

The unemployment rate of Singaporeans rose from 3% in 2018 to 3.3% in 2019, but a net 55,200 new jobs (excluding foreign domestic workers) were added last year, which is the highest annual growth since 2014 and was 44% higher than 2018.

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Highlights

The unemployment rate of Singaporeans rose from 3% in 2018 to 3.3% in 2019, with the resident and overall unemployment rate at 3.2% (previously 2.9%) and 2.1% (previously 2.3%) respectively. A net 55,200 new jobs (excluding foreign domestic workers) were added last year, which is the highest annual growth since 2014 and was 44% higher than 2018. 26,500 net new jobs went to locals whilst 14,900 net new jobs were to foreigners. In 4Q19, the unemployment rate was steady at 2.3% and 16,600 jobs were added, which is lower than the 21,700 seen in 3Q19.

Local employment growth was mainly driven by the services sector, including community, social & personal services, professional services and infocomms, whereas foreign employment was mostly driven by the increase in work permit holders with the recovery in construction. Local employment in manufacturing and wholesale trade, however, contracted amid the growth slowdown due to the US-China trade tensions, electronics downturn and China's slowdown.

Retrenchments totalled 10,700 in 2019, similar to the 10,730 seen in 2018, and were attributed to the manufacturing and services sectors. However, wage growth was healthy, with the real median income (including employer CPF contributions) of full-time employed Singaporeans expanding by 3.9% per annum for the last five years between 2014-2019. This is a significant improvement from the 2.1% pa seen in the previous five years.

Looking ahead, the dark cloud posed by the coronavirus outbreak may impact the tourism and hospitality-related industries in the near-term, with potential knock-on effects on business and consumer confidence if the uncertainties persist beyond the short-term. As such, hiring intentions may stay soft in the immediate future as employers grapple with the fear factor surrounding the coronavirus outbreak. Note that during the Asian Financial

Crisis in 1998, the overall unemployment rate surged from 1.4% in 3Q97 to a high of 3.4% in 4Q98, while during SARS it also spiked from 3.6% in 2Q03 to 4.8% by 3Q03, and it also rose from 1.7% in 4Q07 to 3.3% by 3Q09 during the Global Financial Crisis. Therefore, there is a risk that the overall unemployment rate may gradually inch higher as the year progresses. However, given the relatively tight domestic labour market and tightening of foreign manpower policy such as the DRC for the services sector from January 2020, we do not anticipate a dramatic spike in retrenchments for now as employers may simply adopt a wait and see attitude and see if the coronavirus outbreak subsides. If the coronavirus situation persists or worsens, affected companies may then take more drastic measures, but in such a scenario, some policy relief could also be forthcoming.

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