

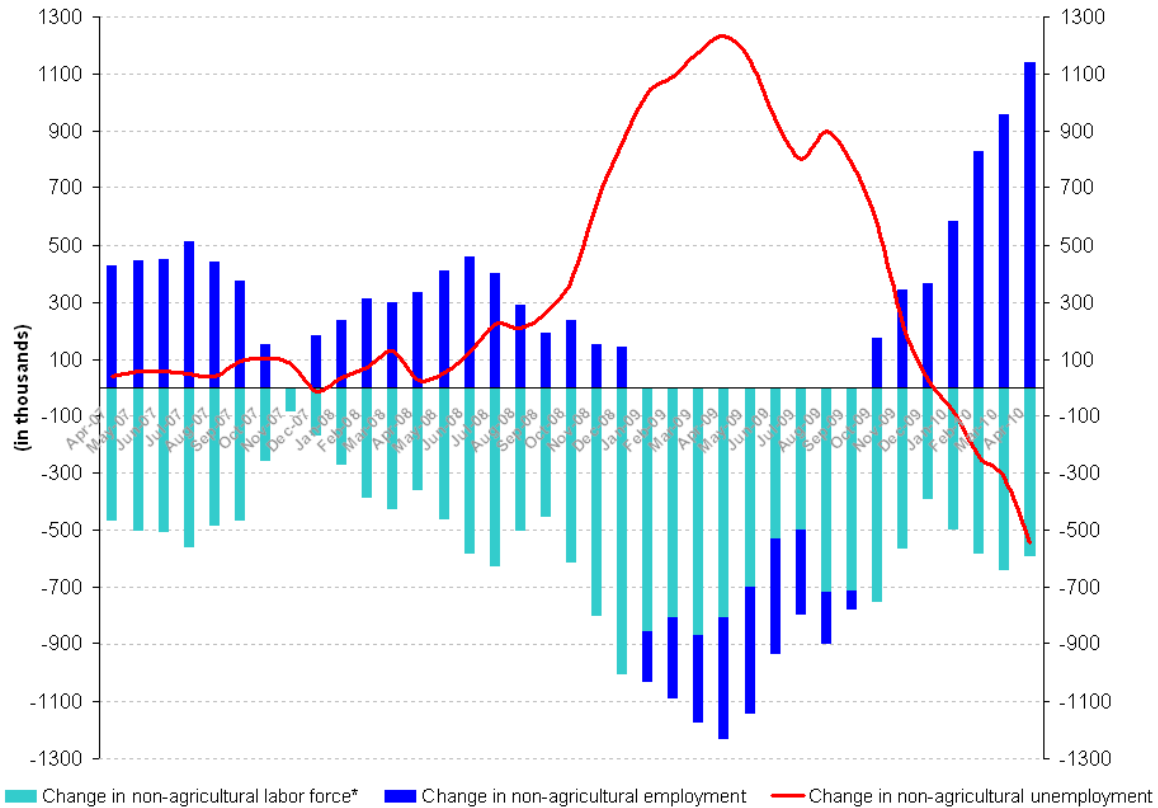
## INCREASE IN NON-AGRICULTURAL EMPLOYMENT CONTINUES

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According to the labor market statistics released by TurkStat on 15<sup>th</sup> of July, non-agricultural employment has increased by 1 million 139 thousand and non-agricultural labor force by 592 thousand in the period of April 2010 (March-April-May). Hence, employment in the non-agricultural sectors reached 16 million 882 thousand, which implies a 7 percent increase. Non-agricultural unemployment decreased drastically as the increase in non-agricultural labor force returned to its trend prior to crisis, which was approximately 500 thousand on year on year basis (Figure 1). As a consequence, the downward trend in unemployment which has been observed in the last three terms, continued; non-agricultural unemployment decreased by 547 thousand and settled at 2 million 956 thousand. The non-agricultural unemployment rate decreased to 14.9 percent in April 2010 period from 18.2 percent in April 2009 period.

The persisting increase in non-agricultural employment signals high economic growth in the second quarter. In fact, the increase in the industrial production index, which was released on 7<sup>th</sup> of July 2010, exceeded expectations. Employment in manufacturing reached 5 million 799 thousand, which is slightly above its pre-crisis April 2008 level.

**Figure 1 Differences in non-agricultural labor force, non-agricultural employment and non-agricultural unemployment (year-on-year change, April 2007-April 2010)**



\*Rise in labor force increases the number of unemployed hence has a negative sign on the graph.

Source: TURKSTAT, Betam

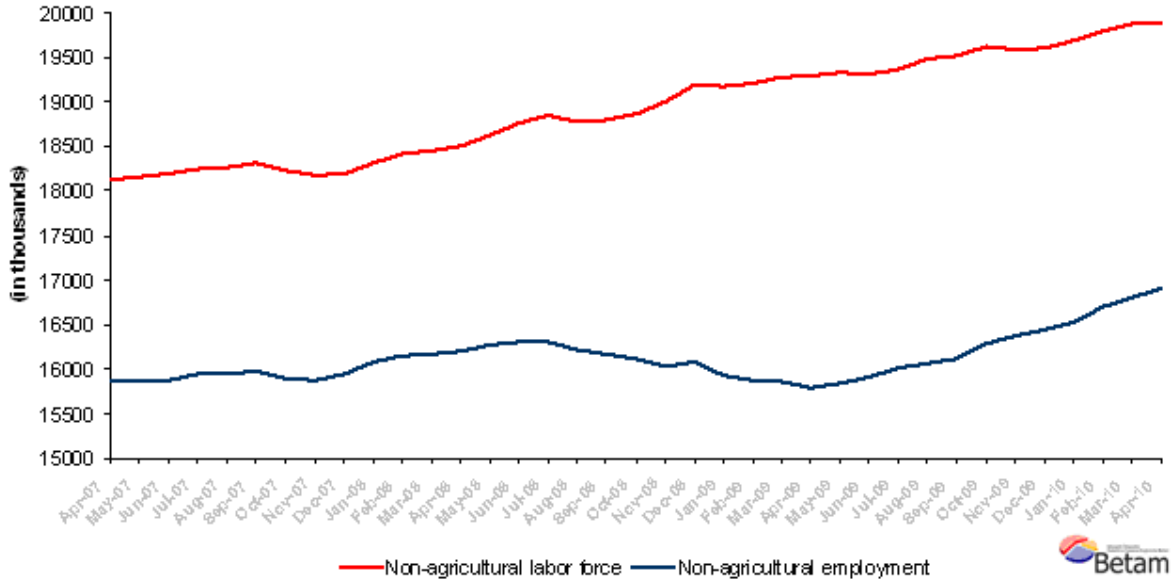
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## Seasonally adjusted series also point to a decrease in unemployment

Seasonally adjusted non-agricultural labor force, which increased approximately 100 thousand over the last three periods, decreased by 9 thousand and was 19 million 878 thousand in the period of April 2010 (Figure 2). On the other hand, non-agricultural employment reached 16 million 915 thousand, increasing by 111 thousand. Hence, seasonally adjusted non-agricultural unemployment rate decreased to 14.9 percent in the period of April 2010 from 15.5 percent in the period of March 2010 (Figure 3).

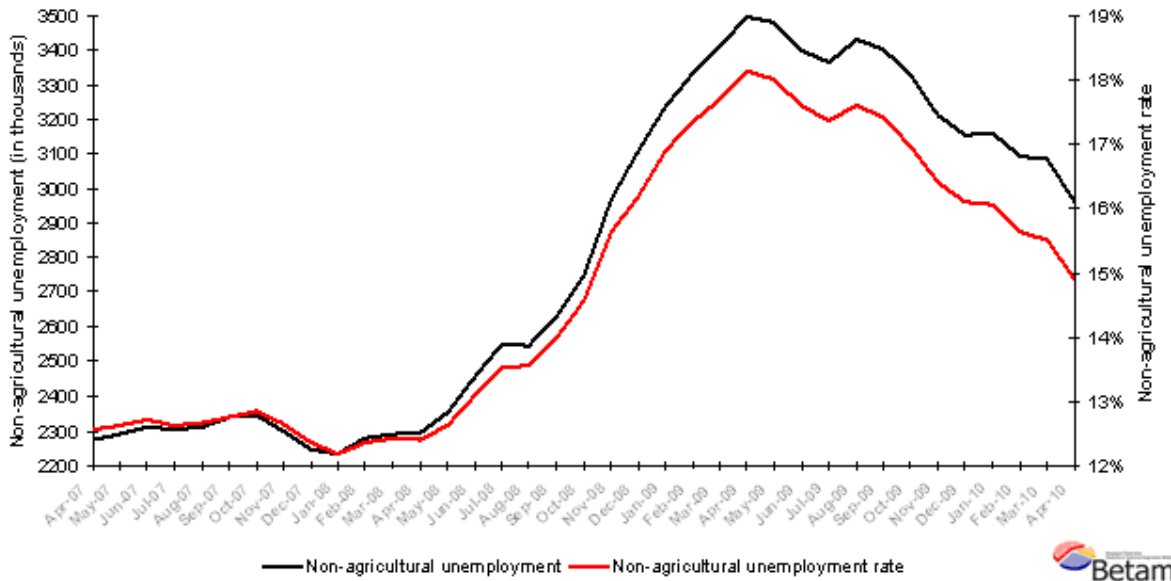
**Figure 2 Seasonally adjusted non-agricultural labor force and employment (April 2007-April 2010)**



Source: TURKSTAT, Betam

To conclude, given that the non-agricultural employment has increased drastically and that employment in manufacturing has reached its pre-crisis level, the economy seems to have entered a higher growth path than expected. Under such circumstances, we expect the decrease in unemployment to continue. However, high growth rates should persist in the second half of 2010 in order to decrease the number of unemployed to its pre-crisis level of 2 million 300 thousand.

**Figure 3 Seasonally adjusted non-agricultural unemployment (April 2007-April 2010)**



Source: TURKSTAT, Betam

**Table 1 Seasonally Adjusted Labor Market Statistics**

	<b>Non-Agricultural Labor Force</b> (in thousands)	<b>Non-Agricultural Employment</b> (in thousands)	<b>Non-Agricultural Unemployment</b> (in thousands)	<b>Non-Agricultural Unemployment Rate</b> (in percent)	<b>Difference in Non-Agricultural Labor Force (M-o-M)</b> (in thousands)	<b>Difference in Non-Agricultural Employment (M-o-M)</b> (in thousands)	<b>Difference in Non-Agricultural Unemployment (M-o-M)</b> (in thousands)
<b>January-08</b>	18,318	16,086	2,232	12.2%			
<b>February-08</b>	18,422	16,144	2,277	12.4%	104	58	46
<b>March-08</b>	18,452	16,162	2,290	12.4%	31	18	13
<b>April-08</b>	18,498	16,205	2,293	12.4%	46	43	3
<b>May-08</b>	18,624	16,274	2,351	12.6%	126	69	58
<b>June-08</b>	18,766	16,311	2,455	13.1%	141	37	104
<b>July-08</b>	18,853	16,304	2,550	13.5%	88	-7	95
<b>August-08</b>	18,772	16,226	2,545	13.6%	-82	-77	-4
<b>September-08</b>	18,803	16,173	2,629	14.0%	31	-53	84
<b>October-08</b>	18,868	16,118	2,750	14.6%	65	-56	121
<b>November-08</b>	18,999	16,030	2,969	15.6%	131	-88	219
<b>December-08</b>	19,191	16,083	3,108	16.2%	192	53	138
<b>January-09</b>	19,172	15,935	3,238	16.9%	-19	-148	130
<b>February-09</b>	19,210	15,878	3,332	17.3%	38	-57	95
<b>March-09</b>	19,275	15,866	3,410	17.7%	65	-12	77
<b>April-09</b>	19,295	15,798	3,498	18.1%	20	-68	88
<b>May-09</b>	19,326	15,847	3,479	18.0%	31	49	-19
<b>June-09</b>	19,315	15,917	3,398	17.6%	-11	71	-81
<b>July-09</b>	19,371	16,007	3,364	17.4%	56	90	-34
<b>August-09</b>	19,492	16,061	3,431	17.6%	121	54	68
<b>September-09</b>	19,522	16,122	3,399	17.4%	29	62	-32
<b>October-09</b>	19,614	16,288	3,327	17.0%	92	165	-73
<b>November-09</b>	19,585	16,372	3,213	16.4%	-29	85	-114
<b>December-09</b>	19,603	16,447	3,156	16.1%	18	75	-57
<b>January-10</b>	19,685	16,527	3,159	16.0%	82	80	3
<b>February-10</b>	19,787	16,693	3,094	15.6%	101	166	-65
<b>March-10</b>	19,887	16,803	3,084	15.5%	100	111	-10
<b>April-10</b>	19,878	16,915	2,963	14.9%	-9	111	-121

Source: TURKSTAT, Betam