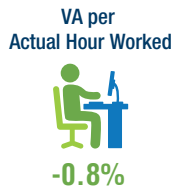


Chapter 2

LABOUR MARKET AND PRODUCTIVITY

EMPLOYMENT AND PRODUCTIVITY GROWTH IN 2022



MAIN DRIVERS OF EMPLOYMENT GROWTH IN 2022

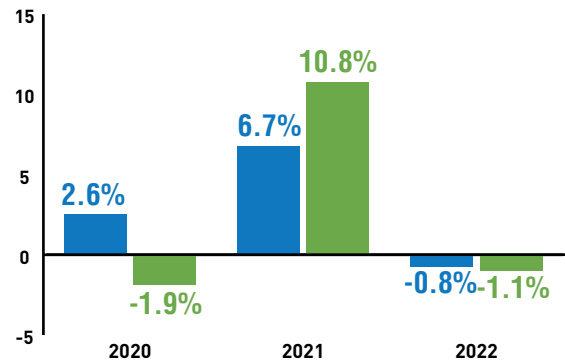
+91,400
employed



+44,900
employed



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 2022

+15.5%



+12.8%



+7.4%



UNEMPLOYMENT RATES IN 2022

Overall
Unemployment Rate



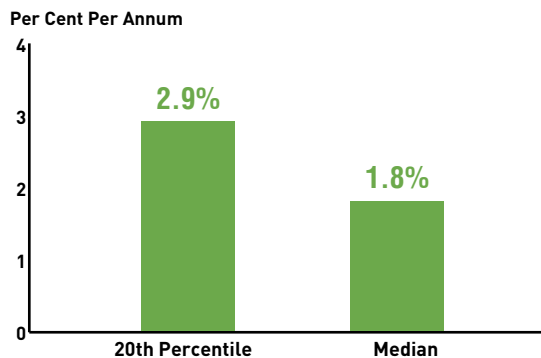
2.1%

Resident
Unemployment Rate



2.9%

ANNUALISED CHANGE IN REAL GROSS MONTHLY INCOME FROM WORK



Real median gross monthly income of full-time employed residents rose by **+1.8% per annum** from June 2017 to June 2022



OVERVIEW¹

Total employment surged by 254,000 in 2022, driven by gains in both resident and non-resident employment. The increase in employment was experienced across all broad sectors. Excluding Migrant Domestic Workers (MDWs), total employment grew by 231,700.

At the same time, unemployment rates and the number of retrenchments declined in 2022.

Between 2017 and 2022, the real gross monthly income of full-time employed residents at the median and 20th percentile increased by 1.8 per cent per annum and 2.9 per cent per annum respectively.

EMPLOYMENT

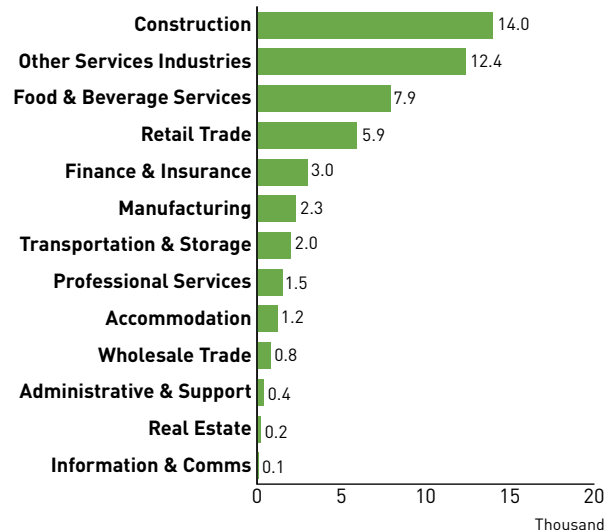
Total employment increased by 52,000 in the fourth quarter, a more moderate pace of increase as compared to the second (+71,100) and third (+83,400) quarters (Exhibit 2.1). A similar trend was observed for total employment excluding MDWs.

Exhibit 2.1: Changes in Total Employment



By broad sectors, employment rose in the services (+35,500), construction (+14,000) and manufacturing (+2,300) sectors in the fourth quarter. Within the services sector, employment gains were the largest in the other services and food & beverage services sectors (Exhibit 2.2).

Exhibit 2.2: Changes in Employment by Industry in 4Q 2022



¹ Figures for the fourth quarter of 2022 and full year of 2022 are based on preliminary estimates.

For the whole of 2022, total employment increased by 254,000, picking up from the increase of 40,200 recorded in 2021. Total employment expanded across the broad sectors, with the services sector (+128,000) registering the largest gains, followed by the construction (+91,400) and manufacturing (+34,000) sectors.

The expansion in total employment in 2022 occurred on the back of gains in both resident and non-resident employment.² Non-resident employment accounted for most of the employment gains during the year, due to employers backfilling positions as border restrictions were lifted in April 2022. Meanwhile, resident employment continued to grow, particularly in the finance & insurance, information & communications and other services sectors.

UNEMPLOYMENT

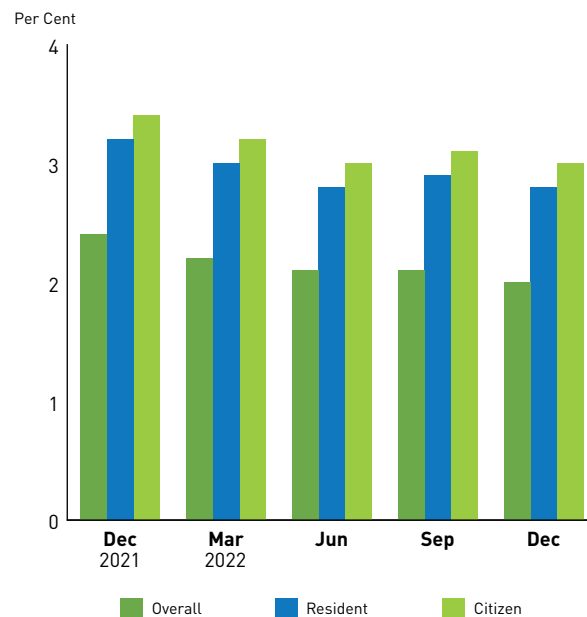
Between September and December 2022, the seasonally-adjusted unemployment rate eased at the overall level (from 2.1 per cent to 2.0 per cent), and for residents (from 2.9 per cent to 2.8 per cent) and citizens (from 3.1 per cent to 3.0 per cent) (Exhibit 2.3).

In December 2022, there were 67,400 unemployed residents, of whom 59,800 were Singapore citizens. These were lower than the number of unemployed residents (70,800) and citizens (62,400) in September 2022.

For the full year of 2022, the annual average unemployment rate declined at the overall level (from 2.7 per cent in 2021 to 2.1 per cent), as well as for residents (from 3.5 per cent to 2.9 per cent) and citizens (from 3.7 per cent to 3.0 per cent).

In 2022, 69,600 residents, of whom 62,000 were Singapore citizens, were unemployed on average. These were lower than their respective figures in 2021 (84,300 and 75,700).

Exhibit 2.3: Unemployment Rates (Seasonally-Adjusted)



RETRENCHMENTS

The number of retrenchments increased in the fourth quarter (3,000), compared to the third quarter (1,300). Notwithstanding the rise, the number of retrenchments in the fourth quarter remained within the range of quarterly retrenchments observed in 2019.³ Over the quarter, retrenchments rose in the services (from 1,050 to 2,000), manufacturing (from 250 to 900) and construction (from 10 to 100) sectors.

Despite the increase in retrenchments in the last quarter of 2022, the total number of retrenchments for 2022 as a whole (6,450) was lower than the level recorded in 2021 (8,020). The trends were mixed across the broad sectors. Specifically, retrenchments fell in the services (from 6,020 to 4,360) and construction (from 240 to 180) sectors, but rose in the manufacturing sector (from 1,710 to 1,910).

² Figures for resident and non-resident employment changes for the full year of 2022 will be released in MOM's Labour Market Report 2022 in mid-March 2023.

³ In 2019, quarterly retrenchments ranged from 2,320 to 3,230.

PRODUCTIVITY

Real Value-Added per Actual Hour Worked

Overall labour productivity, as measured by real value-added per actual hour worked, fell by 4.6 per cent in the fourth quarter, extending the 1.8 per cent decline in the previous quarter.

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

Collectively, the productivity of outward-oriented sectors fell by 4.3 per cent in the fourth quarter, while that of domestically-oriented sectors rose by 0.5 per cent over the same period.⁴

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

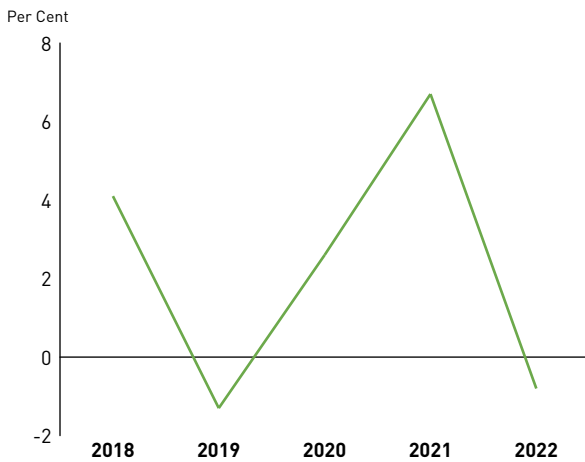
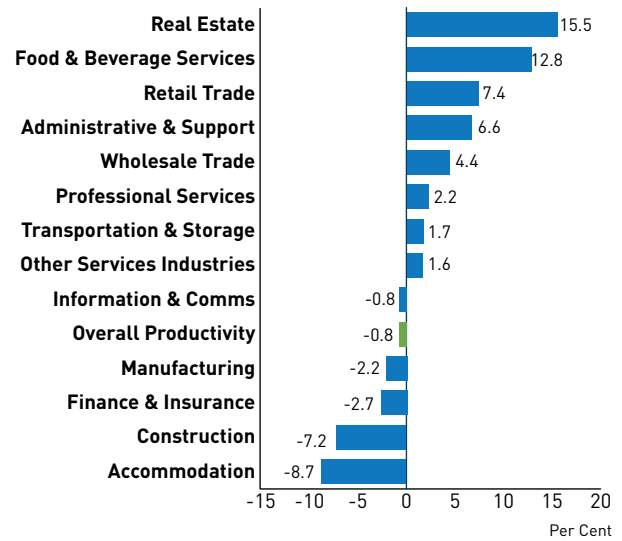


Exhibit 2.5: Changes in Value-Added per Actual Hour Worked by Industry in 2022



For the full year of 2022, real value-added per actual hour worked declined by 0.8 per cent, a reversal from the 6.7 per cent increase in 2021 (Exhibit 2.4). While growth in the real value-added per actual hour worked for the overall economy in 2022 was supported by double-digit productivity gains in the real estate and food & beverage services sectors, it was weighed down by productivity declines in the accommodation, construction, finance & insurance, manufacturing and information & communications sectors (Exhibit 2.5).

Real Value-Added per Worker

Real value-added per worker fell by 4.9 per cent in the fourth quarter, extending the 2.3 per cent contraction in the preceding quarter.

For 2022 as a whole, real value-added per worker declined by 1.1 per cent, in contrast to the 10.8 per cent growth in 2021.

The weaker performance of real value-added per worker compared to real value-added per actual hour worked in 2022 was because of a slight decline in the average number of actual hours worked per worker during the year.

⁴ 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.

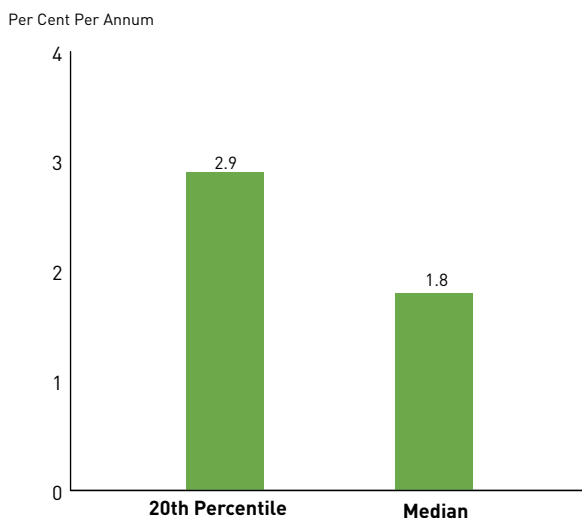
INCOME FROM WORK

Reflecting the recovery of the labour market in 2022, both nominal and real gross monthly income of resident workers increased. Specifically, nominal median gross monthly income (including employer CPF contributions) of full-time employed residents grew by 8.3 per cent to reach \$5,070 in 2022, extending the growth of 3.2 per cent in 2021.

After adjusting for inflation⁵, real median income increased by 2.0 per cent in 2022. Lower-income earners also saw growth in their incomes after taking inflation into account, with real income at the 20th percentile rising by 4.7 per cent in 2022.

Over the last five years (i.e., June 2017 to June 2022), real median income rose by 9.4 per cent cumulatively, or 1.8 per cent per annum (Exhibit 2.6). During this period, real income growth at the 20th percentile exhibited stronger growth (15.4 per cent cumulatively, or 2.9 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, 2017-2022



⁵ The Consumer Price Index (CPI) for all items rose by 6.1 per cent in 2022.