

Second Quarter 2020

# Labour Market Advance Release



MINISTRY OF  
MANPOWER

Manpower Research  
and Statistics Department

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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**

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

The impact of COVID-19 on the labour market was more extensive in 2Q 2020, reflecting COVID-safe measures and a weak global economy:

- Total employment (excl FDWs) contracted by 121,800 in 2Q 2020. This quarterly decline was the largest on record, and much sharper than previous downturns, bringing the total employment decline since the start of 2020 to 147,500.<sup>11</sup>
- *Manufacturing, Construction, and Services* registered sharper employment cuts in 2Q 2020. Within *Services*, employment contractions were sharpest among industries most affected by the Circuit Breaker and safe distancing measures, such as *food & beverage services, retail trade, arts, entertainment & recreation, and education*. *Construction* also saw a steep decline in employment as projects were placed on hold. The decline in *Manufacturing* was more modest in comparison.
- The seasonally adjusted unemployment rates rose by a more considerable extent in June as compared to the previous period (overall: from 2.4% in March 2020 to 2.9% in June 2020; resident: from 3.3% to 3.9%; citizen: from 3.5% to 4.0%). Increases in unemployment rates have been curbed thus far due to extensive support measures. Hence, they remained lower than previous recessionary peaks.
- Retrenchments were much higher in 2Q 2020 (6,700) as compared to a quarter ago (3,220). While retrenchment figures had now surpassed the peak during SARS (2Q 2003: 5,510), they remained lower than other past recessionary peaks.

Business sentiments appeared to be mending as Singapore exited the Circuit Breaker. In comparison to May and April 2020, a smaller proportion of companies polled by the Department in the month of June 2020 had indicated intention to reduce salary or headcount over the next two months.

## Overview

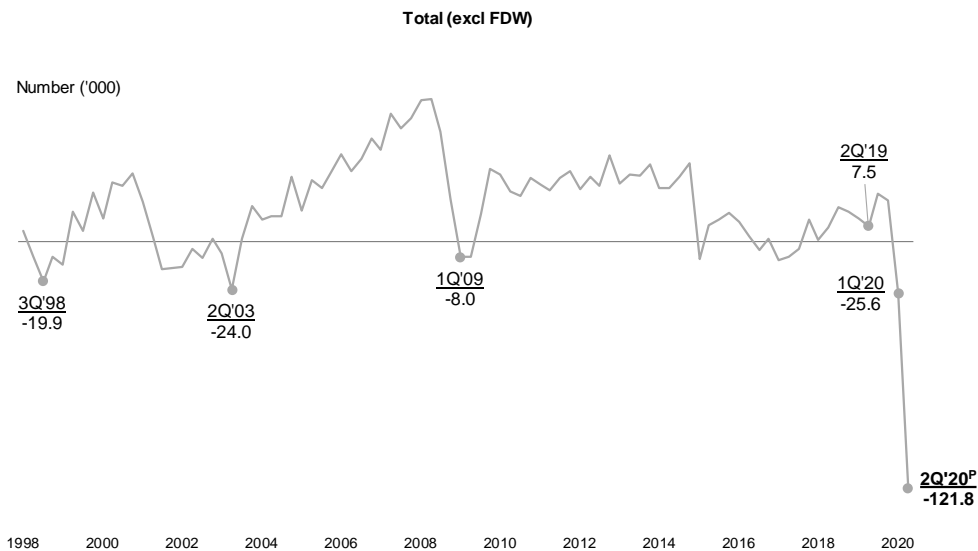
Preliminary estimates on employment, unemployment and retrenchments showed that the impact of COVID-19 on the labour market was more extensive in 2Q 2020, reflecting COVID-safe measures and a weak global economy.

## Employment<sup>P</sup>

Total employment (excluding FDW) contracted further and far more acutely in 2Q 2020 (-121,800).<sup>1</sup> This was the largest quarterly decline on record, as business activities were severely limited by COVID-safe measures.

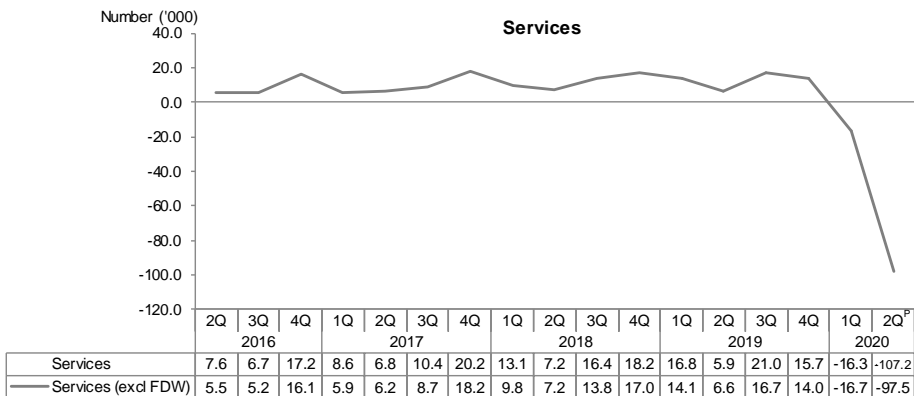
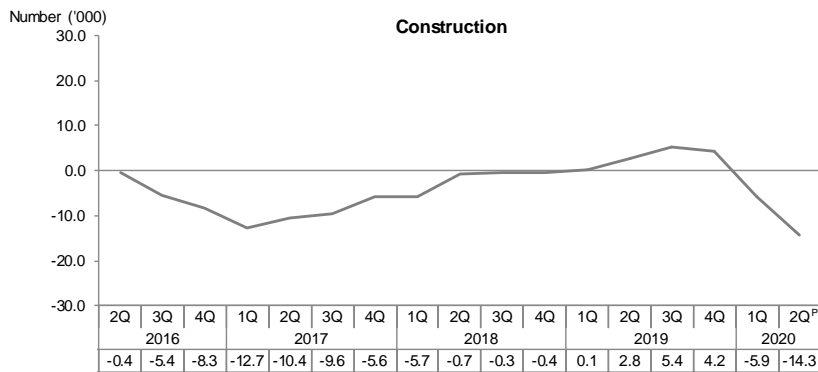
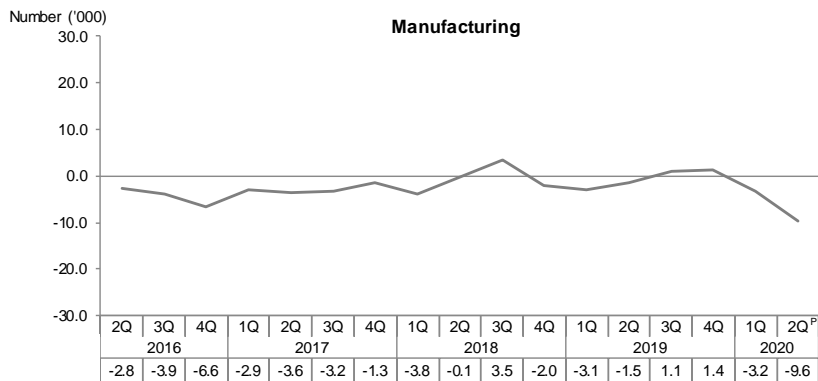
*Manufacturing, Construction and Services* registered sharper employment cuts in 2Q 2020. Within *Services*, employment contractions were sharpest among industries most affected by the circuit breaker and safe distancing measures, such as *food & beverage services, retail trade, arts, entertainment & recreation, and education*. *Construction* also saw a steep decline in employment as projects were suspended. The decline in *Manufacturing* was more modest in comparison.<sup>2</sup>

**Chart 1** Employment Change By Sector



<sup>1</sup> Figures are preliminary and largely computed based on trends implied from available data in the first two months of the quarter (i.e. April and May). They are intended as a first indication of employment change for the second quarter. While we do not expect the trends to change directionally, the magnitude of change would be revised when more complete data becomes available. The breakdown by residential status are released on a half yearly basis. They will be made available in the final report for the second quarter which will be released in mid-September.

<sup>2</sup> Based on preliminary estimates, 472,000 persons were employed in Manufacturing, 436,700 in Construction, 2,692,600 (2,440,000 excl FDW) in Services in June 2020. Employment totalled 3,627,600 (3,375,000 excl FDW) in June 2020 (total includes other sectors like agriculture, fishing etc.).



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

<sup>P</sup>: Preliminary

**Notes:**

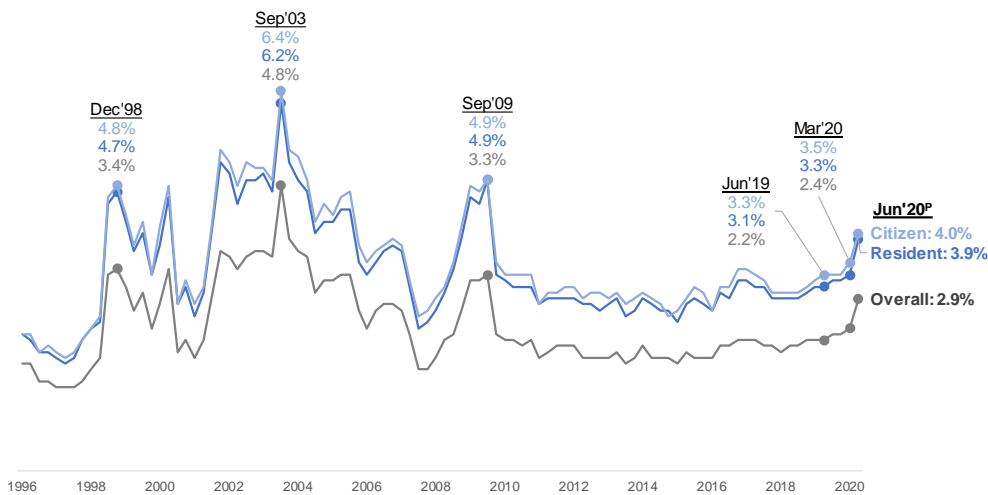
- (1) Data are primarily from administrative records, with the self-employed component estimated from the Labour Force Survey.
- (2) Data for the three major sectors do not add up to the total as the latter includes agriculture, fishing, quarrying, utilities and sewerage & waste management.
- (3) The industries are classified based on SSIC 2015.
- (4) Employment change refers to the difference between employment level at the end of the reference period and that of 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).
- (6) Data for 1Q 2020 are revised at the industry level to reflect updates in industry classification of firms.



## Unemployment<sup>P</sup>

Seasonally adjusted unemployment rates continued to rise in June 2020 (overall: from 2.4% in March 2020 to 2.9% in June 2020; resident: from 3.3% to 3.9%; citizen: from 3.5% to 4.0%). Yet they remained lower than previous recessionary peaks observed during the Global Financial Crisis and SARS due to extensive support measures implemented by the government. There were 90,500 unemployed residents in June 2020, of which 79,600 were citizens.<sup>3</sup>

**Chart 2** Unemployment Rate (Seasonally Adjusted)



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

<sup>P</sup>: Preliminary

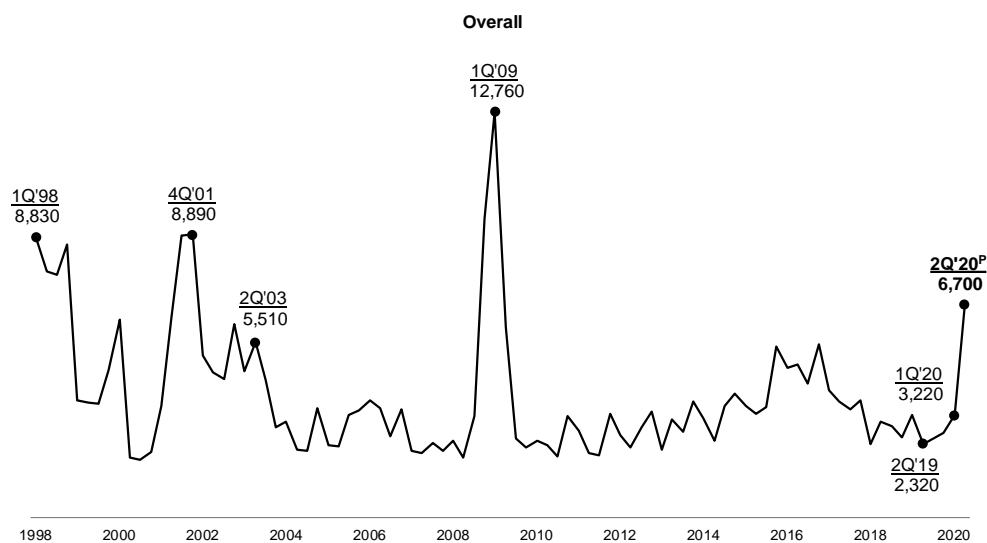
<sup>3</sup> Based on seasonally adjusted data on number of unemployed persons.

## Retrenchment<sup>P</sup>

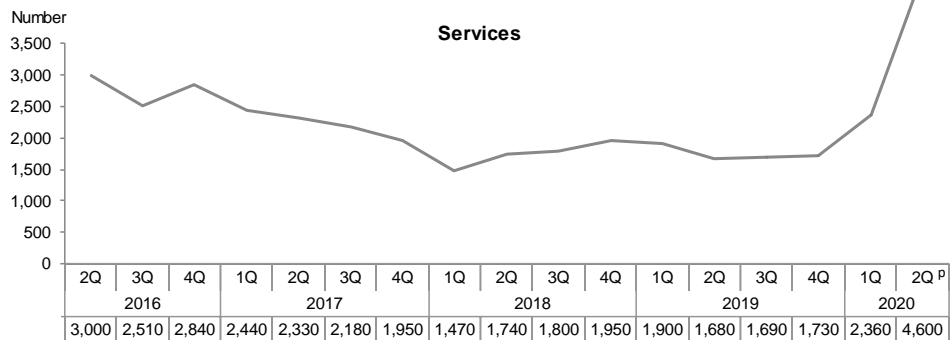
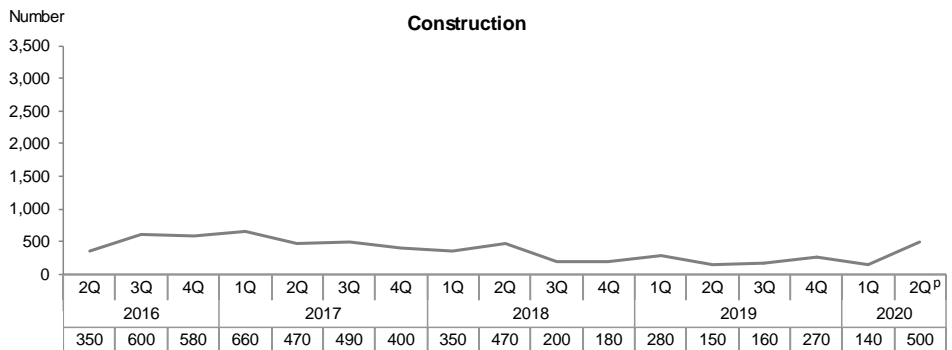
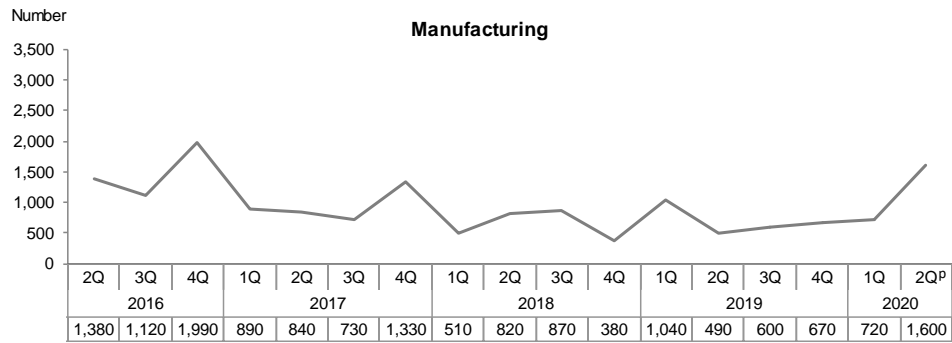
Retrenchments doubled in 2Q 2020 (6,700) from the previous quarter (3,220). While retrenchment figures had now surpassed the peak during SARS (2Q 2003: 5,510), they remained lower than other past recessionary peaks.

Retrenchments rose across the broad sectors. In particular, retrenchments had risen significantly in *wholesale trade* and *transport equipment* respectively, reflecting reduced demand in retail and air travel respectively.

Chart 3 Retrenchment



**By Sector**



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

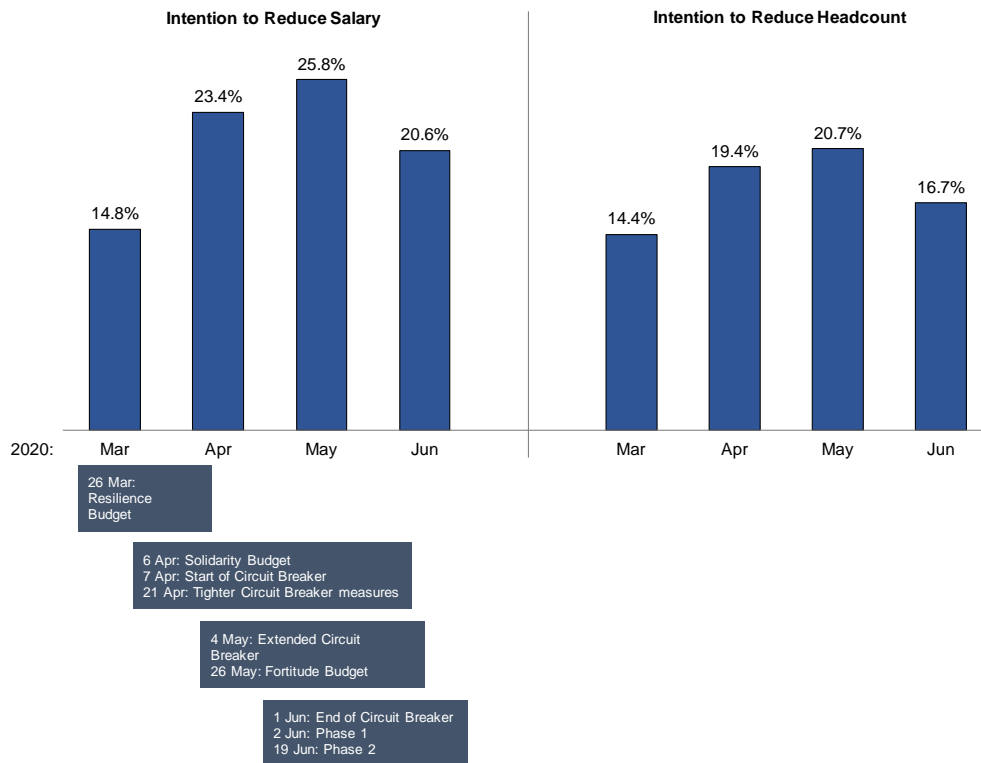
<sup>P</sup>: Preliminary

**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.

Business sentiments appeared to be mending as Singapore exited the Circuit Breaker. In comparison to May and April 2020, a smaller proportion of companies polled by the Department in the month of June 2020 had indicated intention to reduce salary or headcount over the next two months.

**Chart 4** Cost-reducing Intent of Companies in the Next Two Months



Source: Manpower Research & Statistics Department, MOM

**Note:**

Data reflect proportion of companies who indicated yes or maybe to reducing salary or headcount in the next two months.

## 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.<sup>1</sup>

### 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.

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<sup>1</sup> 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 Scheme<sup>2</sup>.

### 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.

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<sup>2</sup> 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 ...

Labour Market Second Quarter 2020	14-18 Sep 2020*
Labour Market Advance Release Third Quarter 2020	29-30 Oct 2020*

## PAST ...

Labour Market Advance Release Second Quarter 2020	29 Jul 2020
Singapore Yearbook Of Manpower Statistics 2020	30 Jun 2020
Labour Market First Quarter 2020	15 Jun 2020
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	30 Jan 2020
Singapore Citizens In The Labour Force	23 Jan 2020
Singapore's Adjusted Gender Pay Gap	09 Jan 2020

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