

# Labor Market Outlook:

# October 2016

### 17 October 2016

### Eylül 2015

**LARGE EMPLOYMENT LOSSES IN MANUFACTURING**

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**Executive Summary**

Seasonally adjusted labor market data show that nonagricultural unemployment rate increased by 0.6 percentage points and reached 13.2 percent in the period of July 2016. In this period, the number of people employed in agriculture, services and construction sectors increased by 76 thousand, 21 thousand and 5 thousand respectively. On the other hand, there is an employment loss by 76 thousand in the manufacturing sector. In line with these developments, the number of unemployed in non-agricultural sectors grew by 50 thousand in one month and reached 3 million 327 thousand. The unemployment rate which was 11.8 percent in the period of April 2016 increased by almost 1,5 percentage points and reached 13,2 percent in July 2016. Betam’s forecasting model predicts that the increase in non-agricultural unemployment will continue in the period of August.

**Increase in non-agricultural unemployment continues**

According to seasonally adjusted labor market data, non-agricultural labor force remained almost constant at 25 million 203 thousand while non-agricultural employment declined by 51 thousand compared to June 2016 period and reached 21 million 876 thousand (Figure 1,Table 1). The increase in non-agricultural unemployment continues in the period of July 2016, albeit at a slower pace. Compared to June, the number of non-agricultural unemployed increased by 50 thousand and is now over 3 million 300 thousand.

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 August**

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would increase by 0.2 percentage point and become 13.1 percent in July 2016. June 2016 nonagricultural unemployment rate is revised to 13 percent by Turkstat. In July 2016, non-agricultural unemployment rate increased by 0.2 percent and reached 13.2 percent compared to June 2016. Betam’s forecasting model predicts the seasonally adjusted August 2016 nonagricultural unemployment rate will rise to 13.3 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 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 continue to increase in the period of August 2016.

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



Source: Kariyer.net, Turkstat, Betam

**Employment losses of 76 thousand in manufacturing sector**

According to seasonally adjusted sectoral labor market data, the number of people employed in agriculture, services and construction sectors increased by 76 thousand, 21 thousand and 5 thousand respectively. On the other hand, there is an employment loss by 76 thousand in manufacturing (Figure 3, Table 2) [[6]](#footnote-6). The increase in service sector employment has decelerated in the last two periods. Construction sector employment increased only by 4 thousand after having recorded large employment losses in the previous period. On the other hand, the cumulative employment loss of employment in the last two periods in manufacturing sector is over 130 thousand.

Figure 3: Employment by sectors (in thousands)

  
Source: Turkstat, Betam

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

From July 2015 to July 2016 the nonagricultural labor force increased by 952 thousand (3.9 percent) and nonagricultural employment increased by 586 thousand (2.7 percent). Thus, the number of non-agricultural unemployed increased by 366 thousand in the period of July 2016. It is striking that the annual increase in non-agricultural employment has slowed down. Nevertheless, the increase in non-agricultural labor force continues. Parallel to these developments, we observe an increase in the number of unemployed people in non-agricultural sectors.

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



Source: Turkstat, Betam

Non-agricultural unemployment increases both in female and male

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 July 2016, nonagricultural female labor force and nonagricultural male labor force increased by 520 thousand and 433 thousand respectively compared to July 2015. On the other hand, nonagricultural female employment increased by 322 thousand whereas the increase in nonagricultural male employment was limited to 264 thousand. The number of non-agricultural unemployed women and men increased by 198 thousand and 169 thousand respectively. Compared to July 2015, the non-agricultural male unemployment rate grew from 9.9 percent to 10.7 percent and the non-agricultural female unemployment rate rose from 17.6 percent to 19.1 percent.

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** | | |
| **June-13** | 21822 | 19487 | 2335 | 10.7% | **Labor force** | **Employment** | **Unemployment** |
| **July-13** | 21812 | 19413 | 2399 | 11.0% | -10 | -74 | 64 |
| **August-13** | 21901 | 19448 | 2453 | 11.2% | 89 | 35 | 54 |
| **September-13** | 21940 | 19483 | 2457 | 11.2% | 39 | 35 | 4 |
| **October-13** | 21984 | 19588 | 2396 | 10.9% | 44 | 105 | -61 |
| **November-13** | 22002 | 19582 | 2420 | 11.0% | 18 | -6 | 24 |
| **December-13** | 22250 | 19825 | 2425 | 10.9% | 248 | 243 | 5 |
| **January-14** | 22524 | 20001 | 2523 | 11.2% | 273 | 176 | 97 |
| **February-14** | 22806 | 20252 | 2554 | 11.2% | 283 | 251 | 32 |
| **March-14** | 22953 | 20359 | 2594 | 11.3% | 146 | 107 | 39 |
| **April-14** | 23018 | 20394 | 2624 | 11.4% | 65 | 35 | 30 |
| **May-14** | 23080 | 20403 | 2677 | 11.6% | 62 | 9 | 53 |
| **June-14** | 23144 | 20390 | 2754 | 11.9% | 64 | -13 | 77 |
| **July-14** | 23242 | 20360 | 2882 | 12.4% | 98 | -30 | 128 |
| **August-14** | 23350 | 20478 | 2872 | 12.3% | 108 | 118 | -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** | 23727 | 20761 | 2966 | 12.5% | 9 | 55 | -46 |
| **January-15** | 23824 | 20870 | 2954 | 12.4% | 97 | 109 | -12 |
| **February-15** | 23928 | 20961 | 2967 | 12.4% | 104 | 91 | 13 |
| **March-15** | 23838 | 20882 | 2956 | 12.4% | -90 | -79 | -11 |
| **April-15** | 23928 | 20985 | 2943 | 12.3% | 90 | 103 | -13 |
| **May-15** | 24057 | 21098 | 2959 | 12.3% | 129 | 113 | 16 |
| **June-15** | 24133 | 21116 | 3017 | 12.5% | 76 | 18 | 58 |
| **July-15** | 24211 | 21233 | 2978 | 12.3% | 78 | 117 | -39 |
| **August-15** | 24137 | 21168 | 2969 | 12.3% | -74 | -65 | -9 |
| **September-15** | 24333 | 21364 | 2969 | 12.2% | 196 | 196 | 0 |
| **October-15** | 24488 | 21427 | 3061 | 12.5% | 155 | 63 | 92 |
| **November-15** | 24578 | 21555 | 3023 | 12.3% | 90 | 128 | -38 |
| **December-15** | 24602 | 21576 | 3026 | 12.3% | 24 | 21 | 3 |
| **January-16** | 24658 | 21674 | 2984 | 12.1% | 56 | 98 | -42 |
| **February-16** | 24668 | 21708 | 2960 | 12.0% | 11 | 34 | -23 |
| **March-16** | 24814 | 21886 | 2928 | 11.8% | 146 | 178 | -32 |
| **April-16** | 24973 | 22026 | 2947 | 11.8% | 159 | 140 | 19 |
| **May-16** | 25156 | 22062 | 3094 | 12.3% | 183 | 36 | 147 |
| **June-16** | 25203 | 21927 | 3276 | 13.0% | 47 | -135 | 182 |
| **July-16** | 25203 | 21876 | 3327 | 13.2% | -1 | -51 | 50 |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **June-13** | 5170 | 5163 | 1802 | 12522 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **July-13** | 5177 | 5146 | 1740 | 12527 | 7 | -17 | -62 | 5 |
| **August-13** | 5195 | 5117 | 1759 | 12572 | 18 | -29 | 19 | 45 |
| **September-13** | 5194 | 5096 | 1782 | 12605 | -1 | -21 | 23 | 33 |
| **October-13** | 5126 | 5090 | 1855 | 12643 | -68 | -6 | 73 | 38 |
| **November-13** | 5088 | 5064 | 1791 | 12727 | -38 | -26 | -64 | 84 |
| **December-13** | 5050 | 5131 | 1890 | 12804 | -38 | 67 | 99 | 77 |
| **January-14** | 5386 | 5232 | 1930 | 12839 | 336 | 101 | 40 | 35 |
| **February-14** | 5576 | 5359 | 2010 | 12883 | 190 | 127 | 80 | 44 |
| **March-14** | 5613 | 5365 | 1957 | 13038 | 37 | 6 | -53 | 155 |
| **April-14** | 5574 | 5373 | 1897 | 13123 | -39 | 8 | -60 | 85 |
| **May-14** | 5574 | 5364 | 1875 | 13164 | 0 | -9 | -22 | 41 |
| **June-14** | 5482 | 5332 | 1832 | 13226 | -92 | -32 | -43 | 62 |
| **July-14** | 5393 | 5243 | 1821 | 13295 | -89 | -89 | -11 | 69 |
| **August-14** | 5340 | 5257 | 1861 | 13360 | -53 | 14 | 40 | 65 |
| **September-14** | 5332 | 5306 | 1876 | 13385 | -8 | 49 | 15 | 25 |
| **October-14** | 5360 | 5353 | 1898 | 13473 | 28 | 47 | 22 | 88 |
| **November-14** | 5391 | 5273 | 1933 | 13500 | 31 | -80 | 35 | 27 |
| **December-14** | 5423 | 5266 | 1930 | 13565 | 32 | -7 | -3 | 65 |
| **January-15** | 5442 | 5349 | 1921 | 13599 | 19 | 83 | -9 | 34 |
| **February-15** | 5312 | 5351 | 1874 | 13736 | -130 | 2 | -47 | 137 |
| **March-15** | 5487 | 5308 | 1919 | 13655 | 175 | -43 | 45 | -81 |
| **April-15** | 5505 | 5326 | 1901 | 13757 | 18 | 18 | -18 | 102 |
| **May-15** | 5528 | 5404 | 1873 | 13821 | 23 | 78 | -28 | 64 |
| **June-15** | 5543 | 5380 | 1861 | 13875 | 15 | -24 | -12 | 54 |
| **July-15** | 5494 | 5336 | 1919 | 13979 | -49 | -44 | 58 | 104 |
| **August-15** | 5535 | 5252 | 1924 | 13992 | 41 | -84 | 5 | 13 |
| **September-15** | 5525 | 5327 | 1940 | 14097 | -10 | 75 | 16 | 105 |
| **October-15** | 5429 | 5363 | 1942 | 14121 | -96 | 36 | 2 | 24 |
| **November-15** | 5369 | 5353 | 1977 | 14225 | -60 | -10 | 35 | 104 |
| **December-15** | 5416 | 5311 | 1981 | 14284 | 47 | -42 | 4 | 59 |
| **January-16** | 5411 | 5300 | 1997 | 14377 | -5 | -11 | 16 | 93 |
| **February-16** | 5406 | 5276 | 2016 | 14416 | -5 | -24 | 19 | 39 |
| **March-16** | 5387 | 5295 | 2056 | 14535 | -19 | 19 | 40 | 119 |
| **April-16** | 5349 | 5381 | 2063 | 14582 | -38 | 86 | 7 | 47 |
| **May-16** | 5300 | 5386 | 2052 | 14625 | -49 | 5 | -11 | 43 |
| **June-16** | 5126 | 5330 | 1944 | 14652 | -174 | -56 | -108 | 27 |
| **July-16** | 5202 | 5254 | 1948 | 14673 | 76 | -76 | 4 | 21 |

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)