STRONG INCREASE IN EMPLOYMENT, SHARP DECLINE IN UNEMPLOYMENT

Seyfettin Gürsel[*] Gökçe Uysal[**] and Ayşenur Acar[***]

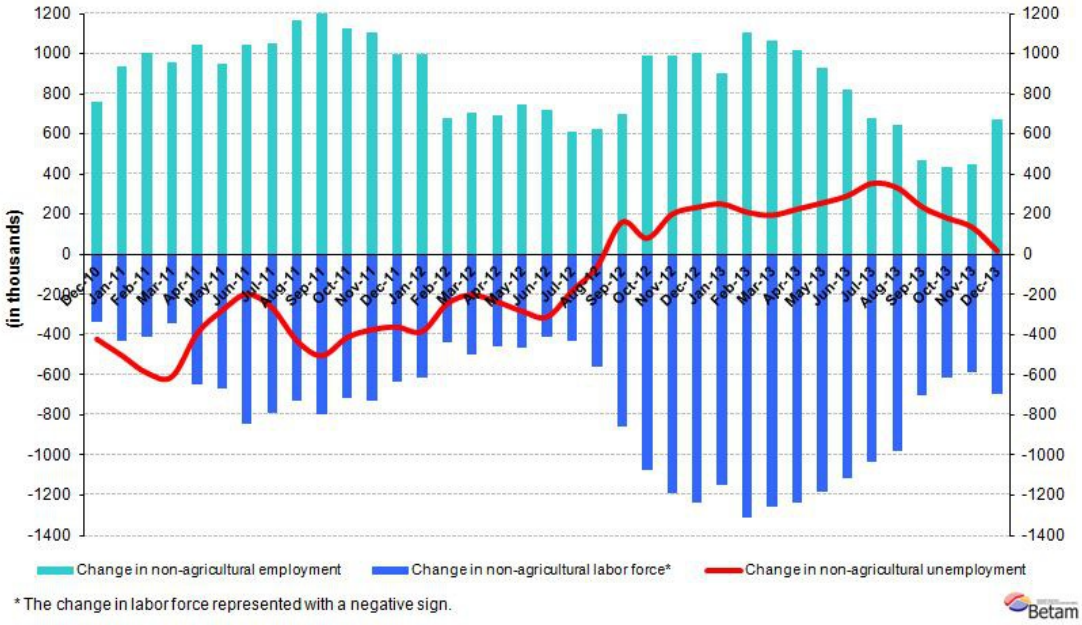
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate decreased by 0.4 percentage points to 11.6 percent in the period of December 2013 compared to that of November 2013. According to our estimations, the growth rate has been accelerating since the second half of 2013 and thus has contributed to the decline in the non-agricultural unemployment. In a parallel manner, we observe employment increases in all sectors. Manufacturing employment increased in line with the increase in the manufacturing production index. The increase in service employment is the largest in the past year. We also observe increases in construction and agriculture.

Rapid increase in non-agricultural employment

According to the data released by TurkSTAT, non-agricultural labor force increased by 694 thousand (3.2 percent) and non-agricultural employment increased by 675 thousand (3.5percent) in the period of December 2013 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors increased only slightly by 19 thousand, and thus, non-agricultural unemployment rate decreased to 12.1 percent (0.3 percentage point).Note that the annual increase in non-agricultural employment has increased to 700 thousand after three consecutive periods of increases of 300 thousand. Non-agricultural employment increased by 3.3 percent in the second half of 2013. Meanwhile, estimated annual growth rate was 4.8 percent in the same period.[1] In other words, we estimate that employment elasticity of growth is about 0.7 points in the second half of 2013. Considering that the elasticity has been hovering around 0.8 since the aftermath of 2008 crisis, we suppose that this decline in non-agricultural unemployment is a result of the high growth rate.

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



Source: TurkSTAT, **Betam**

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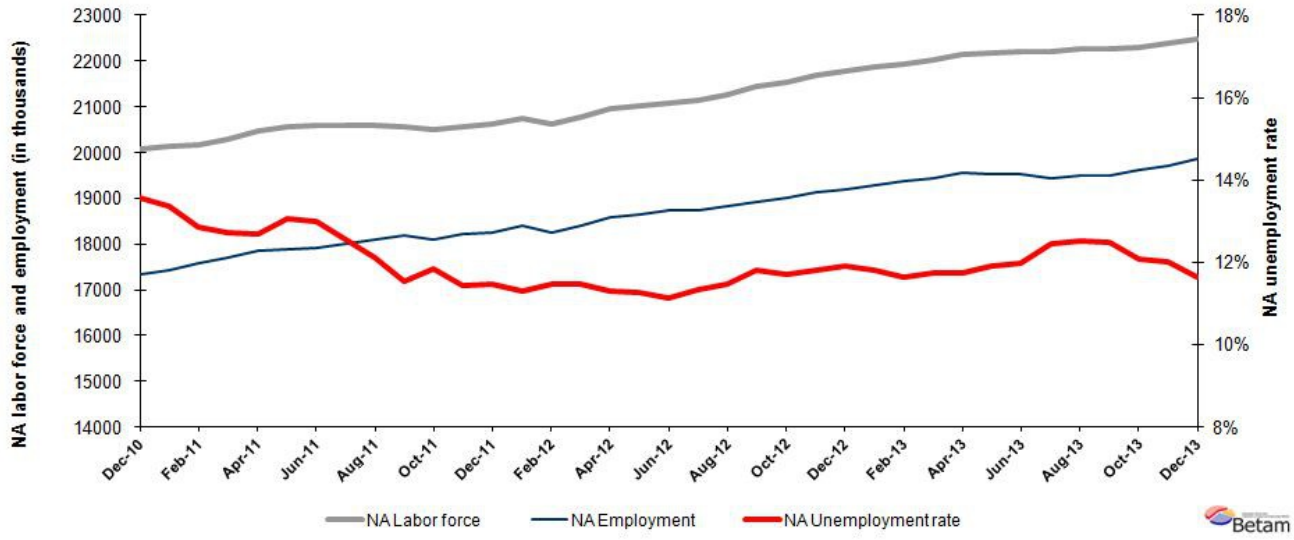
[1] See a detailed information; "S.Gürsel, Z. İmamoğlu and Soybilgen B. "Growth Review: 2013 3th Quarter", Betam Research Brief.

Non-agricultural unemployment decreased by 0.4 percentage points

According to seasonally adjusted data, non-agricultural labor force increased by 84 thousand in the period of December 2013 compared to the period of October 2013, and reached 22 million 471 thousand (Figure 2, Table 1). Non-agricultural employment increased by 156 thousand and reached 19 million 855 thousand. Hence, the number of persons unemployed in non-agricultural sectors decreased by 72 thousand and non-agricultural unemployment rate decreased to 11.6 percent in the period of December 2013. Increase in non-agricultural employment is the highest observed in the past last year.

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



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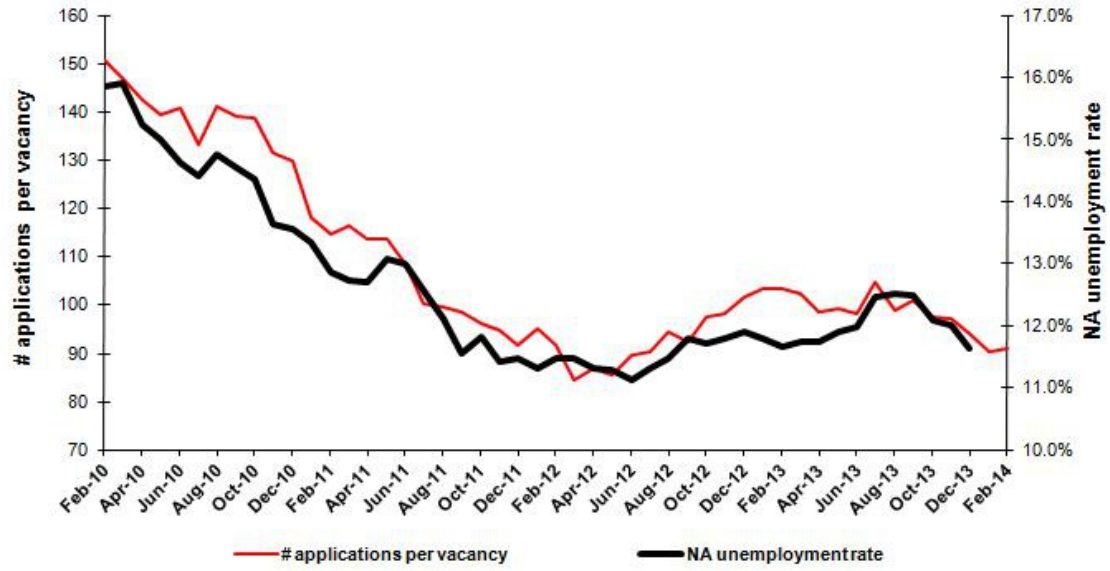
According to Kariyer.net data, non-agricultural unemployment might stagnate in the next period

Last month, seasonally adjusted application per vacancy statistics calculated using Kariyer.net series correctly predicted a fall in the non-agricultural unemployment rate. This month's data indicates that non-agricultural unemployment will stagnate in the period of January 2013. [2]

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



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

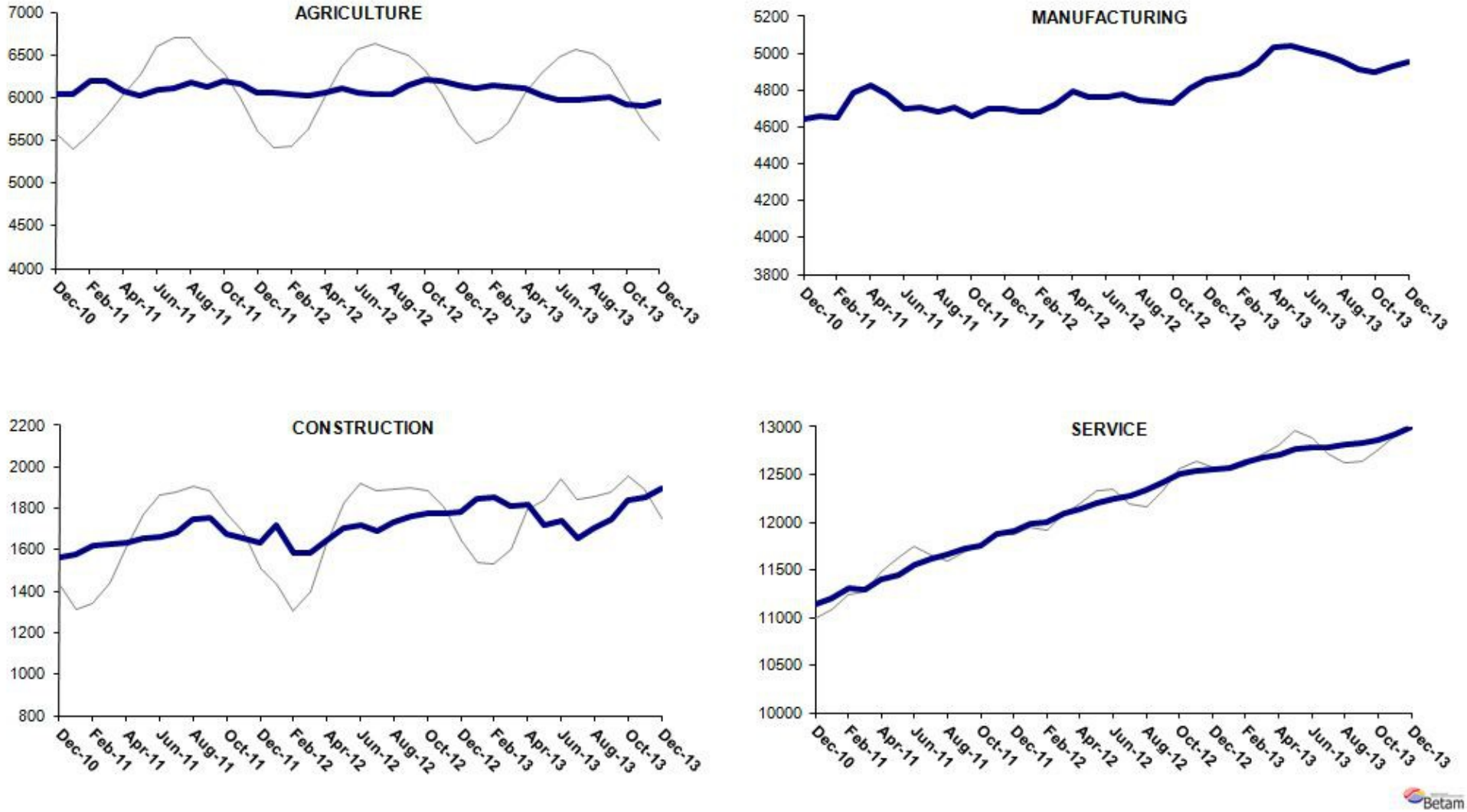
[2] Betam has been calculating application per vacancy using series released by Kariyer.net for a while. Seasonal and calendar adjustment procedure is applied to application per vacancy series. A decrease in applications per vacancy may be caused by an increase in vacancies or by a decrease in the number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

Seasonally adjusted labor market series show that employment increased in all sectors (Table 2, Figure 4).[3] In the period of December 2013, manufacturing employment increased by 29 thousand parallel to the increases in manufacturing production index, which has been increasing in November, December and January. Service employment increased by 84 thousand, which is the strongest increase observed in the past year. Also, we observe that construction employment has been increasing since the period of August 2013. Agricultural employment that has been decreasing for a while, increased unexpectedly in the period of December 2013. Despite this increase, note that agricultural employment decreased by 179 thousand overall during the past year.

[3] 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)[4]



Source: TurkStat, **Betam**

[4] 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		
November-10	19983	17258	2725	13.6%	**Labor force**	**Employment**	**Unemployment**
December-10	20068	17347	2720	13.6%	85	90	-4
January-11	20127	17440	2687	13.4%	59	92	-33
February-11	20173	17578	2595	12.9%	46	138	-92
March-11	20288	17707	2581	12.7%	115	129	-14
April-11	20460	17861	2599	12.7%	171	154	17
May-11	20560	17872	2688	13.1%	100	11	89
June-11	20588	17915	2673	13.0%	29	43	-14
July-11	20601	18014	2587	12.6%	12	99	-86
August-11	20585	18089	2496	12.1%	-16	75	-91
September-11	20567	18191	2376	11.6%	-18	102	-120
October-11	20515	18088	2428	11.8%	-51	-103	52
November-11	20576	18224	2352	11.4%	61	136	-75
December-11	20612	18246	2366	11.5%	35	22	13
January-12	20742	18397	2345	11.3%	130	151	-21
February-12	20627	18262	2365	11.5%	-115	-135	20
March-12	20788	18401	2387	11.5%	161	140	21
April-12	20948	18578	2370	11.3%	160	177	-17
May-12	21034	18662	2373	11.3%	87	83	3
June-12	21067	18723	2343	11.1%	32	62	-30
July-12	21147	18752	2394	11.3%	80	29	51
August-12	21255	18818	2437	11.5%	108	65	43
September-12	21448	18917	2531	11.8%	193	100	93
October-12	21549	19024	2525	11.7%	101	107	-6
November-12	21691	19133	2558	11.8%	142	109	34
December-12	21786	19190	2596	11.9%	95	57	38
January-13	21872	19293	2580	11.8%	86	103	-16
February-13	21930	19374	2556	11.7%	58	81	-23
March-13	22014	19431	2583	11.7%	84	57	27
April-13	22157	19553	2604	11.8%	143	121	21
May-13	22175	19533	2641	11.9%	18	-19	37
June-13	22194	19532	2662	12.0%	19	-2	21
July-13	22207	19440	2766	12.5%	13	-91	104
August-13	22275	19487	2788	12.5%	68	47	21
September-13	22279	19495	2784	12.5%	5	8	-4
October-13	22303	19606	2696	12.1%	23	111	-88
November-13	22387	19699	2688	12.0%	84	92	-8
December-13	22471	19855	2617	11.6%	84	156	-72

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
November-10	5858	4667	1508	11083	**Agriculture**	**Manufacturing**	**Construction**	**Service**
December-10	6033	4642	1562	11144	174	-25	54	61
January-11	6037	4656	1576	11208	4	14	14	64
February-11	6189	4652	1623	11303	152	-4	47	95
March-11	6200	4790	1628	11290	10	138	4	-13
April-11	6076	4828	1631	11401	-124	38	4	112
May-11	6017	4777	1652	11443	-58	-51	21	42
June-11	6091	4697	1666	11552	73	-80	14	109
July-11	6110	4710	1687	11617	19	13	21	65
August-11	6182	4682	1750	11657	73	-28	63	40
September-11	6121	4707	1756	11728	-61	25	6	71
October-11	6188	4657	1674	11756	67	-50	-81	28
November-11	6164	4700	1653	11871	-24	43	-21	114
December-11	6049	4701	1637	11908	-115	1	-16	37
January-12	6053	4685	1722	11990	4	-16	85	82
February-12	6042	4684	1584	11994	-11	-1	-138	4
March-12	6026	4721	1583	12098	-16	37	-1	104
April-12	6056	4792	1651	12135	30	71	69	37
May-12	6108	4760	1708	12194	52	-32	56	59
June-12	6049	4761	1718	12244	-59	1	11	50
July-12	6046	4778	1692	12283	-3	17	-27	39
August-12	6044	4745	1736	12337	-2	-33	44	54
September-12	6146	4735	1764	12419	102	-10	28	82
October-12	6216	4732	1778	12514	70	-3	15	95
November-12	6201	4814	1778	12541	-16	82	-1	28
December-12	6136	4856	1783	12551	-65	42	5	10
January-13	6111	4870	1847	12576	-25	14	64	25
February-13	6145	4886	1854	12633	34	16	8	57
March-13	6120	4948	1812	12672	-25	62	-43	38
April-13	6102	5030	1815	12708	-18	82	3	36
May-13	6028	5044	1722	12767	-74	14	-93	59
June-13	5970	5015	1738	12779	-58	-29	15	12
July-13	5967	4991	1658	12791	-3	-24	-80	12
August-13	5991	4964	1706	12817	25	-27	47	26
September-13	6013	4914	1749	12833	22	-50	43	15
October-13	5923	4899	1842	12865	-90	-15	94	32
November-13	5903	4927	1854	12918	-20	28	12	53
December-13	5957	4956	1897	13002	54	29	43	84

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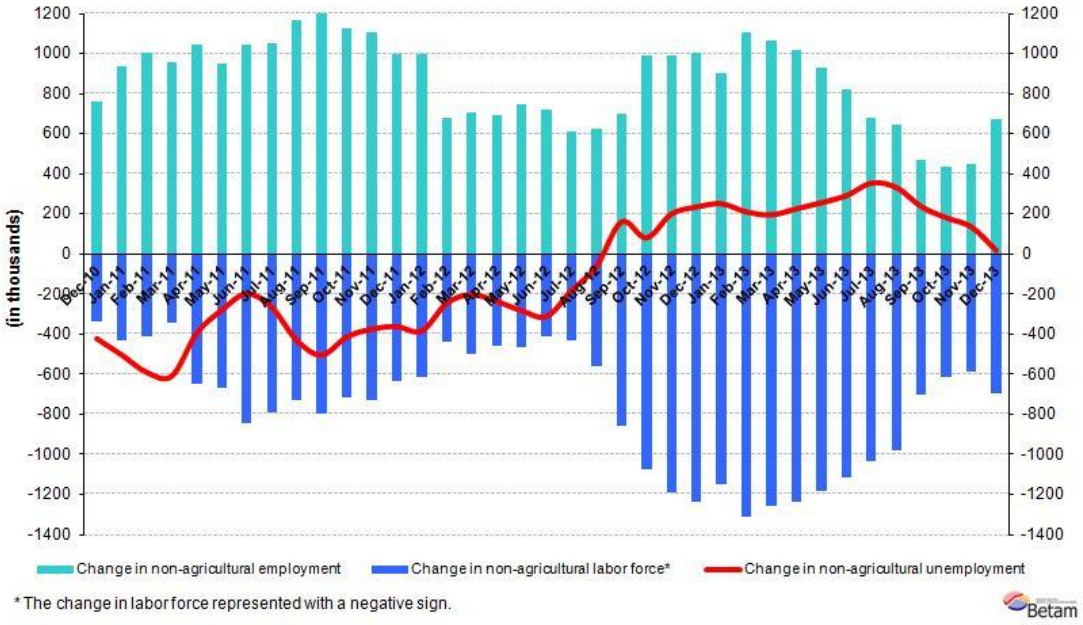

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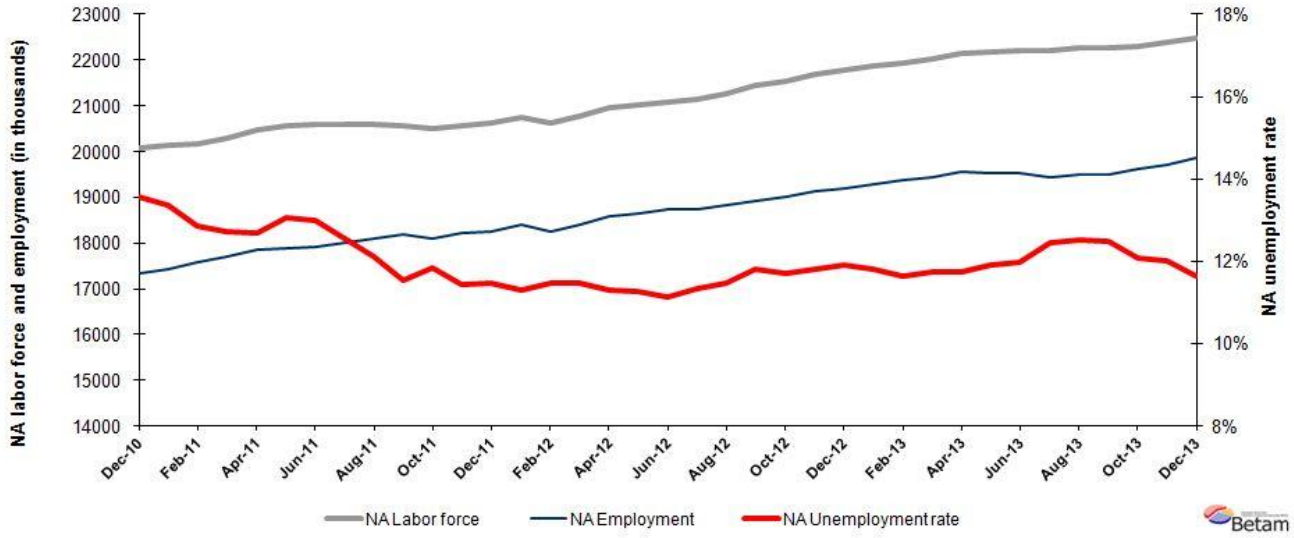

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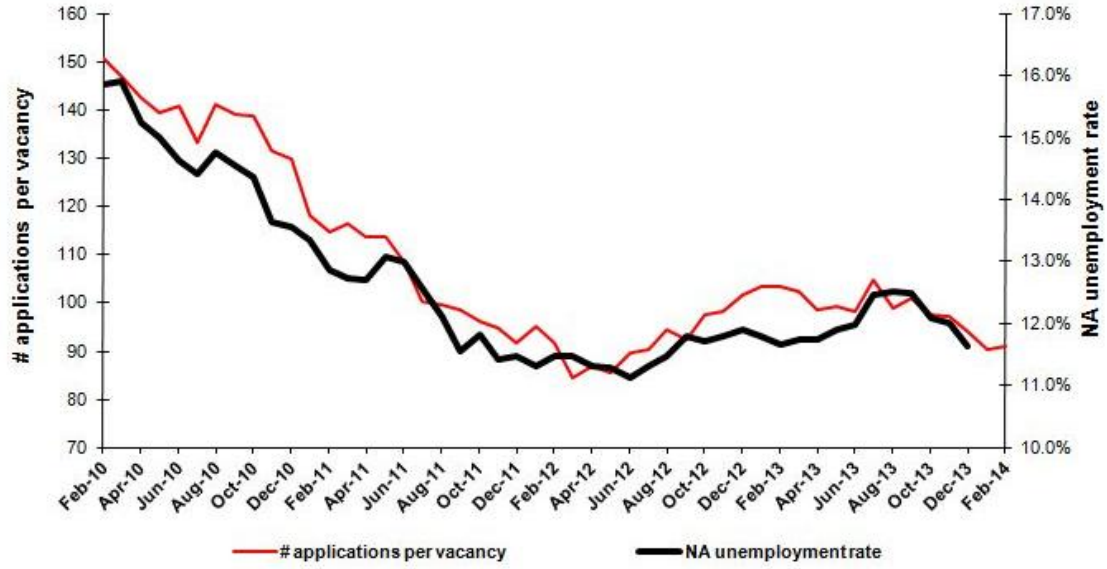

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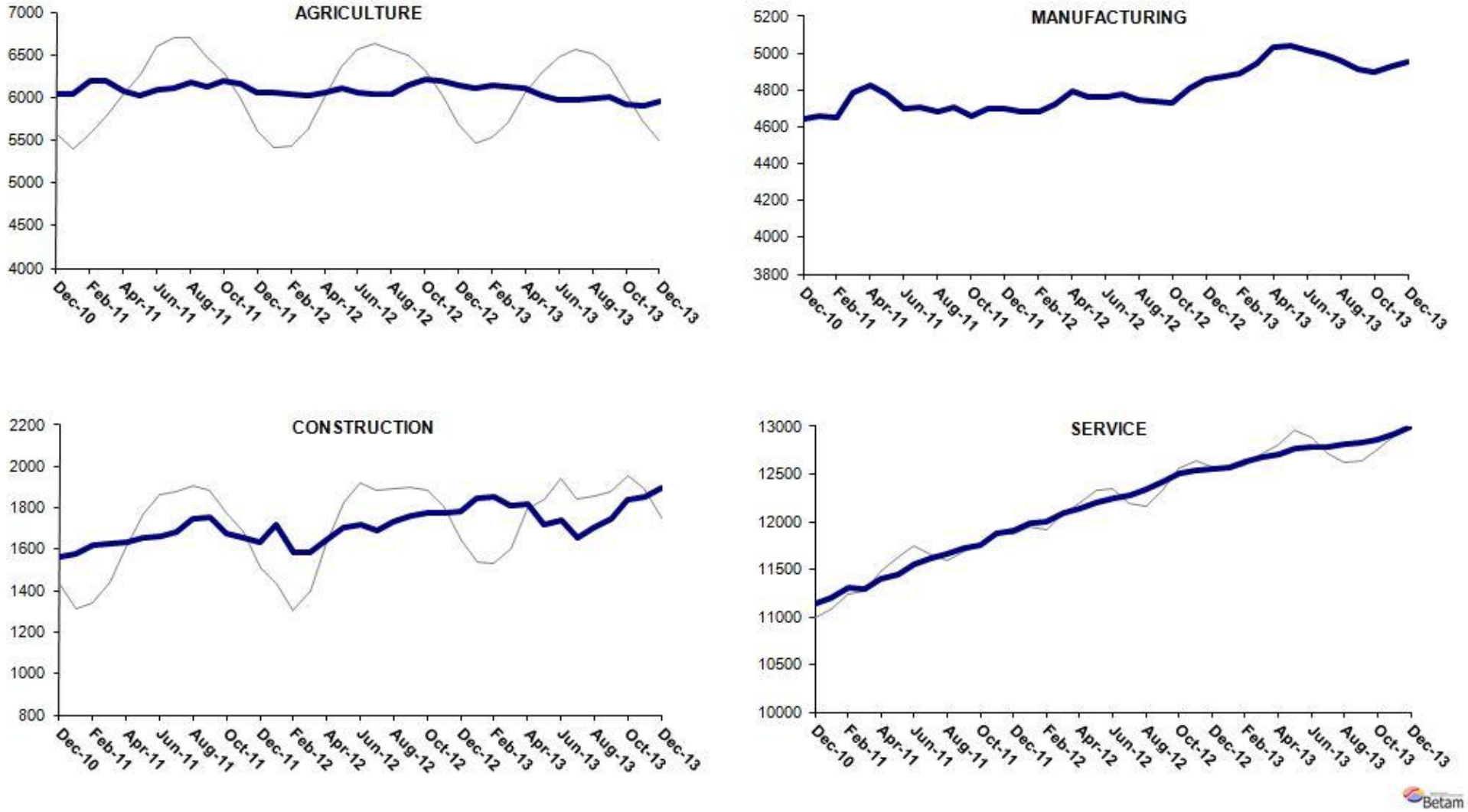

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March-12	6026	4721	1583	12098	-16	37	-1	104
April-12	6056	4792	1651	12135	30	71	69	37
May-12	6108	4760	1708	12194	52	-32	56	59
June-12	6049	4761	1718	12244	-59	1	11	50
July-12	6046	4778	1692	12283	-3	17	-27	39
August-12	6044	4745	1736	12337	-2	-33	44	54
September-12	6146	4735	1764	12419	102	-10	28	82
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March-13	6120	4948	1812	12672	-25	62	-43	38
April-13	6102	5030	1815	12708	-18	82	3	36
May-13	6028	5044	1722	12767	-74	14	-93	59
June-13	5970	5015	1738	12779	-58	-29	15	12
July-13	5967	4991	1658	12791	-3	-24	-80	12
August-13	5991	4964	1706	12817	25	-27	47	26
September-13	6013	4914	1749	12833	22	-50	43	15
October-13	5923	4899	1842	12865	-90	-15	94	32
November-13	5903	4927	1854	12918	-20	28	12	53
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