

SHARP INCREASE IN NON-AGRICULTURAL UNEMPLOYMENT

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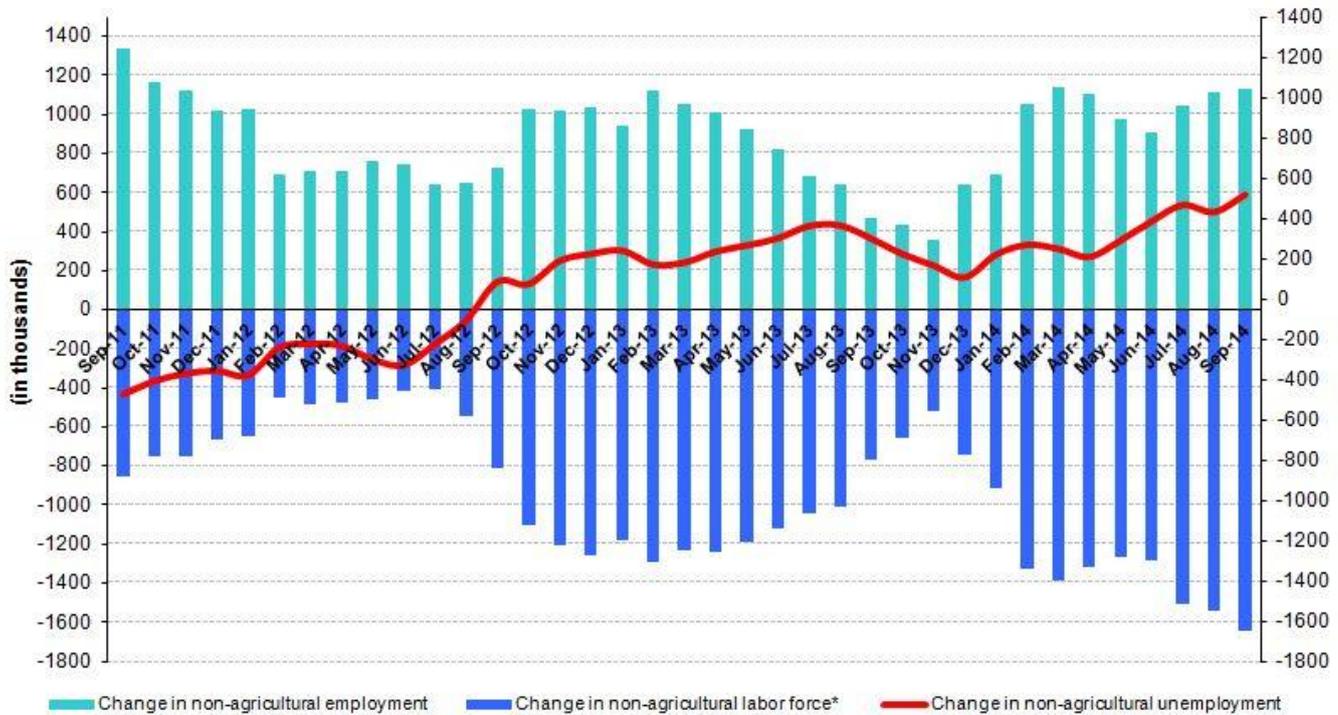
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate increased by 0.3 percentage points in the period of September 2014 compared to the period of August 2014, and reached 12.8 percent. Even though employment in non-agricultural sectors increased, the increases could not counterbalance strong increases in non-agricultural labor force. Non-agricultural unemployment increased from 11.3 percent to 12.8 percent in the last year. The largest part of the increase occurred in the second part of 2014.

A 1.6 million increase in non-agricultural labor force

According to the data released by TurkSTAT, non-agricultural labor force increased by 1 million 648 thousand (7.5 percent) and non-agricultural employment increased by 1 million 132 thousand (5.8 percent) in the period of September 2014 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors increased by 516 thousand. After observing annual increases of over 1.3 million in non-agricultural labor force since February 2014, there was an increase of over 1 million in the period of July 2014 as well. The annual increases in non-agricultural labor force are over 1.5 million during the last three periods (i.e. July, August, September 2014). Non-agricultural labor force increased by 1.6 million in the period of September 2014, which was the largest annual increase.

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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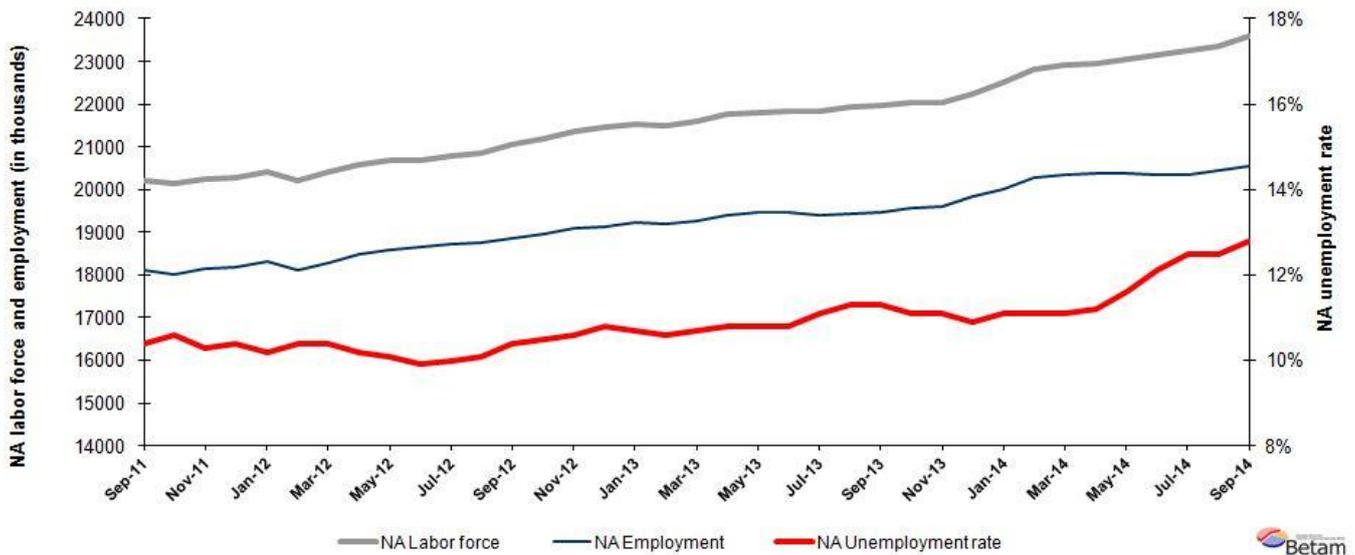
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Rapid increase in non-agricultural unemployment

According to seasonally adjusted data, non-agricultural labor force increased by 209 thousand in the period of September 2014 compared to the period of August 2014, and reached 23 million 580 thousand (Figure 2, Table 1). Non-agricultural employment increased by 112 thousand and reached 20 million 562 thousand. Hence, the number of persons unemployed in non-agricultural sectors increased by 97 thousand and non-agricultural unemployment rate increased by 0.3 percentage point and reached 12.8 percent. Non-agricultural unemployment rate increased from 11.3 percent in the period of September 2013 to 12.8 percent in the period of September 2014, implying a 1.5 percentage points increase in one year. The increase has been accelerating since the period of April 2014.

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

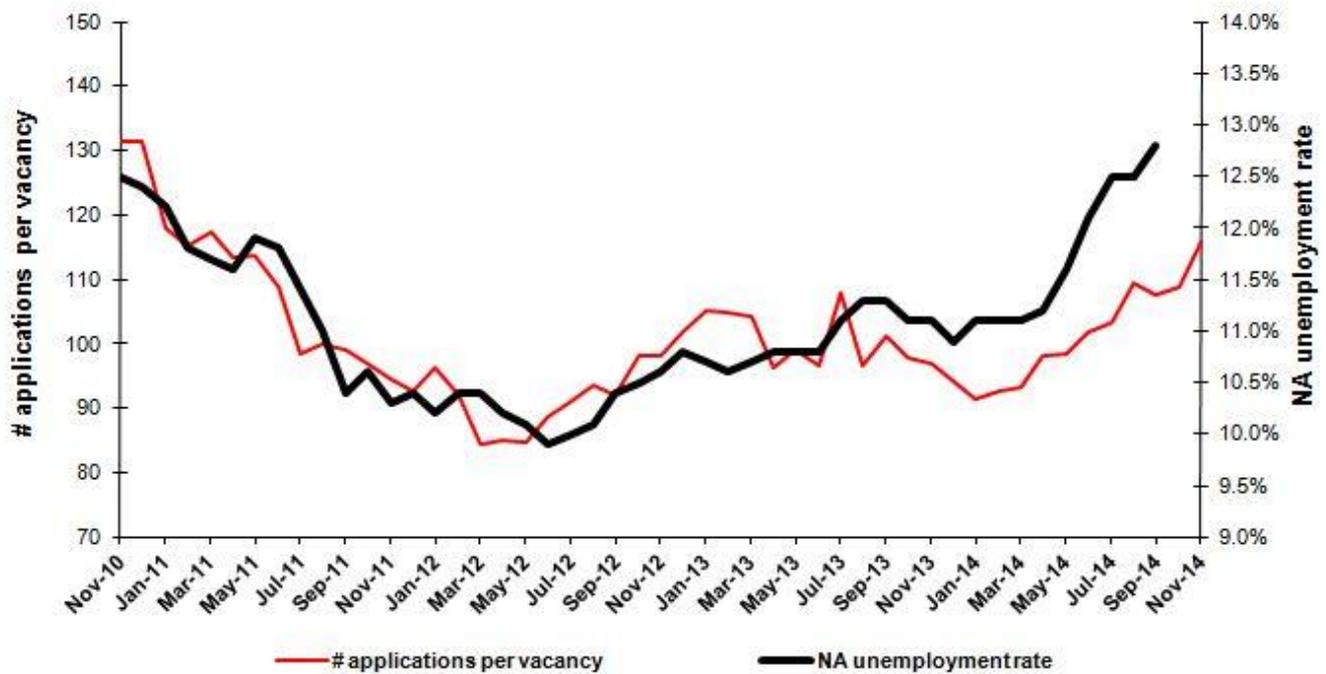


Source: TurkStat, **Betam**

Non-agricultural unemployment will slightly increase in the next period

Our calculations based on the seasonally adjusted application per vacancy statistics calculated using Kariyer.net series are presented in Figure 3. Kariyer.net series have been accelerating since August 2014. Kariyer.net series indicate that non-agricultural unemployment continue to increase. The forecasting model of Betam indicates that increase in non-agricultural unemployment will slow down. Since the unemployment figures of October 2014 include the figures of September, October and November, we expect that non-agricultural unemployment will slightly increase in the next period.

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



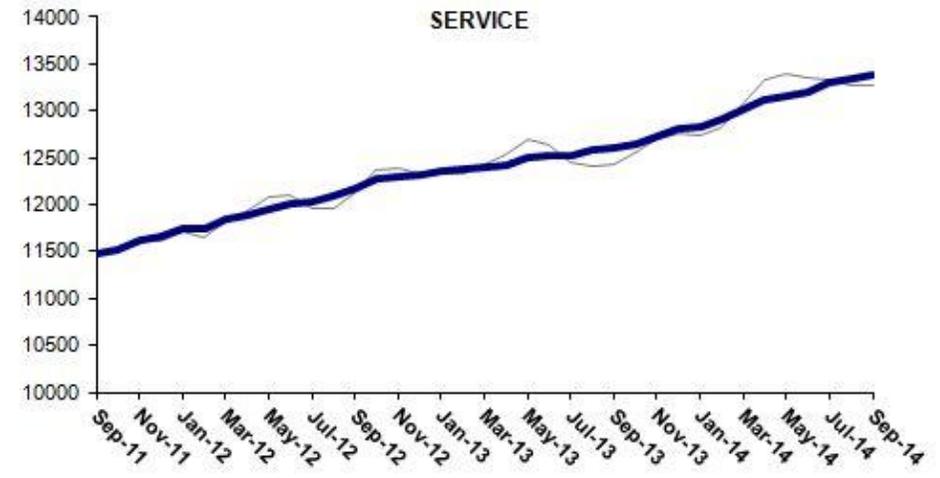
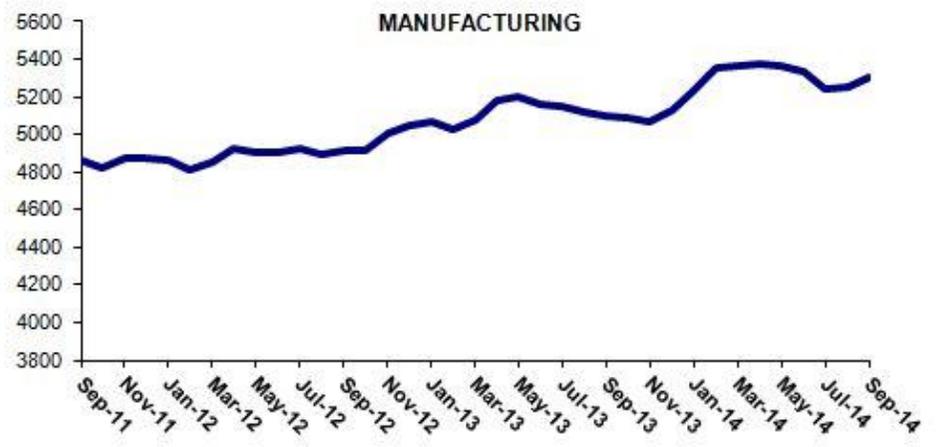
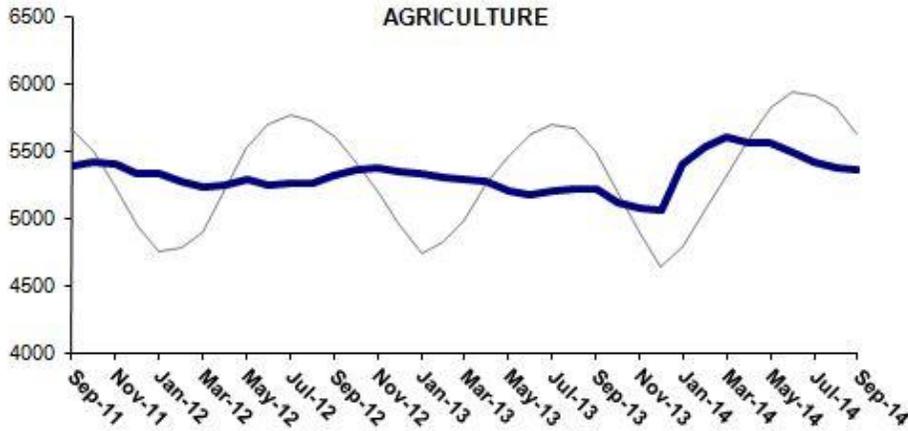
Source: Kariyer.net, TurkStat, **Betam**

Employment increases in non-agricultural sectors

Seasonally adjusted labor market series show that employment increased in all sectors (with an exception of agricultural employment) in the period of September 2014 (Table 2, Figure 4).¹ In this period, agricultural employment decreased by 14 thousand. On the other hand, employment in manufacturing and service sectors increased by 49 thousand, while construction employment increased by 15 thousand. However, these increases could not counterbalance the increase in non-agricultural labor force.

¹ 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)²



Source: TurkStat, Betam

² 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-11	20204	17982	2222	11.0%			
September-11	20206	18105	2101	10.4%	2	123	-121
October-11	20148	18012	2136	10.6%	-59	-93	34
November-11	20247	18162	2085	10.3%	100	150	-50
December-11	20276	18167	2109	10.4%	28	5	23
January-12	20399	18318	2081	10.2%	123	151	-28
February-12	20221	18118	2103	10.4%	-178	-200	22
March-12	20405	18283	2122	10.4%	184	165	19
April-12	20570	18472	2098	10.2%	165	189	-24
May-12	20674	18586	2088	10.1%	104	114	-10
June-12	20698	18649	2049	9.9%	24	63	-39
July-12	20788	18709	2079	10.0%	90	60	30
August-12	20858	18751	2107	10.1%	70	42	28
September-12	21056	18866	2190	10.4%	198	115	83
October-12	21198	18972	2226	10.5%	142	106	36
November-12	21358	19094	2264	10.6%	160	122	38
December-12	21452	19135	2317	10.8%	94	41	53
January-13	21539	19234	2305	10.7%	87	99	-12
February-13	21490	19212	2278	10.6%	-49	-22	-27
March-13	21583	19274	2309	10.7%	93	62	31
April-13	21759	19409	2350	10.8%	176	135	41
May-13	21807	19452	2355	10.8%	48	43	5
June-13	21831	19473	2358	10.8%	24	21	3
July-13	21836	19412	2424	11.1%	5	-61	66
August-13	21922	19445	2477	11.3%	86	33	53
September-13	21958	19477	2481	11.3%	36	32	4
October-13	22029	19584	2445	11.1%	71	107	-36
November-13	22038	19592	2446	11.1%	9	8	1
December-13	22256	19830	2426	10.9%	218	238	-20
January-14	22516	20017	2499	11.1%	260	187	73
February-14	22821	20288	2533	11.1%	305	271	34
March-14	22901	20359	2542	11.1%	80	71	9
April-14	22966	20394	2572	11.2%	65	35	30
May-14	23057	20382	2675	11.6%	90	-12	102
June-14	23157	20355	2802	12.1%	100	-27	127
July-14	23263	20355	2908	12.5%	106	0	106
August-14	23371	20450	2921	12.5%	109	95	14
September-14	23580	20562	3018	12.8%	209	112	97

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-11	5452	4816	1758	11408				
September-11	5384	4866	1759	11480	-68	50	1	72
October-11	5415	4823	1679	11510	31	-43	-80	30
November-11	5406	4870	1670	11622	-9	47	-9	112
December-11	5329	4873	1635	11659	-77	3	-35	37
January-12	5333	4864	1709	11745	4	-9	74	86
February-12	5276	4808	1565	11746	-57	-56	-144	1
March-12	5222	4850	1580	11853	-54	42	15	107
April-12	5249	4930	1653	11890	27	80	73	37
May-12	5292	4908	1728	11951	43	-22	75	61
June-12	5249	4900	1748	12001	-43	-8	20	50
July-12	5259	4926	1741	12041	10	26	-7	40
August-12	5256	4892	1761	12097	-3	-34	20	56
September-12	5320	4911	1776	12179	64	19	15	82
October-12	5358	4917	1780	12274	38	6	4	95
November-12	5365	5003	1801	12289	7	86	21	15
December-12	5347	5051	1776	12309	-18	48	-25	20
January-13	5331	5073	1812	12349	-16	22	36	40
February-13	5298	5023	1800	12389	-33	-50	-12	40
March-13	5281	5083	1785	12406	-17	60	-15	17
April-13	5269	5176	1807	12425	-12	93	22	19
May-13	5207	5200	1754	12498	-62	24	-53	73
June-13	5178	5163	1788	12521	-29	-37	34	23
July-13	5193	5146	1737	12528	15	-17	-51	7
August-13	5216	5117	1753	12575	23	-29	16	47
September-13	5210	5096	1775	12607	-6	-21	22	32
October-13	5120	5090	1847	12647	-90	-6	72	40
November-13	5078	5064	1804	12725	-42	-26	-43	78
December-13	5061	5131	1894	12805	-17	67	90	80
January-14	5403	5232	1947	12838	342	101	53	33
February-14	5530	5359	2013	12915	127	127	66	77
March-14	5599	5365	1980	13013	69	6	-33	98
April-14	5563	5373	1906	13115	-36	8	-74	102
May-14	5562	5364	1863	13155	-1	-9	-43	40
June-14	5486	5332	1812	13210	-76	-32	-51	55
July-14	5411	5243	1818	13295	-75	-89	6	85
August-14	5368	5257	1852	13341	-43	14	34	46
September-14	5354	5306	1867	13390	-14	49	15	49

Source: TurkStat, **Betam**