

# Labor Market Outlook:

# June 2016

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**SHARP DECLINE IN NONAGRICULTURAL UNEMPLOYMENT**

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**Executive Summary**

Seasonally adjusted labor market data shows that nonagricultural unemployment rate decreased from 11.8 percent to 11.5 percent (0.3 percentage points) in the period of March 2016 compared to the previous period. 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 April 2016. In March 2016, increases in both non-agricultural labor force and non-agricultural employment strengthened. In addition, employment in manufacturing, construction and services increased by 19 thousand, 42 thousand and 140 thousand, respectively. In parallel, non-agricultural unemployment decreased. In this period, increases in the male labor force exceeded those in the female labor force and respective increases in employment were recorded at the same levels. Hence, female (male) unemployed decreased (slightly increased), annually.

**Decrease in seasonally adjusted employment**

According to seasonally adjusted data in the period of March 2016, nonagricultural labor force increased by 143 thousand, and reached 24 million 821 thousand compared to the period of February 2016. Due to the strong increases in employment, nonagricultural unemployed decreased by 58 thousand (Figure 1, Table 1).

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 11.9 percent to 11.8 percent in March 2016. In this period, nonagricultural unemployment declined by 0.3 percentage points to 11.5 percent. Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will decrease from 11.5 percent to 11.4 percent (by 0.1 percentage point) in the period of April 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 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 in the period of March 2016.

Figure 2 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



Source: Kariyer.net, Turkstat, Betam

**Increase in service employment brought down unemployment**

According to seasonally adjusted labor market series, employment in services increased by 140 thousand in the period of March 2016 compared to the period of February 2016 (Figure 3,Table 2)[[6]](#footnote-6). This increase is the largest since March 2014 when the increase was recorded at 154 thousand. Losses of employment in manufacturing that have been continuing since November 2015 seem to have come to a halt. Thereby employment increased by 19 thousand in manufacturing. In the period of March 2016, agricultural employment decreased by 21 thousand. On the other hand, employment in construction increased by 42 thousand.

Figure 3 Employment by sectors (in thousands)



Source: Turkstat,Betam

**Increases in labor force and employment accelerate**

In the period of March 2016, nonagricultural labor force increased by 1 million 106 thousand (4.7 percent), nonagricultural employment increased by 1 million 141 thousand (5.5 percent) and nonagricultural unemployment decreased by 35 thousand compared to the same period in the previous year (Figure 4). It is striking that year-on year increases in employment and in labor force exceed 1 million in the period of March 2016.

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



Source: Turkstat; Betam

Increase in male labor force is greater than increase in female labor force

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).

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



Source: Turkstat; Betam

The nonagricultural female labor force increased by 536 thousand and nonagricultural male labor force increased by 579 thousand in March 2016 compared to March 2015. Female employment increased by 572 thousand and male employment increased by 570 thousand in the same period. In parallel, the number of unemployed women decreased by 36 thousand while number of unemployed men increased by 9 thousand. In the period of March 2016, the increase in male labor force is higher than female labor force for the first time this year. Generally, the increases in female employment are greater than those in male employment. In this period, there are no clear gender differences in employment increases. Finally, no clear difference between the increase in female and male non-agricultural employment has been observed in the period of March 2016.

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** |
| **February-13** | 21477 | 19200 | 2277 | 10.6% |
| **March-13** | 21587 | 19256 | 2331 | 10.8% |
| **April-13** | 21777 | 19403 | 2374 | 10.9% |
| **May-13** | 21841 | 19460 | 2381 | 10.9% |
| **June-13** | 21845 | 19486 | 2359 | 10.8% |
| **July-13** | 21835 | 19411 | 2424 | 11.1% |
| **August-13** | 21900 | 19447 | 2453 | 11.2% |
| **September-13** | 21964 | 19482 | 2482 | 11.3% |
| **October-13** | 22009 | 19588 | 2421 | 11.0% |
| **November-13** | 22003 | 19583 | 2420 | 11.0% |
| **December-13** | 22253 | 19827 | 2426 | 10.9% |
| **January-14** | 22502 | 20004 | 2498 | 11.1% |
| **February-14** | 22786 | 20257 | 2529 | 11.1% |
| **March-14** | 22932 | 20364 | 2568 | 11.2% |
| **April-14** | 22994 | 20396 | 2598 | 11.3% |
| **May-14** | 23078 | 20401 | 2677 | 11.6% |
| **June-14** | 23167 | 20387 | 2780 | 12.0% |
| **July-14** | 23264 | 20356 | 2908 | 12.5% |
| **August-14** | 23374 | 20476 | 2898 | 12.4% |
| **September-14** | 23557 | 20565 | 2992 | 12.7% |
| **October-14** | 23711 | 20723 | 2988 | 12.6% |
| **November-14** | 23718 | 20706 | 3012 | 12.7% |
| **December-14** | 23729 | 20763 | 2966 | 12.5% |
| **January-15** | 23828 | 20873 | 2955 | 12.4% |
| **February-15** | 23878 | 20965 | 2913 | 12.2% |
| **March-15** | 23790 | 20888 | 2902 | 12.2% |
| **April-15** | 23853 | 20991 | 2862 | 12.0% |
| **May-15** | 24048 | 21090 | 2958 | 12.3% |
| **June-15** | 24138 | 21097 | 3041 | 12.6% |
| **July-15** | 24230 | 21201 | 3029 | 12.5% |
| **August-15** | 24167 | 21146 | 3021 | 12.5% |
| **September-15** | 24370 | 21348 | 3022 | 12.4% |
| **October-15** | 24510 | 21422 | 3088 | 12.6% |
| **November-15** | 24587 | 21563 | 3024 | 12.3% |
| **December-15** | 24599 | 21598 | 3001 | 12.2% |
| **January-16** | 24674 | 21713 | 2961 | 12.0% |
| **February-16** | 24678 | 21766 | 2912 | 11.8% |
| **March-16** | 24821 | 21967 | 2854 | 11.5% |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** |
| **February-13** | 5336 | 5023 | 1788 | 12388 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **March-13** | 5290 | 5083 | 1766 | 12407 | -46 | 60 | -22 | 19 |
| **April-13** | 5271 | 5176 | 1800 | 12427 | -19 | 93 | 34 | 20 |
| **May-13** | 5199 | 5200 | 1758 | 12502 | -72 | 24 | -42 | 75 |
| **June-13** | 5161 | 5163 | 1800 | 12523 | -38 | -37 | 42 | 21 |
| **July-13** | 5179 | 5146 | 1737 | 12527 | 18 | -17 | -63 | 4 |
| **August-13** | 5198 | 5117 | 1757 | 12572 | 19 | -29 | 20 | 45 |
| **September-13** | 5197 | 5096 | 1781 | 12605 | -1 | -21 | 24 | 33 |
| **October-13** | 5129 | 5090 | 1855 | 12643 | -68 | -6 | 74 | 38 |
| **November-13** | 5091 | 5064 | 1791 | 12727 | -38 | -26 | -64 | 84 |
| **December-13** | 5053 | 5131 | 1891 | 12804 | -38 | 67 | 100 | 77 |
| **January-14** | 5389 | 5232 | 1932 | 12840 | 336 | 101 | 41 | 36 |
| **February-14** | 5578 | 5359 | 2014 | 12884 | 189 | 127 | 82 | 44 |
| **March-14** | 5614 | 5365 | 1960 | 13038 | 36 | 6 | -54 | 154 |
| **April-14** | 5570 | 5373 | 1900 | 13124 | -44 | 8 | -60 | 86 |
| **May-14** | 5560 | 5364 | 1872 | 13165 | -10 | -9 | -28 | 41 |
| **June-14** | 5470 | 5332 | 1829 | 13227 | -90 | -32 | -43 | 62 |
| **July-14** | 5396 | 5243 | 1817 | 13296 | -74 | -89 | -12 | 69 |
| **August-14** | 5344 | 5257 | 1858 | 13361 | -52 | 14 | 41 | 65 |
| **September-14** | 5336 | 5306 | 1874 | 13385 | -8 | 49 | 16 | 24 |
| **October-14** | 5365 | 5353 | 1897 | 13473 | 29 | 47 | 23 | 88 |
| **November-14** | 5396 | 5273 | 1933 | 13500 | 31 | -80 | 36 | 27 |
| **December-14** | 5428 | 5266 | 1932 | 13566 | 32 | -7 | -1 | 66 |
| **January-15** | 5447 | 5349 | 1925 | 13600 | 19 | 83 | -7 | 34 |
| **February-15** | 5316 | 5351 | 1878 | 13736 | -131 | 2 | -47 | 136 |
| **March-15** | 5490 | 5308 | 1924 | 13655 | 174 | -43 | 46 | -81 |
| **April-15** | 5499 | 5326 | 1905 | 13759 | 9 | 18 | -19 | 104 |
| **May-15** | 5510 | 5404 | 1868 | 13818 | 11 | 78 | -37 | 59 |
| **June-15** | 5526 | 5380 | 1857 | 13860 | 16 | -24 | -11 | 42 |
| **July-15** | 5497 | 5336 | 1913 | 13952 | -29 | -44 | 56 | 92 |
| **August-15** | 5540 | 5252 | 1921 | 13973 | 43 | -84 | 8 | 21 |
| **September-15** | 5531 | 5327 | 1938 | 14084 | -9 | 75 | 17 | 111 |
| **October-15** | 5435 | 5363 | 1942 | 14117 | -96 | 36 | 4 | 33 |
| **November-15** | 5375 | 5353 | 1978 | 14232 | -60 | -10 | 36 | 115 |
| **December-15** | 5422 | 5311 | 1984 | 14303 | 47 | -42 | 6 | 71 |
| **January-16** | 5417 | 5300 | 2002 | 14412 | -5 | -11 | 18 | 109 |
| **February-16** | 5412 | 5276 | 2021 | 14469 | -5 | -24 | 19 | 57 |
| **March-16** | 5391 | 5295 | 2063 | 14609 | -21 | 19 | 42 | 140 |

 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)