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Job market turns less rosy Growth pace slows, unemployment rate up

BY LEE SIEW HUA

SINGAPOREANS seeking jobs in the months ahead face the prospect of a slowing labour market.

The reason: the shrinking pool of new jobs in two sectors, manufacturing and services.

It would have been worse if not for the golden performance of the construction sector, judging from new figures from the Manpower Ministry.

These show that employment in the sector increased by 22,100 jobs in the second quarter this year. This is double the 10,900 new construction jobs added in the same quarter last year.

However, the overall job market is less buoyant.

“Outside of construction, employment growth has moderated from the previous quarter,” said the ministry yesterday when it released the second quarter’s job data.

New jobs rose by 70,600, which it notes is “slightly lower” than the 73,200 in the first three months of this year.

Analysts see this shift as signalling a possible slowdown in jobs, with employers now more cautious about hiring.

“We feel a bit more caution in the air,” said regional economist Song Seng Wun of CIMB-GK Research.

Economist Kit Wei Zheng, from financial services giant Citigroup, suspects that fresh graduates intent on a job in banking and finance could be disappointed.

“Anecdotally, I hear that fresh grads may find it hard to get jobs in the financial sector,” he said.

Further underlining the sober outlook is the rise in unemployment, for the second quarter in a row.

It climbed from 1.7 per cent in December to 2 per cent in March, and went up again to 2.3 per cent in June.

However, recruiters like Ms Annie Yap, chief executive of The GMP Group, felt that joblessness will be less of an issue in a year or more if Singaporeans can “change their mindset”.

CONFRONT STAGFLATION

"This time last year, we celebrated National Day at a time when Asia was enjoying the best of both worlds - good economic growth and low inflation.

This year, the mood in Asia and indeed, worldwide, has changed.

The world economy is growing slower - from 4.9 per cent last year down to 3.5 per cent or less this year. At the same time, global inflation is on the rise...

The global economy may be heading for the worst of both worlds - low growth combined with high inflation; otherwise known as stagflation...

Let us confront this challenge of global stagflation as one competitive economy, and one inclusive society."

MR LIM SWEE SAY, the NTUC secretary-general, in his National Day message

They need to be open to working in service-oriented jobs when the integrated resorts open, she said.

The less-rosy job market is linked to Singapore's slowing economy. Latest official figures show it grew at just 1.9 per cent year-on-year in the second quarter.

This is well down from the first-quarter expansion of 6.9 per cent.

The subject of jobs was also addressed by labour chief Lim Swee Say yesterday when he met reporters to elaborate on his National Day message, given earlier in the day.

Employers are still hungry for workers, he said, pointing out that the labour market is still "tight".

Still, economic uncertainties were also on his mind.

In his speech, he indicated that workers can do their bit to temper any slowdown.

They can scale down any expectations that salaries should keep pace fully with inflation.

If wages are pushed up to "fully offset inflation" this year, workers may end up paying ever-higher prices.

"We must continue to link built-in wage increases to productivity gains and help our people through various non-wage measures," he said.

This will prevent a "wage-price spiral", said the NTUC secretary-general.

Unionists supported his call. Mr Ameer Hamzah, general secretary for the Singapore Port Workers' Union, said gunning for wages to match inflation will "kill off businesses". His union negotiated for a 3 per cent annual increment to be built into salaries - the same as last year.

Labour economists Shandre Thangavelu and Hui Weng Tat highlighted the plight of workers at the lowest end of the wage scale.

Prof Hui argued that more than one-off inflation payments, "what is needed is permanent wage increases" for them to fully offset inflation.

Last week, the Monetary Authority of Singapore raised its full-year inflation forecast by one percentage point to between 6 per cent and 7 per cent.

For Mr Lim, stagflation is the bigger spectre.

“Let us stay away from the threshold of stagflation as far as possible,” he said. “To reverse the momentum will be too late.”

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