

EMPLOYMENT SITUATION IN THIRD QUARTER 2007:

*Unemployment rate dropped to pre-Asian crisis level
amid continued strong employment creation*

Employment

1 Employment continued to grow strongly as the economy maintained its rapid expansion. Preliminary estimates show that employment grew by 57,600 in the third quarter of 2007. This is substantially higher than the increase of 43,000 in the same quarter last year but lower than the record gains of 64,400 in the previous quarter. This brings the total employment gains for the first three quarters of 2007 to 171,500, which is close to the 176,000 for the whole of 2006.

2 Services continued to lead the employment gains, adding 34,500 workers in the third quarter of 2007. Manufacturing posted gains of 11,800. Driven by the growth in building activities, construction increased its workforce by 10,800, continuing the rapid increase of the previous quarter.

Table 1: Employment

(In Thousands)

	Employment Change					Employment Level as at Sep 2007 ^P
	3Q 06	4Q 06	1Q 07	2Q 07	3Q 07 ^P	
Total*	43.0	51.5	49.4	64.4	57.6	2,667.4
Manufacturing	11.3	10.9	10.1	15.9	11.8	555.3
Construction	5.6	5.8	5.4	10.9	10.8	282.7
Services	25.9	34.4	33.7	36.8	34.5	1,811.6

^P: Preliminary estimates

*: 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

Retrenchment

3 Preliminary findings show that 1,700 workers were retrenched in the third quarter of 2007. This is lower than the 1,918 retrenched in the previous quarter and the 2,472 retrenched in the same quarter a year ago.

4 The majority of the workers retrenched were from manufacturing (1,200). Another 500 workers were laid off from the services industries.

Table 2: Retrenchment

	3Q 06	4Q 06	1Q 07	2Q 07	3Q 07 ^P
Total*	2,472	3,215	1,964	1,918	1,700
Manufacturing	1,859	2,447	1,393	1,352	1,200
Construction	11	2	1	7	-
Services	602	750	561	559	500

^P: Preliminary estimates

*: Data for the three major sectors may not add up to the total as the latter includes agriculture, fishing, quarrying, utilities and sewerage & waste management.

‘-’: nil or negligible

Unemployment

5 The seasonally adjusted overall unemployment rate fell to 1.7% in September 2007 from 2.3% in June 2007 as more of the unemployed found jobs in the rapidly growing economy. Compared to a year ago, the unemployment rate has fallen by a full percentage point from 2.7% in September 2006. The resident unemployment rate also fell significantly to 2.3% in September 2007 from 3.1% in June 2007 and 3.6% in September 2006. The prevailing unemployment rate is the lowest in a decade, having improved to around pre-Asian crisis level. The sharp improvement in unemployment rate partly reflected an easing in the increase in resident labour supply over the past two quarters, following rapid gains in residents entering the labour market in 2005 and 2006¹.

¹ The resident labour supply is estimated to have increased by 14,200 during the two quarters from Apr to Sep 07. This is lower than the average increase of 34,900 during the same period in 2005 to 2006 but more than the 7,600 in the earlier years of 2001 to 2004.

Table 3: Unemployment Rate

	Sep 06	Dec 06	Mar 07	Jun 07	Sep 07 ^P
<u>Seasonally Adjusted</u>					
Overall (%)	2.7	2.6	2.9	2.3	1.7
Resident (%)	3.6	3.6	4.0	3.1	2.3
<u>Non-Seasonally Adjusted</u>					
Overall (%)	2.4	2.6	2.5	2.9	1.5
Resident (%)	3.2	3.6	3.4	4.0	2.1

^P: Preliminary estimates

6 On a non-seasonally adjusted basis, the overall unemployment rate declined from 2.9% in June 2007 to 1.5% in September 2007 when this year's batch of tertiary graduates who were looking for jobs in the earlier quarter secured employment. With the tight labour market, the rate is also lower than 2.4% in September 2006. Among the resident labour force, the non-adjusted unemployment rate was 2.1%, also lower than 4.0% in June 2007 and 3.2% in the same period a year ago. An estimated 40,300 residents were unemployed in September 2007. The seasonally adjusted figure was 45,400.

More Information

7 Information on data sources and coverage, as well as definitions of key concepts used in the report is in the attached Explanatory Notes. The preliminary data estimates are available online at the Ministry of Manpower's website: <http://www.mom.gov.sg/mrsd/publication>. A more detailed breakdown of the preliminary estimates will be released in the *Economic Survey of Singapore, Third Quarter 2007*.

8 The above is a statistical release of the Manpower Research and Statistics Department of the Ministry.

Employment

Source

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

Coverage

The employment data comprises all persons in employment i.e. employees and the self-employed. However, it excludes males 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 (also known as resident) employee is any 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 which is a compulsory savings scheme to provide 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, upon application by their employers.

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 difference in the employment level at the end of the reference period compared with the end of the preceding period.

Uses and Limitations

This data series allows users to identify individual industries where employment is growing or stagnating. An analysis of the data over time also helps in understanding the impact of economic cyclical and structural changes on the demand for workers. Detailed data are published in the quarterly *Labour Market Report*.

The change in employment over time is the net result of increases and decreases in employment i.e. net of inflows and outflows of workers. Users should not mistake an increase in employment as gross job creation.

Unemployment

Source

Labour Force Survey

Coverage

The survey covers private households on the main island of Singapore. It excludes workers living in construction worksites, dormitories and workers' quarters at the workplace and persons commuting from abroad to work in Singapore. To achieve full coverage of the labour force in Singapore, data on residents (also known as locals, i.e. Singapore citizens and permanent residents) from the survey are combined with foreign workforce data compiled from work passes issued by the Ministry of Manpower.

Concepts and Definitions

Unemployed Persons refer to persons aged 15 years and over who were without work during the survey reference period but were available for work and were actively looking for a job. 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 total number of economically active persons (i.e. employed and unemployed persons) aged 15 years and over.

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 the fluctuations in the business cycle.

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 to look 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.

Retrenchment

Source

Labour Market Survey

Coverage

The survey covers private sector establishments (each with at least 25 employees) and the public sector.

Concepts and Definitions

Retrenchment refers to the termination of employment of a permanent employee due to redundancy. In the public sector, it includes those who left service under the Special Resignation Scheme that allows redundant non-deployable Civil Service or Statutory Board employees to leave their organisations with compensation.

Uses and Limitations

Data on retrenchment are useful in the analysis of re-structuring or ailing industries. Detailed data are published in the quarterly *Labour Market Report*.

The number of persons retrenched (flow) should not be confused with persons unemployed (stock). Not all persons retrenched will be unemployed as some will be re-employed or decide to leave the workforce. Similarly, the pool of unemployed persons comes not only from retrenchments, but also from new entrants to the labour force such as school leavers and the economically inactive who decide to re-join the workforce.