

SLOW DECREASE IN NONAGRICULTURAL UNEMPLOYMENT CONTINUES

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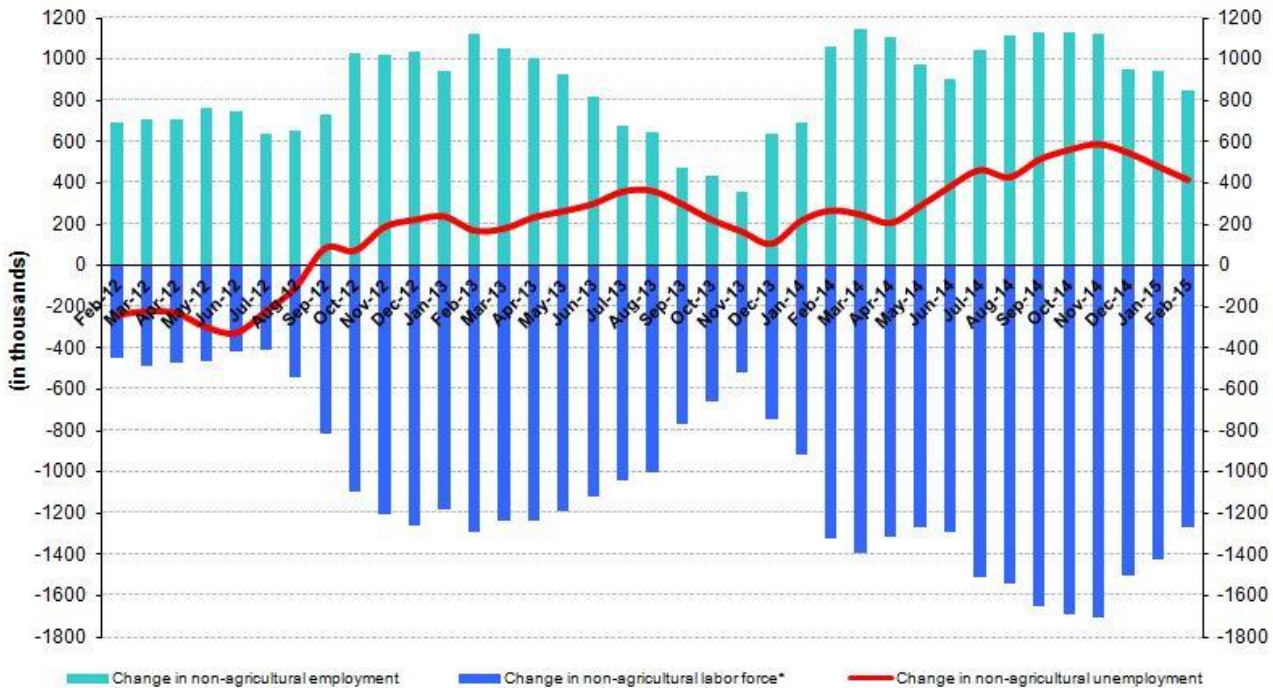
Executive Summary

Seasonally adjusted labor market data shows that nonagricultural unemployment rate decreased from 12.3 percent to 12.2 percent (0.1 percentage points) in the period of February 2015 compared to the previous period. Nonagricultural labor force and employment increased by 58 thousand and 75 thousand, respectively. The increase in nonagricultural employment stems from a 118 thousand monthly increase in services employment. In this period, increase in manufacturing employment has been limited to 2 thousand and employment in the construction sector declined by 45 thousand.

Year-on-year increases continue rapidly

According to data released by Turkstat in the period of February 2015, nonagricultural labor force increased by 1 million 266 thousand (5.6 percent), nonagricultural employment increased by 849 thousand (4.3 percent) and nonagricultural unemployment increased by 417 thousand compared the same period in the previous year (Figure1). It has been exactly one year since TurkStat's revision in the labor force statistics in the period of February 2015. Therefore, year-on-year changes in this period are not affected by the revision. Still, nonagricultural labor force and nonagricultural employment have been rising sharply.

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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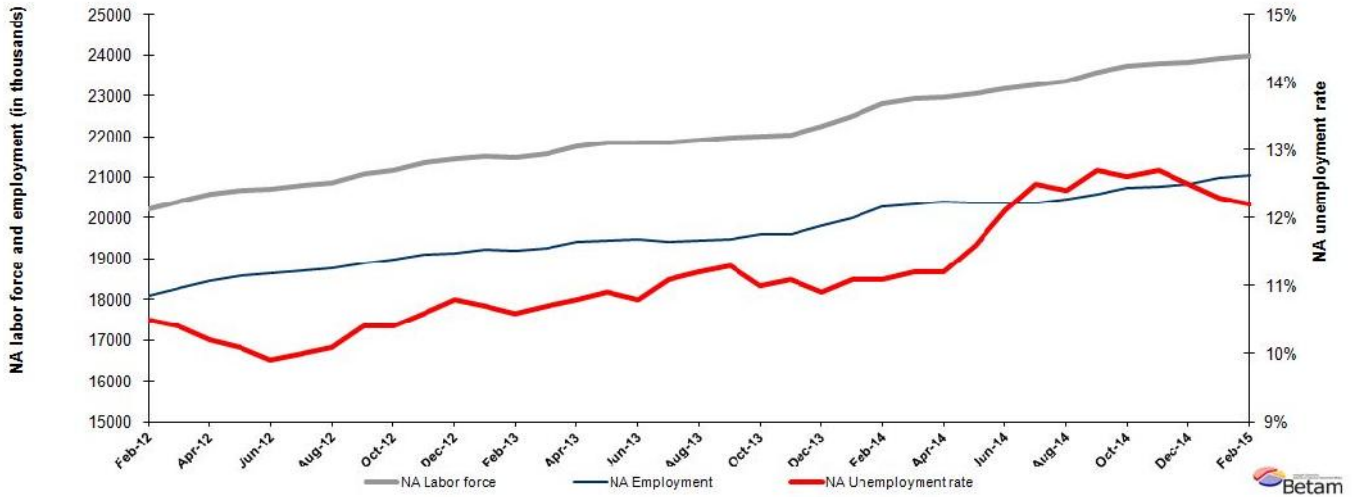
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Slight decline in nonagricultural unemployment

According to seasonally adjusted data in the period of February 2015, nonagricultural labor force increased by 58 thousand compared to the period of January 2015, and reached 23 million 975 thousand (Figure 2, Table 1). Nonagricultural employment increased by 75 thousand and reached 21 million 50 thousand. Compared to the period of January 2015, the number of persons unemployed in nonagricultural sectors decreased by 17 thousand and nonagricultural unemployment rate decreased by 0.1 percentage points to 12.2 percent in the period of February 2015

Figure 1 Seasonally adjusted non-agricultural labor force, employment, and unemployment



Source: TurkStat, Betam

We are expecting 0.1-point increase in nonagricultural unemployment in the next period

Kariyer.net's¹ application per vacancy series used in the Betam forecasting model is depicted in Figure 3. Betam's forecasting model predicts that nonagricultural unemployment will increase by 0.1 percentage points in the next period (March 2015).²

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.

² For detailed information on Soybilgen's forecasting model, please see Betam Research Brief 168 titled as "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini"

<http://betam.bahcesehir.edu.tr/tr/2014/06/kariyer-net-verisiyle-kisa-vadeli-tarim-disi-issizlik-tahmini/>

Figure 2 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



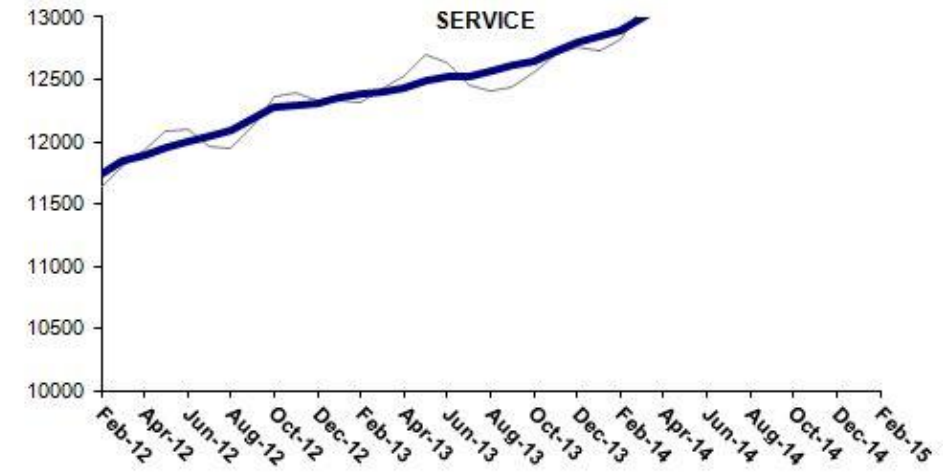
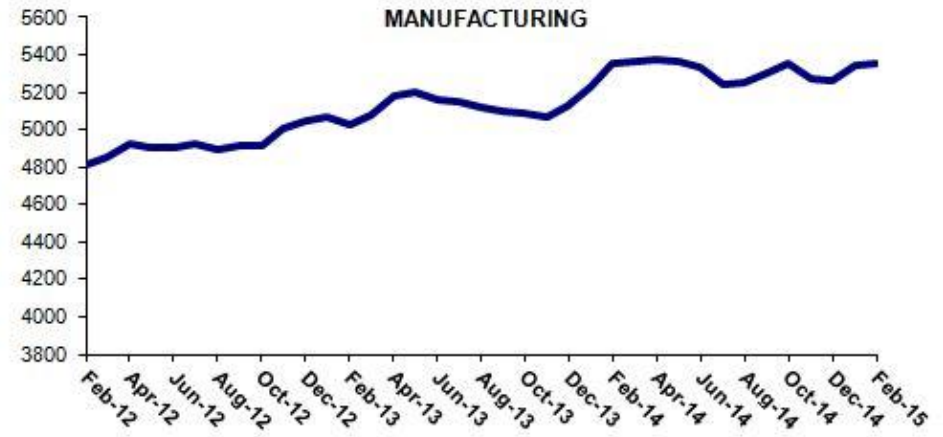
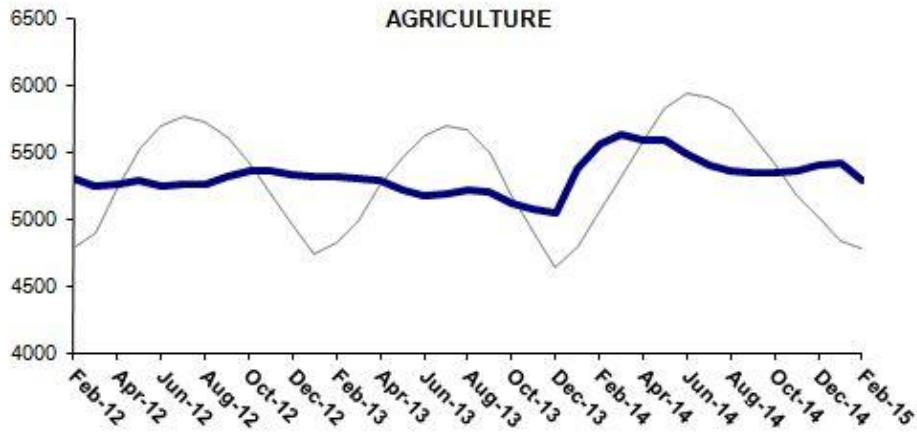
Source: Kariyer.net, TurkStat, Betam

Employment increased in manufacturing and services

According to seasonally adjusted labor market series, compared employment in agriculture decreased by 133 thousand in the period of February 2015 to the period of January 2015 (Figure 4, Table2).³ In the same period, employment in construction declined by 45 thousand. On the other hand, employment in services increased by 118 thousand. Manufacturing employment increased by only 2 thousand. Note that the industrial production index was high in March 2015. We expect a delayed response in the labor market.

³Employment 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 3 Employment by sectors (in thousands)



Source: Turkstat; Betam



Table 1: Seasonally adjusted non-agricultural labor force indicators (in thousands)*

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
January-12	20375	18297	2078	10.2%			
February-12	20221	18098	2123	10.5%	-154	-199	45
March-12	20392	18271	2121	10.4%	171	173	-2
April-12	20568	18470	2098	10.2%	176	199	-23
May-12	20676	18588	2088	10.1%	108	118	-10
June-12	20705	18655	2050	9.9%	28	67	-39
July-12	20793	18714	2079	10.0%	89	59	30
August-12	20867	18759	2108	10.1%	73	45	28
September-12	21067	18876	2191	10.4%	200	117	83
October-12	21183	18980	2203	10.4%	116	104	12
November-12	21357	19093	2264	10.6%	174	113	61
December-12	21455	19138	2317	10.8%	98	45	53
January-13	21521	19218	2303	10.7%	66	80	-14
February-13	21478	19201	2277	10.6%	-43	-17	-26
March-13	21578	19269	2309	10.7%	100	68	32
April-13	21759	19409	2350	10.8%	181	140	41
May-13	21833	19453	2380	10.9%	74	44	30
June-13	21833	19475	2358	10.8%	0	22	-22
July-13	21837	19413	2424	11.1%	4	-62	66
August-13	21902	19449	2453	11.2%	65	36	29
September-13	21966	19484	2482	11.3%	64	35	29
October-13	22007	19586	2421	11.0%	41	102	-61
November-13	22029	19584	2445	11.1%	23	-2	25
December-13	22251	19826	2425	10.9%	222	242	-20
January-14	22503	20005	2498	11.1%	251	179	72
February-14	22799	20268	2531	11.1%	296	263	33
March-14	22917	20350	2567	11.2%	118	82	36
April-14	22961	20389	2572	11.2%	44	39	5
May-14	23053	20379	2674	11.6%	93	-10	103
June-14	23158	20356	2802	12.1%	105	-23	128
July-14	23271	20362	2909	12.5%	113	6	107
August-14	23368	20470	2898	12.4%	97	108	-11
September-14	23588	20592	2996	12.7%	220	122	98
October-14	23729	20739	2990	12.6%	141	147	-6
November-14	23785	20764	3021	12.7%	56	25	31
December-14	23806	20830	2976	12.5%	21	66	-45
January-15	23917	20975	2942	12.3%	111	145	-34
February-15	23975	21050	2925	12.2%	58	75	-17

Source: Turkstat; Betam

Table 2: Seasonally adjusted employment by sectors (in thousands)*

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
January-12	5322	4864	1688	11745				
February-12	5294	4808	1544	11746	-28	-56	-144	1
March-12	5236	4850	1568	11853	-58	42	24	107
April-12	5254	4930	1649	11890	18	80	81	37
May-12	5288	4908	1729	11951	34	-22	80	61
June-12	5243	4900	1754	12002	-45	-8	25	51
July-12	5251	4926	1747	12042	8	26	-7	40
August-12	5251	4892	1770	12098	0	-34	23	56
September-12	5316	4911	1786	12179	65	19	16	81
October-12	5362	4917	1788	12275	46	6	2	96
November-12	5364	5003	1800	12290	2	86	12	15
December-12	5335	5051	1778	12309	-29	48	-22	19
January-13	5310	5073	1795	12350	-25	22	17	41
February-13	5319	5023	1788	12390	9	-50	-7	40
March-13	5305	5083	1780	12406	-14	60	-8	16
April-13	5285	5176	1807	12426	-20	93	27	20
May-13	5212	5200	1755	12499	-73	24	-52	73
June-13	5175	5163	1791	12521	-37	-37	36	22
July-13	5184	5146	1738	12529	9	-17	-53	8
August-13	5210	5117	1756	12575	26	-29	18	46
September-13	5206	5096	1780	12608	-4	-21	24	33
October-13	5118	5090	1852	12645	-88	-6	72	37
November-13	5067	5064	1792	12728	-51	-26	-60	83
December-13	5037	5131	1891	12805	-30	67	99	77
January-14	5367	5232	1932	12841	330	101	41	36
February-14	5555	5359	2014	12896	188	127	82	55
March-14	5635	5365	1984	13001	80	6	-30	105
April-14	5589	5373	1911	13105	-46	8	-73	104
May-14	5579	5364	1865	13150	-10	-9	-46	45
June-14	5489	5332	1814	13210	-90	-32	-51	60
July-14	5403	5243	1817	13302	-86	-89	3	92
August-14	5360	5257	1856	13356	-43	14	39	54
September-14	5348	5306	1873	13414	-12	49	17	58
October-14	5349	5353	1892	13494	1	47	19	80
November-14	5362	5273	1935	13556	13	-80	43	62
December-14	5405	5266	1930	13634	43	-7	-5	78
January-15	5417	5349	1923	13703	12	83	-7	69
February-15	5284	5351	1878	13821	-133	2	-45	118

Source: Turkstat; Betam