



**P R E S S   R E L E A S E**

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**LABOUR MARKET, THIRD QUARTER 2008**

*Labour Market Shows Signs of Softening*

The labour market shows signs of softening as a result of the global downturn. Total employment grew by 55,700 in the third quarter, lower than the growth in Q2 08 (71,400) and Q3 07 (58,600). Total job gains in the first nine months of 2008 (200,400) exceeded the 172,400 over the same period in 2007, supported by strong gains in the first half of the year.

2 Services added 34,300 workers, lower than the gains in the previous quarter (38,300) but comparable to a year ago (34,100). Employment growth in construction also eased to 16,500 from 22,400 in Q2 08, but higher than in Q3 07 (11,300). Manufacturing saw a modest increase of 4,600, sharply lower than the trend of more than 10,000 jobs added per quarter since Q3 06.

3 Overall unemployment rate remained at a seasonally adjusted 2.2% in Sep 08, unchanged from Jun 08. However, the resident unemployment rate (seasonally adjusted) rose to 3.3% in Sep 08 from 3.1% in Jun 08, amid an increase in resident labour supply. An estimated 56,000 residents were unemployed in Sep 08. The seasonally adjusted figure was 65,400.

4 The long-term unemployment rate edged up to 0.5% in Sep 08 from 0.4% a year ago, after trending down in the last four years. Some 9,600 or 17% of resident job seekers in Sep 08 had been looking for work for at least 25 weeks, compared to 8,500 or 21% in Sep 07.

5 2,346 workers were retrenched<sup>1</sup> in Q3 08, up from the previous quarter (1,798) and a year ago (1,827). Manufacturing accounted for a higher percentage of the retrenchment in Q3 08 (1,709 or 73%) compared to Q2 08 (1,216 or 68%). The

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<sup>1</sup> Data pertain to private sector establishments (each with at least 25 employees) and the public sector.

remaining workers laid off in Q3 08 came primarily from services sector (562 or 24%) where the number retrenched was similar to that in the previous quarter (567).

6 The number of job vacancies<sup>1</sup> in Sep 08 fell to 36,000, a drop of 10% from 40,100 in the previous quarter but still comparable to the same period a year ago (35,500). The overall job vacancy rate also declined to a two-year low of 2.2%. Against the increasing pool of job seekers, the seasonally adjusted ratio of job vacancies to unemployed persons dropped further to 81 job openings for every 100 job seekers in Sep 08, down from 89 in Jun 08 and the peak of 134 in Dec 07.

7 Nominal earnings grew by 5.5% year-on-year in Q3 08, higher than 3.1% in the previous quarter. After adjusting for lower inflation (6.6% in Q3 08 vs 7.5% in Q2 08), real earnings experienced a marginal decline of 0.9% in Q3 08 as opposed to the decline of 4.0% in Q2 08.

8 In Q3 08, overall and sector labour productivity growth were negative as employment increased while output fell. Labour productivity declined by 9.6%, following three straight quarters of contraction. By sector, the contraction in productivity was the sharpest in manufacturing (-17.4%), followed by hotels & restaurants (-9.9%), construction (-8.2%) and business services (-5.9%).

9 Overall unit labour cost (ULC) rose for the tenth straight quarter, with the increase accelerating to 13% in Q3 08 from 10% in Q2 08. Manufacturing ULC grew by 23%, up from 18% a quarter ago. Driven by the increase in manufacturing ULC, the unit business cost (UBC) went up by 12% in Q3 08.

### **For More Information**

10 The report is available online on the Ministry of Manpower's website at <http://www.mom.gov.sg/mrsd/publication>.