

UNEMPLOYMENT CONTINUES TO DECREASE DUE TO EMPLOYMENT INCREASES IN CONSTRUCTION AND SERVICES

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

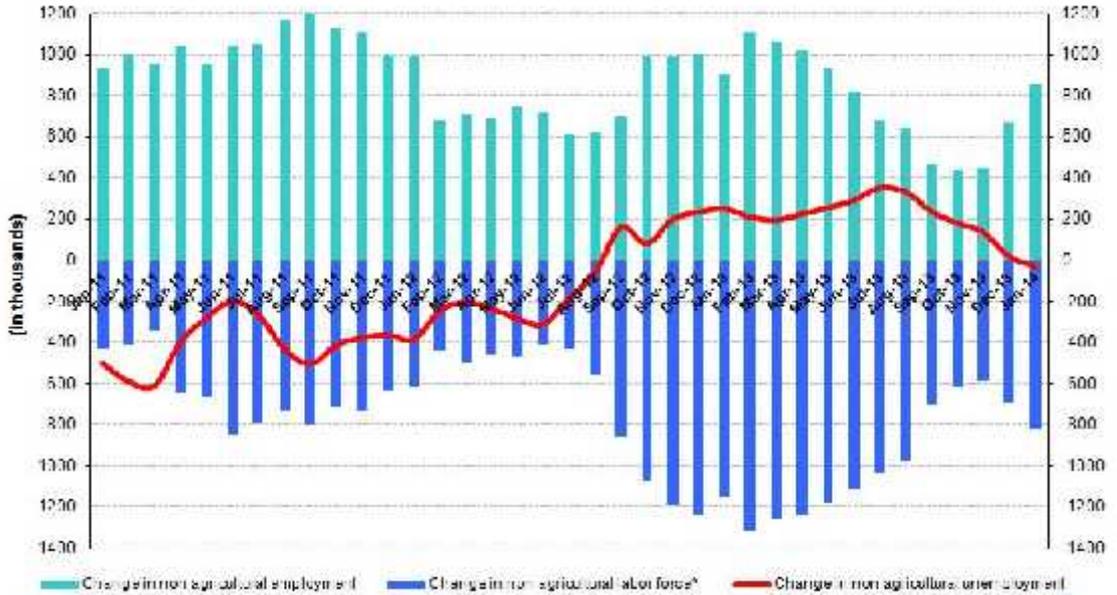
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate decreased from 11.6 percent to 11.3 percent (0.3 percentage point decline) in the period of January 2014. Seasonally adjusted labor market series show that employment increased in all sectors. Employment increases in services had slowed down in the third quarter of 2013, but they have accelerated since the last quarter of 2013. Also, we observe that employment increase in construction sector has accelerated since the period of August 2013. It increased from 1 million 672 thousand in the period of July 2013 to 2 million in the period of January 2014. An increase of approximately 20 percent that is observed in a 6-month period, indicates that the labor market needs to be carefully analyzed.

Strong increases in non-agricultural labor force and employment

According to the data released by TurkSTAT, non-agricultural labor force increased by 823 thousand (3.8 percent) and non-agricultural employment increased by 852 thousand (4.5 percent) in the period of January 2014 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors decreased by 29 thousand. Annual increases in non-agricultural labor force and employment increased over 800 thousand.

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



Source: TurkSTAT, Betam

A 0.3 percentage point decline in non-agricultural unemployment

According to seasonally adjusted data, non-agricultural labor force increased by 121 thousand in the period of January 2014 compared to the period of December 2013, and reached 22 million 621 thousand (Figure 2, Table 1).

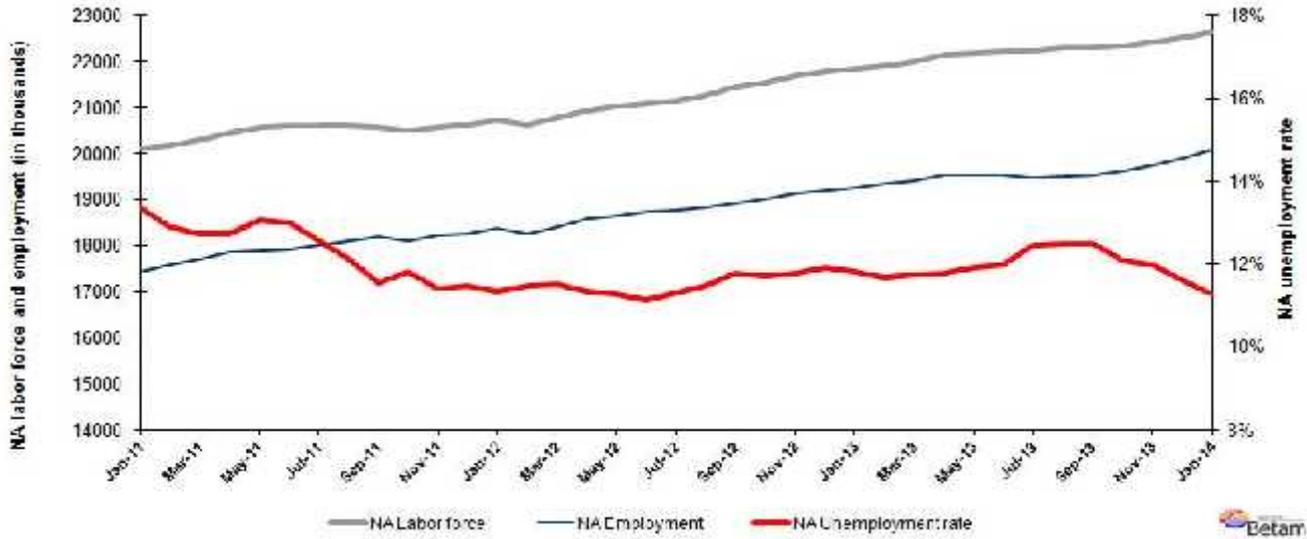
* Prof. Dr. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@bahcesehir.edu.tr

** Yrd. Doç. Dr. Gökçe Uysal, Betam, Vice Director, gokce.uysal@bahcesehir.edu.tr

*** Ayşenur Acar, Betam, Research Assistant, aysenur.acar@bahcesehir.edu.tr

Non-agricultural employment increased by 184 thousand and reached 20 million 72 thousand. Hence, the number of persons unemployed in non-agricultural sectors decreased by 63 thousand and non-agricultural unemployment rate decreased from 11.6 percent in the period of December 2013 to 11.3 percent in the period of January 2014. Monthly increases in non-agricultural employment have been over 100 thousand since the last quarter of 2013. In the same period, non-agricultural unemployment has been regularly decreasing parallel to the slowdown in the annual increase in the non-agricultural labor force.

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

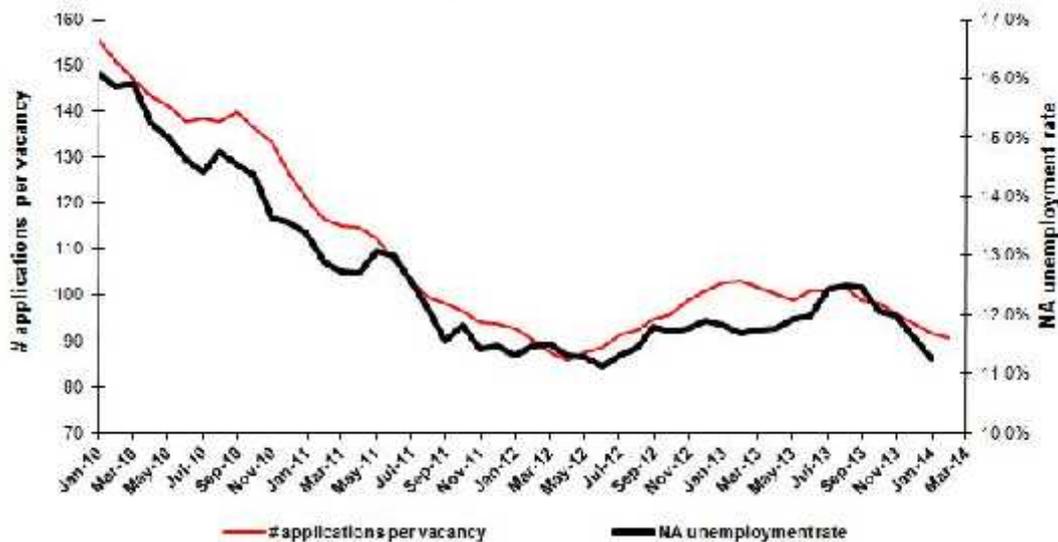


Source: TurkStat, **Betam**

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

Our calculations based on the seasonally adjusted application per vacancy statistics calculated using Kariyer.net¹ series indicate that we accurately predicted the direction of unemployment for the last two periods. The Kariyer.net series also indicates that non-agricultural unemployment will continue to decrease in the period of January 2014.

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. Monthly labor market series released by TurkStat is the average of three months. Therefore, application per vacancy statistics calculated using Kariyer.net series is the average of three months as well.

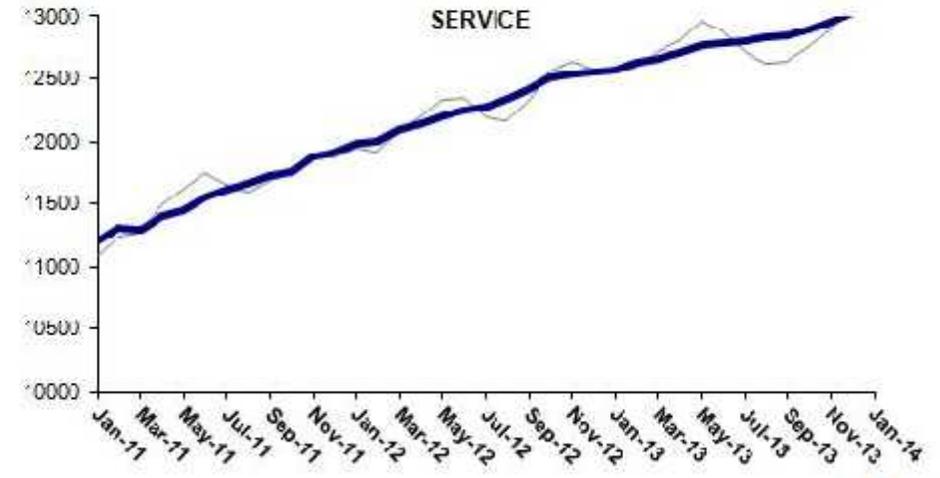
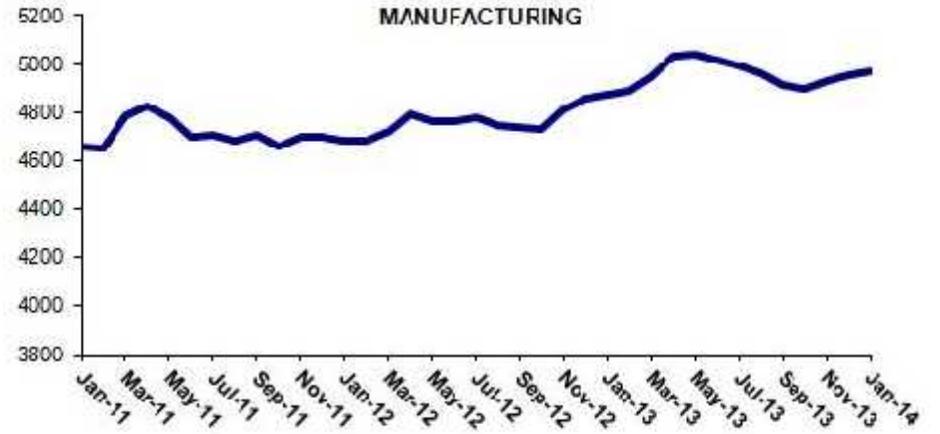
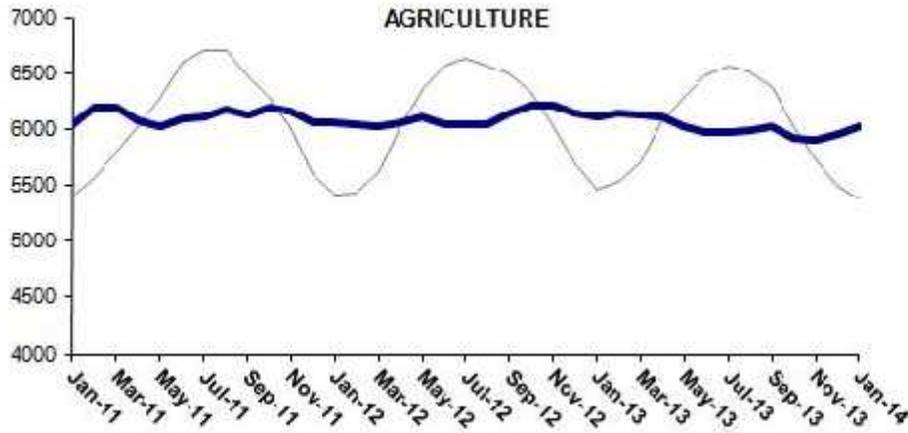
Strong employment increases in construction and service sectors

Seasonally adjusted labor market series show that employment increased in all sectors in the period of January 2014 (Table 2, Figure 4).² Employment increases in services has slowed down during the period of June-September 2013 (a monthly average increase of 20 thousand). However, we observe that increase in service employment has accelerated since the last quarter of 2013 (a monthly average increase of 60 thousand).

There have been interesting developments in the construction sector. Construction employment increased by 103 thousand in the period of January 2013 compared to that of December 2013. Construction employment increased from 1 million 672 in the period of July 2013 thousand to 2 million in the period of January 2014. This increase that has been observed in a 6-month period corresponds to a 20 percent increase. We think that this rapid increase needs to be analyzed further. In addition, agricultural employment has been increasing in the last two periods.

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
December-10	20068	17347	2720	13.6%			
January-11	20120	17431	2689	13.4%	52	83	-31
February-11	20170	17572	2598	12.9%	50	141	-91
March-11	20286	17703	2583	12.7%	116	131	-15
April-11	20457	17857	2600	12.7%	171	154	17
May-11	20560	17871	2688	13.1%	102	14	88
June-11	20589	17915	2674	13.0%	29	44	-15
July-11	20604	18018	2587	12.6%	15	103	-87
August-11	20585	18090	2495	12.1%	-19	73	-92
September-11	20567	18192	2375	11.5%	-18	102	-120
October-11	20516	18090	2426	11.8%	-52	-103	51
November-11	20577	18227	2350	11.4%	61	137	-76
December-11	20610	18247	2363	11.5%	33	20	13
January-12	20731	18384	2347	11.3%	121	137	-16
February-12	20622	18254	2369	11.5%	-109	-130	21
March-12	20787	18398	2389	11.5%	164	144	20
April-12	20945	18573	2371	11.3%	158	175	-17
May-12	21035	18661	2374	11.3%	91	88	2
June-12	21068	18724	2344	11.1%	33	63	-30
July-12	21155	18761	2394	11.3%	88	37	50
August-12	21258	18822	2436	11.5%	103	61	42
September-12	21449	18921	2529	11.8%	191	98	93
October-12	21548	19026	2522	11.7%	99	105	-6
November-12	21692	19136	2555	11.8%	144	110	33
December-12	21787	19195	2592	11.9%	96	59	37
January-13	21845	19262	2582	11.8%	57	67	-10
February-13	21912	19352	2560	11.7%	68	90	-22
March-13	22004	19418	2586	11.8%	92	66	26
April-13	22148	19541	2607	11.8%	143	122	21
May-13	22176	19533	2643	11.9%	28	-8	36
June-13	22199	19536	2663	12.0%	23	3	20
July-13	22225	19459	2766	12.4%	27	-76	103
August-13	22292	19506	2786	12.5%	67	47	20
September-13	22299	19518	2781	12.5%	7	12	-5
October-13	22325	19632	2693	12.1%	26	114	-88
November-13	22418	19733	2685	12.0%	93	102	-9
December-13	22500	19888	2612	11.6%	82	155	-72
January-14	22621	20072	2549	11.3%	121	184	-63

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
December-10	6033	4642	1562	11144				
January-11	6034	4656	1568	11207	2	14	6	63
February-11	6188	4652	1618	11302	153	-4	50	95
March-11	6198	4790	1624	11289	11	138	6	-13
April-11	6074	4828	1628	11401	-124	38	4	112
May-11	6016	4777	1652	11443	-58	-51	24	42
June-11	6090	4697	1666	11552	74	-80	15	109
July-11	6110	4710	1691	11616	19	13	25	65
August-11	6183	4682	1753	11656	73	-28	61	39
September-11	6122	4707	1758	11727	-61	25	6	71
October-11	6191	4657	1677	11756	68	-50	-81	29
November-11	6167	4700	1657	11870	-23	43	-20	114
December-11	6053	4701	1640	11907	-115	1	-18	37
January-12	6050	4685	1710	11989	-3	-16	71	82
February-12	6040	4684	1577	11993	-10	-1	-133	4
March-12	6025	4721	1580	12097	-16	37	3	104
April-12	6055	4792	1647	12134	30	71	67	37
May-12	6106	4760	1708	12193	52	-32	61	59
June-12	6048	4761	1720	12243	-58	1	11	50
July-12	6046	4778	1702	12282	-2	17	-18	38
August-12	6045	4745	1741	12336	-1	-33	40	54
September-12	6148	4735	1768	12418	103	-10	26	82
October-12	6219	4732	1781	12513	71	-3	13	95
November-12	6204	4814	1782	12541	-15	82	1	28
December-12	6140	4856	1785	12554	-64	42	3	14
January-13	6107	4870	1828	12564	-33	14	44	9
February-13	6142	4886	1841	12625	35	16	12	62
March-13	6118	4948	1805	12665	-24	62	-36	40
April-13	6100	5030	1807	12703	-18	82	2	38
May-13	6026	5044	1724	12765	-74	14	-84	62
June-13	5969	5015	1740	12780	-57	-29	17	15
July-13	5966	4991	1672	12796	-3	-24	-68	16
August-13	5992	4964	1715	12827	26	-27	43	31
September-13	6015	4914	1756	12848	23	-50	41	21
October-13	5927	4899	1846	12887	-89	-15	90	39
November-13	5907	4927	1859	12947	-20	28	14	60
December-13	5962	4956	1900	13032	55	29	41	85
January-14	6016	4967	2003	13102	54	11	103	70

Source: TurkStat, **Betam**