

REMARKABLE INCREASE IN UNEMPLOYMENT

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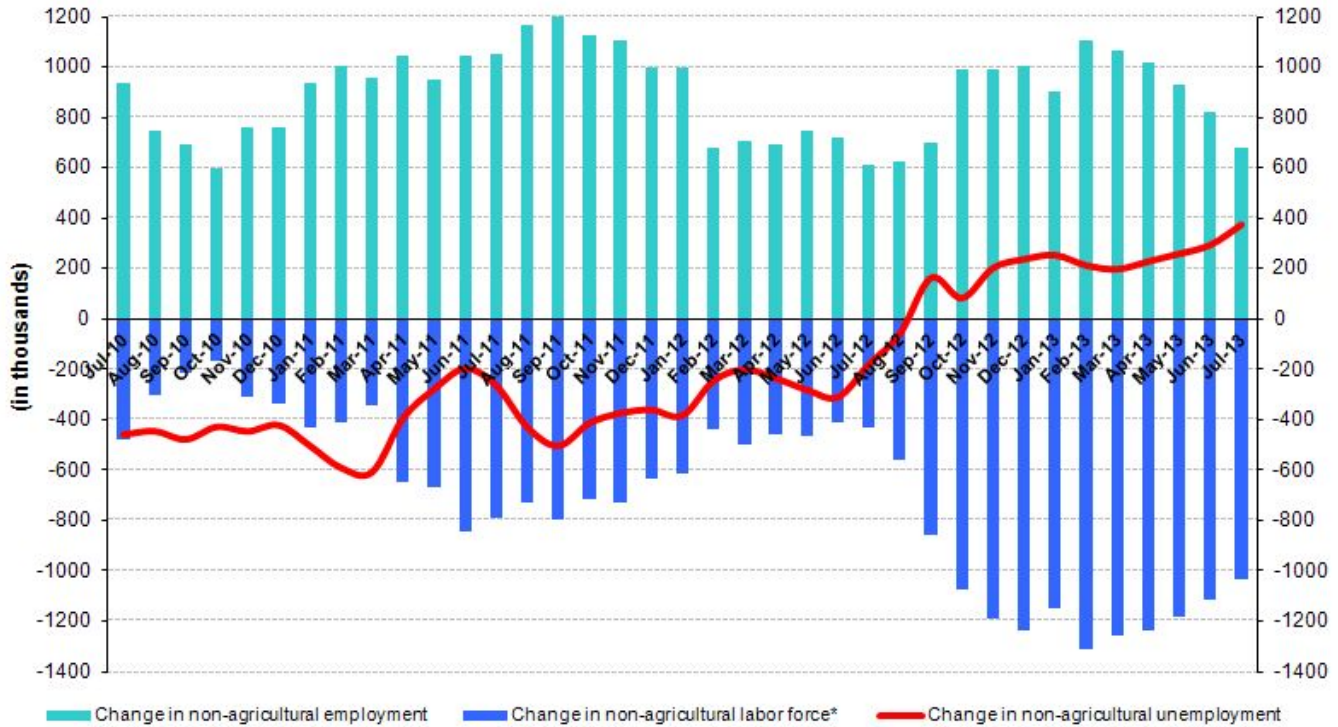
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate increased from 12 percent in the period of June 2013 to 12.5 percent in the period of July 2013. We observe strong declines in both manufacturing and construction and a slight increase in service employment. Hence, the increase in non-agricultural employment weakens, failing to compensate for the strong increases in labor force.

Decline in non-agricultural employment

According to the data released by TurkSTAT, non-agricultural labor force increased by 1 million 37 thousand (4.9 percent) and non-agricultural employment increased by 682 thousand (3.6 percent) in the period of July 2013 (Figure 1). We observe that the strong increases in non-agricultural labor force continue, while the increase in non-agricultural employment weakens. Consequently, the number of persons unemployed in non-agricultural sectors increased by 372 thousand (16.5 percent).

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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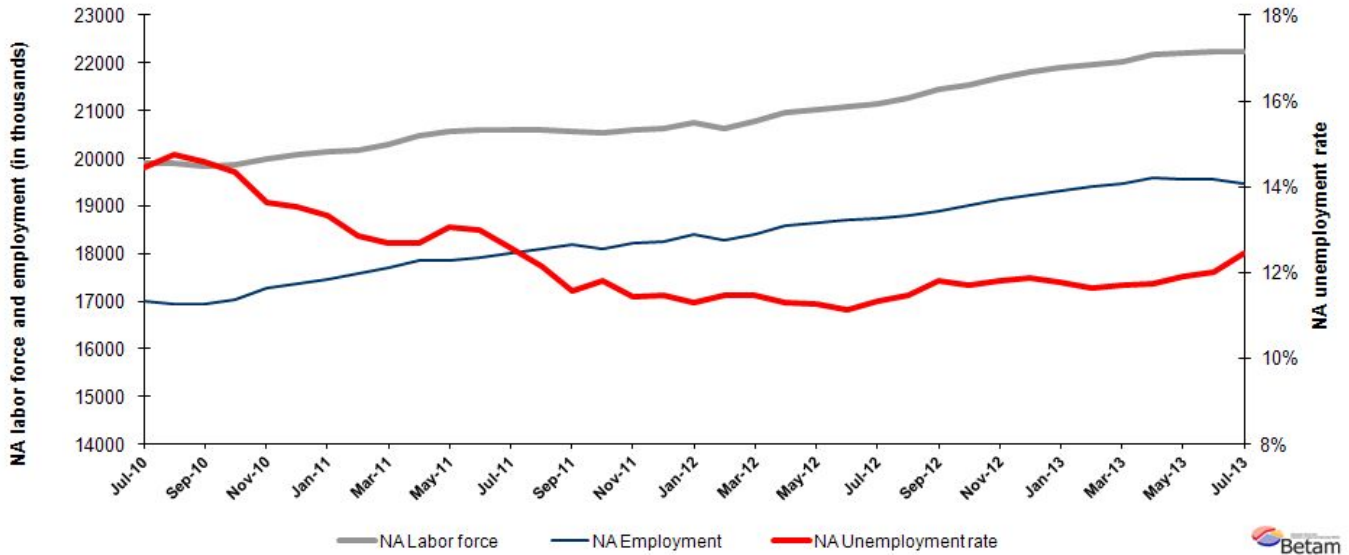
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Strong increase in non-agricultural unemployment

According to seasonally adjusted data, non-agricultural labor force increased by 9 thousand in the period of July 2013 compared to the period of June 2013 and reached 22 million 236 thousand (Figure 2, Table 1). Non-agricultural employment decreased by 93 thousand and reached 19 million 465 thousand. Consequently, the number of persons unemployed in non-agricultural sectors increased by 101 thousand and non-agricultural unemployment rate increased from 12 percent in June 2013 to 12.5 percent in July 2013. This marks the highest unemployment rate in the last two years.

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

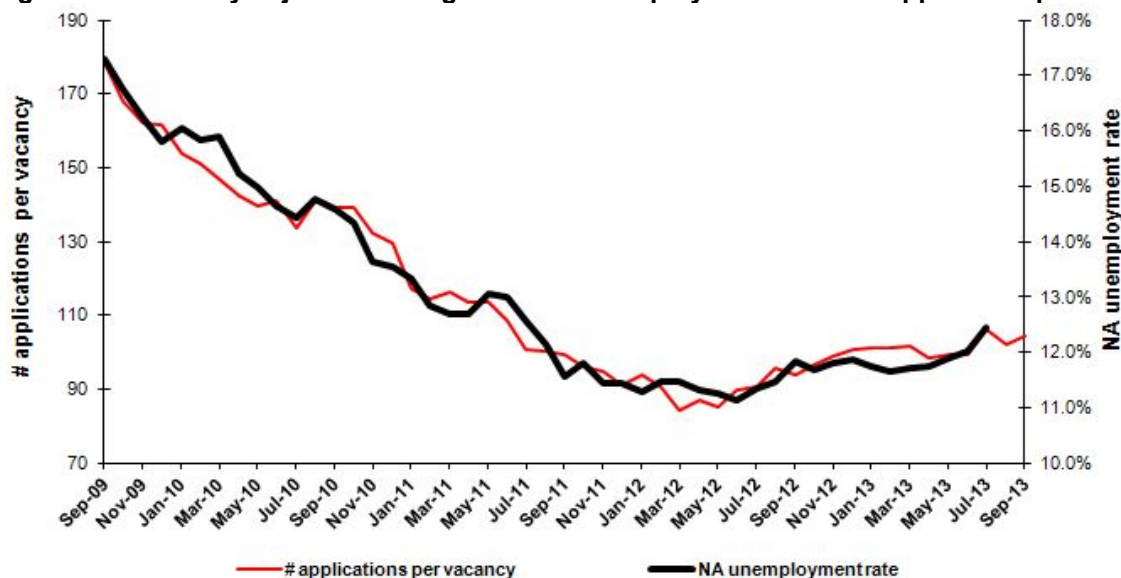


Source: TurkStat, **Betam**

According to Kariyer.net data, non-agricultural unemployment will stagnate in the period of September 2013

Seasonally adjusted applications per vacancy statistics calculated using Kariyer.net¹ series indicate that non-agricultural unemployment will stagnate in the period of September 2013.

Figure 1 Seasonally adjusted non-agricultural unemployment rate and application per vacancy



Source: Kariyer.net, TurkStat, **Betam**

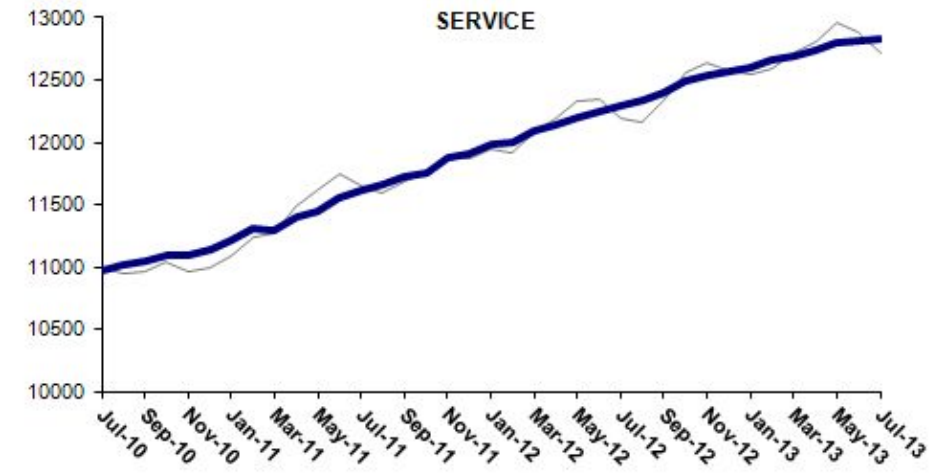
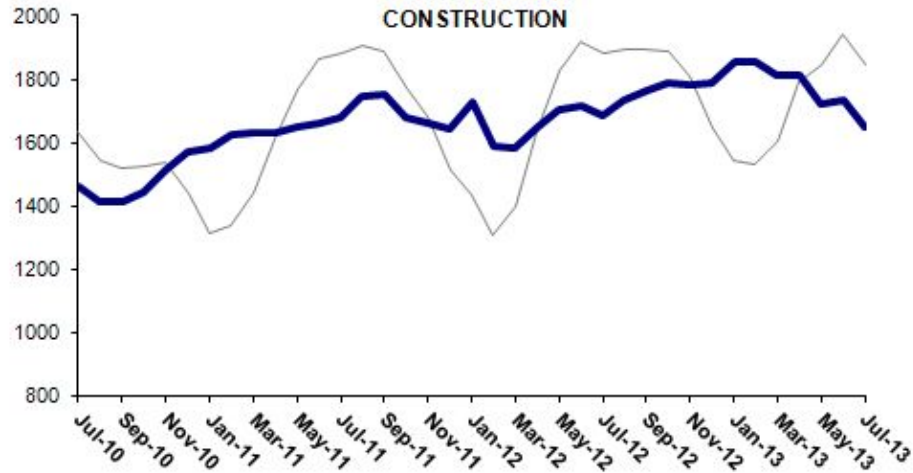
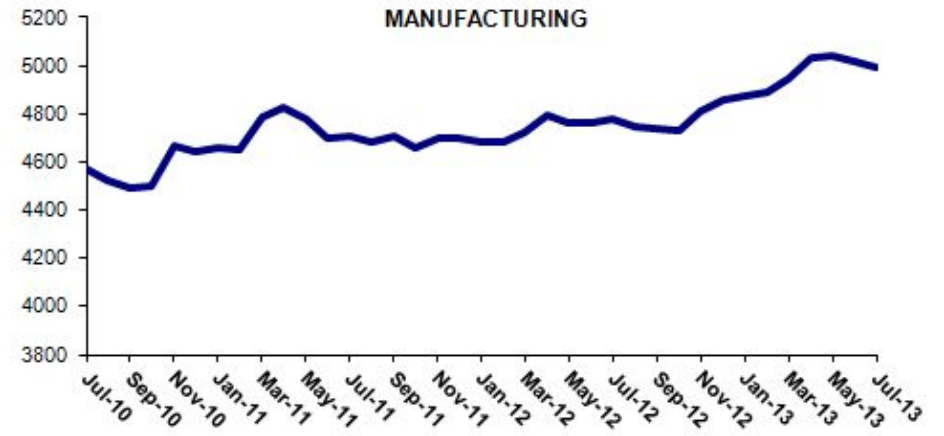
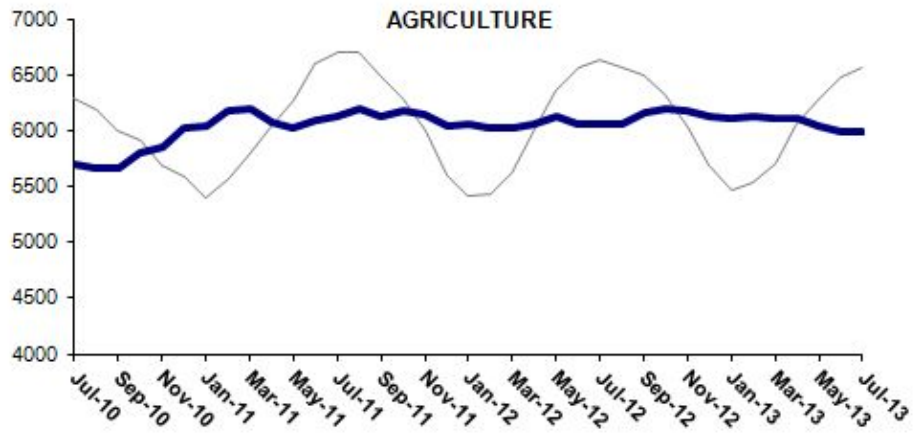
¹ Betam has been calculating application per vacancy using series released by Kariyer.net for a while. Seasonal and calendar adjustment procedure is applied to application per vacancy series. A decrease in applications per vacancy may be caused by an increase in vacancies or by a decrease in the number 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.

Employment losses in both manufacturing and construction sector

According to seasonally adjusted labor market series, we observe employment losses in both manufacturing and construction sector (Table 2, Figure 4).² Manufacturing employment decreased by 24 thousand, while construction employment decreased by 80 thousand in the period of July 2013 compared to the period of June 2013. Also, we observe that the increase in service sector weakens. Note that the average monthly employment increase in services was about 50 thousand for the past year. However, service employment increased by only 12 thousand in the period of July 2013. Agricultural employment decreased in the period of November 2012.

² Employment in each sector is seasonally adjusted 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.

Figure 2 Employment by sectors (in thousands)³



Source: TurkStat, Betam

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

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
June-10	19826	16922	2904	14.6%			
July-10	19881	17009	2872	14.4%	55	88	-32
August-10	19883	16947	2936	14.8%	2	-62	64
September-10	19838	16944	2893	14.6%	-46	-3	-43
October-10	19877	17028	2849	14.3%	40	84	-44
November-10	19994	17264	2729	13.7%	116	236	-119
December-10	20073	17355	2717	13.5%	79	91	-12
January-11	20129	17446	2683	13.3%	56	91	-34
February-11	20177	17582	2595	12.9%	49	136	-88
March-11	20287	17710	2578	12.7%	110	127	-17
April-11	20459	17860	2598	12.7%	171	151	20
May-11	20553	17869	2684	13.1%	94	9	86
June-11	20586	17910	2676	13.0%	33	41	-8
July-11	20599	18008	2591	12.6%	13	98	-85
August-11	20586	18087	2499	12.1%	-13	79	-92
September-11	20573	18191	2382	11.6%	-13	104	-117
October-11	20521	18096	2424	11.8%	-52	-94	42
November-11	20587	18230	2356	11.4%	66	134	-68
December-11	20616	18254	2362	11.5%	30	24	6
January-12	20745	18403	2341	11.3%	129	149	-20
February-12	20633	18266	2366	11.5%	-112	-137	25
March-12	20788	18404	2384	11.5%	156	138	18
April-12	20949	18578	2371	11.3%	160	174	-13
May-12	21030	18659	2371	11.3%	81	81	0
June-12	21066	18718	2348	11.1%	36	59	-23
July-12	21148	18750	2398	11.3%	82	32	50
August-12	21251	18811	2440	11.5%	102	61	41
September-12	21437	18902	2535	11.8%	186	91	96
October-12	21536	19017	2519	11.7%	98	114	-16
November-12	21692	19131	2561	11.8%	156	115	41
December-12	21805	19216	2589	11.9%	113	85	28
January-13	21889	19315	2574	11.8%	84	98	-14
February-13	21955	19398	2557	11.6%	66	83	-17
March-13	22037	19456	2581	11.7%	82	58	24
April-13	22184	19577	2607	11.8%	147	122	26
May-13	22200	19558	2641	11.9%	15	-19	34
June-13	22228	19558	2670	12.0%	28	0	28
July-13	22236	19465	2771	12.5%	9	-93	101

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
June-10	5723	4536	1409	10977				
July-10	5691	4575	1458	10977	-31	39	49	0
August-10	5667	4525	1412	11011	-24	-50	-46	34
September-10	5660	4489	1413	11042	-7	-36	1	32
October-10	5793	4498	1444	11086	133	9	31	44
November-10	5846	4667	1512	11085	53	169	68	-2
December-10	6028	4642	1567	11146	182	-25	55	61
January-11	6032	4656	1580	11210	4	14	13	64
February-11	6177	4652	1626	11305	144	-4	45	95
March-11	6194	4790	1628	11291	18	138	3	-13
April-11	6077	4828	1630	11402	-117	38	2	111
May-11	6029	4777	1649	11443	-48	-51	19	41
June-11	6098	4697	1661	11552	69	-80	12	109
July-11	6120	4710	1680	11618	22	13	19	66
August-11	6196	4682	1746	11659	76	-28	67	40
September-11	6134	4707	1754	11730	-61	25	8	71
October-11	6170	4657	1682	11758	36	-50	-73	28
November-11	6146	4700	1658	11872	-24	43	-23	114
December-11	6045	4701	1644	11910	-102	1	-15	38
January-12	6050	4685	1727	11992	6	-16	83	82
February-12	6030	4684	1587	11996	-20	-1	-140	4
March-12	6022	4721	1583	12099	-8	37	-3	104
April-12	6058	4792	1650	12136	36	71	66	37
May-12	6120	4760	1704	12195	62	-32	54	58
June-12	6061	4761	1712	12245	-59	1	8	50
July-12	6061	4778	1684	12288	0	17	-28	43
August-12	6061	4745	1732	12335	0	-33	47	47
September-12	6159	4735	1762	12405	99	-10	30	71
October-12	6194	4732	1787	12498	34	-3	25	92
November-12	6177	4814	1783	12534	-16	82	-3	36
December-12	6130	4856	1790	12570	-47	42	7	36
January-13	6107	4870	1852	12593	-23	14	62	23
February-13	6131	4886	1857	12654	24	16	6	61
March-13	6114	4948	1812	12695	-17	62	-45	41
April-13	6102	5030	1812	12735	-12	82	0	39
May-13	6040	5044	1718	12796	-62	14	-94	61
June-13	5985	5015	1731	12812	-55	-29	13	16
July-13	5984	4991	1651	12824	-1	-24	-80	12

Source: TurkStat, **Betam**