Forecasts for the Singapore Labour Market: 2008

• Forecasts are derived for the two scenarios
• Basic assumptions common to both scenarios:
  – Gathering pace of inflation does not exert undue pressures
  – No changes to same basic policy, especially with regard to flexible labour market conditions
• These assumptions considered crucial but reasonable

Forecasts for the Singapore Labour Market: 2008 (Baseline)

<table>
<thead>
<tr>
<th></th>
<th>Employment Increase ('000)</th>
<th>Unemployment Rate, SA (%)</th>
<th>Growth in Monthly Wage, YOY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007: Actual</td>
<td>235</td>
<td>2.1</td>
<td>6.2</td>
</tr>
<tr>
<td>2008: All Year</td>
<td>141</td>
<td>1.9</td>
<td>6.0</td>
</tr>
<tr>
<td>Q1</td>
<td>48</td>
<td>1.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Q2</td>
<td>38</td>
<td>1.9</td>
<td>6.0</td>
</tr>
<tr>
<td>Q3</td>
<td>30</td>
<td>1.9</td>
<td>6.0</td>
</tr>
<tr>
<td>Q4</td>
<td>26</td>
<td>1.7</td>
<td>6.5</td>
</tr>
</tbody>
</table>
Forecasts for the Singapore Labour Market: 2008 (Alternative Scenario)

<table>
<thead>
<tr>
<th>Year</th>
<th>Employment Increase ('000)</th>
<th>Unemployment Rate, SA (%)</th>
<th>Growth in Monthly Wage, YOY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007: Actual</td>
<td>235</td>
<td>2.1</td>
<td>6.2</td>
</tr>
<tr>
<td>2008: All Year</td>
<td>110</td>
<td>2.3</td>
<td>3.5</td>
</tr>
<tr>
<td>Q1</td>
<td>42</td>
<td>2.0</td>
<td>5.5</td>
</tr>
<tr>
<td>Q2</td>
<td>31</td>
<td>2.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Q3</td>
<td>22</td>
<td>2.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Q4</td>
<td>16</td>
<td>2.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Focus: Employment Growth

- Employment change expected to increase less in coming year, under both scenarios
  - This will be important for achieving productivity improvements
- The forecast growth in employment are: 4.3% (pessimistic) and 5.2% (baseline).
- The increases in employment in the last year should have spillover effects.
Focus: Employment Growth

- Employment growth ultimately impacts labour productivity.
- Projections from historical data suggest growth in employment should be about 4.5%.
- This assumes that Singapore achieves average GDP growth of about 5.5%.
- To illustrate the rationale, consider the following charts.

GDP and Employment Growth

Time-series Plots:
**GDP and Employment Growth**


---

**Per Capita RGDP Growth**

Employment Growth Forecast

- Forecast decrease from previous two years of high growth in employment
  - Not a direct result of economic uncertainty
  - US economic woes may have a delayed impact, and only if problems persist
  - While the weakening US economy is expected to see more job cuts, Asia Pacific economies are still more concerned with competing for talent.
Employment Growth Forecast

• Translated to the sectoral level
  – Manufacturing will feel some impact from any export-related weakness
  – Banking and financial sector has continued to increase numbers quite strongly but this could also see slowdown in job growth until the clouds lift
  – Service sector expected to continue hiring
  – Construction needs must be met so hiring will be required

Thank You