

STRONG INCREASE IN MANUFACTURING EMPLOYMENT

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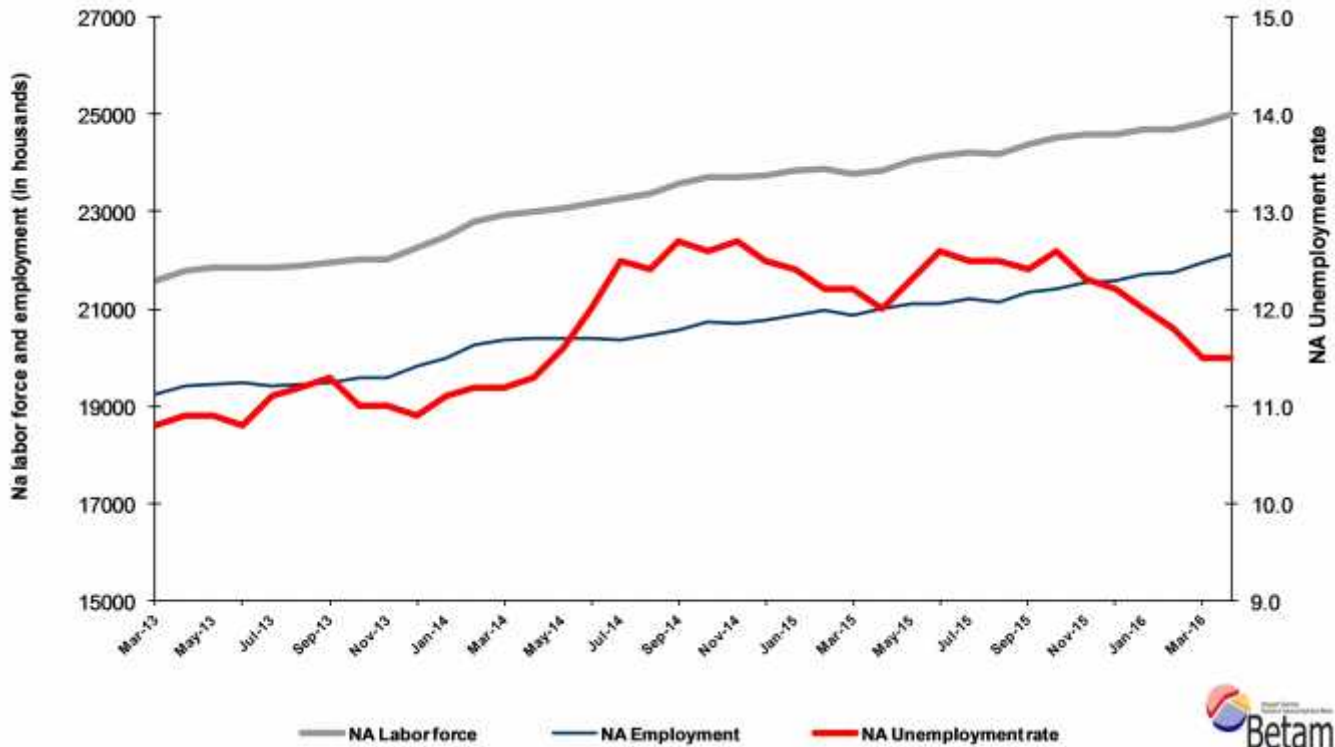
Executive Summary

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

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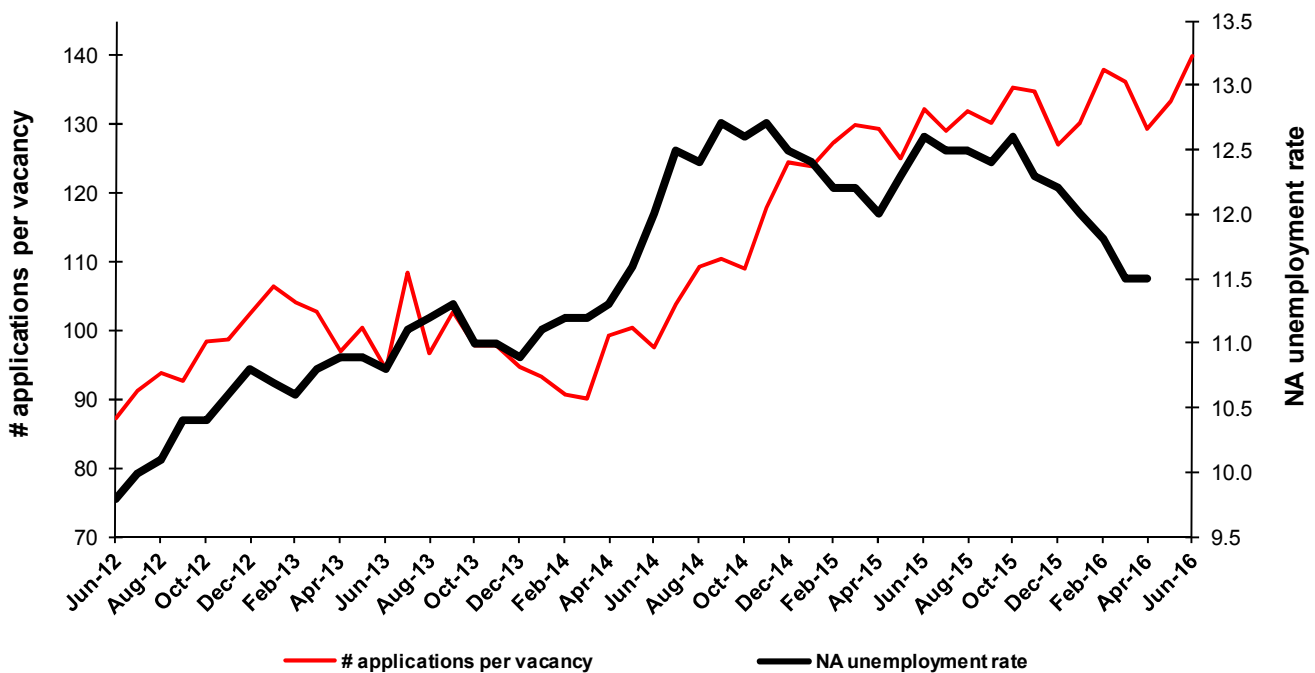
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Nonagricultural unemployment will remain constant

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.¹ Kariyer.net² application per vacancy series used in the Betam forecasting model is depicted in **Error! Reference source not found.** 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)³. 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.

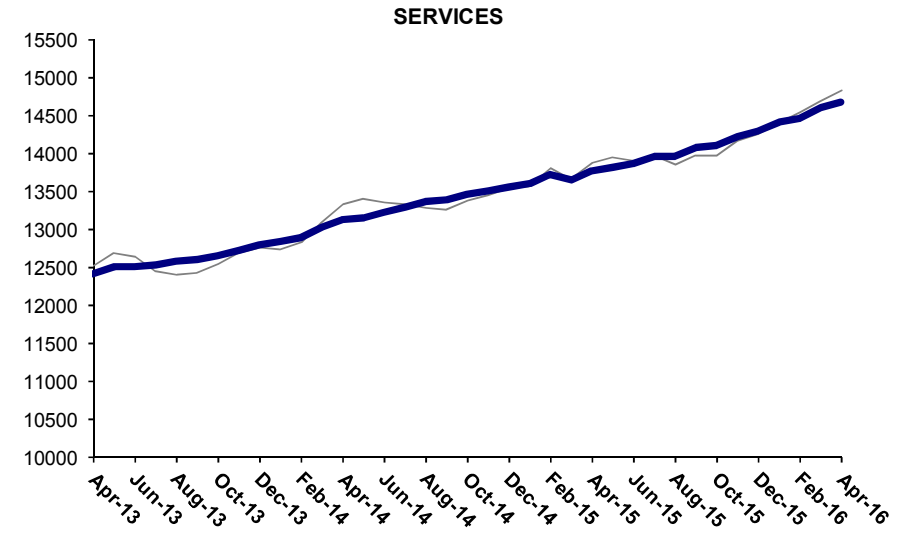
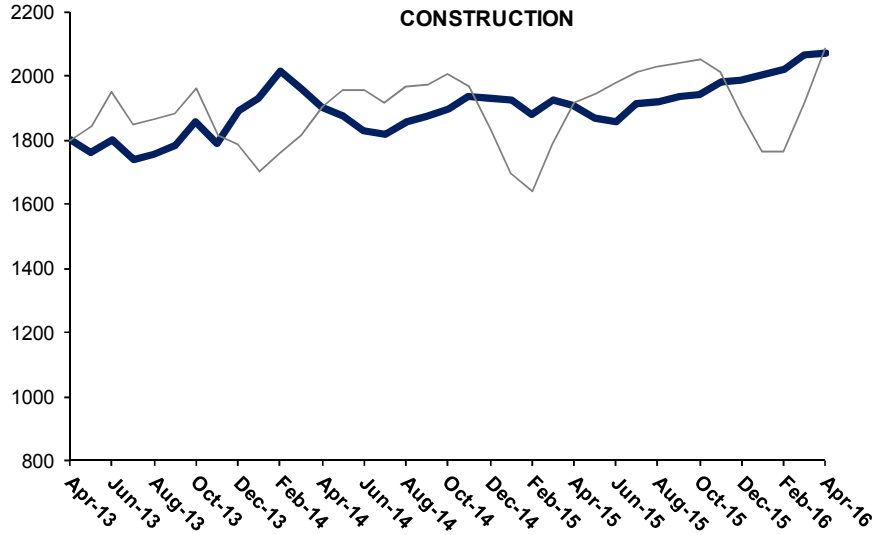
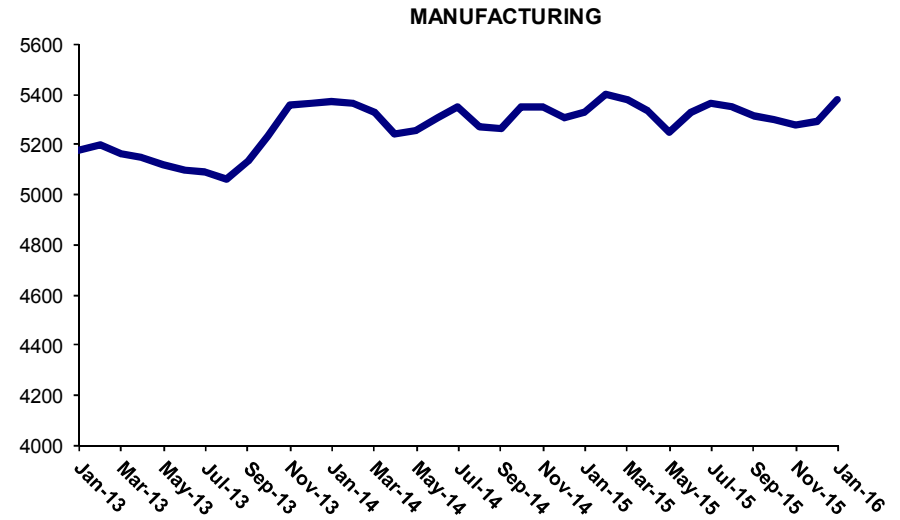
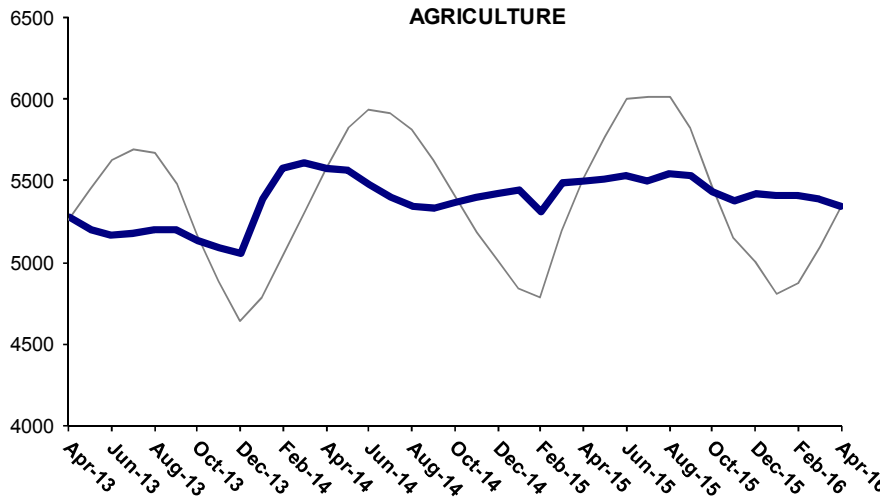
¹ For detailed information on Betam's forecasting model, please see Betam Research Brief 168 titled as "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini"

<http://betam.bahcesehir.edu.tr/tr/2014/06/kariyer-net-verisiyle-kisa-vadeli-tarim-disi-issizlik-tahmini/>

² 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.

³ 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

Figure 3 Employment by sectors (in thousands)

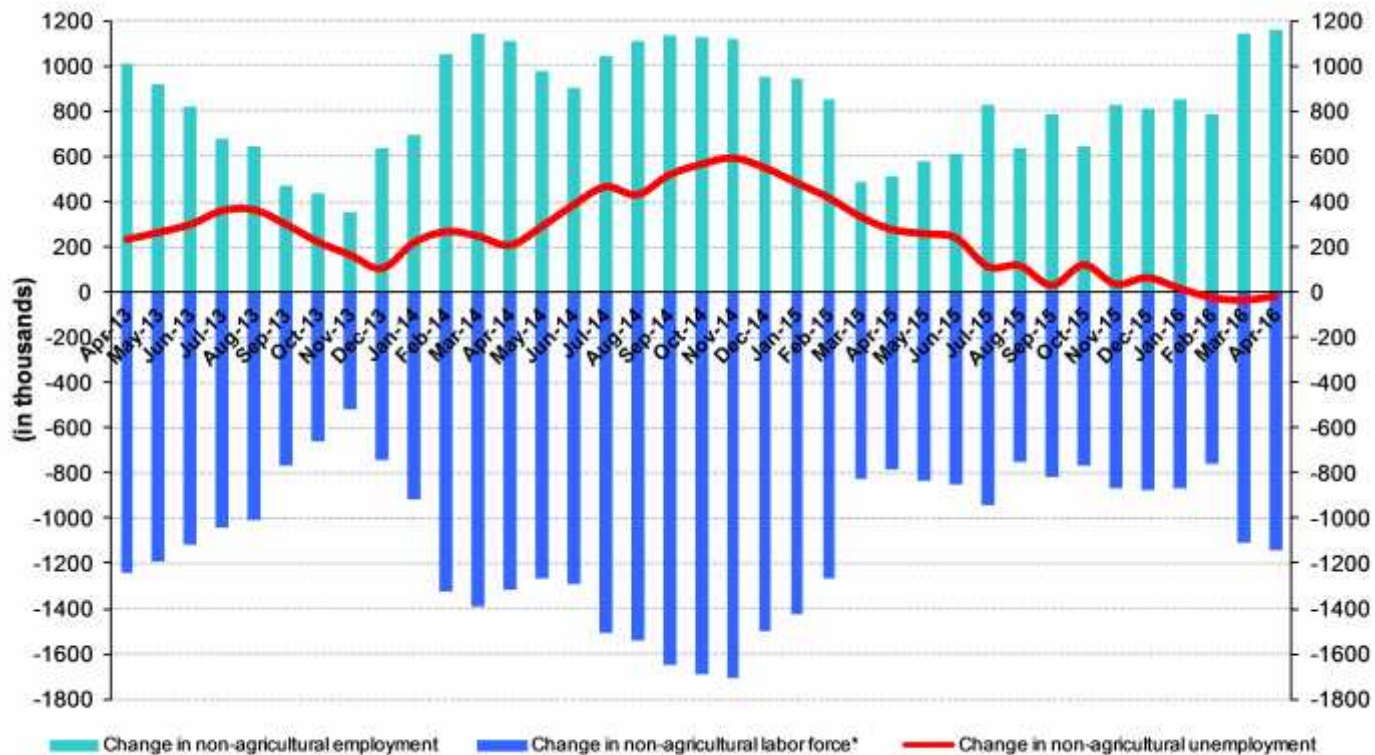


Source: Turkstat, Betam

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



* The change in labor force represented with a negative sign.

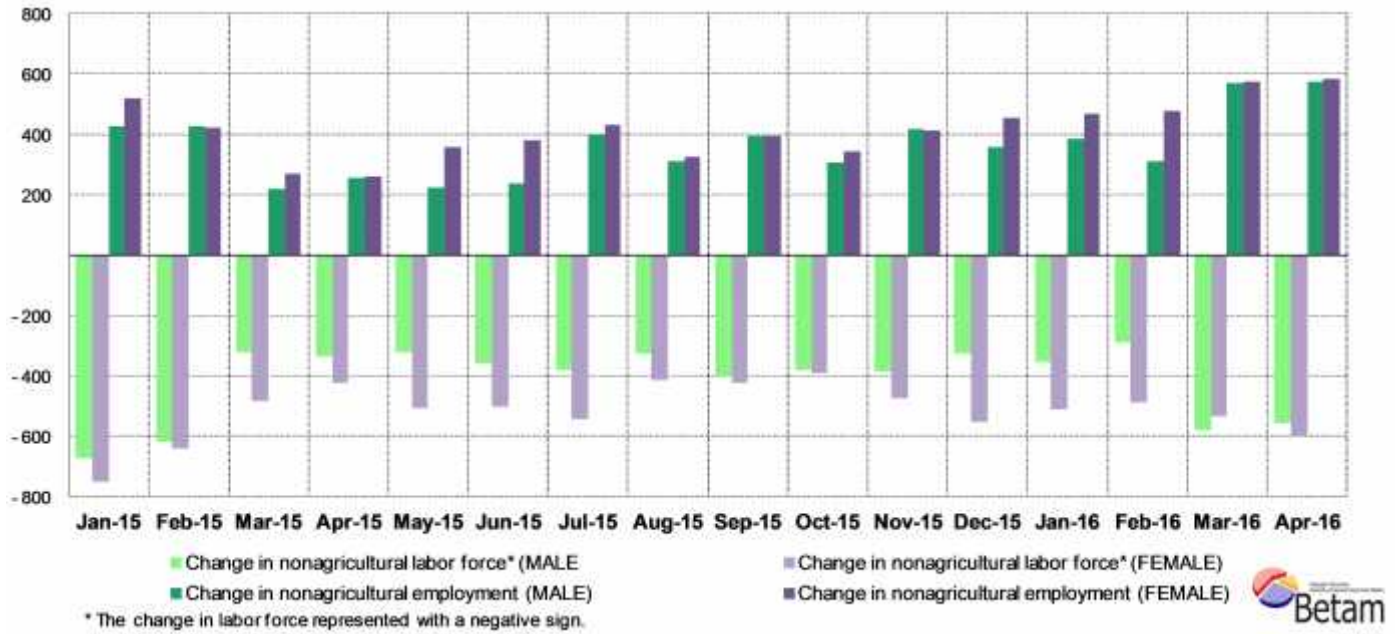


Source: Turkstat; Betam

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 557 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		
					Labor force	Employment	Unemployment
March-13	21587	19256	2331	10.8%			
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			
					Agriculture	Manufacturing	Construction	Service
March-13	5287	5083	1766	12407				
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