

## NONAGRICULTURAL UNEMPLOYMENT STARTS TO INCREASE

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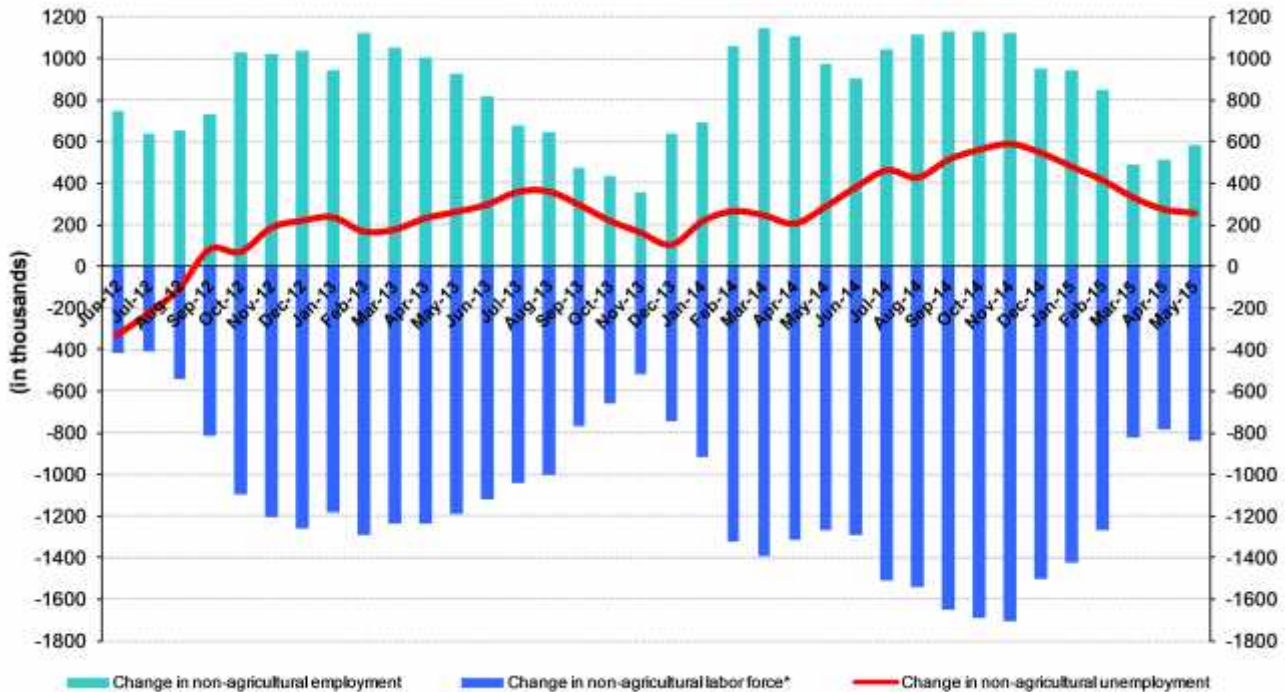
### Executive Summary

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



\* The change in labor force represented with a negative sign.

Source: TurkStat; Betam

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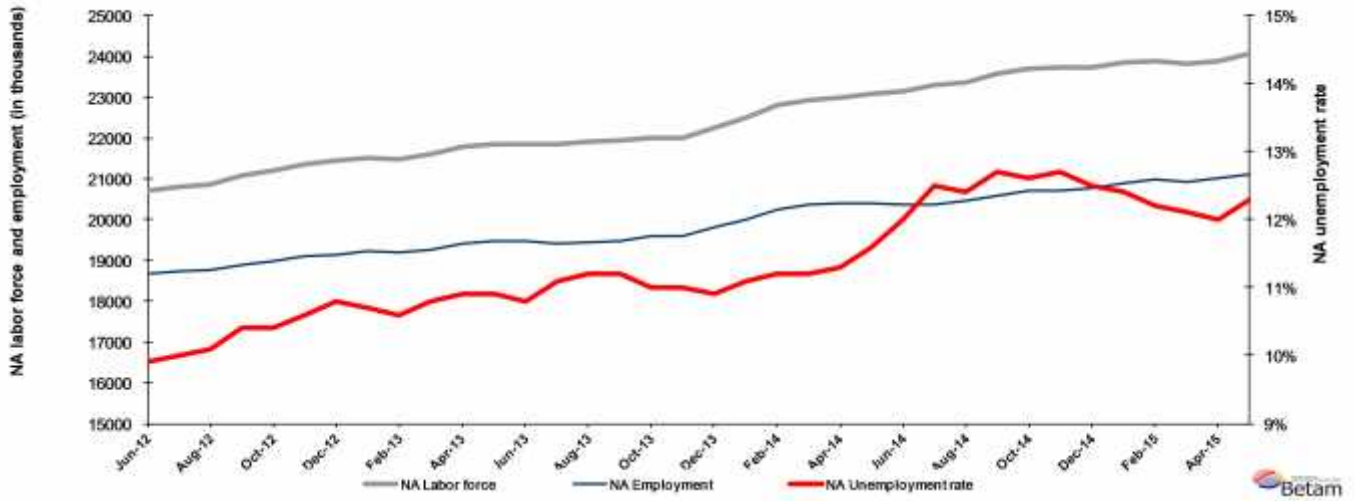
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## Seasonally adjusted unemployment increased

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

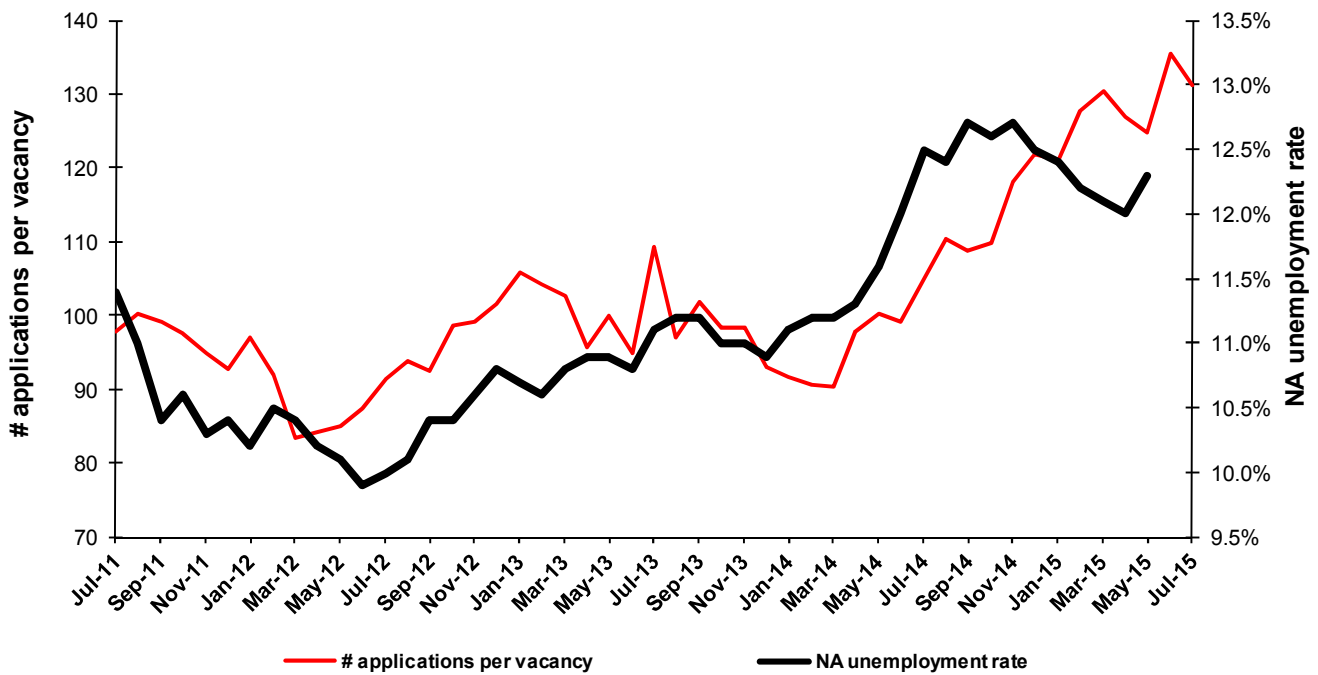
## In next period, we are expecting an increase in nonagricultural unemployment

Kariyer.net<sup>1</sup> 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.<sup>2</sup>

<sup>1</sup> 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.

<sup>2</sup> 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"

**Figure 3 Seasonally adjusted nonagricultural unemployment rate and application per vacancy**



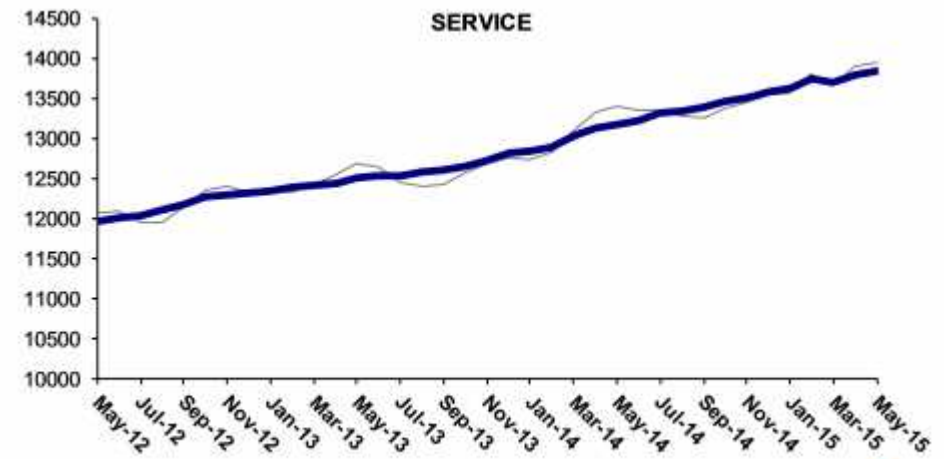
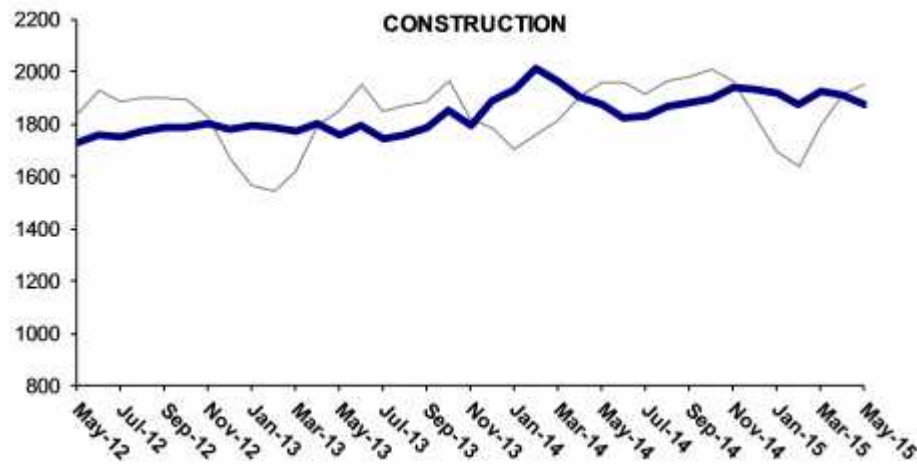
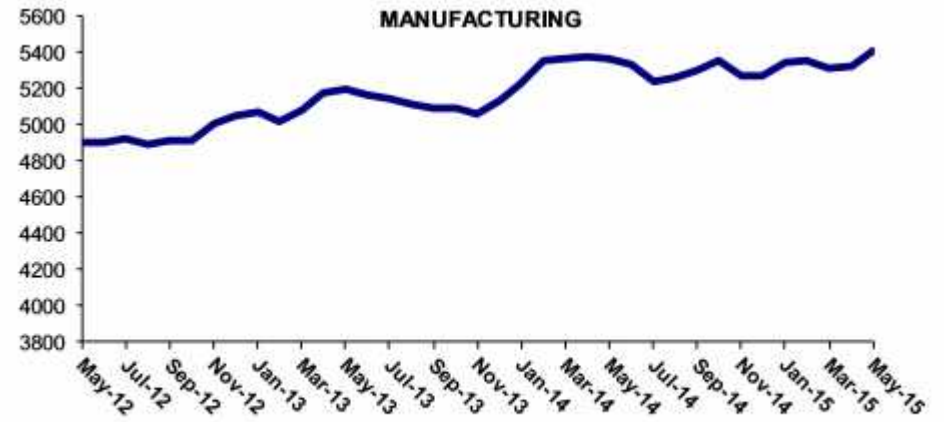
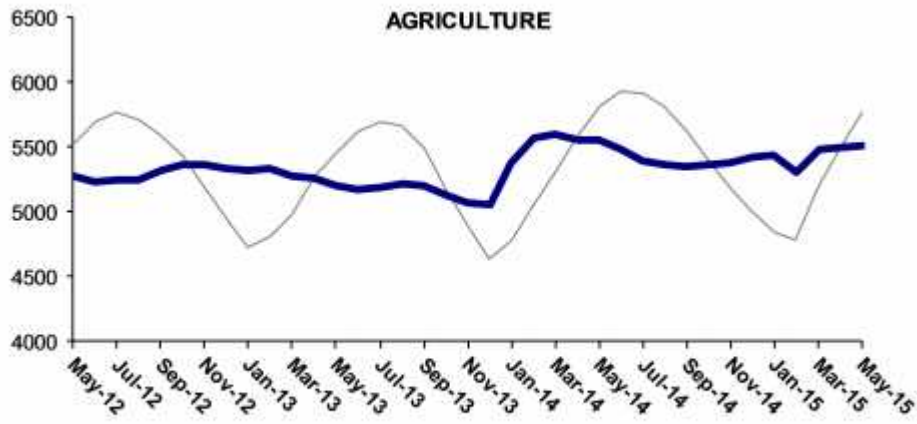
Source: Kariyer.net, Turkstat, Betam

### 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).<sup>3</sup> 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.

<sup>3</sup> 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
April-12	20565	18467	2098	10.2%			
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			
					Agriculture	Manufacturing	Construction	Service
April-12	5243	4930	1646	11891				
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