

DECLINE IN UNEMPLOYMENT CONTINUES

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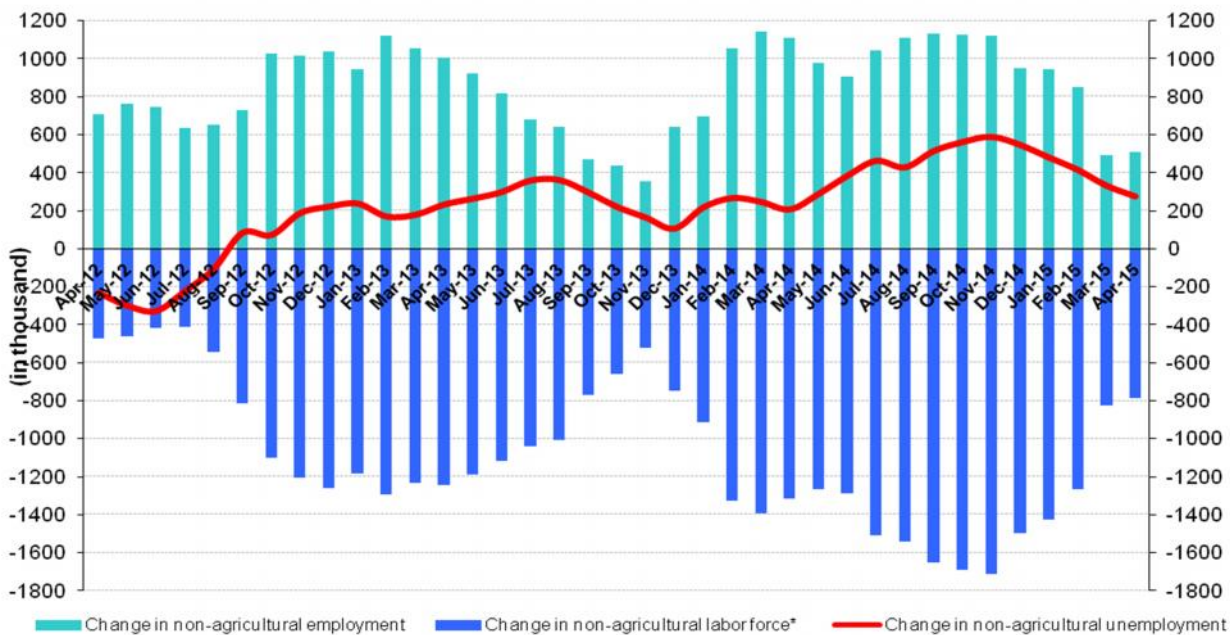
Executive Summary

Seasonally adjusted labor market data shows that, compared to the previous period, nonagricultural unemployment rate decreased from 12.1 percent to 11.9 percent (0.2 percentage points) in the period of April 2015. The reason behind the decline in unemployment is the employment increases in manufacturing and services sectors which exceed the increases in the labor force. In addition, non-agricultural unemployment continues to stay at high levels.

Increase in annual non-agricultural employment

Strong employment increases observed since the period of November of 2014 have resulted in declines in unemployment. However, year-on-year non-agricultural unemployment rate is still high. According to data released by TurkStat in the period of April 2015, nonagricultural labor force increased by 787 thousand (3.4 percent), nonagricultural employment increased by 511 thousand (2.5 percent) and nonagricultural unemployment increased by 276 thousand compared the same period in the previous year (Figure 1). Hence, the non-agricultural unemployment rate which was at 10.8 percent for the period of April 2014 increased to 11.6 percent for the period of April 2015.¹

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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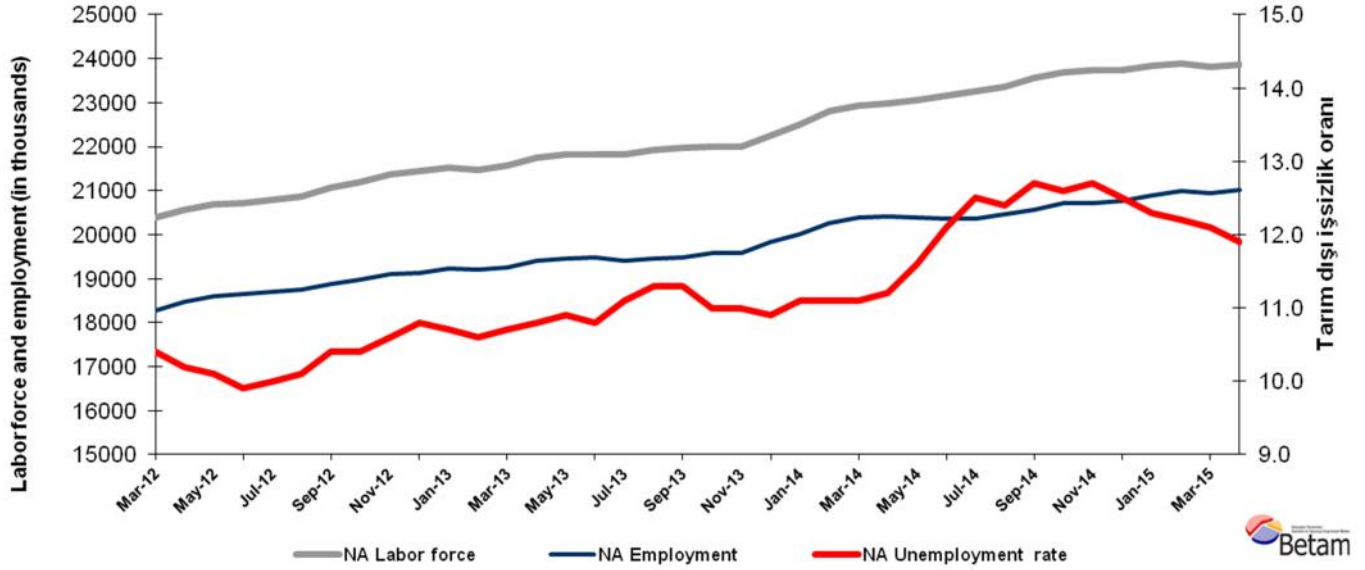
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¹ A general outlook to the progress of employment and economic growth during the last 3 years indicate that increase in employment is higher than the economic growth. For detail information on this paradox, please see the research brief titled as "Low Rate of Economic Growth, Extreme Increases in Employment": <http://betam.bahcesehir.edu.tr/2015/07/dusuk-buyume-olaganustu-istihdam-artisi/>

Cyclical decline in non-agricultural employment

According to seasonally adjusted data in the period of April 2015, non-agricultural labor force increased by 46 thousand compared to the period of March 2015, and reached 23 million 871 thousand (Figure 2, Table 1). Non-agricultural employment increases by 88 thousand, and reached 21 million 30 thousand. Given that the increase in employment was greater than the rise in labor force, non-agricultural unemployed decreased by 42 thousand, and non-agricultural unemployment rate decreased by 0,2 percent points in the period of April 2015 compared to the previous period. Seasonally adjusted non-agricultural unemployment rate is 11,9 percent. Non-agricultural unemployment, which had increased to 12.7 percent until the period of November 2014, has been substantially decreasing due to the high employment increases. At the same time, total unemployment has decreased by 174 thousand in total (See Table 1).

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



Source: Turkstat, Betam

Non-agricultural unemployment forecast for the period of May 2015

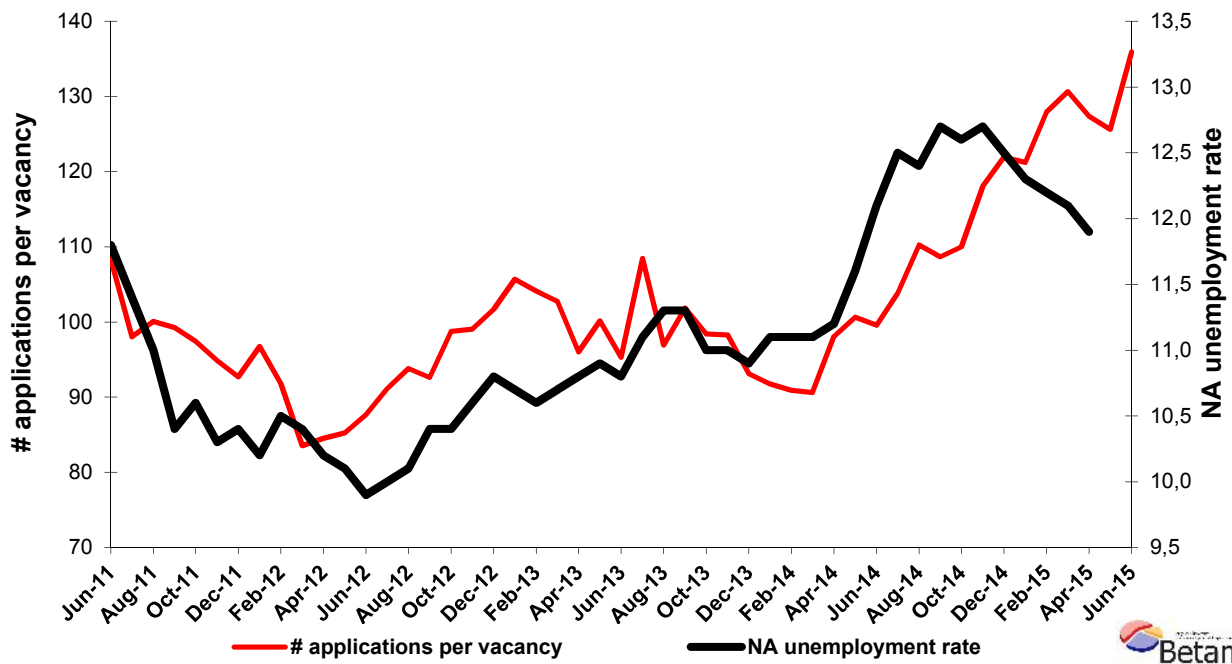
Kariyer.net² per vacancy series used in the Betam forecasting model is depicted in Figure 3. There is a decline in this rate in the period of May and increase in the period of June. Betam's forecasting model had predicted that nonagricultural unemployment would not change in the period of April. We predict that non-agricultural unemployment rate will decrease by 0.1 percent point to 11.8 percent in the period of May 2015.³

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. 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.

³ For detailed information on Betam'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 3 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



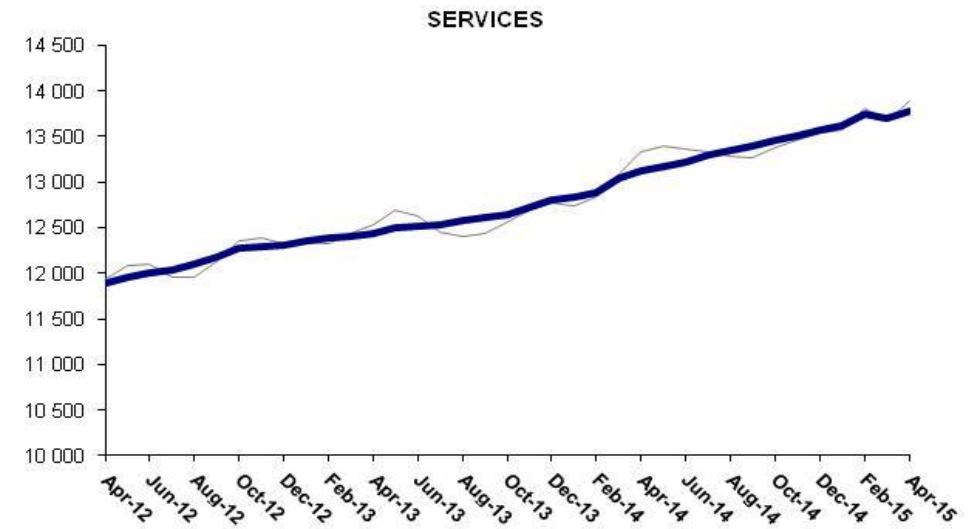
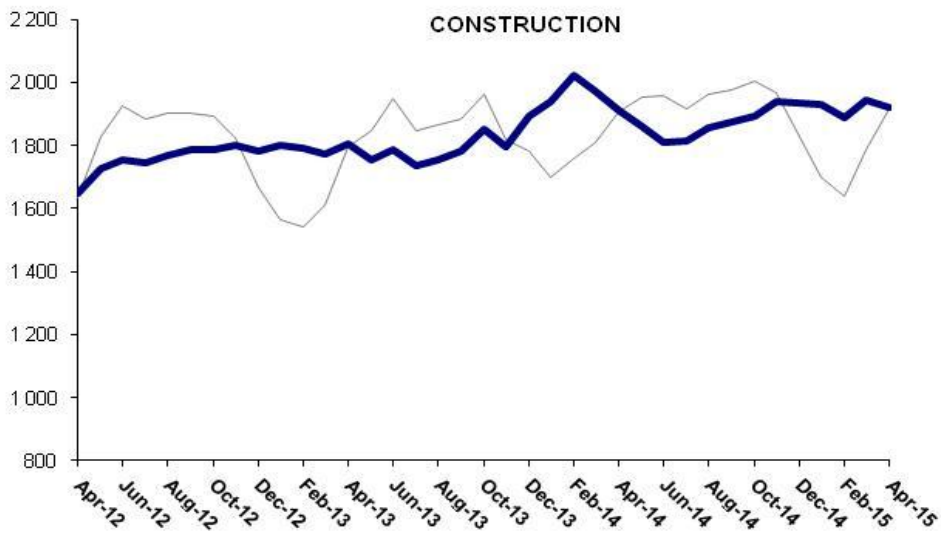
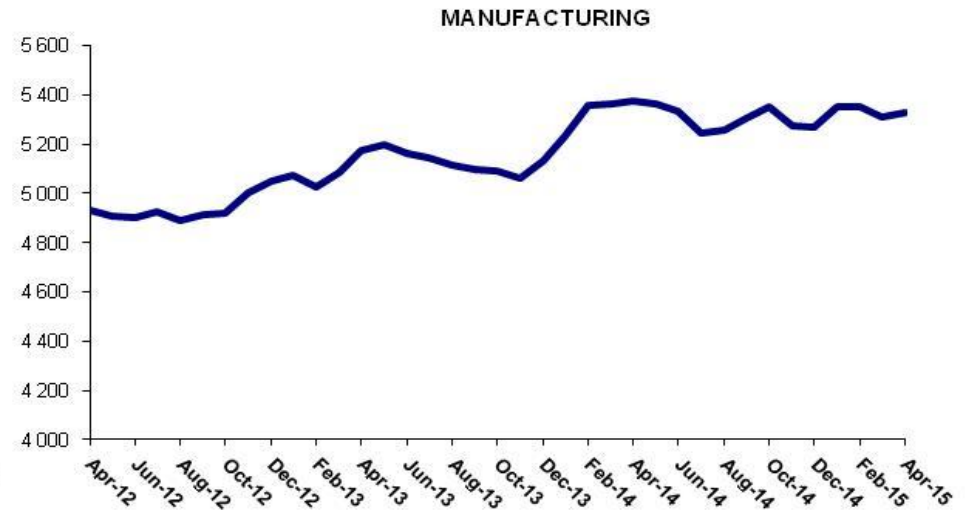
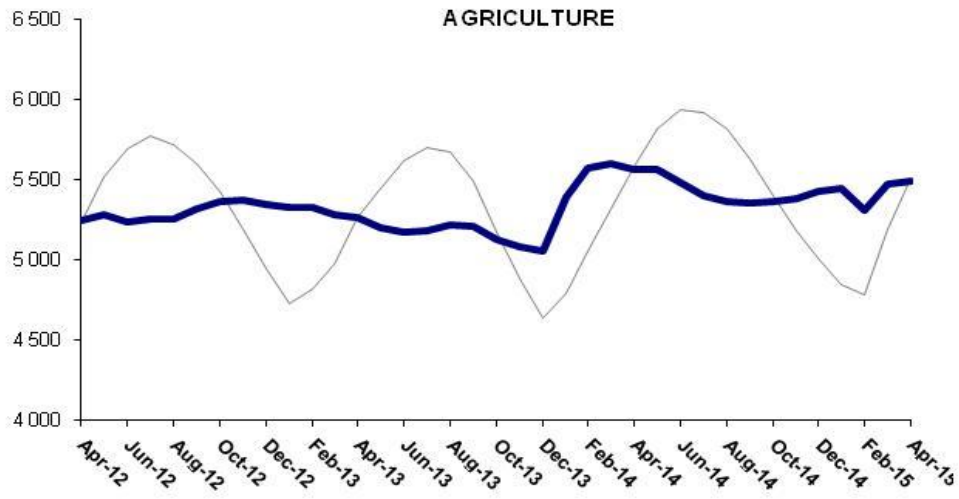
Source: Turkstat, Betam

Employment increases in manufacturing and services

According to seasonally adjusted labor market series, employment increased in all sectors except construction, compared to the period of March 2015 (Figure 4, Table 2).⁴ Employment in construction decreased by 23 thousand. On the other hand, employment in agriculture and manufacturing sectors increased by 13 thousand and 18 thousand, respectively. Employment in services increased by 93 thousand for the period of April 2015. Hence, increases in non-agricultural employment amount to 88 thousand.

⁴ 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)



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
March-12	20387	18267	2120	10.4%			
April-12	20568	18470	2098	10.2%	181	203	-22
May-12	20679	18590	2089	10.1%	111	120	-9
June-12	20707	18657	2050	9.9%	28	67	-39
July-12	20792	18713	2079	10.0%	85	56	29
August-12	20865	18758	2107	10.1%	73	45	28
September-12	21068	18877	2191	10.4%	203	119	84
October-12	21185	18982	2203	10.4%	117	105	12
November-12	21359	19095	2264	10.6%	174	113	61
December-12	21459	19141	2318	10.8%	99	46	53
January-13	21525	19222	2303	10.7%	67	81	-14
February-13	21482	19205	2277	10.6%	-43	-17	-26
March-13	21572	19264	2308	10.7%	90	59	31
April-13	21760	19410	2350	10.8%	188	146	42
May-13	21835	19455	2380	10.9%	75	45	30
June-13	21833	19475	2358	10.8%	-2	20	-22
July-13	21834	19410	2424	11.1%	1	-65	66
August-13	21923	19446	2477	11.3%	90	36	54
September-13	21965	19483	2482	11.3%	42	37	5
October-13	22009	19588	2421	11.0%	44	105	-61
November-13	22007	19586	2421	11.0%	-2	-2	0
December-13	22256	19830	2426	10.9%	249	244	5
January-14	22510	20011	2499	11.1%	254	181	73
February-14	22795	20265	2530	11.1%	286	254	32
March-14	22922	20378	2544	11.1%	127	113	14
April-14	22981	20407	2574	11.2%	58	29	29
May-14	23069	20393	2676	11.6%	88	-14	102
June-14	23167	20364	2803	12.1%	98	-29	127
July-14	23269	20360	2909	12.5%	101	-4	105
August-14	23356	20460	2896	12.4%	88	100	-12
September-14	23566	20573	2993	12.7%	210	113	97
October-14	23697	20711	2986	12.6%	131	138	-7
November-14	23737	20722	3015	12.7%	40	11	29
December-14	23744	20776	2968	12.5%	7	54	-47
January-15	23835	20903	2932	12.3%	91	127	-36
February-15	23899	20983	2916	12.2%	64	80	-16
March-15	23825	20942	2883	12.1%	-74	-41	-33
April-15	23871	21030	2841	11.9%	46	88	-42

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Services	Monthly changes			
					Agriculture	Manufacturing	Construction	Services
March-12	5220	4850	1563	11854				
April-12	5242	4930	1649	11891	22	80	86	37
May-12	5282	4908	1729	11953	40	-22	80	62
June-12	5240	4900	1753	12004	-42	-8	24	51
July-12	5252	4926	1746	12041	12	26	-7	37
August-12	5254	4892	1770	12097	2	-34	24	56
September-12	5321	4911	1786	12179	67	19	16	82
October-12	5366	4917	1789	12276	45	6	3	97
November-12	5371	5003	1801	12291	5	86	12	15
December-12	5344	5051	1780	12310	-27	48	-21	19
January-13	5323	5073	1799	12351	-21	22	19	41
February-13	5330	5023	1793	12389	7	-50	-6	38
March-13	5281	5083	1773	12407	-49	60	-20	18
April-13	5265	5176	1807	12428	-16	93	34	21
May-13	5200	5200	1753	12502	-65	24	-54	74
June-13	5170	5163	1789	12523	-30	-37	36	21
July-13	5185	5146	1735	12529	15	-17	-54	6
August-13	5214	5117	1755	12574	29	-29	20	45
September-13	5212	5096	1780	12607	-2	-21	25	33
October-13	5126	5090	1853	12645	-86	-6	73	38
November-13	5079	5064	1794	12728	-47	-26	-59	83
December-13	5052	5131	1894	12805	-27	67	100	77
January-14	5386	5232	1938	12841	334	101	44	36
February-14	5572	5359	2021	12885	186	127	83	44
March-14	5601	5365	1973	13039	29	6	-48	154
April-14	5560	5373	1910	13124	-41	8	-63	85
May-14	5559	5364	1862	13167	-1	-9	-48	43
June-14	5479	5332	1811	13221	-80	-32	-51	54
July-14	5403	5243	1813	13304	-76	-89	2	83
August-14	5365	5257	1854	13348	-38	14	41	44
September-14	5356	5306	1873	13394	-9	49	19	46
October-14	5361	5353	1895	13463	5	47	22	69
November-14	5379	5273	1939	13511	18	-80	44	48
December-14	5424	5266	1936	13574	45	-7	-3	63
January-15	5442	5349	1931	13622	18	83	-5	48
February-15	5310	5351	1887	13745	-132	2	-44	123
March-15	5475	5308	1943	13691	165	-43	56	-54
April-15	5488	5326	1920	13784	13	18	-23	93

Source: Turkstat, Betam