

NON-AGRICULTURAL EMPLOYMENT INCREASED DUE TO INCREASE IN SERVICES EMPLOYMENT

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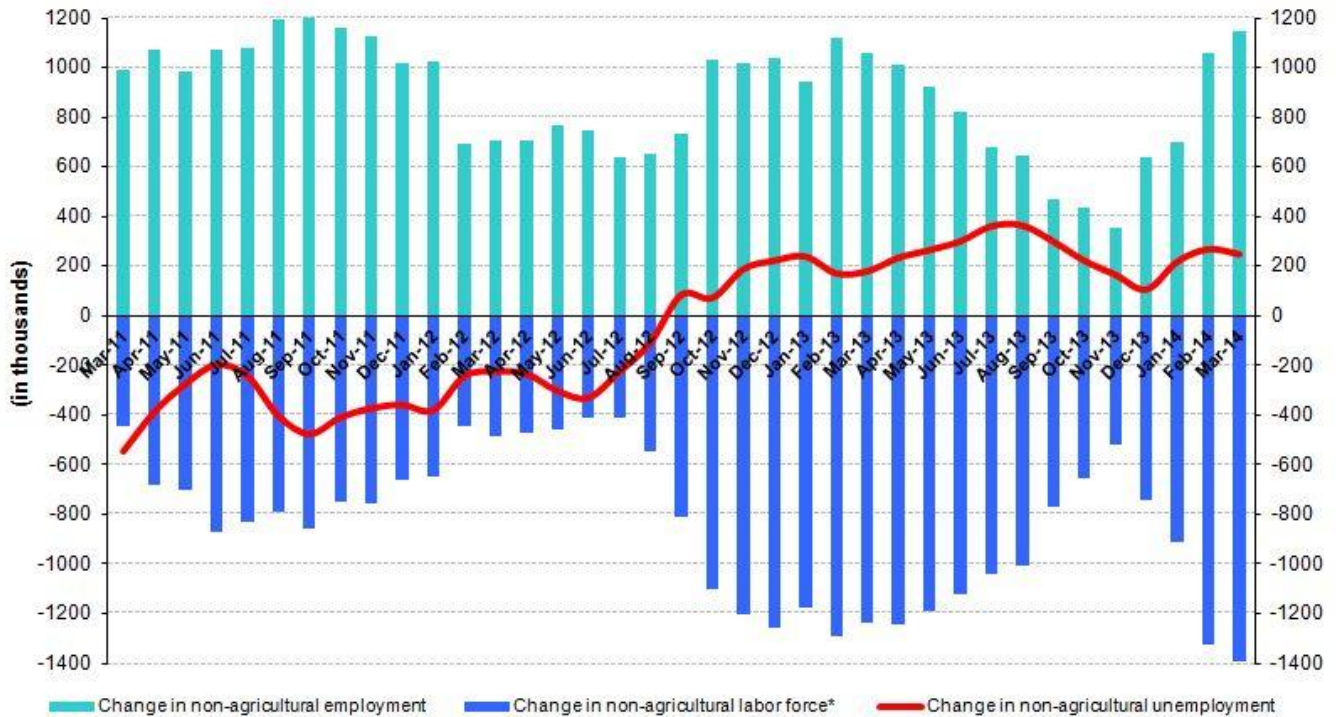
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate remained the same at 11.0 percent in the period of Mart 2014 compared to the period of February 2014. Increases observed in employment for the period of March 2014 were mostly due to the strong increases in services employment. The increase in the services sector was the strongest increase observed in the last two years. However, job growth in other sectors remained weak. Employment increases in manufacturing decelerated, while employment in the construction sector decreased in this period.

Annual increases in non-agricultural labor force and employment are over 1 million

According to data released by TurkSTAT, non-agricultural labor force increased by 1 million 390 thousand (6.5 percent) and non-agricultural employment increased by 1 million 143 thousand (6 percent) in the period of March 2014 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors increased by 247 thousand. We observe that annual increases in non-agricultural labor force and employment have been over 1 million for the last two periods.

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



Source: TurkSTAT, **Betam**

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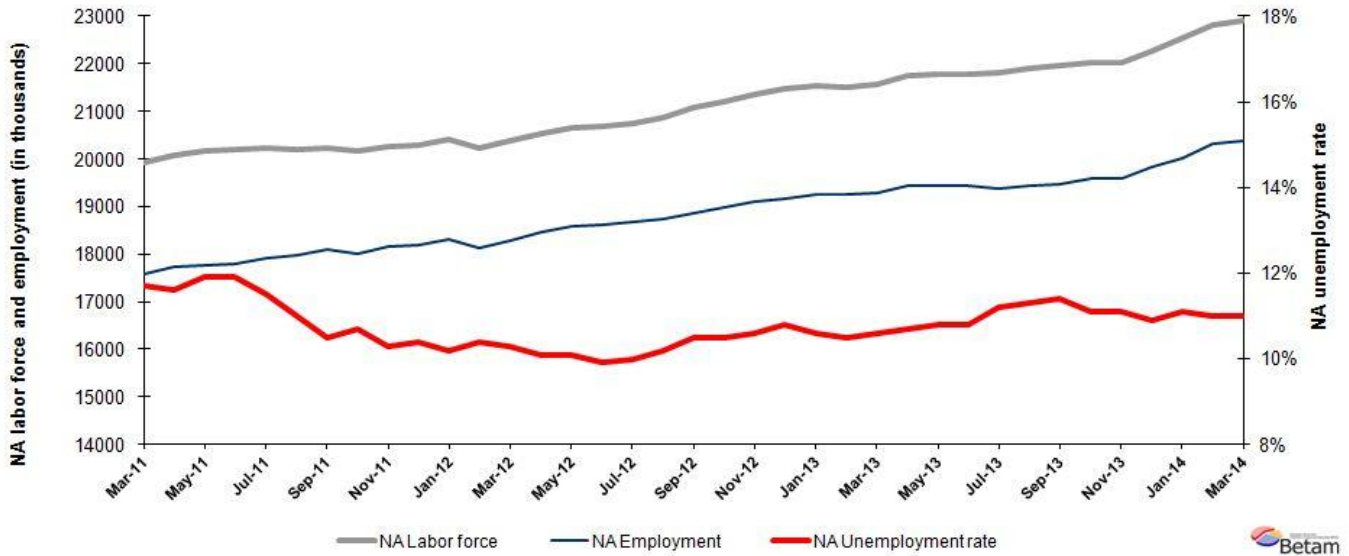
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Non-agricultural unemployment stagnates

According to seasonally adjusted data, non-agricultural labor force increased by 79 thousand in the period of March 2014 compared to the period of February 2014, and reached 22 million 899 thousand (Figure 2, Table 1). Non-agricultural employment increased by 70 thousand and reached 20 million 380 thousand. Hence, the number of persons unemployed in non-agricultural sectors increased by 9 thousand and non-agricultural unemployment rate remained the same at 11.0 percent in the period of March 2014 compared to the period of February 2014.

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



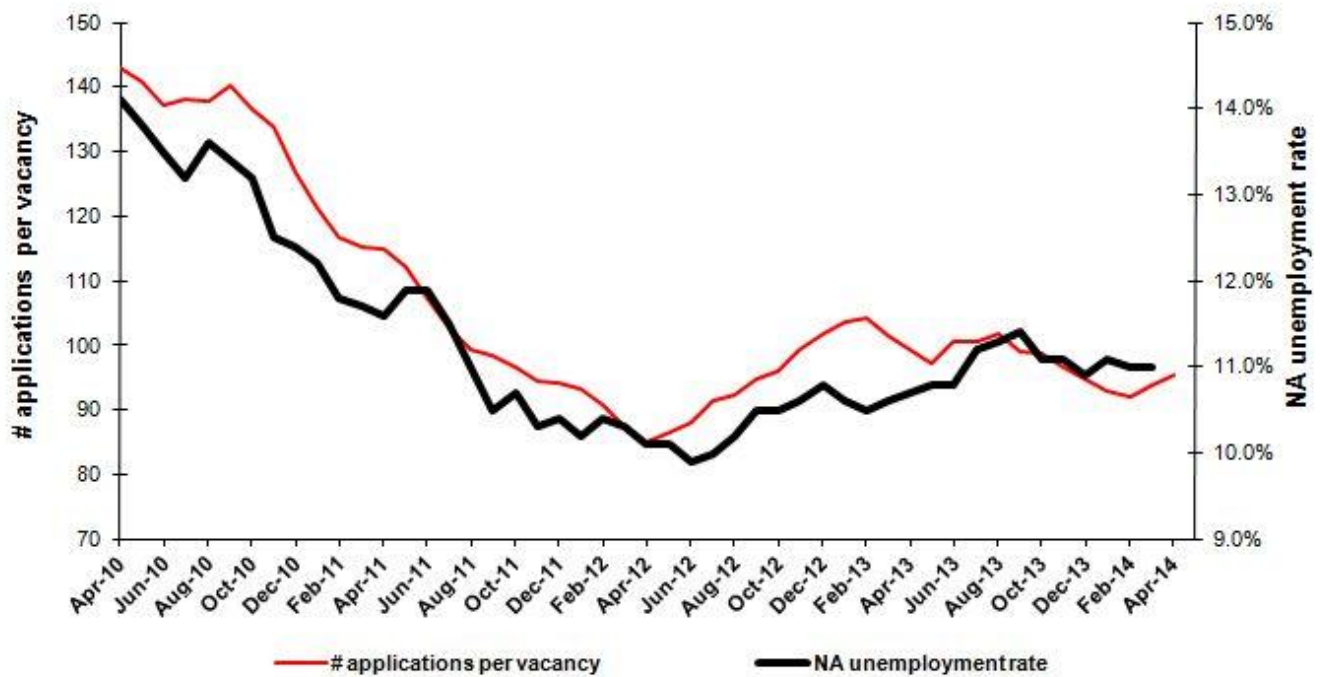
Source: TurkStat, **Betam**

According to Kariyer.net data, non-agricultural unemployment might slightly increase 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 might slightly increase in the period of April 2014.

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.

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



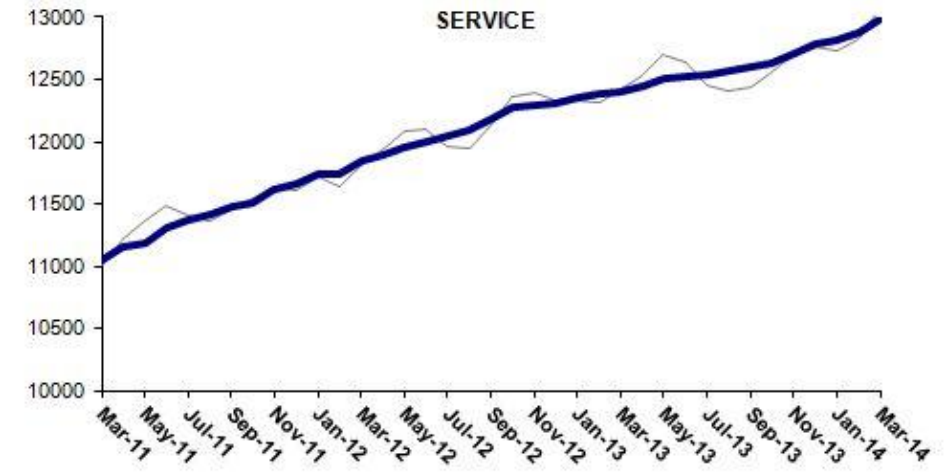
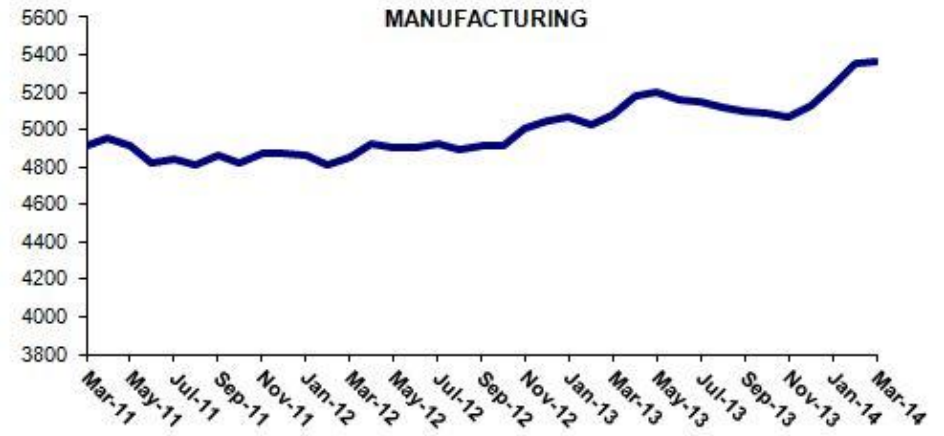
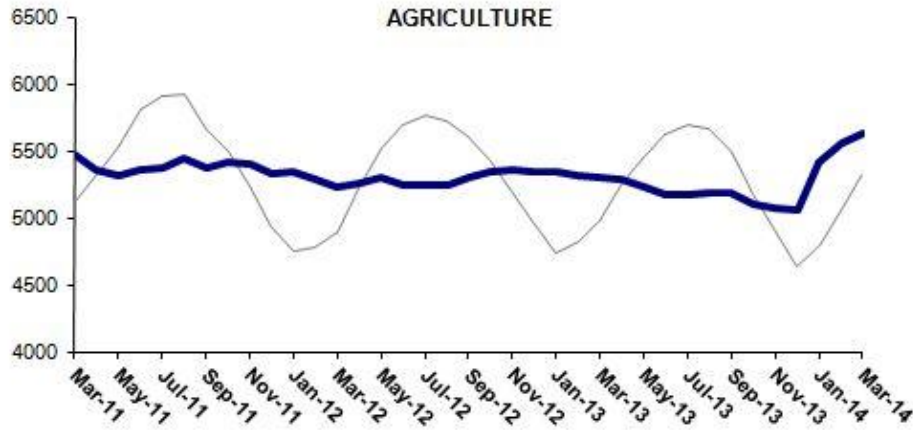
Source: Kariyer.net, TurkStat, **Betam**

Services continue to create employment

Seasonally adjusted labor market series show that increase in non-agricultural employment was driven by increases in services sector in the period of March 2014 (Table 2, Figure 4).² Employment in the services sector increased by 102 thousand from the period of March 2014 to the period of February 2014. This increase is significantly higher than the average monthly increase of 45 thousand observed for the last two years. Strong increases in manufacturing employment for the last three months seem to have ceased as employment in manufacturing increased only 6 thousand in this period. Employment in construction sector decreased by 38 thousand, while employment in agriculture increased by 79 thousand.

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
February-11	19763	17431	2332	11.8%			
March-11	19913	17583	2330	11.7%	150	152	-2
April-11	20069	17741	2328	11.6%	156	158	-2
May-11	20162	17763	2399	11.9%	93	22	71
June-11	20203	17799	2404	11.9%	41	36	5
July-11	20238	17911	2327	11.5%	35	112	-77
August-11	20204	17982	2222	11.0%	-34	71	-105
September-11	20232	18108	2124	10.5%	28	126	-98
October-11	20172	18014	2158	10.7%	-60	-94	34
November-11	20253	18167	2086	10.3%	81	153	-72
December-11	20285	18175	2110	10.4%	32	8	24
January-12	20408	18326	2082	10.2%	123	151	-28
February-12	20231	18127	2104	10.4%	-177	-199	22
March-12	20394	18293	2101	10.3%	163	166	-3
April-12	20548	18473	2075	10.1%	155	180	-25
May-12	20663	18576	2087	10.1%	115	103	12
June-12	20677	18630	2047	9.9%	14	54	-40
July-12	20761	18685	2076	10.0%	84	55	29
August-12	20872	18743	2129	10.2%	111	58	53
September-12	21080	18867	2213	10.5%	209	124	85
October-12	21204	18978	2226	10.5%	124	111	13
November-12	21365	19100	2265	10.6%	160	122	38
December-12	21470	19151	2319	10.8%	105	51	54
January-13	21541	19258	2283	10.6%	72	107	-35
February-13	21498	19241	2257	10.5%	-43	-17	-26
March-13	21583	19295	2288	10.6%	84	54	30
April-13	21760	19432	2328	10.7%	178	137	41
May-13	21793	19439	2354	10.8%	32	7	25
June-13	21789	19436	2353	10.8%	-3	-3	0
July-13	21824	19380	2444	11.2%	35	-56	91
August-13	21899	19424	2475	11.3%	74	44	30
September-13	21964	19460	2504	11.4%	65	36	29
October-13	22022	19578	2444	11.1%	59	118	-59
November-13	22025	19580	2445	11.1%	2	2	0
December-13	22257	19831	2426	10.9%	232	251	-19
January-14	22531	20030	2501	11.1%	274	199	75
February-14	22820	20310	2510	11.0%	289	280	9
March-14	22899	20380	2519	11.0%	79	70	9

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
February-11	5481	4767	1615	11050				
March-11	5465	4914	1628	11040	-16	147	13	-10
April-11	5357	4958	1632	11150	-108	44	4	110
May-11	5310	4915	1656	11192	-47	-43	24	42
June-11	5360	4826	1671	11302	50	-89	15	110
July-11	5378	4846	1698	11367	18	20	27	65
August-11	5440	4816	1757	11408	62	-30	59	41
September-11	5373	4866	1762	11481	-67	50	5	73
October-11	5410	4823	1681	11510	37	-43	-81	29
November-11	5404	4870	1674	11622	-6	47	-7	112
December-11	5331	4873	1643	11659	-73	3	-31	37
January-12	5339	4864	1718	11745	8	-9	75	86
February-12	5287	4808	1573	11746	-52	-56	-145	1
March-12	5235	4850	1589	11853	-52	42	16	107
April-12	5257	4930	1653	11890	22	80	64	37
May-12	5303	4908	1717	11951	46	-22	64	61
June-12	5247	4900	1729	12002	-56	-8	12	51
July-12	5245	4926	1718	12041	-2	26	-11	39
August-12	5239	4892	1753	12097	-6	-34	35	56
September-12	5305	4911	1776	12179	66	19	23	82
October-12	5350	4917	1786	12274	45	6	10	95
November-12	5362	5003	1808	12289	12	86	22	15
December-12	5348	5051	1791	12309	-14	48	-17	20
January-13	5338	5073	1835	12350	-10	22	44	41
February-13	5313	5023	1829	12389	-25	-50	-6	39
March-13	5302	5083	1812	12400	-11	60	-17	11
April-13	5283	5176	1811	12446	-19	93	-1	46
May-13	5226	5200	1735	12505	-57	24	-76	59
June-13	5177	5163	1752	12522	-49	-37	17	17
July-13	5173	5146	1695	12539	-4	-17	-57	17
August-13	5191	5117	1732	12574	18	-29	37	35
September-13	5189	5096	1767	12597	-2	-21	35	23
October-13	5106	5090	1853	12635	-83	-6	86	38
November-13	5070	5064	1808	12708	-36	-26	-45	73
December-13	5060	5131	1917	12783	-10	67	109	75
January-14	5410	5232	1988	12810	350	101	71	27
February-14	5551	5359	2069	12881	141	127	81	71
March-14	5630	5365	2031	12983	79	6	-38	102

Source: TurkStat, **Betam**