

First Quarter 2020

Labour Market Advance Release



MINISTRY OF
MANPOWER

Manpower Research
and Statistics Department

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LABOUR MARKET ADVANCE RELEASE FIRST QUARTER 2020

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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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Statistics compiled and disseminated by the MRSD adhere to international standards on official statistics set by the International Labour Organisation and International Monetary Fund.

For insights on the labour market, visit us at stats.mom.gov.sg

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Notations

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

Abbreviations

- FDW : Foreign Domestic Workers
- MOM : Ministry of Manpower
- SSIC : Singapore Standard Industrial Classification
- excl : Excluding

HIGHLIGHTS

- Total employment (excluding FDW) in 1Q 2020 (-19,900) registered its sharpest quarterly contraction since SARS, due to significant contractions in foreign employment. All three broad sectors observed employment contractions in 1Q 2020, with *Services* seeing the sharpest decline, as consumer-facing *food & beverage services*, *retail trade* and tourism-dependent *accommodation* were most severely affected by the COVID-19 outbreak.
- In spite of difficulties since the start of the COVID-19 outbreak and seasonal influences, local employment still grew at a modest pace, as contractions in *wholesale & retail trade*, *food & beverage services* and *accommodation* were buffered by increases in *healthcare*, *public administration* and *professional services*.
- The seasonally adjusted unemployment rates rose in March 2020 (overall: from 2.3% to 2.4%; resident: from 3.2% to 3.3%; citizen: from 3.3% to 3.5%) but remained lower than highs last seen during SARS and the Global Financial Crisis.
- Overall retrenchments in 1Q 2020 (3,000) were higher than the previous quarter (2,670) but remained lower than the quarterly peak during the Global Financial Crisis (1Q 2009: 12,760). With jobs and wage support measures, and companies encouraged to retain workers and retrench only as a last resort, layoffs were generally held back.
- We are likely to see continued pressure on the labour market. In weekly polls conducted by the Department, the proportion of companies who indicated an intention to reduce headcount or salary in the next two months has crept up, even though those with no intention to do so still formed the majority.

Overview

Preliminary indicators showed that the labour market has felt the early effects of COVID-19. In 1Q 2020, total employment (excluding foreign domestic workers or FDW) registered its sharpest contraction since SARS, due to a significant decline in foreign employment. Unemployment rates rose in March 2020 but remained lower than the peak during SARS. Similarly, retrenchments also rose in 1Q 2020, but were about one-quarter that of the quarterly peak seen in the Global Financial Crisis.

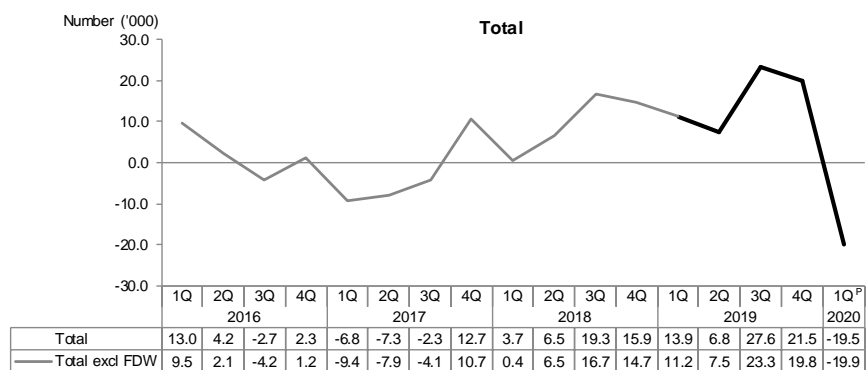
Employment^P

Total employment contracted sharply in 1Q 2020

Total employment (excluding FDW) in 1Q 2020 (-19,900) registered its sharpest quarterly contraction since SARS (2Q 2003: -24,000), due to significant cutbacks in foreign employment. All three broad sectors¹ observed employment contractions in 1Q 2020. *Services* saw the sharpest decline as consumer-facing *food & beverage services*, *retail trade* and tourism-dependent *accommodation* were most severely affected by the COVID-19 outbreak.

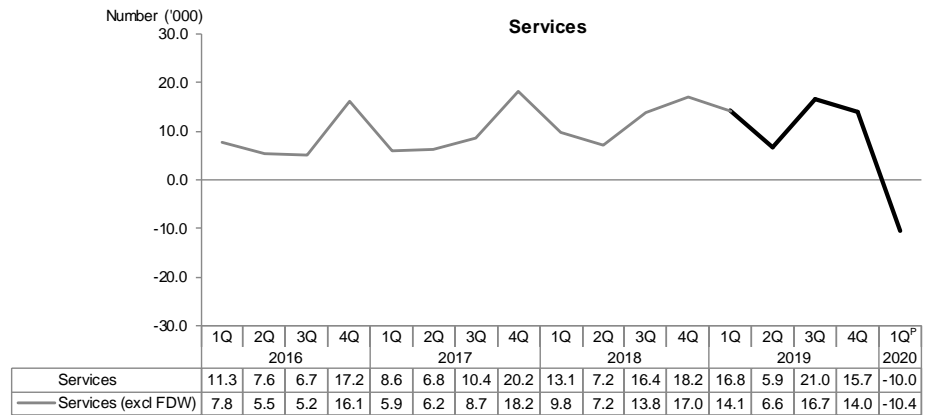
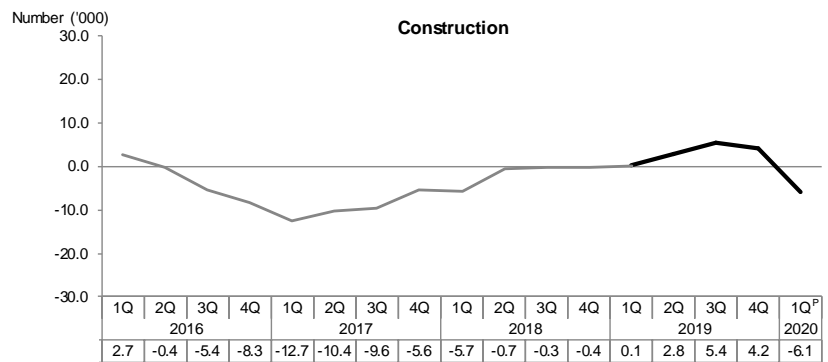
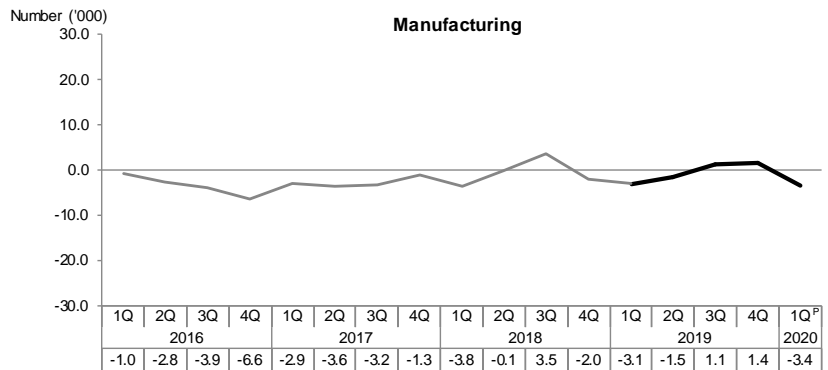
In spite of difficulties since the start of the COVID-19 outbreak and seasonal influences, local employment still grew at a modest pace. Contractions in *wholesale & retail trade*, *food & beverage services* and *accommodation* were buffered by increases in *healthcare*, *public administration* and *professional services*.

Chart 1 Employment Change By Sector



¹ Based on preliminary estimates, 482,700 persons were employed in *Manufacturing*, 450,800 in *Construction*, 2,804,700 (2,542,400 excl FDW) in *Services* in March 2020. Employment totaled 3,765,000 (3,502,800 excl FDW) in March 2020 (total includes other sectors like agriculture, fishing etc.).

By Sector



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

^P: Preliminary

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.
- (5) Figures for 2019 have been updated to include employment figures for those on pre-approved LOC (Letter of Consent).

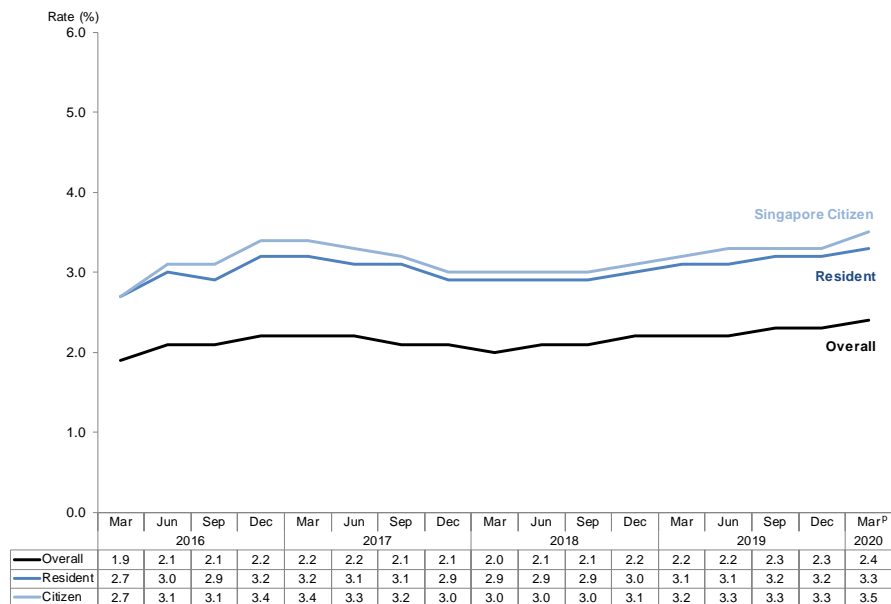
Unemployment^P

Unemployment rates continued to rise in March 2020

Seasonally adjusted unemployment rates rose in March 2020 (overall: from 2.3% to 2.4%; resident: from 3.2% to 3.3%; citizen: from 3.3% to 3.5%) but remained lower than the heights seen during SARS² and the Global Financial Crisis³. Unemployment rates of these levels were last seen in December 2009.⁴

In March 2020, an estimated 76,400 residents were unemployed, higher than in December 2019 (73,900). More citizens were also unemployed (from 63,500 to 67,100).⁵

Chart 2 Unemployment Rate (Seasonally Adjusted)



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

^P: Preliminary

² Unemployment rates were 4.8%, 6.2% and 6.4% for overall, resident and citizen in September 2003.

³ Unemployment rates were 3.3%, 4.9% and 4.9% for overall, resident and citizen in September 2009.

⁴ Unemployment rates were 2.3%, 3.3% and 3.5% for overall, resident and citizen in December 2009.

⁵ Based on seasonally adjusted data on number of unemployed persons.

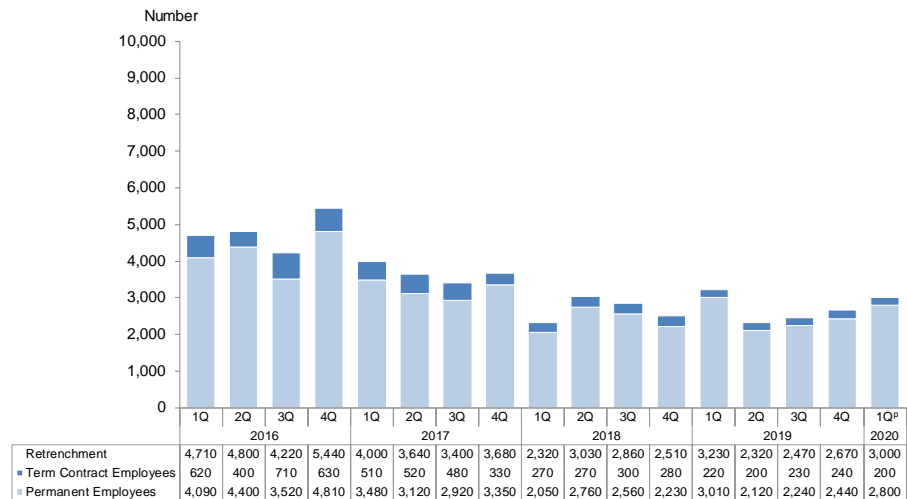
Retrenchments^P

Retrenchments rose over the quarter

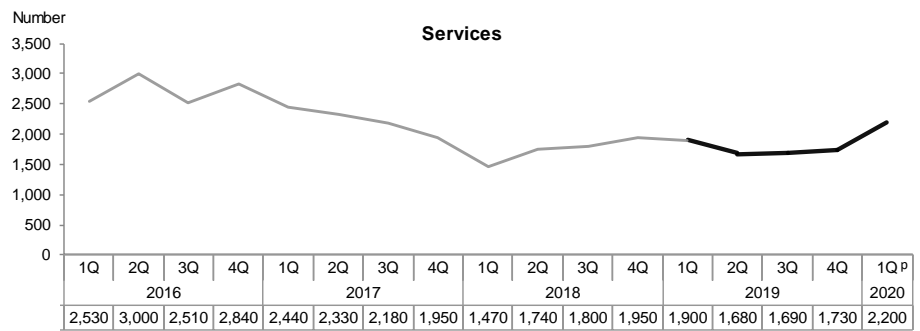
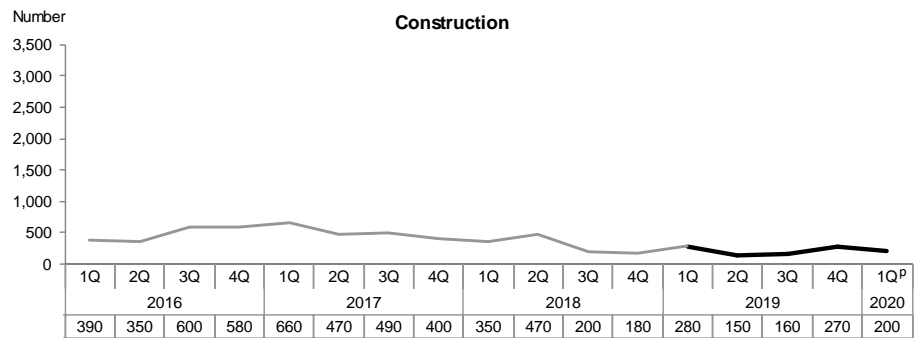
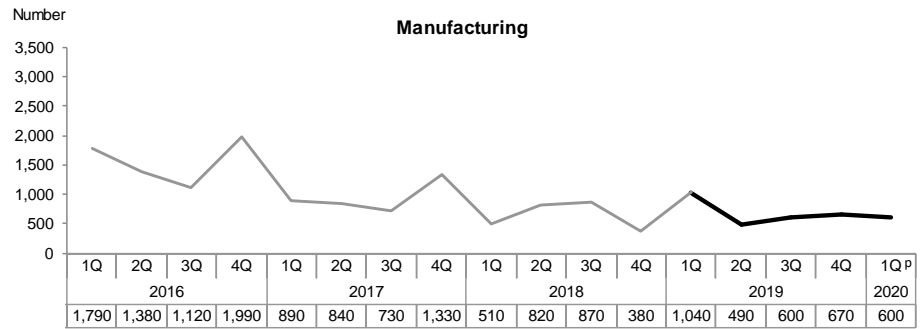
Overall retrenchments in 1Q 2020 (3,000) were higher than the previous quarter (2,670) but remained lower than the quarterly peak during the Global Financial Crisis (1Q 2009: 12,760). With jobs and wage support measures, and companies encouraged to retain workers and retrench only as a last resort, layoffs were generally held back.

Services saw an increase in retrenchments, mainly in consumer-facing *retail trade* and *food & beverage services*, as domestic consumption fell when safe distancing measures kicked in. Tourism-dependent *accommodation* also suffered from more retrenchments, amid a drop in visitor arrivals. The number of retrenchments remained similar in *Manufacturing* and *Construction*.

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.

We are likely to see continued pressure on the labour market. In weekly polls conducted by the Department, 77% of companies who were polled in the week of 13th to 17th April 2020 indicated they would not reduce their headcount over the next two months, a decline from 84% of companies polled in the week of 23rd to 27th March. Over the same period, the proportion who indicated they have no intention to reduce salary has also declined from 85% to 71%.

Chart 4 Business Expectations of Companies in the Next Two Months



Source: Manpower Research & Statistics Department, MOM

Explanatory Notes

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.

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 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.

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

Retrenchments

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.

OTHER RELEASES



UPCOMING ...

Report On Wage Practices 2019	25-29 May 2020*
Labour Market First Quarter 2020	15-19 Jun 2020*
Singapore Yearbook Of Manpower Statistics 2020	30 Jun 2020
Labour Market Advance Release Second Quarter 2020	30-31 Jul 2020*

PAST ...

Labour Market Advance Release First Quarter 2020	29 Apr 2020
Job Vacancies 2019	20 Mar 2020
Labour Market 2019	12 Mar 2020
Labour Force In Singapore 2019	30 Jan 2020
Labour Market Advance Release 2019	29 Jan 2020
Singapore Citizens In The Labour Force	23 Jan 2020
Singapore's Adjusted Gender Pay Gap	09 Jan 2020
Labour Market Third Quarter 2019	12 Dec 2019
Labour Force In Singapore Advance Release 2019	28 Nov 2019

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**The actual date of release will be indicated at least a week before the scheduled publication date.*