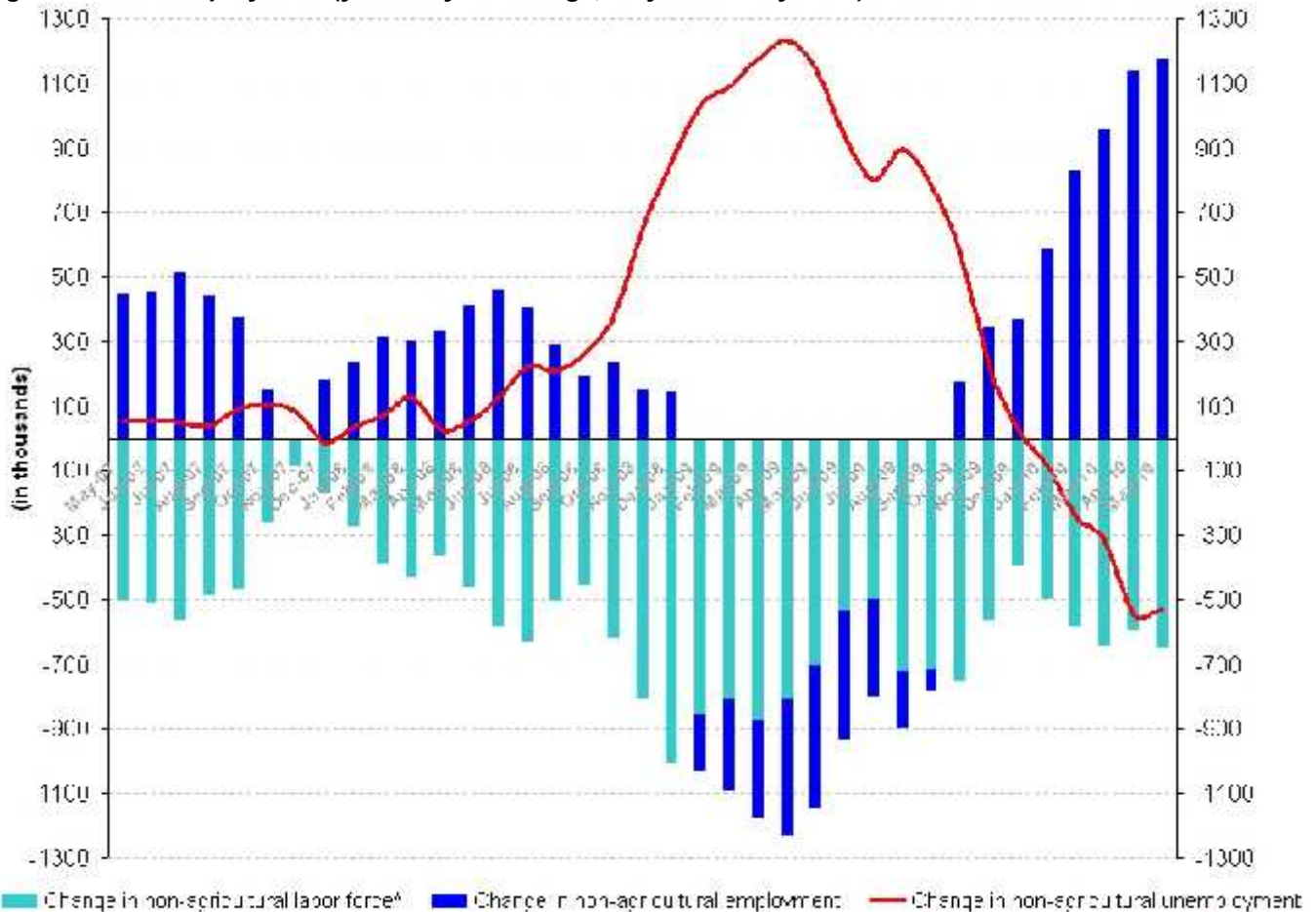


DECREASE IN UNEMPLOYMENT CONTINUES

Seyfettin Gürsel* ve Gokce Uysal-Kolasin**

According to the labor market statistics released by TurkStat on the 16th of August, non-agricultural employment has increased by 1 million 177 thousand and non-agricultural labor force by 648 thousand in the period of May 2010 (April-May-June). Hence, employment in the non-agricultural sectors reached 17 million 224 thousand, which implies a 7.3 percent increase and is compatible with the two digit growth rate. Parallel to increases in employment and labor force, non-agricultural unemployment decreased by 529 thousand on year on year basis (Figure 1).¹ Hence, the non-agricultural unemployment rate decreased to 13.8 percent in May 2010 period from 17 percent in May 2009 period. Note that this ratio was 11.5 percent in May 2008 prior to the crisis.

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



^ARise in labor force increases the number of unemployed hence has a negative sign on this graph.

Source: TurkStat, **Betam**

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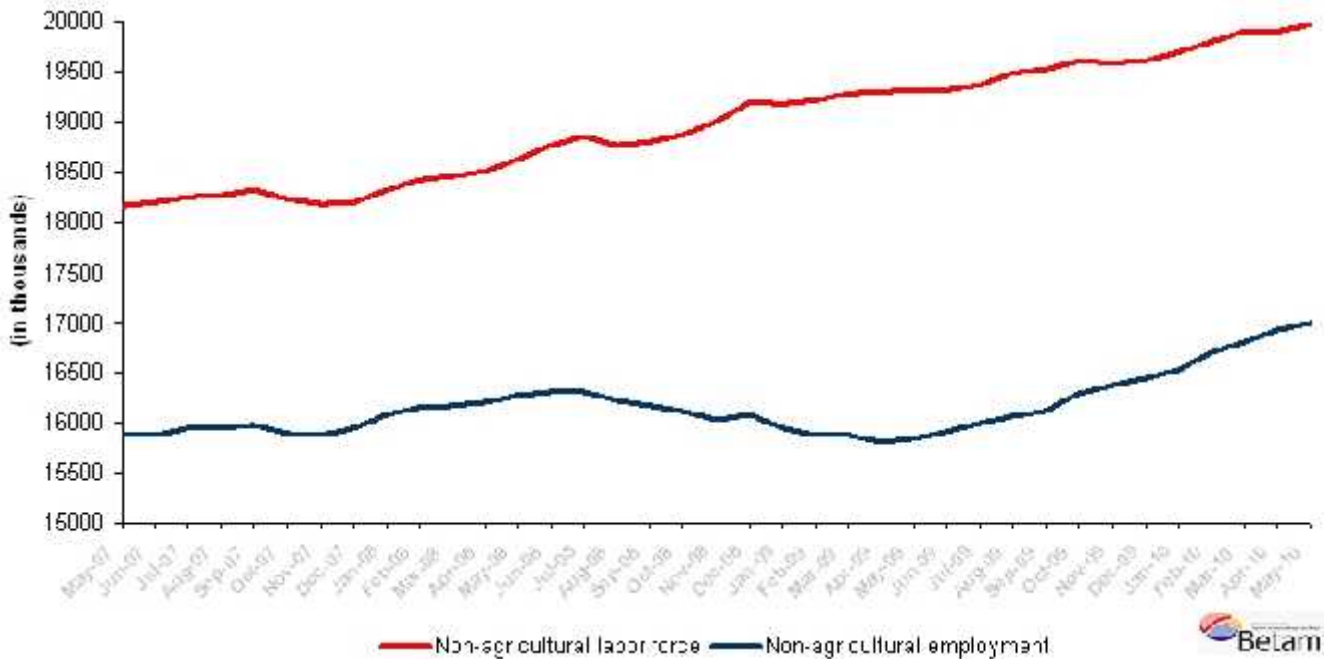
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¹ Note that non-agricultural unemployment decreased by 547 thousand on year on year basis in April 2010.

According to the seasonally adjusted series the decrease in unemployment stagnates

Since February 2010, non-agricultural employment has increased by approximately 100 thousand each period. However, seasonally adjusted series reveal that this increase is slowing down at only a 79 thousand increase this period (Figure 2). Nevertheless, this increase indicates a high annual growth rate and is consistent with the expected high economic growth in the second quarter. On the other hand, the increase in the non-agricultural labor force converges to its long term trend as mentioned in earlier research briefs. Non-agricultural labor force increased by 67 thousand in May 2010 term compared to its level in May 2009. Consequently, seasonally adjusted unemployment decreased by 12 thousand and non-agricultural unemployment settled down at 14.8 percent by a 0.1 percentage point decrease (Figure 3).

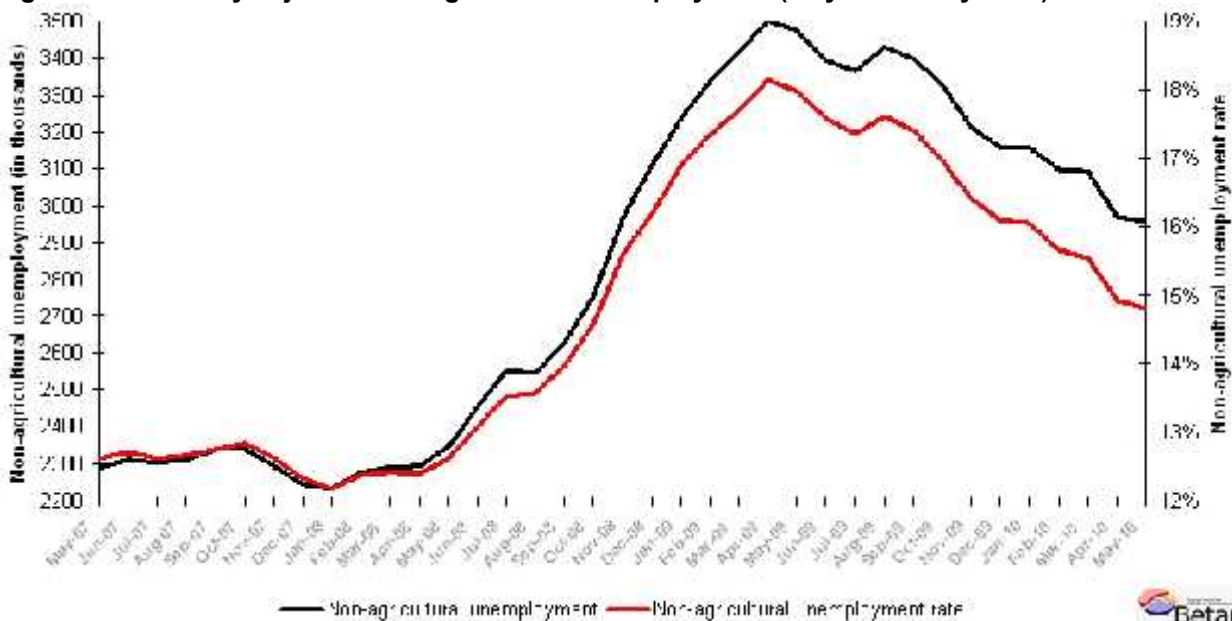
Figure 2 Seasonally adjusted non-agricultural labor force and employment (May 2007- May 2010)



Source: TurkStat, **Betam**

The 2.1 percent decrease in seasonal and calendar adjusted industrial production index in June 2010 may indicate the future direction of unemployment.

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



Source: TurkStat, **Betam**

Table 1 Seasonally Adjusted Labor Market Statistics

	Non-Agricultural Labor Force	Non-Agricultural Employment	Non-Agricultural Unemployment	Non-Agricultural Unemployment Rate	Difference in Non-Agricultural Labor Force (M-o-M)	Difference in Non-Agricultural Employment (M-o-M)	Difference in Non-Agricultural Unemployment (M-o-M)
	(in thousands)	(in thousands)	(in thousands)	(in percent)	(in thousands)	(in thousands)	(in thousands)
January-08	18319	16087	2232	12.2%			
February-08	18424	16146	2278	12.4%	105	58	46
March-08	18455	16164	2292	12.4%	31	18	13
April-08	18502	16207	2295	12.4%	47	44	3
May-08	18621	16271	2350	12.6%	119	64	55
June-08	18762	16306	2456	13.1%	141	36	106
July-08	18851	16299	2552	13.5%	89	-8	96
August-08	18769	16224	2546	13.6%	-82	-75	-7
September-08	18801	16172	2629	14.0%	32	-51	83
October-08	18867	16117	2749	14.6%	66	-55	121
November-08	18999	16032	2967	15.6%	132	-86	218
December-08	19193	16084	3109	16.2%	194	52	141
January-09	19176	15938	3238	16.9%	-17	-146	129
February-09	19215	15881	3334	17.3%	39	-56	96
March-09	19282	15869	3412	17.7%	67	-12	79
April-09	19303	15803	3500	18.1%	21	-66	87
May-09	19319	15844	3475	18.0%	16	41	-25
June-09	19308	15913	3395	17.6%	-11	69	-80
July-09	19365	16002	3363	17.4%	57	89	-32
August-09	19488	16059	3429	17.6%	123	56	66
September-09	19519	16122	3397	17.4%	31	63	-32
October-09	19613	16286	3327	17.0%	94	165	-70
November-09	19586	16374	3212	16.4%	-27	87	-115
December-09	19606	16449	3157	16.1%	20	75	-54
January-10	19691	16531	3159	16.0%	85	83	2
February-10	19795	16696	3099	15.7%	104	165	-61
March-10	19899	16808	3091	15.5%	104	111	-7
April-10	19891	16921	2971	14.9%	-8	113	-121
May-10	19959	17000	2958	14.8%	67	79	-12

Source: TurkStat, **Betam**