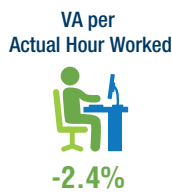


Chapter 2

LABOUR MARKET AND PRODUCTIVITY

EMPLOYMENT AND PRODUCTIVITY GROWTH IN 2023



MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2023

+44,800
employed



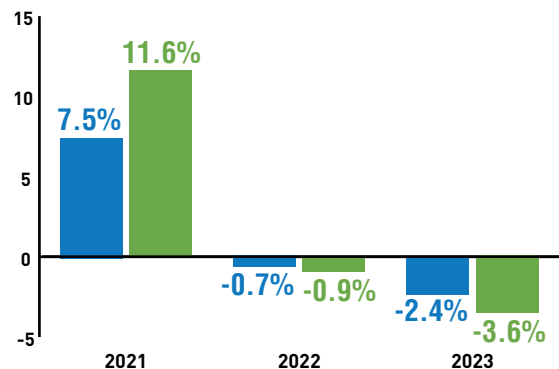
Other Services
Industries

+25,800
employed



Construction

VA PER ACTUAL HOUR WORKED AND VA PER WORKER GROWTH



■ VA per Actual Hour Worked
■ VA per Worker

SECTORS WITH THE HIGHEST VA PER ACTUAL HOUR WORKED GROWTH IN 2023

+3.8%



Administrative &
Support Services

+3.3%



Real Estate

+3.3%



Information &
Communications

UNEMPLOYMENT RATES IN 2023

Overall
Unemployment Rate



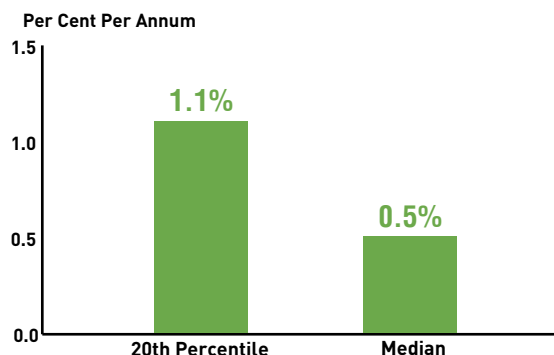
1.9%

Resident
Unemployment Rate



2.7%

ANNUALISED CHANGE IN REAL GROSS MONTHLY INCOME FROM WORK



Real median gross monthly income of full-time employed residents rose by **+0.5% per annum** from June 2018 to June 2023



OVERVIEW¹

Total employment grew by 107,200 in 2023, driven by gains in both resident and non-resident employment, although the pace of increase has moderated significantly from the previous year. The increase in employment was experienced across all broad sectors. Excluding Migrant Domestic Workers (MDWs), total employment grew by 89,400.

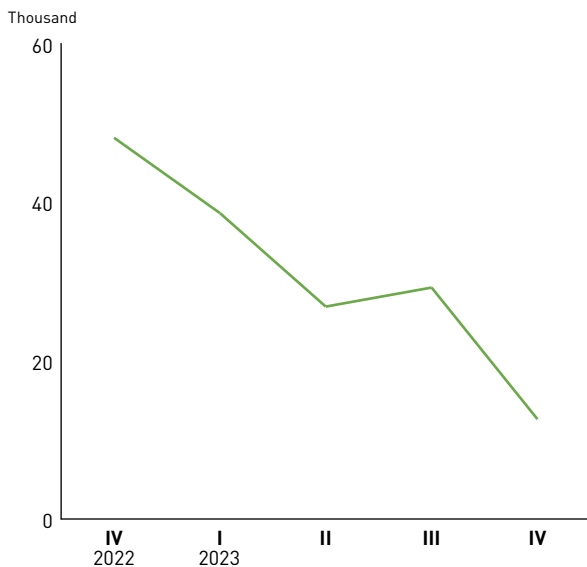
At the same time, unemployment rates remained stable and low while the number of retrenchments rose in 2023.

In the five years between 2018 and 2023, the real gross monthly income of full-time employed residents at the median and 20th percentile increased by 0.5 per cent per annum and 1.1 per cent per annum, respectively.

EMPLOYMENT

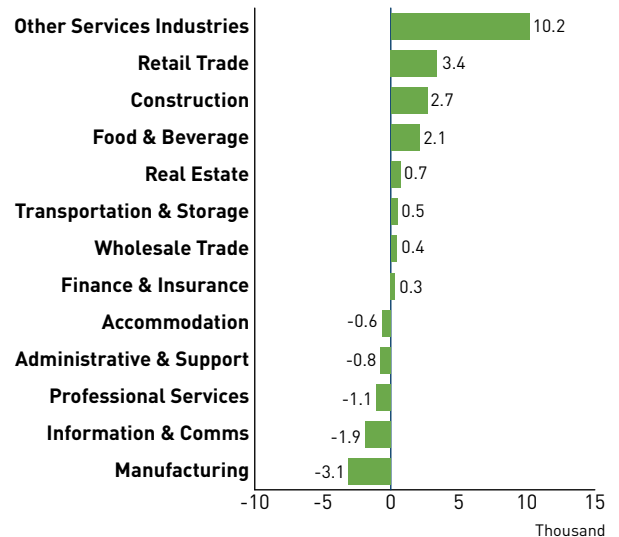
Total employment increased by 12,600 in the fourth quarter, a more moderate pace of increase as compared to the second (+26,800) and third (+29,200) quarters (Exhibit 2.1). A similar trend was observed for total employment excluding MDWs.

Exhibit 2.1: Changes in Total Employment



By broad sectors, employment rose in the services (+13,200) and construction (+2,700) sectors in the fourth quarter, while employment contracted in the manufacturing (-3,100) sector. Across the services sectors, employment gains were the largest in the other services and retail trade sectors (Exhibit 2.2).

Exhibit 2.2: Changes in Employment by Industry in 4Q 2023



¹ Figures for the fourth quarter of 2023 and full year of 2023 are preliminary estimates.

For the whole of 2023, total employment increased by 107,200, slower than the rebound of 250,100 recorded in 2022. Total employment expanded across the broad sectors, with the services sectors collectively (+80,500) registering the largest gains, followed by the construction (+25,800) and manufacturing (+900) sectors.

Non-resident employment accounted for most of the employment gains during the year, led by the construction sector due to robust demand for private and public sector projects. Meanwhile, resident employment growth was driven by the other services and finance & insurance sectors.

UNEMPLOYMENT

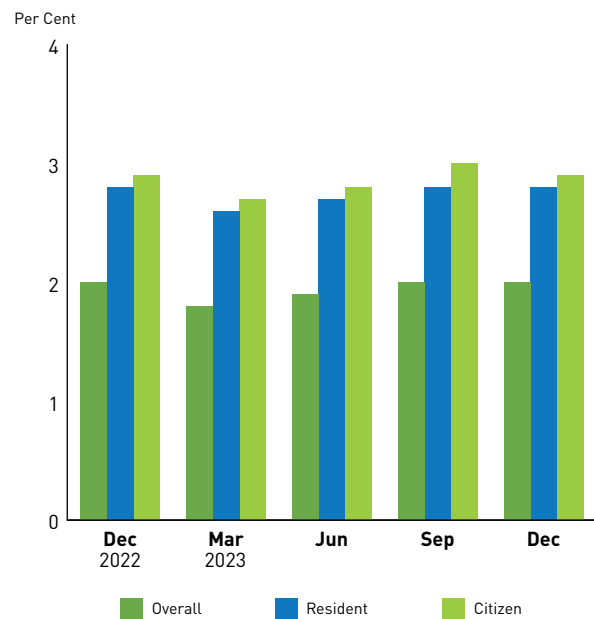
Between September and December 2023, the seasonally-adjusted unemployment rates were unchanged at the overall level (2.0 per cent) and for residents (2.8 per cent), while the citizen unemployment rate fell slightly from 3.0 per cent to 2.9 per cent (Exhibit 2.3).

In December 2023, there were 67,900 unemployed residents, of whom 59,700 were Singapore citizens. The number of unemployed residents remained unchanged from September 2023, while the number of unemployed citizens (from 60,200 to 59,700) declined over the same period.

For the full year of 2023, the annual average unemployment rate declined at the overall level (from 2.1 per cent in 2022 to 1.9 per cent), as well as for residents (from 2.9 per cent to 2.7 per cent) and citizens (from 3.0 per cent to 2.9 per cent).

In 2023, 66,100 residents, of whom 58,500 were Singapore citizens, were unemployed on average. These were lower than their respective figures in 2022 (69,500 and 61,900).

Exhibit 2.3: Unemployment Rates (Seasonally-Adjusted)



RETRENCHMENTS

The number of retrenchments fell in the fourth quarter (3,200), compared to the third quarter (4,110). Over the quarter, the increase in retrenchments in the manufacturing (from 700 to 800) and construction (from 140 to 200) sectors were outweighed by the decline in retrenchments in the services (from 3,270 to 2,200) sector.

The total number of retrenchments for 2023 (14,320) as a whole rose from a record low of 6,440 in 2022. The number of retrenchments rose across the broad sectors, led by the services sectors collectively (from 4,060 to 10,160), followed by the manufacturing (from 2,100 to 3,470) and construction (from 260 to 610) sectors.

PRODUCTIVITY

Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, rose by 2.1 per cent in the fourth quarter, reversing the 0.7 per cent decline in the previous quarter.

By sectors, the productivity of the information & communications, finance & insurance, manufacturing, transportation & storage, wholesale trade, construction, retail trade and other services sectors rose in the fourth quarter. On the other hand, the productivity of the real estate, food & beverage services, administrative & support services, accommodation and professional services sectors declined.

Collectively, the productivity of outward-oriented sectors increased by 4.3 per cent in the fourth quarter, while that of domestically-oriented sectors rose by 0.4 per cent over the same period.²

Exhibit 2.4: Changes in Value-Added per Actual Hour Worked for the Overall Economy

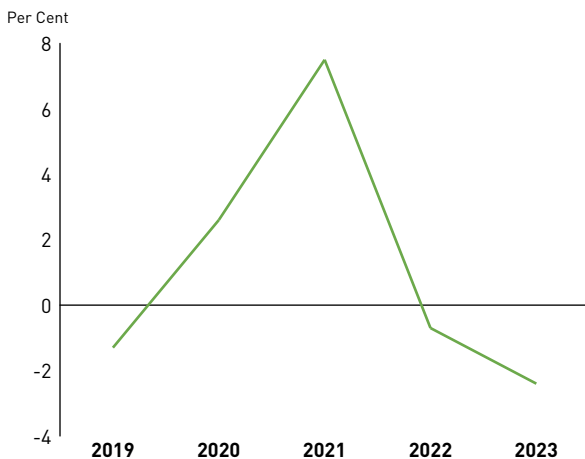
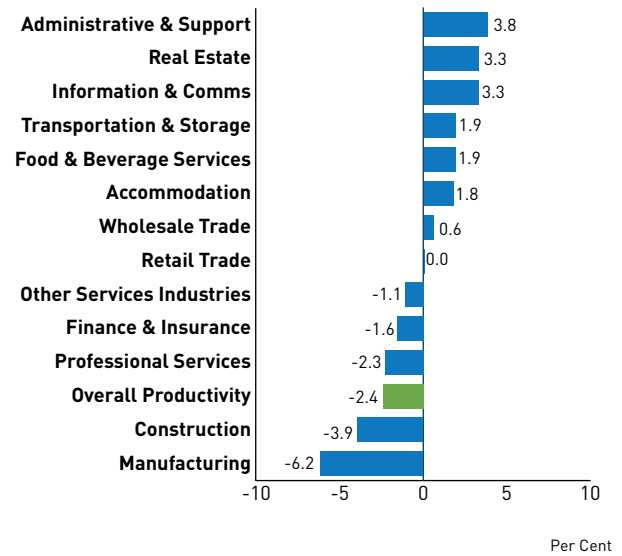


Exhibit 2.5: Changes in Value-Added per Actual Hour Worked by Industry in 2023



For the full year of 2023, real value-added per actual hour worked declined by 2.4 per cent, extending the 0.7 per cent decline in 2022 (Exhibit 2.4). While productivity performance for the overall economy in 2023 was supported by productivity gains in most sectors, it was weighed down by productivity declines in the manufacturing, construction, professional services, finance & insurance and other services sectors (Exhibit 2.5).

Real Value-Added per Worker

Real value-added per worker fell by 0.8 per cent in the fourth quarter, moderating from the 3.1 per cent contraction in the preceding quarter.

For 2023, real value-added per worker declined by 3.6 per cent, extending the 0.9 per cent decline in 2022.

The weaker performance of real value-added per worker compared to real value-added per actual hour worked in 2023 was because of a decline in the average number of actual hours worked per worker during the year.

² Outward-oriented sectors refer to manufacturing, wholesale trade, transportation & storage, accommodation, information & communications, finance & insurance and professional services. Domestically-oriented sectors refer to construction, retail trade, food & beverage services, real estate, administrative & support services and other services industries.

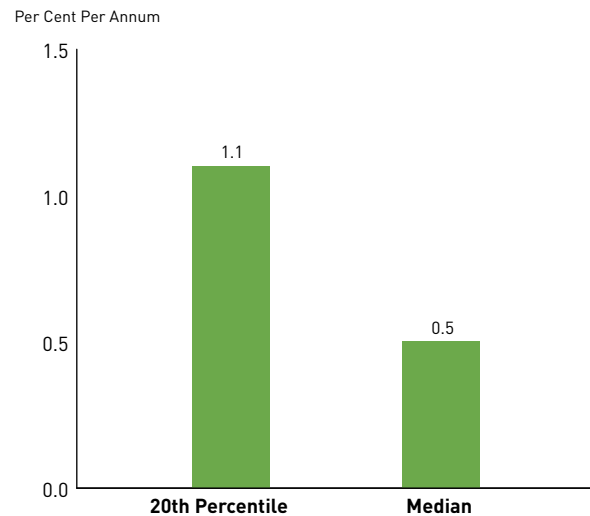
INCOME FROM WORK

Nominal gross monthly income of resident workers continued to increase, but at a more moderate pace compared to the previous year. Median nominal gross monthly income (including employer CPF contributions) of full-time employed residents grew by 2.5 per cent to reach \$5,197, a moderation from the 8.3 per cent growth in 2022.

After adjusting for inflation³, real median income fell by 2.2 per cent in 2023. Lower-income earners also saw a decline in their incomes after taking inflation into account, with real income at the 20th percentile falling by 3.0 per cent in 2023. With WIS and related payments included, real income at the 20th percentile saw a smaller decline (-2.0 per cent).

Over the last five years (i.e., June 2018 to June 2023), real median income rose by 0.5 per cent per annum (Exhibit 2.6). During this period, real income growth at the 20th percentile exhibited stronger growth (1.1 per cent per annum), thus narrowing the income gap with the median income earner.

Exhibit 2.6: Annualised Change in Real Gross Monthly Income from Work of Full-Time Employed Residents, 2018-2023



³ The Consumer Price Index (CPI) for all items rose by 4.8 per cent in 2023