

Fourth Quarter 2023

Labour Market Advance Release



MINISTRY OF
MANPOWER

Manpower Research
and Statistics Department

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LABOUR MARKET ADVANCE RELEASE FOURTH QUARTER 2023

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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.

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Notations

-	: Nil or Negligible
P	: Preliminary
Q	: Quarter
M	: March
J	: June
S	: September
D	: December

Abbreviations

MDW	: Migrant Domestic Workers
MOM	: Ministry of Manpower
SSIC	: Singapore Standard Industrial Classification
excl	: Excluding

Highlights

Advance estimates showed that while demand for labour has cooled, unemployment rates remained stable, and retrenchments eased. Total employment continued to grow for the ninth consecutive quarter, though the growth has moderated significantly compared with previous quarters.

For the whole of 2023, employment continued to grow for both residents and non-residents despite the weaker economic conditions. However, the pace of growth has slowed as labour demand cooled. The number of retrenchments rose in 2023 after a record-low in 2022, but was largely a result of reorganisation or restructuring within firms. The unemployment situation remained stable and low.

4Q 2023

- Total employment (8,400) expanded for the ninth consecutive quarter, though the growth has moderated significantly compared with previous quarters. This moderation was not unexpected as weaker hiring expectations and declining job vacancies from previous quarters had foreshadowed a cooling labour demand.
- Unemployment rates were unchanged in December 2023 (overall: 2.0%; resident: 2.8%; and citizen: 2.9%).
- Retrenchments fell to 3,200 in 4Q 2023 from 4,110 in 3Q 2023, after a surge in *Wholesale Trade* retrenchments in the previous quarter. While retrenchments rose in *Electronics Manufacturing*, the number of retrenchments in other sectors remained broadly stable or declined.

Full year 2023

- After the sharp, post-pandemic rebound in 2022, total employment growth moderated in 2023. The more muted pace of growth was seen for both residents and non-residents.
- The unemployment situation remained stable and low in 2023 amid the tight labour market (overall: 1.9%; resident: 2.7%; citizen: 2.9%).
- The number of retrenchments rose from a record-low of 6,440 in 2022, to 14,320 in 2023 amid global economic headwinds. Majority of the retrenchments were due to business reorganisation or restructuring.

Expectations for 2024

Forward-looking indicators suggest continued employment increases and improvements in wage growth, reflecting expected improvements in economic growth prospects for 2024. The proportion of firms which indicated an intention to hire in the next three months rose from 42.8% to 47.7%. Likewise, the proportion of firms with an intention to raise wages rose from 18.0% to 32.6%.

Nevertheless, as downside risks in the global economy remain, business reorganisation or restructuring may lead to further retrenchments and unemployment rates could edge up. For the moment, re-entry rates show that majority of retrenched workers typically find employment (within six months post-retrenchment), and often in a different sector, reflecting the transferability of their skillsets.

The *Labour Market Report Fourth Quarter 2023*, to be released in mid-March 2024, will provide more details, such as resident and non-resident employment, sectoral breakdowns, number of job vacancies, labour turnover, and re-entry rates among retrenched residents.

For data requests and queries pertaining to our report, reach out to us at mom_rsd@mom.gov.sg.

Overview

Advance estimates showed that while demand for labour has cooled, unemployment rates remained stable, and retrenchments eased. Total employment continued to grow for the ninth consecutive quarter, though the growth has moderated significantly compared with previous quarters.

For the whole of 2023, employment continued to grow for both residents and non-residents despite the weaker economic conditions. However, the pace of growth has slowed as labour demand cooled. The number of retrenchments rose in 2023 after a record-low in 2022, but was largely a result of reorganisation or restructuring within firms. The unemployment situation remained stable and low.

Forward-looking indicators suggest continued employment increases and improvements in wage growth in the next quarter. In 2024, employment will likely continue to grow at a slower pace as labour demand eases. Nevertheless, as downside risks in the global economy remain, business reorganisation or restructuring may lead to further retrenchments and unemployment rates may edge up.

Employment^{P,1,2}

4Q 2023

Total employment expanded for the ninth consecutive quarter by 8,400 in 4Q 2023, though the pace of increase has moderated significantly among both residents³ and non-residents. This moderation was not unexpected as weaker hiring expectations and declining job vacancies from previous quarters had foreshadowed a cooling labour demand.

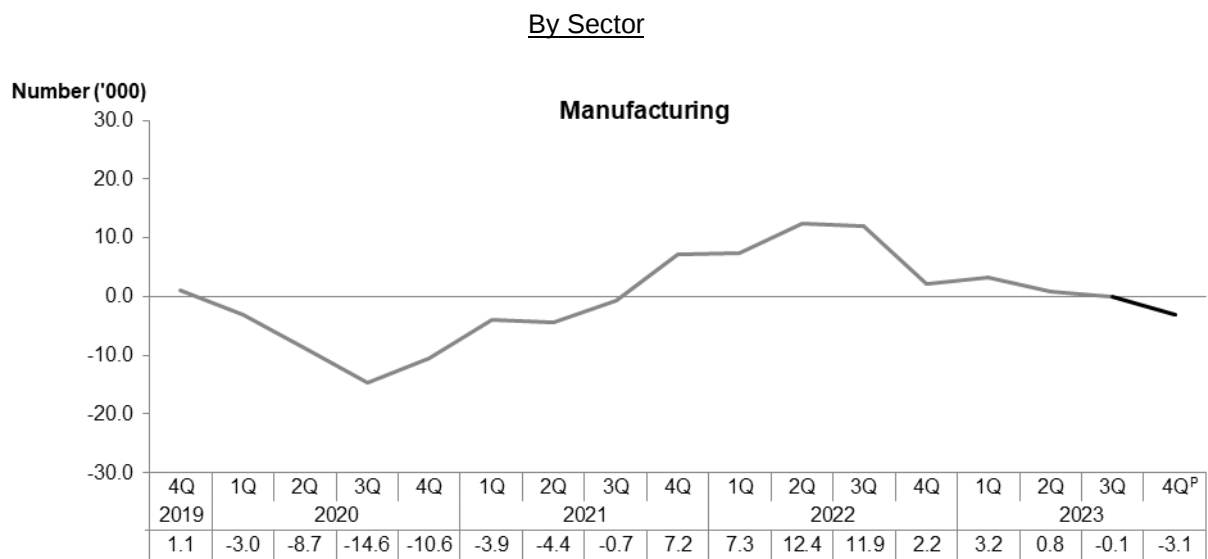
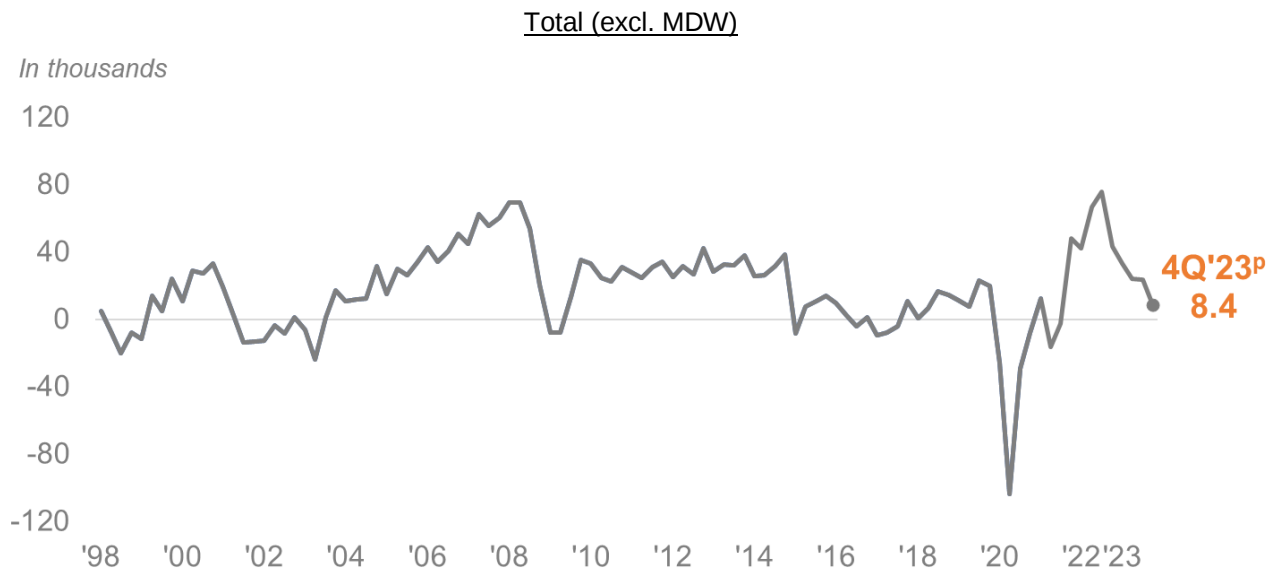
Resident employment⁴ growth was largely in domestic-oriented services such as *Health & Social Services* and *Public Administration & Education* (within *Community, Social & Personal Services*). *Retail Trade* and *Food & Beverage Services* also received an employment boost due to seasonal hiring.

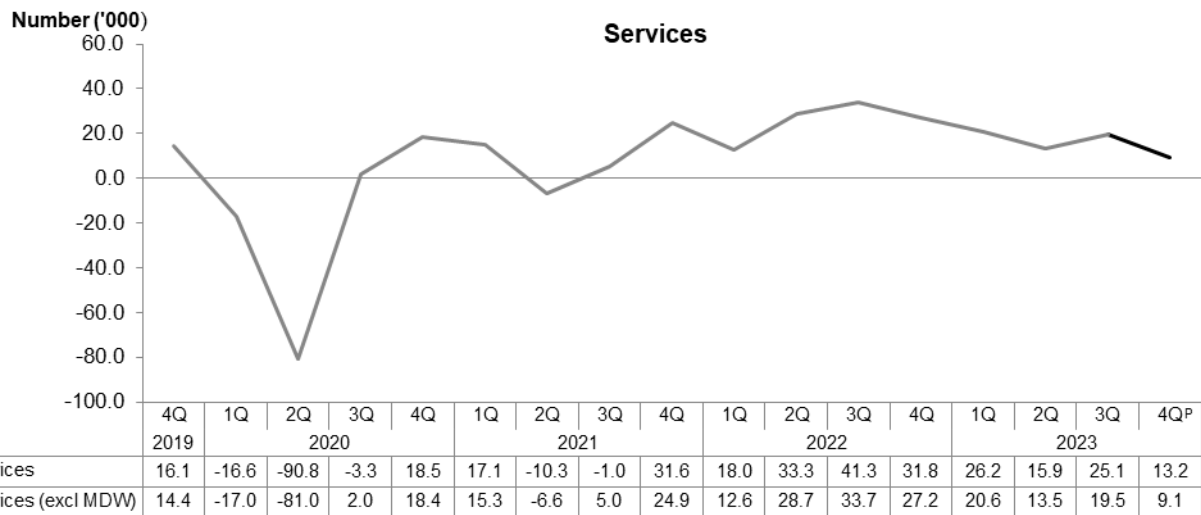
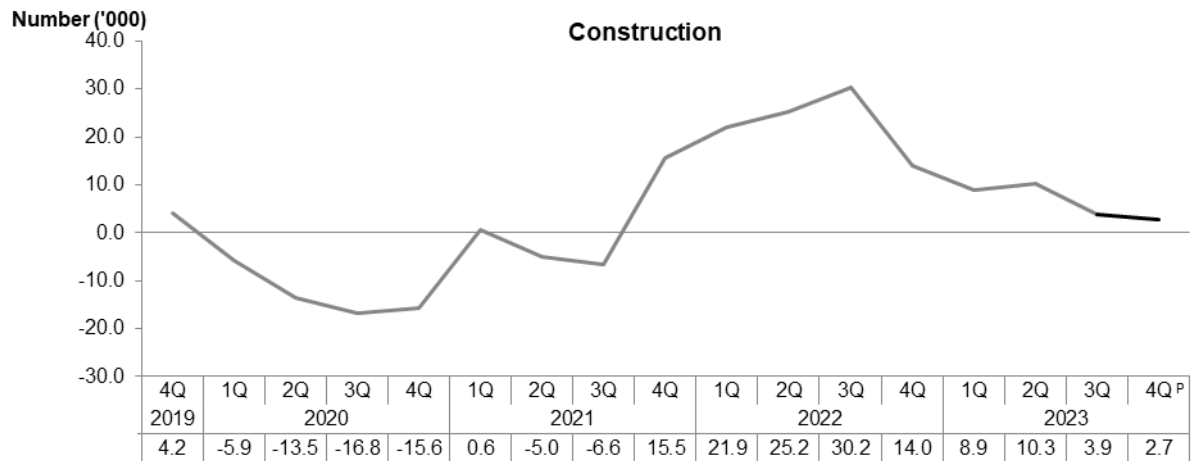
¹ Employment figures cited in this report exclude Migrant Domestic Workers (MDWs).

² Based on preliminary estimates, 486,300 persons were employed in *Manufacturing*, 525,100 in *Construction*, and 2,964,800 2,678,500 excl. MDW) in *Services* in December 2023. Employment totalled 4,000,700 (3,714,400 excl. MDW) in December 2023 (total includes other sectors like agriculture, fishing etc.).

³ "Residents" refers to Singapore Citizens and Permanent Residents.

⁴ As per the Department's usual practice, resident and non-resident quarterly employment change figures will not be released for the Labour Market Advance Release. These figures will be published in the Labour Market Report Fourth Quarter 2023, to be released in mid-March 2024.

Chart 1 Quarterly Employment Change



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 2020.
- (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.

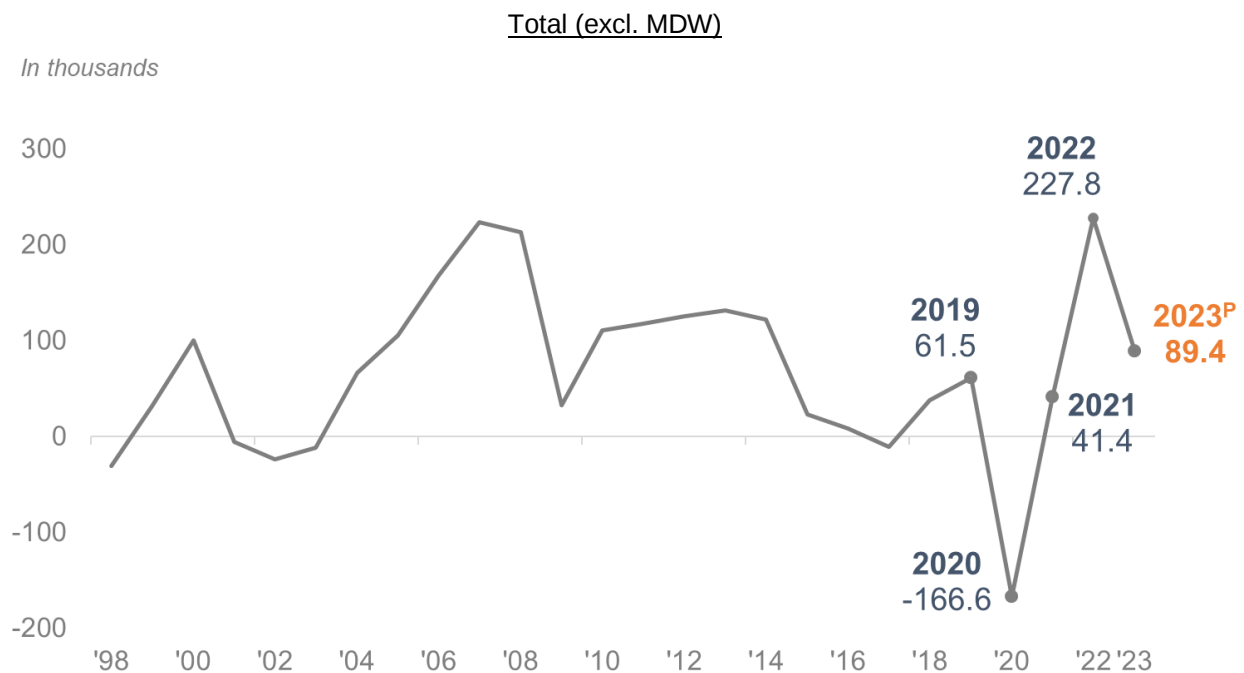
Full Year 2023

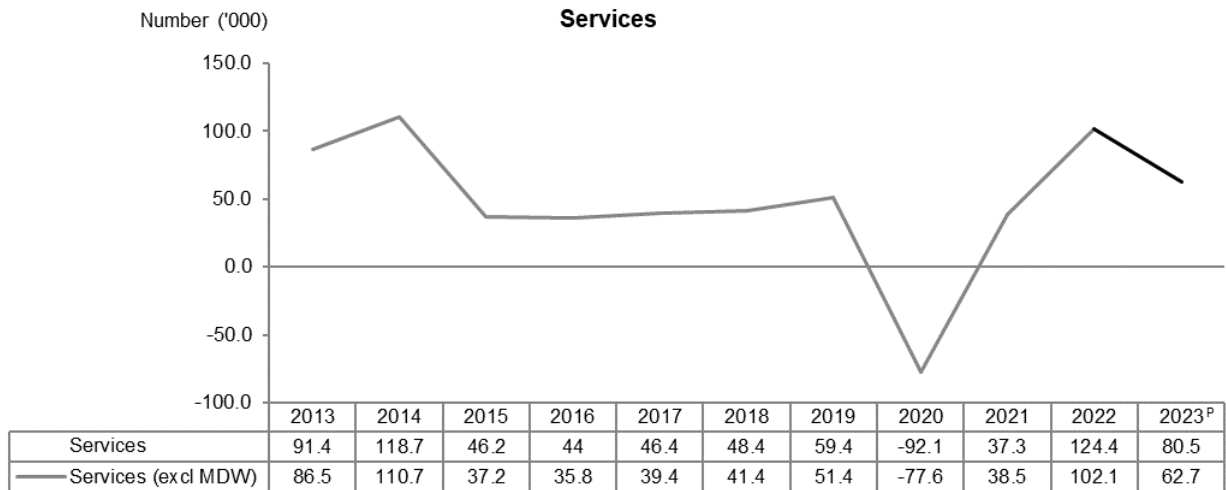
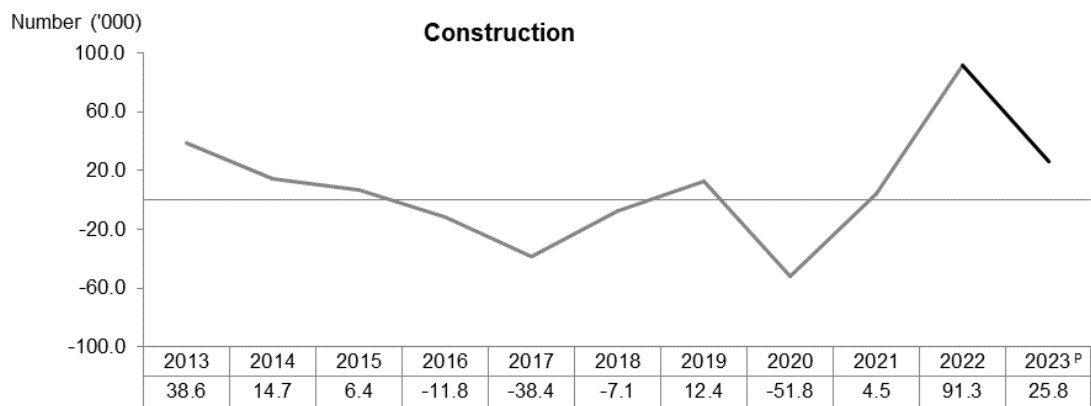
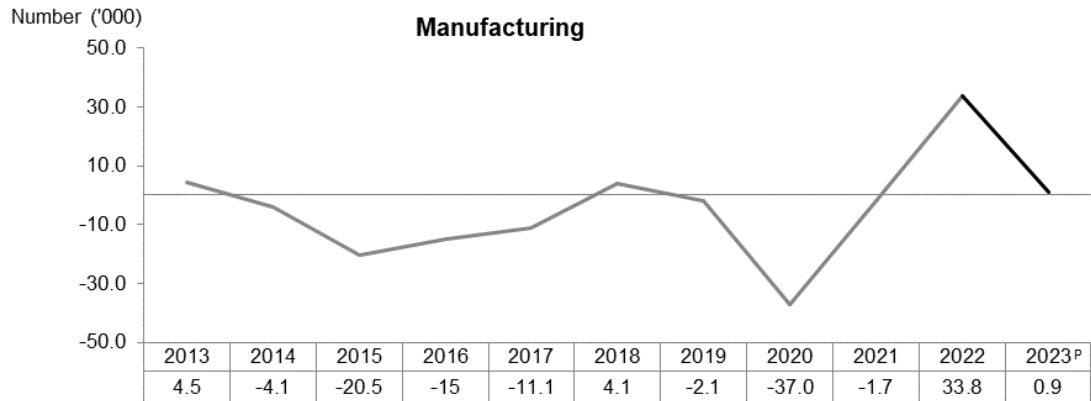
After the sharp post-pandemic rebound in 2022, total employment growth for the full year of 2023 moderated amidst weaker economic conditions (from 227,800 to 89,400). The more muted pace of growth was seen for both residents and non-residents.

Employment growth in 2023 was mainly from non-residents, led by the *Construction* sector, with the continued demand for private and public sector projects.

Resident employment growth was spread across sectors. It was driven by *Health & Social Services* and *Public Administration & Education* (within *Community, Social & Personal Services*), as well as outward-oriented sectors such as *Financial* and *Professional Services*.

Chart 2 Annual Employment Change



By Sector

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

^P: Preliminary

Notes:

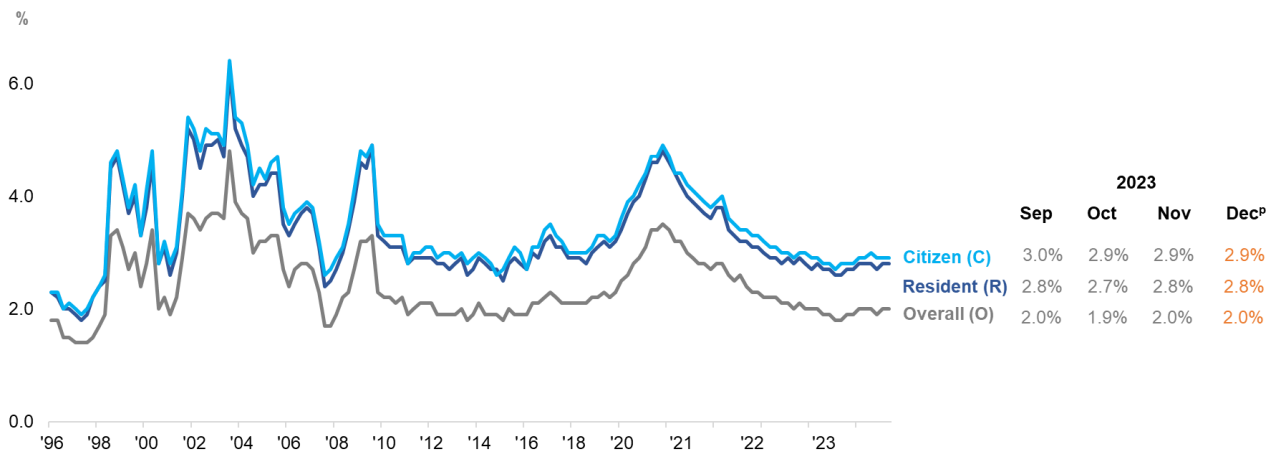
- (1) Data are primarily from administrative records, with the self-employed component estimated from the Labour Force Survey.
- (2) Data for the three major sectors do not add up to the total as the latter includes Agriculture, Fishing, Quarrying, Utilities and Sewerage & Waste Management.
- (3) The industries are classified based on SSIC 2020.
- (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.

Unemployment^P

4Q 2023

Unemployment rates were unchanged in December 2023 (overall: 2.0%; resident: 2.8%; and citizen: 2.9%). The number of unemployed residents was also similar over the quarter at 67,900 in September and December 2023.

Chart 3 Unemployment Rates (Seasonally Adjusted)



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

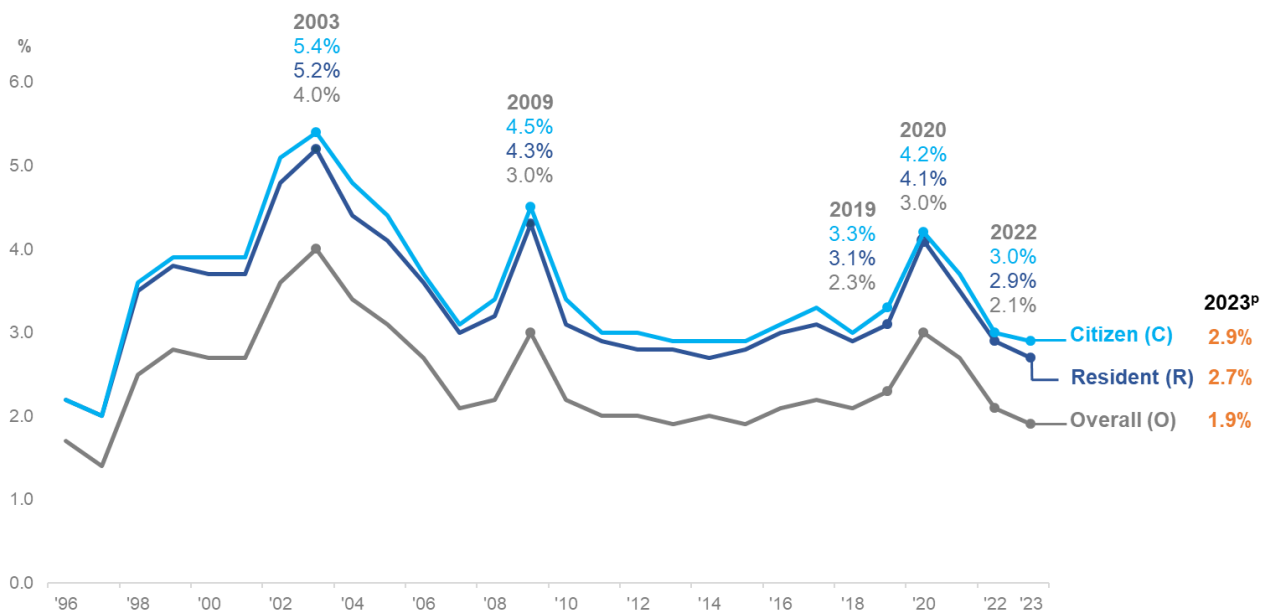
^P: Preliminary

Full Year 2023

The unemployment situation remained stable and low in 2023 amid the tight labour market (overall: 1.9%; resident: 2.7%; citizen: 2.9%).

Singapore's unemployment rate is also one of the lowest compared to other developed countries such as the Netherlands, Germany, and South Korea.

Chart 4 Unemployment Rates (Annual Average)



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

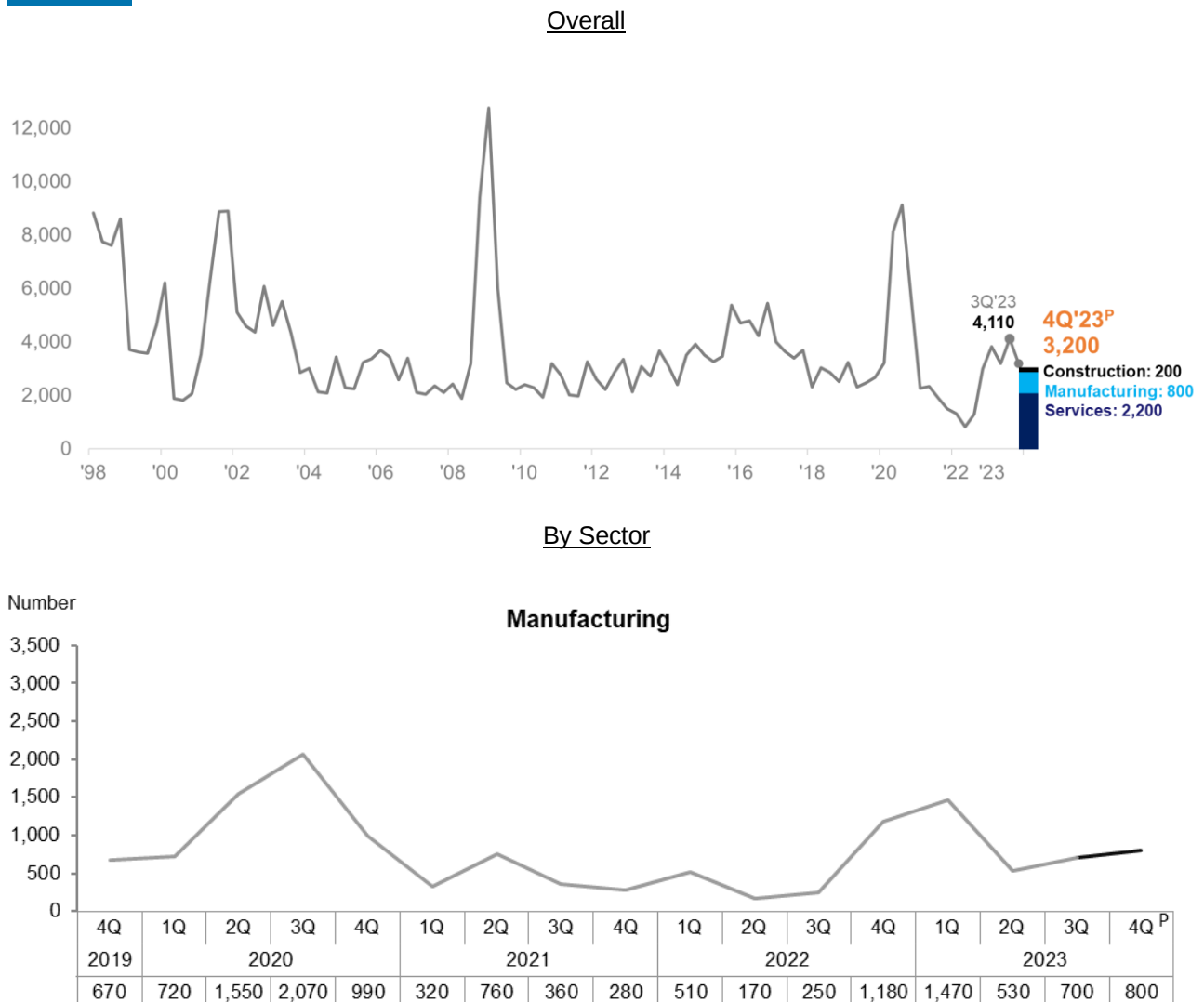
P: Preliminary

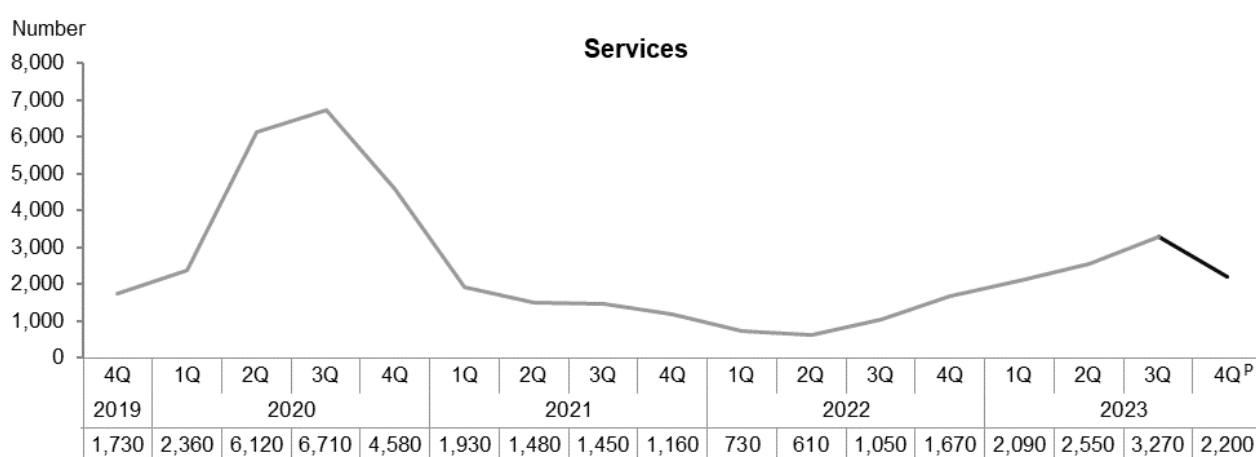
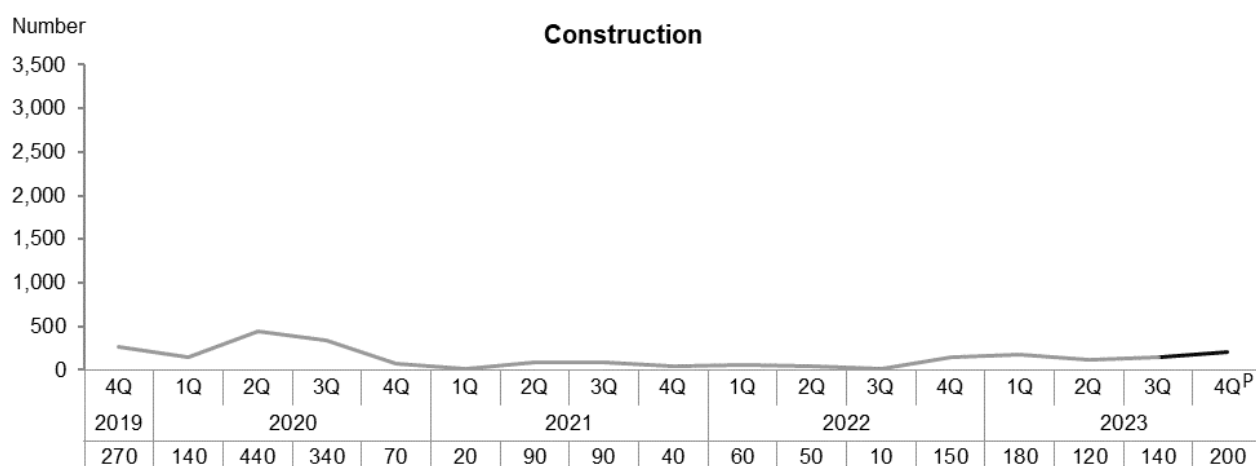
Retrenchments^P

4Q 2023

Based on preliminary estimates, retrenchments fell to 3,200 in 4Q 2023, from 4,110 in 3Q 2023. The decrease was driven by a fall in *Wholesale Trade*, which saw a surge in 3Q 2023. While retrenchments rose in *Electronics Manufacturing*, the number of retrenchments in other sectors either held steady or declined. Business reorganisation or restructuring remained the top reason for retrenchments in 4Q 2023.

Chart 5 Quarterly Retrenchments





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

P: Preliminary

Notes:

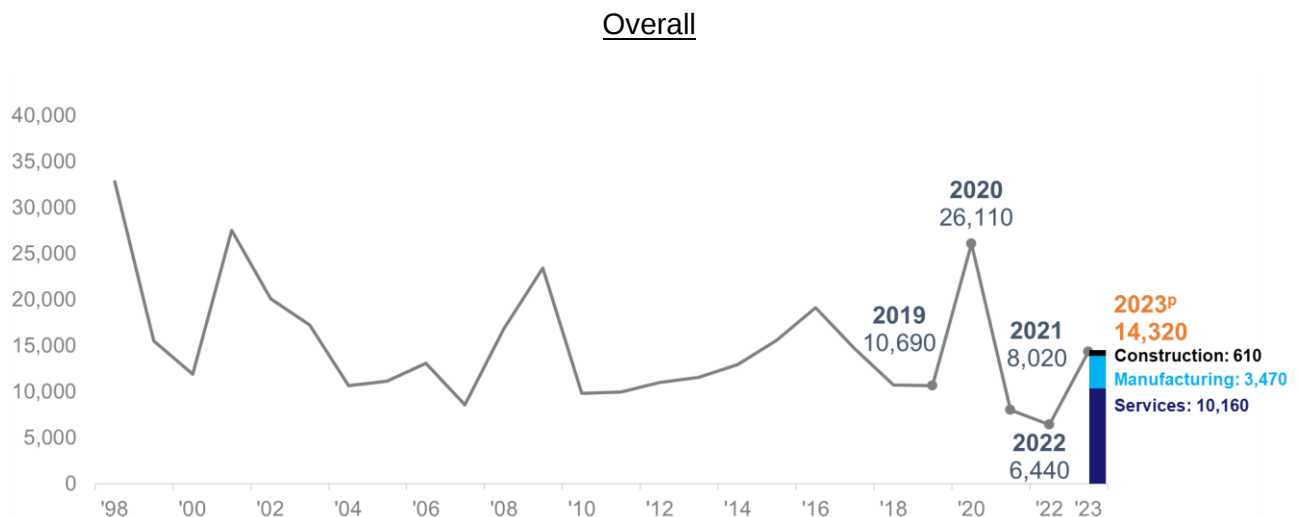
- (1) Before 2006, the survey covers private establishments with at least 25 employees. From 2006 onwards, the survey also includes the public sector comprising government ministries, organs of state and statutory boards.
- (2) The industries are classified based on SSIC 2020.
- (3) Data for the three major sectors may not add up to the total as the latter includes Agriculture, Fishing, Quarrying, Utilities and Sewerage & Waste Management.

Full Year 2023

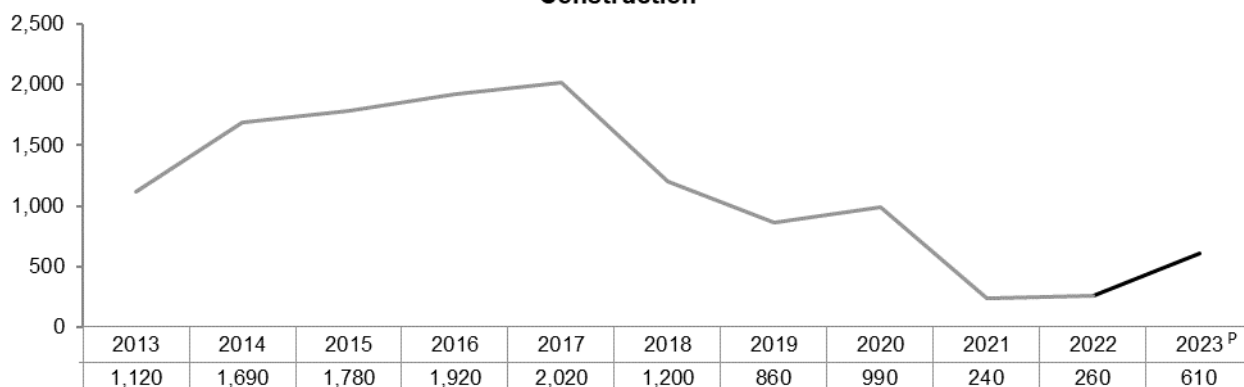
The number of retrenchments rose from a record low of 6,440 in 2022 to 14,320 in 2023. The higher retrenchments were due to notable increases in *Wholesale Trade*, *IT Services* and *Electronics Manufacturing* amid global economic headwinds. Retrenchments remained stable or low in other sectors. The majority of the retrenchments were also due to reorganisation or restructuring.

However, statistics on re-entry into retrenchment have so far showed that the majority of retrenched workers typically re-enter within six months post-retrenchment, and often in a different sector signalling the transferability of their skillsets.

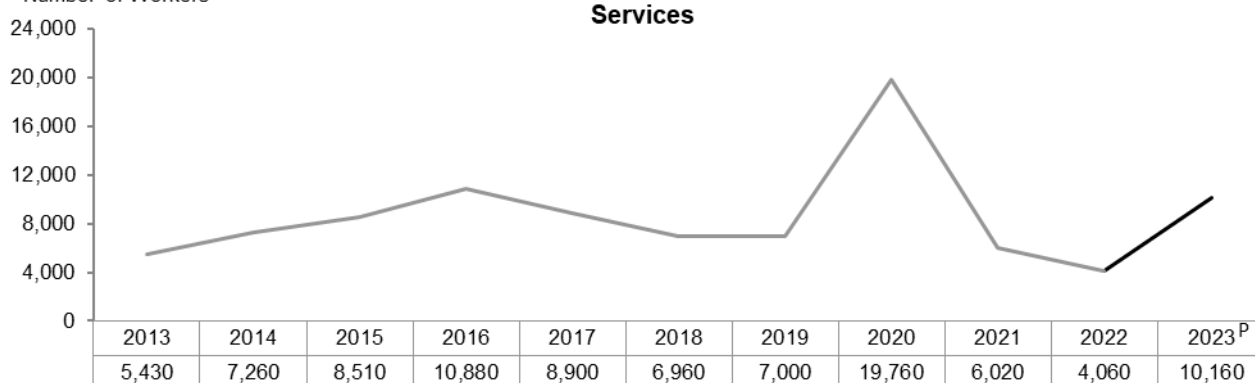
Chart 6 Annual Retrenchments



Number of Workers

Construction

Number of Workers

Services

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

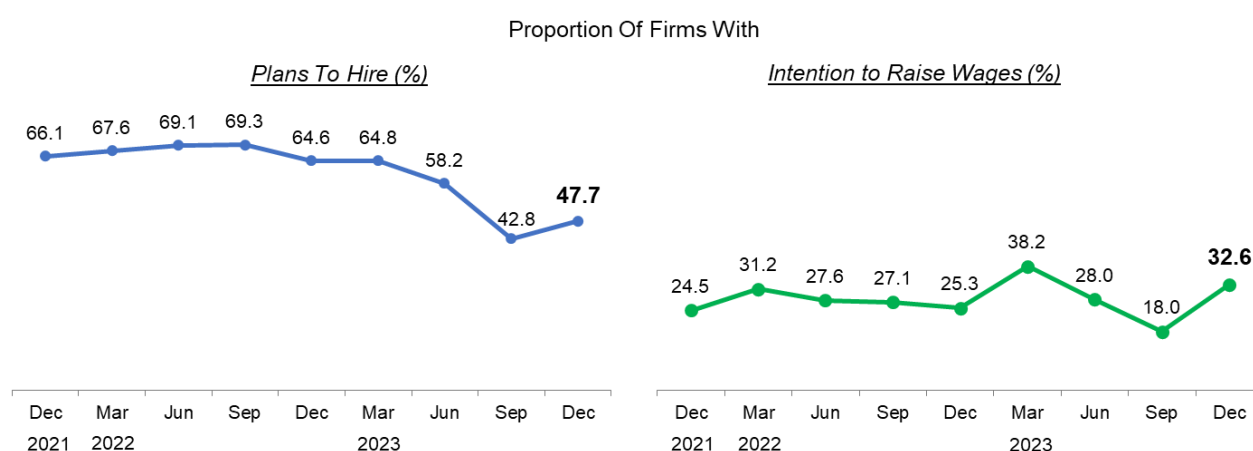
^P: Preliminary**Notes:**

- (1) 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.
- (2) The industries are classified based on SSIC 2020.
- (3) 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.
- (4) Data are rounded to the nearest 10. Hence, they may not add up to the total.

Forward-looking indicators suggest continued employment increases and improvements in wage growth, reflecting expected improvements in economic growth prospects for 2024. The proportion of firms which indicated an intention to hire in the next three months rose from 42.8% to 47.7%. Likewise, the proportion of firms with an intention to raise wages rose from 18.0% to 32.6%.

Nevertheless, as downside risks in the global economy remain, business reorganisation or restructuring may lead to further retrenchments and unemployment rates may edge up.

Chart 7 Hiring and Wage Expectations for the Next Three Months



Source: Manpower Research & Statistics Department, MOM

Note:

Data reflect proportion of companies who indicated yes or maybe to having plans to hire or to raising wages in the next three 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 resident employees are compiled from the Central Provident Fund (CPF) Board's administrative records of active contributors, defined as resident employees who have at least one CPF contribution paid for him/her. A resident 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 resident 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 non-residents working in Singapore are compiled from administrative records of non-residents on valid work passes issued by the Ministry of Manpower. Non-residents 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 obtained from the survey with non-resident 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 falls 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.

Unemployment rates by specific groups, defined e.g. by age and educational attainment are useful in identifying groups of workers most vulnerable to unemployment.

Release Schedule

From July 2020, top-line unemployment rates for overall, residents and citizens for the month will be released on a monthly basis by the first week of the month after next. This availability of top-line unemployment rates on a monthly basis will enable us to detect shifts in the unemployment situation in a more timely manner. The information will be made available on the Ministry of Manpower's statistical portal <https://stats.mom.gov.sg>.

Additional breakdown on unemployment by profile e.g. age, education, will continue to be made available in the Labour Market Reports released at the end of every quarter. This is because variations in the profile of the unemployed are unlikely in the short term.

Data Quality

To ensure data quality, the Department analyses each survey response to identify and resolve inconsistencies that may suggest an inaccurate response. A response rate of at least 85% is achieved for the monthly labour force survey so as to ensure the sample retains its representativeness.

Seasonal Adjustment

The unemployment time series are influenced by seasonality – periodic fluctuations due to recurring calendar-related events such as holidays, and the beginning and end of school terms. Seasonal adjustment removes the influences of these fluctuations and allows users to derive a more meaningful analysis of the trends in a data series, especially for those with strong seasonal patterns.

The seasonally adjusted figures are derived using X-12 ARIMA program which removes seasonal influences in the data series. To ensure a more accurate reflection of seasonally adjusted figures, concurrent seasonal adjustment is also being done and the latest information available will be incorporated.

Revisions

In order to present timely data at the highest frequency, the monthly unemployment figures are subjected to revisions when the latest population figure becomes available or when the seasonal factors are updated with the latest data.

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



Date of Release

UPCOMING ...

Labour Market Report 2023

11-15 Mar 2024*

Job Vacancies 2023

25-28 Mar 2024*

PAST ...

Labour Market Advance Release 2023

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Labour Force In Singapore 2023

31 Jan 2024

Labour Market Report Third Quarter 2023

14 Dec 2023

Labour Force In Singapore Advance Release 2023

30 Nov 2023

Labour Market Advance Release Third Quarter 2023

26 Oct 2023

Labour Market Report Second Quarter 2023

14 Sep 2023

Fair Employment Practices 2022

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Labour Market Advance Release Second Quarter 2023

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