

NONAGRICULTURAL UNEMPLOYMENT RATE DECLINED TO 12.4 PERCENT

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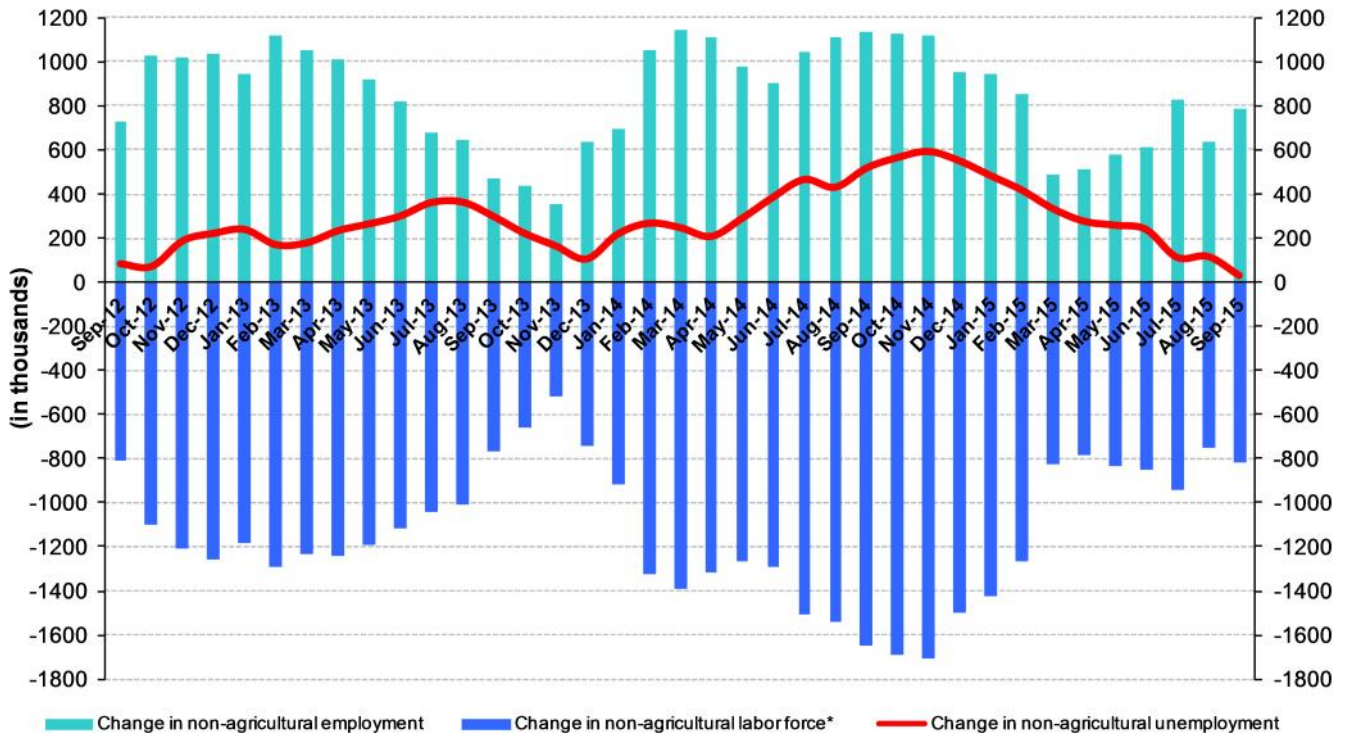
Executive Summary

Seasonally adjusted labor market data shows that nonagricultural unemployment rate decreased from 12.5 percent to 12.4 percent (0.1 percentage points) in the period of September 2015 compared to the previous period. Employment in manufacturing increased by 75 thousand in September 2015 for the first time since June 2015. Nonagricultural labor force and nonagricultural employment increased by 176 thousand and 178 thousand respectively and, thus the number of nonagricultural unemployed declined by only 2 thousand in this period. Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will remain constant at the level of 12.4 percent in the period of October 2015.

Similar year-on-year increases in labor force and employment

According to data released by TurkStat in the period of September 2015, nonagricultural labor force increased by 817 thousand (3.5 percent), nonagricultural employment increased by 786 thousand (3.8 percent) and nonagricultural unemployment increased by 31 thousand compared to the same period in the previous year (Figure1). Since increases in nonagricultural labor force and employment are similar in magnitude, the change in the number of nonagricultural unemployed remained limited.

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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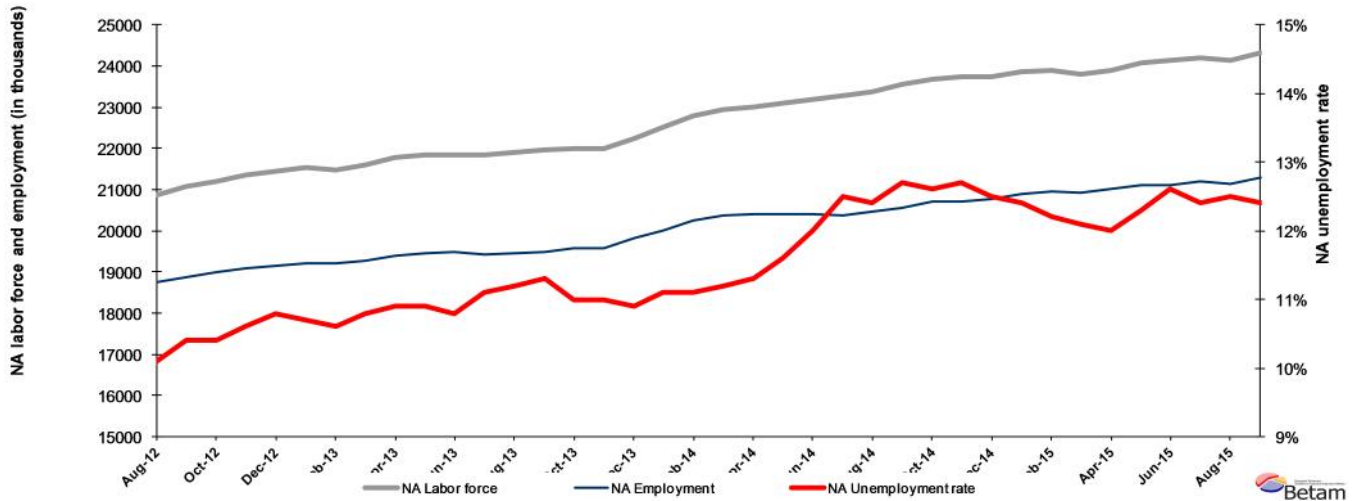
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Seasonally adjusted unemployment decreased

According to seasonally adjusted data in the period of September 2015, nonagricultural labor force increased by 176 thousand compared to the period of August 2015, and reached 24 million 318 thousand. Nonagricultural employment increased by 178 thousand, and reached 21 million 303 thousand (Figure 2, Table 1). In the period of September 2015 compared to the period of August 2015, the number of nonagricultural unemployed decreased by 2 thousand and nonagricultural unemployment rate decreased from 12.5 percent to 12.4 percent.

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



Source: Turkstat; Betam

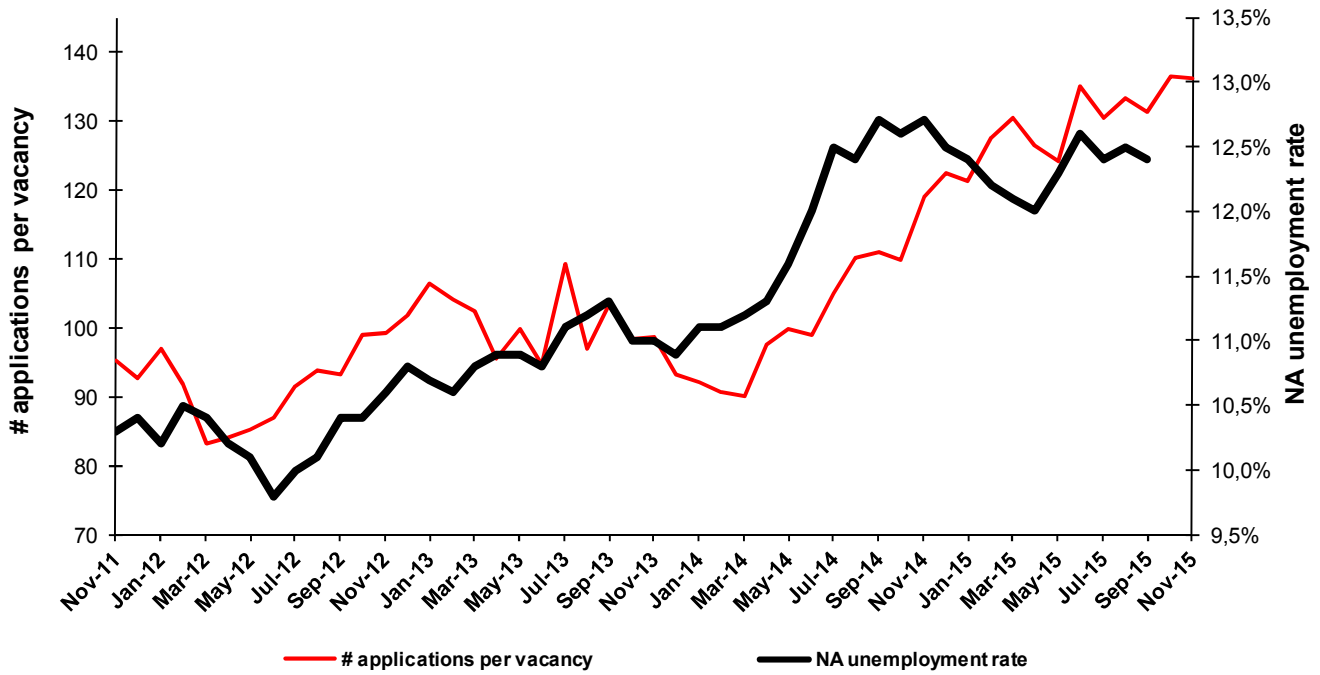
Nonagricultural unemployment will remain constant

Betam's forecasting model had predicted that decreasing by 0.1 percentage points, nonagricultural unemployment rate would be 12.4 percent. Note that this forecast was correct. For the period of October 2015, Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will remain constant at the level of 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 remain constant in the period of October 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



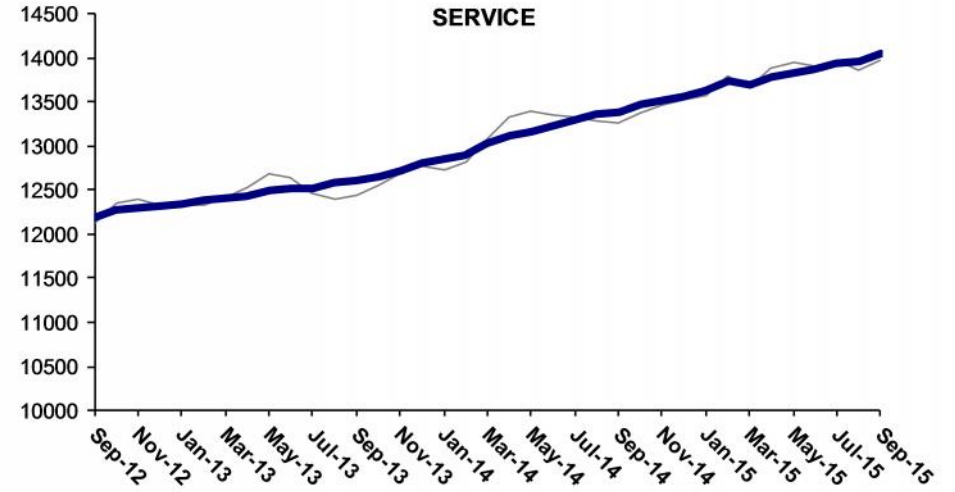
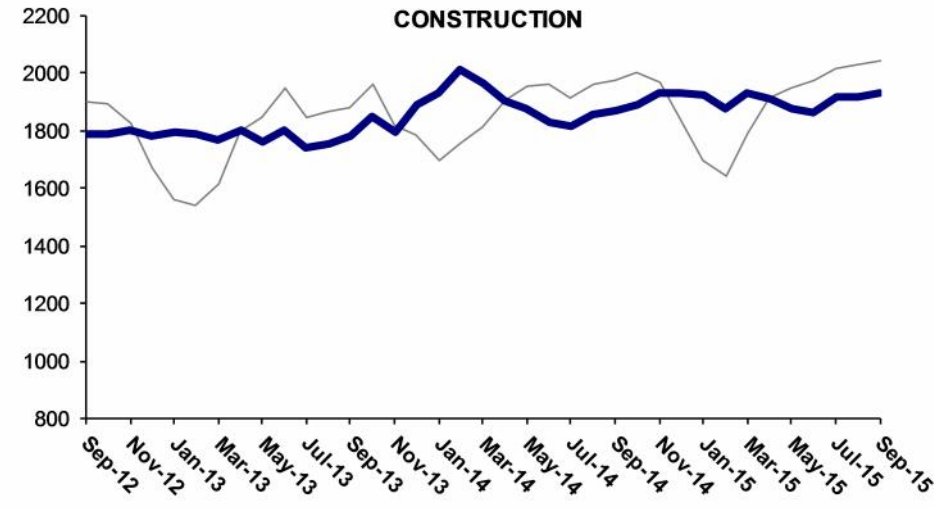
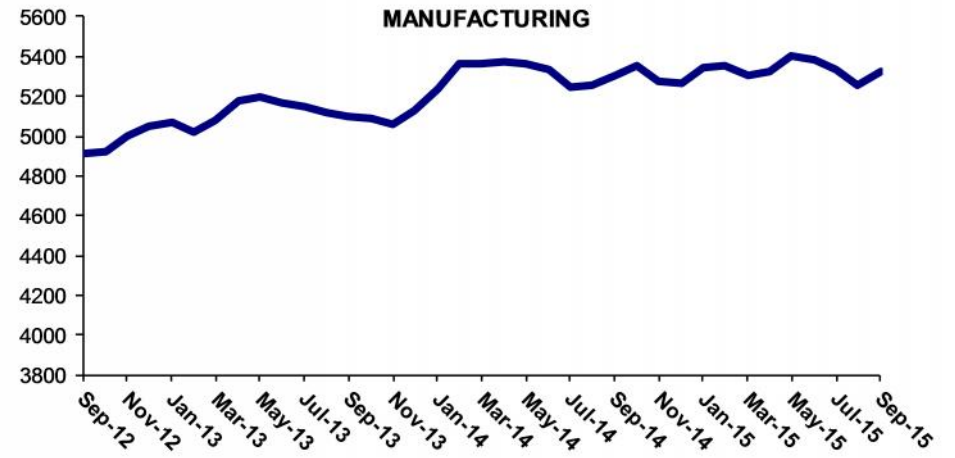
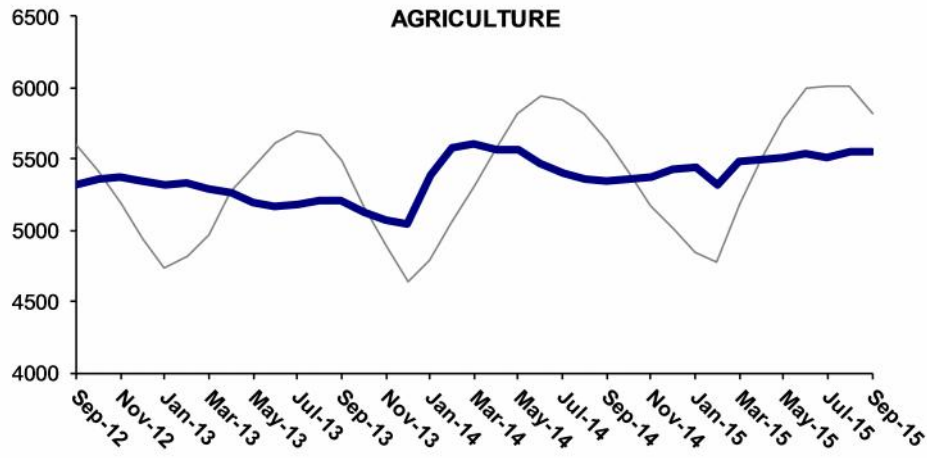
Source: Kariyer.net, Turkstat, Betam

Employment increased in manufacturing and services

According to seasonally adjusted labor market series, employment increased in all sectors except agriculture in the period of September 2015 compared to the period of August 2015. Employment increased in manufacturing, services and construction by 75 thousand, 89 thousand and 14 thousand respectively. On the other hand, employment in agriculture declined by 7 thousand (Figure 4, Table 2).³

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
August-12	20867	18759	2108	10,1%			
September-12	21067	18876	2191	10,4%	200	117	83
October-12	21184	18981	2203	10,4%	117	105	12
November-12	21357	19093	2264	10,6%	173	112	61
December-12	21455	19138	2317	10,8%	98	45	53
January-13	21522	19219	2303	10,7%	67	81	-14
February-13	21477	19200	2277	10,6%	-45	-19	-26
March-13	21592	19260	2332	10,8%	115	60	55
April-13	21780	19406	2374	10,9%	188	146	42
May-13	21843	19462	2381	10,9%	63	56	7
June-13	21848	19488	2360	10,8%	5	26	-21
July-13	21837	19413	2424	11,1%	-11	-75	64
August-13	21901	19448	2453	11,2%	64	35	29
September-13	21965	19483	2482	11,3%	64	35	29
October-13	22006	19585	2421	11,0%	41	102	-61
November-13	22004	19584	2420	11,0%	-1	-1	0
December-13	22251	19826	2425	10,9%	247	242	5
January-14	22503	20005	2498	11,1%	251	179	72
February-14	22786	20257	2529	11,1%	283	252	31
March-14	22939	20370	2569	11,2%	153	113	40
April-14	23000	20401	2599	11,3%	61	31	30
May-14	23081	20404	2677	11,6%	81	3	78
June-14	23172	20391	2781	12,0%	90	-13	103
July-14	23266	20358	2908	12,5%	95	-33	128
August-14	23376	20477	2899	12,4%	109	119	-10
September-14	23559	20567	2992	12,7%	183	90	93
October-14	23690	20705	2985	12,6%	131	138	-7
November-14	23730	20716	3014	12,7%	40	11	29
December-14	23733	20766	2967	12,5%	3	50	-47
January-15	23847	20890	2957	12,4%	114	124	-10
February-15	23882	20968	2914	12,2%	35	78	-43
March-15	23809	20928	2881	12,1%	-73	-40	-33
April-15	23881	21015	2866	12,0%	72	87	-15
May-15	24067	21107	2960	12,3%	187	92	95
June-15	24148	21105	3043	12,6%	80	-2	82
July-15	24195	21195	3000	12,4%	48	90	-42
August-15	24143	21125	3018	12,5%	-52	-70	18
September-15	24318	21303	3015	12,4%	176	178	-2

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-12	5248	4892	1770	12097				
September-12	5317	4911	1785	12179	69	19	15	82
October-12	5364	4917	1788	12276	47	6	3	97
November-12	5370	5003	1799	12291	6	86	11	15
December-12	5344	5051	1778	12310	-26	48	-21	19
January-13	5324	5073	1795	12351	-20	22	17	41
February-13	5334	5023	1788	12390	10	-50	-7	39
March-13	5286	5083	1770	12407	-48	60	-18	17
April-13	5270	5176	1803	12427	-16	93	33	20
May-13	5201	5200	1761	12501	-69	24	-42	74
June-13	5166	5163	1802	12523	-35	-37	41	22
July-13	5187	5146	1738	12529	21	-17	-64	6
August-13	5207	5117	1757	12575	20	-29	19	46
September-13	5207	5096	1780	12607	0	-21	23	32
October-13	5123	5090	1851	12645	-84	-6	71	38
November-13	5077	5064	1792	12728	-46	-26	-59	83
December-13	5051	5131	1890	12805	-26	67	98	77
January-14	5387	5232	1931	12841	336	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	13124	-41	8	-61	85
May-14	5562	5364	1875	13165	-5	-9	-29	41
June-14	5475	5332	1831	13227	-87	-32	-44	62
July-14	5405	5243	1818	13297	-70	-89	-13	70
August-14	5355	5257	1857	13363	-50	14	39	66
September-14	5350	5306	1872	13390	-5	49	15	27
October-14	5357	5353	1891	13462	7	47	19	72
November-14	5376	5273	1934	13508	19	-80	43	46
December-14	5423	5266	1929	13571	47	-7	-5	63
January-15	5444	5349	1922	13619	21	83	-7	48
February-15	5315	5351	1877	13740	-129	2	-45	121
March-15	5483	5308	1933	13687	168	-43	56	-53
April-15	5497	5326	1912	13778	14	18	-21	91
May-15	5512	5404	1874	13830	15	78	-38	52
June-15	5533	5380	1860	13865	21	-24	-14	35
July-15	5509	5336	1914	13945	-24	-44	54	80
August-15	5555	5252	1919	13954	46	-84	5	9
September-15	5548	5327	1933	14043	-7	75	14	89

Source: Turkstat, Betam