

Third Quarter 2018

Labour Market Advance Release



MINISTRY OF
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Manpower Research
and Statistics Department

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Director
Manpower Research and Statistics Department
Ministry of Manpower
18 Havelock Road #05-01
Singapore 059764
Republic of Singapore

Email: mom_rsd@mom.gov.sg

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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

- 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

- The labour market showed further signs of improvement in 3Q 2018. Total employment growth more than doubled that in the preceding quarter. Retrenchments were lower than the preceding quarter and the same period a year ago, while the resident and citizen unemployment rates held steady.
- The seasonally adjusted resident (2.9%) and citizen (3.0%) unemployment rates held steady from June 2018 to September 2018. It rose slightly at the overall (from 2.0% to 2.1%). All rates remained at or below those seen in September last year (overall: 2.1%, resident: 3.1%, citizen: 3.2%). However, they were slightly elevated compared to the lows observed in March this year, reflecting the continued inflow of job seekers into the labour market.
- As employers quickened the pace of hiring¹, total employment (excluding Foreign Domestic Workers) grew by 15,200 in 3Q 2018, a reversal from the decline in 3Q 2017 (-4,100), and more than double that observed in 2Q 2018 (6,500). The increase in employment was broad based. Employment in Manufacturing grew by 3,500 for the first time, after fifteen quarters of decline. There were also employment growth in services (12,300 excluding FDW), such as in professional services, information & communications, community, social & personal services and financial & insurance. Employment in Construction continued to decline in 3Q 2018, albeit at a slower pace.
- Based on preliminary estimates, the number of retrenchments were lower in 3Q 2018 (2,500) compared to the preceding quarter (3,030) and the same period a year ago (3,400). Cumulatively for the first three quarters of 2018, retrenchment was lower than the same periods in the preceding two years.

¹ A net weighted balance of +10% of firms in services expected to increase hiring in the third quarter of 2018. This was broad-based across services industries. Source: Business Expectations (Services Sector), Third Quarter 2018, Department of Statistics, MTI.

Overview

The labour market showed further signs of improvement in 3Q 2018. Total employment growth in 3Q 2018 more than doubled that in the preceding quarter while the resident and citizen unemployment rates held steady. Retrenchments in 3Q 2018 were lower than the preceding quarter and the same period a year ago.

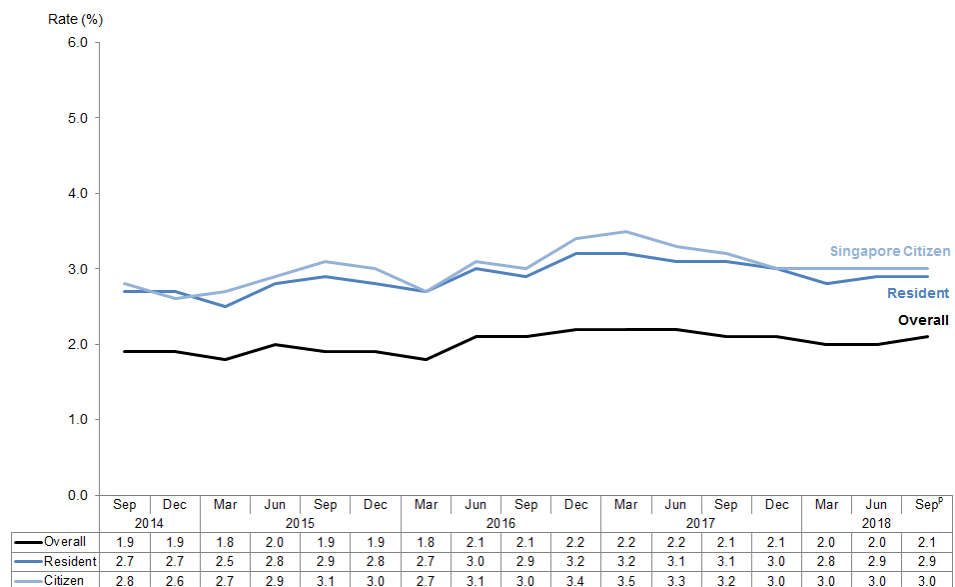
Unemployment

The seasonally adjusted unemployment rates among residents (2.9%) and citizens (3.0%) held steady from June 2018 to September 2018. It rose slightly at the overall (from 2.0% to 2.1%). All rates remained at or below those seen in September last year (overall: 2.1%, resident: 3.1%, citizen: 3.2%). However, they were slightly elevated compared to the lows observed in March this year, reflecting the continued inflow of job seekers into the labour market.

In September 2018, an estimated 67,000 residents were unemployed, higher than the 66,600 in June 2018. It was broadly similar for citizens (from 59,000 to 59,100).²

Resident and citizen unemployment rates held steady

Chart 1 Unemployment Rate (Seasonally Adjusted)



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

^P: Preliminary

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

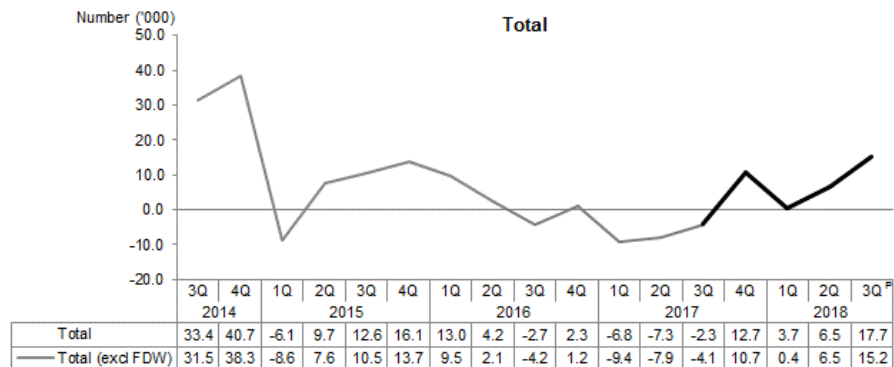
Employment

Employment growth more than doubled preceding quarter's

As employers quickened the pace of hiring³, total employment (excluding Foreign Domestic Workers) grew by 15,200, more than double that observed in the previous quarter (6,500). Growth was also higher than in the same period of 2017 (-4,100).

The higher employment growth in 3Q 2018 was broad based. Increases were observed in manufacturing (3,500) after fifteen consecutive quarters of decline. There were also gains in services (12,300 excluding FDW), such as in professional services, information & communications, community, social & personal services and financial & insurance. Employment in construction declined by 400, reflecting weakness in public sector construction activities.⁴ Nonetheless, the pace of decline was slower than those of previous quarters.

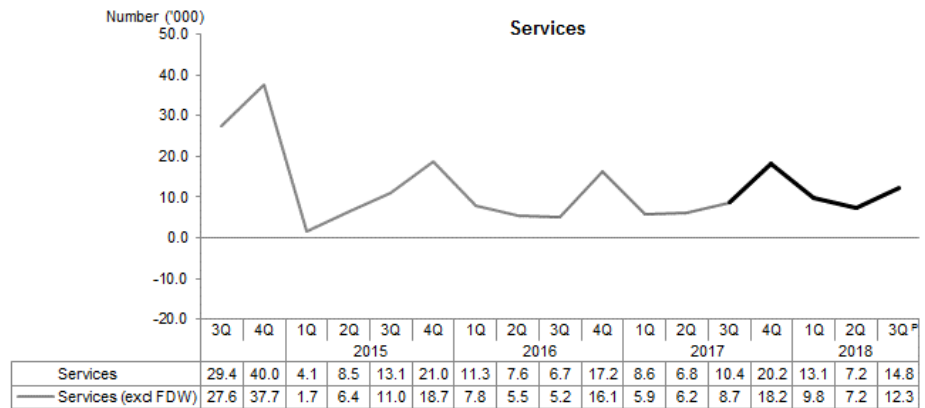
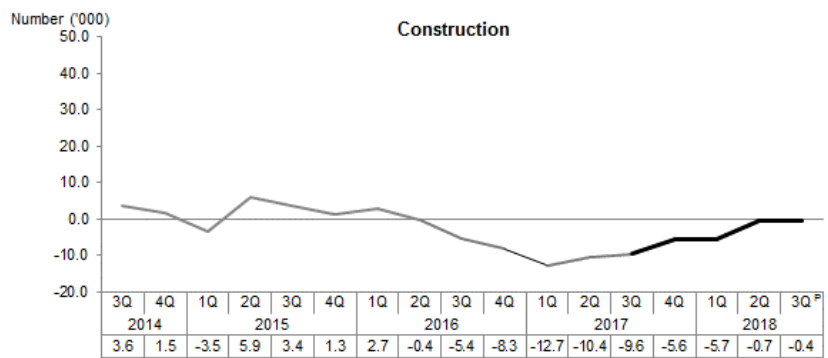
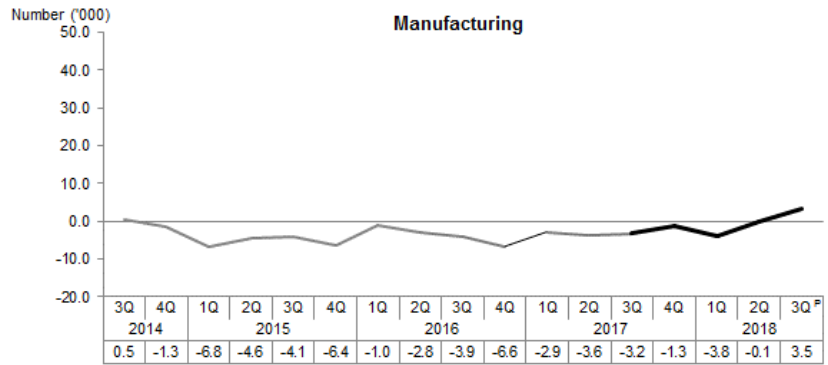
Chart 2 Employment Change By Sector



³ A net weighted balance of +10% of firms in services expected to increase hiring in the third quarter of 2018. This was broad-based across services industries. Source: Business Expectations (Services Sector), Third Quarter 2018, Department of Statistics, MTI.

⁴ Construction GDP contracted by 3.1% on a year-on-year basis in 3Q 2018, extending the 4.2% decline in the previous quarter. The sector was weighed down by weakness in public sector construction activities. Source: MTI's Advance Estimates of GDP, 12 October 2018.

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.

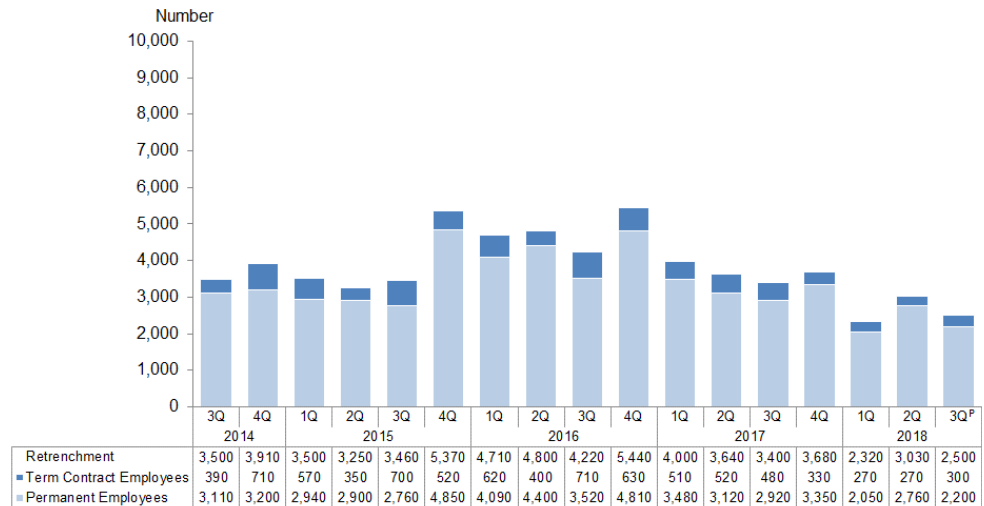
Retrenchment

Retrenchments lower than preceding quarter

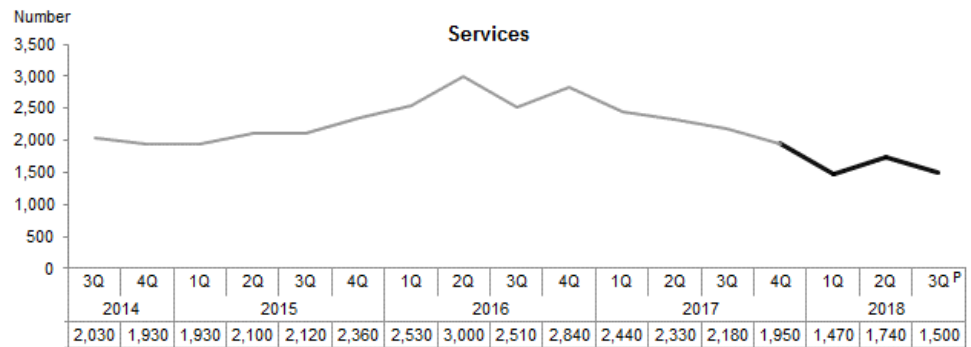
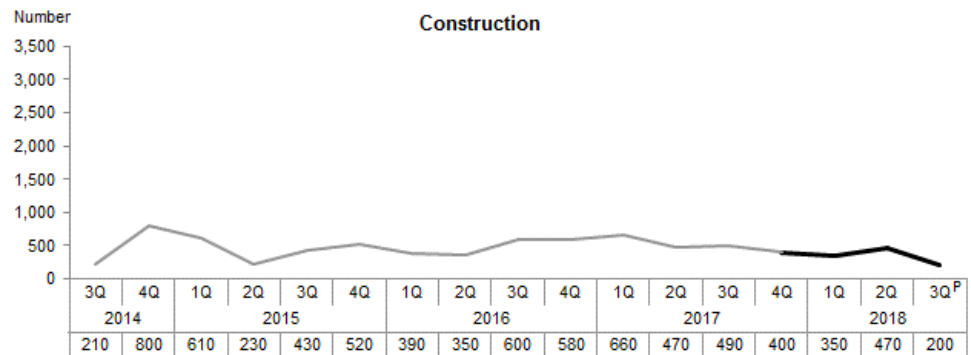
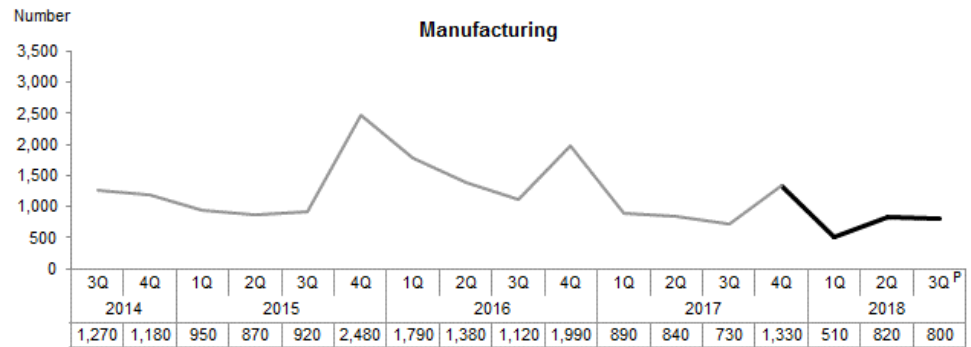
Preliminary estimates showed that the number of retrenchments in the third quarter of 2018 (2,500) was lower than the preceding quarter (3,030) and the same period a year ago (3,400). Cumulatively for the first three quarters of 2018, retrenchment was lower than the same periods in the preceding two years.

Retrenchments in construction and services were lower over the quarter and remained similar in manufacturing. Services (60%) and manufacturing (32%) contributed to most of the retrenchments in the third quarter of 2018, while construction (8%) made up the rest.

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.

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.

OTHER PUBLICATIONS



Retrenchment Benefits 2017	19/09/2018
Labour Market Second Quarter 2018	13/09/2018
Singapore Yearbook of Manpower Statistics 2018	28/06/2018
Manpower Statistics in Brief 2018	20/06/2018
Labour Market First Quarter 2018	13/06/2018
Report on Wage Practices 2017	30/05/2018
Labour Market 2017	15/03/2018
Own Account Workers 2017	05/03/2018
Job Vacancies 2017	07/02/2018
Labour Force in Singapore 2017	26/01/2018
Labour Market Third Quarter 2017	13/12/2017
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