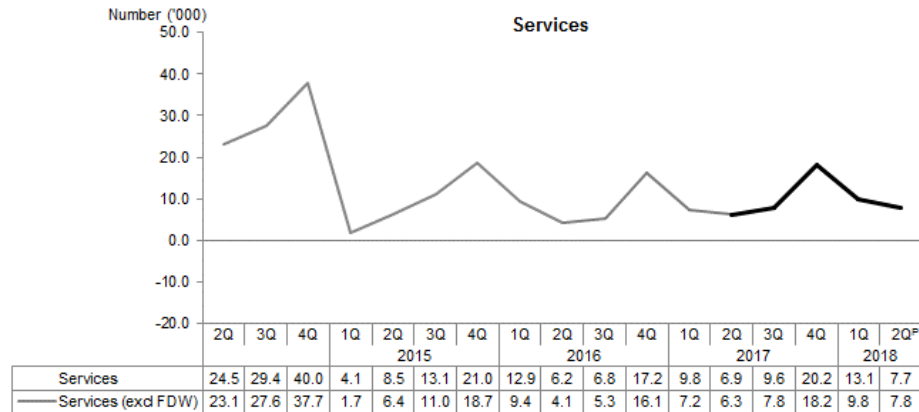
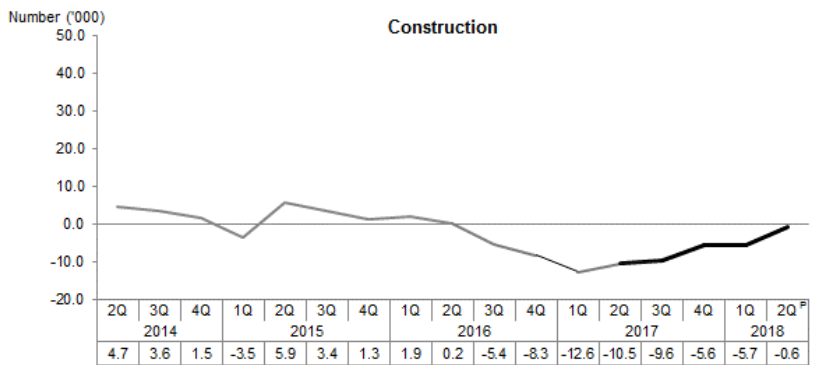
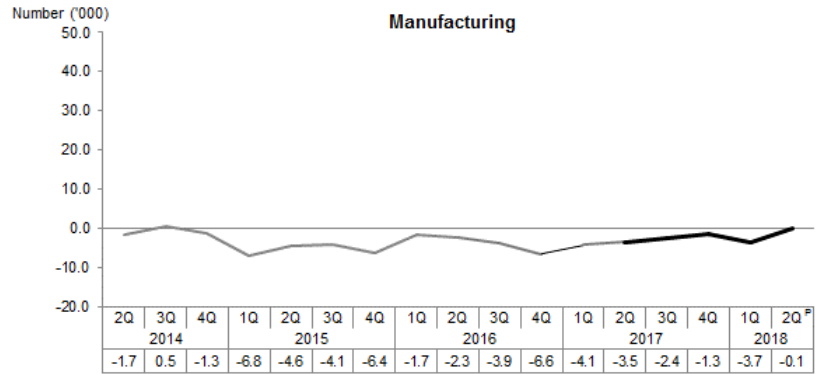
Chart 2 Employment Change By Sector



³ Construction GDP contracted by 4.4% on a year-on-year basis in 2Q 2018. The sector was weighed down primarily by the continued weakness in private sector construction activities. Source: MTI's Advance Estimates of GDP, 13 July 2018.

⁴ Based on preliminary estimates, 486,100 persons were employed in manufacturing, 445,500 in construction, 2,721,200 (2,471,200 excl FDW) in services in June 2018. In all, employment totaled 3,680,200 (3,430,100 excl FDW) in June 2018 (total includes other sectors like agriculture, fishing etc.).

By Sector



Source: Administrative Records and Labour Force Survey, Manpower Research & Statistics Department, MOM

Notes:

- (1) Data are primarily from administrative records, with the self-employed component estimated from the Labour Force Survey.
- (2) Data for the three major sectors do not add up to the total as the latter includes agriculture, fishing, quarrying, utilities and sewerage & waste management.
- (3) The industries are classified based on SSIC 2015.
- (4) Employment change is the difference in the employment level at the end of the reference period compared with the end of the preceding period.

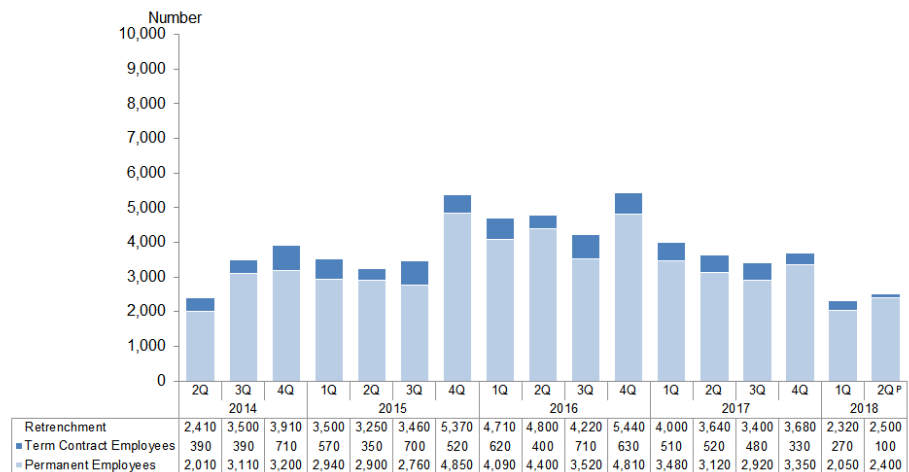
Retrenchment

Retrenchments edged up in 2Q 2018 after trending down in previous quarters

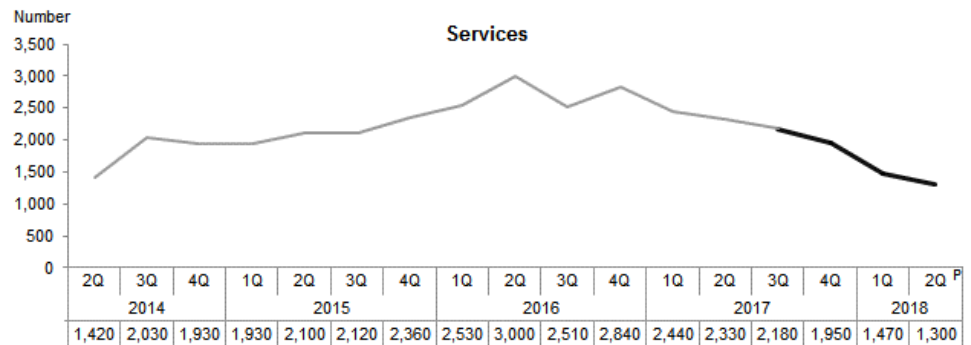
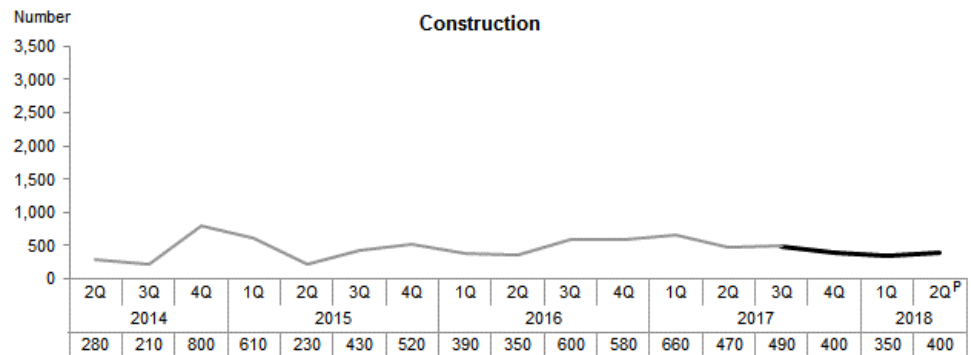
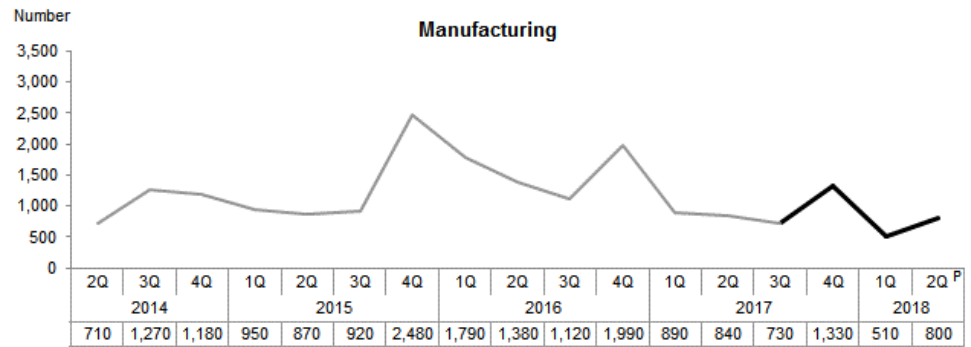
Preliminary estimates showed that slightly more workers were retrenched in the second quarter of 2018 (2,500) compared to the preceding quarter (2,320). This reflects on-going restructuring and reorganisation, and occurred after retrenchments trended down from the fourth quarter of 2016. Retrenchments in the second quarter of 2018 remained lower than in the same period a year ago (3,640).

The uptick over the second quarter of 2018 occurred in manufacturing. Retrenchments were similar in construction and declined in services. Among the three sectors, services continued to contribute most (52%) to the retrenchments in the second quarter of 2018, followed by manufacturing (32%) and construction (16%).

Chart 3 Retrenchment



By Sector



Source: Labour Market Survey, Manpower Research & Statistics Department, MOM

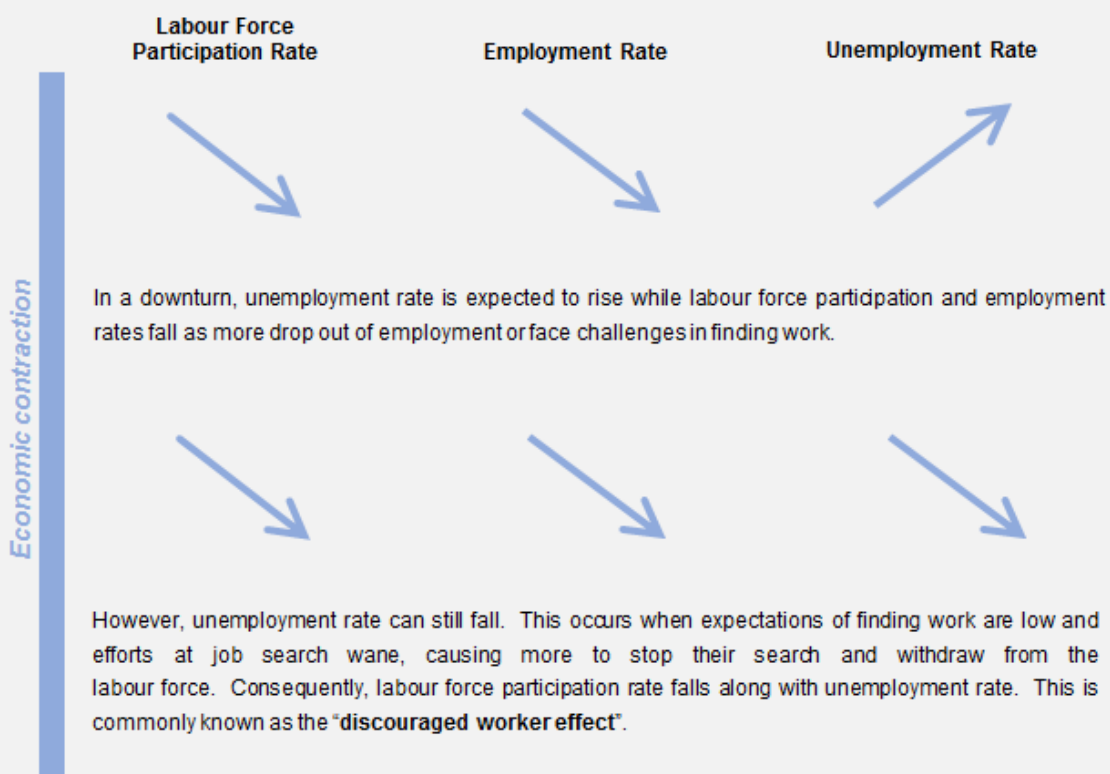
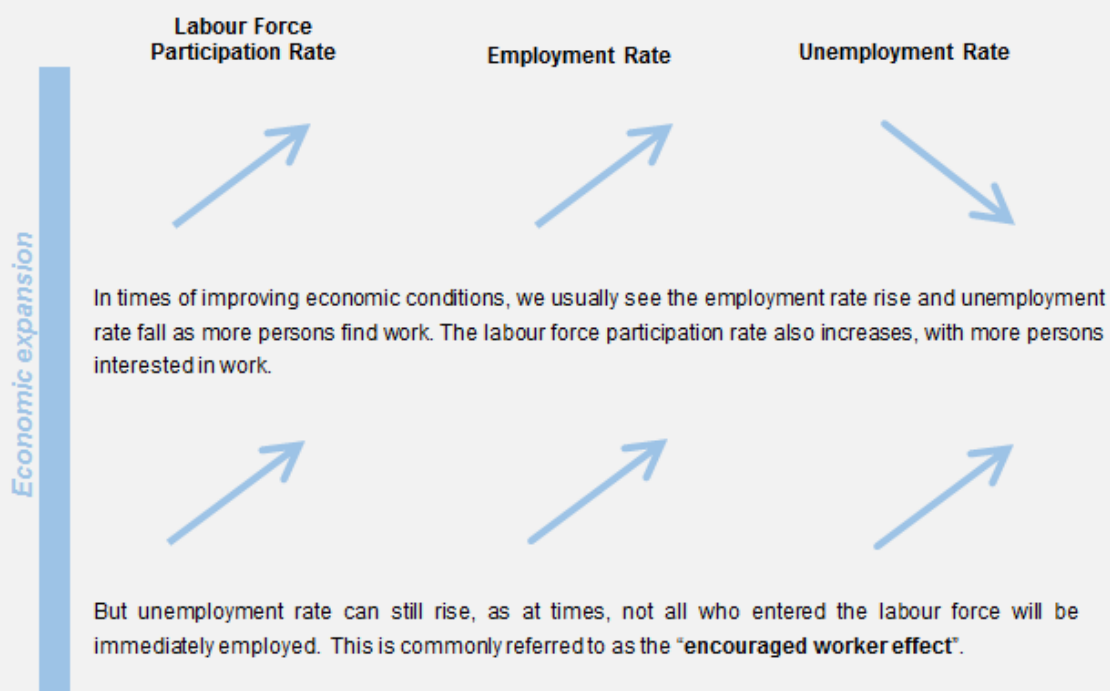
^P: Preliminary

Notes:

- (1) Data pertain to private sector establishments (each with at least 25 employees) and the public sector.
- (2) The industries are classified based on SSIC 2015.
- (3) Data for the three major sectors do not add up to the total as the latter includes Agriculture, Fishing, Quarrying, Utilities and Sewerage & Waste Management.
- (4) Data are rounded to the nearest 10. Hence, they may not add up due to rounding.

Annex A

*Can unemployment rate increase when the economy expands?
Can it fall when the economy contracts?*



Explanatory Notes

Unemployment

Source

Labour Force Survey

Coverage

The survey covers private households in Singapore. It excludes workers living in construction worksites, dormitories and workers' quarters at the workplace and persons commuting from abroad to work in Singapore. Estimates of the total labour force are derived by combining data on residents (also known as locals) obtained from the survey with foreign employment data compiled from administrative records.¹

Concepts and Definitions

Unemployed persons refer to persons aged 15 years and over who did not work but were actively looking and available for work during the reference period. They include persons who were not working but were taking steps to start their own business or taking up a new job after the reference period.

Unemployment rate is defined as the percentage of unemployed persons to the labour force (i.e. employed and unemployed persons) aged 15 years and over.

Long-term unemployed persons refer to persons aged 15 years and over who have been unemployed for 25 weeks or more.

Long-term unemployment rate is defined as the percentage of long-term unemployed persons to the labour force.

Uses and Limitations

The unemployment rate is probably the best-known measure of the labour market. It measures unutilised labour supply and is useful in the study of the economic cycle as it is closely related to economic fluctuations.

Unemployment can have frictional, cyclical and structural elements. As it takes time for job seekers and employers to find a match, there is always a certain level of frictional unemployment due to people changing jobs and from new entrants looking for work for the first time. Unemployment can also be structural e.g. arising from a mismatch between the job seekers and the job openings available. With structural unemployment, even if job vacancies and job seekers coexist in the labour market, they may not be matched over a long period of time. Finally, unemployment can be cyclical. This occurs when there is a general decline in demand for manpower as aggregate demand for goods and services fall in the event of a cyclical downturn. Unlike structural and frictional unemployment where the problem is in matching job openings with job seekers, cyclical unemployment occurs when there are not enough jobs to go around.

Unemployment can vary due to changes in demand or supply of manpower. It can decline if more people succeed in securing employment or when the unemployed persons stop looking for a job and leave the labour force either temporarily (e.g. to take up training) or permanently (e.g. to retire). Conversely, unemployment may rise due to

¹ Population figures for each quarter will be finalised in the next quarter. Unemployment data are therefore subject to the latest available population estimates.

increase in labour supply from new entrants or re-entrants to the labour market. It will also rise if more people quit their jobs to look for alternative employment or if there is an increase in layoffs.

Employment

Source

Primarily from administrative records. The self-employed component is estimated from the Labour Force Survey.

Coverage

Employment data comprise all persons in employment i.e. employees and the self-employed. However, it excludes men who are serving their 2-year full-time national service liability in the Singapore Armed Forces, Police and Civil Defence Forces.

Data on the number of local (also known as resident) employees are compiled from the Central Provident Fund (CPF) Board's administrative records of active contributors, defined as local employees who have at least one CPF contribution paid for him/her. A local employee is a Singapore citizen or Permanent Resident who is employed by an employer under a contract of service or other agreement entered into in Singapore. Every local employee and his/her employer are required to make monthly contributions to the CPF. The CPF is a compulsory savings scheme that provides workers financial security in old age and helps meet the needs of healthcare, home-ownership, family protection and asset enhancement.

Data on foreigners working in Singapore are compiled from administrative records of foreigners on valid work passes issued by the Ministry of Manpower. Foreigners can work in Singapore only if they have valid work passes issued by the Ministry of Manpower.

The number of self-employed residents is estimated from the Labour Force Survey. The self-employed comprises persons aged 15 years and over who are own account workers, employers or contributing family workers.

Concepts and Definitions

Employment change refers to the change in the number of persons who are in employment, derived by taking the difference in the employment level (i.e. number of employed persons) at the end of the reference period compared with the end of the preceding period. A positive change refers to the additional number of persons who are in employment, while a negative change refers to the decline in number of persons in employment.

Uses and Limitations

Analysis of employment change over time helps in understanding the impact of cyclical and structural changes in the economy on the demand for workers. In particular, the breakdown of employment by industry helps identify sectors where employment is growing or falling.

Conceptually, the change in employment over the reference period is the difference between people entering and exiting employment during the period. Users should not mistake an increase in employment as gross job creation i.e. the increase in employment in expanding establishments only.

Retrenchment

Source

Labour Market Survey

Coverage

Before 2006, the survey covers private establishments with at least 25 employees. From 2006 onwards, the survey also includes the public sector comprising government ministries, organs of state and statutory boards.

Concepts and Definitions

Retrenchment refers to

- i) termination of permanent employees due to redundancy; and
- ii) early termination of term contract employees due to redundancy.

In the public sector, it includes those who left service under the Special Resignation Scheme².

Uses and Limitations

Data on retrenchment are useful in the analysis of re-structuring or ailing industries.

The number of retrenched persons (flow) should not be confused with persons unemployed (stock). Not all retrenched persons will be unemployed as some will re-enter into employment or decide to leave the labour force. If the persons have not found a new job and are actively looking and available for work, they join the pool of unemployed.

² The Special Resignation Scheme (introduced in April 1988) allows redundant non-deployable Civil Service or Statutory Board employees to leave their organisations with compensation.

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