About Singapore's unemployment rate

Singapore's unemployment rate is among the lowest compared to the OECD countries, even during periods where there were increases (Chart A1).

Singapore's low unemployment rate reflects a labour market where most persons who want to find a job are able to do so. However, some may think that our unemployment rate is low because certain groups of jobseekers, such as housewives and retirees, are excluded from the unemployed pool, but this is never the case.

A person is considered unemployed if he or she is:

- not working;
- actively seeking work; and
- available for work

This is regardless of demographic characteristics, including age, gender and marital status. This means that housewives and retirees who are actively looking for and available for work will be counted as unemployed. In addition, how long a person spent searching for a job is also not a factor in determining whether he or she is unemployed. This is why the long-term unemployed will always be included as part of the unemployed pool.

The unemployment definition is in line with the international guidelines recommended by the International Labour Organisation (ILO), and the compilation of unemployment statistics in Singapore adheres strictly to the international standards set by the International Monetary Fund (IMF).

Unemployment rate typically increases during economic contraction, but can the unemployment rate also rise during times of economic expansion?

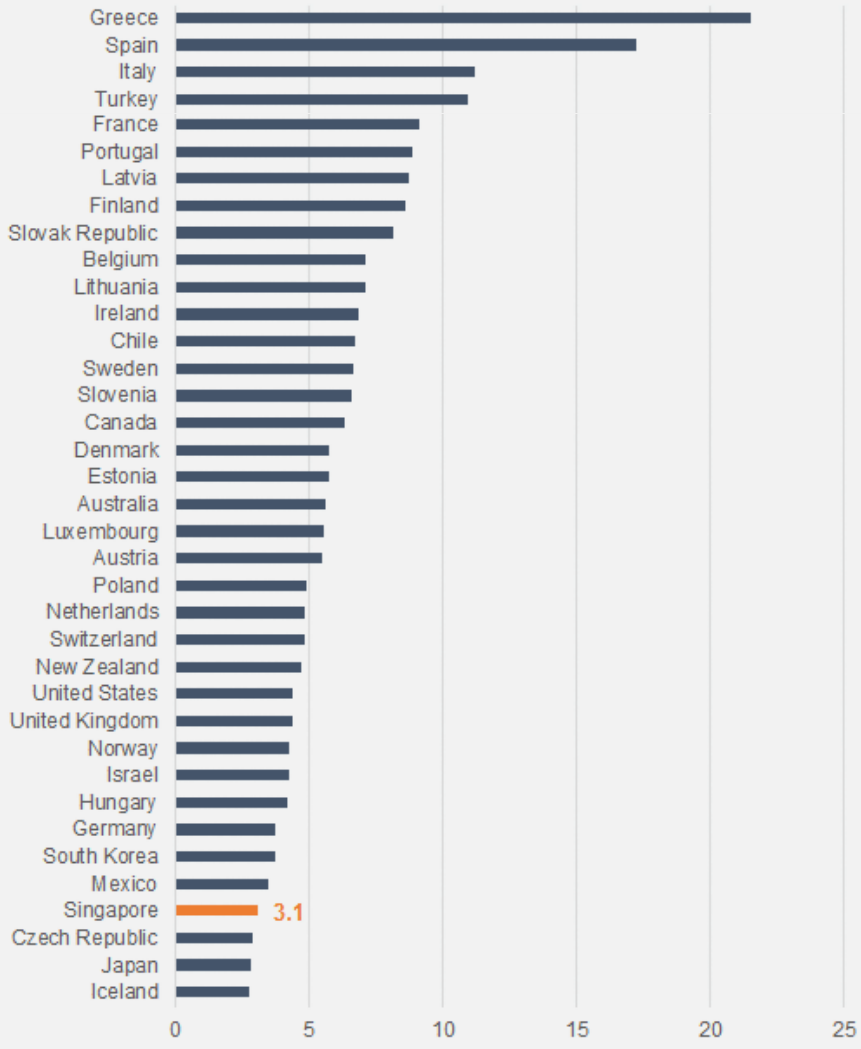
In June 2018, the unemployment rate increased compared to March 2018, after registering the lowest unemployment rate since March 2016. The increase in unemployment rate may seem counterintuitive as the economy has picked up and hiring outlook stays positive. But unemployment rate can still rise in an improving economy, as more persons entered the labour force to look for work but not all of them gets immediately employed. This is commonly referred to as the "encouraged worker effect".

Hence, an increase in unemployment rate need not always be a sign of a weak economy or impending downturn, nor should it be attributed solely to job losses. To gain a more holistic picture on the health of the labour market, an increase in unemployment rate must be read together with other labour market data such as employment, resignation, re-entry into employment and job vacancies. In June 2018, both employment and job vacancies rose, and re-entry into employment also improved.

Is higher unemployment rate always a concern?

Higher unemployment can signal greater job search difficulties. However, this may not be the case. You may have noticed that unemployment among those aged below 30 is typically higher than other age groups. This is because those in this age group are mostly fresh graduates entering the labour market or changing jobs more frequently as they explore their career options. However, their unemployment was mostly transitional – their long-term unemployment rates were usually below the resident average.

Chart A1: Unemployment Rate in 2017 (Aged 15 & Over), %



Sources:
Singapore: Labour Force Survey, Manpower Research & Statistics Department, MOM
Other economies: OECD Stat database

Notes:
1. Data for Singapore pertain to residents and refer to the annual average.
2. Data for Estonia, Finland, Hungary, Norway and Sweden pertain to those aged 15 to 74, Iceland to those aged 16 to 74, and Spain, United Kingdom and United States to those aged 16 & over.

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