

STRONG EMPLOYMENT INCREASES IN SERVICES

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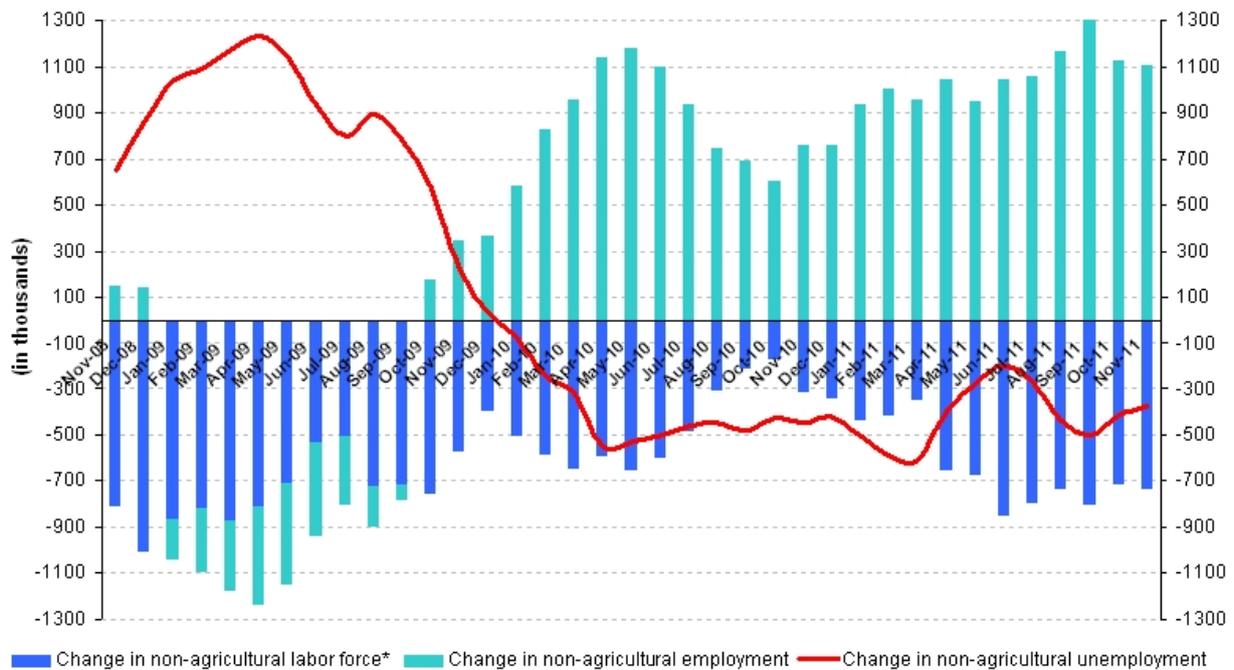
Executive Summary

According to the labor market statistics released by TurkStat, non-agricultural unemployment rate is 11.4 percent in the period of November 2011. Seasonally adjusted labor market data shows that non-agricultural unemployment rate fell by 0.3 percentage points and decreased from 11.6 percent to 11.3 percent during November 2011 compared to the period of October 2011. The decrease in non-agricultural unemployment is caused mainly by a strong employment increase of 158 thousand in the service sector during the period of November.

Increase in non-agricultural employment continues

According to the labor market statistics released by TurkStat on the 15th of February, non-agricultural employment has reached 18 million 277 thousand in the period of November 2011 (October – November – December). Raw labor market statistics reveal that non-agricultural labor force increased by 731 thousand (3.7 percent), non-agricultural employment increased by 1 million 105 thousand (6.4 percent) and non-agricultural unemployment rate decreased from 13.7 percent to 11.4 percent during this period on a year-on-year basis (Figure 1). The number of unemployed persons in non-agricultural decreased by 374 thousand to 2 million 352 thousand on a year-on-year basis. Note that there have been strong increases in non-agricultural employment since June 2011, averaging to about 1 million on a yearly basis.

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



Source: TurkStat, **Betam**

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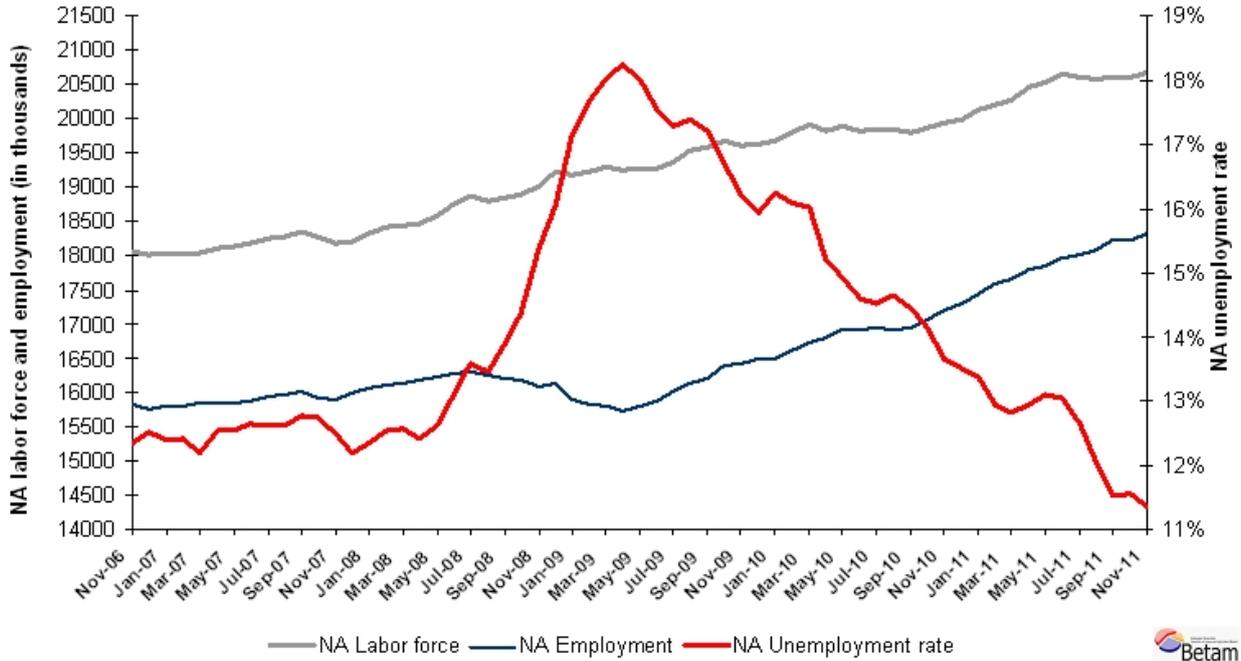
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Seasonally adjusted non-agricultural unemployment decreased

According to seasonally adjusted series, non-agricultural labor force increased by 78 thousand and reached 20 million 672 thousand in November compared to its level in October (Figure 2, App. 1 Table 1). Non-agricultural employment increased by 113 thousand and reached 18 million 327 thousand. Consequently, the number of unemployed persons in non-agricultural sectors decreased by 35 thousand and seasonally adjusted non-agricultural unemployment rate decreased from 11.6 percent to 11.3 percent (0.3 percentage points).

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



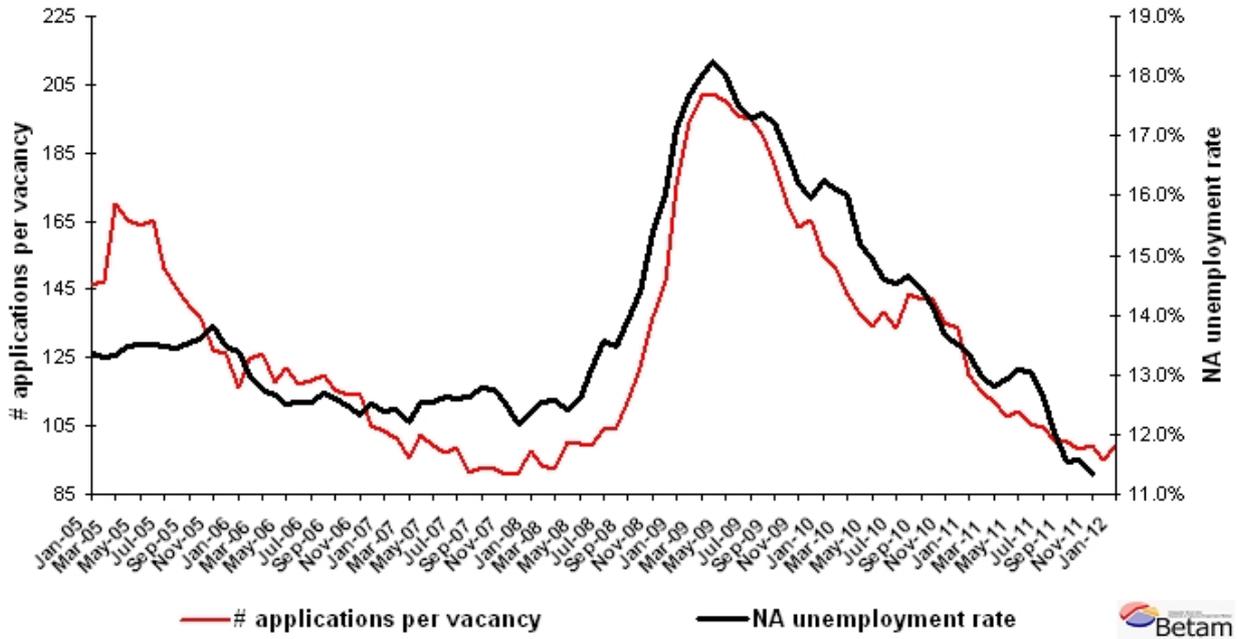
Source: TurkStat, Betam

According to Kariyer.net data, non-agricultural unemployment will stagnate in the period of December 2011¹

The application per vacancy series released by Kariyer.net stagnate in November, decrease in December 2011 and increase in January 2012. In light of this data, we believe that the decrease in non-agricultural unemployment rate will stagnate in the period of December 2011.

¹ 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. 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).

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



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

Strong employment increase in services

According to seasonally adjusted figures, employment in construction has decreased by 97 thousand in the period of October compared to the period of September (App. 1 Table 2, App. 2 Figure 4)². Remember that the employment in construction decreased by 37 thousand in the period of November 2011. These numbers cumulate to a decrease of 133 thousand, i.e. 8 percent employment loss in construction in the last two periods. We can say that the correction that we had been expecting in construction continues.

Service employment increased by 158 thousand in the period of November compared to its level in October. This is the largest increase that we have observed on a monthly basis since the beginning of year 2005. The large increase in the non-agricultural employment stems from employment increases in services and in manufacturing (by 37 thousand).

² 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
October-08	18899	16182	2717	14.4%			
November-08	19008	16083	2925	15.4%	109	-100	208
December-08	19214	16133	3081	16.0%	206	50	156
January-09	19174	15890	3284	17.1%	-40	-243	203
February-09	19214	15818	3397	17.7%	40	-72	112
March-09	19288	15816	3473	18.0%	74	-2	76
April-09	19256	15744	3511	18.2%	-33	-71	39
May-09	19266	15800	3466	18.0%	10	56	-45
June-09	19257	15882	3376	17.5%	-9	82	-90
July-09	19362	16014	3348	17.3%	104	132	-28
August-09	19520	16129	3390	17.4%	158	116	42
September-09	19566	16198	3368	17.2%	47	69	-22
October-09	19671	16386	3285	16.7%	105	188	-83
November-09	19601	16423	3178	16.2%	-70	37	-107
December-09	19628	16499	3129	15.9%	27	76	-49
January-10	19682	16483	3199	16.3%	54	-16	69
February-10	19791	16607	3184	16.1%	109	124	-15
March-10	19909	16723	3186	16.0%	118	116	2
April-10	19821	16807	3015	15.2%	-87	84	-171
May-10	19882	16915	2967	14.9%	60	108	-48
June-10	19824	16930	2894	14.6%	-58	16	-73
July-10	19831	16952	2879	14.5%	7	21	-15
August-10	19832	16925	2907	14.7%	1	-27	28
September-10	19803	16943	2860	14.4%	-29	18	-47
October-10	19870	17062	2808	14.1%	67	119	-52
November-10	19935	17215	2721	13.6%	65	152	-87
December-10	19985	17288	2697	13.5%	49	73	-24
January-11	20124	17433	2690	13.4%	139	146	-7
February-11	20205	17587	2619	13.0%	82	154	-72
March-11	20256	17660	2597	12.8%	51	73	-22
April-11	20454	17808	2646	12.9%	197	148	49
May-11	20528	17841	2687	13.1%	74	33	41
June-11	20644	17953	2692	13.0%	116	112	5
July-11	20605	18001	2604	12.6%	-39	49	-88
August-11	20565	18090	2475	12.0%	-41	88	-129
September-11	20603	18227	2376	11.5%	38	138	-99
October-11	20594	18213	2380	11.6%	-9	-14	5
November-11	20672	18327	2345	11.3%	78	113	-35

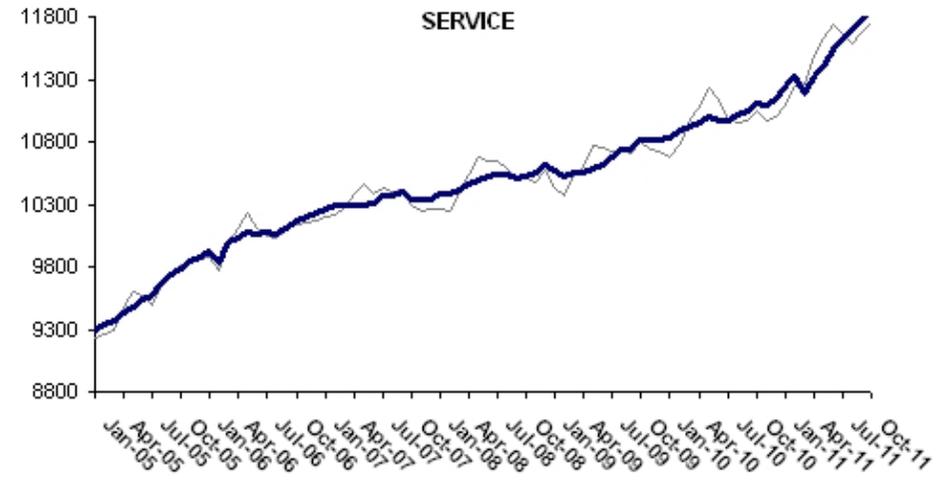
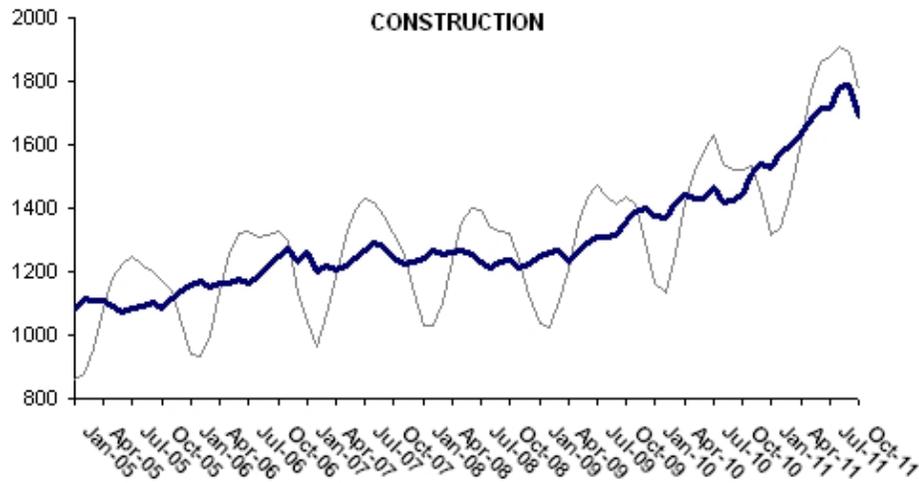
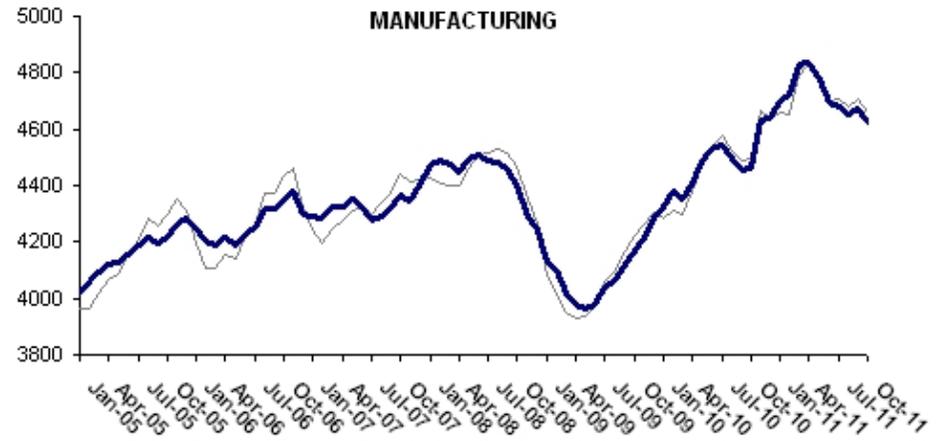
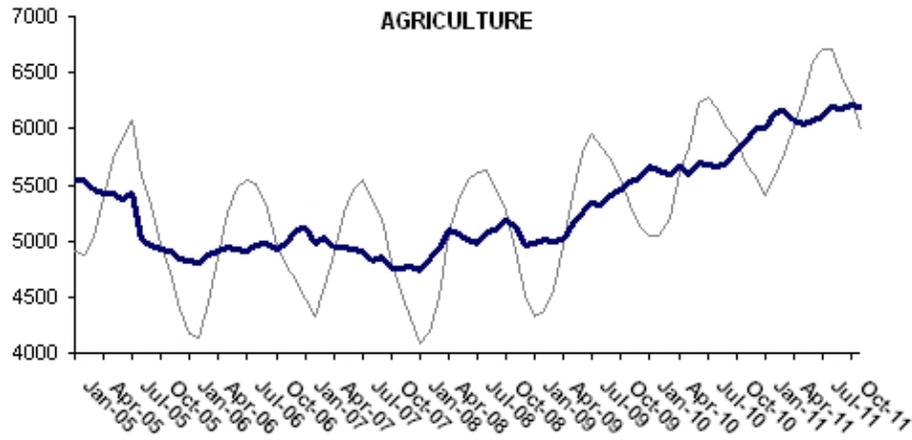
Source: TurkStat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
October-08	5189	4401	1239	10522				
November-08	5124	4290	1210	10547	-65	-111	-29	25
December-08	4964	4242	1225	10635	-159	-48	15	88
January-09	4979	4128	1251	10545	15	-114	26	-90
February-09	5009	4097	1258	10481	30	-31	7	-64
March-09	4986	4017	1265	10551	-23	-80	6	70
April-09	5005	3976	1232	10529	19	-40	-33	-22
May-09	5152	3962	1262	10579	147	-15	30	49
June-09	5250	3975	1289	10621	98	14	27	42
July-09	5339	4036	1307	10682	89	60	18	61
August-09	5314	4056	1311	10747	-25	20	4	66
September-09	5406	4122	1313	10734	92	66	1	-13
October-09	5461	4168	1357	10826	55	46	44	91
November-09	5519	4213	1386	10807	58	45	29	-19
December-09	5565	4286	1397	10800	46	73	11	-7
January-10	5661	4325	1377	10805	96	39	-20	5
February-10	5637	4380	1368	10885	-24	54	-9	80
March-10	5601	4354	1416	10993	-36	-26	47	107
April-10	5668	4408	1445	10990	67	54	29	-3
May-10	5596	4481	1429	11039	-72	73	-16	49
June-10	5705	4532	1430	10994	109	51	1	-45
July-10	5682	4544	1468	10949	-23	12	38	-46
August-10	5668	4493	1418	10980	-14	-51	-50	31
September-10	5690	4454	1423	11014	22	-39	4	34
October-10	5821	4461	1443	11073	130	7	20	59
November-10	5881	4629	1509	11040	61	168	66	-32
December-10	6013	4635	1542	11082	131	7	33	41
January-11	6014	4702	1529	11208	1	67	-13	127
February-11	6146	4722	1573	11323	132	19	44	114
March-11	6168	4829	1593	11284	22	108	19	-39
April-11	6074	4839	1638	11392	-94	10	45	108
May-11	6046	4778	1681	11432	-28	-61	43	41
June-11	6077	4693	1713	11584	30	-85	32	152
July-11	6108	4681	1715	11621	31	-12	2	37
August-11	6191	4655	1784	11633	84	-26	69	12
September-11	6171	4675	1791	11735	-21	20	6	102
October-11	6208	4628	1694	11796	38	-47	-97	61
November-11	6197	4665	1657	11954	-12	37	-37	158

Source: TurkStat, Betam

Appendix 2: Figure 4 Employment changes in sectors (in thousand)³



Source: TurkStat, **Betam**

³ Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.