

# Labor Market Outlook:

# August 2015

### 17 August 2015

**NONAGRICULTURAL UNEMPLOYMENT STARTs to ıncrease**

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**Executive Summary**

Seasonally adjusted labor market data shows that, compared to the previous period, nonagricultural unemployment rate decreased from 12.0 percent to 12.3 percent (0.3 percentage points) in the period of May 2015. Seasonally adjusted monthly data shows a 90-thousand increase in nonagricultural employment. The increase in labor force reached 184 thousand, thus the number of unemployed increased by 94 thousand. While employment in construction decreased by 37 thousand in this period, employment in services and construction increased by 78 thousand and 50 thousand respectively. Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment will continue to increase. Given that the June 2015 elections will be repeated in November 2015 and that the political environment is not suitable for structural reforms, the firms will be hesitant towards job creation. We expect the unemployment to increase in the upcoming periods.

**Year-on-year nonagricultural unemployment increased**

According to data released by TurkStat in the period of May 2015, nonagricultural labor force increased by 838 thousand (3.6 percent), nonagricultural employment increased by 580 thousand (2.8 percent) and nonagricultural unemployment increased by 258 thousand compared the same period in the previous year (Figure 1). Although nonagricultural employment increased significantly during the period in question, the number of unemployed increased due to a stronger rise in labor force than that in employment.

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



Source: TurkStat; Betam

**Seasonally adjusted unemployment increased**

According to seasonally adjusted data in the period of May 2015, non-agricultural labor force increased by 184 thousand compared to the period of April 2015, and reached 24 million 70 thousand (Figure 2, Table 1). Non-agricultural employment increased by 90 thousand, and reached 21 million 109 thousand. Given that the increase in labor force was greater than the rise in employment, non-agricultural unemployed decreased by 94 thousand, and rising by 0.3 percentage points compared to the period of April 2015. Non-agricultural unemployment rate reached 12.3 percent in the period of May 2015.

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



Source: TurkStat; Betam

**In next period, we are expecting an increase in nonagricultural unemployment**

Kariyer.net[[4]](#footnote-4) application per vacancy series used in the Betam forecasting model is depicted in Figure 3. For this period, we had predicted a 0.1 percentage point decrease in nonagricultural unemployment rate. This forecast error resulted from the decrease in Kariyer.net per vacancy series. Betam's forecasting model predicts that nonagricultural unemployment will be 12.4 percent in the period of June 2015, increasing 0.1 percentage points.[[5]](#footnote-5)

Figure 3 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



Source: Kariyer.net, Turkstat, Betam

**Employment increased in manufacturing**

According to seasonally adjusted labor market series, employment increased in all sectors except construction in the period of May 2015 compared to the period of April 2015 (Figure 4, Table 2).[[6]](#footnote-6) Employment increased by 78 thousand, 50 thousand, and 15 thousand in manufacturing, services and agriculture respectively. On the other hand, employment decreased by 37 thousand in construction.

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** | | |
| **April-12** | 20565 | 18467 | 2098 | 10.2% | **Labor force** | **Employment** | **Unemployment** |
| **May-12** | 20681 | 18592 | 2089 | 10.1% | 116 | 125 | -9 |
| **June-12** | 20709 | 18659 | 2050 | 9.9% | 28 | 67 | -39 |
| **July-12** | 20797 | 18717 | 2080 | 10.0% | 87 | 58 | 29 |
| **August-12** | 20868 | 18760 | 2108 | 10.1% | 71 | 43 | 28 |
| **September-12** | 21068 | 18877 | 2191 | 10.4% | 200 | 117 | 83 |
| **October-12** | 21185 | 18982 | 2203 | 10.4% | 117 | 105 | 12 |
| **November-12** | 21359 | 19095 | 2264 | 10.6% | 174 | 113 | 61 |
| **December-12** | 21456 | 19139 | 2317 | 10.8% | 97 | 44 | 53 |
| **January-13** | 21521 | 19218 | 2303 | 10.7% | 64 | 79 | -15 |
| **February-13** | 21475 | 19199 | 2276 | 10.6% | -45 | -19 | -26 |
| **March-13** | 21591 | 19259 | 2332 | 10.8% | 115 | 60 | 55 |
| **April-13** | 21778 | 19404 | 2374 | 10.9% | 187 | 145 | 42 |
| **May-13** | 21842 | 19461 | 2381 | 10.9% | 64 | 57 | 7 |
| **June-13** | 21841 | 19482 | 2359 | 10.8% | -1 | 21 | -22 |
| **July-13** | 21843 | 19418 | 2425 | 11.1% | 2 | -64 | 66 |
| **August-13** | 21905 | 19452 | 2453 | 11.2% | 63 | 34 | 29 |
| **September-13** | 21945 | 19487 | 2458 | 11.2% | 39 | 35 | 4 |
| **October-13** | 22009 | 19588 | 2421 | 11.0% | 64 | 101 | -37 |
| **November-13** | 22007 | 19586 | 2421 | 11.0% | -2 | -2 | 0 |
| **December-13** | 22251 | 19826 | 2425 | 10.9% | 245 | 240 | 5 |
| **January-14** | 22499 | 20002 | 2497 | 11.1% | 248 | 176 | 72 |
| **February-14** | 22807 | 20253 | 2554 | 11.2% | 308 | 251 | 57 |
| **March-14** | 22935 | 20366 | 2569 | 11.2% | 127 | 113 | 14 |
| **April-14** | 22995 | 20397 | 2598 | 11.3% | 61 | 31 | 30 |
| **May-14** | 23081 | 20404 | 2677 | 11.6% | 86 | 7 | 79 |
| **June-14** | 23153 | 20375 | 2778 | 12.0% | 72 | -29 | 101 |
| **July-14** | 23285 | 20374 | 2911 | 12.5% | 131 | -1 | 132 |
| **August-14** | 23365 | 20468 | 2897 | 12.4% | 81 | 94 | -13 |
| **September-14** | 23572 | 20578 | 2994 | 12.7% | 206 | 110 | 96 |
| **October-14** | 23696 | 20710 | 2986 | 12.6% | 124 | 132 | -8 |
| **November-14** | 23735 | 20721 | 3014 | 12.7% | 40 | 11 | 29 |
| **December-14** | 23736 | 20769 | 2967 | 12.5% | 1 | 48 | -47 |
| **January-15** | 23849 | 20892 | 2957 | 12.4% | 113 | 123 | -10 |
| **February-15** | 23885 | 20971 | 2914 | 12.2% | 36 | 79 | -43 |
| **March-15** | 23810 | 20929 | 2881 | 12.1% | -75 | -42 | -33 |
| **April-15** | 23885 | 21019 | 2866 | 12.0% | 75 | 90 | -15 |
| **May-15** | 24070 | 21109 | 2961 | 12.3% | 184 | 90 | 94 |

Source: TurkStat; Betam

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **April-12** | 5243 | 4930 | 1646 | 11891 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **May-12** | 5281 | 4908 | 1731 | 11953 | 38 | -22 | 85 | 62 |
| **June-12** | 5239 | 4900 | 1755 | 12004 | -42 | -8 | 24 | 51 |
| **July-12** | 5251 | 4926 | 1749 | 12041 | 12 | 26 | -6 | 37 |
| **August-12** | 5253 | 4892 | 1771 | 12097 | 2 | -34 | 22 | 56 |
| **September-12** | 5320 | 4911 | 1787 | 12179 | 67 | 19 | 16 | 82 |
| **October-12** | 5366 | 4917 | 1789 | 12276 | 46 | 6 | 2 | 97 |
| **November-12** | 5371 | 5003 | 1801 | 12291 | 5 | 86 | 12 | 15 |
| **December-12** | 5344 | 5051 | 1778 | 12310 | -27 | 48 | -23 | 19 |
| **January-13** | 5323 | 5073 | 1794 | 12351 | -21 | 22 | 16 | 41 |
| **February-13** | 5331 | 5023 | 1786 | 12389 | 8 | -50 | -8 | 38 |
| **March-13** | 5283 | 5083 | 1768 | 12407 | -48 | 60 | -18 | 18 |
| **April-13** | 5267 | 5176 | 1801 | 12428 | -16 | 93 | 33 | 21 |
| **May-13** | 5199 | 5200 | 1759 | 12501 | -68 | 24 | -42 | 73 |
| **June-13** | 5168 | 5163 | 1796 | 12523 | -31 | -37 | 37 | 22 |
| **July-13** | 5184 | 5146 | 1744 | 12529 | 16 | -17 | -52 | 6 |
| **August-13** | 5212 | 5117 | 1760 | 12574 | 28 | -29 | 16 | 45 |
| **September-13** | 5211 | 5096 | 1783 | 12607 | -1 | -21 | 23 | 33 |
| **October-13** | 5125 | 5090 | 1853 | 12645 | -86 | -6 | 70 | 38 |
| **November-13** | 5079 | 5064 | 1794 | 12728 | -46 | -26 | -59 | 83 |
| **December-13** | 5052 | 5131 | 1890 | 12805 | -27 | 67 | 96 | 77 |
| **January-14** | 5387 | 5232 | 1929 | 12841 | 335 | 101 | 39 | 36 |
| **February-14** | 5574 | 5359 | 2009 | 12885 | 187 | 127 | 80 | 44 |
| **March-14** | 5604 | 5365 | 1962 | 13039 | 30 | 6 | -47 | 154 |
| **April-14** | 5563 | 5373 | 1901 | 13124 | -41 | 8 | -61 | 85 |
| **May-14** | 5557 | 5364 | 1873 | 13166 | -6 | -9 | -28 | 42 |
| **June-14** | 5477 | 5332 | 1822 | 13221 | -80 | -32 | -51 | 55 |
| **July-14** | 5401 | 5243 | 1827 | 13304 | -76 | -89 | 5 | 83 |
| **August-14** | 5363 | 5257 | 1863 | 13348 | -38 | 14 | 36 | 44 |
| **September-14** | 5355 | 5306 | 1878 | 13394 | -8 | 49 | 15 | 46 |
| **October-14** | 5361 | 5353 | 1894 | 13463 | 6 | 47 | 16 | 69 |
| **November-14** | 5379 | 5273 | 1937 | 13511 | 18 | -80 | 43 | 48 |
| **December-14** | 5425 | 5266 | 1929 | 13574 | 46 | -7 | -8 | 63 |
| **January-15** | 5444 | 5349 | 1920 | 13623 | 19 | 83 | -9 | 49 |
| **February-15** | 5312 | 5351 | 1874 | 13746 | -132 | 2 | -46 | 123 |
| **March-15** | 5478 | 5308 | 1927 | 13693 | 166 | -43 | 53 | -53 |
| **April-15** | 5491 | 5326 | 1907 | 13786 | 13 | 18 | -20 | 93 |
| **May-15** | 5506 | 5404 | 1870 | 13836 | 15 | 78 | -37 | 50 |

Source: TurkStat; Betam

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4. 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. [↑](#footnote-ref-4)
5. 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/> [↑](#footnote-ref-5)
6. 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 [↑](#footnote-ref-6)