

## LABOR MARKET RETURNS TO NORMAL

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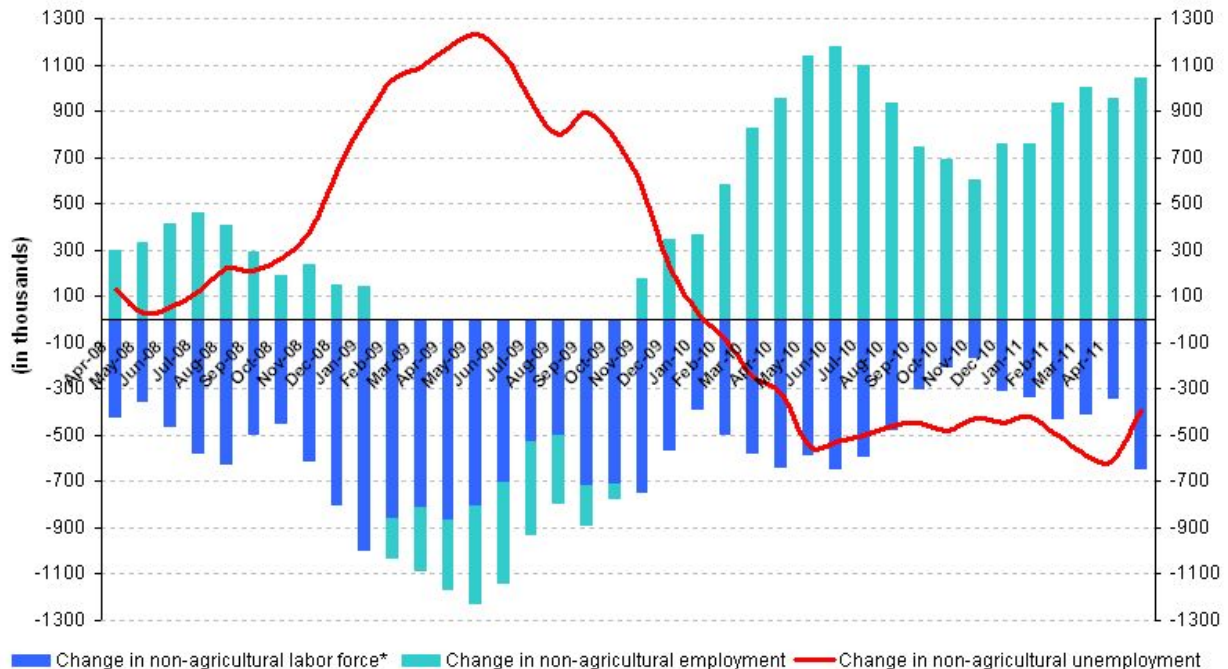
### Executive Summary

According to the labor market statistics released by TurkStat, non-agricultural employment increased by 1 million 43 thousand on a year-on-year basis, while non-agricultural unemployment rate decreased from 14.9 percent to 12.5 percent. Seasonally adjusted labor market data show that non-agricultural labor force reached 17 million 808 thousand and non-agricultural unemployment rate did not change much (12.9 percent) compared to the period of March 2011. Both the labor force and non-agricultural employment increased considerably in this period. Hence, unemployment rate increased only slightly. Developments in service sector induced to increase in non-agricultural employment.

### Increase in non-agricultural employment is parallel to the strong economic growth

According to the labor market statistics released by TurkStat on the 15<sup>th</sup> of July, employment has reached 23 million 955 thousand in the period of April 2011 (March- April- May) while non-agricultural employment reached 17 million 925 thousand. Raw labor market statistics reveal that non-agricultural labor force increased by 648 thousand (3.3 percent) and non-agricultural employment increased by 1 million 43 thousand (6.2 percent) in April 2011. On the other hand, non-agricultural unemployment rate decreased from 14.9 percent to 12.5 percent during the same period (Figure 1).

**Figure 1 Year-on-year changes in non-agricultural labor force, employment and unemployment**



\* The increases in labor force represented with a negative sign.



Source: TurkStat, **Betam**

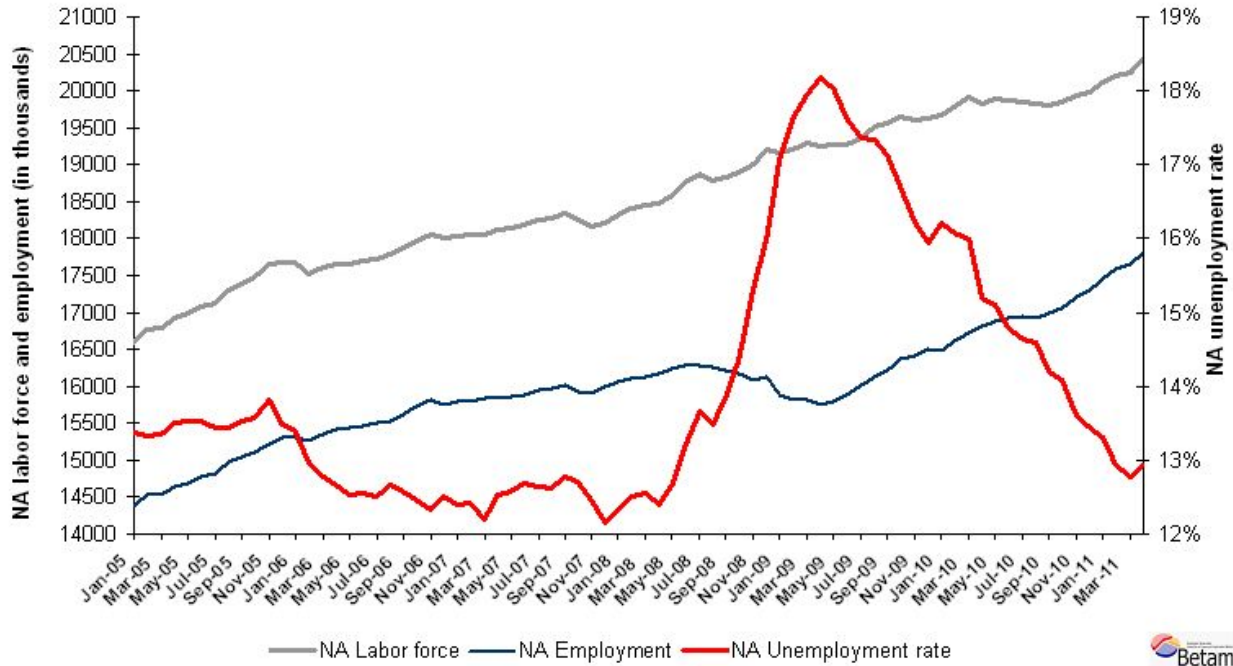
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According to seasonally adjusted series, non-agricultural labor force increased by 198 thousand in April compared to its level in March and reached 20 million 451 thousand. On the other hand, non-agricultural employment increased by 143 thousand to reach 17 million 808 thousand. Consequently, non-agricultural unemployment decreased by 55 thousand and non-agricultural unemployment rate increased to 12.9 percent (Figure 2). Increase in non-agricultural employment was not enough to cover the increase in non-agricultural labor force. In the past six months, non-agricultural labor force had been increasing slower, however during this period, it picked up again and increased by approximately 600 thousand on a year-on-year basis.

**Figure 2 Seasonally adjusted non-agricultural labor force, employment and unemployment**



Source: TurkStat, Betam

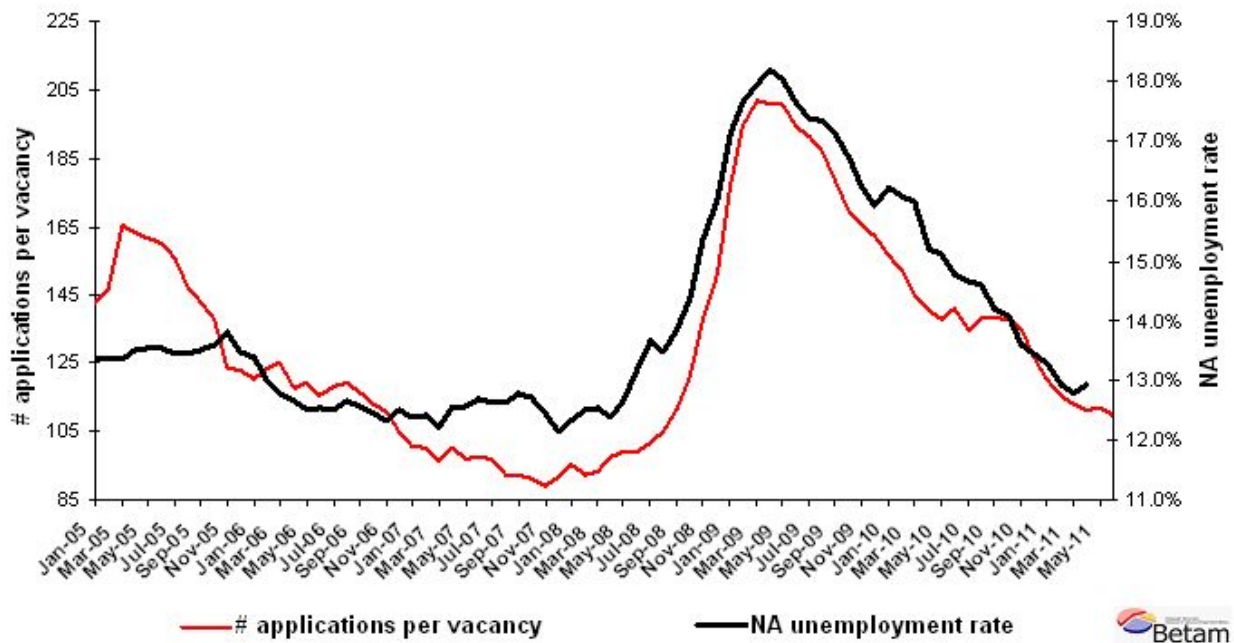
### Kariyer.net data signals a slow down in unemployment decrease

Starting from April, Betam will be using a new series released by Kariyer.net on application per vacancy. Kariyer.net collects this data via their website which is one of the largest job search engines in Turkey.<sup>1</sup> Given the lack of data on vacancies in Turkey, we believe that this new series will provide useful insight to the labor market in Turkey. It provides information on the number of unemployed who are actively seeking work as well as the number of jobs that are available in the labor market. A decrease in applications per vacancy may be caused by an increase in vacancies or by a decrease in the number of applications. An increase in vacancies signals economic growth while decreasing number of applications indicates a decrease in number of people looking for a job. Figure 3 illustrates the seasonally adjusted non-agricultural unemployment rate and deseasonalized calendar day adjusted application per vacancy (Kariyer.net) series. It is clear that these series are highly correlated (almost 90 percent).

The application per vacancy series which had been stagnant in April and May remained so in June as well. Hence, the increase in non-agricultural unemployment rate may continue in upcoming the months (May 2011).

<sup>1</sup> Application per vacancy= Total number of applications/ Total number of vacancies. Both series are seasonally and calendar day adjusted.

**Figure 3 Non-agricultural unemployment rate and application per vacancy (SA)**



Data source: Kariyer.net, TurkStat, **Betam**

### Slow down in manufacturing employment, increase in service sector employment

According to the seasonally adjusted figures, manufacturing employment increased only by 16 thousand in April 2011 (App. 1 Table 2, App. 2 Figure 4).<sup>2</sup> The slow down is parallel to decrease in the industrial production index. During this period, employment in the service sector increased 97 thousand is the main source of increase in non-agricultural employment. On the other hand, agricultural employment decreased 97 thousand, which is the first decrease observed for the period of July 2010.

<sup>2</sup> Seasonal adjustment procedure is applied to each sector of employment series separately. Hence the sum of these series may differ from the seasonally adjusted series of total employment. The difference stems from the non-linearity of the seasonal adjustment process.

**Appendix 1: Table 1 Seasonally adjusted non-agricultural labor force indicators (in thousands)**

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
March-08	18448	16133	2315	12.5%			
April-08	18468	16178	2290	12.4%	20	45	-25
May-08	18590	16237	2354	12.7%	122	59	63
June-08	18754	16279	2475	13.2%	164	43	121
July-08	18863	16287	2577	13.7%	109	7	102
August-08	18785	16251	2534	13.5%	-79	-36	-43
September-08	18827	16216	2611	13.9%	43	-35	77
October-08	18889	16175	2714	14.4%	62	-41	103
November-08	19006	16088	2918	15.4%	117	-87	204
December-08	19211	16134	3077	16.0%	205	46	159
January-09	19172	15893	3279	17.1%	-39	-242	202
February-09	19212	15824	3388	17.6%	40	-69	109
March-09	19286	15822	3463	18.0%	74	-1	75
April-09	19256	15757	3499	18.2%	-29	-65	36
May-09	19271	15796	3474	18.0%	14	39	-25
June-09	19282	15884	3399	17.6%	12	88	-76
July-09	19369	16006	3363	17.4%	87	122	-35
August-09	19512	16128	3384	17.3%	142	122	21
September-09	19562	16213	3348	17.1%	50	85	-36
October-09	19657	16375	3282	16.7%	95	162	-67
November-09	19599	16422	3177	16.2%	-58	47	-105
December-09	19627	16499	3127	15.9%	28	77	-49
January-10	19680	16488	3191	16.2%	53	-11	64
February-10	19787	16608	3179	16.1%	107	120	-13
March-10	19904	16723	3182	16.0%	117	114	3
April-10	19819	16808	3012	15.2%	-85	85	-170
May-10	19885	16884	3001	15.1%	66	76	-10
June-10	19860	16923	2936	14.8%	-26	39	-65
July-10	19842	16937	2905	14.6%	-17	14	-31
August-10	19821	16930	2891	14.6%	-22	-7	-15
September-10	19797	16987	2810	14.2%	-24	57	-81
October-10	19849	17056	2793	14.1%	52	69	-17
November-10	19932	17223	2709	13.6%	83	167	-84
December-10	19984	17300	2684	13.4%	52	77	-25
January-11	20121	17445	2676	13.3%	138	145	-8
February-11	20202	17590	2612	12.9%	81	145	-65
March-11	20253	17665	2588	12.8%	51	75	-24
April-11	20451	17808	2643	12.9%	198	143	55

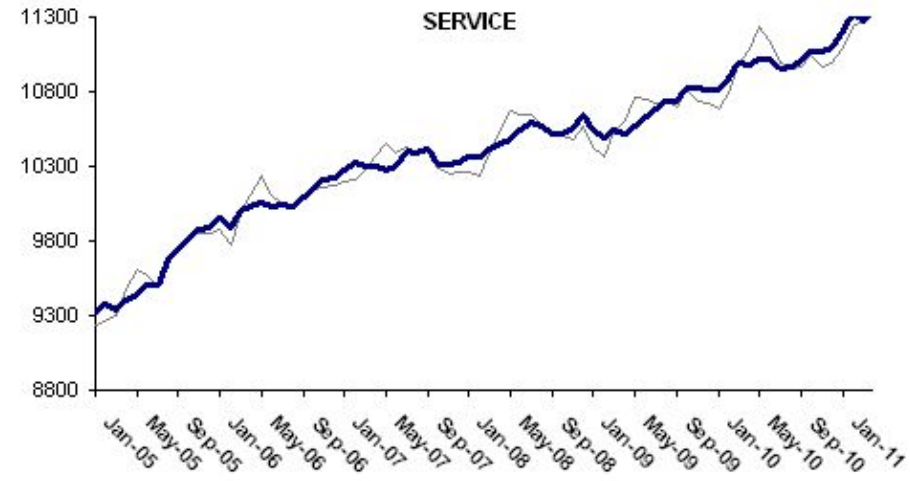
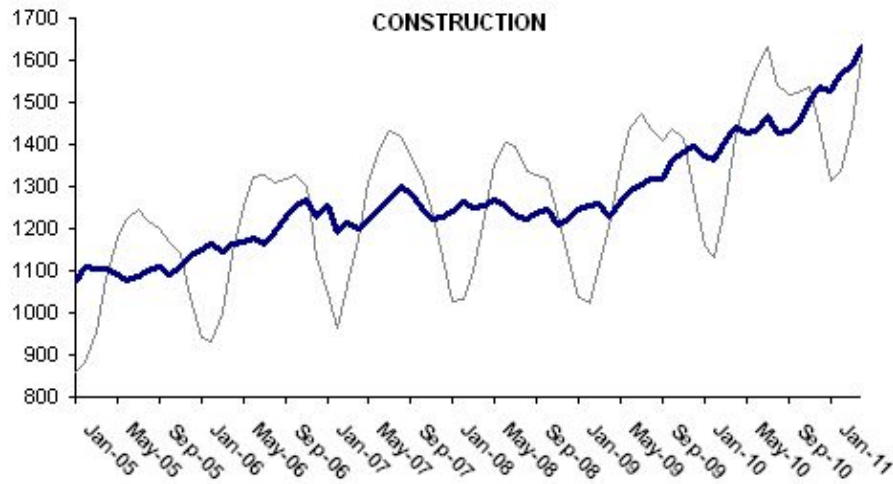
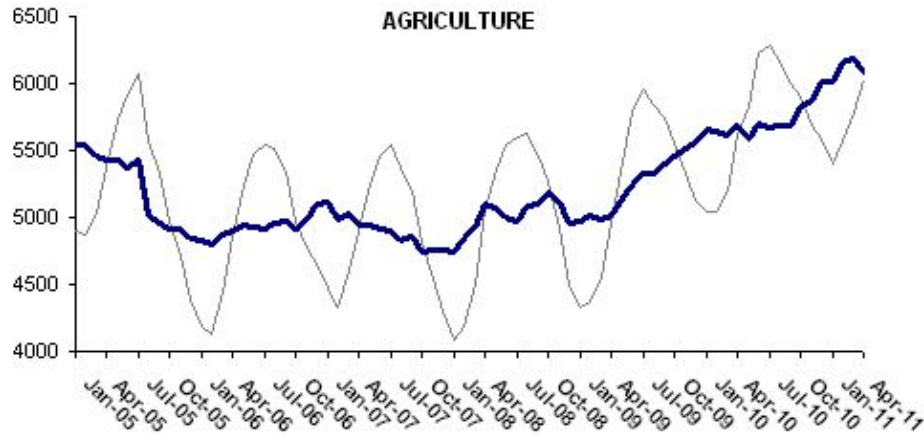
Source: TurkStat, **Betam**

**Appendix 1: Table 2 Seasonally adjusted sector of employment (in thousands)**

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
March-08	4923	4483	1249	10410				
April-08	5100	4457	1256	10453	177	-25	7	43
May-08	5064	4497	1267	10484	-36	39	10	31
June-08	5002	4502	1255	10543	-62	5	-12	59
July-08	4977	4483	1231	10600	-25	-18	-24	57
August-08	5090	4469	1221	10568	112	-14	-9	-32
September-08	5100	4457	1235	10524	11	-12	14	-44
October-08	5191	4392	1245	10519	91	-65	10	-5
November-08	5119	4286	1207	10556	-72	-106	-38	38
December-08	4961	4247	1222	10642	-159	-39	15	86
January-09	4978	4136	1248	10545	18	-111	26	-97
February-09	5011	4110	1255	10486	33	-25	7	-59
March-09	4990	4028	1260	10546	-22	-82	5	60
April-09	5013	3988	1227	10518	23	-39	-33	-27
May-09	5145	3968	1262	10566	132	-20	34	47
June-09	5245	3964	1291	10632	101	-4	29	66
July-09	5334	4028	1306	10687	89	63	16	55
August-09	5323	4034	1320	10738	-11	6	13	51
September-09	5404	4110	1320	10731	81	76	0	-7
October-09	5464	4145	1363	10823	60	35	44	91
November-09	5513	4200	1383	10823	49	55	19	0
December-09	5562	4288	1394	10811	49	88	11	-12
January-10	5662	4337	1374	10808	100	49	-20	-3
February-10	5643	4402	1365	10891	-19	64	-9	83
March-10	5609	4379	1411	10987	-34	-22	46	96
April-10	5679	4438	1439	10976	70	58	29	-10
May-10	5584	4502	1428	11021	-95	64	-11	45
June-10	5697	4526	1432	11014	113	24	3	-8
July-10	5674	4539	1467	10954	-23	14	35	-60
August-10	5680	4463	1427	10961	6	-76	-40	7
September-10	5685	4432	1430	11008	5	-31	3	47
October-10	5823	4422	1450	11066	138	-10	19	58
November-10	5870	4605	1506	11066	47	183	56	0
December-10	6008	4630	1538	11098	138	25	32	32
January-11	6015	4713	1526	11217	7	83	-12	118
February-11	6156	4746	1570	11330	140	33	44	114
March-11	6182	4868	1588	11272	27	122	18	-58
Nisan 11	6091	4884	1632	11369	-91	16	44	97

Source: TurkStat, **Betam**

Appendix 2: Figure 4 Employment changes in sectors (in thousand)<sup>3</sup>



Source: TurkStat, **Betam**

<sup>3</sup> Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.