

**Labor Market Outlook:**

**November 2016**

**16 November 2016**

**UNEMPLOYMENT CONTINUES TO INCREASE**

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**Executive Summary**

Seasonally adjusted labor market data show that nonagricultural unemployment rate increased by 0.2 percentage points and reached 13.5 percent in the period of August 2016. In this period, number of people employed in agriculture and services increased by 57 and 15 thousand, respectively. On the other hand, there is an employment loss by 30 thousand in manufacturing sector. Parallel to these developments, the number of unemployed in non-agricultural sectors grew by 55 thousand and reached 3 million 404 thousand. The unemployment rate which was 11.8 percent in the period of April 2016 increased by 1.7 percentage points and reached 13,5 percent in August 2016. Betam’s forecasting model predicts that the non-agricultural unemployment will remain constant in the period of September.

**Strong decrese in non agricultural employment**

Strikingly, despite the slow down in the growth of labor force, non-agricultural unemployment increased in last four periods. According to the seasonally adjusted labor market data, the increase in labor force which was 344 thousand in December-April period, remained limited to 269 thousand in May-August period. In return, we observe a strong decline in non agricultural employment. The non agricultural employment increased by 426 thousand in December-April period whilst it declined by 191 thousand during May-August period ( Figure 1 and Table 1).Even though the increase in the number of unemployed in non agricultural sectors slowed down, it continues to grow. The number of non agricultural unemployed people that increased by 135 thousand by month in average during the period of April-July, grew by 55 thousand and reached 3 million 404 thousand due to the increase in labor force by 32 thousand and the decline in employment by 23 thousand.

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



Source: Turkstat, Betam

**Nonagricultural unemployment rate is expected to remain constant in the period of September**

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would increase by 0.1 percentage point and become 13.3 percent in August 2016. July 2016 nonagricultural unemployment rate is revised to 13.3 percent by Turkstat. In August 2016, non-agricultural unemployment rate increased by 0.2 percent and reached 13.5 percent compared to August 2016. Betam’s forecasting model predicts the seasonally adjusted September 2016 nonagricultural unemployment rate will remain constant at 13.5 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 loss persists in manufacturing sector**

According to seasonally adjusted sectoral labor market data, employment in agriculture and services increased by 57 thousand and 15 thousand, respectively. On the other hand, employment in manufacturing and construction sectors declined by 30 thousand and 8 thousand respectively (Figure 3, Table 2).[[6]](#footnote-6) In last three periods, employment loss in manufacturing sector reached 162 thousand. The limited increase of employment in service sector still continues in the period of August 2016 but on a slowing path. The increase in service sector employment between May and August period is limited to 92 thousand while it was around 276 thousand during January-April period.

Figure 3: Employment by sectors (in thousands)



Source: Turkstat, Betam

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

From August 2015 to August 2016 the nonagricultural labor force increased by 1 million 34 thousand (4.3 percent) and nonagricultural employment increased by 579 thousand (2.7 percent).Thus the number of non-agricultural unemployed increased by 455 thousand in the period of August 2016. It is striking that the annual increase non-agricultural employment has slowed down strongly. 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).

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. Under these circumstances, we use the year-on-year changes in male and female labor market statistics to observe the gender 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 August 2016, nonagricultural female and male labor force increased by 613 thousand and 432 thousand respectively compared to August 2015. On the other hand, nonagricultural female employment increased by 335 thousand whereas the increase in nonagricultural male employment was limited to 245 thousand. So, the number of non-agricultural unemployed women and men increased by 278 thousand and 187 thousand respectively. Compared to August 2015, the non-agricultural male unemployment rate grew from 10.1 percent to 10.9 percent while the non-agricultural female unemployment rate rose from 18.5 percent to 20.8 percent.

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** | | |
| **July-13** | 21812 | 19413 | 2399 | 11.0% | **Labor force** | **Employment** | **Unemployment** |
| **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 |
| **August-16** | 25217 | 21813 | 3404 | 13.5% | 15 | -63 | 78 |

Kaynak: TÜİK, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **July-13** | 5181 | 5146 | 1739 | 12527 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **August-13** | 5192 | 5117 | 1760 | 12573 | 11 | -29 | 21 | 46 |
| **September-13** | 5191 | 5096 | 1783 | 12605 | -1 | -21 | 23 | 32 |
| **October-13** | 5124 | 5090 | 1856 | 12643 | -67 | -6 | 73 | 38 |
| **November-13** | 5087 | 5064 | 1791 | 12727 | -37 | -26 | -65 | 84 |
| **December-13** | 5050 | 5131 | 1891 | 12804 | -37 | 67 | 100 | 77 |
| **January-14** | 5386 | 5232 | 1930 | 12839 | 336 | 101 | 39 | 35 |
| **February-14** | 5576 | 5359 | 2010 | 12883 | 190 | 127 | 80 | 44 |
| **March-14** | 5612 | 5365 | 1957 | 13038 | 36 | 6 | -53 | 155 |
| **April-14** | 5575 | 5373 | 1897 | 13123 | -37 | 8 | -60 | 85 |
| **May-14** | 5576 | 5364 | 1874 | 13163 | 1 | -9 | -23 | 40 |
| **June-14** | 5486 | 5332 | 1830 | 13226 | -90 | -32 | -44 | 63 |
| **July-14** | 5398 | 5243 | 1819 | 13295 | -88 | -89 | -11 | 69 |
| **August-14** | 5336 | 5257 | 1862 | 13361 | -62 | 14 | 43 | 66 |
| **September-14** | 5328 | 5306 | 1877 | 13385 | -8 | 49 | 15 | 24 |
| **October-14** | 5357 | 5353 | 1899 | 13473 | 29 | 47 | 22 | 88 |
| **November-14** | 5390 | 5273 | 1934 | 13500 | 33 | -80 | 35 | 27 |
| **December-14** | 5422 | 5266 | 1931 | 13565 | 32 | -7 | -3 | 65 |
| **January-15** | 5442 | 5349 | 1922 | 13600 | 20 | 83 | -9 | 35 |
| **February-15** | 5312 | 5351 | 1874 | 13735 | -130 | 2 | -48 | 135 |
| **March-15** | 5487 | 5308 | 1919 | 13654 | 175 | -43 | 45 | -81 |
| **April-15** | 5507 | 5326 | 1901 | 13757 | 20 | 18 | -18 | 103 |
| **May-15** | 5531 | 5404 | 1871 | 13820 | 24 | 78 | -30 | 63 |
| **June-15** | 5548 | 5380 | 1859 | 13875 | 17 | -24 | -12 | 55 |
| **July-15** | 5500 | 5336 | 1915 | 13974 | -48 | -44 | 56 | 99 |
| **August-15** | 5529 | 5252 | 1927 | 14005 | 29 | -84 | 12 | 31 |
| **September-15** | 5519 | 5327 | 1942 | 14105 | -10 | 75 | 15 | 100 |
| **October-15** | 5425 | 5363 | 1944 | 14128 | -94 | 36 | 2 | 23 |
| **November-15** | 5367 | 5353 | 1978 | 14230 | -58 | -10 | 34 | 102 |
| **December-15** | 5415 | 5311 | 1982 | 14285 | 48 | -42 | 4 | 55 |
| **January-16** | 5411 | 5300 | 1998 | 14374 | -4 | -11 | 16 | 89 |
| **February-16** | 5407 | 5276 | 2016 | 14408 | -4 | -24 | 18 | 34 |
| **March-16** | 5387 | 5295 | 2055 | 14522 | -20 | 19 | 39 | 114 |
| **April-16** | 5352 | 5381 | 2062 | 14561 | -35 | 86 | 7 | 39 |
| **May-16** | 5305 | 5386 | 2049 | 14598 | -47 | 5 | -13 | 37 |
| **June-16** | 5134 | 5330 | 1941 | 14617 | -171 | -56 | -108 | 19 |
| **July-16** | 5211 | 5254 | 1944 | 14638 | 77 | -76 | 3 | 21 |
| **August-16** | 5268 | 5224 | 1936 | 14653 | 57 | -30 | -8 | 15 |

Kaynak: TÜİK, 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)