

Third Quarter 2017

# 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**

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

## HIGHLIGHTS

- The resident unemployment rate held steady from June 2017 to September 2017, while the citizen unemployment rate continued to decline. Total employment contracted in the third quarter of 2017, though the pace of decline has been easing since the beginning of the year. Retrenchments were similar in number to the second quarter of 2017, and have remained lower than last year since the first quarter of 2017.
- The unemployment rate was unchanged among residents (3.1%) and declined for citizens (from 3.3% to 3.2%). However, they remained higher than a year ago, reflecting on-going restructuring.
- Total employment (excluding FDWs) contracted by 2,500 in the third quarter of 2017, mainly due to a continued decrease in Work Permit Holders in construction and manufacturing. The decline has been easing from the first (-9,400) and second (-7,900) quarter of 2017. It was also lower than a year ago (-4,200).
- Preliminary estimates showed that a similar number of workers were retrenched in the third quarter of 2017 (3,600) compared to the previous quarter (3,640), but less than a year ago (4,220). This is the third consecutive quarter where retrenchments remained lower than the corresponding quarter a year ago. Retrenchments edged down over the quarter in manufacturing, and remained similar in construction and services.

## Overview

The resident unemployment rate held steady from June 2017 to September 2017, while the citizen unemployment rate continued to decline. Total employment contracted in the third quarter of 2017, though the pace of decline has been easing since the beginning of the year. Retrenchments were similar in number to the second quarter of 2017, and have remained lower than last year since the first quarter of 2017.

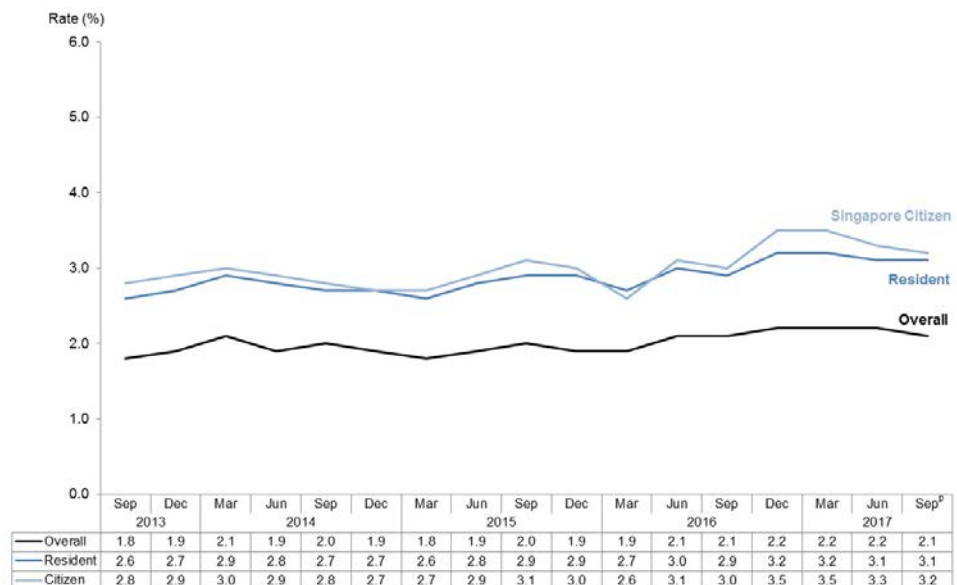
## Unemployment

**Unemployment rate held steady for residents, and declined for citizens**

Preliminary estimates showed that quarter-on-quarter, the seasonally adjusted unemployment rate was unchanged among residents at 3.1%. It declined for citizens from 3.3% to 3.2%, for the second consecutive quarter. However, they remained higher than a year ago, reflecting on-going restructuring<sup>1</sup>. The overall unemployment rate declined from 2.2% in June 2017 to 2.1% in September 2017.

In September 2017, an estimated 71,900 residents were unemployed, higher than 70,800 in June 2017. It declined for citizens, from 63,800 to 62,600.<sup>2</sup>

**Chart 1** Unemployment Rate (Seasonally Adjusted)



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

<sup>P</sup>: Preliminary

<sup>1</sup>The long-term unemployment rate has been on a general uptrend since March 2015. Source: Labour Market Report, Second Quarter 2017, MOM

<sup>2</sup> Based on seasonally adjusted data on number of unemployed persons.

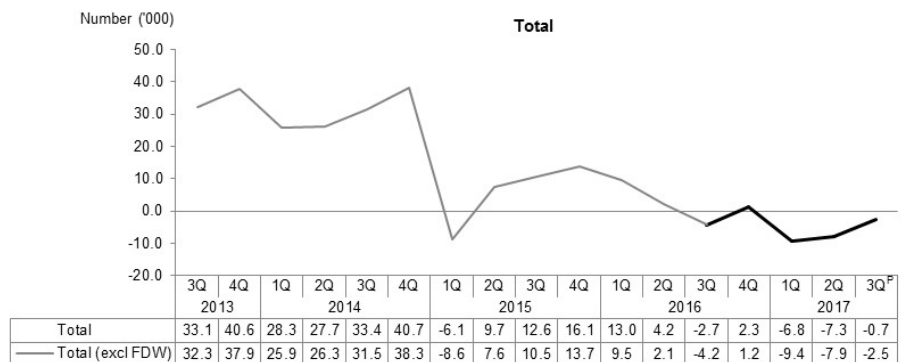
## Employment

### Employment contracted in the third quarter

Total employment (excluding FDWs) contracted by 2,500 in the third quarter of 2017, mainly due to a continued decrease in Work Permit Holders in construction and manufacturing. The decline in total employment has been easing from the first (-9,400) and second (-7,900) quarter of 2017. It was also lower than a year ago (-4,200).

Employment in manufacturing declined by 6,000 in the third quarter of 2017.<sup>3</sup> It also contracted in construction (-9,800) for the fifth straight quarter,<sup>4</sup> weighed down by weakness in private sector construction activities.<sup>5</sup> Services employment continued to grow (13,100 excluding FDWs), higher than in the first two quarters of 2017 and the same period a year ago.<sup>6</sup>

Chart 2 Employment Change By Sector



<sup>3</sup> A net weighted balance of 5% of manufacturers plans to hire fewer workers in 3Q 2017 compared to 2Q 2017. Source: EDB's Business Expectations of the Manufacturing Sector, 31 July 2017.

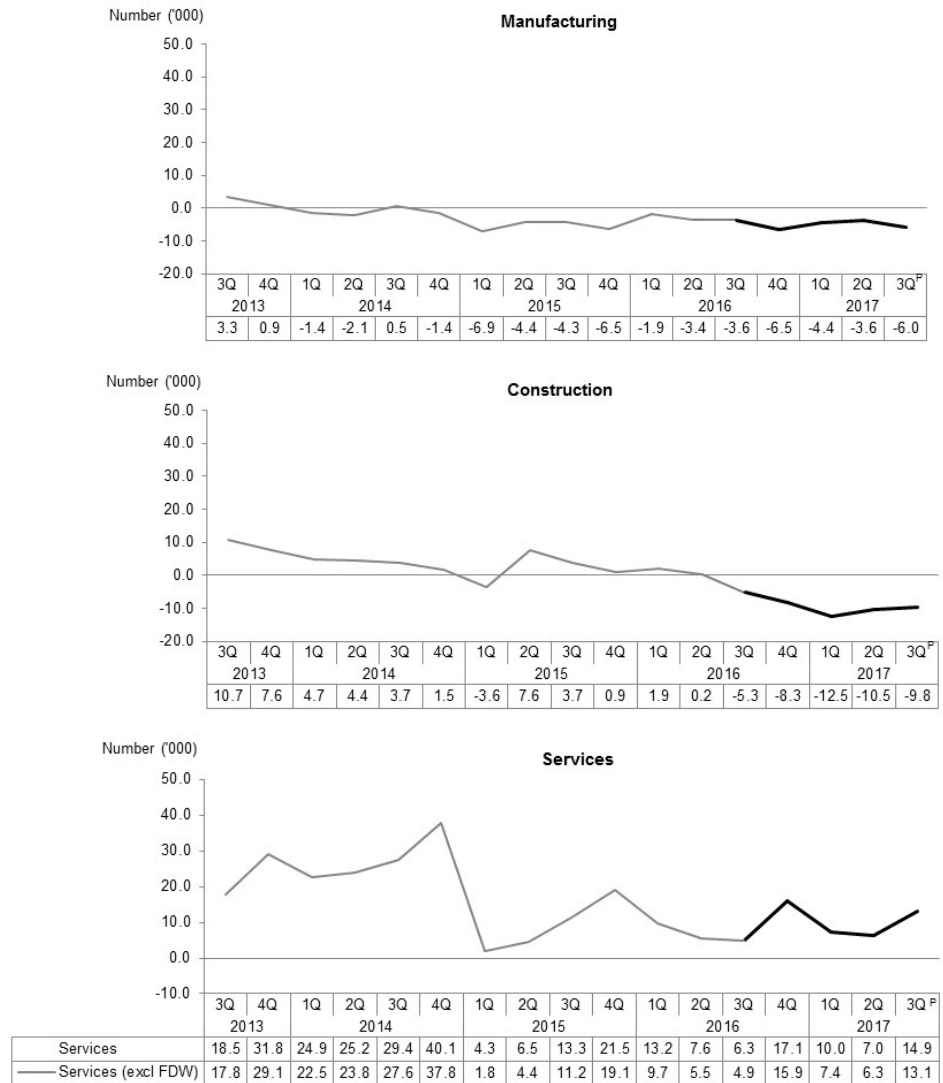
<sup>4</sup> A sequential decline of at least five quarters was last seen in 2004.

<sup>5</sup> Source: MTI's Advance Estimates of GDP, 13 October 2017.

<sup>6</sup> Based on preliminary estimates, 485,600 persons were employed in manufacturing, 456,300 in construction, 2,689,000 (2,444,200 excl FDW) in services in September 2017. In all, 3,658,300 (3,413,500 excl FDW) were employed in September 2017 (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 2010.
- (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.

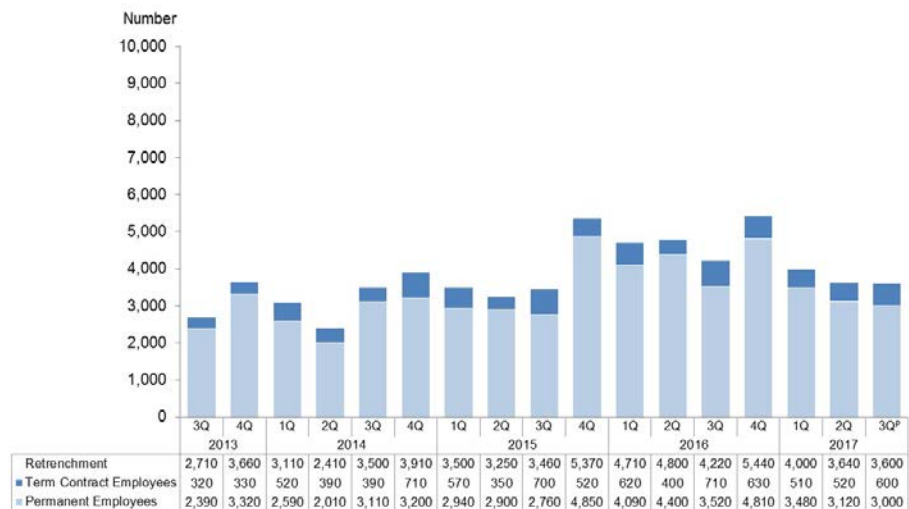
## Retrenchment

*The number of layoffs held steady over the quarter, and remained lower than a year ago*

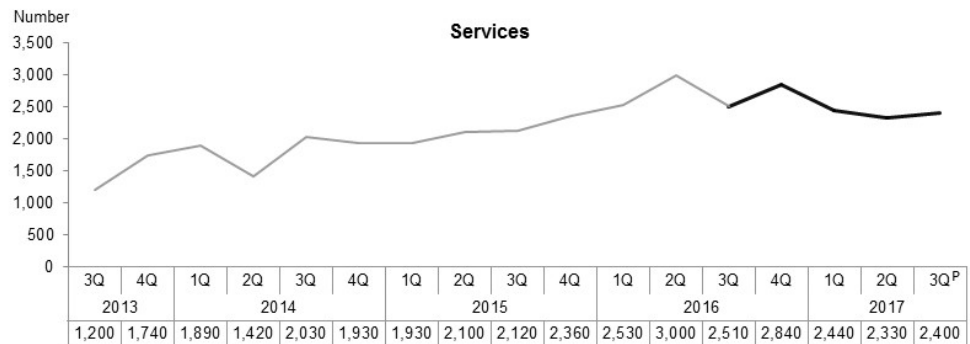
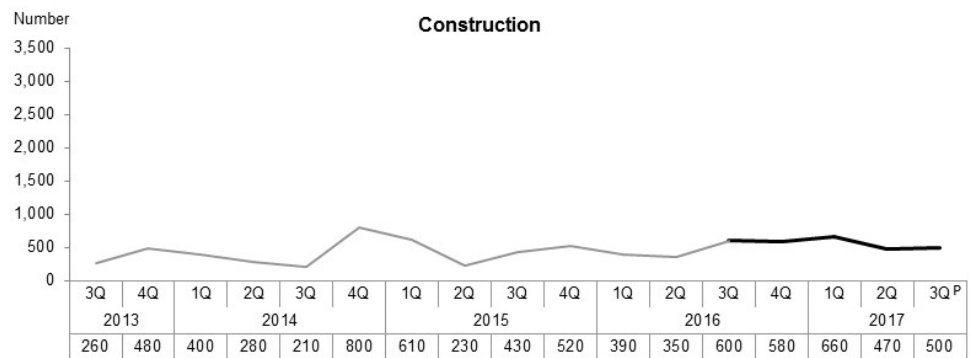
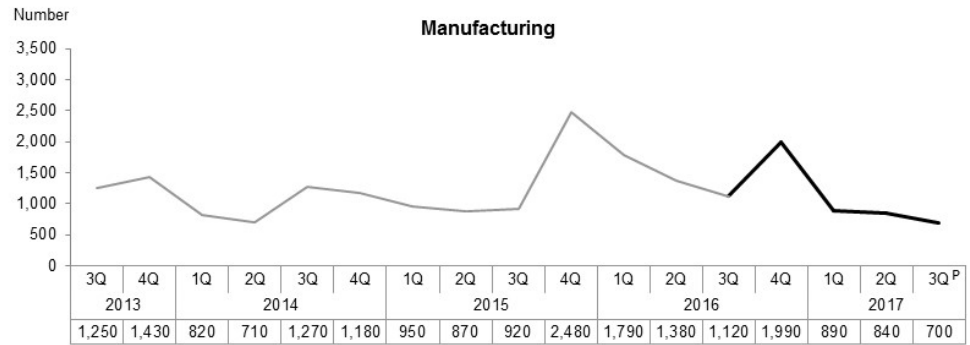
Preliminary estimates showed that a similar number of workers were retrenched in the third quarter of 2017 (3,600) compared to the previous quarter (3,640), and less than a year ago (4,220). This is the third consecutive quarter where retrenchments remained lower than the corresponding quarter a year ago.

Retrenchments edged down over the quarter in manufacturing, and remained similar in construction and services. Services continued to form the bulk of retrenchments (66%) in the third quarter of 2017, followed by manufacturing (19%) and construction (15%).

**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 2010.
- (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.

## 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.<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

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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.

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 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 PUBLICATIONS



Title



Date of Release

Own Account Workers 2016	26/09/2017
Labour Market Second Quarter 2017	14/09/2017
Singapore Yearbook of Manpower Statistics 2017	29/06/2017
Manpower Statistics in Brief 2017	20/06/2017
Labour Market First Quarter 2017	13/06/2017
Report on Wage Practices 2016	30/05/2017
Labour Market 2016	15/03/2017
Job Vacancies 2016	07/02/2017
Labour Force in Singapore 2016	26/01/2017
Retrenchment Benefits 2015	29/12/2016
Labour Market Third Quarter 2016	13/12/2016
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