

# Labor Market Outlook:

# August 2016

###  15 August 2016

###  Eylül 2015

**AN UNEXPECTED AND STRONG INCREASE IN UNEMPLOYMENT**

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**Executive Summary**

Seasonally adjusted labor market data show that nonagricultural unemployment rate increased by 0.5 percentage points and reached 12.2 percent in the period of May 2016. Betam's forecasting model predicted that the nonagricultural unemployment rate would remain constant in the period of May 2016. This unexpected increase in unemployment is mainly because of the weak increase in employment against the increase in the labor force. The increases in nonagricultural employment in services and in manufacturing were limited to 53 thousand and 5 thousand respectively. However, employment decreased in the construction sector by 11 thousand. Compared to the May 2015 period, number of unemployed women increased by 9 thousand whereas number of unemployed men increased by 92 thousand in the period of May 2016.

**Striking increase in unemployment from April to May**

According to seasonally adjusted labor market data, nonagricultural labor force increased by 195 thousand and became 25 million 218 thousand whilst nonagricultural employment increased 46 thousand and reached 22 million 141 thousand compared to April 2016 (Figure 1,Table 1). Therefore, the number of unemployed people in non-agricultural sectors increased strongly by 149 thousand. We would like to underline that the increase in non-agricultural unemployment reached its highest level since 2005 except for the economic crisis period.

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



Source: Turkstat, Betam

**Nonagricultural unemployment rate is expected to remain constant in June**

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would remain constant at 11.5 percent in May 2016. April 2016 nonagricultural unemployment rate is revised to 11.7 percent by Turkstat. In May 2016, nonagricultural unemployment rate increased by 0.5 percentage points and reached 12.2 percent. Betam’s forecasting model predicts the seasonally adjusted June 2016 nonagricultural employment rate will remain constant at the level of 12.2 percent. 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 not change in the period of June 2016.

Figure 2: Seasonally adjusted nonagricultural unemployment rate and application per vacancy



Source: Kariyer.net, Turkstat, Betam

**Both employment increase and loss in terms of sectors**

According to seasonally adjusted labor market series, employment increased in services and manufacturing whereas it declined in construction and agriculture in the period of May 2016 (Figure 3,Table 2)[[6]](#footnote-6). The number of people employed in agriculture and in construction declined by 50 thousand and 11 thousand respectively. On the other hand, the increase in the number or people employed in the manufacturing sector remained limited to 5 thousand. Moreover, employment in services grew by 53 thousand in the period of May 2016 compared to the previous period.

Figure 3: Employment by sectors (in thousands)



Source: Turkstat,Betam

**Strong increase in year on year unemployed number**

From May 2015 to May 2016 nonagricultural labor force increased to 1 million 133 thousand (4.7 percent) and nonagricultural employment increased to 1 million 29 thousand (4.8 percent). The data indicates that the relative slowdown in May has not yet been reflected in the year-on-year changes. Nevertheless, these developments have been sufficient enough to reverse the declining trend in the number of unemployed since February 2016 period. In the period of May 2016, number of unemployed people in nonagricultural sectors increased by 104 thousand on yearly basis

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



Source: Turkstat; Betam

Female unemployment declined while male unemployment increased in the last year

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

In May 2016, nonagricultural female labor force and nonagricultural male labor force increased by 550 thousand and 580 thousand respectively compared to May 2015. On the other hand, nonagricultural female employment increased by 541 thousand whereas the increase in nonagricultural male employment was limited to 488 thousand. Thanks to a strong increase in female employment, increase of unemployed women remained at 9 thousand whilst number of unemployed men increased by 92 thousand. As a result of this asymetric development, nonagricultural female unemployment rate, which was 16 percent in May 2015, declined to 14.9 percent while nonagricultural male employment increased from 9.6 percent in May 2015 to 9.8 percent in May 2016.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** |
| **April-13** | 21774 | 19401 | 2373 | 10.9% | **Labor force** | **Employment** | **Unemployment** |
| **May-13** | 21818 | 19462 | 2356 | 10.8% | 44 | 61 | -17 |
| **June-13** | 21823 | 19488 | 2335 | 10.7% | 5 | 26 | -21 |
| **July-13** | 21812 | 19413 | 2399 | 11.0% | -11 | -75 | 64 |
| **August-13** | 21901 | 19448 | 2453 | 11.2% | 89 | 35 | 54 |
| **September-13** | 21939 | 19482 | 2457 | 11.2% | 38 | 34 | 4 |
| **October-13** | 22009 | 19588 | 2421 | 11.0% | 70 | 106 | -36 |
| **November-13** | 22002 | 19582 | 2420 | 11.0% | -7 | -6 | -1 |
| **December-13** | 22251 | 19826 | 2425 | 10.9% | 249 | 244 | 5 |
| **January-14** | 22524 | 20001 | 2523 | 11.2% | 272 | 175 | 97 |
| **February-14** | 22807 | 20253 | 2554 | 11.2% | 284 | 252 | 32 |
| **March-14** | 22954 | 20360 | 2594 | 11.3% | 146 | 107 | 39 |
| **April-14** | 23018 | 20394 | 2624 | 11.4% | 64 | 34 | 30 |
| **May-14** | 23081 | 20404 | 2677 | 11.6% | 63 | 10 | 53 |
| **June-14** | 23172 | 20391 | 2781 | 12.0% | 90 | -13 | 103 |
| **July-14** | 23241 | 20359 | 2882 | 12.4% | 69 | -32 | 101 |
| **August-14** | 23350 | 20478 | 2872 | 12.3% | 109 | 119 | -10 |
| **September-14** | 23531 | 20566 | 2965 | 12.6% | 181 | 88 | 93 |
| **October-14** | 23683 | 20723 | 2960 | 12.5% | 153 | 157 | -4 |
| **November-14** | 23718 | 20706 | 3012 | 12.7% | 35 | -17 | 52 |
| **December-14** | 23728 | 20762 | 2966 | 12.5% | 10 | 56 | -46 |
| **January-15** | 23824 | 20870 | 2954 | 12.4% | 96 | 108 | -12 |
| **February-15** | 23901 | 20961 | 2940 | 12.3% | 77 | 91 | -14 |
| **March-15** | 23811 | 20882 | 2929 | 12.3% | -90 | -79 | -11 |
| **April-15** | 23902 | 20986 | 2916 | 12.2% | 91 | 104 | -13 |
| **May-15** | 24063 | 21103 | 2960 | 12.3% | 161 | 117 | 44 |
| **June-15** | 24123 | 21108 | 3015 | 12.5% | 61 | 5 | 56 |
| **July-15** | 24212 | 21210 | 3002 | 12.4% | 89 | 102 | -13 |
| **August-15** | 24145 | 21151 | 2994 | 12.4% | -67 | -59 | -8 |
| **September-15** | 24345 | 21351 | 2994 | 12.3% | 201 | 200 | 1 |
| **October-15** | 24480 | 21420 | 3060 | 12.5% | 135 | 69 | 66 |
| **November-15** | 24579 | 21556 | 3023 | 12.3% | 99 | 136 | -37 |
| **December-15** | 24615 | 21587 | 3028 | 12.3% | 35 | 31 | 4 |
| **January-16** | 24683 | 21696 | 2987 | 12.1% | 68 | 109 | -41 |
| **February-16** | 24680 | 21743 | 2937 | 11.9% | -3 | 47 | -50 |
| **March-16** | 24843 | 21936 | 2907 | 11.7% | 163 | 193 | -30 |
| **April-16** | 25023 | 22095 | 2928 | 11.7% | 180 | 159 | 21 |
| **May-16** | 25218 | 22141 | 3077 | 12.2% | 195 | 46 | 149 |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** |
| **April-13** | 5270 | 5176 | 1799 | 12427 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **May-13** | 5205 | 5200 | 1760 | 12502 | -65 | 24 | -39 | 75 |
| **June-13** | 5167 | 5163 | 1802 | 12523 | -38 | -37 | 42 | 21 |
| **July-13** | 5184 | 5146 | 1740 | 12527 | 17 | -17 | -62 | 4 |
| **August-13** | 5201 | 5117 | 1759 | 12572 | 17 | -29 | 19 | 45 |
| **September-13** | 5199 | 5096 | 1782 | 12605 | -2 | -21 | 23 | 33 |
| **October-13** | 5129 | 5090 | 1855 | 12643 | -70 | -6 | 73 | 38 |
| **November-13** | 5091 | 5064 | 1791 | 12727 | -38 | -26 | -64 | 84 |
| **December-13** | 5051 | 5131 | 1890 | 12804 | -40 | 67 | 99 | 77 |
| **January-14** | 5385 | 5232 | 1930 | 12839 | 334 | 101 | 40 | 35 |
| **February-14** | 5572 | 5359 | 2010 | 12884 | 187 | 127 | 80 | 45 |
| **March-14** | 5606 | 5365 | 1957 | 13038 | 34 | 6 | -53 | 154 |
| **April-14** | 5568 | 5373 | 1897 | 13124 | -38 | 8 | -60 | 86 |
| **May-14** | 5568 | 5364 | 1875 | 13165 | 0 | -9 | -22 | 41 |
| **June-14** | 5477 | 5332 | 1832 | 13227 | -91 | -32 | -43 | 62 |
| **July-14** | 5402 | 5243 | 1821 | 13296 | -75 | -89 | -11 | 69 |
| **August-14** | 5348 | 5257 | 1861 | 13361 | -54 | 14 | 40 | 65 |
| **September-14** | 5338 | 5306 | 1875 | 13385 | -10 | 49 | 14 | 24 |
| **October-14** | 5365 | 5353 | 1897 | 13473 | 27 | 47 | 22 | 88 |
| **November-14** | 5395 | 5273 | 1933 | 13500 | 30 | -80 | 36 | 27 |
| **December-14** | 5424 | 5266 | 1930 | 13566 | 29 | -7 | -3 | 66 |
| **January-15** | 5441 | 5349 | 1921 | 13600 | 17 | 83 | -9 | 34 |
| **February-15** | 5308 | 5351 | 1874 | 13736 | -133 | 2 | -47 | 136 |
| **March-15** | 5480 | 5308 | 1920 | 13655 | 172 | -43 | 46 | -81 |
| **April-15** | 5497 | 5326 | 1902 | 13758 | 17 | 18 | -18 | 103 |
| **May-15** | 5520 | 5404 | 1873 | 13826 | 23 | 78 | -29 | 68 |
| **June-15** | 5535 | 5380 | 1862 | 13866 | 15 | -24 | -11 | 40 |
| **July-15** | 5505 | 5336 | 1918 | 13956 | -30 | -44 | 56 | 90 |
| **August-15** | 5545 | 5252 | 1924 | 13976 | 40 | -84 | 6 | 20 |
| **September-15** | 5533 | 5327 | 1939 | 14085 | -12 | 75 | 15 | 109 |
| **October-15** | 5435 | 5363 | 1942 | 14115 | -98 | 36 | 3 | 30 |
| **November-15** | 5374 | 5353 | 1977 | 14227 | -61 | -10 | 35 | 112 |
| **December-15** | 5417 | 5311 | 1981 | 14294 | 43 | -42 | 4 | 67 |
| **January-16** | 5409 | 5300 | 1997 | 14399 | -8 | -11 | 16 | 105 |
| **February-16** | 5401 | 5276 | 2016 | 14451 | -8 | -24 | 19 | 52 |
| **March-16** | 5378 | 5295 | 2056 | 14586 | -23 | 19 | 40 | 135 |
| **April-16** | 5339 | 5381 | 2064 | 14650 | -39 | 86 | 8 | 64 |
| **May-16** | 5289 | 5386 | 2053 | 14703 | -50 | 5 | -11 | 53 |

 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)