

A SHARP DECLINE IN EMPLOYMENT OF CONSTRUCTION SECTOR

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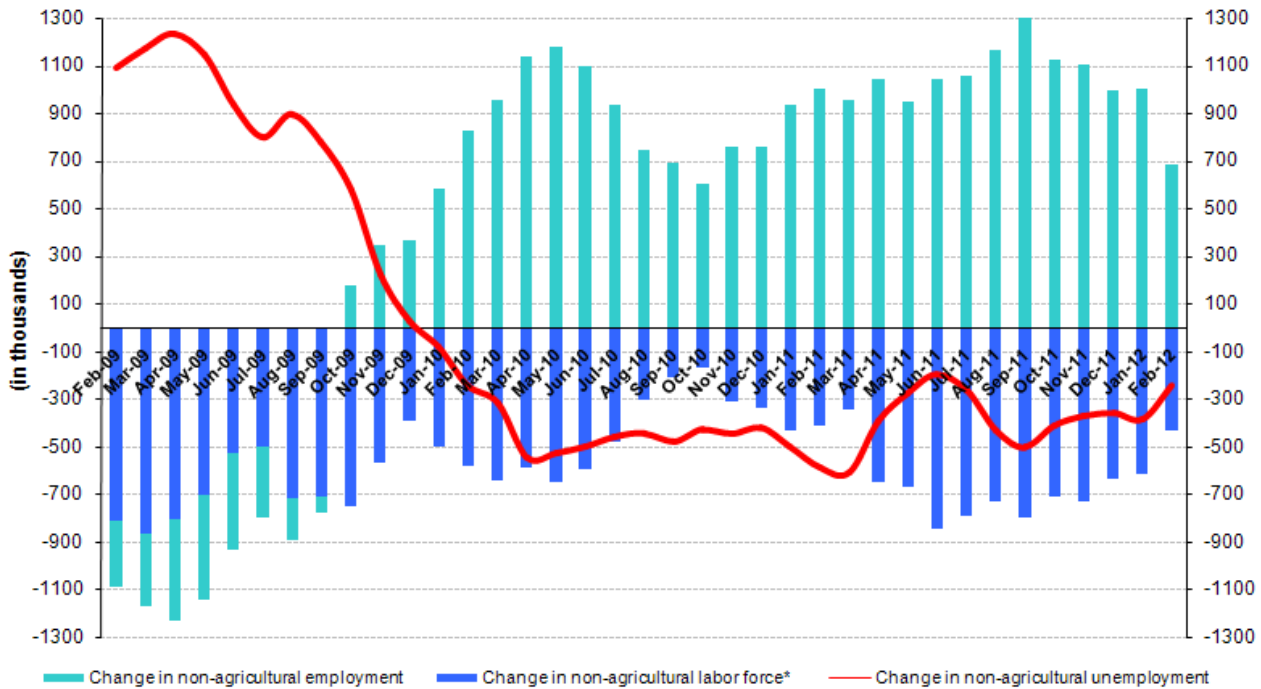
Executive Summary

According to the labor market statistics released by Turk-Stat, non-agricultural unemployment rate is 12.7 percent in the period of February 2012. Seasonally adjusted labor market data shows that non-agricultural unemployment rate increased by 0.1 points to 11.3 percent. We observe a slowdown in the increase of non-agricultural employment in the period of February 2012. Due to a slowdown in the increase in non-agricultural labor force, the increase in non-agricultural unemployment is limited. Employment in construction sector decreased by 110 thousand with a sharp decline, whereas the increase in manufacturing and the decline in services are limited. These numbers reflect the slow down in the growth rate.

There is a slowdown in the increase in non-agricultural employment

According to the labor market statistics released by TurkStat on May 15th, in the period of February 2012 (January-February-March) non-agricultural labor force only increased by 436 thousand (2.2 percent), non-agricultural employment increased by 682 thousand (4 percent) and the number of unemployed persons in non-agricultural decreased by 246 thousand to 2 million 606 thousand on a year-on-year basis (Figure 1). Annual increases in non-agricultural labor force had been over 600 thousand in the past periods. Moreover, non-agricultural unemployment was decreasing rapidly in parallel to strong annual increases of almost 1 million in non-agricultural employment. We observe that increases in both non-agricultural labor force and non-agricultural employment both slowed down as a result non-agricultural unemployment stagnated.

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



* The change in labor force represented with a negative sign.

Source: TurkStat, **Betam**

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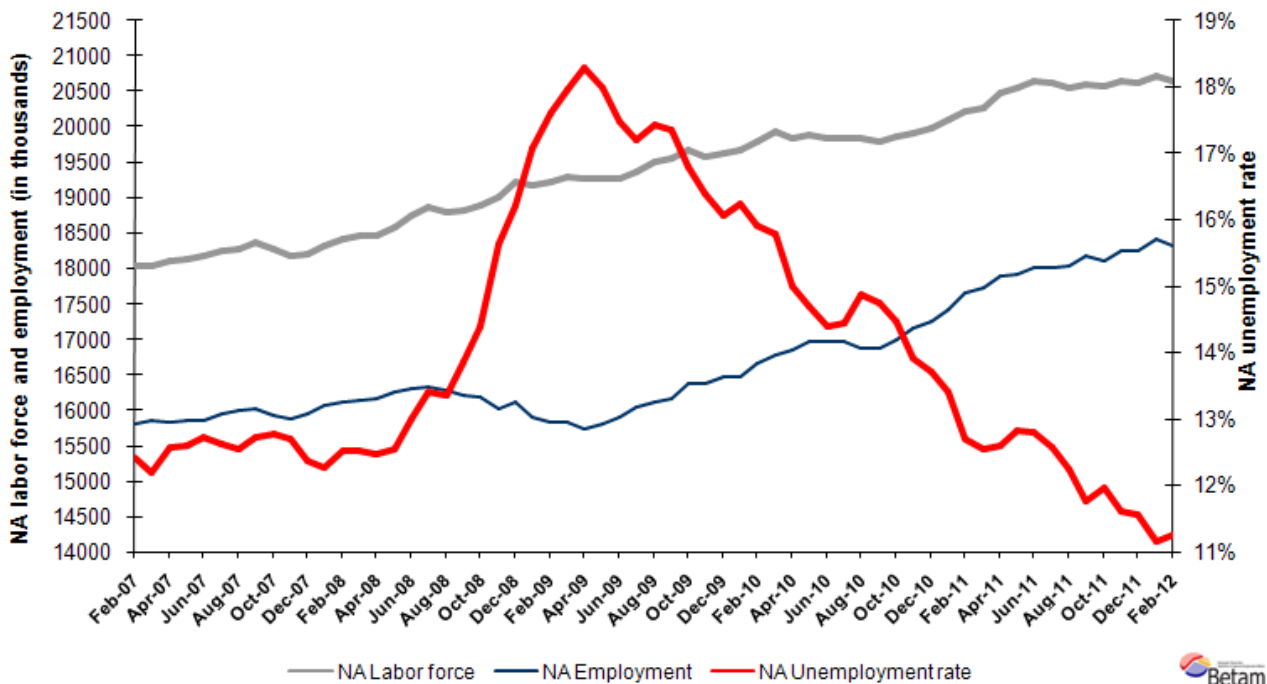
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Seasonally adjusted non-agricultural unemployment increased to 11.3 percent

According to seasonally adjusted series, non-agricultural labor force decreased by 60 thousand to 20 million 657 thousand in the period of February compared to the period of January 2011 (Figure 2, Table 1). Non-agricultural employment decreased by 73 thousand and fell back to 18 million 331 thousand. Consequently, the number of unemployed persons in non-agricultural sectors increased by 13 thousand and seasonally adjusted non-agricultural unemployment rate increased from 11.2 percent to 11.3 percent (Figure 2). The monthly loss in non-agricultural employment is the largest decrease recorded since August 2010. However, note that the slow down in non-agricultural labor force prevented a stronger increase in non-agricultural unemployment.

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



Source: TurkStat, **Betam**

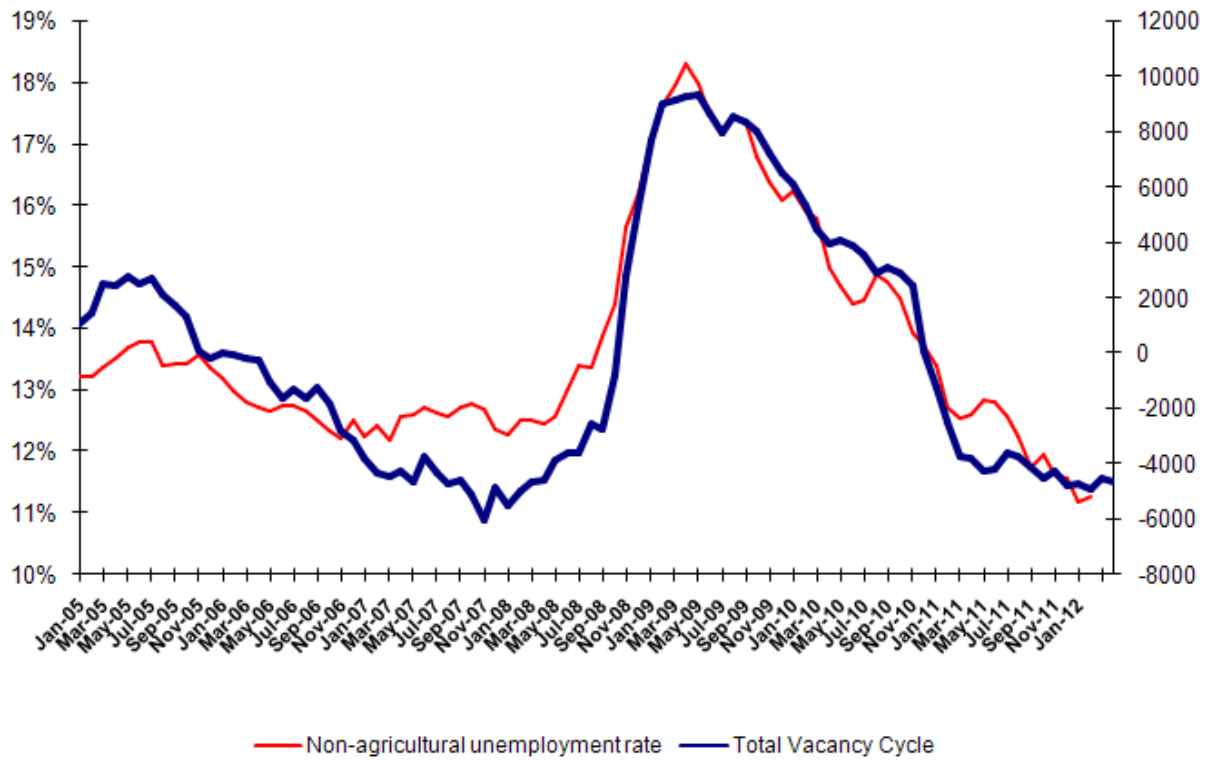
According to Kariyer.net series non-agricultural unemployment rate will stagnate in the period of March 2012

In the previous research briefs, we used seasonal and calendar adjusted application per vacancy series released by Kariyer.net. However, we will be using total vacancy series in this brief as the total application series pertaining to April 2012 contains a structural break due to technical difficulties.¹

According to data released by Kariyer.net the vacancy series provided by the firms point to a slowdown in the decrease in non-agricultural unemployment starting from the period of January 2012. In light of this data, we believe that non-agricultural unemployment rate will stagnate in the period of March 2012.

¹ Seasonal and calendar adjustment procedure is applied to total vacancy series released by Kariyer.net. Total vacancy series is continuously increasing given that the customers base of Kariyer.net is widening overtime. Therefore we calculate the cycle of the series by subtracting the absolute number from the trend calculated by a Hodrick-Prescott filter. Since the changes in the number of vacancies are negatively correlated with the changes in unemployment we use the inverse of total vacancy series by multiplying it with -1. Although this vacancy series are not as strong forecasters as the application per vacancy series, it gives an idea for the direction of non-agricultural unemployment.

Figure 3 Seasonally adjusted non-agricultural unemployment rate and total vacancy cycle



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

110 thousand construction employment loss in one month²

According to seasonally adjusted figures, sectoral employment data points to significant employment losses in the construction sector. Employment in construction sector decreased by 110 thousand (6.7 percent) in the period of February 2012 compared to the period of January 2012 (Table 2, Figure 4). From the period of September 2011 to the period of February 2012 the cumulative decrease in construction sector is 246 thousand (14 percent).

The employment in manufacturing only increased by 16 thousand, the employment in services decreased by 5 thousand in the period of February 2012. These are reflections of slowing growth rates on the labor market. A moderate decline in the agricultural sector continues.

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.

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
January-09	19166	15894	3272	17.1%			
February-09	19220	15836	3384	17.6%	55	-58	112
March-09	19297	15833	3464	18.0%	77	-3	80
April-09	19260	15736	3524	18.3%	-37	-97	59
May-09	19270	15805	3465	18.0%	10	69	-59
June-09	19259	15893	3366	17.5%	-11	88	-99
July-09	19363	16033	3330	17.2%	104	140	-36
August-09	19517	16116	3402	17.4%	154	83	72
September-09	19561	16165	3395	17.4%	43	50	-7
October-09	19664	16363	3302	16.8%	103	197	-94
November-09	19589	16377	3211	16.4%	-75	15	-90
December-09	19629	16474	3155	16.1%	41	97	-56
January-10	19669	16476	3193	16.2%	40	1	38
February-10	19800	16652	3148	15.9%	131	176	-45
March-10	19923	16777	3146	15.8%	123	125	-3
April-10	19832	16858	2974	15.0%	-91	80	-172
May-10	19892	16967	2925	14.7%	60	109	-49
June-10	19831	16975	2856	14.4%	-61	8	-69
July-10	19833	16967	2866	14.4%	2	-8	10
August-10	19827	16876	2951	14.9%	-6	-91	85
September-10	19792	16871	2921	14.8%	-35	-5	-30
October-10	19856	16981	2874	14.5%	64	110	-46
November-10	19917	17145	2772	13.9%	61	163	-103
December-10	19985	17243	2742	13.7%	68	98	-30
January-11	20105	17410	2695	13.4%	120	167	-47
February-11	20217	17649	2568	12.7%	112	239	-127
March-11	20273	17728	2544	12.5%	56	80	-24
April-11	20469	17891	2578	12.6%	197	163	34
May-11	20544	17909	2635	12.8%	75	17	57
June-11	20657	18014	2643	12.8%	113	105	8
July-11	20610	18019	2591	12.6%	-47	5	-52
August-11	20559	18041	2518	12.2%	-51	22	-73
September-11	20590	18170	2419	11.8%	31	129	-98
October-11	20575	18114	2461	12.0%	-15	-56	41
November-11	20649	18250	2399	11.6%	74	136	-62
December-11	20625	18243	2382	11.6%	-23	-7	-16
January-12	20717	18404	2313	11.2%	92	161	-70
February-12	20657	18331	2326	11.3%	-60	-73	13

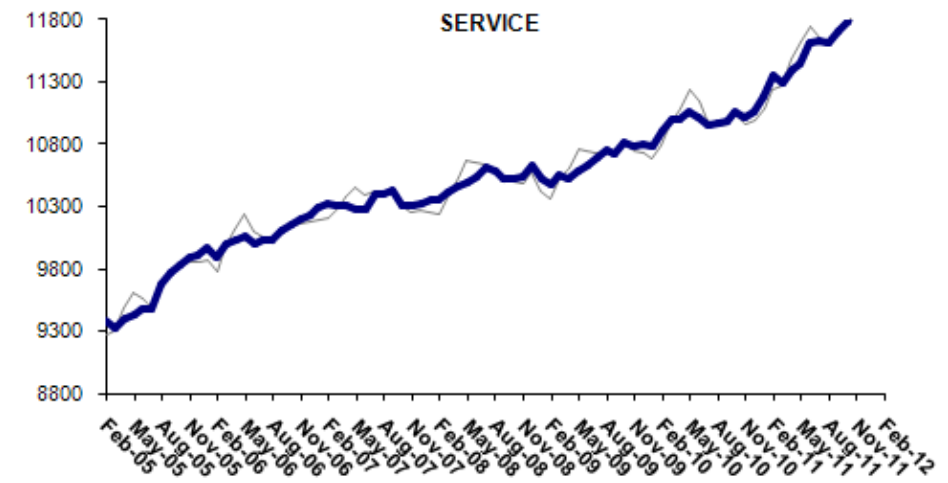
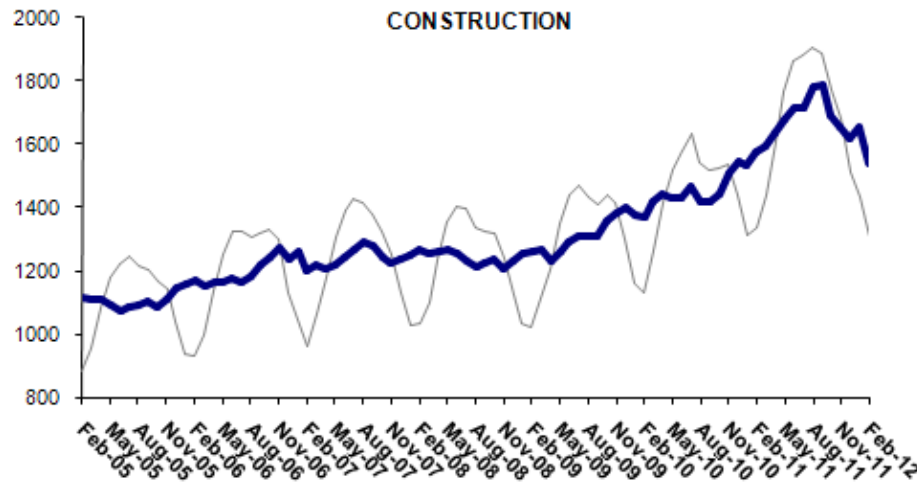
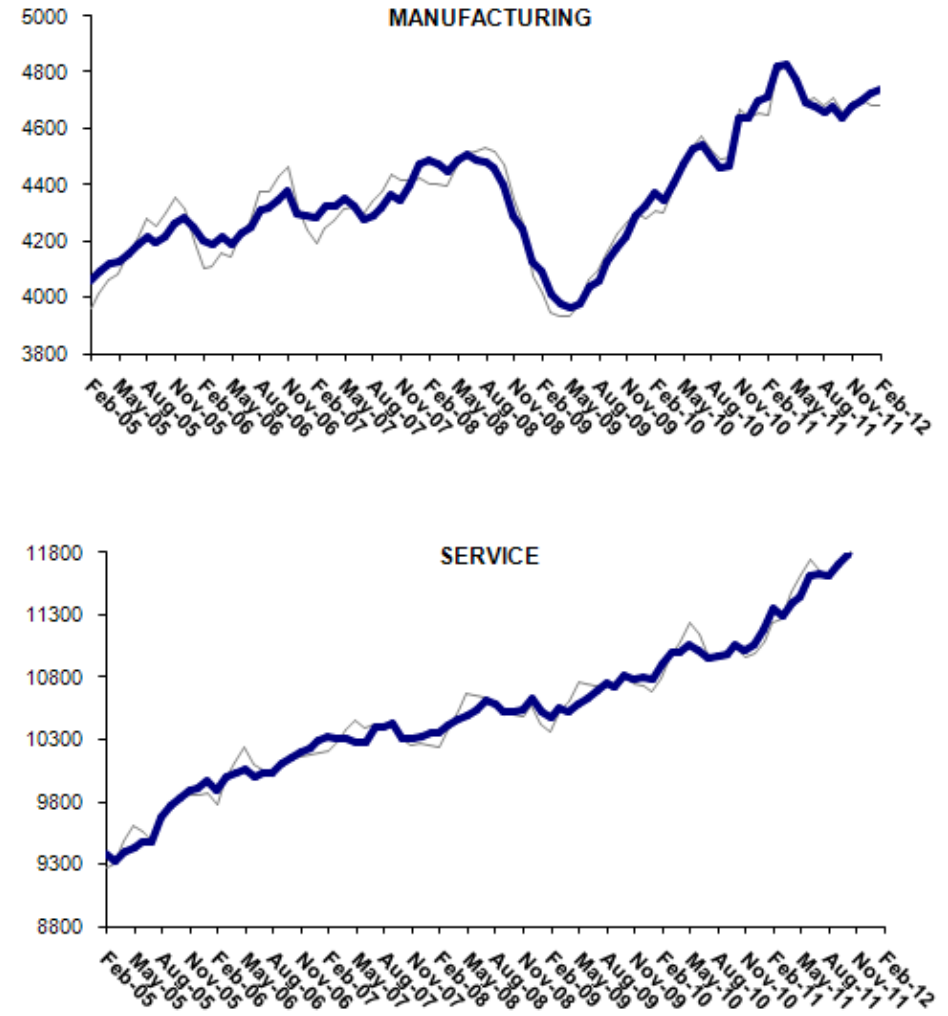
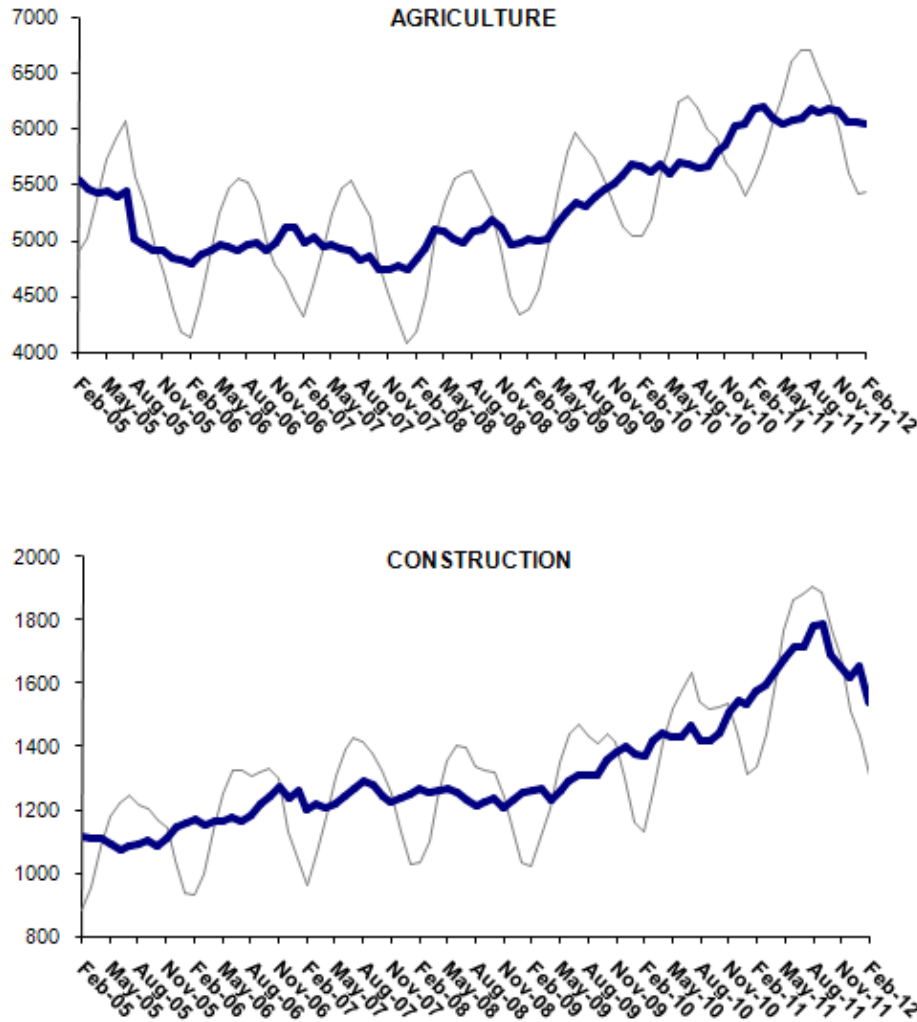
Source: TurkStat, **Betam**

Table 2 Seasonally adjusted sector of employment (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
January-09	4981	4126	1253	10526				
February-09	5018	4094	1259	10481	37	-33	7	-45
March-09	4990	4014	1265	10553	-27	-79	6	73
April-09	5009	3975	1232	10527	19	-39	-33	-27
May-09	5152	3961	1262	10583	143	-14	30	57
June-09	5252	3975	1289	10633	100	15	27	50
July-09	5337	4036	1306	10695	84	61	18	62
August-09	5306	4058	1310	10750	-31	22	3	55
September-09	5395	4125	1310	10724	89	66	1	-26
October-09	5452	4172	1355	10822	58	47	44	98
November-09	5504	4218	1383	10792	51	46	28	-30
December-09	5576	4289	1403	10794	72	71	20	2
January-10	5674	4323	1379	10783	98	34	-24	-11
February-10	5659	4374	1369	10900	-14	51	-9	118
March-10	5615	4349	1416	11006	-44	-25	47	105
April-10	5675	4404	1445	11001	60	55	29	-5
May-10	5592	4478	1429	11055	-83	74	-16	54
June-10	5704	4530	1430	11021	113	53	1	-34
July-10	5674	4544	1467	10955	-31	13	38	-66
August-10	5653	4496	1417	10965	-21	-48	-51	9
September-10	5668	4458	1420	10991	15	-38	4	26
October-10	5804	4468	1441	11060	135	9	20	69
November-10	5856	4637	1506	11021	52	169	65	-39
December-10	6029	4640	1548	11068	173	3	42	47
January-11	6033	4699	1531	11189	4	59	-17	121
February-11	6181	4714	1574	11351	148	15	44	162
March-11	6194	4820	1593	11293	13	107	19	-58
April-11	6086	4831	1638	11402	-108	11	45	109
May-11	6042	4773	1681	11445	-44	-58	43	43
June-11	6075	4692	1713	11620	33	-82	32	175
July-11	6097	4682	1714	11628	22	-10	2	8
August-11	6174	4660	1783	11608	78	-21	68	-20
September-11	6143	4682	1788	11706	-32	22	6	99
October-11	6183	4638	1692	11778	41	-44	-97	71
November-11	6160	4677	1654	11943	-24	39	-38	166
December-11	6049	4703	1618	11938	-111	26	-36	-6
January-12	6053	4727	1653	12036	4	24	35	98
February-12	6039	4743	1542	12031	-14	16	-110	-5

Source: TurkStat, **Betam**

Figure 4 Employment changes in sectors (in thousands)³



Source: TurkStat, **Betam**



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