

# Labor Market Outlook:

# April 2016

### 15 April 2016

### Eylül 2015

**DECREASE IN NONAGRICULTURAL UNEMPLOYMENT**

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**Executive Summary**

Seasonally adjusted labor market data shows that, compared to the previous period, nonagricultural unemployment rate increased from 12.3 percent to 12.1 percent (0.2 percentage points) in the period of January 2015. Betam's forecasting model had predicted a 0.1 percent decrease for this period. We expect that the nonagricultural unemployment will continue to decline in the period of February 2016. A 95 thousand-employment increase in the services sector drives the decrease in nonagricultural unemployment. Employment declined in manufacturing by 11 thousand. The data released by Turkstat indicates that increases in female labor force and female employment are stronger relative to those of males in the period of January 2016 compared to the same period in the previous year. The increase in the number of females who are unemployed in nonagricultural sectors results from a faster increase in labor force than that in employment. For males, the increase in labor force was faster than that in employment, thus the number of males who were unemployed decreased in non-agricultural sectors.

**Seasonally adjusted employment increased**

According to seasonally adjusted data in the period of January 2016, nonagricultural labor force increased by 57 thousand, and reached 24 million 634 thousand compared to the period of December 2015. Nonagricultural employment increased by 99 thousand, and reached 21 million 653 thousand (, ). In the period of January 2016, the increase in nonagricultural employment helped bring unemployment down.

Figure 1 Seasonally adjusted non-agricultural labor force, employment, and unemployment



Source: Turkstat, Betam

**Nonagricultural unemployment will continue to decline**

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would decline from 12.3 percent to 12.2 percent in January 2016. In this period, nonagricultural unemployment declined by 0.2 percentage points. Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will decrease from 12.1 percent to 12.0 percent (0.1 percentage point) in the period of February 2016. Forecasting model details are available on Betam's website.[[4]](#footnote-4) Kariyer.net[[5]](#footnote-5) application per vacancy series used in the Betam forecasting model is depicted in . 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 in the period of February 2016.

Figure 2 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



Source: Kariyer.net, Turkstat, Betam

**Employment in manufacturing is still declining**

According to seasonally adjusted labor market series, the increase in nonagricultural employment arises from an increase in employment in services in the period of January 2016 compared to the period of December 2015 (,Table 2)[[6]](#footnote-6). Employment increased in services and construction by 95 thousand and 16 thousand, respectively. However, employment in manufacturing decreased by 11 thousand. Likewise, employment in agriculture decreased by 5 thousand.

Figure 3 Employment by sectors (in thousands)



Source: Turkstat,Betam

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

In the period of January 2016, nonagricultural labor force increased by 869 thousand (3.6 percent), nonagricultural employment increased by 851 thousand (4.1 percent) and nonagricultural unemployment increased by 18 thousand compared to the same period in the previous year ().

**Figure 4 Year-on-year changes in non-agricultural labor force, employment, and unemployment** 

Source: Turkstat; Betam

Number of unemployed women increased, number of unemployed men decreased

Turkstat revised the labor market statistics drastically in February 2014. Within this framework, they back-casted various labor market indicators and they also continued to announce seasonally adjusted series. However, TurkStat is not providing back-casted series by gender. Therefore, female and male labor market statistics are not sufficiently long for the seasonal adjustment procedures. Under these circumstances, we use the year-on-year changes in male and female labor market statistics to study the latest developments in the labor market. Figure 5 shows yearly non-agricultural employment (dark colors), non-agricultural labor force (light colors) for males (green) and for females (purple).

Compared to January 2015, in January 2016, the nonagricultural female labor force increased by 512 thousand and nonagricultural male labor force increased only by 356 thousand. Female employment increased by 466 thousand and male employment increased by 384 thousand in the same period. Hence, the number of unemployed women increased by 46 thousand while number of unemployed men decreased by 28 thousand. Both female labor force and female employment increases are higher relative those for males in the same period. The data show that the increase in number of unemployed women arises from their larger labor force increase. In addition, a large part of the increase in female employment (463 thousand) was created in the service sector. It is striking to see that the labor force participation of women with at most a high school degree increased whereas that of university graduates decreased significantly.

Figure 5: Year-on-year changes in nonagricultural labor force and employment by gender



Source: Turkstat; Betam

Table 1 Seasonally adjusted non-agricultural labor force indicators (in thousands)\*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** | | |
| **December-12** | 21454 | 19137 | 2317 | 10.8% | **Labor force** | **Employment** | **Unemployment** |
| **January-13** | 21518 | 19216 | 2302 | 10.7% | 64 | 79 | -15 |
| **February-13** | 21475 | 19199 | 2276 | 10.6% | -43 | -17 | -26 |
| **March-13** | 21590 | 19258 | 2332 | 10.8% | 114 | 59 | 55 |
| **April-13** | 21779 | 19405 | 2374 | 10.9% | 189 | 147 | 42 |
| **May-13** | 21842 | 19461 | 2381 | 10.9% | 63 | 56 | 7 |
| **June-13** | 21846 | 19487 | 2359 | 10.8% | 5 | 26 | -21 |
| **July-13** | 21837 | 19413 | 2424 | 11.1% | -10 | -74 | 64 |
| **August-13** | 21901 | 19448 | 2453 | 11.2% | 64 | 35 | 29 |
| **September-13** | 21965 | 19483 | 2482 | 11.3% | 64 | 35 | 29 |
| **October-13** | 22008 | 19587 | 2421 | 11.0% | 43 | 104 | -61 |
| **November-13** | 22001 | 19581 | 2420 | 11.0% | -7 | -6 | -1 |
| **December-13** | 22249 | 19824 | 2425 | 10.9% | 248 | 243 | 5 |
| **January-14** | 22525 | 20002 | 2523 | 11.2% | 276 | 178 | 98 |
| **February-14** | 22810 | 20255 | 2555 | 11.2% | 285 | 253 | 32 |
| **March-14** | 22937 | 20368 | 2569 | 11.2% | 127 | 113 | 14 |
| **April-14** | 22998 | 20399 | 2599 | 11.3% | 61 | 31 | 30 |
| **May-14** | 23079 | 20402 | 2677 | 11.6% | 81 | 3 | 78 |
| **June-14** | 23169 | 20389 | 2780 | 12.0% | 90 | -13 | 103 |
| **July-14** | 23266 | 20358 | 2908 | 12.5% | 97 | -31 | 128 |
| **August-14** | 23376 | 20477 | 2899 | 12.4% | 109 | 119 | -10 |
| **September-14** | 23557 | 20565 | 2992 | 12.7% | 181 | 88 | 93 |
| **October-14** | 23709 | 20722 | 2987 | 12.6% | 153 | 157 | -4 |
| **November-14** | 23717 | 20705 | 3012 | 12.7% | 8 | -17 | 25 |
| **December-14** | 23726 | 20760 | 2966 | 12.5% | 9 | 55 | -46 |
| **January-15** | 23823 | 20869 | 2954 | 12.4% | 97 | 109 | -12 |
| **February-15** | 23866 | 20954 | 2912 | 12.2% | 43 | 85 | -42 |
| **March-15** | 23794 | 20915 | 2879 | 12.1% | -72 | -39 | -33 |
| **April-15** | 23873 | 21008 | 2865 | 12.0% | 79 | 93 | -14 |
| **May-15** | 24064 | 21104 | 2960 | 12.3% | 191 | 96 | 95 |
| **June-15** | 24150 | 21107 | 3043 | 12.6% | 86 | 3 | 83 |
| **July-15** | 24207 | 21205 | 3002 | 12.4% | 57 | 98 | -41 |
| **August-15** | 24165 | 21144 | 3021 | 12.5% | -42 | -61 | 19 |
| **September-15** | 24360 | 21339 | 3021 | 12.4% | 195 | 195 | 0 |
| **October-15** | 24489 | 21403 | 3086 | 12.6% | 129 | 64 | 65 |
| **November-15** | 24579 | 21531 | 3048 | 12.4% | 90 | 128 | -38 |
| **December-15** | 24577 | 21554 | 3023 | 12.3% | -2 | 23 | -25 |
| **January-16** | 24634 | 21653 | 2981 | 12.1% | 57 | 99 | -42 |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **December-12** | 5349 | 5051 | 1776 | 12310 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **January-13** | 5327 | 5073 | 1794 | 12350 | -22 | 22 | 18 | 40 |
| **February-13** | 5334 | 5023 | 1787 | 12389 | 7 | -50 | -7 | 39 |
| **March-13** | 5285 | 5083 | 1769 | 12407 | -49 | 60 | -18 | 18 |
| **April-13** | 5267 | 5176 | 1802 | 12427 | -18 | 93 | 33 | 20 |
| **May-13** | 5198 | 5200 | 1760 | 12501 | -69 | 24 | -42 | 74 |
| **June-13** | 5162 | 5163 | 1801 | 12522 | -36 | -37 | 41 | 21 |
| **July-13** | 5181 | 5146 | 1738 | 12528 | 19 | -17 | -63 | 6 |
| **August-13** | 5200 | 5117 | 1757 | 12574 | 19 | -29 | 19 | 46 |
| **September-13** | 5199 | 5096 | 1781 | 12606 | -1 | -21 | 24 | 32 |
| **October-13** | 5131 | 5090 | 1854 | 12644 | -68 | -6 | 73 | 38 |
| **November-13** | 5094 | 5064 | 1789 | 12728 | -37 | -26 | -65 | 84 |
| **December-13** | 5057 | 5131 | 1889 | 12805 | -37 | 67 | 100 | 77 |
| **January-14** | 5391 | 5232 | 1929 | 12840 | 334 | 101 | 40 | 35 |
| **February-14** | 5577 | 5359 | 2012 | 12884 | 186 | 127 | 83 | 44 |
| **March-14** | 5607 | 5365 | 1965 | 13038 | 30 | 6 | -47 | 154 |
| **April-14** | 5564 | 5373 | 1903 | 13123 | -43 | 8 | -62 | 85 |
| **May-14** | 5557 | 5364 | 1875 | 13164 | -7 | -9 | -28 | 41 |
| **June-14** | 5469 | 5332 | 1831 | 13227 | -88 | -32 | -44 | 63 |
| **July-14** | 5397 | 5243 | 1818 | 13296 | -72 | -89 | -13 | 69 |
| **August-14** | 5346 | 5257 | 1858 | 13362 | -51 | 14 | 40 | 66 |
| **September-14** | 5338 | 5306 | 1873 | 13386 | -8 | 49 | 15 | 24 |
| **October-14** | 5368 | 5353 | 1895 | 13474 | 30 | 47 | 22 | 88 |
| **November-14** | 5400 | 5273 | 1930 | 13501 | 32 | -80 | 35 | 27 |
| **December-14** | 5432 | 5266 | 1928 | 13566 | 32 | -7 | -2 | 65 |
| **January-15** | 5450 | 5349 | 1919 | 13601 | 18 | 83 | -9 | 35 |
| **February-15** | 5317 | 5351 | 1875 | 13727 | -133 | 2 | -44 | 126 |
| **March-15** | 5482 | 5308 | 1931 | 13676 | 165 | -43 | 56 | -51 |
| **April-15** | 5492 | 5326 | 1911 | 13771 | 10 | 18 | -20 | 95 |
| **May-15** | 5505 | 5404 | 1873 | 13827 | 13 | 78 | -38 | 56 |
| **June-15** | 5524 | 5380 | 1860 | 13868 | 19 | -24 | -13 | 41 |
| **July-15** | 5498 | 5336 | 1915 | 13954 | -26 | -44 | 55 | 86 |
| **August-15** | 5541 | 5252 | 1921 | 13972 | 43 | -84 | 6 | 18 |
| **September-15** | 5532 | 5327 | 1936 | 14076 | -9 | 75 | 15 | 104 |
| **October-15** | 5439 | 5363 | 1939 | 14101 | -93 | 36 | 3 | 25 |
| **November-15** | 5382 | 5353 | 1973 | 14205 | -57 | -10 | 34 | 104 |
| **December-15** | 5427 | 5311 | 1977 | 14266 | 45 | -42 | 4 | 61 |
| **January-15** | 5422 | 5300 | 1993 | 14361 | -5 | -11 | 16 | 95 |

Source: Turkstat, Betam

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4. 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-4)
5. 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-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)