

LOSSES IN EMPLOYMENT RESTARTED

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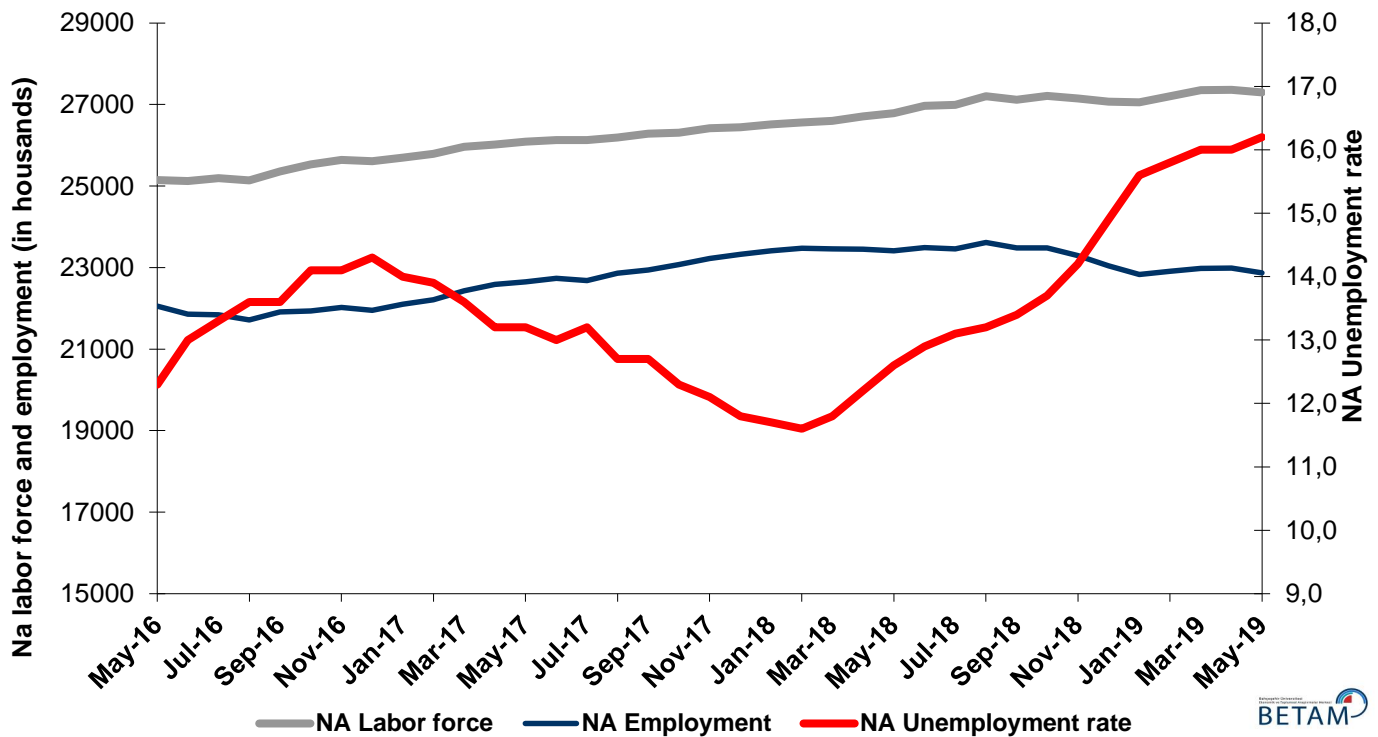
Executive Summary

Seasonally adjusted labor market data shows that, in the period of May 2019, non-agricultural unemployment increased by 0.2 points to 16.2 percent. In this period, non-agricultural employment decreased by 112 thousand and non-agricultural labor force decreased by 68 thousand. Reductions in both employment and labor force are remarkable. Sectoral data indicate that employment is decreasing in all sectors, but the most striking decrease is in services. While employment in services decreased by 62 thousand, employment loss in industry was 7 thousand. Employment losses in construction continued and since February 2018, the level of employment loss in construction reached 691 thousand. According to seasonally adjusted labor market data, both labor and employment of women decreased.

Number of unemployed in non-agricultural sector reached 4 million 422 thousand

According to seasonally adjusted labor market data, in the period of May 2019 compared to April 2019, the non-agricultural labor force decreased by 68 thousand to 27 million 295 thousand, and the number of employed in non-agricultural sectors decreased by 112 thousand to 22 million 873 thousand. Thereby, the number of unemployed in non-agricultural sectors increased by 44 thousand and reached 4 million 422 thousand and consequently the non-agricultural unemployment rate reached 16.2 percent (Figure 1, Table 1). Despite the decrease in the labor force in non-agricultural sectors, it is observed that non-agricultural unemployment rate increased as a result of greater losses in employment.

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



Source: Turkstat, Betam

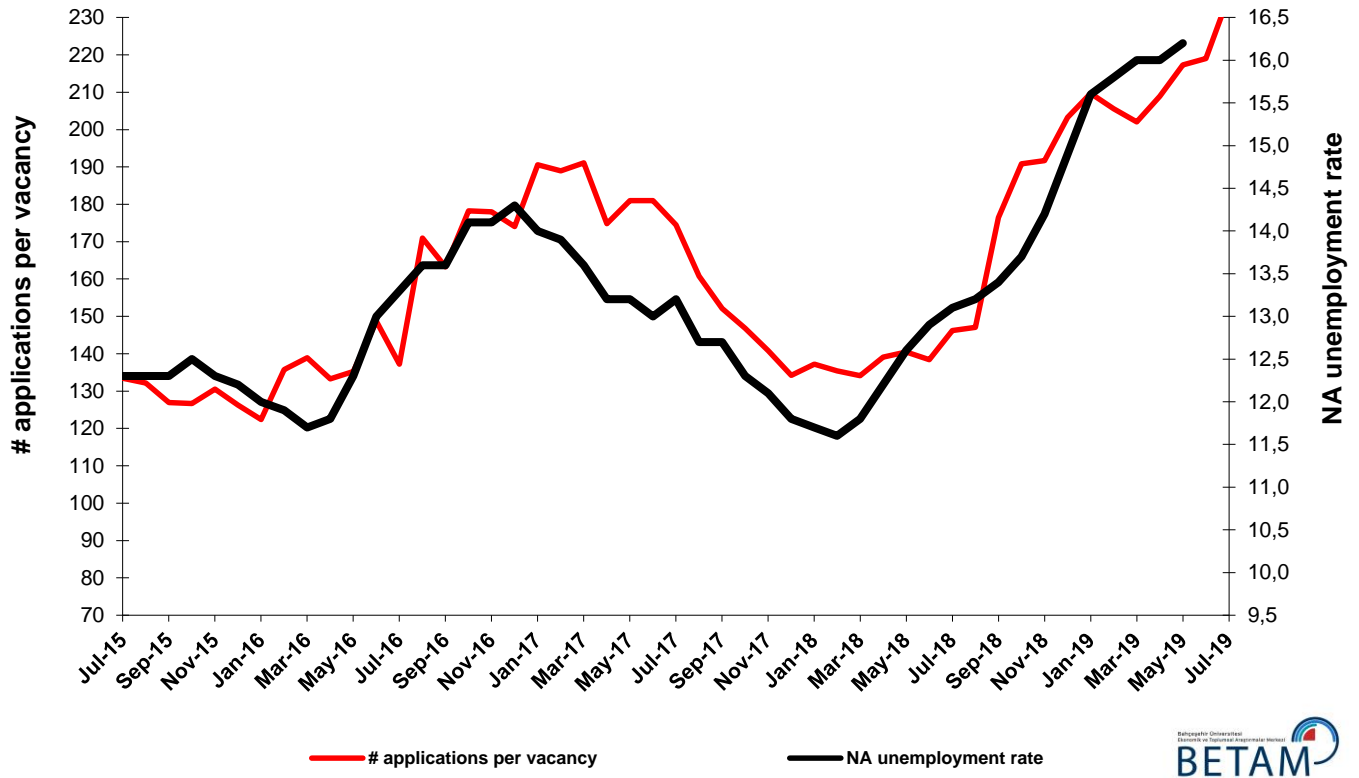
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Unemployment rate is expected to increase in Jun 2019

Betam's forecasting model had predicted that, in May 2019, the seasonally adjusted non-agricultural unemployment rate would increase by 0.1 percentage point to 16.1 percent. As noted above non-agricultural unemployment rate increased by 0.2 percentage points to 16.2 percent. Betam's forecasting model predicts that the seasonally adjusted non-agricultural unemployment rate will tick up to 16.3 percent in the period of June 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 decreases in all sectors

According to seasonally adjusted sectoral labor market data, employment decreased in the period of May 2019 compared to April 2019 in all sectors (Figure 3, Table 2).³ While employment in industry had increased by 71 thousand in April 2019, it decreased by 7 thousand in May 2019. In this period, employment in service decreased by 62 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 691 thousand. Having 2 million 216 thousand employees in January 2018, this sector lost 31 percent of its employment within 16 months.

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/>

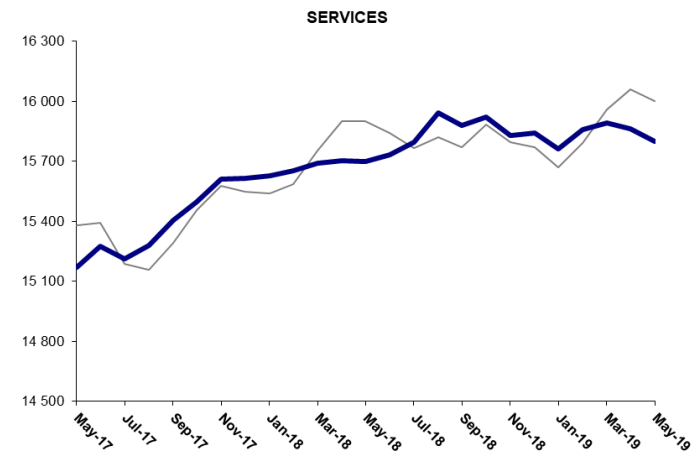
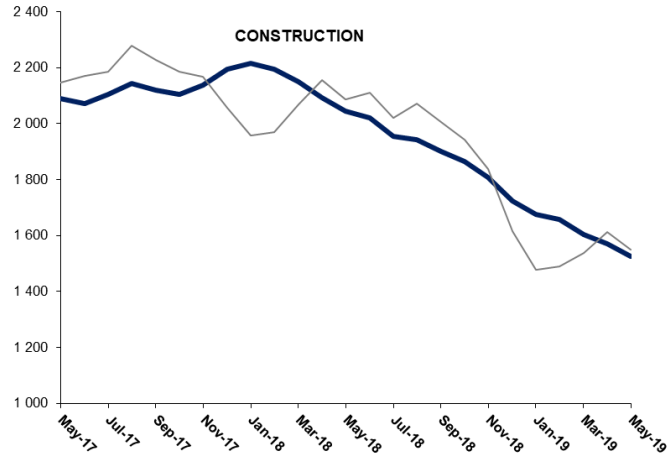
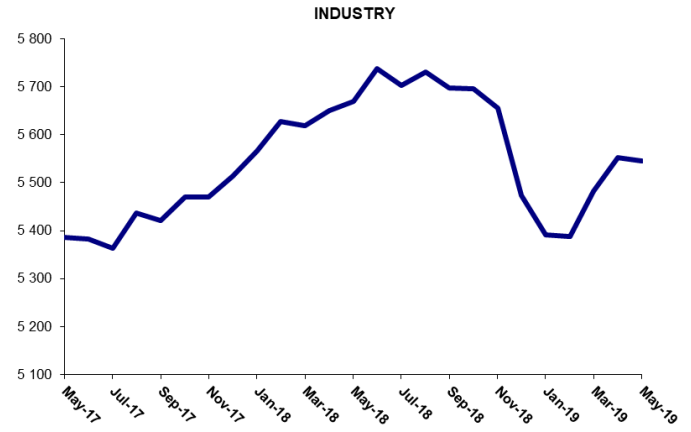
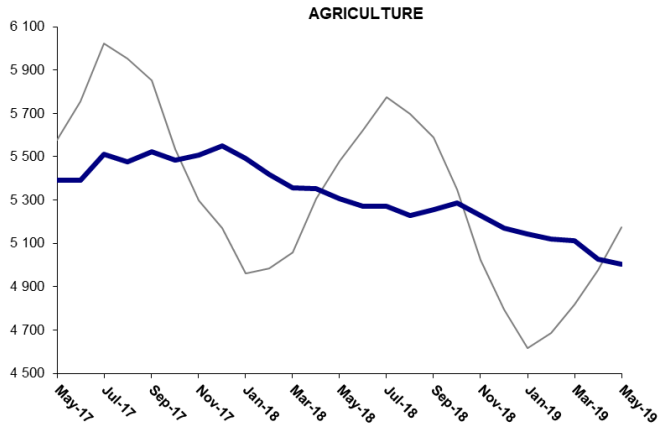
Soybilgen, B., "Mevsim Etkilerinden Arındırılmış İşsizlik Tahmini", Betam Research Brief 14

<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)

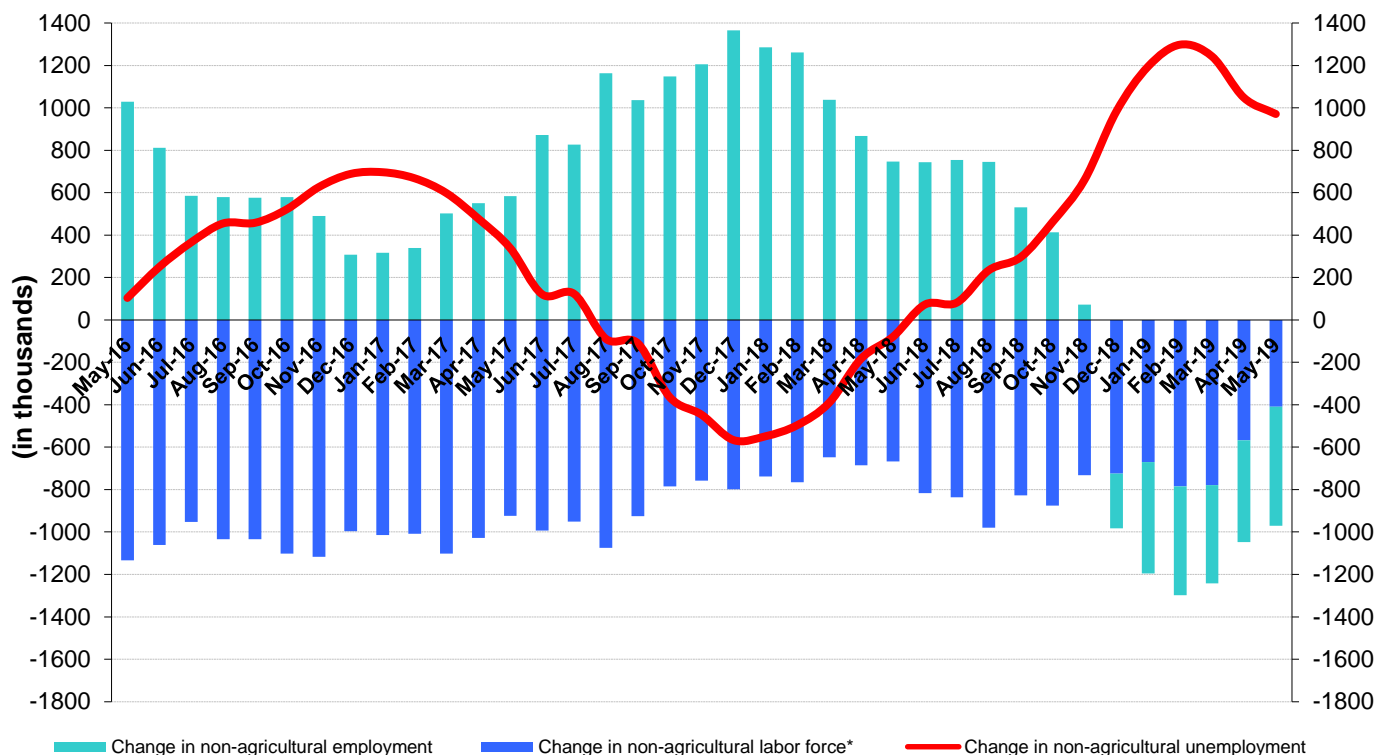


Source: TURKSTAT, Betam

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

From May 2018 to May 2019 non-agricultural labor force increased by 409 thousand (1.5 percent) and non-agricultural employment decreased by 562 thousand (-2.4 percent) (Figure 3). Annual labor force growth slowed down along with employment losses and deviated from its structural trend. However, non-agricultural employment suffered from heavy losses during the past year. Thus, compared to May 2018, the number of non-agricultural unemployed increased by 971 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.

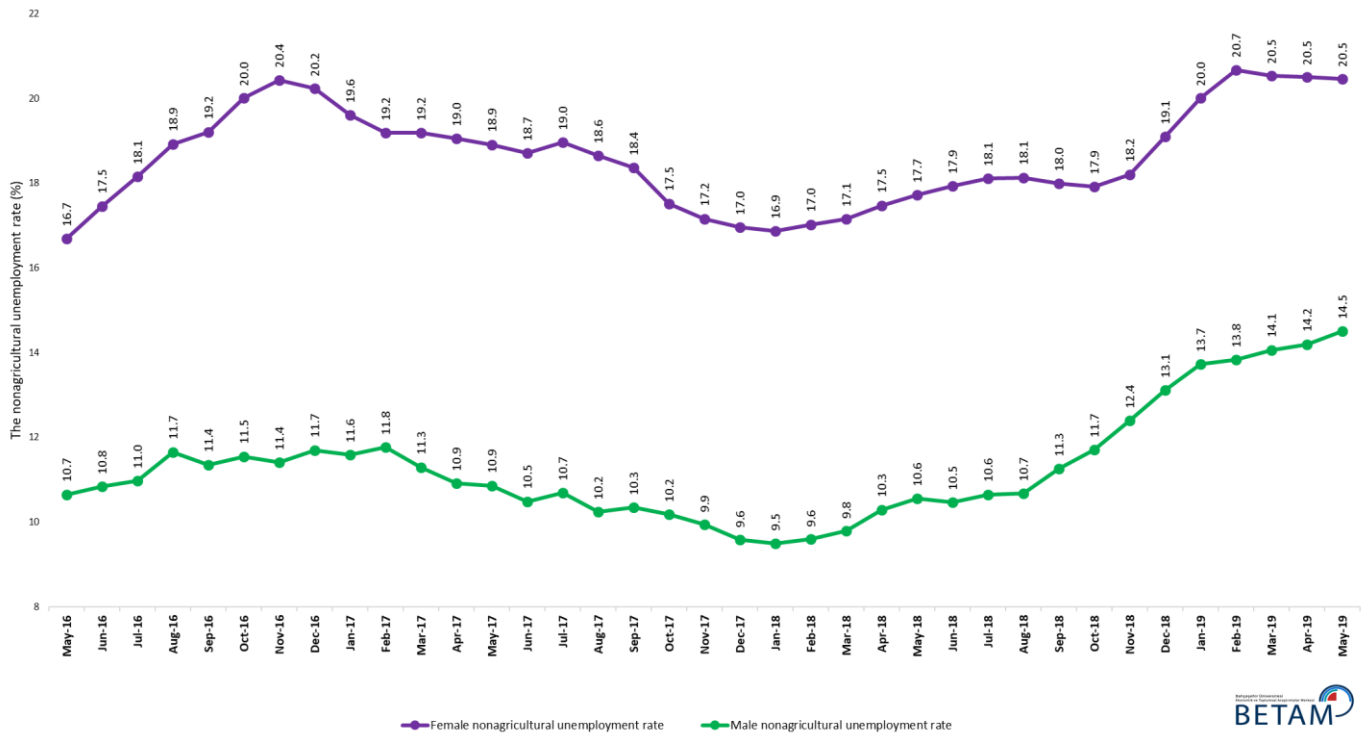
Source: Turkstat, Betam

The unemployment gender gap narrowed

Figure 5 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)⁴. In the period of May 2019, compared to the period of April 2019, the non-agricultural female unemployment rate remained unchanged at 20.5 percent while the non-agricultural male unemployment rate increased by 0.3 percentage points from 14.2 to 14.5. The decline in seasonally adjusted female labor force by 44 thousand, compared to April 2019, is striking, as decline in seasonally adjusted female labor force occurs rarely. The female employment decreased by 32 thousand in the same period 2019 (Table 3), As for male labor force, it increased by 5 thousand and male employment decreased by 53 thousand. Consequently, the gender gap in non-agricultural unemployment rates narrowed to 6.0 percentage point.

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
May-16	25143	22050	3093	12.3%			
June-16	25121	21855	3266	13.0%	-22	-195	173
July-16	25195	21844	3351	13.3%	74	-11	85
August-16	25135	21717	3418	13.6%	-60	-127	67
September-16	25361	21912	3449	13.6%	226	195	31
October-16	25534	21934	3600	14.1%	173	22	151
November-16	25640	22025	3615	14.1%	106	91	15
December-16	25609	21947	3662	14.3%	-31	-78	47
January-17	25694	22097	3597	14.0%	85	150	-65
February-17	25792	22207	3585	13.9%	98	110	-12
March-17	25964	22433	3531	13.6%	172	226	-54
April-17	26017	22583	3434	13.2%	53	150	-97
May-17	26090	22646	3444	13.2%	73	63	10
June-17	26129	22732	3397	13.0%	39	86	-47
July-17	26130	22681	3449	13.2%	1	-51	52
August-17	26187	22861	3326	12.7%	57	180	-123
September-17	26281	22943	3338	12.7%	94	82	12
October-17	26310	23074	3236	12.3%	30	131	-101
November-17	26416	23220	3196	12.1%	106	146	-40
December-17	26444	23324	3120	11.8%	28	104	-76
January-18	26514	23412	3102	11.7%	70	88	-18
February-18	26555	23475	3080	11.6%	41	63	-22
March-18	26601	23462	3139	11.8%	45	-13	58
April-18	26706	23448	3258	12.2%	105	-14	119
May-18	26786	23411	3375	12.6%	80	-37	117
June-18	26968	23489	3479	12.9%	182	78	104
July-18	26992	23456	3536	13.1%	24	-33	57
August-18	27206	23615	3591	13.2%	214	159	55
September-18	27114	23481	3633	13.4%	-92	-134	42
October-18	27211	23483	3728	13.7%	97	2	95
November-18	27146	23291	3855	14.2%	-65	-192	127
December-18	27073	23039	4034	14.9%	-73	-252	179
January-19	27051	22831	4220	15.6%	-22	-208	186
February-19	27203	22905	4298	15.8%	152	74	78
March-19	27352	22976	4376	16.0%	149	71	78
April-19	27363	22985	4378	16.0%	11	9	2
May-19	27295	22873	4422	16.2%	-68	-112	44

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
May-16	5334	5386	2062	14602				
June-16	5191	5330	1958	14567	-143	-56	-104	-35
July-16	5217	5254	1958	14632	26	-76	0	65
August-16	5281	5224	1919	14574	64	-30	-39	-58
September-16	5334	5260	2027	14625	53	36	108	51
October-16	5266	5282	1992	14660	-68	22	-35	35
November-16	5277	5316	1991	14718	11	34	-1	58
December-16	5308	5265	1962	14720	31	-51	-29	2
January-17	5434	5274	1968	14856	126	9	6	136
February-17	5475	5251	2016	14940	41	-23	48	84
March-17	5380	5346	2089	14997	-95	95	73	57
April-17	5359	5372	2122	15089	-21	26	33	92
May-17	5390	5386	2088	15172	31	14	-34	83
June-17	5391	5383	2071	15278	1	-3	-17	106
July-17	5512	5363	2104	15215	121	-20	33	-63
August-17	5478	5437	2142	15282	-34	74	38	67
September-17	5522	5421	2118	15404	44	-16	-24	122
October-17	5483	5470	2104	15500	-39	49	-14	96
November-17	5508	5470	2138	15612	25	0	34	112
December-17	5549	5514	2194	15617	41	44	56	5
January-18	5493	5567	2216	15629	-56	53	22	12
February-18	5418	5627	2194	15654	-75	60	-22	25
March-18	5355	5618	2150	15693	-63	-9	-44	39
April-18	5353	5650	2092	15705	-2	32	-58	12
May-18	5305	5669	2044	15698	-48	19	-48	-7
June-18	5271	5737	2021	15732	-34	68	-23	34
July-18	5270	5703	1954	15798	-1	-34	-67	66
August-18	5230	5730	1943	15942	-40	27	-11	144
September-18	5256	5698	1901	15882	26	-32	-42	-60
October-18	5287	5696	1863	15924	31	-2	-38	42
November-18	5228	5656	1806	15828	-59	-40	-57	-96
December-18	5170	5474	1724	15841	-58	-182	-82	13
January-19	5145	5392	1675	15764	-25	-82	-49	-77
February-19	5119	5388	1656	15860	-26	-4	-19	96
March-19	5112	5482	1602	15892	-7	94	-54	32
April-19	5028	5553	1569	15864	-84	71	-33	-28
May-19	5003	5546	1525	15802	-25	-7	-44	-62

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
May-16	7191	5991	1200	17913	16005	1908
June-16	7267	5998	1268	17823	15891	1932
July-16	7281	5959	1321	17912	15946	1966
August-16	7320	5935	1385	17968	15875	2094
September-16	7385	5967	1418	18035	15987	2047
October-16	7436	5949	1488	18095	16005	2089
November-16	7466	5941	1525	18150	16080	2070
December-16	7451	5943	1508	18177	16051	2127
January-17	7446	5986	1460	18246	16131	2115
February-17	7496	6058	1438	18269	16119	2150
March-17	7597	6140	1457	18315	16246	2069
April-17	7604	6155	1448	18355	16352	2003
May-17	7669	6219	1450	18384	16387	1997
June-17	7676	6240	1436	18419	16487	1932
July-17	7693	6235	1459	18449	16477	1971
August-17	7726	6285	1441	18489	16595	1894
September-17	7776	6348	1428	18519	16603	1916
October-17	7786	6422	1364	18541	16653	1888
November-17	7835	6491	1344	18576	16730	1846
December-17	7879	6543	1336	18617	16832	1784
January-18	7918	6583	1335	18636	16865	1771
February-18	7937	6586	1351	18668	16875	1793
March-18	7930	6570	1360	18696	16864	1831
April-18	7989	6593	1396	18732	16804	1928
May-18	8042	6617	1425	18754	16774	1980
June-18	8081	6632	1449	18784	16818	1966
July-18	8101	6634	1467	18803	16801	2002
August-18	8204	6717	1487	18833	16822	2011
September-18	8177	6706	1471	18846	16724	2122
October-18	8266	6785	1481	18870	16662	2208
November-18	8251	6749	1502	18883	16543	2340
December-18	8332	6741	1591	18894	16417	2477
January-19	8359	6687	1673	18904	16310	2594
February-19	8430	6687	1743	18919	16303	2616
March-19	8476	6735	1740	18925	16264	2661
April-19	8420	6694	1727	18924	16238	2686
May-19	8376	6662	1713	18929	16185	2745

Source: Turkstat, Betam