

NO INCREASES IN UNEMPLOYMENT

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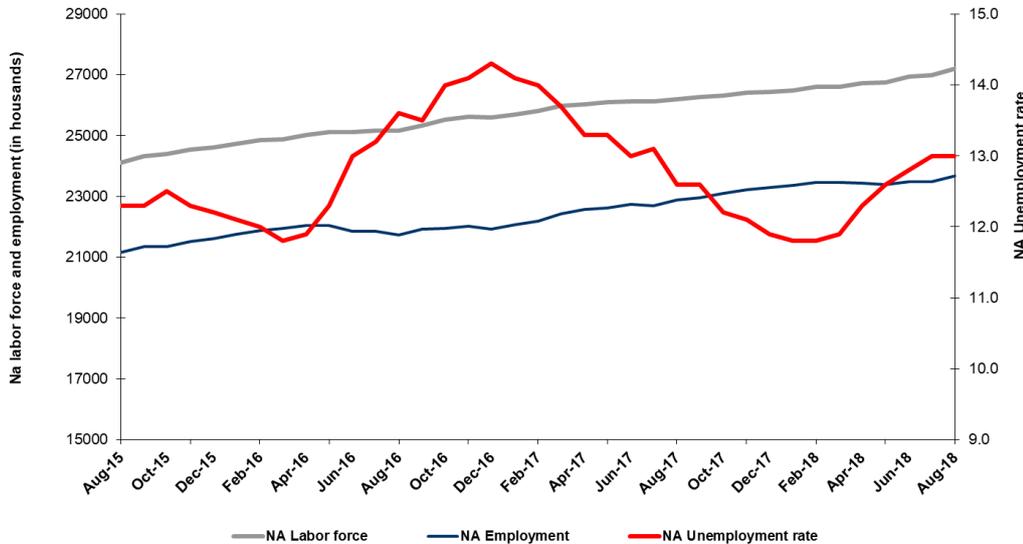
Executive Summary

Seasonally adjusted labor market data shows that in the period of August 2018, non-agricultural unemployment rate remained constant at 13.0 percent. Even though there is a strong increase in non-agricultural labor force, due to a parallel increase in non-agricultural employment, non-agricultural unemployment rate remained constant. In the period of August 2018, the increase in non-agricultural employment stems from an increase in the service sector. Employment increased by 27 thousand in manufacturing, 4 thousand in construction where employment losses were recorded since February 2018, and 156 thousand in services. Even though the non-agricultural unemployment rate did not raise, the gender gap in non-agricultural unemployment has widened in this period. While non-agricultural male unemployment rate decreased by 0.1 percentage points, non-agricultural female unemployment rate rose by 0.6 percentage points. Betam's forecasting model predicts that the non-agricultural unemployment will increase to 13.2 percent in the period of September 2018.

The strong increase in non-agricultural employment

According to seasonally adjusted labor market data, in the period of August 2018 compared to July 2018, the non-agricultural labor force increased by 215 thousand and reached 27 million 206 thousand and also the number of employed in non-agricultural sectors decreased by 187 thousand and reached 23 million 669 thousand (Figure 1, Table 1). As a result, the number of unemployed in non-agricultural sectors increased by 28 thousand and was recorded as 3 million 537 thousand. Thus, the non-agricultural unemployment remained constant at 13.0 percent. The increase in non-agricultural labor force which had slowed down in July 2018, re-accelerated in August 2018 and is accompanied by an increase in non-agricultural employment.

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



Source: Turkstat, Betam

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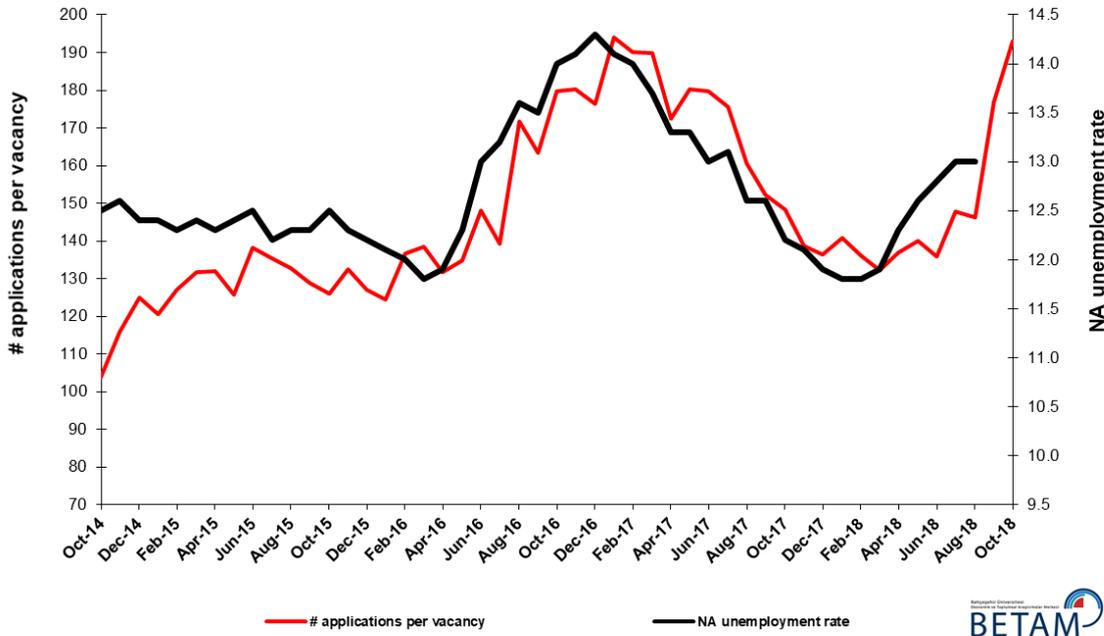
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Unemployment rate is expected to increase by 0.2 percentage points in the period of September 2018

Betam's forecasting model had predicted that the seasonally adjusted non-agricultural unemployment rate would increase by 0.2 percentage points to 13.2 percent in August 2018. The non-agricultural unemployment remained constant at 13.0 in the period of August 2018. Betam's forecasting model predicts that the non-agricultural unemployment rate will reach 13.2 percent in the period of September 2018. 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 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.

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



Source: Kariyer.net, Turkstat, Betam

Strong increase in services employment

According to seasonally adjusted sectoral labor market data, employment decreased in agriculture while it increased in all the non-agricultural sectors in August 2018 compared to July 2018 (Figure 3, Table 2).³ The employment decreased by 36 thousand in agriculture and increased by 156 thousand in services, 27 thousand in manufacturing and 4 thousand in construction. Note that the losses in construction recorded since the period of February 2018 are replaced by an increase for the first time (Table 2). The most substantial contribution to the increase in employment comes from services.

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". 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/>

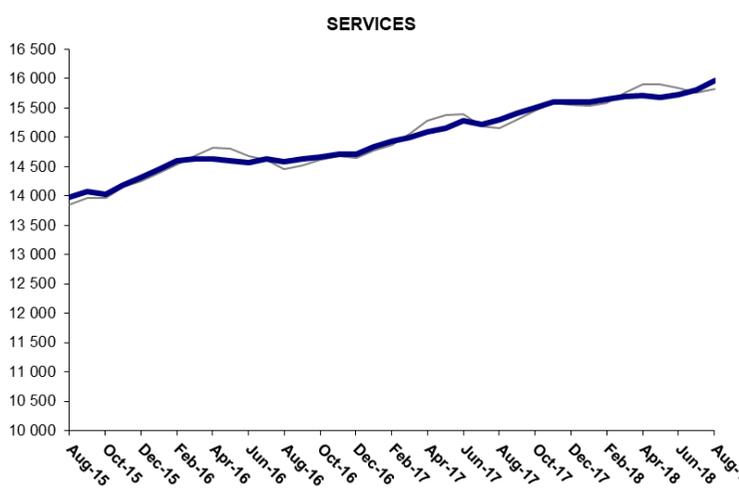
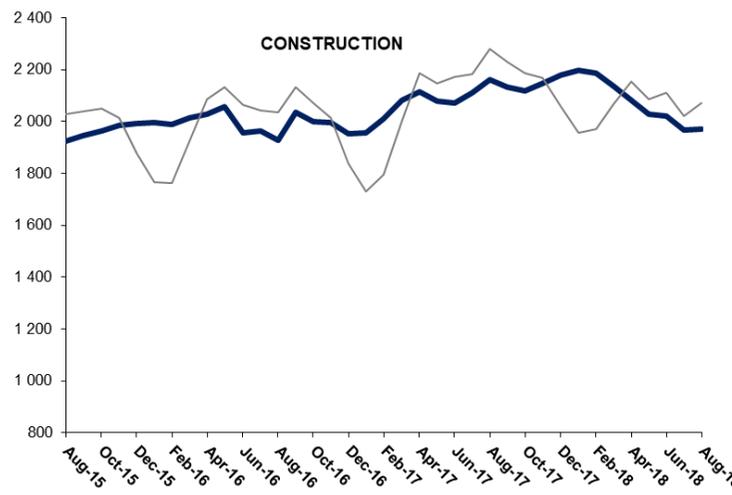
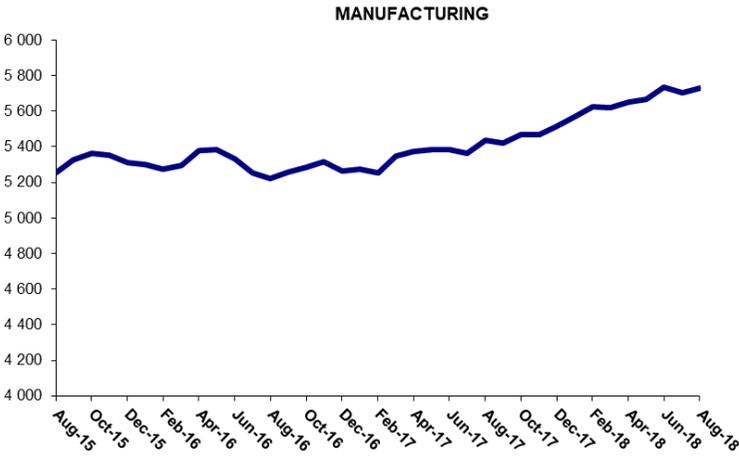
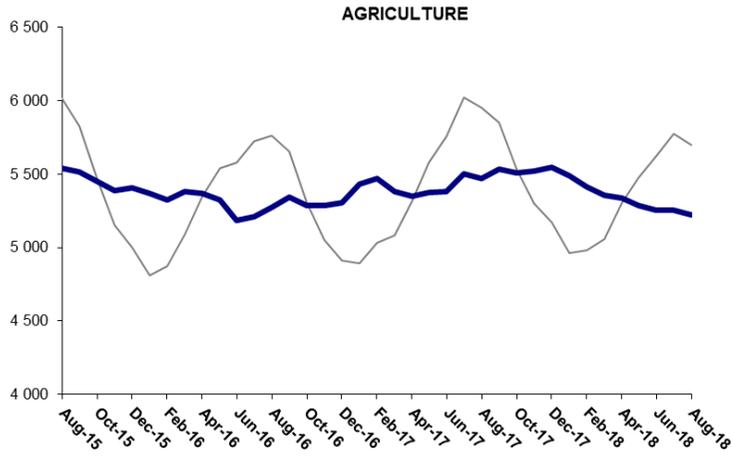
Soybilgen, B., "Mevsim Etkilerinden Arındırılmış İşsizlik Tahmini", Betam Research Brief 14

<http://betam.bahcesehir.edu.tr/2015/08/mevsim-etkilerinden-arindirilmis-tarim-disi-issizlik-tahmini/>

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 thousand)

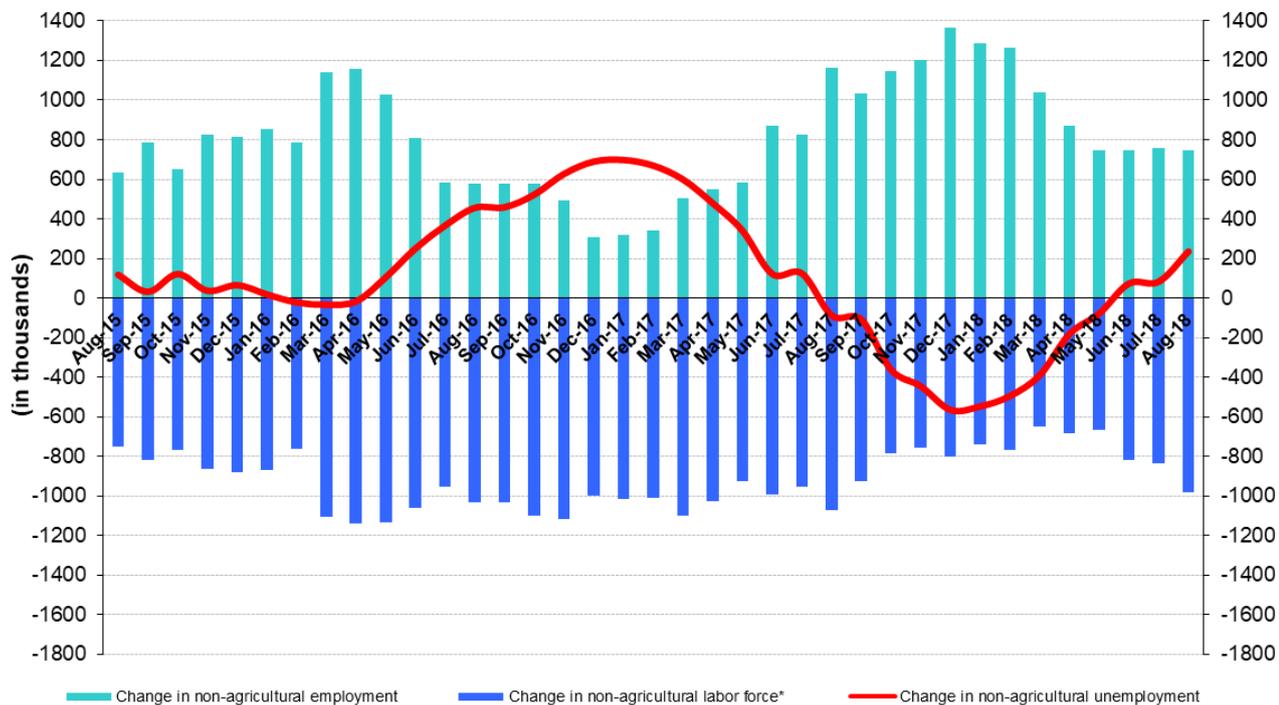


Source: TURKSTAT, Betam

The number of non-agricultural unemployed within a year increased

From August 2017 to August 2018 non-agricultural labor force increased by 979 thousand (3.7 percent) and non-agricultural employment increased by 745 thousand (3.3 percent) (Figure 4). Thus, non-agricultural unemployed decreased by 234 thousand and reached 3 million 592 thousand.

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



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

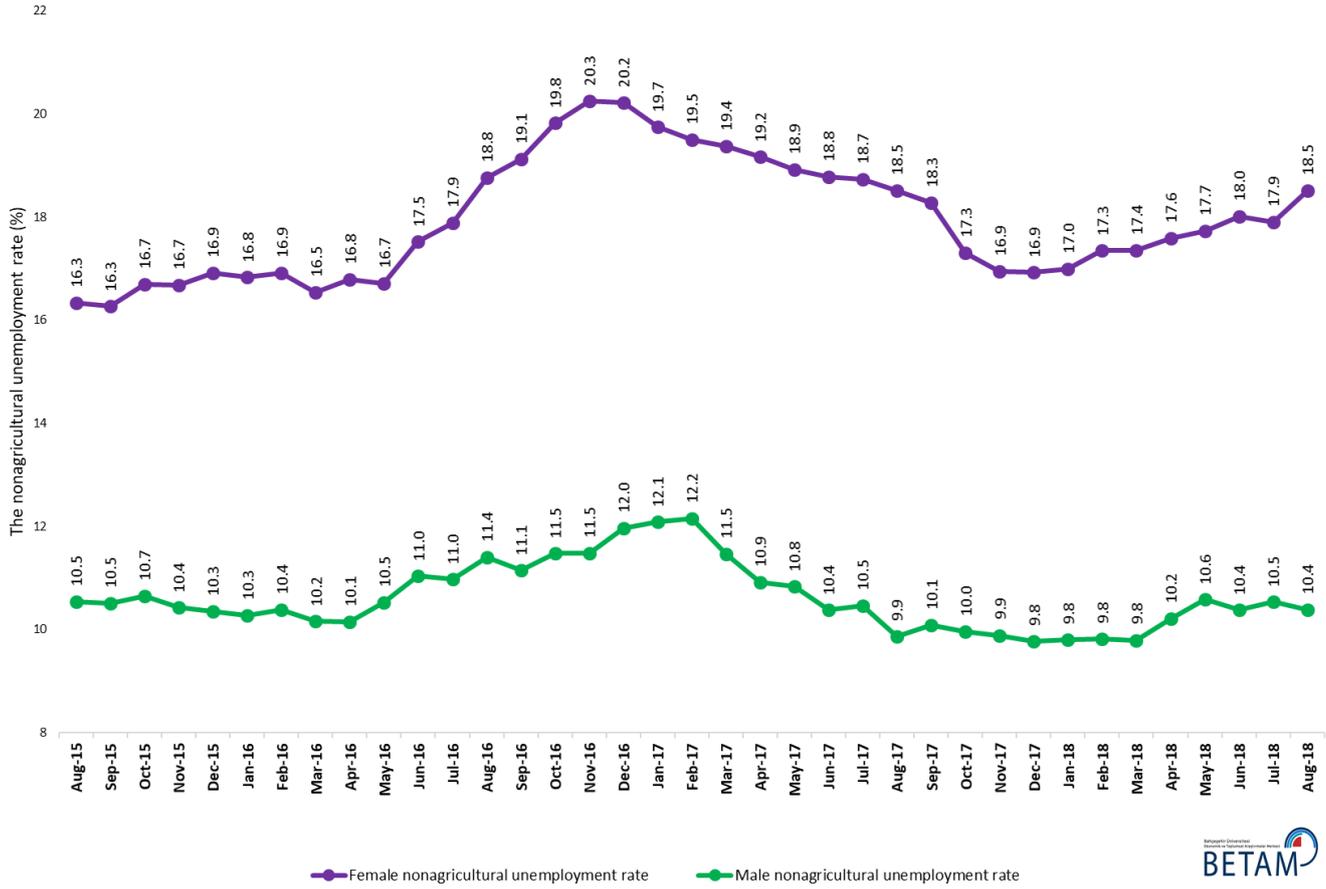
Source: Turkstat, Betam

The gender gap in non-agricultural unemployment rate increased

Figure 5 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)⁴. In the period of August 2018, the non-agricultural female unemployment rate increased by 0.6 percentage points to 18.5 percent while non-agricultural male unemployment rate decreased by 0.1 percentage points to 10.4 percent. In other words, even though the non-agricultural unemployment rate remained unchanged; male unemployment decreased whereas female unemployment substantially increased. The gender gap in non-agricultural unemployment rates rose from 7.4 to 8.1 percentage points in the period of August 2018.

⁴ 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 generated 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.

Figure 5: Seasonally adjusted non-agricultural 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		
					Labor force	Employment	Unemployment
July-15	24211	21257	2954	12.2			
August-15	24117	21151	2966	12.3	-93	-106	13
September-15	24335	21342	2993	12.3	218	191	27
October-15	24405	21354	3051	12.5	69	12	57
November-15	24544	21525	3019	12.3	139	171	-32
December-15	24621	21617	3004	12.2	77	92	-15
January-16	24745	21751	2994	12.1	124	134	-10
February-16	24853	21871	2982	12.0	108	120	-12
March-16	24879	21943	2936	11.8	25	72	-47
April-16	25027	22049	2978	11.9	149	106	43
May-16	25129	22038	3091	12.3	102	-11	113
June-16	25120	21854	3266	13.0	-9	-184	175
July-16	25179	21855	3324	13.2	59	1	58
August-16	25162	21740	3422	13.6	-17	-115	98
September-16	25345	21923	3422	13.5	182	183	-1
October-16	25524	21951	3573	14.0	180	28	152
November-16	25636	22021	3615	14.1	111	70	41
December-16	25594	21934	3660	14.3	-42	-87	45
January-17	25690	22068	3622	14.1	96	134	-38
February-17	25815	22201	3614	14.0	125	133	-8
March-17	25990	22429	3561	13.7	174	228	-54
April-17	26040	22577	3463	13.3	51	148	-97
May-17	26099	22628	3471	13.3	59	51	8
June-17	26128	22731	3397	13.0	28	103	-75
July-17	26121	22699	3422	13.1	-7	-32	25
August-17	26199	22898	3301	12.6	78	199	-121
September-17	26272	22962	3310	12.6	73	64	9
October-17	26311	23101	3210	12.2	39	139	-100
November-17	26413	23217	3196	12.1	102	116	-14
December-17	26449	23302	3147	11.9	37	85	-48
January-18	26492	23366	3126	11.8	43	64	-21
February-18	26605	23466	3139	11.8	113	100	13
March-18	26620	23452	3168	11.9	14	-14	28
April-18	26723	23436	3287	12.3	103	-16	119
May-18	26754	23383	3371	12.6	31	-53	84
June-18	26936	23488	3448	12.8	182	105	77
July-18	26991	23482	3509	13.0	55	-6	61
August-18	27206	23669	3537	13.0	215	187	28

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
July-15	5504	5336	1929	13992				
August-15	5538	5252	1924	13976	34	-84	-5	-16
September-15	5518	5327	1945	14070	-20	75	21	94
October-15	5452	5363	1964	14028	-66	36	19	-42
November-15	5388	5353	1986	14186	-64	-10	22	158
December-15	5408	5311	1991	14315	20	-42	5	129
January-16	5372	5300	1995	14456	-36	-11	4	141
February-16	5326	5276	1990	14605	-46	-24	-5	149
March-16	5385	5295	2015	14633	59	19	25	28
April-16	5367	5381	2029	14638	-18	86	14	5
May-16	5326	5386	2056	14595	-41	5	27	-43
June-16	5184	5330	1958	14567	-142	-56	-98	-28
July-16	5211	5254	1963	14638	27	-76	5	71
August-16	5277	5224	1929	14587	66	-30	-34	-51
September-16	5341	5260	2035	14628	64	36	106	41
October-16	5285	5282	1999	14669	-56	22	-36	41
November-16	5287	5316	1995	14710	2	34	-4	41
December-16	5309	5265	1954	14715	22	-51	-41	5
January-17	5433	5274	1957	14837	124	9	3	122
February-17	5473	5251	2012	14938	40	-23	55	101
March-17	5382	5346	2081	15001	-91	95	69	63
April-17	5348	5372	2116	15089	-34	26	35	88
May-17	5378	5386	2079	15163	30	14	-37	74
June-17	5381	5383	2071	15277	3	-3	-8	114
July-17	5503	5363	2112	15224	122	-20	41	-53
August-17	5473	5437	2161	15300	-30	74	49	76
September-17	5533	5421	2133	15408	60	-16	-28	108
October-17	5511	5470	2119	15513	-22	49	-14	105
November-17	5523	5470	2145	15602	12	0	26	89
December-17	5550	5514	2179	15609	27	44	34	7
January-18	5492	5567	2196	15604	-58	53	17	-5
February-18	5415	5627	2187	15652	-77	60	-9	48
March-18	5358	5618	2135	15699	-57	-9	-52	47
April-18	5336	5650	2081	15705	-22	32	-54	6
May-18	5287	5669	2028	15685	-49	19	-53	-20
June-18	5256	5737	2020	15731	-31	68	-8	46
July-18	5258	5703	1968	15811	2	-34	-52	80
August-18	5222	5730	1972	15967	-36	27	4	156

Source: Turkstat, Betam

Table 3: Seasonally adjusted non-agricultural labor force by gender (thousands)

	Female Labor Force	Female Employment	Female Unemployed	Male Labor Force	Male Employment	Male Unemployed
August-15	6695	5601	1094	17489	15647	1843
September-15	6754	5655	1099	17575	15728	1847
October-15	6776	5645	1131	17614	15738	1876
November-15	6872	5726	1147	17638	15800	1838
December-15	6966	5787	1179	17679	15849	1829
January-16	7010	5830	1180	17714	15894	1820
February-16	7049	5856	1193	17751	15908	1843
March-16	7064	5896	1168	17791	15984	1807
April-16	7150	5949	1201	17828	16020	1808
May-16	7182	5982	1200	17913	16028	1885
June-16	7265	5992	1273	17867	15896	1971
July-16	7279	5977	1302	17930	15963	1967
August-16	7308	5936	1372	17926	15883	2044
September-16	7371	5961	1410	17998	15993	2005
October-16	7437	5963	1474	18075	16001	2074
November-16	7456	5946	1510	18153	16068	2085
December-16	7455	5947	1508	18180	16004	2175
January-17	7449	5978	1471	18282	16073	2209
February-17	7515	6049	1465	18293	16070	2223
March-17	7619	6143	1477	18342	16239	2103
April-17	7607	6149	1458	18378	16371	2007
May-17	7658	6209	1450	18388	16396	1991
June-17	7673	6232	1441	18436	16523	1913
July-17	7690	6249	1440	18451	16521	1930
August-17	7714	6286	1429	18503	16678	1825
September-17	7761	6342	1419	18507	16641	1866
October-17	7787	6439	1348	18512	16668	1844
November-17	7824	6499	1326	18548	16715	1833
December-17	7884	6550	1334	18578	16763	1814
January-18	7922	6575	1347	18584	16763	1821
February-18	7958	6577	1380	18634	16805	1829
March-18	7955	6574	1381	18672	16844	1828
April-18	7992	6586	1406	18717	16805	1912
May-18	8029	6605	1424	18744	16761	1983
June-18	8077	6622	1455	18833	16879	1954
July-18	8096	6646	1449	18872	16884	1987
August-18	8244	6718	1527	18955	16986	1969

Source: Turkstat, Betam