

UNEMPLOYMENT DECREASED THANKS TO CONSTRUCTION

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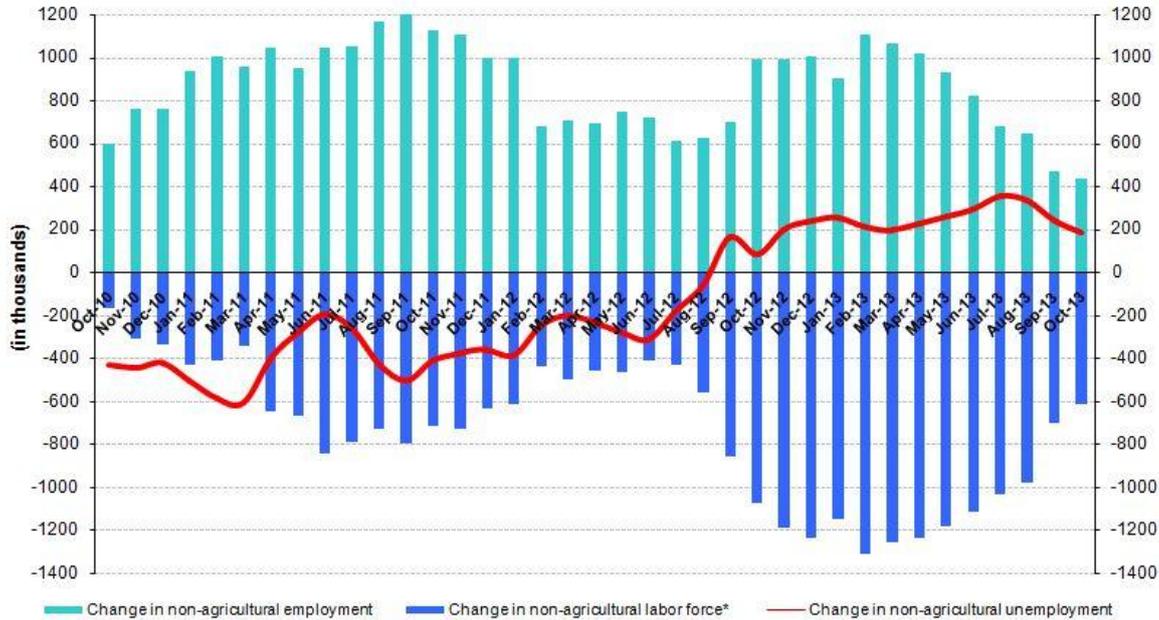
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate decreased from 12.5 percent to 12.1 percent (0.4 percentage points) in the period of October 2013 compared to the period of September 2013. This unexpected decline was due to the large increase in non-agricultural employment, most of which was in the construction sector. Seasonally adjusted employment increased by 99 thousand from the period of September 2013 to the period of October 2013. Hence, unemployment rate decreased by 0.5 percentage points. Consequently, seasonally adjusted non-agricultural unemployment rate increased from 11.4 percent in October 2013 to 11.9 percent in September 2013.

Increases in non-agricultural labor force and employment are returning to trend

According to the data released by TurkSTAT, non-agricultural labor force increased by 614 thousand (2.8 percent) and non-agricultural employment increased by 433 thousand (2.3 percent) in the period of October 2013 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors increased by 181 thousand. 600 thousand increase in non-agricultural labor force is compatible with the structural trend. Similarly, 2.3 percent increase in employment is also compatible with about 4 percent GDP growth.

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

Strong increase in non-agricultural employment

According to seasonally adjusted data, non-agricultural labor force decreased by 17 thousand in the period of October 2013 compared to the period of September 2013, and reached 22 million 237 thousand (Figure 2, Table

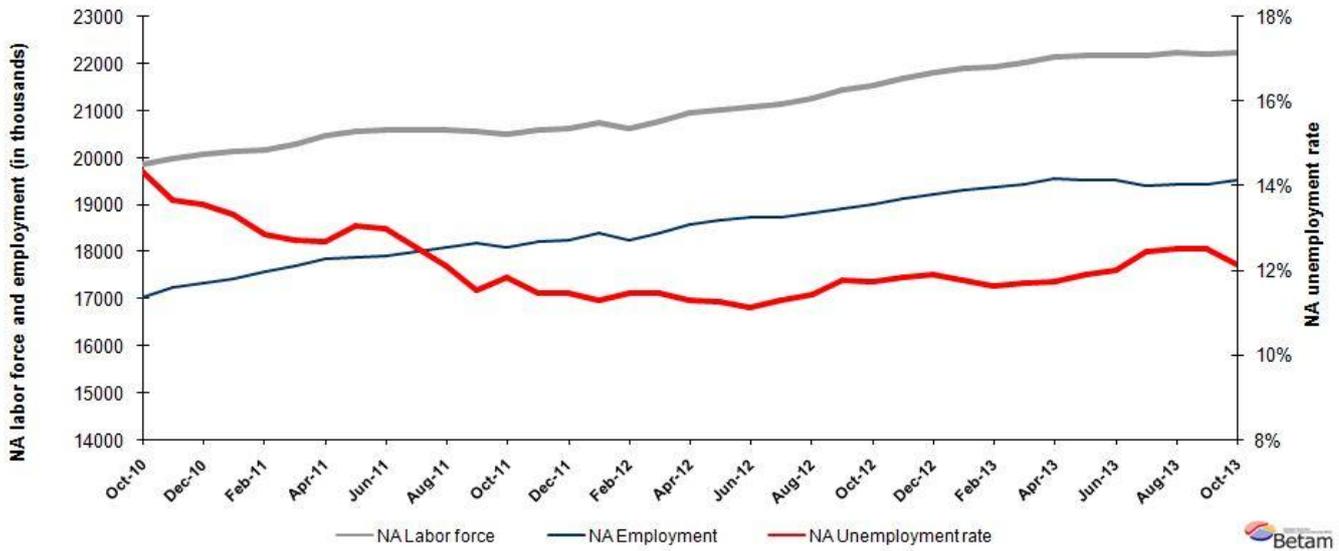
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1). Non-agricultural employment increased by 99 thousand and reached 19 million 537 thousand. Hence, the number of persons unemployed in non-agricultural sectors decreased by 81 thousand and non-agricultural unemployment rate decreased from 12.5 percent in the period of September 2013 to 12.1 percent in the period of October 2013. The increase in seasonally adjusted non-agricultural employment (99 thousand) is the strongest recorded since April 2013. 117 thousand decline in non-agricultural employment (from May 2013 to September 2013) explains the strong and rapid increase.

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

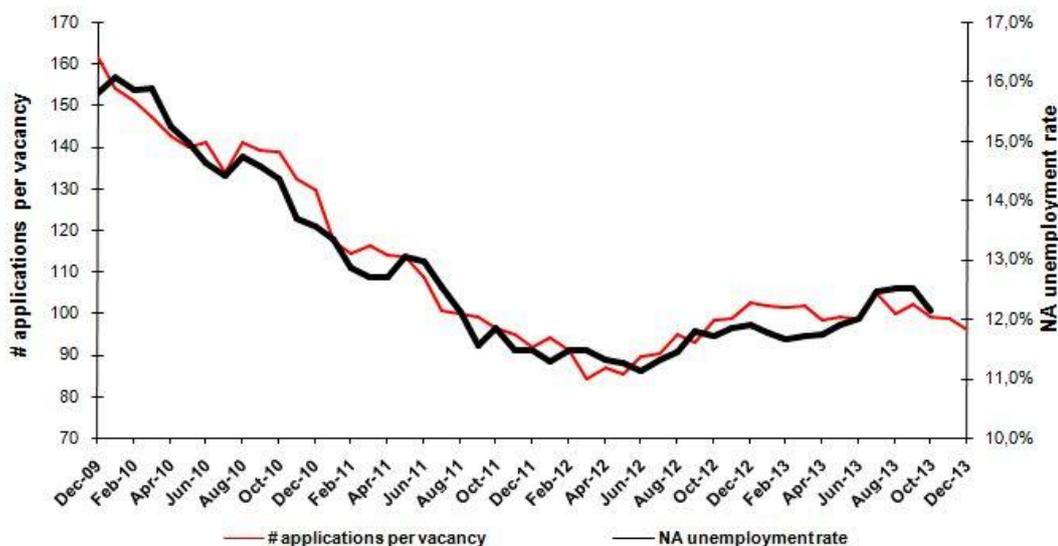


Source: TurkStat, **Betam**

According to Kariyer.net data, non-agricultural unemployment might continue to decrease in the next period

Seasonally adjusted application per vacancy statistics calculated using Kariyer.net¹ series indicate that non-agricultural unemployment might slightly decrease in the period of November 2013.

Figure 3 Seasonally adjusted non-agricultural unemployment rate and application per vacancy



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

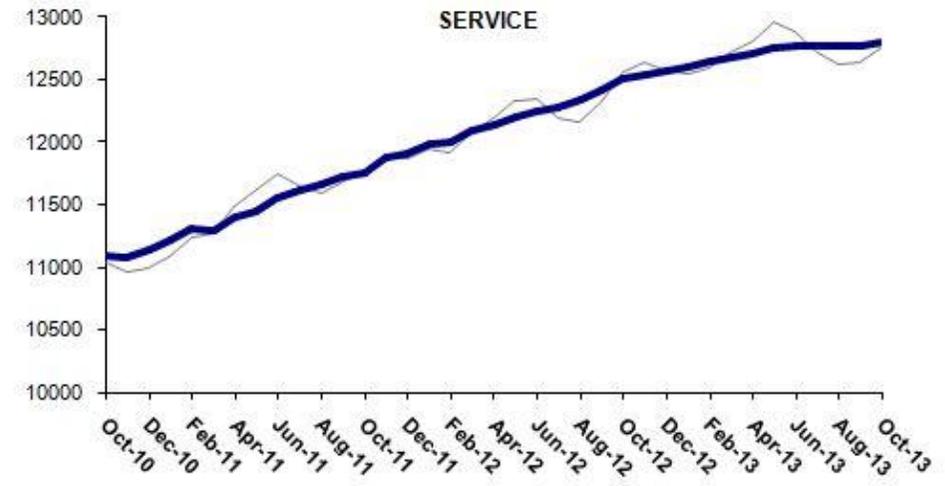
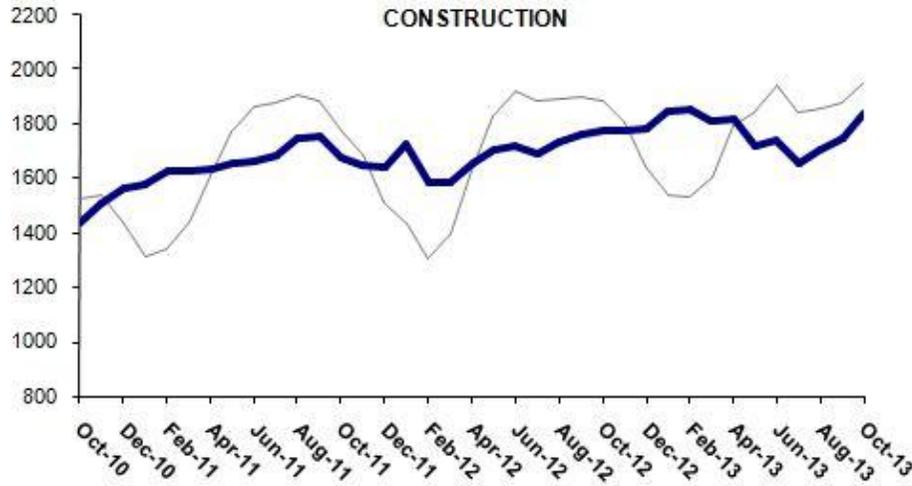
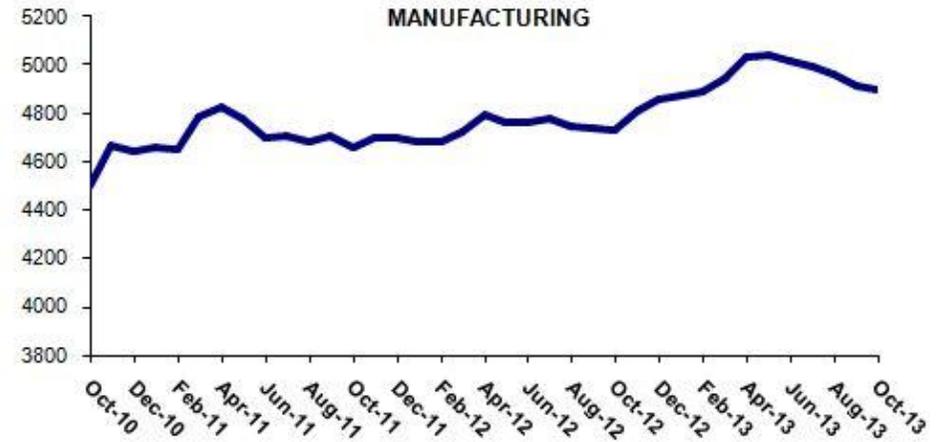
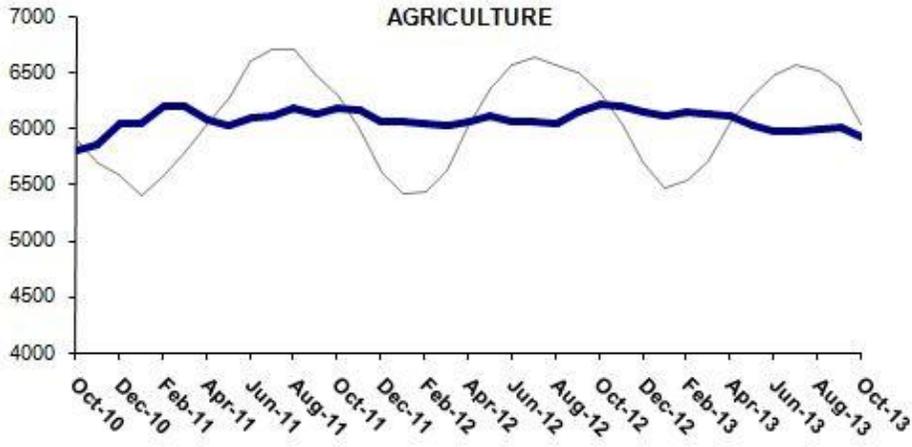
¹ Betam has been calculating application per vacancy using series released by Kariyer.net for a while. Seasonal and calendar adjustment procedure is applied to application per vacancy series. A decrease in applications per vacancy may be caused by an increase in vacancies or by a decrease in the number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

Surprising increase in construction employment

Seasonally adjusted labor market series show that increase in construction employment that has been observed for the last two periods continues to accelerate in the period of October 2013 (Table 2, Figure 4).² The monthly increase reached 94 thousand. Meanwhile the slowdown in service employment continues, i.e. service employment increased slightly (20 thousand) in the period of October 2013. However, decline in manufacturing employment that has been observed since the period of June 2013 continues in this period. Manufacturing employment decreased by 15 thousand in the period of October 2013 compared to the period of September 2013. Agricultural employment continues to decrease as well.

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 4 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
September-10	19832	16944	2888	14.6%			
October-10	19876	17021	2855	14.4%	44	77	-33
November-10	19992	17258	2735	13.7%	116	236	-120
December-10	20072	17351	2721	13.6%	79	93	-14
January-11	20128	17443	2685	13.3%	57	92	-35
February-11	20176	17580	2596	12.9%	48	138	-90
March-11	20288	17709	2578	12.7%	112	129	-17
April-11	20459	17862	2597	12.7%	172	153	19
May-11	20555	17873	2683	13.1%	96	10	86
June-11	20587	17915	2672	13.0%	32	43	-11
July-11	20599	18014	2585	12.6%	12	99	-87
August-11	20584	18089	2494	12.1%	-16	75	-91
September-11	20568	18191	2377	11.6%	-16	102	-117
October-11	20518	18088	2431	11.8%	-50	-103	54
November-11	20585	18223	2362	11.5%	67	135	-69
December-11	20615	18249	2366	11.5%	30	26	4
January-12	20744	18400	2344	11.3%	129	151	-22
February-12	20631	18264	2367	11.5%	-113	-136	23
March-12	20788	18403	2385	11.5%	157	139	18
April-12	20949	18580	2369	11.3%	161	177	-16
May-12	21032	18662	2369	11.3%	83	82	0
June-12	21067	18724	2343	11.1%	35	62	-26
July-12	21145	18753	2392	11.3%	78	29	49
August-12	21253	18818	2434	11.5%	108	66	42
September-12	21447	18918	2529	11.8%	194	99	95
October-12	21549	19022	2527	11.7%	102	104	-2
November-12	21703	19134	2569	11.8%	154	112	42
December-12	21813	19217	2596	11.9%	110	83	27
January-13	21891	19312	2579	11.8%	78	95	-17
February-13	21948	19389	2558	11.7%	57	77	-20
March-13	22022	19441	2581	11.7%	75	51	23
April-13	22160	19555	2604	11.8%	138	115	23
May-13	22164	19526	2638	11.9%	4	-29	33
June-13	22177	19514	2662	12.0%	13	-11	24
July-13	22174	19411	2763	12.5%	-3	-103	100
August-13	22228	19445	2783	12.5%	54	34	20
September-13	22219	19438	2781	12.5%	-9	-7	-2
October-13	22237	19537	2700	12.1%	17	99	-81

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
September-10	5648	4489	1413	11042				
October-10	5803	4498	1437	11086	155	9	24	44
November-10	5853	4667	1507	11084	50	169	69	-2
December-10	6034	4642	1563	11145	181	-25	57	61
January-11	6038	4656	1578	11209	4	14	14	64
February-11	6188	4652	1624	11304	150	-4	47	95
March-11	6199	4790	1628	11291	12	138	4	-13
April-11	6077	4828	1632	11402	-123	38	4	111
May-11	6020	4777	1652	11443	-56	-51	20	41
June-11	6092	4697	1666	11552	72	-80	14	109
July-11	6111	4710	1686	11618	19	13	20	66
August-11	6184	4682	1750	11658	72	-28	63	40
September-11	6121	4707	1755	11729	-62	25	5	71
October-11	6185	4657	1673	11757	64	-50	-82	28
November-11	6157	4700	1651	11872	-28	43	-22	114
December-11	6051	4701	1639	11909	-107	1	-12	37
January-12	6055	4685	1724	11991	4	-16	85	82
February-12	6041	4684	1585	11995	-14	-1	-139	4
March-12	6026	4721	1583	12099	-14	37	-2	104
April-12	6057	4792	1652	12136	31	71	69	37
May-12	6111	4760	1708	12194	54	-32	56	59
June-12	6051	4761	1718	12245	-60	1	10	50
July-12	6049	4778	1691	12284	-3	17	-28	40
August-12	6045	4745	1735	12339	-3	-33	44	54
September-12	6146	4735	1763	12420	100	-10	28	82
October-12	6213	4732	1777	12512	67	-3	15	92
November-12	6192	4814	1775	12545	-20	82	-2	32
December-12	6138	4856	1785	12576	-54	42	10	32
January-13	6113	4870	1849	12593	-25	14	64	17
February-13	6143	4886	1856	12647	30	16	7	54
March-13	6120	4948	1813	12680	-23	62	-44	33
April-13	6103	5030	1816	12709	-17	82	3	29
May-13	6031	5044	1722	12759	-72	14	-94	50
June-13	5973	5015	1737	12762	-58	-29	15	2
July-13	5969	4991	1657	12763	-3	-24	-81	1
August-13	5993	4964	1704	12777	24	-27	48	13
September-13	6012	4914	1747	12777	19	-50	43	0
October-13	5920	4899	1841	12797	-92	-15	94	20

Source: TurkStat, **Betam**