Jobless rate inches up to 2.1% in March
Rise not expected; number of jobs created drops to 27,400 in first qtr

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AFTER hitting a 14-year low of 2 per cent in December, the unemployment rate unexpectedly crept up in March to 2.1 per cent, according to the latest employment figures released yesterday by the Ministry of Manpower.

The number of jobs created fell to 27,400 in the first three months of the year, from a seasonal high of 37,600 in the final quarter of 2011 and 28,300 in the first quarter of last year, says the Employment Situation First Quarter 2012 report.

Economists in the private sector had expected the jobless rate to stay unchanged at 2 per cent. The higher unemployment rate and lower employment creation led many to conclude that the tight market has finally begun to ease.

"It’s the first sign of weakening," says Randolph Tan, who is head of the business programme at the Singapore Institute of Management’s School of Business. "The labour market has given way after holding up pretty well in 2011."

Adds Wei Zheng Kit of Citigroup: "Some of the tightness in the labour market witnessed in 2011 had begun to ease slightly, as a lagged response to economic stagnation in the previous three quarters."

While ongoing tightening of foreign worker inflows may have played a part in the jobs slowdown, he suspects a slowdown in demand for labour may have been the dominant factor.

The good news is that the number of workers made redundant, including those laid off, came down to 2,700 after hitting 3,250 in the December quarter. The new figure is closer to the 2,750 displaced in the first quarter of 2011.

"This shows many employers took a somewhat cautionary position in Q4 2011 in light of global uncertainty," says Karin Clarke, regional director for Singapore and Malaysia at recruitment firm Randstad. "There are now green shoots of optimism that the Singapore economy is well-positioned to weather the global slowdown."

Minister of State for Manpower Tan Chuan-Jin, writing in his blog, says the move to manage the inflow of foreign workers and to restructure to improve productivity in companies may have slowed down job growth. "This is not necessarily bad, as long as unemployment also remains low," he says.

With the unemployment rate at 2.1 per cent, Singapore is still in a full-employment situation – and better off than most countries.

"Our labour market is currently still very tight," Prime Minister Lee Hsien Loong says in his May Day message yesterday. "Singaporeans can readily find jobs, at all levels."

Adds Ms Clarke: "Randstad continues to see significant demand for skilled talent across the board, and in particular high demand in the technology, FMCG (fast-moving consumer goods) and mining and commodities sectors."

Services led the drop in jobs created in the first quarter, with the sector adding just 19,800 jobs, down from 30,200 in the previous quarter. But it remained the biggest contributor to employment. Mr Tan predicts that services will continue to lead job creation in 2012.

Construction still posted a strong increase of 800 jobs in the first quarter. Manufacturing jobs dipped 500, but the losses have eased from the 1,400 recorded in the previous quarter.

Manufacturing also re-trenched fewer workers (800) in the first quarter, after a big cut-back in the fourth quarter (1,660) of 2011. This more than offset the increases in layoffs in services (from 1,360 to 1,600) and construction (from 240 to 300).

The jobless rate for residents rose from 2.9 per cent in December 2011 to 3 per cent in March, while the rate for citizens went up from 3 per cent to 3.2 per cent. "Even with the increase, the rates were still substantially lower than the high of 3.3 per cent overall and 4.9 per cent for residents and citizens experiences in September 2009 during the last recession," the Ministry of Manpower says in its report.