

UNEMPLOYMENT CONTINUES TO INCREASE

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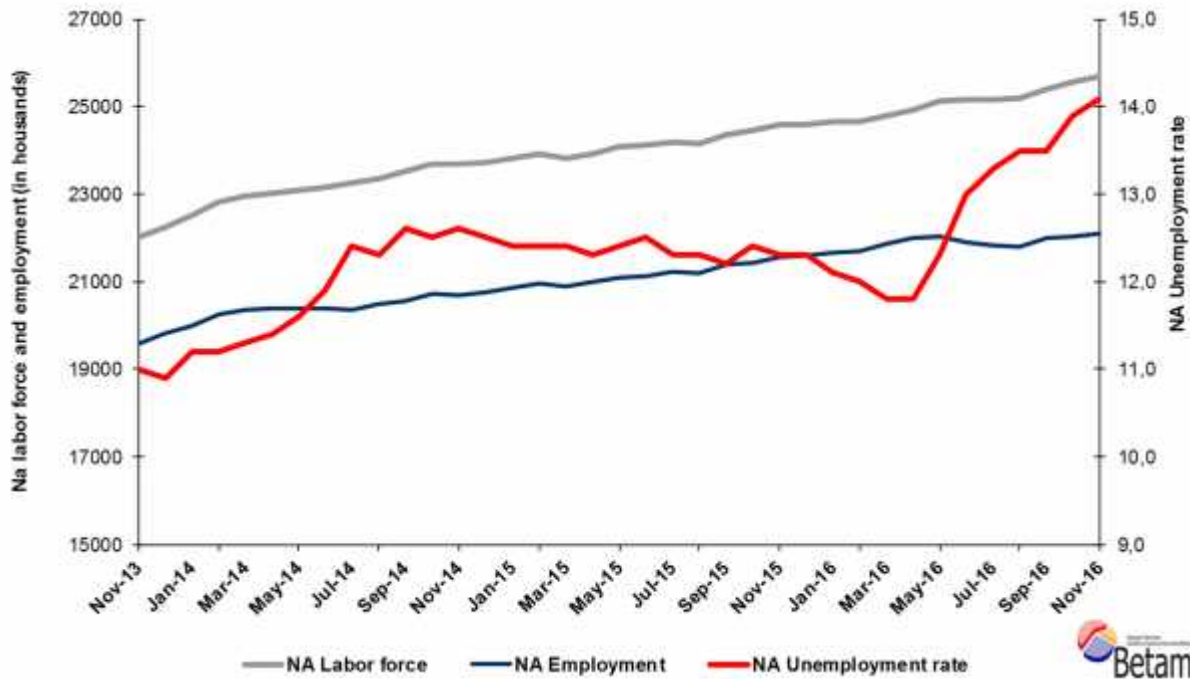
Executive Summary

Seasonally adjusted labor market data show that nonagricultural unemployment rate increased by 0.2 points and reached 14.1 percent in the period of November 2016. The increase in employment remained limited during the period of November 2016. The number of people employed in agriculture, construction, services and industry increased by 5 thousand, 9 thousand, 21 thousand and 34 thousand, respectively. On the other hand, the nonagricultural labor force increased by 135 thousand and reached 25 million 710 thousand while the number of people employed in non-agricultural sectors grew by 65 thousand and increased to 22 million 85 thousand. As a result, the number of non-agricultural unemployed increased by 70 thousand and reached 3 million 625 thousand. Betam's forecasting model predicts that the non-agricultural unemployment will remain constant at 14,1 percent level in the period of December 2016.

Non-agricultural unemployment continues to increase

According to the seasonally adjusted labor market data, non-agricultural labor force increased by 135 thousand and reached 25 million 710 thousand while non-agricultural employment increased 65 thousand and reached 22 million 85 thousand compared to the period of October 2016 (Figure 1, Table 1). The number of people unemployed in nonagricultural sectors increase 70 thousand and nonagricultural unemployment rate reached 14.1 percent. In the period of November 2016, we observe a strong increase in the number of unemployed due to the weak increase in the non-agricultural employment.

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



Source: Turkstat, Betam

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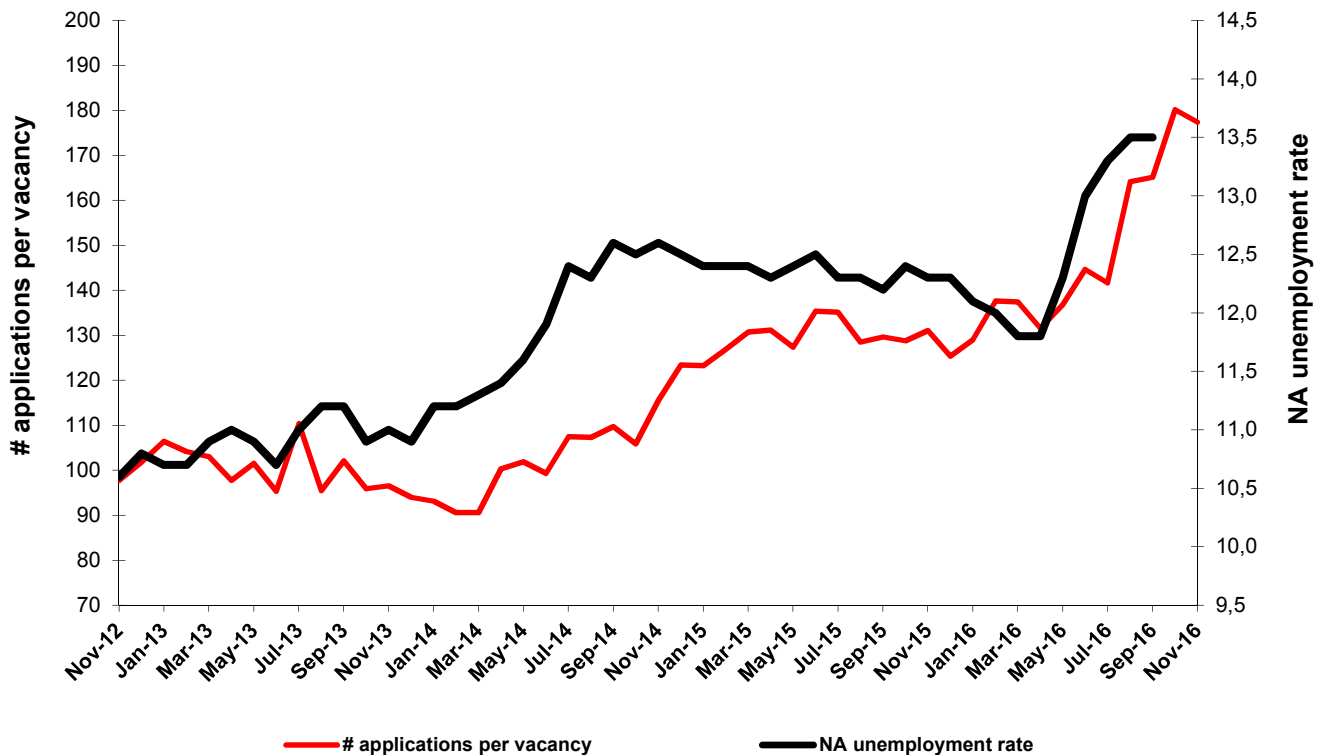
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Nonagricultural unemployment rate is expected to remain constant in the period of December

Betam's forecasting model had predicted that the seasonally adjusted nonagricultural unemployment rate would remain constant at the 13.9 percent level in November 2016. The non-agricultural unemployment rate in the period of November 2016 realized as 14.1 percent. Betam's forecasting model predicts that the seasonally adjusted nonagricultural unemployment will remain constant at 14.1 percent level in December 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 remain constant in the period of December 2016.

Figure 2 Seasonally adjusted nonagricultural unemployment rate and application per vacancy



Source: Kariyer.net, Turkstat, Betam

Sectoral employment increase remained insufficient

According to seasonally adjusted sectoral labor market data, the number of people employed in construction, services and industry increased by 9 thousand, 21 thousand and 34 thousand, respectively (Figure 3, **Error! Reference source not found.** Table 2).³ Even though there was a decline in the construction sector employment in the period of October 2016, we observe a limited increase during this period. On the other hand, in the period of November 2016, we observe a weak employment increase in services compared to the previous period. Overall, it is striking that the employment increased in all sectors, yet these increases remained insufficient compared to the increase in the labor force.

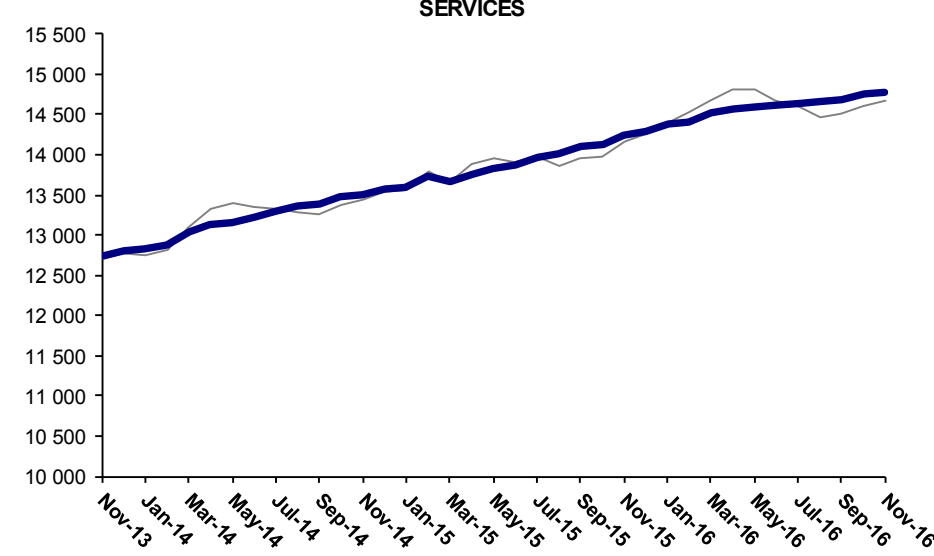
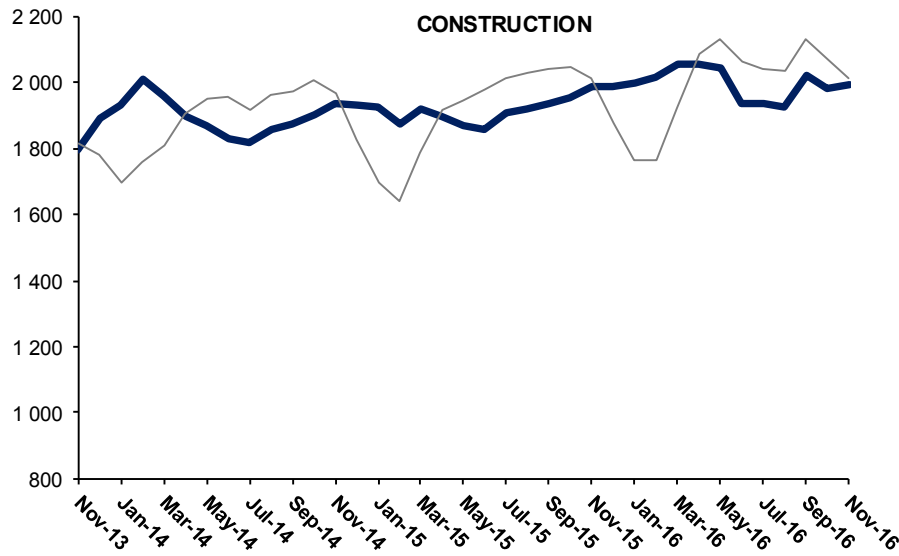
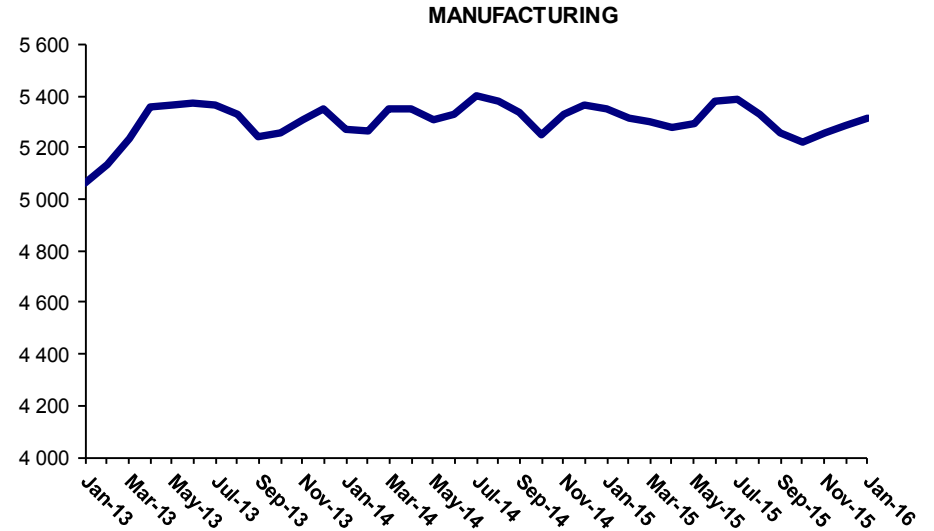
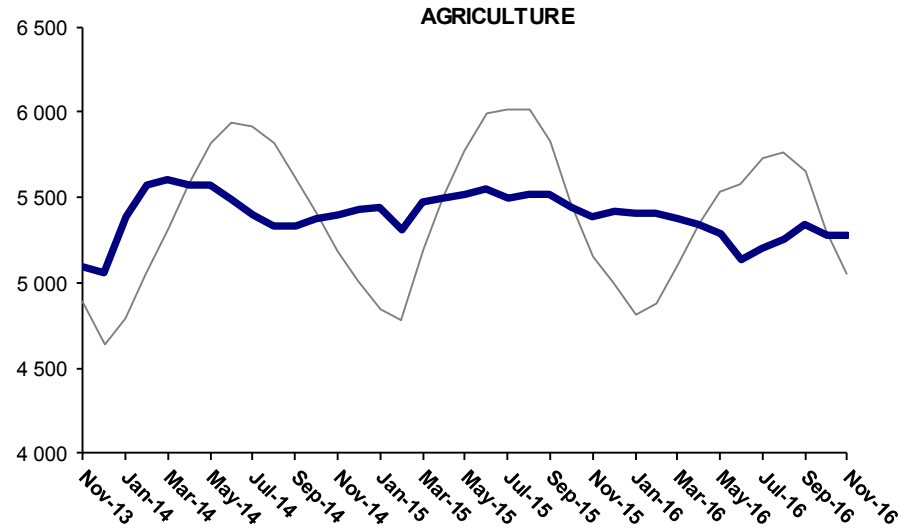
¹ For detailed information on Betam's forecasting model, please see Betam Research Brief 168 titled as "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini"

<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 Sektörel istihdam serileri teker teker mevsim etkilerinden arındırılmaktadır. Dolayısıyla sektörel istihdam rakamlarının toplamı, mevsim etkilerinden arındırılmış toplam istihdam rakamından farklı olabilmektedir. Aradaki fark mevsim etkilerinden arındırma prosedürünün lineer olmamasından kaynaklanmaktadır.

Figure 3 Employment by sectors (in thousands)

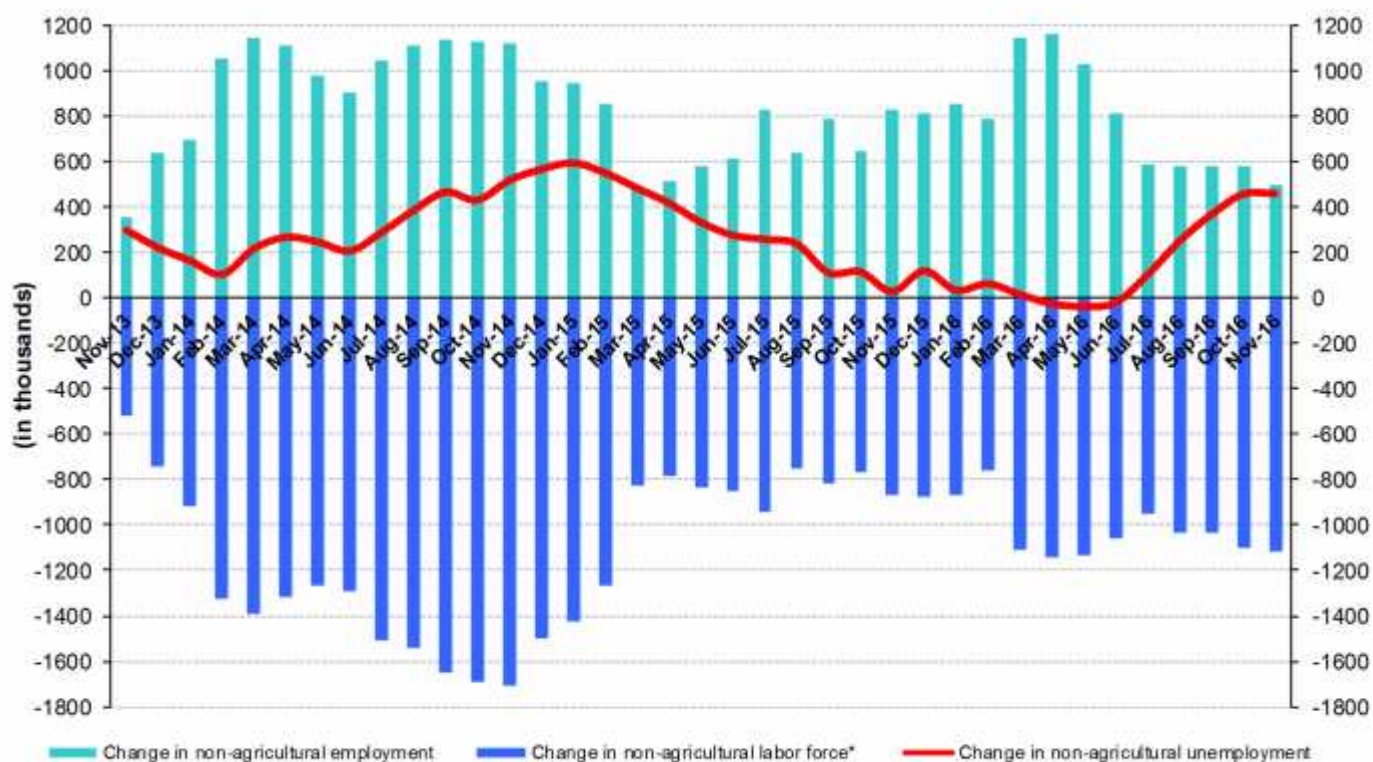


Source: Turkstat, Betam

Strong increase in year-on-year unemployment

From November 2015 to November 2016 the nonagricultural labor force increased by 1 million 119 thousand (4.6 percent) and nonagricultural employment increased by 492 thousand (2.3 percent) (Figure 4). Thus, the number of non-agricultural unemployed increased by 627 thousand (20.6 percent) in the period of November 2016. We observe that the annual increase in non-agricultural employment has slowed down. Moreover, the annual increase in non-agricultural labor force is over 1 million 100 thousand. Parallel to these developments, the number of unemployed people in non-agricultural sectors exceeded 600 thousand in the period of November 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.

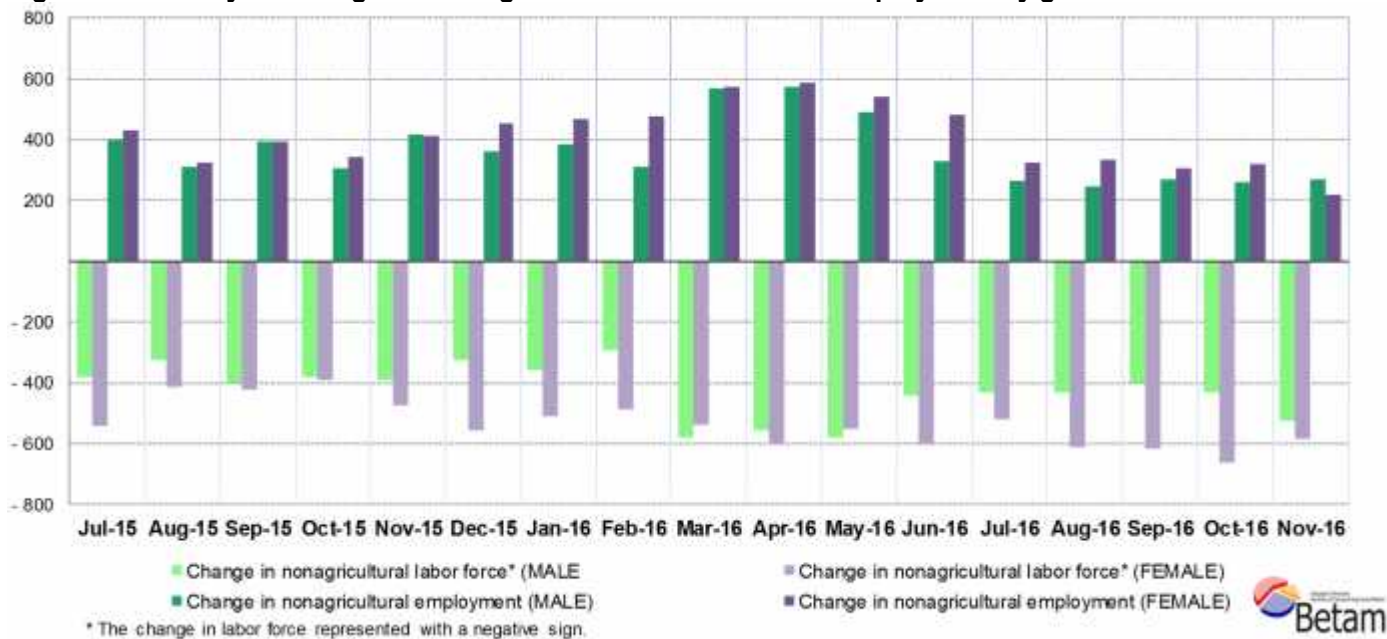


Source: Turkstat, Betam

Female unemployment continues to increase rapidly

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 November 2016, nonagricultural female labor force and nonagricultural male labor force increased by 584 thousand and 526 thousand respectively compared to November 2015. On the other hand, nonagricultural male employment increased by 271 thousand whereas the increase in nonagricultural female employment was limited to 220 thousand. The number of non-agricultural unemployed women and men increased by 364 thousand and 255 thousand, respectively. Compared to November 2015, the non-agricultural male unemployment rate grew from 10.5 percent to 11.6 percent and the non-agricultural female unemployment rate rose from 17.3 percent to 21.0 percent

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
October-13	21985	19589	2396	10,9%			
November-13	22003	19583	2420	11,0%	18	-6	24
December-13	22250	19825	2425	10,9%	247	242	5
January-14	22525	20002	2523	11,2%	274	177	97
February-14	22806	20252	2554	11,2%	282	250	32
March-14	22952	20358	2594	11,3%	145	106	39
April-14	23015	20391	2624	11,4%	63	33	30
May-14	23077	20400	2677	11,6%	62	9	53
June-14	23142	20388	2754	11,9%	65	-12	77
July-14	23239	20357	2882	12,4%	97	-31	128
August-14	23352	20480	2872	12,3%	114	123	-9
September-14	23535	20570	2965	12,6%	183	90	93
October-14	23687	20726	2961	12,5%	151	156	-5
November-14	23692	20707	2985	12,6%	5	-19	24
December-14	23728	20762	2966	12,5%	36	55	-19
January-15	23824	20870	2954	12,4%	96	108	-12
February-15	23927	20960	2967	12,4%	103	90	13
March-15	23836	20880	2956	12,4%	-91	-80	-11
April-15	23925	20982	2943	12,3%	89	102	-13
May-15	24080	21094	2986	12,4%	155	112	43
June-15	24130	21114	3016	12,5%	50	20	30
July-15	24203	21226	2977	12,3%	73	112	-39
August-15	24154	21183	2971	12,3%	-49	-43	-6
September-15	24349	21378	2971	12,2%	195	195	0
October-15	24474	21439	3035	12,4%	125	61	64
November-15	24587	21563	3024	12,3%	113	124	-11
December-15	24605	21579	3026	12,3%	18	16	2
January-16	24655	21672	2983	12,1%	50	93	-43
February-16	24657	21698	2959	12,0%	2	26	-24
March-16	24794	21868	2926	11,8%	137	170	-33
April-16	24942	21999	2943	11,8%	149	131	18
May-16	25114	22025	3089	12,3%	172	26	146
June-16	25154	21884	3270	13,0%	40	-141	181
July-16	25179	21830	3349	13,3%	25	-54	79
August-16	25209	21806	3403	13,5%	30	-24	54
September-16	25412	21981	3431	13,5%	202	175	27
October-16	25575	22020	3555	13,9%	163	39	124
November-16	25710	22085	3625	14,1%	135	65	70

Source: Turkstat, Betam

Table 2 Seasonally adjusted employment by sectors (in thousands)

	Tarım	Sanayi	İnşaat	Hizmetler	Aylık değişimler			
	Tarım	Sanayi	İnşaat	Hizmetler	Tarım	Sanayi	İnşaat	Hizmetler
Ekim 13	5133	5090	1860	12643				
Kasım 13	5095	5064	1794	12727	-38	-26	-66	84
Aralık 13	5055	5131	1893	12804	-40	67	99	77
Ocak 14	5387	5232	1932	12839	332	101	39	35
Şubat 14	5573	5359	2012	12883	186	127	80	44
Mart 14	5606	5365	1957	13038	33	6	-55	155
Nisan 14	5568	5373	1895	13123	-38	8	-62	85
Mayıs 14	5568	5364	1871	13164	0	-9	-24	41
Haziran 14	5485	5332	1828	13226	-83	-32	-43	62
Temmuz 14	5396	5243	1816	13295	-89	-89	-12	69
Ağustos 14	5331	5257	1858	13360	-65	14	42	65
Eylül 14	5329	5306	1874	13385	-2	49	16	25
Ekim 14	5371	5353	1905	13472	42	47	31	87
Kasım 14	5401	5273	1938	13500	30	-80	33	28
Aralık 14	5429	5266	1934	13565	28	-7	-4	65
Ocak 15	5445	5349	1924	13599	16	83	-10	34
Şubat 15	5311	5351	1876	13735	-134	2	-48	136
Mart 15	5480	5308	1919	13654	169	-43	43	-81
Nisan 15	5498	5326	1898	13757	18	18	-21	103
Mayıs 15	5521	5404	1867	13821	23	78	-31	64
Haziran 15	5546	5380	1856	13875	25	-24	-11	54
Temmuz 15	5496	5336	1911	13974	-50	-44	55	99
Ağustos 15	5521	5252	1921	14004	25	-84	10	30
Eylül 15	5520	5327	1937	14109	-1	75	16	105
Ekim 15	5444	5363	1955	14121	-76	36	18	12
Kasım 15	5382	5353	1986	14232	-62	-10	31	111
Aralık 15	5424	5311	1988	14285	42	-42	2	53
Ocak 16	5414	5300	2002	14375	-10	-11	14	90
Şubat 16	5405	5276	2017	14409	-9	-24	15	34
Mart 16	5379	5295	2055	14522	-26	19	38	113
Nisan 16	5341	5381	2058	14562	-38	86	3	40
Mayıs 16	5292	5386	2042	14598	-49	5	-16	36
Haziran 16	5131	5330	1936	14617	-161	-56	-106	19
Temmuz 16	5204	5254	1937	14638	73	-76	1	21
Ağustos 16	5257	5224	1927	14653	53	-30	-10	15
Eylül 16	5347	5260	2023	14691	90	36	96	38
Ekim 16	5278	5282	1982	14756	-69	22	-41	65
Kasım 16	5283	5316	1991	14777	5	34	9	21

Source: Turkstat, Betam