

INCREASE IN UNEMPLOYMENT

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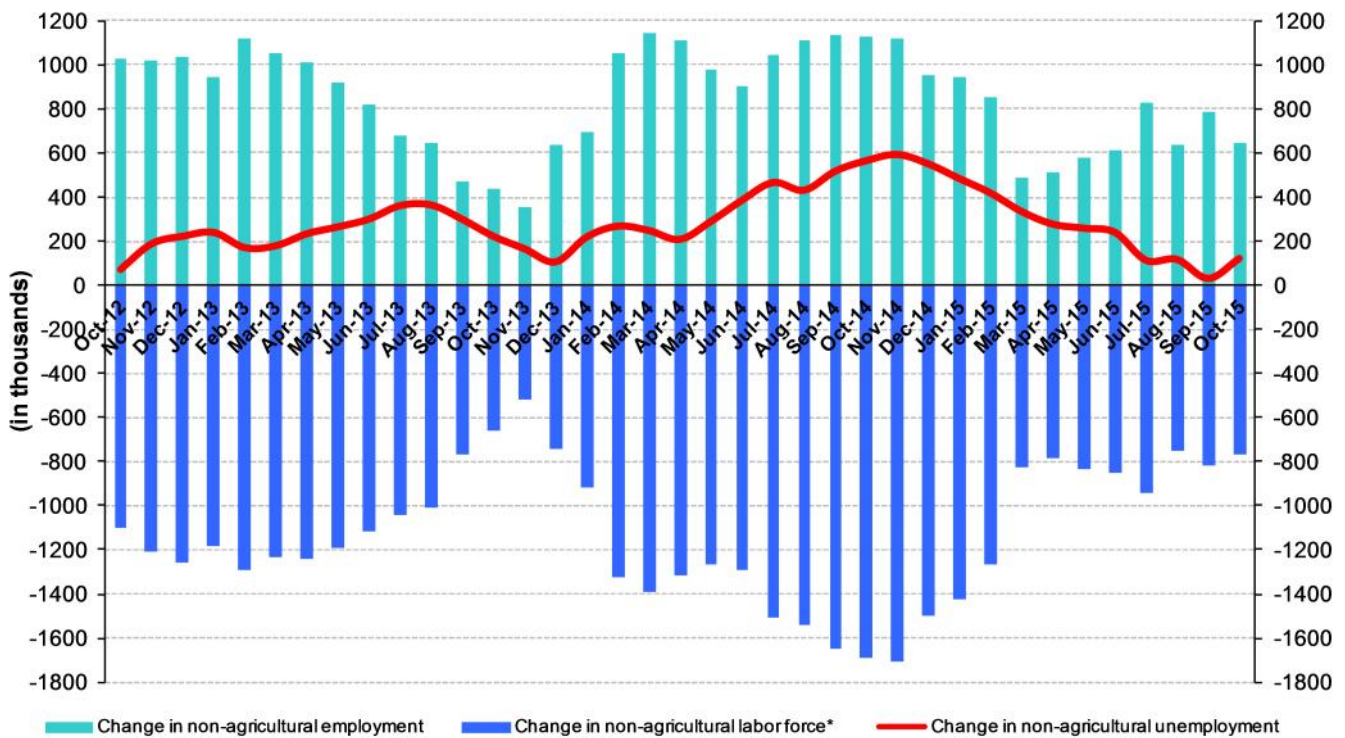
Executive Summary

Seasonally adjusted labor market data shows that, compared to the previous period, nonagricultural unemployment rate increased from 12.5 percent to 12.7 percent (0.2 percentage points) in the period of October 2015. Seasonally adjusted nonagricultural labor force and nonagricultural employment increased by 118 thousand and 54 thousand respectively and, thus the number of nonagricultural unemployed increased by 64 thousand in this period. Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will remain constant at the level of 12.7 percent in the period of November 2015.

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

According to data released by TurkStat in the period of October 2015, nonagricultural labor force increased by 770 thousand (3.2 percent), nonagricultural employment increased by 649 thousand (3.1 percent) and nonagricultural unemployment increased by 121 thousand compared to the same period in the previous year (Figure1). This increase in the number of unemployed results from a faster increase in nonagricultural labor force than that in nonagricultural 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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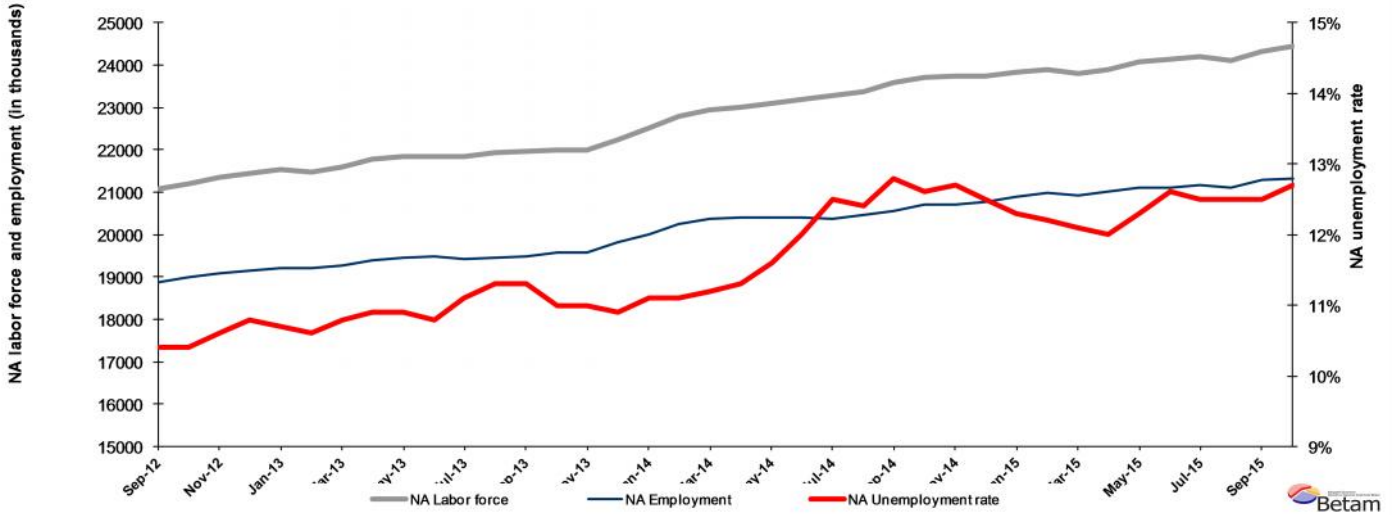
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Seasonally adjusted unemployment increased

According to seasonally adjusted data in the period of October 2015, nonagricultural labor force increased by 118 thousand compared to the period of September 2015, and reached 24 million 434 thousand. Nonagricultural employment increased by 54 thousand, and reached 21 million 331 thousand (Figure 2, Table 1). In the period of October 2015 compared to the period of September 2015, the number of nonagricultural unemployed increased by 64 thousand and nonagricultural unemployment rate increased from 12.5 percent to 12.7 percent.

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



Source: Turkstat; Betam

Nonagricultural unemployment will remain constant

Betam's forecasting model predicts that nonagricultural unemployment rate will remain constant at the level of 12.7 percent in the period of November 2015. 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 November 2015.

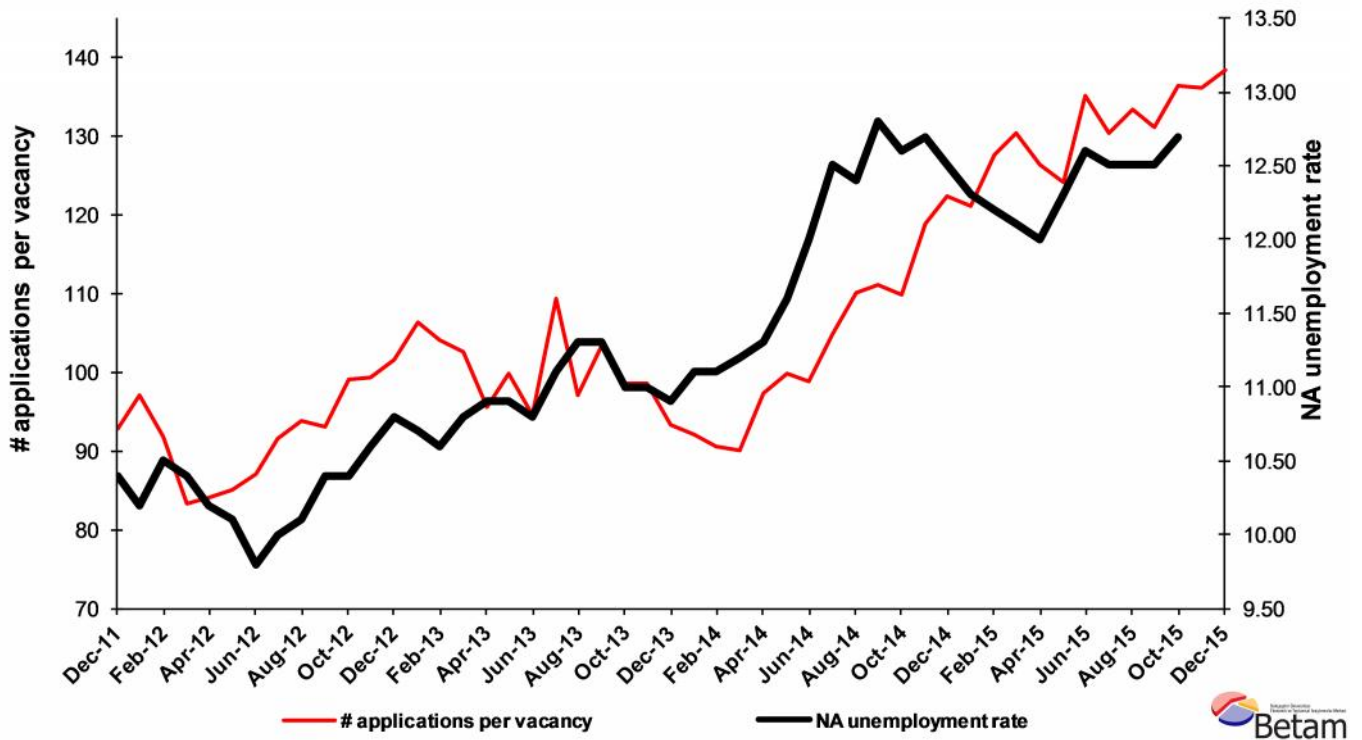
Betam's forecasting model had predicted that seasonally adjusted nonagricultural unemployment rate would remain constant at the level of 12.4 percent in October 2015. However, seasonally adjusted nonagricultural unemployment rate turned out to be 12.7 percent in October 2015. Note that the seasonally adjusted nonagricultural unemployment rate in the period of September 2015 was revised to 12.5 percent.

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



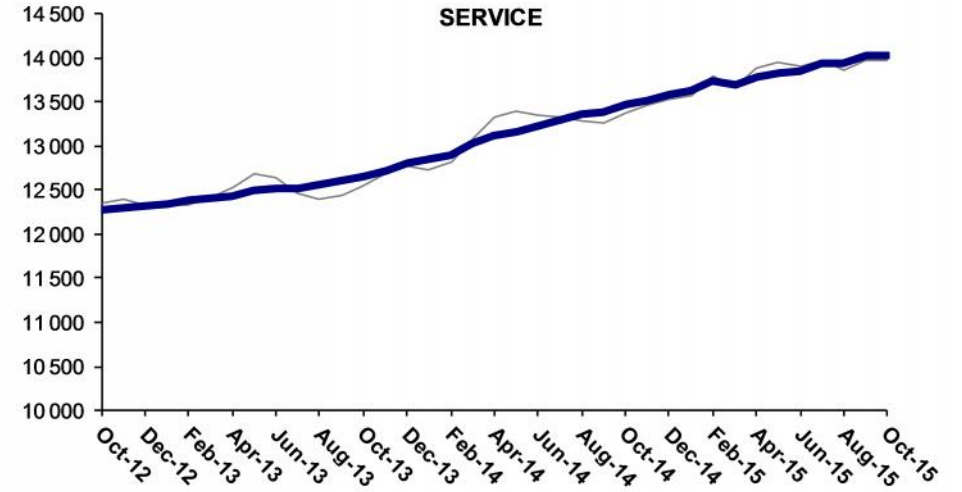
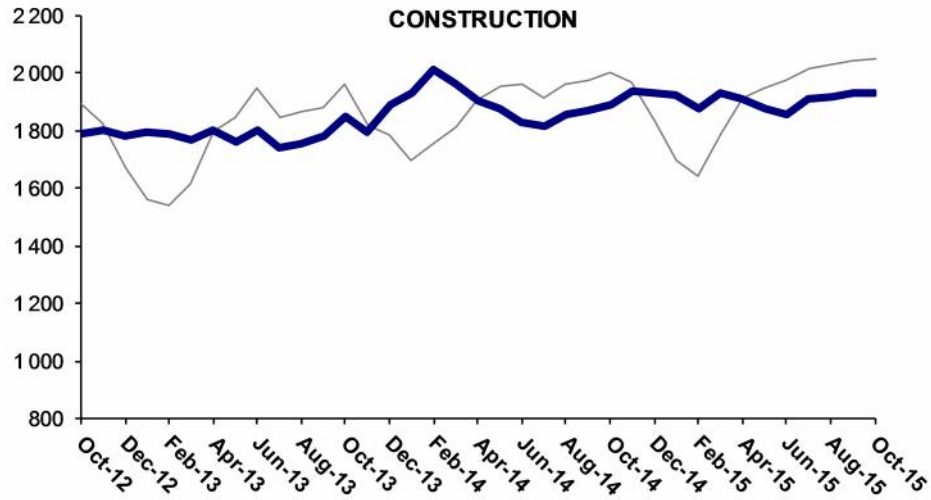
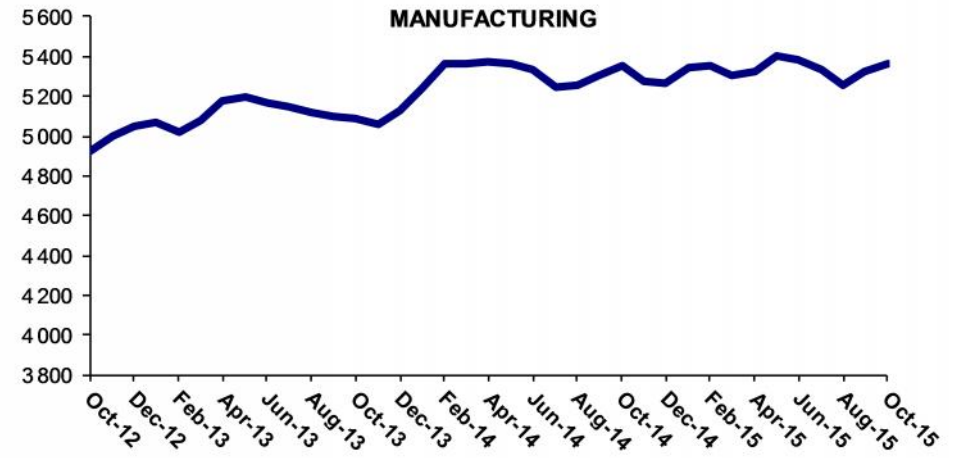
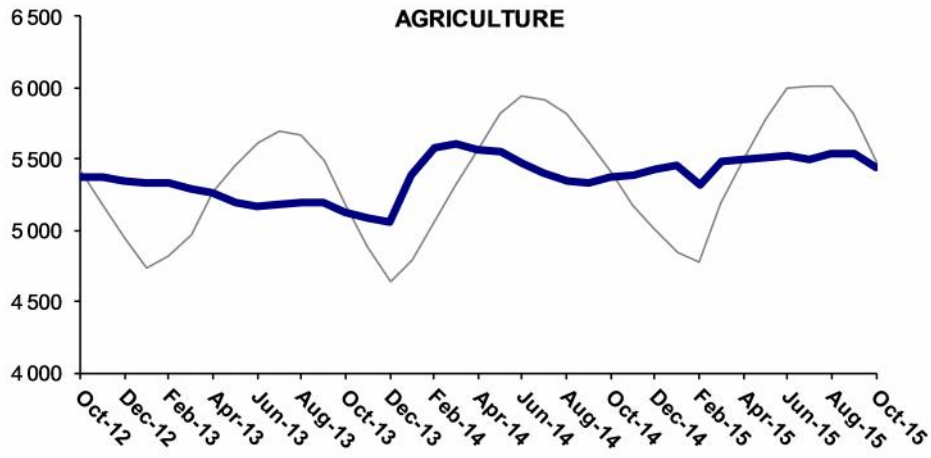
Source: Kariyer.net, Turkstat, Betam

Increases in sectoral employment decelerated

According to seasonally adjusted labor market series, employment increased in all sectors except agriculture in the period of October 2015 compared to the period of September 2015. While employment increased in manufacturing by 36 thousand, the increase in services employment was limited to 16 thousand. Likewise, employment in construction increased only by 2 thousand. In addition, employment in agriculture declined by 93 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
September-12	21066	18875	2191	10.4%			
October-12	21184	18981	2203	10.4%	118	106	12
November-12	21358	19094	2264	10.6%	174	113	61
December-12	21455	19138	2317	10.8%	97	44	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	21842	19461	2381	10.9%	62	55	7
June-13	21848	19488	2360	10.8%	6	27	-21
July-13	21836	19412	2424	11.1%	-12	-76	64
August-13	21926	19448	2478	11.3%	90	36	54
September-13	21964	19482	2482	11.3%	38	34	4
October-13	22007	19586	2421	11.0%	43	104	-61
November-13	22004	19584	2420	11.0%	-2	-2	0
December-13	22253	19827	2426	10.9%	248	243	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	23000	20401	2599	11.3%	61	31	30
May-14	23081	20404	2677	11.6%	81	3	78
June-14	23170	20390	2780	12.0%	89	-14	103
July-14	23265	20357	2908	12.5%	95	-33	128
August-14	23374	20476	2898	12.4%	109	119	-10
September-14	23583	20564	3019	12.8%	208	88	120
October-14	23701	20715	2986	12.6%	119	151	-32
November-14	23737	20722	3015	12.7%	35	7	28
December-14	23738	20771	2967	12.5%	2	49	-47
January-15	23824	20894	2930	12.3%	86	123	-37
February-15	23885	20971	2914	12.2%	61	77	-16
March-15	23807	20926	2881	12.1%	-78	-45	-33
April-15	23876	21011	2865	12.0%	70	85	-15
May-15	24058	21099	2959	12.3%	182	88	94
June-15	24132	21091	3041	12.6%	73	-8	81
July-15	24201	21176	3025	12.5%	70	85	-15
August-15	24115	21101	3014	12.5%	-86	-75	-11
September-15	24317	21277	3040	12.5%	201	176	25
October-15	24434	21331	3103	12.7%	118	54	64

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
September-12	5312	4911	1785	12179				
October-12	5371	4917	1788	12276	59	6	3	97
November-12	5376	5003	1800	12291	5	86	12	15
December-12	5349	5051	1778	12310	-27	48	-22	19
January-13	5327	5073	1795	12350	-22	22	17	40
February-13	5335	5023	1788	12389	8	-50	-7	39
March-13	5286	5083	1770	12407	-49	60	-18	18
April-13	5268	5176	1803	12427	-18	93	33	20
May-13	5199	5200	1760	12501	-69	24	-43	74
June-13	5162	5163	1801	12523	-37	-37	41	22
July-13	5182	5146	1738	12529	20	-17	-63	6
August-13	5200	5117	1757	12574	18	-29	19	45
September-13	5200	5096	1779	12607	0	-21	22	33
October-13	5132	5090	1851	12645	-68	-6	72	38
November-13	5086	5064	1792	12728	-46	-26	-59	83
December-13	5057	5131	1890	12805	-29	67	98	77
January-14	5391	5232	1931	12841	334	101	41	36
February-14	5578	5359	2013	12885	187	127	82	44
March-14	5608	5365	1966	13039	30	6	-47	154
April-14	5565	5373	1904	13124	-43	8	-62	85
May-14	5558	5364	1875	13165	-7	-9	-29	41
June-14	5470	5332	1831	13227	-88	-32	-44	62
July-14	5398	5243	1818	13297	-72	-89	-13	70
August-14	5347	5257	1857	13362	-51	14	39	65
September-14	5339	5306	1871	13387	-8	49	14	25
October-14	5369	5353	1892	13470	30	47	21	83
November-14	5388	5273	1935	13514	19	-80	43	44
December-14	5433	5266	1930	13575	45	-7	-5	61
January-15	5450	5349	1923	13622	17	83	-7	47
February-15	5317	5351	1878	13741	-133	2	-45	119
March-15	5483	5308	1933	13685	166	-43	55	-56
April-15	5494	5326	1912	13773	11	18	-21	88
May-15	5506	5404	1873	13822	12	78	-39	49
June-15	5525	5380	1859	13852	19	-24	-14	30
July-15	5499	5336	1913	13927	-26	-44	54	75
August-15	5542	5252	1918	13931	43	-84	5	4
September-15	5534	5327	1931	14019	-8	75	13	88
October-15	5441	5363	1933	14035	-93	36	2	16

Source: Turkstat, Betam