

LABOR FORCE AND EMPLOYMENT DECREASED, UNEMPLOYMENT DID NOT DECREASE

Seyfettin Gürsel[†] Gökçe Uysal^{**} and Mine Durmaz^{***}

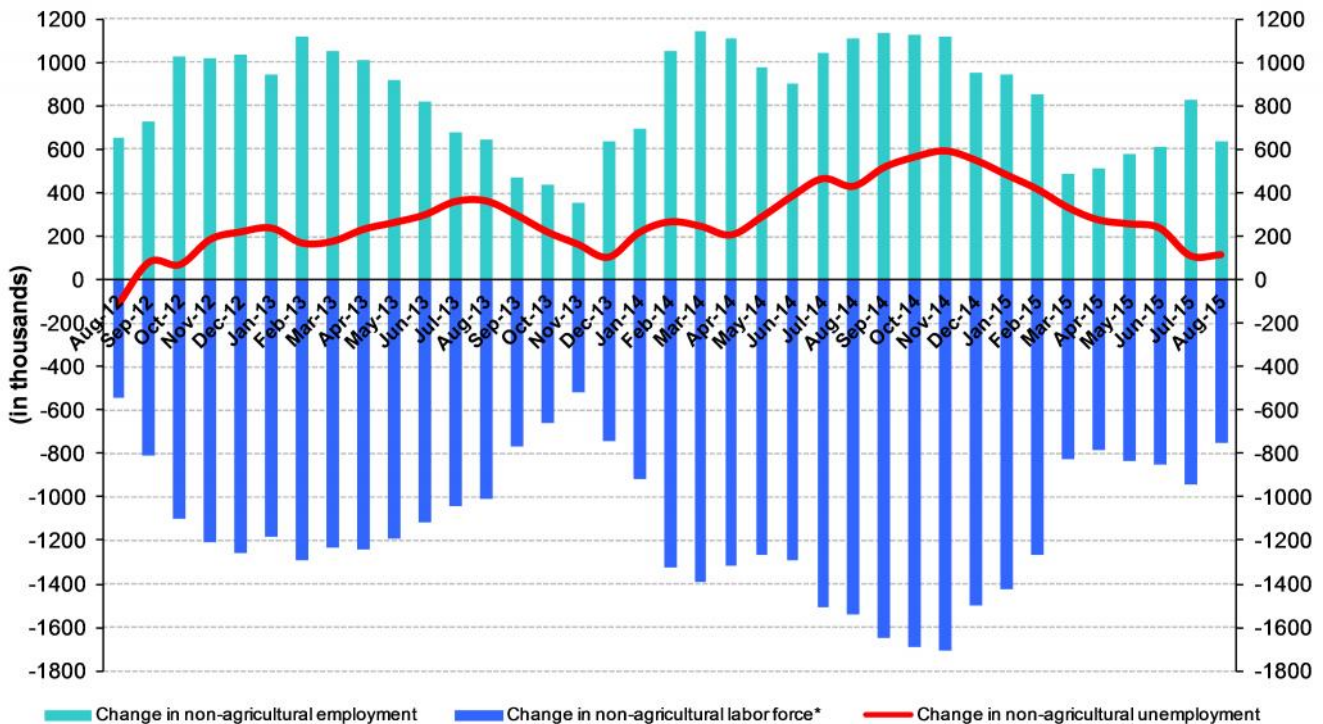
Executive Summary

Seasonally adjusted labor market data shows that, compared to the previous period, nonagricultural unemployment rate remained constant at the level of 12.5 percent in the period of August 2015. Data shows that increases in sectoral employment remained weak in this period. Employment increased by 4 thousand and 10 thousand in construction and services, respectively. Employment losses during the last three periods have reached almost 150 thousand individuals. In August 2015 compared to July 2015, nonagricultural labor force increased by 81 thousand and employment decreased by 71 thousand, thus unemployment did not change.

Year-on-year increase in labor force and employment weakened

According to data released by TurkStat in the period of August 2015, nonagricultural labor force increased by 753 thousand (3.2 percent), nonagricultural employment increased by 636 thousand (3.1 percent) and nonagricultural unemployment increased by 117 thousand compared the same period in the previous year (Figure1). Note that strong increases in employment and labor force recorded in July 2015 decelerated in the period of August 2015.

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

[†]Prof. Dr. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@eas.bahcesehir.edu.tr

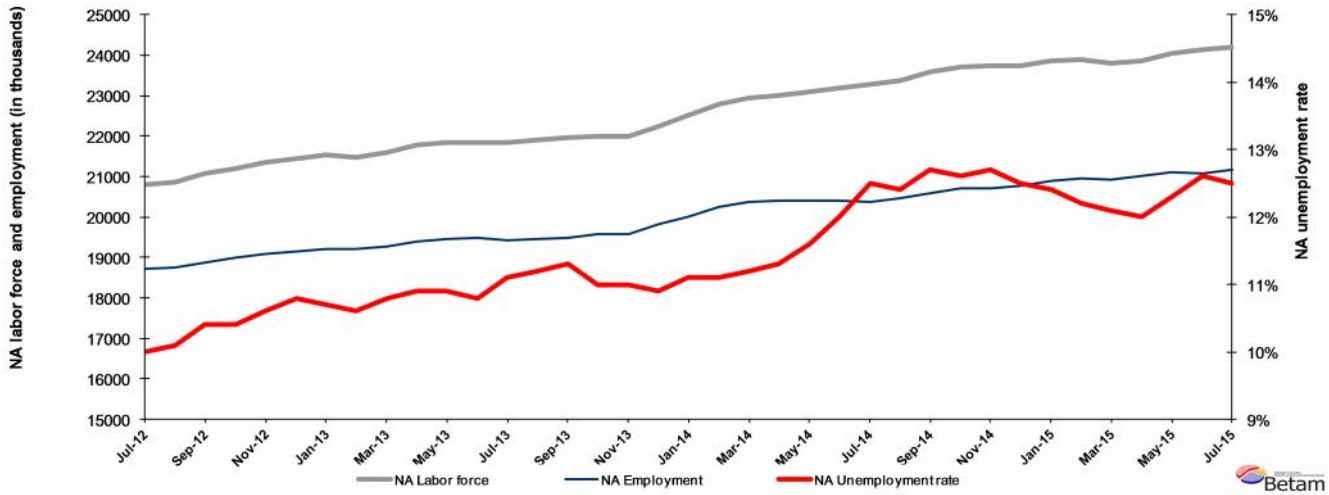
^{**}Yrd. Doç. Dr. Gökçe Uysal, Betam, Assistant Director, gokce.uysal@bahcesehir.edu.tr

^{***} Mine Durmaz, Betam, Research Assistant, mine.durmaz@eas.bahcesehir.edu.tr

Seasonally adjusted unemployment unchanged

According to seasonally adjusted data in the period of August 2015, nonagricultural labor force decreased by 81 thousand compared to the period of June 2015, and reached 24 million 109 thousand. Nonagricultural employment decreased by 71 thousand, and reached 21 million 95 thousand (Figure 2, Table 1). In the period of August 2015 compared to the period of July 2015, the number of nonagricultural unemployed decreased by 10 thousand and nonagricultural unemployment rate remained constant at the level of 12.5 percent.

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



Source: Turkstat; Betam

Nonagricultural unemployment will decrease in next month

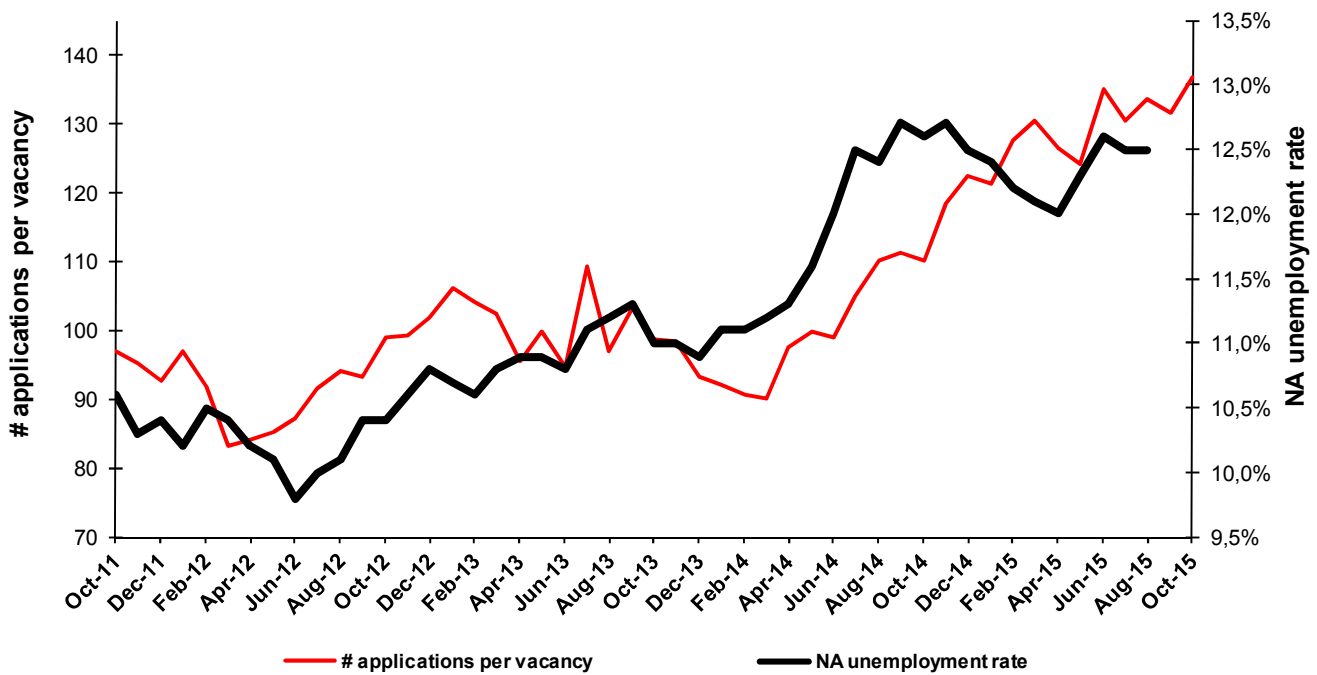
Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will decrease from 12.5 percent to 12.4 percent. Forecasting model details are available on Betam's website.¹ Kariyer.net² application per vacancy series used in the Betam forecasting model is depicted in Figure 3. Kariyer.net series is only one of the inputs of Betam forecast model. Indeed, several variables such as employment agency (İŞKUR) data, reel sector confidence index, capacity utilization rate are used in forecasting. Taken into account all these factors, Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will decrease slightly in the period of September 2015.

¹ 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/>

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.

Figure 3 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



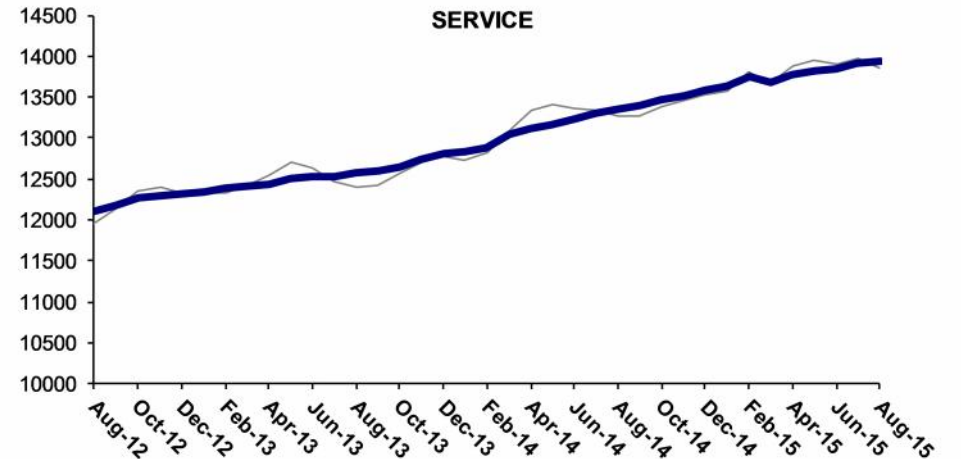
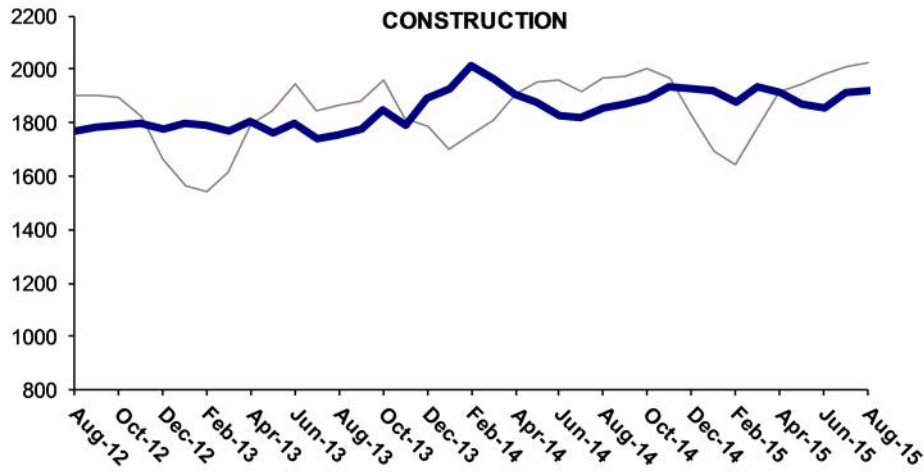
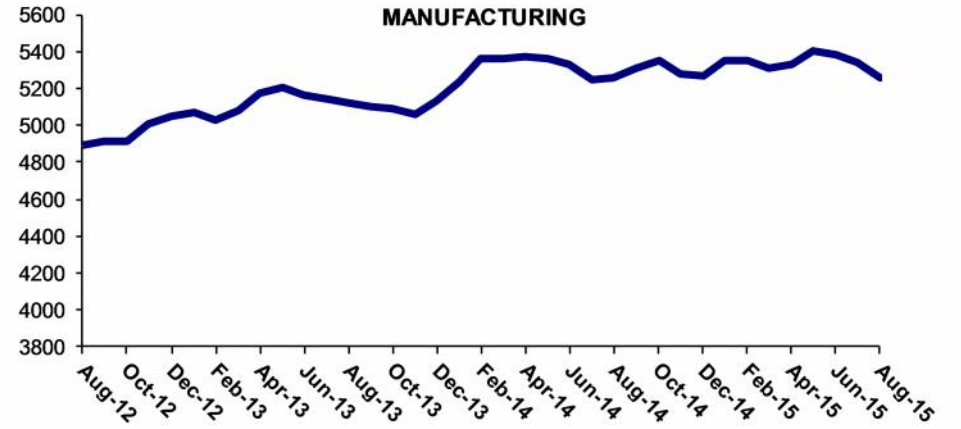
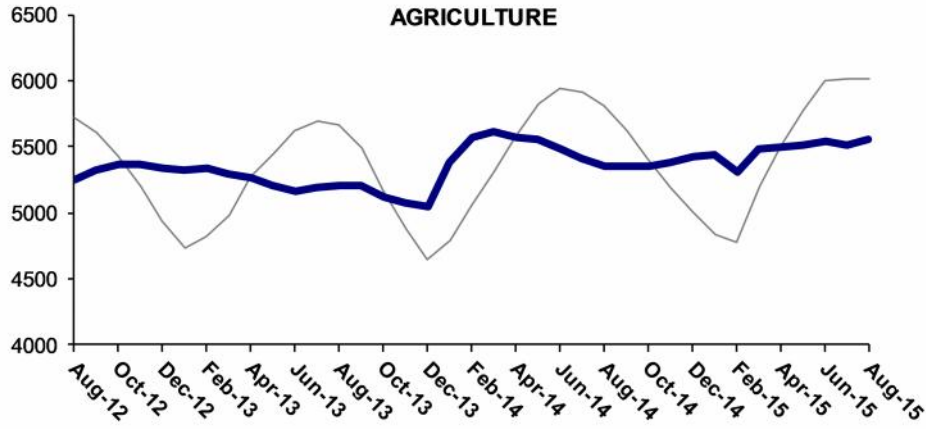
Source: Kariyer.net, Turkstat, Betam

Employment losses in manufacturing and agriculture

According to seasonally adjusted labor market series, employment in manufacturing decreased by 84 thousand in the period of August 2015 compared to the period of July 2015. Nevertheless, employment increased in agriculture, in construction and services by 46 thousand, 4 thousand and 10 thousand respectively (Figure 4, Table 2).³ Note that the increase in services employment decelerated in this period. Losses in manufacturing employment since June 2015 have almost reached 150 thousand.

³ 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
July-12	20792	18713	2079	10,0%			
August-12	20867	18759	2108	10,1%	74	46	28
September-12	21067	18876	2191	10,4%	200	117	83
October-12	21184	18981	2203	10,4%	117	105	12
November-12	21358	19094	2264	10,6%	174	113	61
December-12	21456	19139	2317	10,8%	98	45	53
January-13	21522	19219	2303	10,7%	66	80	-14
February-13	21478	19201	2277	10,6%	-44	-18	-26
March-13	21592	19260	2332	10,8%	114	59	55
April-13	21779	19405	2374	10,9%	187	145	42
May-13	21842	19461	2381	10,9%	63	56	7
June-13	21846	19487	2359	10,8%	5	26	-21
July-13	21836	19412	2424	11,1%	-11	-75	64
August-13	21900	19447	2453	11,2%	64	35	29
September-13	21965	19483	2482	11,3%	65	36	29
October-13	22007	19586	2421	11,0%	42	103	-61
November-13	22006	19585	2421	11,0%	-1	-1	0
December-13	22253	19827	2426	10,9%	247	242	5
January-14	22503	20005	2498	11,1%	250	178	72
February-14	22786	20257	2529	11,1%	283	252	31
March-14	22939	20370	2569	11,2%	153	113	40
April-14	22999	20400	2599	11,3%	60	30	30
May-14	23080	20403	2677	11,6%	81	3	78
June-14	23170	20390	2780	12,0%	90	-13	103
July-14	23265	20357	2908	12,5%	95	-33	128
August-14	23370	20472	2898	12,4%	105	115	-10
September-14	23573	20579	2994	12,7%	203	107	96
October-14	23699	20713	2986	12,6%	126	134	-8
November-14	23737	20722	3015	12,7%	37	9	28
December-14	23737	20770	2967	12,5%	1	48	-47
January-15	23849	20892	2957	12,4%	112	122	-10
February-15	23879	20966	2913	12,2%	30	74	-44
March-15	23801	20921	2880	12,1%	-78	-45	-33
April-15	23869	21005	2864	12,0%	68	84	-16
May-15	24049	21091	2958	12,3%	180	86	94
June-15	24121	21082	3039	12,6%	72	-9	81
July-15	24190	21166	3024	12,5%	68	84	-16
August-15	24109	21095	3014	12,5%	-81	-71	-10

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
July-12	5254	4926	1746	12041				
August-12	5249	4892	1770	12097	-5	-34	24	56
September-12	5317	4911	1786	12179	68	19	16	82
October-12	5364	4917	1788	12276	47	6	2	97
November-12	5369	5003	1800	12291	5	86	12	15
December-12	5343	5051	1778	12310	-26	48	-22	19
January-13	5324	5073	1795	12350	-19	22	17	40
February-13	5333	5023	1788	12389	9	-50	-7	39
March-13	5286	5083	1770	12407	-47	60	-18	18
April-13	5270	5176	1803	12427	-16	93	33	20
May-13	5202	5200	1760	12501	-68	24	-43	74
June-13	5167	5163	1801	12523	-35	-37	41	22
July-13	5188	5146	1738	12529	21	-17	-63	6
August-13	5208	5117	1756	12575	20	-29	18	46
September-13	5207	5096	1780	12607	-1	-21	24	32
October-13	5122	5090	1851	12645	-85	-6	71	38
November-13	5076	5064	1792	12728	-46	-26	-59	83
December-13	5050	5131	1890	12805	-26	67	98	77
January-14	5387	5232	1931	12841	337	101	41	36
February-14	5576	5359	2013	12885	189	127	82	44
March-14	5608	5365	1965	13039	32	6	-48	154
April-14	5567	5373	1904	13123	-41	8	-61	84
May-14	5562	5364	1875	13164	-5	-9	-29	41
June-14	5476	5332	1830	13227	-86	-32	-45	63
July-14	5406	5243	1817	13296	-70	-89	-13	69
August-14	5357	5257	1856	13359	-49	14	39	63
September-14	5349	5306	1873	13400	-8	49	17	41
October-14	5356	5353	1892	13468	7	47	19	68
November-14	5375	5273	1935	13514	19	-80	43	46
December-14	5423	5266	1930	13574	48	-7	-5	60
January-15	5444	5349	1923	13620	21	83	-7	46
February-15	5315	5351	1878	13738	-129	2	-45	118
March-15	5483	5308	1932	13681	168	-43	54	-57
April-15	5497	5326	1911	13767	14	18	-21	86
May-15	5512	5404	1873	13814	15	78	-38	47
June-15	5534	5380	1859	13843	22	-24	-14	29
July-15	5510	5336	1913	13916	-24	-44	54	73
August-15	5556	5252	1917	13926	46	-84	4	10

Source: Turkstat, Betam