

# Labor Market Outlook:

# September 2016

### 19 September 2016

### Eylül 2015

**STRONG INCREASES IN UNEMPLOYMENT CONTINUE**

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**Executive Summary**

Seasonally adjusted labor market data show that nonagricultural unemployment rate increased by 0.6 percentage points and reached 12.9 percent in the period of June 2016. During this period, the number of people employed in agriculture, manufacturing and construction sectors decreased respectively by 129 thousand, 56 thousand and 66 thousand. In the service sector, the increase in employment remained limited to 28 thousand. Thus, the number of non-agricultural unemployed grew by 160 thousand in one month and reached 3 million 257 thousand. The unemployment rate which was 11.8 percent in the period of April 2016 increased by more than 1 percentage point and was at 12,9 percent in June 2016. The weak performance of GDP growth is reflected on labor market. Betam’s forecasting model predicts that the increase in non-agricultural unemployment will continue in the period of July 2016.

**Non-agricultural unemployment continues to increase rapidly**

According to seasonally adjusted labor market data, non-agricultural labor force increased by 67 thousand and reached 25 million 247 thousand whilst non-agricultural employment declined by 93 thousand and became 21 million 990 thousand in June 2016 compared to May 2016 (Figure 1,Table 1). Thus, the number of non-agricultural unemployed soared by 160 thousand compared to previous period. The cumulative (May and June) increase in the number of unemployed is more than 300 thousand and this rapid increase is worrysome for labor market.

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

  
Source: Turkstat, Betam

**Nonagricultural unemployment rate is expected to increase in the period of July**

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would remain constant at 12.2 percent in June 2016. The nonagricultural unemployment rate in May 2016 is revised to 12.3 percent by Turkstat. In June 2016, non-agricultural unemployment rate increased by 0.6 percent and reached 12,9 percent compared to May 2016. Betam’s forecasting model predicts the seasonally adjusted July 2016 nonagricultural unemployment rate will rise to 13.1 percent. The details of the forecasting model 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 1. 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 increase in July 2016.

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



Source: Kariyer.net, Turkstat, Betam

**Employment loss in agriculture, manufacturing and construction sectors**

According to seasonally adjusted sectoral labor market data, the number of people employed in agriculture, manufacturing and construction sectors declined in June 2016. Moreover, the increase in service sector employment slowed down compared to previous periods (Figure 3, Table 2).[[6]](#footnote-6)The employment loss in agriculture, manufacturing and construction sectors were recorded at 129 thousand, 56 thousand and 66 thousand, respectively. In service sector, the increase in employment is limited to 28 thousand.

Figure 3: Employment by sectors (in thousands)

Source: Turkstat, Betam

**Year-on-year unemployment keeps on increasing**

From June 2015 to June 2016, the nonagricultural labor force increased by 1 million 61 thousand (4.4 percent) and the nonagricultural employment increased by 811 thousand (3.8 percent). Moreover, the number of non-agricultural unemployed increased by 250 thousand in the period of June 2016.

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



Source: Turkstat, Betam

Both male and female unemployment increased

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 June 2016, the nonagricultural female labor force and the nonagricultural male labor force increased by 604 thousand and 443 thousand respectively compared to May 2015. On the other hand, nonagricultural female employment increased by 483 thousand whereas the increase in nonagricultural male employment was limited to 327 thousand. The number of unemployed women and men in non-agricultural sectors increased by 121 thousand and 116 thousand respectively. Compared to June 2015, the non-agricultural male unemployment rate grew from 10 percent to 10.4 percent and the non-agricultural female unemployment rate from 16.4 percent to 16.7 percent.

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** | | |
| **May-13** | 21838 | 19458 | 2380 | 10.9% | **Labor force** | **Employment** | **Unemployment** |
| **June-13** | 21829 | 19493 | 2336 | 10.7% | -10 | 35 | -45 |
| **July-13** | 21820 | 19420 | 2400 | 11.0% | -8 | -73 | 65 |
| **August-13** | 21907 | 19453 | 2454 | 11.2% | 86 | 33 | 53 |
| **September-13** | 21943 | 19485 | 2458 | 11.2% | 36 | 32 | 4 |
| **October-13** | 21984 | 19588 | 2396 | 10.9% | 42 | 103 | -61 |
| **November-13** | 22002 | 19582 | 2420 | 11.0% | 18 | -6 | 24 |
| **December-13** | 22248 | 19823 | 2425 | 10.9% | 246 | 241 | 5 |
| **January-14** | 22518 | 19996 | 2522 | 11.2% | 270 | 173 | 97 |
| **February-14** | 22823 | 20244 | 2579 | 11.3% | 305 | 248 | 57 |
| **March-14** | 22946 | 20353 | 2593 | 11.3% | 123 | 109 | 14 |
| **April-14** | 23011 | 20388 | 2623 | 11.4% | 65 | 35 | 30 |
| **May-14** | 23075 | 20398 | 2677 | 11.6% | 63 | 10 | 53 |
| **June-14** | 23158 | 20402 | 2756 | 11.9% | 83 | 4 | 79 |
| **July-14** | 23253 | 20370 | 2883 | 12.4% | 96 | -32 | 128 |
| **August-14** | 23358 | 20485 | 2873 | 12.3% | 105 | 115 | -10 |
| **September-14** | 23537 | 20571 | 2966 | 12.6% | 179 | 86 | 93 |
| **October-14** | 23686 | 20725 | 2961 | 12.5% | 149 | 154 | -5 |
| **November-14** | 23717 | 20705 | 3012 | 12.7% | 31 | -20 | 51 |
| **December-14** | 23722 | 20757 | 2965 | 12.5% | 5 | 52 | -47 |
| **January-15** | 23816 | 20863 | 2953 | 12.4% | 94 | 106 | -12 |
| **February-15** | 23919 | 20953 | 2966 | 12.4% | 103 | 90 | 13 |
| **March-15** | 23826 | 20872 | 2954 | 12.4% | -92 | -81 | -11 |
| **April-15** | 23917 | 20975 | 2942 | 12.3% | 90 | 103 | -13 |
| **May-15** | 24047 | 21089 | 2958 | 12.3% | 130 | 114 | 16 |
| **June-15** | 24131 | 21139 | 2992 | 12.4% | 85 | 50 | 35 |
| **July-15** | 24212 | 21234 | 2978 | 12.3% | 81 | 95 | -14 |
| **August-15** | 24139 | 21170 | 2969 | 12.3% | -73 | -64 | -9 |
| **September-15** | 24359 | 21363 | 2996 | 12.3% | 220 | 193 | 27 |
| **October-15** | 24487 | 21426 | 3061 | 12.5% | 128 | 63 | 65 |
| **November-15** | 24576 | 21553 | 3023 | 12.3% | 89 | 127 | -38 |
| **December-15** | 24600 | 21574 | 3026 | 12.3% | 24 | 21 | 3 |
| **January-16** | 24658 | 21674 | 2984 | 12.1% | 58 | 100 | -42 |
| **February-16** | 24670 | 21710 | 2960 | 12.0% | 13 | 36 | -23 |
| **March-16** | 24819 | 21890 | 2929 | 11.8% | 148 | 180 | -32 |
| **April-16** | 24985 | 22037 | 2948 | 11.8% | 167 | 147 | 20 |
| **May-16** | 25180 | 22083 | 3097 | 12.3% | 195 | 46 | 149 |
| **June-16** | 25247 | 21990 | 3257 | 12.9% | 67 | -93 | 160 |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **May-13** | 5197 | 5200 | 1757 | 12501 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **June-13** | 5177 | 5163 | 1808 | 12523 | -20 | -37 | 51 | 22 |
| **July-13** | 5195 | 5146 | 1747 | 12527 | 18 | -17 | -61 | 4 |
| **August-13** | 5209 | 5117 | 1763 | 12573 | 14 | -29 | 16 | 46 |
| **September-13** | 5205 | 5096 | 1785 | 12605 | -4 | -21 | 22 | 32 |
| **October-13** | 5133 | 5090 | 1855 | 12643 | -72 | -6 | 70 | 38 |
| **November-13** | 5093 | 5064 | 1791 | 12727 | -40 | -26 | -64 | 84 |
| **December-13** | 5051 | 5131 | 1888 | 12804 | -42 | 67 | 97 | 77 |
| **January-14** | 5381 | 5232 | 1924 | 12839 | 330 | 101 | 36 | 35 |
| **February-14** | 5564 | 5359 | 2002 | 12884 | 183 | 127 | 78 | 45 |
| **March-14** | 5594 | 5365 | 1949 | 13038 | 30 | 6 | -53 | 154 |
| **April-14** | 5555 | 5373 | 1891 | 13124 | -39 | 8 | -58 | 86 |
| **May-14** | 5555 | 5364 | 1870 | 13164 | 0 | -9 | -21 | 40 |
| **June-14** | 5489 | 5332 | 1843 | 13227 | -66 | -32 | -27 | 63 |
| **July-14** | 5416 | 5243 | 1832 | 13296 | -73 | -89 | -11 | 69 |
| **August-14** | 5359 | 5257 | 1868 | 13361 | -57 | 14 | 36 | 65 |
| **September-14** | 5346 | 5306 | 1880 | 13385 | -13 | 49 | 12 | 24 |
| **October-14** | 5370 | 5353 | 1899 | 13473 | 24 | 47 | 19 | 88 |
| **November-14** | 5398 | 5273 | 1932 | 13500 | 28 | -80 | 33 | 27 |
| **December-14** | 5424 | 5266 | 1926 | 13566 | 26 | -7 | -6 | 66 |
| **January-15** | 5436 | 5349 | 1915 | 13600 | 12 | 83 | -11 | 34 |
| **February-15** | 5299 | 5351 | 1866 | 13736 | -137 | 2 | -49 | 136 |
| **March-15** | 5465 | 5308 | 1909 | 13655 | 166 | -43 | 43 | -81 |
| **April-15** | 5481 | 5326 | 1891 | 13757 | 16 | 18 | -18 | 102 |
| **May-15** | 5502 | 5404 | 1864 | 13821 | 21 | 78 | -27 | 64 |
| **June-15** | 5552 | 5380 | 1880 | 13880 | 50 | -24 | 16 | 59 |
| **July-15** | 5523 | 5336 | 1933 | 13965 | -29 | -44 | 53 | 85 |
| **August-15** | 5558 | 5252 | 1935 | 13983 | 35 | -84 | 2 | 18 |
| **September-15** | 5542 | 5327 | 1947 | 14090 | -16 | 75 | 12 | 107 |
| **October-15** | 5442 | 5363 | 1946 | 14117 | -100 | 36 | -1 | 27 |
| **November-15** | 5378 | 5353 | 1976 | 14224 | -64 | -10 | 30 | 107 |
| **December-15** | 5416 | 5311 | 1977 | 14286 | 38 | -42 | 1 | 62 |
| **January-16** | 5401 | 5300 | 1989 | 14384 | -15 | -11 | 12 | 98 |
| **February-16** | 5389 | 5276 | 2004 | 14429 | -12 | -24 | 15 | 45 |
| **March-16** | 5359 | 5295 | 2039 | 14556 | -30 | 19 | 35 | 127 |
| **April-16** | 5318 | 5381 | 2046 | 14610 | -41 | 86 | 7 | 54 |
| **May-16** | 5267 | 5386 | 2035 | 14663 | -51 | 5 | -11 | 53 |
| **June-16** | 5138 | 5330 | 1969 | 14691 | -129 | -56 | -66 | 28 |

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)