

## EMPLOYMENT INCREASE SLOWS DOWN DRASTICALLY

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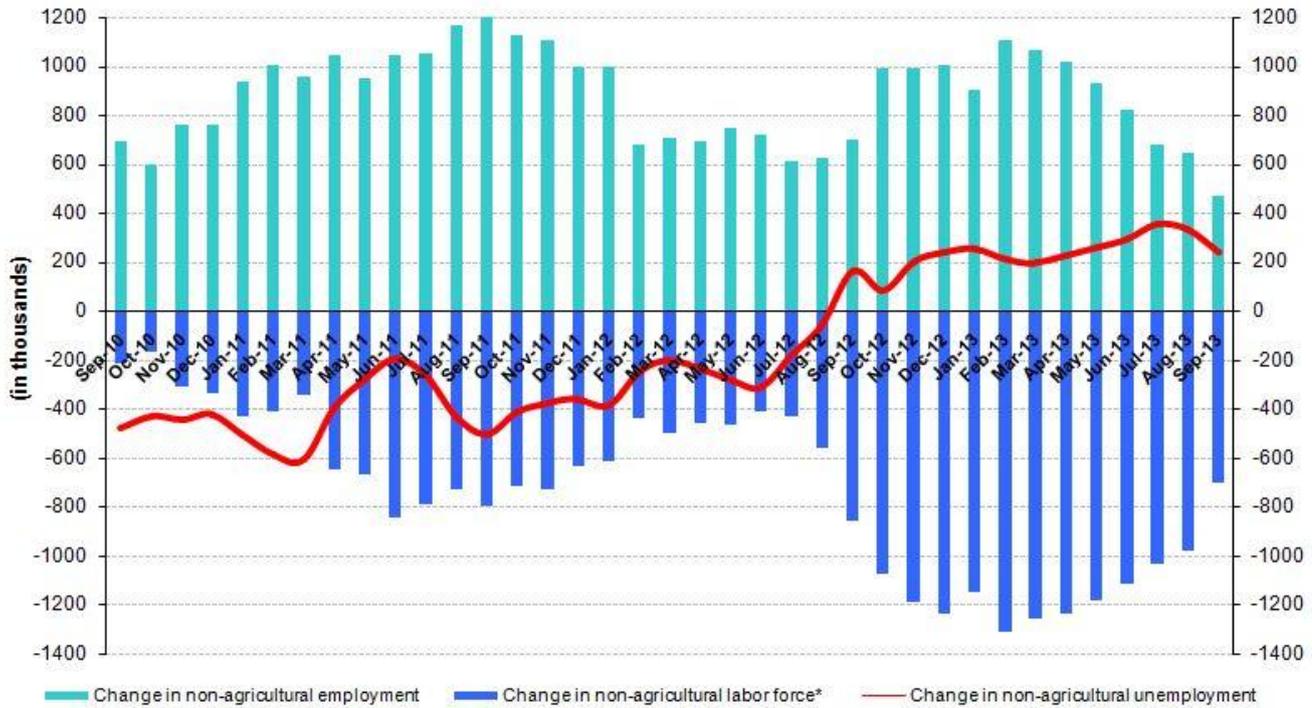
### Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate remained at 12.6 percent in the period of September 2013. Annual increases in labor force have been slowing down due to a base effect. On the other hand, it is striking that the increase in employment is the lowest observed since the global economic crisis. Manufacturing employment has been decreasing for the last four periods, while employment increases in the service sector seems to have stalled.

### Increases in both non-agricultural labor force and non-agricultural employment slow down drastically

According to the data released by TurkSTAT, non-agricultural labor force increased by 705 thousand (3.3 percent) and non-agricultural employment increased by 468 thousand (2.5 percent) in the period of September 2013 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors increased by 237 thousand (9.5 percent). Clearly increases in both non-agricultural labor force and non-agricultural employment have been slowing down. We expect lower annual increases in the upcoming periods as well. On the other hand, slow down in non-agricultural employment is striking. Given that during the past year, the employment increases were well over 600 thousand, and even reached one million on an annual basis, we believe that the abnormal GDP growth-employment elasticity may have returned to normal.

**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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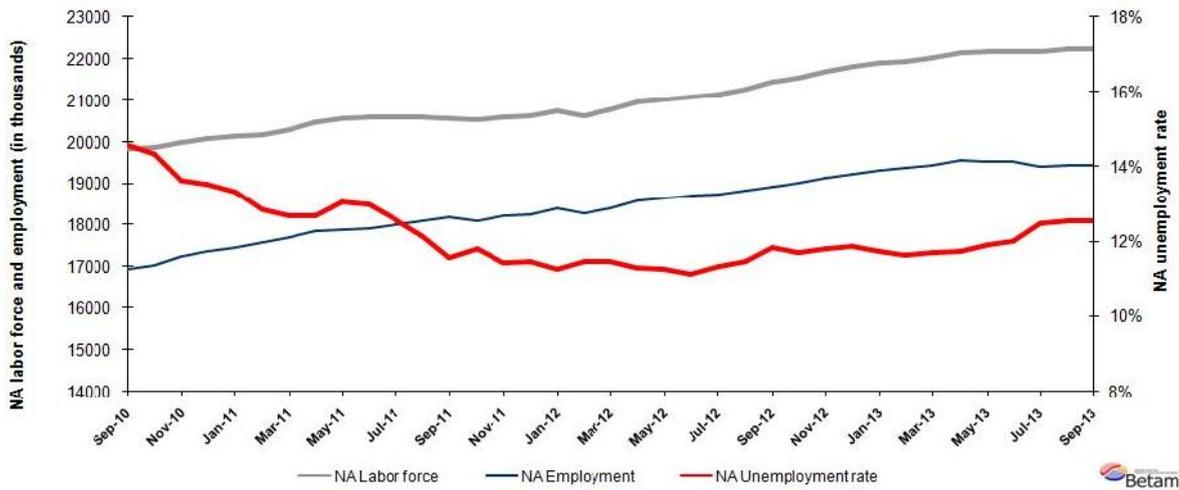
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## Slow down in non-agricultural employment

According to seasonally adjusted data, non-agricultural labor force decreased by 7 thousand in the period of September 2013 compared to the period of August 2013 and reached 22 million 234 thousand (Figure 2, Table 1). Non-agricultural employment decreased by 8 thousand and reached 19 million 441 thousand. Hence, the number of persons unemployed in non-agricultural sectors increased by one thousand and non-agricultural unemployment rate remained at 12.6 percent in the period of September 2013. Similarly, we observe that both non-agricultural labor force and non-agricultural employment have stagnated.

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

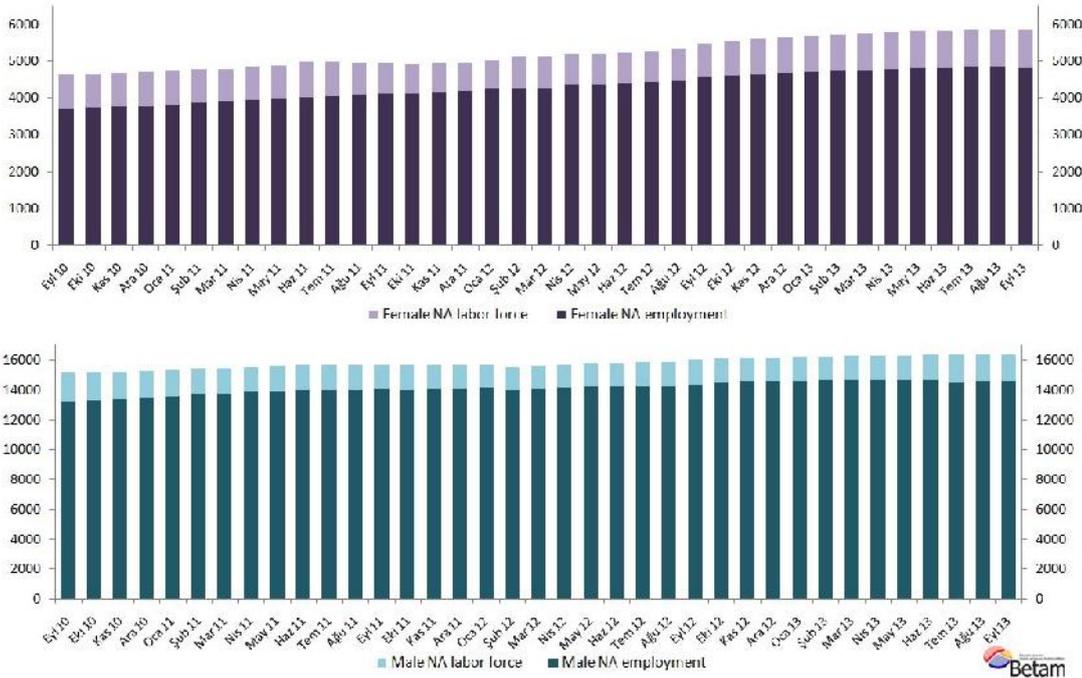


Source: TurkStat, **Betam**

## Increases in both female labor force and female employment

Figure 3 provides seasonally adjusted non-agricultural labor force and non-agricultural employment series by gender. Long term trends indicate that female labor force and female employment have increased much more compared to males in the last year. Male employment increased by 229 thousand (1.6 percent), while female employment increased by 256 thousand (5.6 percent) from September 2012 to September 2013. However, female employment increased by 11 thousand, while female labor force decreased by 2 thousand. In the same period, male employment increased 16 thousand, while male labor force increased one thousand.

**Figure 3 Seasonally adjusted non-agricultural labor force and non-agricultural employment by gender (thousand)**

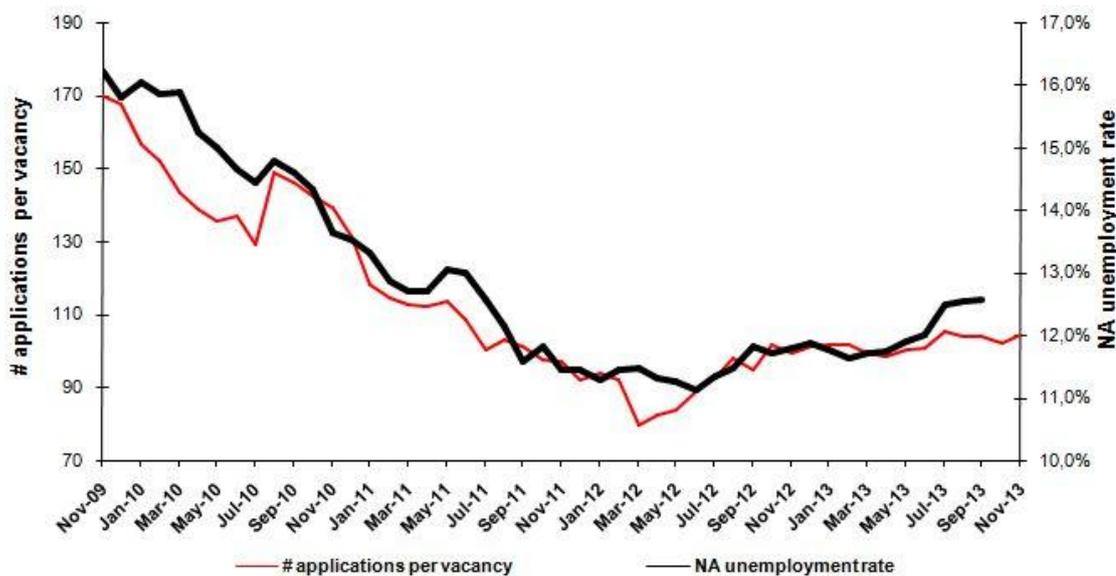


Source: TurkStat, **Betam**

**According to Kariyer.net data, non-agricultural unemployment will stagnate in the next period**

Seasonally adjusted application per vacancy statistics calculated using Kariyer.net<sup>1</sup> series indicate that non-agricultural unemployment increased in the period of October 2013 and decreased in the period of November 2013. Remember that labor market series pertaining to October are the average of three months: September, October and November. Hence, we expect the non-agricultural unemployment to stagnate in the period of October 2013.

**Figure 4 Seasonally adjusted non-agricultural unemployment rate and application per vacancy**



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

<sup>1</sup> 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.

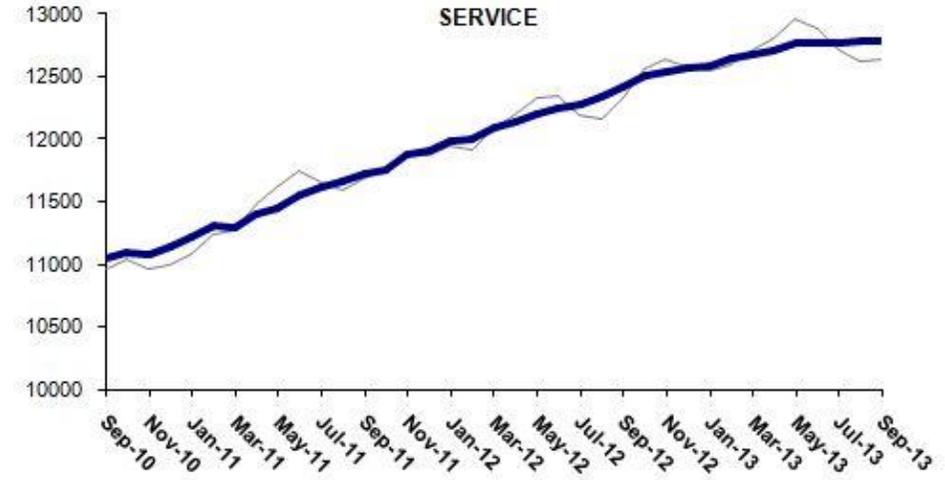
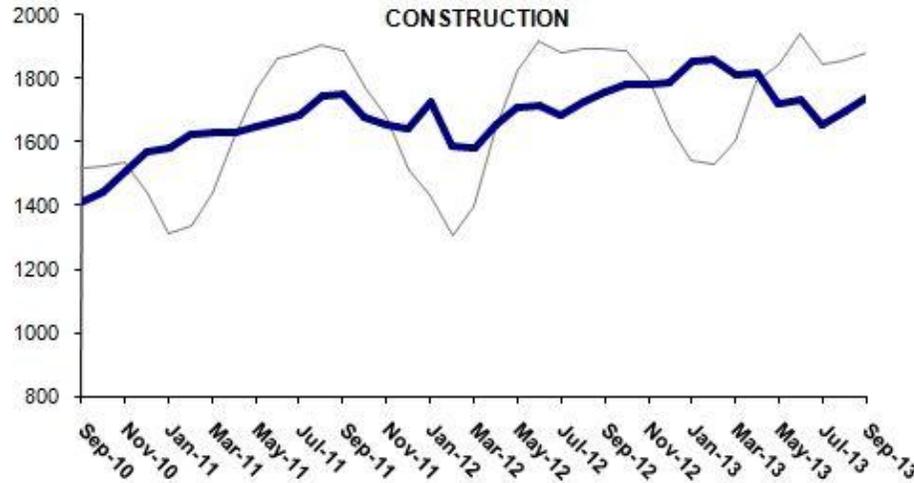
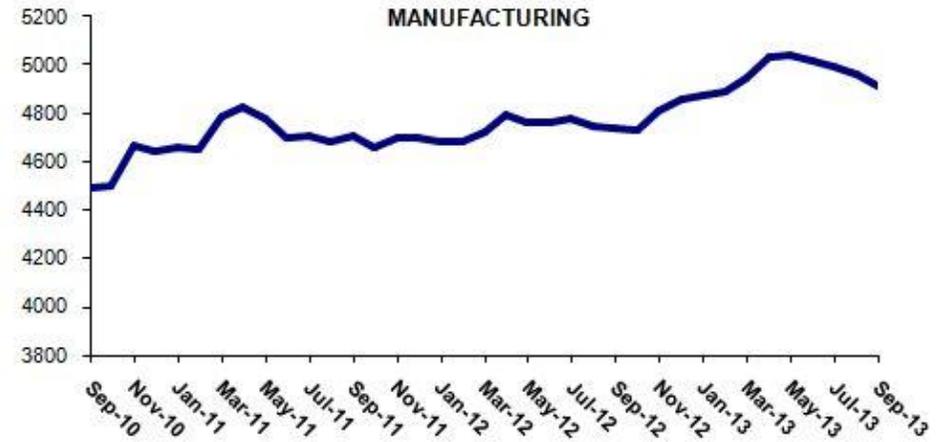
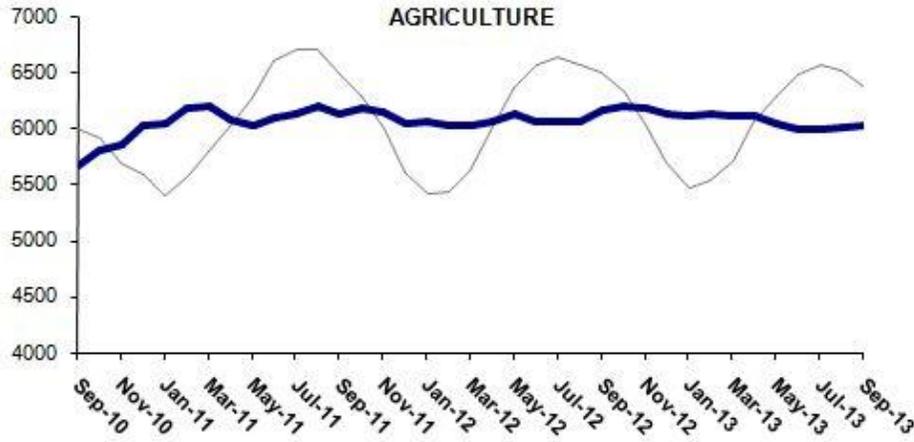
## **Employment in manufacturing has been decreasing for the last four periods, and no employment increases in service sector**

According to the seasonally adjusted labor market series, manufacturing employment has been decreasing for the last four periods (Table 2, Figure 5).<sup>2</sup> Employment losses in manufacturing are about to 130 thousand. Employment in the service sector slightly increased (23 thousand) in the period of September 2013. In addition, we observe that increase in service employment is zero in the period of September 2013 compared to the period of August 2013. As for employment in the construction sector, we observe that it has been increasing for the last two periods.

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<sup>2</sup> 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 5 Employment by sectors (in thousands)<sup>3</sup>



Source: TurkStat, Betam

<sup>3</sup> 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
August-10	19883	16946	2937	14.8%			
September-10	19835	16940	2895	14.6%	-48	-6	-42
October-10	19875	17025	2850	14.3%	40	85	-45
November-10	19990	17262	2729	13.6%	115	237	-122
December-10	20070	17354	2716	13.5%	80	93	-12
January-11	20128	17446	2682	13.3%	57	91	-34
February-11	20176	17582	2594	12.9%	48	137	-89
March-11	20288	17710	2578	12.7%	112	128	-16
April-11	20460	17862	2598	12.7%	172	152	20
May-11	20556	17871	2685	13.1%	96	9	87
June-11	20588	17913	2675	13.0%	32	42	-10
July-11	20601	18011	2590	12.6%	12	98	-85
August-11	20586	18085	2500	12.1%	-15	75	-90
September-11	20570	18186	2384	11.6%	-15	101	-116
October-11	20519	18092	2426	11.8%	-51	-94	43
November-11	20583	18227	2356	11.4%	64	135	-71
December-11	20614	18253	2361	11.5%	31	26	6
January-12	20744	18403	2341	11.3%	129	150	-21
February-12	20631	18266	2364	11.5%	-113	-137	24
March-12	20788	18404	2384	11.5%	157	138	19
April-12	20949	18580	2369	11.3%	162	176	-14
May-12	21032	18661	2371	11.3%	83	81	2
June-12	21068	18721	2346	11.1%	36	61	-25
July-12	21146	18749	2397	11.3%	78	27	51
August-12	21255	18814	2441	11.5%	109	65	44
September-12	21452	18914	2538	11.8%	197	100	97
October-12	21546	19024	2522	11.7%	94	110	-16
November-12	21698	19137	2561	11.8%	152	113	39
December-12	21809	19220	2589	11.9%	111	83	28
January-13	21889	19315	2574	11.8%	80	95	-15
February-13	21947	19392	2555	11.6%	58	77	-19
March-13	22022	19442	2580	11.7%	75	50	25
April-13	22162	19557	2605	11.8%	140	115	25
May-13	22167	19527	2640	11.9%	5	-30	36
June-13	22183	19516	2667	12.0%	15	-11	26
July-13	22182	19413	2770	12.5%	0	-103	103
August-13	22241	19448	2793	12.6%	59	36	23
September-13	22234	19441	2793	12.6%	-7	-8	1

Source: TurkStat, **Betam**

**Table 2 Seasonally adjusted employment by sector (in thousands)**

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-10	5666	4525	1411	11010				
September-10	5659	4489	1409	11042	-8	-36	-1	32
October-10	5792	4498	1441	11086	133	9	32	44
November-10	5845	4667	1510	11084	53	169	69	-2
December-10	6027	4642	1567	11145	183	-25	57	61
January-11	6032	4656	1580	11209	5	14	14	64
February-11	6177	4652	1626	11304	145	-4	46	95
March-11	6195	4790	1629	11291	18	138	3	-13
April-11	6078	4828	1632	11402	-117	38	3	111
May-11	6030	4777	1651	11443	-48	-51	19	41
June-11	6099	4697	1664	11552	70	-80	13	109
July-11	6122	4710	1683	11618	22	13	19	66
August-11	6195	4682	1745	11658	73	-28	63	40
September-11	6132	4707	1750	11729	-62	25	5	71
October-11	6169	4657	1678	11757	37	-50	-72	28
November-11	6145	4700	1656	11872	-23	43	-22	114
December-11	6044	4701	1643	11909	-101	1	-13	38
January-12	6050	4685	1727	11991	6	-16	84	82
February-12	6031	4684	1587	11995	-19	-1	-140	4
March-12	6023	4721	1584	12099	-8	37	-3	104
April-12	6059	4792	1652	12136	36	71	68	37
May-12	6121	4760	1706	12194	62	-32	54	59
June-12	6063	4761	1716	12245	-58	1	10	50
July-12	6063	4778	1686	12284	0	17	-30	40
August-12	6059	4745	1730	12339	-4	-33	44	55
September-12	6157	4735	1757	12421	97	-10	27	83
October-12	6192	4732	1783	12509	35	-3	26	88
November-12	6176	4814	1780	12543	-16	82	-2	34
December-12	6129	4856	1789	12575	-47	42	9	32
January-13	6107	4870	1853	12592	-23	14	63	18
February-13	6131	4886	1859	12647	25	16	6	55
March-13	6115	4948	1813	12681	-16	62	-45	34
April-13	6103	5030	1816	12711	-12	82	2	30
May-13	6042	5044	1721	12762	-62	14	-95	51
June-13	5987	5015	1735	12766	-54	-29	14	4
July-13	5987	4991	1652	12770	0	-24	-83	3
August-13	6010	4964	1699	12785	23	-27	47	15
September-13	6026	4914	1742	12785	16	-50	42	0

Source: TurkStat, **Betam**