

LOSSES IN CONSTRUCTION EMPLOYMENT REACHED 640 THOUSAND

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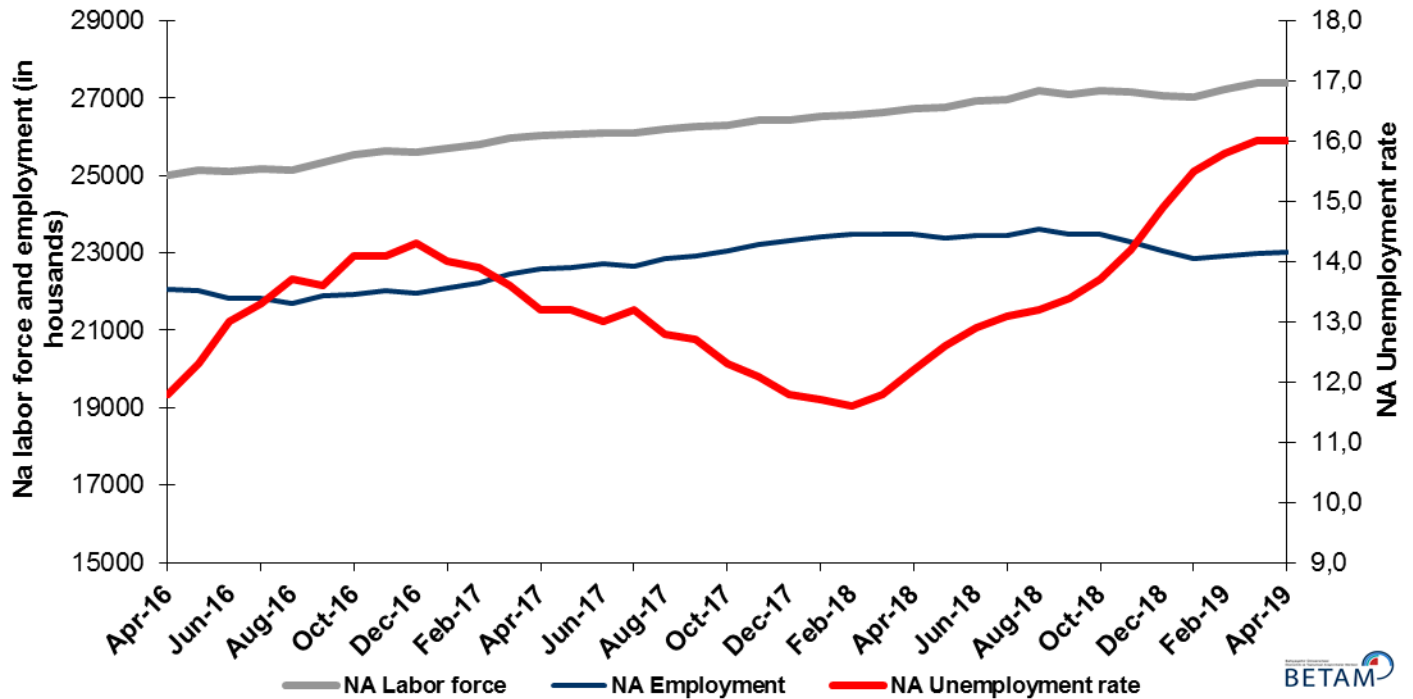
Executive Summary

Seasonally adjusted labor market data shows that, in the period of April 2019, non-agricultural unemployment rate remained unchanged and stood at 16.0 percent. In this period, increases in non-agricultural employment reached 10 thousand and non-agricultural labor force increased by 12 thousand. The number of unemployed increased by 2 thousand to 4 million 383 thousand. In manufacturing, employment gains were 71 thousand, while employment in services decreased by 30 thousand. Employment losses in construction continued and since February 2018, the level of employment loss in construction reached 640 thousand. With the marked decrease in female labor force participation, the gender gap in non-agricultural unemployment narrowed.

Number of unemployed in non-agricultural sector reached 4 million 383 thousand

According to seasonally adjusted labor market data, in the period of April 2019 compared to March 2019, the non-agricultural labor force increased by 12 thousand to 27 million 394 thousand, and the number of employed in non-agricultural sectors increased by 10 thousand to 23 million 11 thousand. Thereby, the number of unemployed in non-agricultural sectors increased by 2 thousand and reached 4 million 383 thousand and consequently the non-agricultural unemployment rate remained at 16.0 percent (Figure 1, Table 1). Compared to the previous two periods, both net employment gains and net labor force gains were very limited in April 2019.

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



Source: Turkstat, Betam

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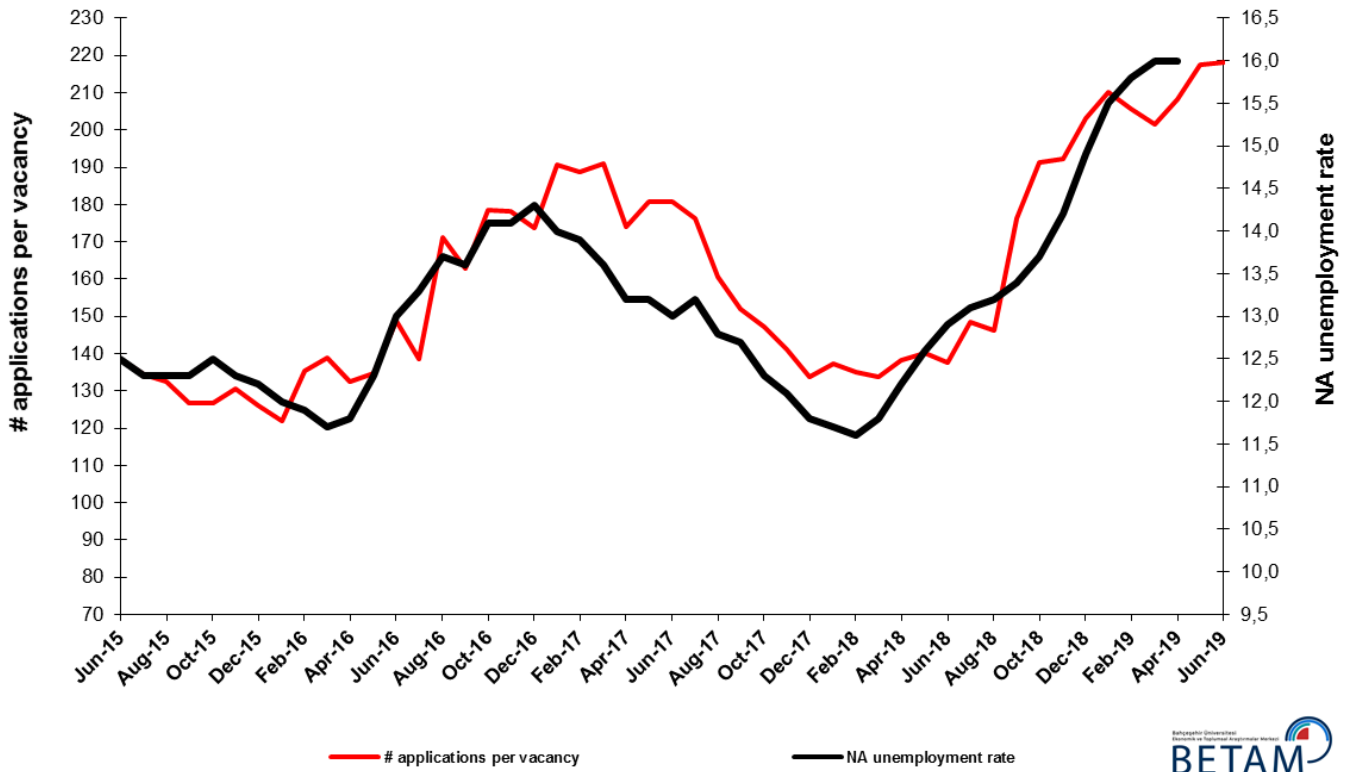
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Unemployment rate is expected to increase in May 2019

Betam's forecasting model had predicted that, in April 2019, the seasonally adjusted non-agricultural unemployment rate would remain unchanged at 16,0 percent compared to March 2019, which is in line with the rate TurkStat announced for April 2019. Betam's forecasting model predicts that the seasonally adjusted non-agricultural unemployment rate will uptick to 16.1 percent in the period of May 2019. 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 2. 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

Employment increased in industry sector while fell down in the services sector

According to seasonally adjusted sectoral labor market data, employment decreased in the period of April 2019 compared to March 2019 in all sectors except manufacturing (Figure 3, Table 2).³ While employment in construction decreased by 32 thousand, employment losses in agriculture and services amounted to 84 thousand and 30 thousand, respectively. On the other hand, the employment in manufacturing increased by 71 thousand (Table 2). Employment in construction has been decreasing for more than a year (since the period of February 2018). Total employment loss has reached 640 thousand.

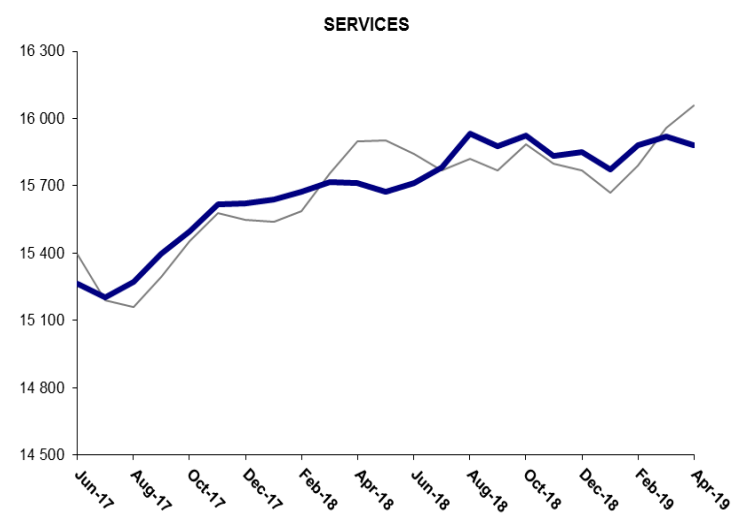
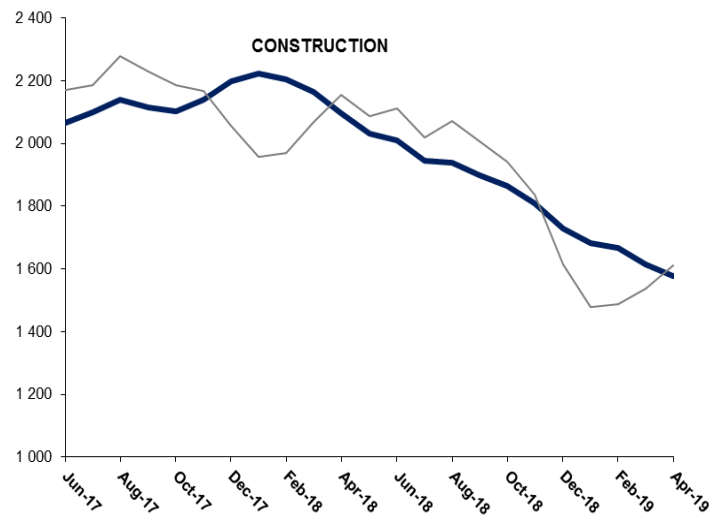
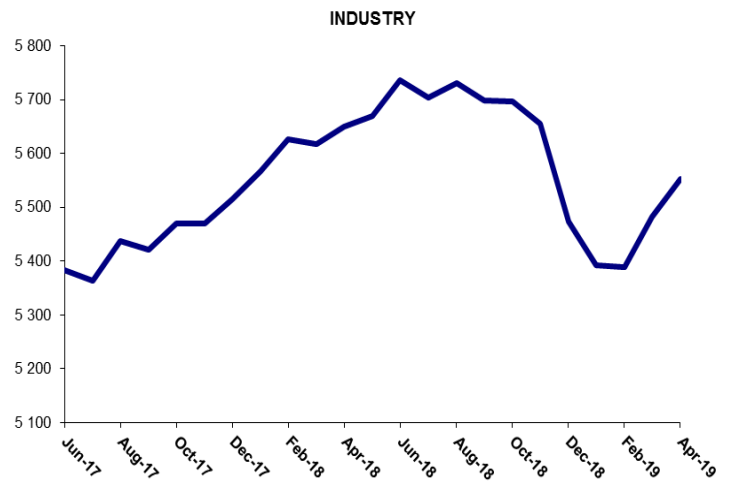
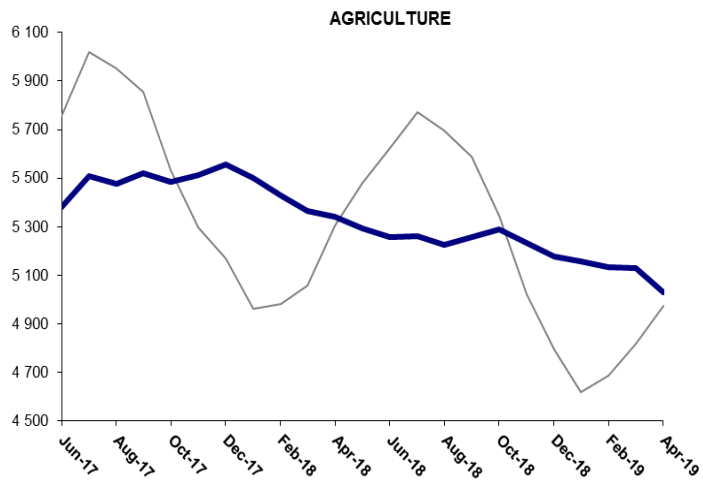
¹ For detailed information on Betam's forecasting model, please see Betam Research Brief 168 titled as "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini". For the innovations in the model please see Betam Research Brief 14 titled as "Mevsim Etkilerinden Arındırılmış İşsizlik Tahmini" Soybilgen, 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)

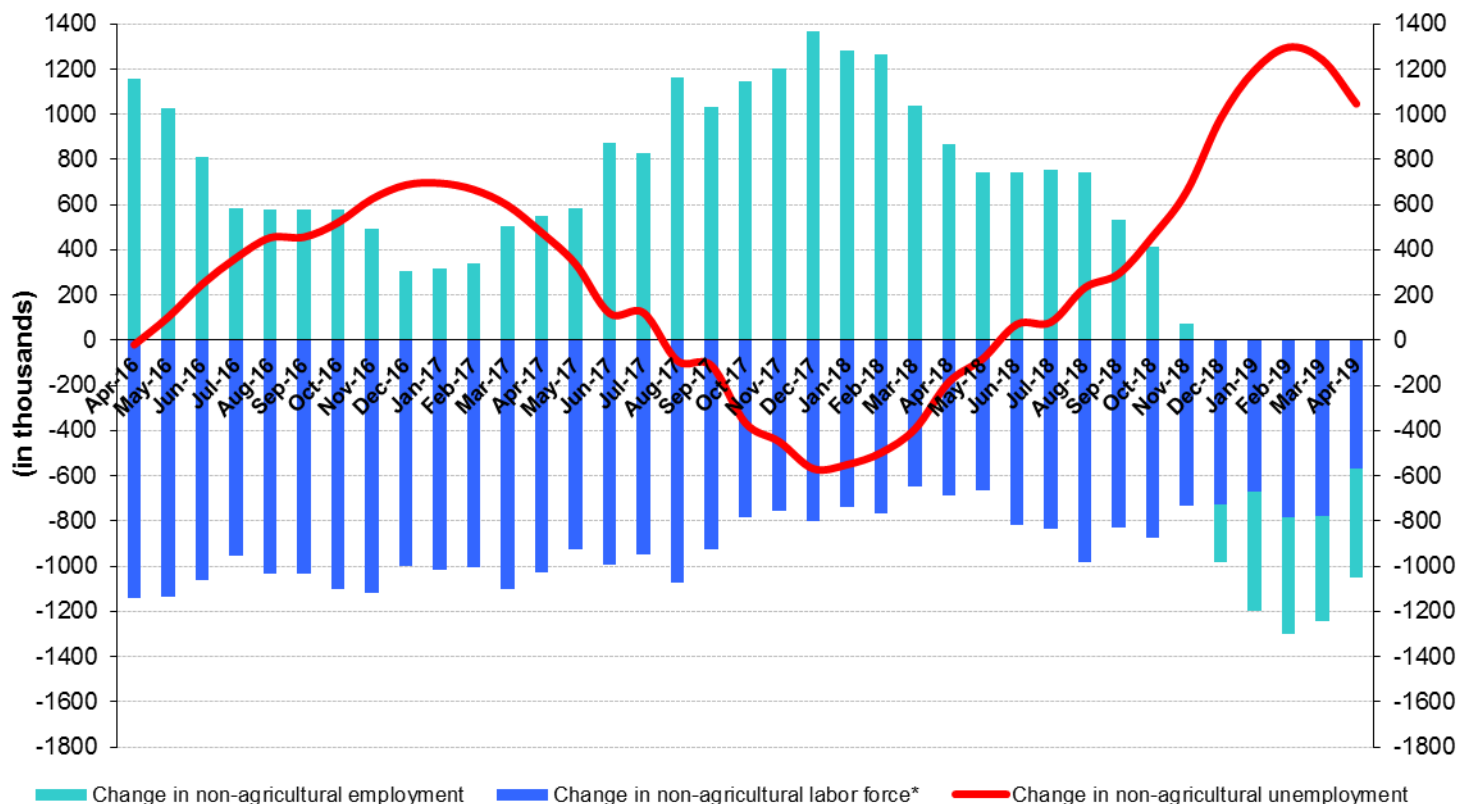


Source: TURKSTAT, Betam

The number of non-agricultural employed continues to decrease year on year

From April 2018 to April 2019 non-agricultural labor force increased by 567 thousand (2.1 percent) and non-agricultural employment decreased by 481 thousand (-2.0 percent) (Figure 3). A slowdown in year on year increase of the labor force caused by the decrease of employment due to the recession is observed. On the other hand, year-on-year non-agricultural employment decreased for the fifth consecutive month. Thus, compared to April 2018, non-agricultural unemployed increased by 1 million 48 thousand and reached 4 million 98 thousand.

Figure 3 : Year-on-year changes in non-agricultural labor force, employment, and unemployment



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

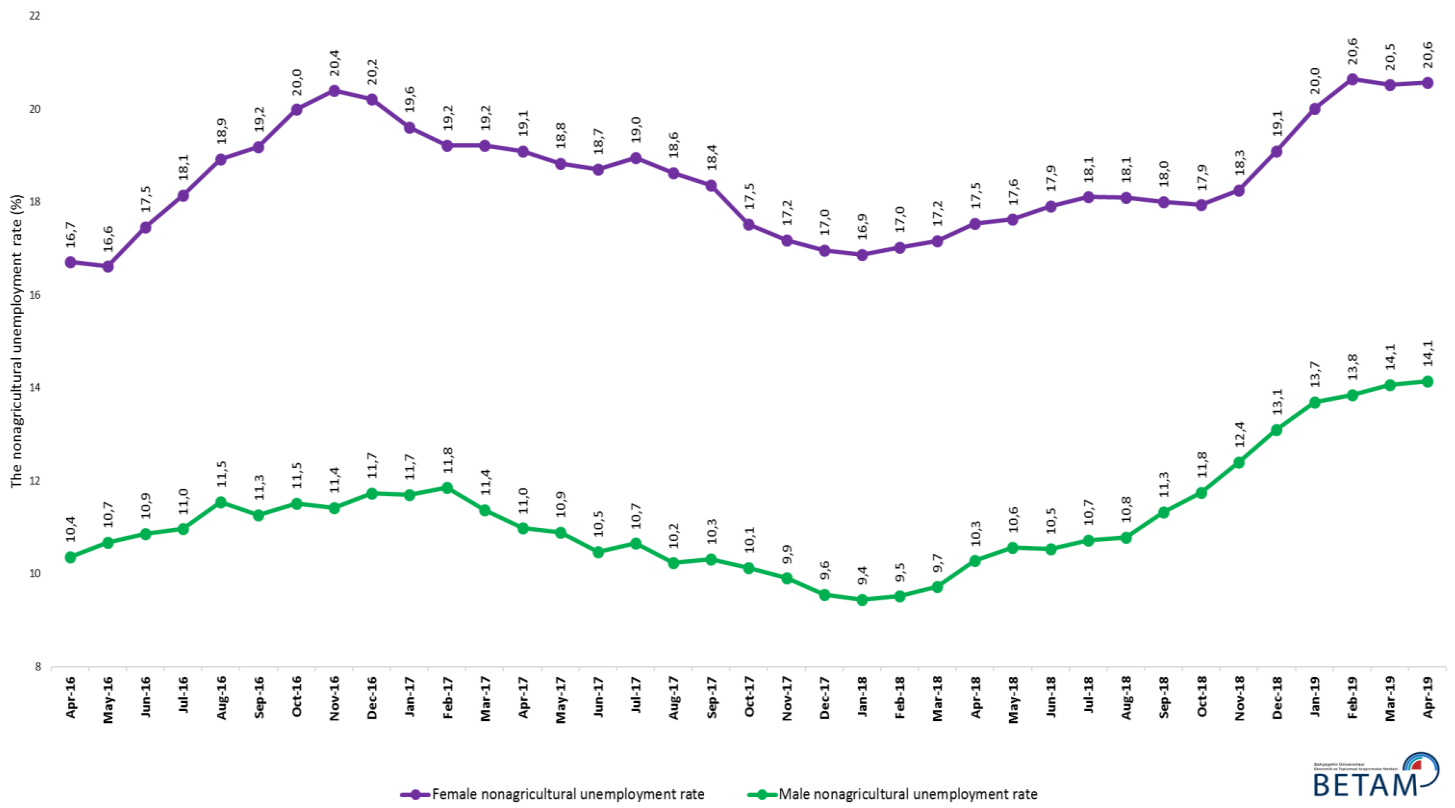
Source: Turkstat, Betam

The gender disparity with regards to unemployment rate narrowed

Figure 5 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)⁴. In the period of April 2019, compared to the period of March 2019, the non-agricultural female unemployment rate increased by 0.04 percentage points from 20.53 to 20.57 percent while the non-agricultural male unemployment rate increased by 0.09 percentage points from 14.06 to 14.15. The limited increase in female unemployment resulted from a twin decrease both in labor force (44 thousand) and in employment (38 thousand). The decline in seasonally adjusted female labor force by 44 thousand, compared to March 2019, is striking, as decline in seasonally adjusted female labor force occurs rarely. On the other hand, male employment decreased by 25 thousand and male labor force decreased by 10 thousand. In April 2019 compared to March 2019 (Table 3), The gender gap in non-agricultural unemployment rates decreased by 0.05 percentage points only in the period of April.

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
February-16	24844	21888	2956	11,9%			
March-16	24867	21958	2909	11,7%	23	70	-47
April-16	25019	22067	2952	11,8%	152	109	43
May-16	25130	22039	3091	12,3%	111	-28	139
June-16	25109	21845	3264	13,0%	-21	-194	173
July-16	25185	21835	3350	13,3%	75	-10	85
August-16	25153	21707	3446	13,7%	-32	-128	96
September-16	25352	21904	3448	13,6%	199	197	2
October-16	25529	21929	3600	14,1%	177	25	152
November-16	25643	22027	3616	14,1%	114	98	16
December-16	25613	21950	3663	14,3%	-30	-77	47
January-17	25702	22104	3598	14,0%	90	154	-64
February-17	25808	22221	3587	13,9%	106	117	-11
March-17	25984	22450	3534	13,6%	175	229	-54
April-17	26039	22602	3437	13,2%	55	152	-97
May-17	26071	22630	3441	13,2%	32	28	4
June-17	26113	22718	3395	13,0%	41	88	-47
July-17	26118	22670	3448	13,2%	5	-48	53
August-17	26204	22850	3354	12,8%	87	180	-93
September-17	26273	22936	3337	12,7%	68	86	-18
October-17	26307	23071	3236	12,3%	34	135	-101
November-17	26421	23224	3197	12,1%	114	153	-39
December-17	26451	23330	3121	11,8%	30	106	-76
January-18	26524	23421	3103	11,7%	73	91	-18
February-18	26577	23494	3083	11,6%	53	73	-20
March-18	26625	23483	3142	11,8%	48	-11	59
April-18	26731	23470	3261	12,2%	106	-13	119
May-18	26756	23385	3371	12,6%	25	-85	110
June-18	26945	23469	3476	12,9%	189	84	105
July-18	26972	23439	3533	13,1%	27	-30	57
August-18	27192	23603	3589	13,2%	220	164	56
September-18	27105	23473	3632	13,4%	-87	-130	43
October-18	27210	23482	3728	13,7%	105	9	96
November-18	27152	23296	3856	14,2%	-58	-186	128
December-18	27081	23046	4035	14,9%	-70	-250	180
January-19	27031	22841	4190	15,5%	-50	-205	155
February-19	27228	22926	4302	15,8%	197	85	112
March-19	27382	23001	4381	16,0%	154	75	79
April-19	27394	23011	4383	16,0%	12	10	2

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
February-16	5327	5276	1994	14617				
March-16	5385	5295	2023	14641	58	19	29	24
April-16	5375	5381	2036	14649	-10	86	13	8
May-16	5334	5386	2059	14595	-41	5	23	-54
June-16	5190	5330	1956	14559	-144	-56	-103	-36
July-16	5217	5254	1955	14626	27	-76	-1	67
August-16	5281	5224	1918	14565	64	-30	-37	-61
September-16	5334	5260	2026	14618	53	36	108	53
October-16	5266	5282	1991	14656	-68	22	-35	38
November-16	5277	5316	1991	14720	11	34	0	64
December-16	5308	5265	1963	14723	31	-51	-28	3
January-17	5434	5274	1970	14861	126	9	7	138
February-17	5475	5251	2019	14951	41	-23	49	90
March-17	5381	5346	2095	15009	-94	95	76	58
April-17	5359	5372	2128	15102	-22	26	33	93
May-17	5390	5386	2083	15161	31	14	-45	59
June-17	5390	5383	2066	15268	0	-3	-17	107
July-17	5511	5363	2100	15207	121	-20	34	-61
August-17	5478	5437	2140	15273	-33	74	40	66
September-17	5522	5421	2116	15398	44	-16	-24	125
October-17	5483	5470	2103	15498	-39	49	-13	100
November-17	5508	5470	2139	15615	25	0	36	117
December-17	5549	5514	2196	15620	41	44	57	5
January-18	5493	5567	2219	15635	-56	53	23	15
February-18	5418	5627	2200	15667	-75	60	-19	32
March-18	5356	5618	2158	15708	-62	-9	-42	41
April-18	5354	5650	2100	15720	-2	32	-58	12
May-18	5305	5669	2035	15682	-49	19	-65	-38
June-18	5270	5737	2013	15718	-35	68	-22	36
July-18	5270	5703	1948	15788	0	-34	-65	70
August-18	5230	5730	1940	15934	-40	27	-8	146
September-18	5256	5698	1899	15876	26	-32	-41	-58
October-18	5287	5696	1862	15924	31	-2	-37	48
November-18	5228	5656	1808	15832	-59	-40	-54	-92
December-18	5170	5474	1727	15846	-58	-182	-81	14
January-19	5145	5392	1680	15770	-25	-82	-47	-76
February-19	5120	5388	1663	15875	-25	-4	-17	105
March-19	5113	5482	1610	15910	-7	94	-53	35
April-19	5029	5553	1578	15880	-84	71	-32	-30

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
April-16	7153	5958	1195	17846	15996	1850
May-16	7180	5987	1193	17916	16005	1912
June-16	7262	5994	1268	17825	15890	1935
July-16	7276	5956	1320	17908	15946	1963
August-16	7318	5934	1385	17945	15874	2071
September-16	7382	5965	1417	18016	15987	2030
October-16	7435	5949	1486	18087	16005	2082
November-16	7465	5941	1523	18154	16081	2074
December-16	7452	5945	1507	18185	16051	2134
January-17	7449	5989	1461	18269	16131	2137
February-17	7503	6061	1442	18286	16120	2167
March-17	7605	6143	1462	18333	16247	2086
April-17	7613	6160	1454	18370	16353	2016
May-17	7657	6215	1442	18389	16386	2003
June-17	7671	6236	1434	18414	16486	1928
July-17	7692	6234	1458	18440	16476	1964
August-17	7721	6284	1438	18486	16595	1891
September-17	7775	6347	1428	18513	16603	1910
October-17	7783	6419	1364	18529	16653	1877
November-17	7836	6490	1346	18570	16730	1839
December-17	7879	6543	1336	18612	16833	1779
January-18	7921	6584	1337	18625	16866	1759
February-18	7942	6589	1352	18651	16877	1774
March-18	7936	6574	1362	18682	16867	1815
April-18	8002	6599	1403	18731	16807	1925
May-18	8029	6614	1415	18750	16770	1980
June-18	8076	6629	1447	18794	16815	1979
July-18	8101	6634	1467	18815	16799	2017
August-18	8198	6715	1483	18856	16822	2034
September-18	8177	6705	1473	18861	16723	2137
October-18	8263	6781	1482	18881	16662	2219
November-18	8254	6747	1507	18886	16544	2343
December-18	8331	6740	1591	18892	16418	2474
January-19	8363	6690	1673	18900	16311	2588
February-19	8433	6692	1741	18927	16307	2620
March-19	8480	6739	1741	18931	16269	2662
April-19	8436	6701	1735	18921	16244	2677

Source: Turkstat, Betam