

# Labor Market Outlook:

# July 2016

### 15 July 2016

### Eylül 2015

**STRONG INCREASE IN MANUFACTURING EMPLOYMENT**

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**Executive Summary**

Seasonally adjusted labor market data shows that nonagricultural unemployment rate remained constant at the level of 11.5 percent in the period of April 2016. Betam's forecasting model estimates that the nonagricultural unemployment rate will remain constant in the period of May 2016. In this period, strong increases were observed in both nonagricultural labor force and nonagricultural employment. Remarkably, employment increases are driven mainly by the manufacturing sector. Note that the number of unemployed females increased and the number of unemployed males declined in the period of April 2016 compared to April 2015.

**Seasonally adjusted nonagricultural unemployment did not change**

According to seasonally adjusted data, nonagricultural labor force increased by 177 thousand, and reached 24 million 997 thousand in the period of April 2016 compared to the period of February 2016. Nonagricultural employment increased by 157 thousand, and reached 22 million 122 thousand (Figure 1, Table 1). Hence, nonagricultural unemployed increased by 20 thousand.

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



Source: Turkstat, Betam

**Nonagricultural unemployment will remain constant**

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would decline from 11.5 percent to 11.4 percent in April 2016. However, in this period, nonagricultural unemployment remained constant at the level of 11.5 percent. Betam's forecasting model predicts that seasonally adjusted nonagricultural unemployment rate will remain constant at the level of 11.5 percent in the period of May 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 not change in the period of May 2016.

Figure 2 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



Source: Kariyer.net, Turkstat, Betam

**Strong employment increase in manufacturing**

According to seasonally adjusted labor market series, employment increased in all sectors except agriculture in the period of April 2016 compared to the period of March 2016 (Figure 3,Table 2)[[6]](#footnote-6). From the period of March to the period of April, agricultural employment decreased by 37 thousand and employment in construction increased merely by 7 thousand. Employment increase in services is recorded around 65 thousand. Employment in manufacturing increased by 86 thousand. Manufacturing employment was decreasing from the period of October 2015 until the period of February 2016; however, it increased in March and April. The upward pressure on unemployment due to the strong increases in labor force were counteracted by the increase in employment in the manufacturing sector.

Figure 3 Employment by sectors (in thousands)



Source: Turkstat,Betam

**Strong increases in labor force and employment continue**

In the period of April 2016, nonagricultural labor force increased by 1 million 141 thousand (4.8 percent), nonagricultural employment increased by 1 million 159 thousand (5.5 percent) and nonagricultural unemployment decreased by 18 thousand compared to the same period in the previous year (Figure 4). Note that strong increases in labor force and employment continue since March 2016.

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



Source: Turkstat; Betam

Female unemployed increased, male unemployed 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).

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



Source: Turkstat; Betam

The nonagricultural female labor force increased by 601 thousand and nonagricultural male labor force increased by 5557 thousand in April 2016 compared to April 2015. Female employment increased by 585 thousand and male employment increased by 573 thousand in the same period. In parallel, the number of unemployed women increased by 16 thousand while number of unemployed men decreased by 16 thousand.

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** | | |
| **March-13** | 21587 | 19256 | 2331 | 10.8% | **Labor force** | **Employment** | **Unemployment** |
| **April-13** | 21777 | 19403 | 2374 | 10.9% | 189 | 147 | 42 |
| **May-13** | 21841 | 19460 | 2381 | 10.9% | 64 | 57 | 7 |
| **June-13** | 21845 | 19486 | 2359 | 10.8% | 5 | 26 | -21 |
| **July-13** | 21835 | 19411 | 2424 | 11.1% | -11 | -75 | 64 |
| **August-13** | 21900 | 19447 | 2453 | 11.2% | 65 | 36 | 29 |
| **September-13** | 21964 | 19482 | 2482 | 11.3% | 64 | 35 | 29 |
| **October-13** | 22009 | 19588 | 2421 | 11.0% | 45 | 106 | -61 |
| **November-13** | 22002 | 19582 | 2420 | 11.0% | -7 | -6 | -1 |
| **December-13** | 22253 | 19827 | 2426 | 10.9% | 250 | 245 | 5 |
| **January-14** | 22502 | 20004 | 2498 | 11.1% | 249 | 177 | 72 |
| **February-14** | 22811 | 20256 | 2555 | 11.2% | 309 | 252 | 57 |
| **March-14** | 22932 | 20364 | 2568 | 11.2% | 122 | 108 | 14 |
| **April-14** | 22995 | 20397 | 2598 | 11.3% | 63 | 33 | 30 |
| **May-14** | 23078 | 20401 | 2677 | 11.6% | 83 | 4 | 79 |
| **June-14** | 23168 | 20388 | 2780 | 12.0% | 90 | -13 | 103 |
| **July-14** | 23264 | 20356 | 2908 | 12.5% | 96 | -32 | 128 |
| **August-14** | 23374 | 20476 | 2898 | 12.4% | 110 | 120 | -10 |
| **September-14** | 23558 | 20566 | 2992 | 12.7% | 183 | 90 | 93 |
| **October-14** | 23712 | 20724 | 2988 | 12.6% | 154 | 158 | -4 |
| **November-14** | 23719 | 20707 | 3012 | 12.7% | 8 | -17 | 25 |
| **December-14** | 23730 | 20764 | 2966 | 12.5% | 11 | 57 | -46 |
| **January-15** | 23828 | 20873 | 2955 | 12.4% | 97 | 109 | -12 |
| **February-15** | 23878 | 20965 | 2913 | 12.2% | 51 | 92 | -41 |
| **March-15** | 23789 | 20887 | 2902 | 12.2% | -89 | -78 | -11 |
| **April-15** | 23856 | 20993 | 2863 | 12.0% | 66 | 106 | -40 |
| **May-15** | 24049 | 21091 | 2958 | 12.3% | 193 | 98 | 95 |
| **June-15** | 24140 | 21098 | 3042 | 12.6% | 91 | 7 | 84 |
| **July-15** | 24230 | 21201 | 3029 | 12.5% | 90 | 103 | -13 |
| **August-15** | 24167 | 21146 | 3021 | 12.5% | -63 | -55 | -8 |
| **September-15** | 24371 | 21349 | 3022 | 12.4% | 204 | 203 | 1 |
| **October-15** | 24509 | 21421 | 3088 | 12.6% | 138 | 72 | 66 |
| **November-15** | 24586 | 21562 | 3024 | 12.3% | 77 | 141 | -64 |
| **December-15** | 24597 | 21596 | 3001 | 12.2% | 11 | 34 | -23 |
| **January-16** | 24672 | 21711 | 2961 | 12.0% | 75 | 115 | -40 |
| **February-16** | 24675 | 21763 | 2912 | 11.8% | 3 | 52 | -49 |
| **March-16** | 24819 | 21965 | 2854 | 11.5% | 145 | 202 | -57 |
| **April-16** | 24997 | 22122 | 2875 | 11.5% | 177 | 157 | 20 |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **March-13** | 5287 | 5083 | 1766 | 12407 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **April-13** | 5273 | 5176 | 1800 | 12427 | -14 | 93 | 34 | 20 |
| **May-13** | 5202 | 5200 | 1759 | 12502 | -71 | 24 | -41 | 75 |
| **June-13** | 5163 | 5163 | 1800 | 12523 | -39 | -37 | 41 | 21 |
| **July-13** | 5181 | 5146 | 1737 | 12527 | 18 | -17 | -63 | 4 |
| **August-13** | 5199 | 5117 | 1757 | 12572 | 18 | -29 | 20 | 45 |
| **September-13** | 5198 | 5096 | 1781 | 12605 | -1 | -21 | 24 | 33 |
| **October-13** | 5129 | 5090 | 1855 | 12643 | -69 | -6 | 74 | 38 |
| **November-13** | 5091 | 5064 | 1791 | 12727 | -38 | -26 | -64 | 84 |
| **December-13** | 5052 | 5131 | 1891 | 12804 | -39 | 67 | 100 | 77 |
| **January-14** | 5387 | 5232 | 1932 | 12839 | 335 | 101 | 41 | 35 |
| **February-14** | 5575 | 5359 | 2014 | 12884 | 188 | 127 | 82 | 45 |
| **March-14** | 5610 | 5365 | 1960 | 13038 | 35 | 6 | -54 | 154 |
| **April-14** | 5572 | 5373 | 1900 | 13124 | -38 | 8 | -60 | 86 |
| **May-14** | 5563 | 5364 | 1872 | 13165 | -9 | -9 | -28 | 41 |
| **June-14** | 5472 | 5332 | 1829 | 13227 | -91 | -32 | -43 | 62 |
| **July-14** | 5398 | 5243 | 1817 | 13296 | -74 | -89 | -12 | 69 |
| **August-14** | 5345 | 5257 | 1858 | 13361 | -53 | 14 | 41 | 65 |
| **September-14** | 5336 | 5306 | 1874 | 13385 | -9 | 49 | 16 | 24 |
| **October-14** | 5364 | 5353 | 1897 | 13473 | 28 | 47 | 23 | 88 |
| **November-14** | 5395 | 5273 | 1933 | 13500 | 31 | -80 | 36 | 27 |
| **December-14** | 5426 | 5266 | 1932 | 13566 | 31 | -7 | -1 | 66 |
| **January-15** | 5444 | 5349 | 1924 | 13600 | 18 | 83 | -8 | 34 |
| **February-15** | 5312 | 5351 | 1878 | 13736 | -132 | 2 | -46 | 136 |
| **March-15** | 5485 | 5308 | 1924 | 13655 | 173 | -43 | 46 | -81 |
| **April-15** | 5503 | 5326 | 1906 | 13761 | 18 | 18 | -18 | 106 |
| **May-15** | 5514 | 5404 | 1869 | 13819 | 11 | 78 | -37 | 58 |
| **June-15** | 5529 | 5380 | 1857 | 13861 | 15 | -24 | -12 | 42 |
| **July-15** | 5500 | 5336 | 1913 | 13952 | -29 | -44 | 56 | 91 |
| **August-15** | 5541 | 5252 | 1921 | 13973 | 41 | -84 | 8 | 21 |
| **September-15** | 5531 | 5327 | 1938 | 14084 | -10 | 75 | 17 | 111 |
| **October-15** | 5435 | 5363 | 1942 | 14117 | -96 | 36 | 4 | 33 |
| **November-15** | 5374 | 5353 | 1978 | 14231 | -61 | -10 | 36 | 114 |
| **December-15** | 5420 | 5311 | 1984 | 14302 | 46 | -42 | 6 | 71 |
| **January-16** | 5413 | 5300 | 2001 | 14410 | -7 | -11 | 17 | 108 |
| **February-16** | 5407 | 5276 | 2021 | 14467 | -6 | -24 | 20 | 57 |
| **March-16** | 5384 | 5295 | 2063 | 14606 | -23 | 19 | 42 | 139 |
| **April-16** | 5347 | 5381 | 2070 | 14671 | -37 | 86 | 7 | 65 |

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)