

**Labor Market Outlook:**

**January 2018**

**15 January 2018**

**A SHARP DECREASE IN UNEMPLOYMENT**

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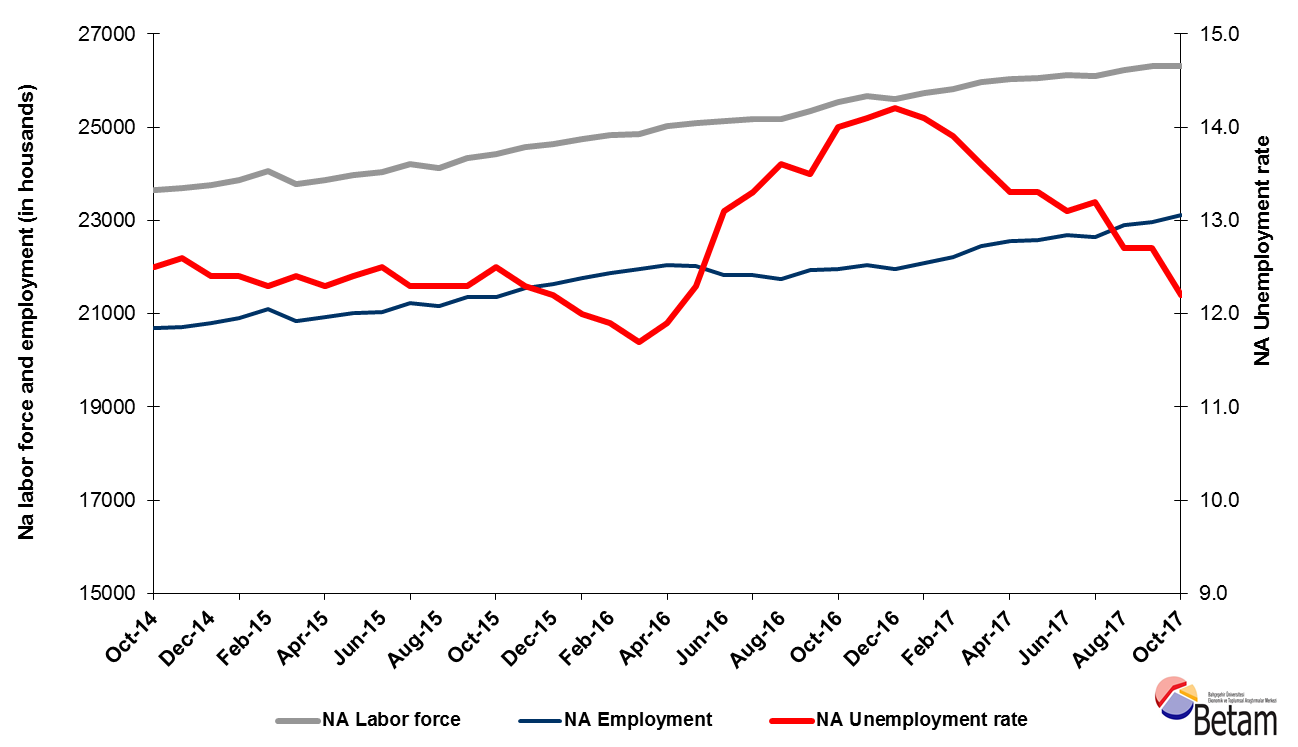
**Executive Summary**

Seasonally adjusted labor market data show that non-agricultural unemployment rate decreased by 0.5 percentage points in the period of October from September reaching 12.2 percent. On the other hand, according to seasonally adjusted labor data, non-agricultural unemployment rate of both females and males decreased. Betam’s forecasting model predicts that the non-agricultural unemployment will remain at 12.2 percent in the period of November 2017.

**Strong increase in employment, weak increase in labor force**

According to seasonally adjusted labor market data, in the period of October 2017 compared to September 2017, the non-agricultural labor force increased by 19 thousand and reached 26 million 318 thousand while the number people employed in non-agricultural sectors increased by 148 thousand and reached 23 million 107 thousand (Figure 1, Table 1). As result, the number of unemployed in non-agricultural sectors decreased by 129 thousand and recorded as 3 million 211 thousand and the non-agricultural unemployment rate decreased from 12.7 percent to 12.2 percent. Nevertheless, the declining unemployment rate since January 2017 is still above the lowest level of 11.7 per cent in March 2016.

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

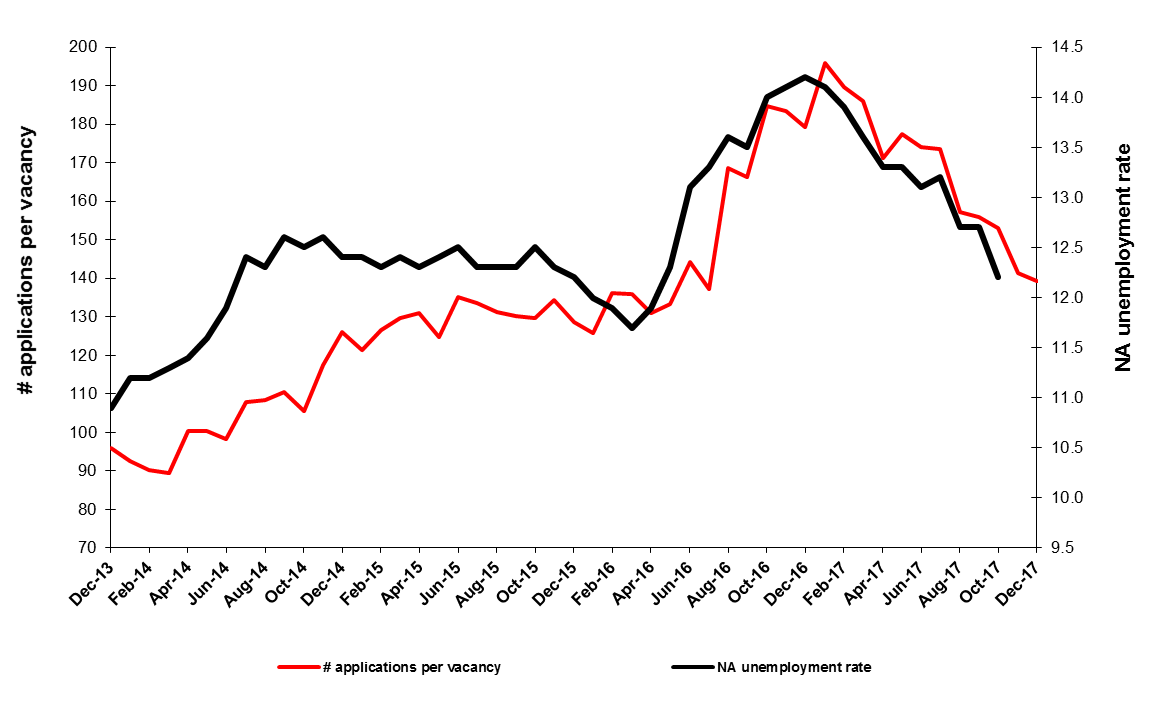


Source: Turkstat, Betam

**No change in unemployment rate is expected in the period of October 2017**

Betam's forecasting model had predicted that the seasonally adjusted non-agricultural unemployment rate would decrease by 0.2 percentage points reaching 12.5 percent in the period of October 2017. However, seasonally adjusted non-agricultural unemployment rate in October 2017 decreased by 0,5 percentage points and reached 12.2 compared to the previous period. Betam’s forecasting model predicts the seasonally adjusted November 2017 non-agricultural unemployment will remain at 12,2. Forecasting model details are available on Betam's website.[[3]](#footnote-3) Kariyer.net[[4]](#footnote-4) 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 non-agricultural unemployment rate will decline in the period of November 2017.

**Figure 2 Seasonally adjusted non-agricultural unemployment rate and application per vacancy**

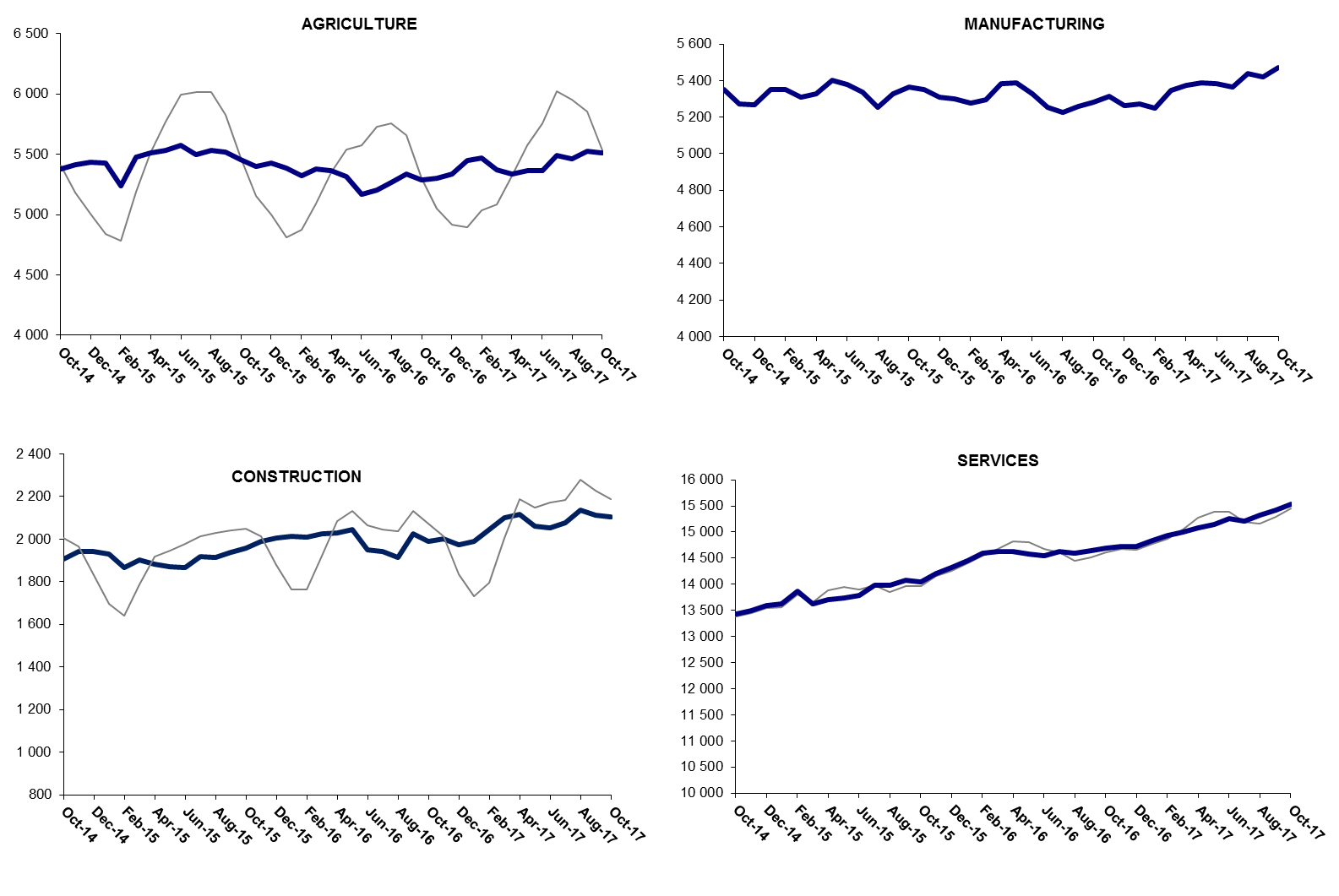


Source: Kariyer.net, Turkstat, Betam

**A strong employment increase in services continues**

According to seasonally adjusted sectoral labor market data, in October 2017 employment decreased in agriculture and construction sectors while the number of people employed in manufacture and services sectors increased compared to September 2017. An employment decrease of 16 thousand has been observed in manufacture sectors in the period of September 2017, while employment increased by 49 thousand in this sector in the period of October 2017. In the construction sector 23 thousand employment decline observed in September 2017 continued by 8 thousand in October 2017. High employment growth over 100 thousand observed in services since the period of August 2017 continued in the period of October 2017, employment increase attaining 107 thousand (**Error! Reference source not found.**,**Error! Reference source not found.**).[[5]](#footnote-5)

**Figure 3: Employment by sectors (in thousands)**

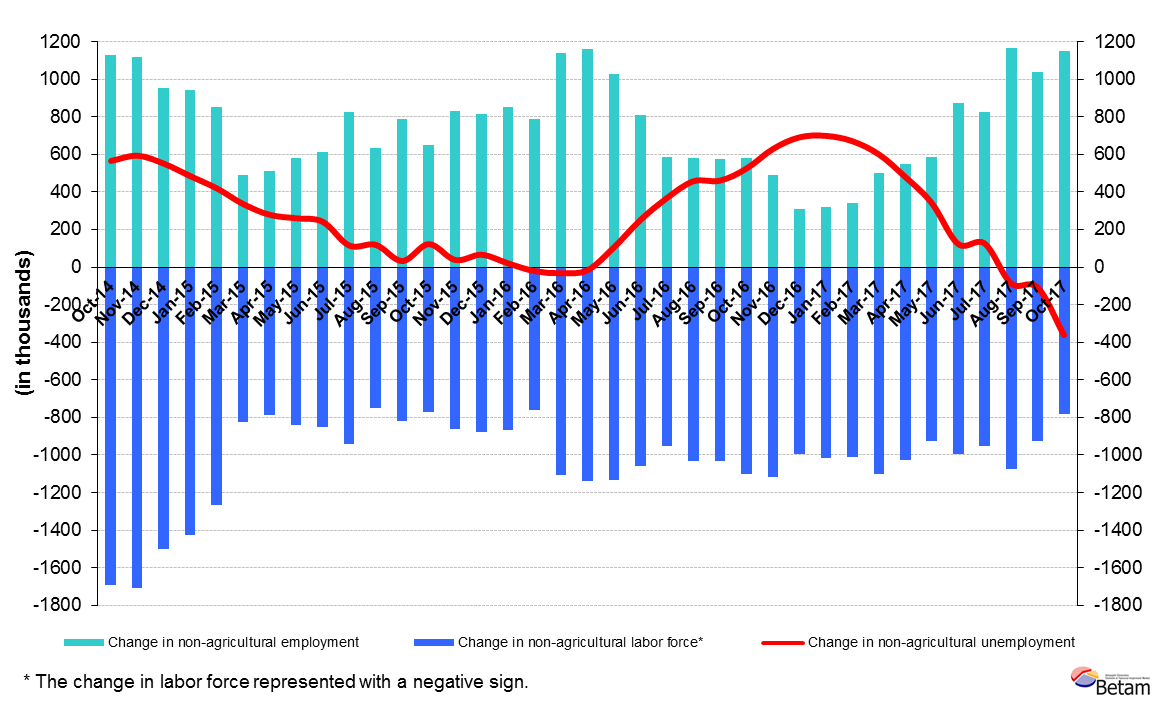
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Source: TURKSTAT, Betam

**The number of non-agricultural unemployed has decreased by 364 thousand in the last year**

From October 2016 to October 2017 non-agricultural labor force increased by 784 thousand (3.1 percent) and non-agricultural employment by 1 million 148 thousand (5.2 percent) (Figure 4). Thus, the decrease in non-agricultural unemployed decreased by 364 thousand and attained 3 million 241 thousand (Figure 4).

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

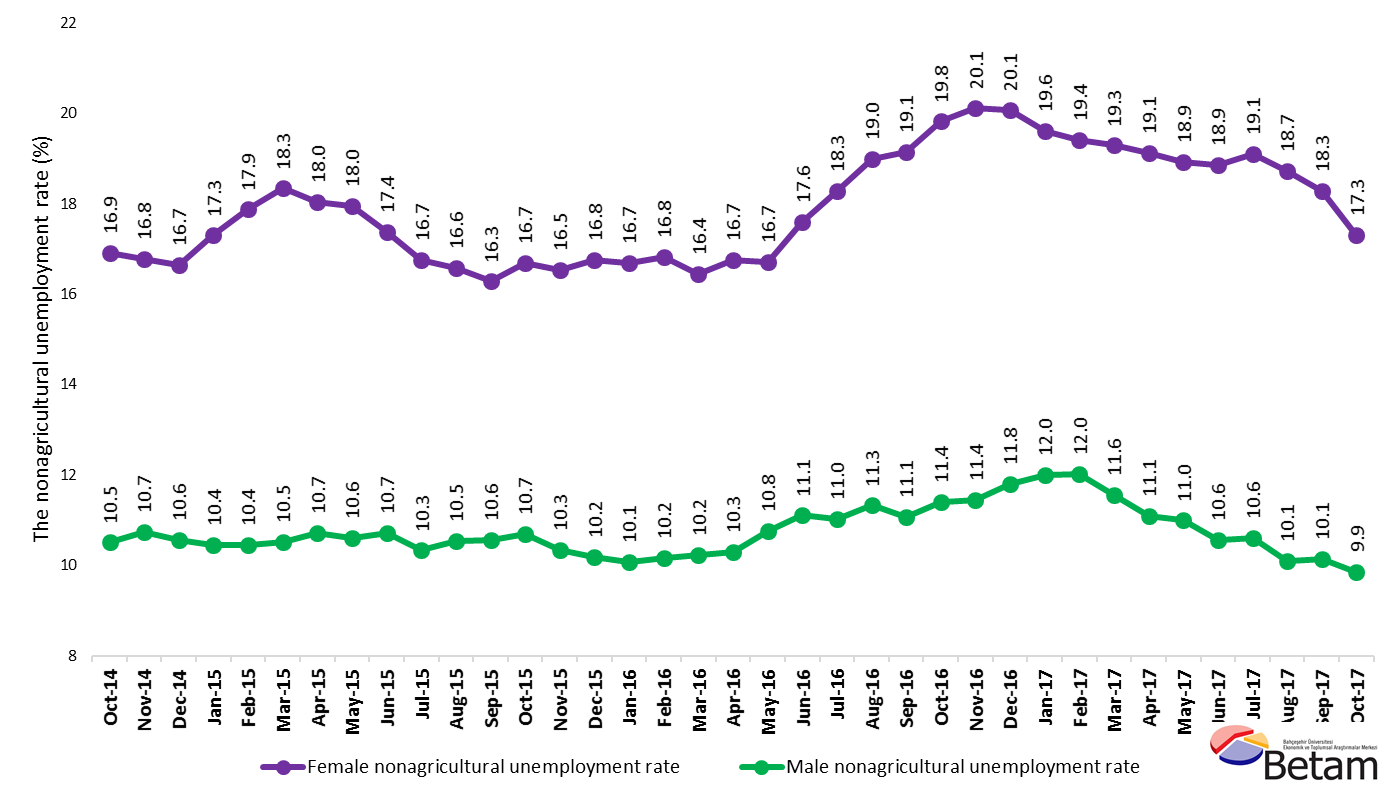


Source: Turkstat, Betam

Female and male unemployment

Figure 5 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)[[6]](#footnote-6). From the period of September 2017 to the period of October 2017, the non-agricultural female and male unemployment rate decreased by 1,0 and 0.3 percentage points respectively. Thus, non-agricultural unemployment decreased to 17.3 percent for females and to 9.9 percent for males.

**Figure 5: Seasonally adjusted nonagricultural unemployment rate by gender**



Source: Turkstat, Betam

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Labor force** | **Employment** | **Unemployment** | **Unemployment rate** | **Monthly changes** | | |
| **September-14** | 23514 | 20551 | 2963 | 12.6% | **Labor force** | **Employment** | **Unemployment** |
| **October-14** | 23649 | 20693 | 2956 | 12.5% | 135 | 142 | -7 |
| **November-14** | 23689 | 20704 | 2985 | 12.6% | 40 | 11 | 29 |
| **December-14** | 23748 | 20803 | 2945 | 12.4% | 59 | 99 | -40 |
| **January-15** | 23858 | 20900 | 2958 | 12.4% | 111 | 97 | 14 |
| **February-15** | 24049 | 21091 | 2958 | 12.3% | 191 | 191 | 0 |
| **March-15** | 23781 | 20832 | 2949 | 12.4% | -268 | -259 | -9 |
| **April-15** | 23855 | 20921 | 2934 | 12.3% | 74 | 89 | -15 |
| **May-15** | 23981 | 21007 | 2974 | 12.4% | 125 | 86 | 39 |
| **June-15** | 24033 | 21029 | 3004 | 12.5% | 53 | 22 | 31 |
| **July-15** | 24217 | 21238 | 2979 | 12.3% | 184 | 209 | -25 |
| **August-15** | 24121 | 21154 | 2967 | 12.3% | -96 | -84 | -12 |
| **September-15** | 24342 | 21348 | 2994 | 12.3% | 221 | 194 | 27 |
| **October-15** | 24415 | 21363 | 3052 | 12.5% | 73 | 15 | 58 |
| **November-15** | 24564 | 21543 | 3021 | 12.3% | 150 | 180 | -30 |
| **December-15** | 24644 | 21637 | 3007 | 12.2% | 79 | 94 | -15 |
| **January-16** | 24733 | 21765 | 2968 | 12.0% | 89 | 128 | -39 |
| **February-16** | 24837 | 21881 | 2956 | 11.9% | 104 | 116 | -12 |
| **March-16** | 24855 | 21947 | 2908 | 11.7% | 18 | 66 | -48 |
| **April-16** | 25012 | 22036 | 2976 | 11.9% | 157 | 89 | 68 |
| **May-16** | 25097 | 22010 | 3087 | 12.3% | 84 | -26 | 110 |
| **June-16** | 25120 | 21829 | 3291 | 13.1% | 23 | -181 | 204 |
| **July-16** | 25174 | 21826 | 3348 | 13.3% | 54 | -3 | 57 |
| **August-16** | 25162 | 21740 | 3422 | 13.6% | -12 | -86 | 74 |
| **September-16** | 25348 | 21926 | 3422 | 13.5% | 186 | 186 | 0 |
| **October-16** | 25534 | 21959 | 3575 | 14.0% | 186 | 33 | 153 |
| **November-16** | 25666 | 22047 | 3619 | 14.1% | 132 | 88 | 44 |
| **December-16** | 25601 | 21966 | 3635 | 14.2% | -64 | -81 | 17 |
| **January-17** | 25722 | 22095 | 3627 | 14.1% | 120 | 129 | -9 |
| **February-17** | 25812 | 22224 | 3588 | 13.9% | 90 | 129 | -39 |
| **March-17** | 25972 | 22440 | 3532 | 13.6% | 160 | 216 | -56 |
| **April-17** | 26023 | 22562 | 3461 | 13.3% | 51 | 122 | -71 |
| **May-17** | 26048 | 22584 | 3464 | 13.3% | 25 | 22 | 3 |
| **June-17** | 26109 | 22689 | 3420 | 13.1% | 61 | 105 | -44 |
| **July-17** | 26096 | 22651 | 3445 | 13.2% | -14 | -38 | 24 |
| **August-17** | 26219 | 22889 | 3330 | 12.7% | 123 | 238 | -115 |
| **September-17** | 26299 | 22959 | 3340 | 12.7% | 80 | 70 | 10 |
| **October-17** | 26318 | 23107 | 3211 | 12.2% | 19 | 148 | -129 |

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands) \*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Agriculture** | **Manufacturing** | **Construction** | **Service** | **Monthly changes** | | | |
| **September-14** | 5332 | 5306 | 1875 | 13370 | **Agriculture** | **Manufacturing** | **Construction** | **Service** |
| **October-14** | 5381 | 5353 | 1906 | 13433 | 49 | 47 | 31 | 63 |
| **November-14** | 5414 | 5273 | 1940 | 13491 | 33 | -80 | 34 | 58 |
| **December-14** | 5435 | 5266 | 1941 | 13596 | 21 | -7 | 1 | 105 |
| **January-15** | 5427 | 5349 | 1929 | 13623 | -8 | 83 | -12 | 27 |
| **February-15** | 5239 | 5351 | 1868 | 13871 | -188 | 2 | -61 | 248 |
| **March-15** | 5476 | 5308 | 1901 | 13623 | 237 | -43 | 33 | -248 |
| **April-15** | 5510 | 5326 | 1883 | 13713 | 34 | 18 | -18 | 90 |
| **May-15** | 5535 | 5404 | 1871 | 13733 | 25 | 78 | -12 | 20 |
| **June-15** | 5573 | 5380 | 1866 | 13784 | 38 | -24 | -5 | 51 |
| **July-15** | 5500 | 5336 | 1918 | 13985 | -73 | -44 | 52 | 201 |
| **August-15** | 5532 | 5252 | 1915 | 13987 | 32 | -84 | -3 | 2 |
| **September-15** | 5516 | 5327 | 1938 | 14082 | -16 | 75 | 23 | 95 |
| **October-15** | 5454 | 5363 | 1959 | 14042 | -62 | 36 | 21 | -40 |
| **November-15** | 5398 | 5353 | 1990 | 14200 | -56 | -10 | 31 | 158 |
| **December-15** | 5428 | 5311 | 2004 | 14322 | 30 | -42 | 14 | 122 |
| **January-16** | 5384 | 5300 | 2014 | 14452 | -44 | -11 | 10 | 130 |
| **February-16** | 5325 | 5276 | 2010 | 14596 | -59 | -24 | -4 | 144 |
| **March-16** | 5378 | 5295 | 2026 | 14626 | 53 | 19 | 16 | 30 |
| **April-16** | 5362 | 5381 | 2030 | 14625 | -16 | 86 | 4 | -1 |
| **May-16** | 5315 | 5386 | 2046 | 14578 | -47 | 5 | 16 | -47 |
| **June-16** | 5172 | 5330 | 1948 | 14551 | -143 | -56 | -98 | -27 |
| **July-16** | 5205 | 5254 | 1943 | 14628 | 33 | -76 | -5 | 77 |
| **August-16** | 5269 | 5224 | 1915 | 14602 | 64 | -30 | -28 | -26 |
| **September-16** | 5338 | 5260 | 2023 | 14643 | 69 | 36 | 108 | 41 |
| **October-16** | 5289 | 5282 | 1990 | 14687 | -49 | 22 | -33 | 44 |
| **November-16** | 5302 | 5316 | 2000 | 14732 | 13 | 34 | 10 | 45 |
| **December-16** | 5339 | 5265 | 1974 | 14727 | 37 | -51 | -26 | -5 |
| **January-17** | 5451 | 5274 | 1988 | 14833 | 112 | 9 | 14 | 106 |
| **February-17** | 5472 | 5251 | 2045 | 14929 | 21 | -23 | 57 | 96 |
| **March-17** | 5372 | 5346 | 2100 | 14994 | -100 | 95 | 55 | 65 |
| **April-17** | 5339 | 5372 | 2116 | 15073 | -33 | 26 | 16 | 79 |
| **May-17** | 5363 | 5386 | 2060 | 15138 | 24 | 14 | -56 | 65 |
| **June-17** | 5364 | 5383 | 2053 | 15254 | 1 | -3 | -7 | 116 |
| **July-17** | 5494 | 5363 | 2077 | 15211 | 130 | -20 | 24 | -43 |
| **August-17** | 5461 | 5437 | 2134 | 15318 | -33 | 74 | 57 | 107 |
| **September-17** | 5528 | 5421 | 2111 | 15427 | 67 | -16 | -23 | 109 |
| **October-17** | 5515 | 5470 | 2103 | 15534 | -13 | 49 | -8 | 107 |

Source: Turkstat, Betam

Table 1: Seasonally adjusted non-agricultural labor force by gender (thousands)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Female Labor Force** | **Female Employment** | **Female Unemployed** | **Male Labor Force** | **Male Employment** | **Male Unemployed** |
| **October-14** | 6388 | 5308 | 1080 | 17248 | 15436 | 1812 |
| **November-14** | 6399 | 5325 | 1074 | 17241 | 15390 | 1852 |
| **December-14** | 6419 | 5350 | 1069 | 17333 | 15503 | 1831 |
| **January-15** | 6505 | 5380 | 1125 | 17322 | 15514 | 1808 |
| **February-15** | 6565 | 5392 | 1173 | 17425 | 15605 | 1819 |
| **March-15** | 6520 | 5325 | 1196 | 17243 | 15429 | 1814 |
| **April-15** | 6540 | 5360 | 1180 | 17299 | 15445 | 1854 |
| **May-15** | 6623 | 5434 | 1189 | 17351 | 15512 | 1838 |
| **June-15** | 6654 | 5498 | 1156 | 17429 | 15561 | 1868 |
| **July-15** | 6747 | 5617 | 1130 | 17493 | 15686 | 1807 |
| **August-15** | 6712 | 5600 | 1112 | 17487 | 15646 | 1841 |
| **September-15** | 6758 | 5658 | 1100 | 17587 | 15729 | 1858 |
| **October-15** | 6780 | 5649 | 1132 | 17630 | 15744 | 1886 |
| **November-15** | 6873 | 5737 | 1136 | 17630 | 15806 | 1824 |
| **December-15** | 6973 | 5805 | 1168 | 17660 | 15862 | 1798 |
| **January-16** | 7017 | 5846 | 1171 | 17678 | 15898 | 1780 |
| **February-16** | 7053 | 5867 | 1187 | 17717 | 15917 | 1800 |
| **March-16** | 7057 | 5897 | 1160 | 17823 | 15999 | 1824 |
| **April-16** | 7141 | 5945 | 1196 | 17856 | 16017 | 1839 |
| **May-16** | 7173 | 5975 | 1198 | 17930 | 16000 | 1930 |
| **June-16** | 7258 | 5981 | 1277 | 17872 | 15888 | 1984 |
| **July-16** | 7268 | 5939 | 1328 | 17926 | 15950 | 1976 |
| **August-16** | 7325 | 5935 | 1390 | 17919 | 15890 | 2029 |
| **September-16** | 7375 | 5964 | 1411 | 17987 | 15998 | 1990 |
| **October-16** | 7441 | 5967 | 1475 | 18064 | 16006 | 2058 |
| **November-16** | 7457 | 5957 | 1500 | 18156 | 16077 | 2079 |
| **December-16** | 7462 | 5965 | 1497 | 18151 | 16011 | 2141 |
| **January-17** | 7457 | 5994 | 1463 | 18259 | 16067 | 2192 |
| **February-17** | 7519 | 6060 | 1459 | 18257 | 16065 | 2193 |
| **March-17** | 7612 | 6144 | 1468 | 18379 | 16255 | 2125 |
| **April-17** | 7598 | 6145 | 1453 | 18410 | 16369 | 2041 |
| **May-17** | 7649 | 6202 | 1448 | 18375 | 16356 | 2019 |
| **June-17** | 7666 | 6221 | 1445 | 18468 | 16520 | 1949 |
| **July-17** | 7678 | 6211 | 1467 | 18465 | 16506 | 1959 |
| **August-17** | 7731 | 6284 | 1447 | 18578 | 16702 | 1876 |
| **September-17** | 7765 | 6345 | 1420 | 18531 | 16654 | 1877 |
| **October-17** | 7791 | 6443 | 1348 | 18499 | 16677 | 1823 |

Source: Turkstat, Betam

1. **\***Prof. Dr. Seyfettin Gürsel, Betam, Director, [seyfettin.gursel@eas.bau.edu.tr](file:///C:\Documents%20and%20Settings\seyfettin.gursel\Local%20Settings\Temporary%20Internet%20Files\Content.Outlook\XEHMCRWR\seyfettin.gursel@eas.bau.edu.tr) [↑](#footnote-ref-1)
2. \*\* Mine Durmaz Aslan, Betam, Research Assistant, [mine.durmaz@eas.bau.edu.tr](mailto:mine.durmaz@eas.bau.edu.tr)

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3. 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" . For the innovations in the model please see Betam Research Brief 14 titled as "Mevsim Etkilerinden Arındırılmış İşsizlik Tahmini"

   Soybilgen, B., "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini", Betam Research Brief 168.

   [http://betam.bahcesehir.edu.tr/tr/2014/06/kariyer-net-verisiyle-kisa-vadeli-tarim-disi-issizlik-tahmini/](http://betam.bahcesehir.edu.tr/tr/2014/06/kariyer-net-verisiyle-kisa-vadeli-tarim-disi-issizlik-tahmini/%20)

   Soybilgen, B., "Mevsim Etkilerinden Arındırılmış İşsizlik Tahmini", Betam Research Brief 14

   <http://betam.bahcesehir.edu.tr/2015/08/mevsim-etkilerinden-arindirilmis-tarim-disi-issizlik-tahmini/> [↑](#footnote-ref-3)
4. 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-4)
5. 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-5)
6. 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 (There should be minimum 36 observations). With the announcement of the period of February 2017 data, the number of observations required for the seasonal decontamination process was provided. From this period Betam get seasonal adjustment series in terms of gender. Nevertheless, it should not be forgotten that seasonal adjustment may cause extra volatility in the series for at least a while. [↑](#footnote-ref-6)