

UNEMPLOYMENT DECREASED, INCREASES IN EMPLOYMENT AND LABOR FORCE DECELERATED

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Executive Summary

Seasonally adjusted labor market data shows that in the period of August 2020, non-agricultural unemployment rate turned out to be 15.4 percent, with 0.4 percentage point decreases compared to July 2020. In this period, both non-agricultural employment and labor force increased by 258 thousand and by 182 thousand respectively. According to sectoral data, employment increased in all sectors. While employment in construction sector increased by 9 thousand, employment in manufacturing and services increased by 106 thousand and 144 thousand, respectively. According to seasonally adjusted data, female non-agricultural employment increased by 94 thousand and labor force by 74 thousand. As a result, non-agricultural female unemployment rate decreased by 0.5 percentage points to 18.6 percent. As for male labor force and employment, they increased by 162 thousand and 213 thousand respectively, taking down non-agricultural male unemployment rate from 14.5 to 14.1 percent. The existing gender gap in non-agricultural unemployment rate narrowed by 0.1 percentage points to 4.5.

Increases in non-agricultural labor force and employment

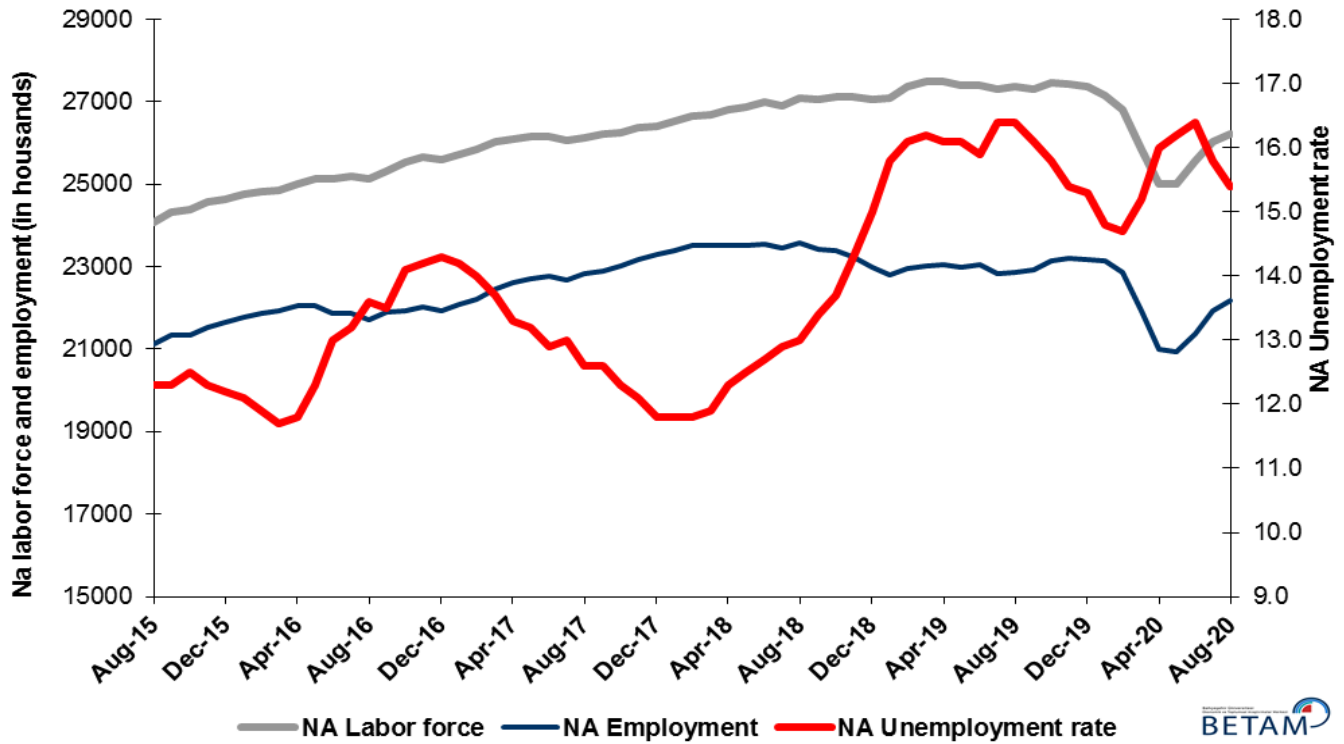
Seasonally adjusted data shows that, non-agricultural labor force increased to 26 million 223 thousand after the increase of 182 thousand in August 2020 period (July-August-September) compared to July 2020 period (June-July-August). In August 2020 period the level of non-agricultural labor force remains still lower than the period of February 2020 by an amount of 598 thousand. Non-agricultural employment increased to 22 million 185 thousand along with an increase of 258 thousand (Figure1, Table1). Nevertheless, employment level in the period of August 2020 is still lower than that in the period of February 2020 by 694 thousand. The deceleration in the increase of labor force and employment signals that the labor market may recover at a slower pace than expected. Compared to the period of February 2020, the level of non-agricultural unemployed is higher by the amount of 96 thousand, and non-agricultural unemployment rate is higher by 0.7 percentage points.

The increases in both the labor force and the employment rates in the recent period have continued in the period of August. As a result, in the period of August 2020 compared to July 2020, labor force participation rate reached 49.5 percent with an increase of 0.2 percentage points, and employment rate rose to 43.0 percent with an increase of 0.4 percentage points. Let us note that labor force participation and employment rates are still lower by 3.3 and 2.4 percentage points respectively comparing to August 2019 (Figure 2).

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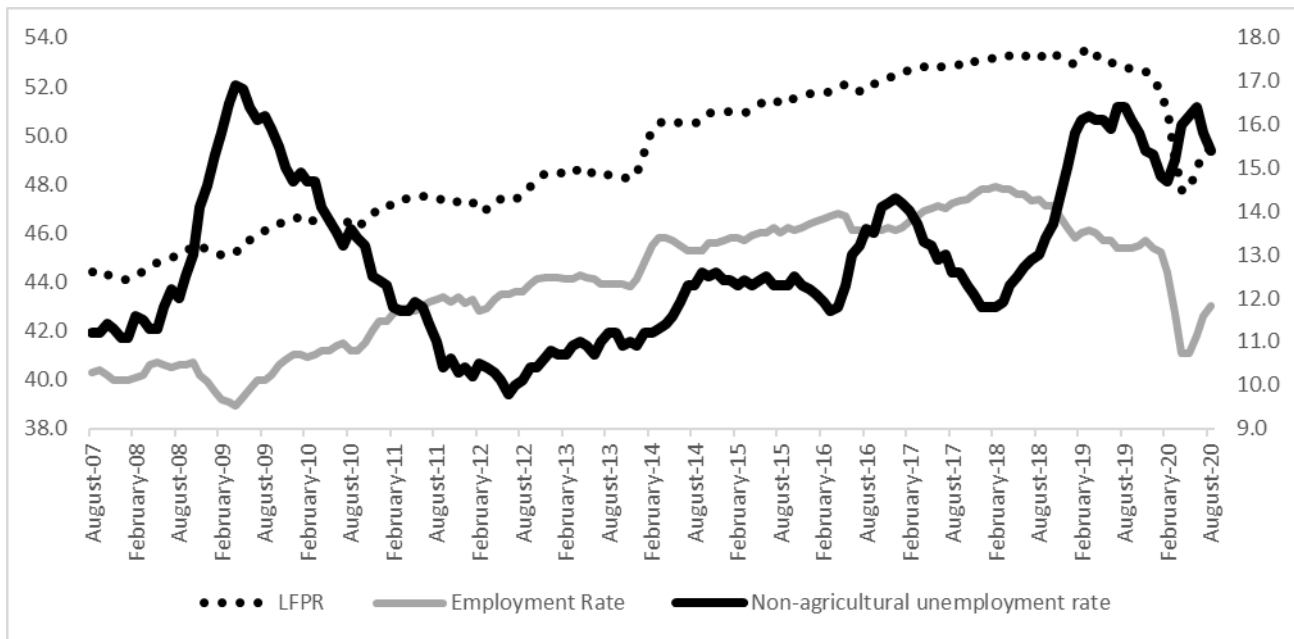
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Figure 1. Seasonally adjusted non-agricultural labor force, employment, and unemployment



Source: Turkstat, Betam

Figure 2. Seasonally adjusted LFPR, employment rate and non-agricultural unemployment rate

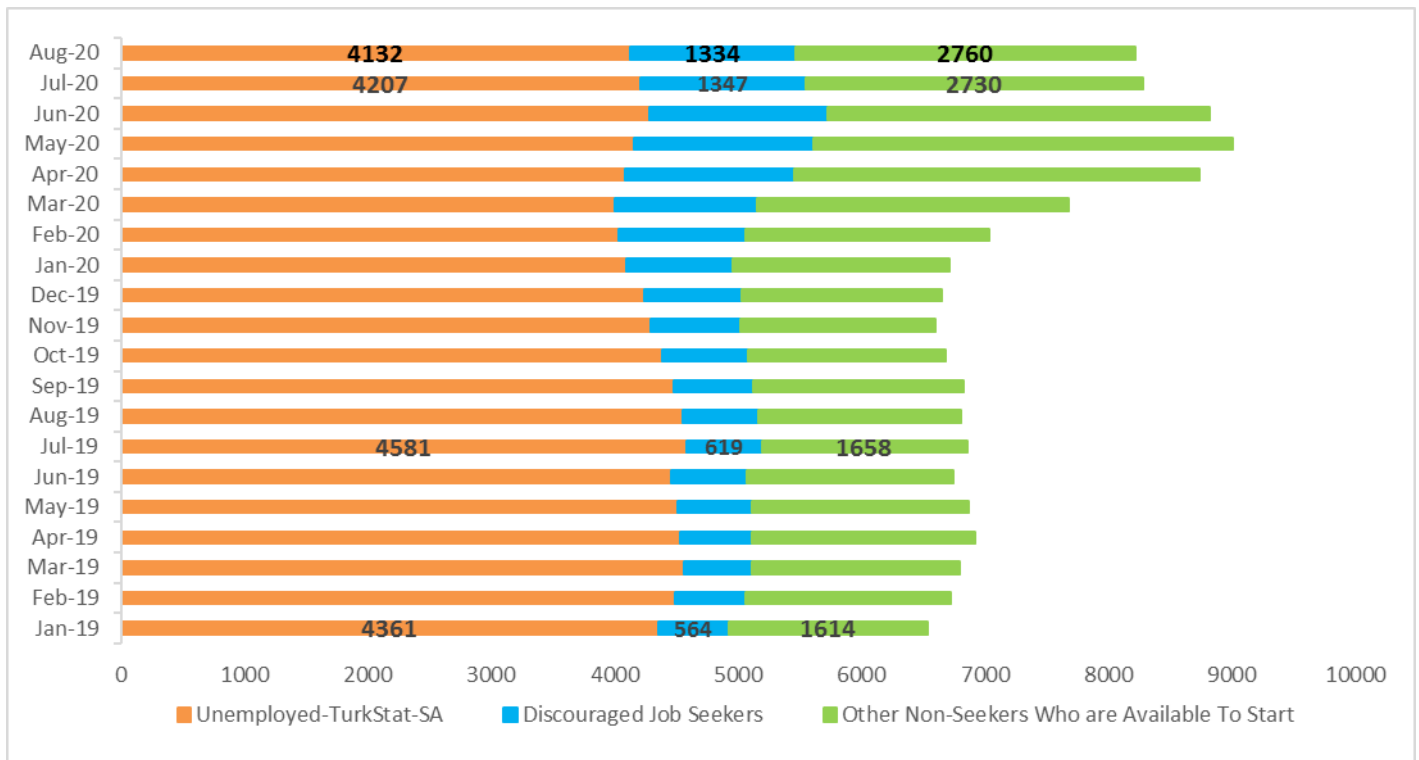


Source: Turkstat, Betam

Decrease in the number of “not seeking a job but available to start”

The level of labor force, by definition, is the summation of the level of employed people and the level of job seekers (unemployed). During the periods of massive employment losses one witnesses striking increase among individuals who desire to work but they are not actively seeking a job as they think that they could not find any. Those individuals that quit seeking for jobs and labor force due to loss of confidence and other reasons are referred as ‘Discouraged workers’ and ‘Other’ by TurkStat. While consecutive increases in the number of discouraged workers since January 2019 reversed in the period of June, it decreased only by 13 thousand in the period of August. On the other hand, the number of inactive non-seekers but available to start increased by 30 thousand. Finally, adding the number of unemployed to these categories, the sum decreased by 59 thousand to 8 million 225 thousand.

Figure 3. The number of unemployed people, non-seekers who are available and summation of both, SA

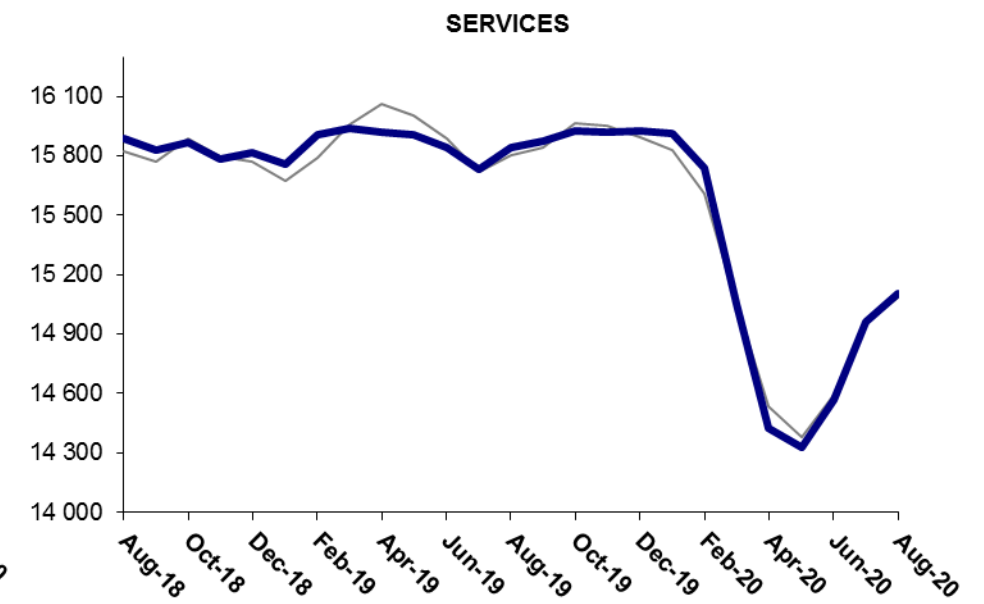
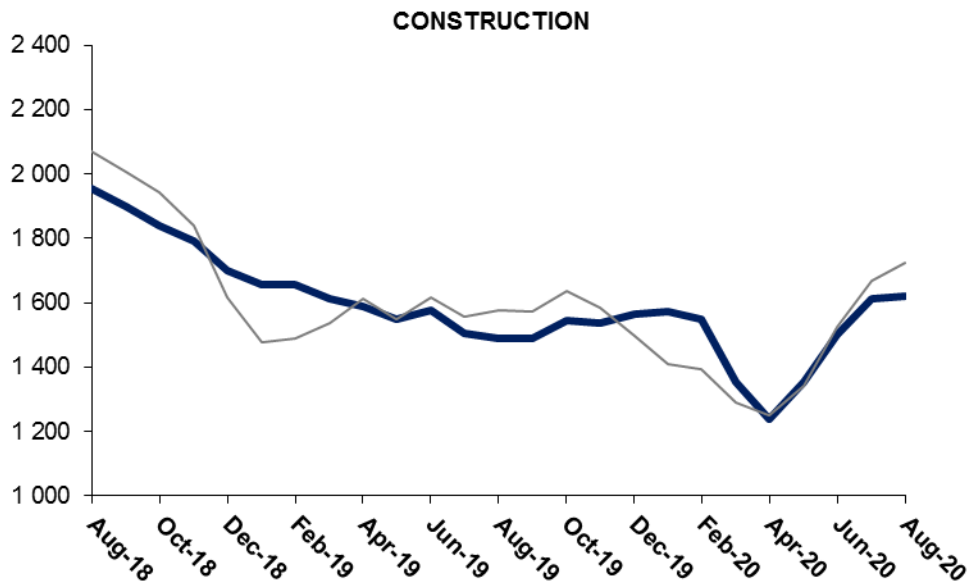
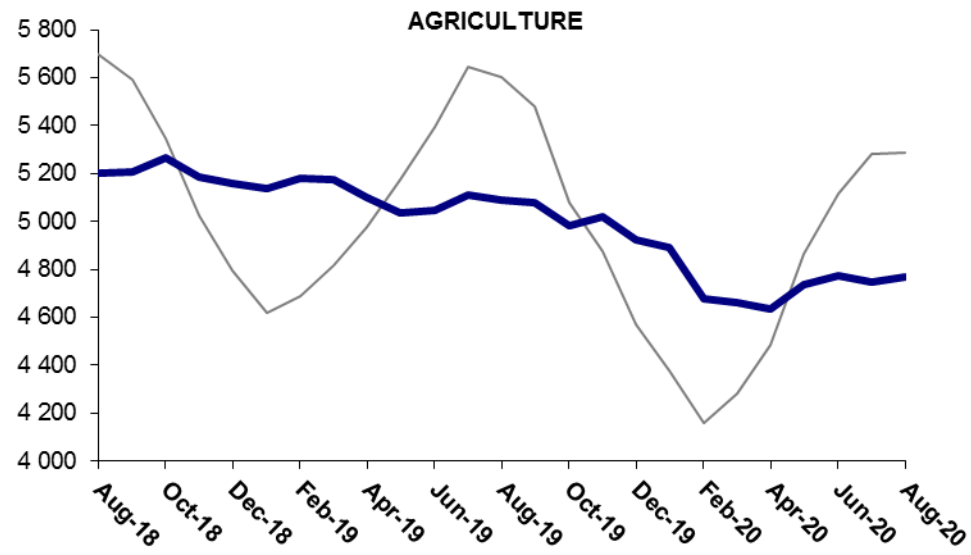


Source: Turkstat, Betam

Employment increased in every sector, manufacturing employment is close to its February levels

According to seasonally adjusted employment data, in the period of August 2020 compared to July 2020, employment increased in all sectors. Employment in the construction sector increased merely by 9 thousand. It is worthy to note that the employment is now higher by 72 thousand comparing to the period of February 2020 in this sector. In the manufacturing employment increased by 106 thousand narrowing down the existing gap regarding the levels of manufacturing employment between the periods of February and August 2020 (February 2020: 5 million 593 thousand, August 2020: 5 million 460 thousand). Strong increases of employment in services observed in June (242 thousand) and July (395 thousand) periods decelerated in August period down to 144 thousand. The level of services employment in August is 4 percent lower than the level in the period of February 2020 (February 2020: 15 million 737 thousand, August 2020: 15 million 106 thousand). Compared to the period of July, agricultural employment increased by 22 thousand.

Figure 4: Employment by sectors (in thousand)



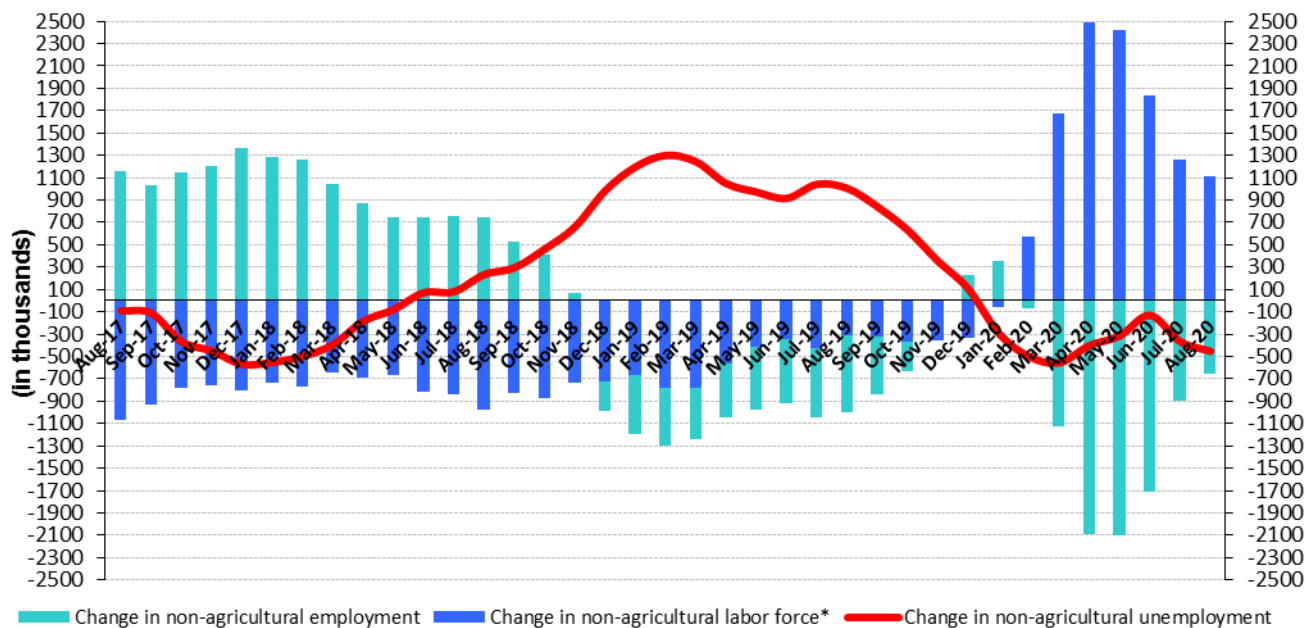
Source: TURKSTAT, Betam



Non-agricultural labor force and employment is still lower than its August 2019 levels

Compared to August 2019, non-agricultural employment decreased by 661 thousand (2.9 percent) in August 2020 while the non-agricultural labor force declined by 1 million 117 thousand, causing a decrease of 456 thousand in the number of unemployed people (Figure 5).

Figure 5 Year-on-year changes in non-agricultural labor force, employment, and unemployment



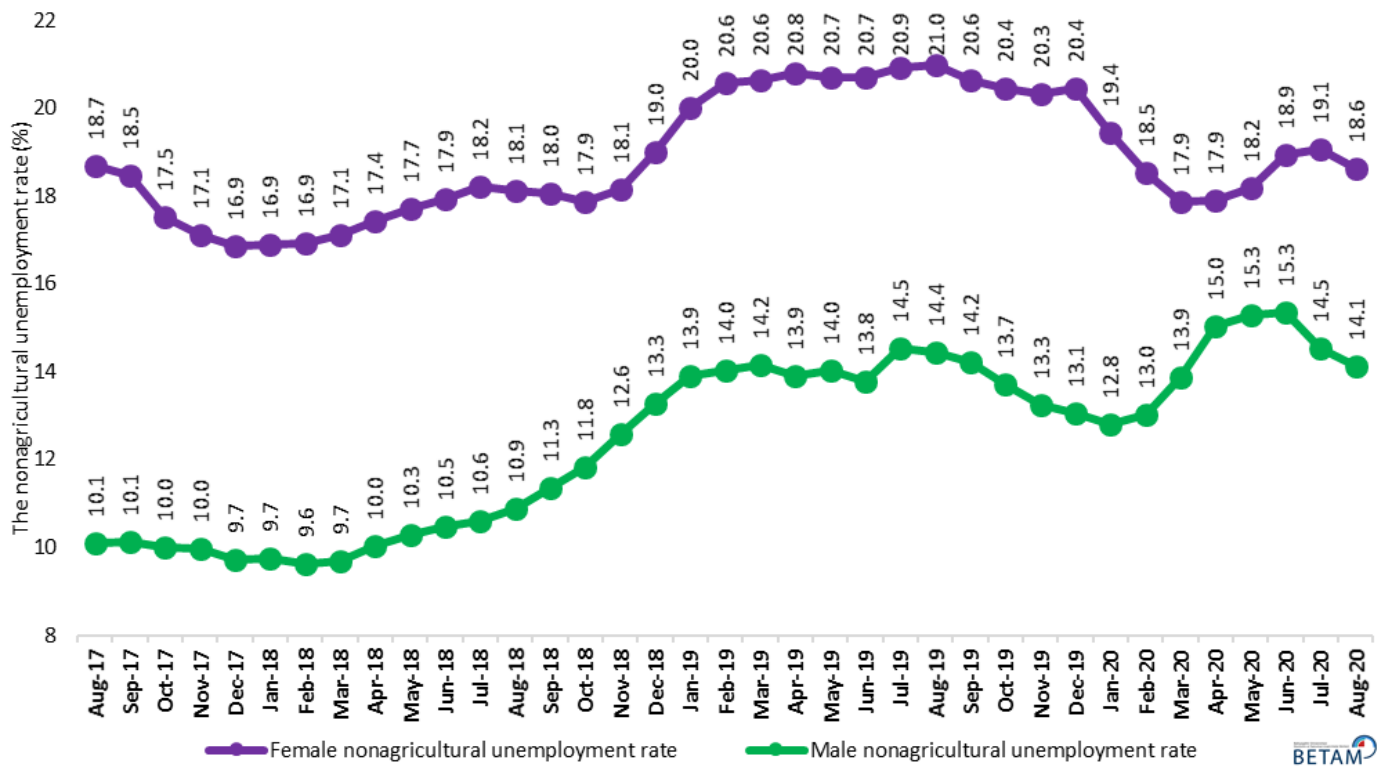
Source: TURKSTAT, Betam

Increases in female unemployment rate

Figure 6 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)¹. In the period of August 2020 compared to the previous period, female non-agricultural unemployment rate decreased by 0.5 percentage point to 18.6 percent. Male non-agricultural unemployment turned out to be 14.1 percent, with 0.4 percentage point decreases compared to July 2020. While female labor force and employment increased by 74 and 94 thousands respectively, increases in male labor force and employment reached 162 and 213 thousands. As increases in employment compared to labor force was higher for both, female and male unemployment rates decreased in the period of August. As a result, the gender gap in non-agricultural unemployment decreased by 0.1 percentage points to 4.5 percent in August 2020 (Table 3).

¹Turkstat 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 6: 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
August-17	26132	22839	3293	12.6%			
September-17	26204	22902	3302	12.6%	72	63	9
October-17	26243	23015	3228	12.3%	39	113	-74
November-17	26365	23175	3190	12.1%	122	160	-38
December-17	26399	23284	3115	11.8%	34	109	-75
January-18	26518	23389	3129	11.8%	119	105	14
February-18	26653	23508	3145	11.8%	135	119	16
March-18	26680	23505	3175	11.9%	27	-3	30
April-18	26797	23501	3296	12.3%	117	-4	121
May-18	26863	23505	3358	12.5%	66	4	62
June-18	26984	23557	3427	12.7%	121	52	69
July-18	26917	23445	3472	12.9%	-67	-112	45
August-18	27092	23570	3522	13.0%	175	125	50
September-18	27051	23426	3625	13.4%	-41	-144	103
October-18	27121	23405	3716	13.7%	70	-21	91
November-18	27111	23234	3877	14.3%	-10	-171	161
December-18	27045	22988	4057	15.0%	-66	-246	180
January-19	27083	22804	4279	15.8%	38	-184	222
February-19	27355	22951	4404	16.1%	272	147	125
March-19	27487	23034	4453	16.2%	132	83	49
April-19	27480	23056	4424	16.1%	-7	22	-29
May-19	27415	23001	4414	16.1%	-66	-55	-11
June-19	27391	23036	4355	15.9%	-24	35	-59
July-19	27317	22837	4480	16.4%	-74	-199	125
August-19	27367	22879	4488	16.4%	50	42	8
September-19	27309	22912	4397	16.1%	-59	33	-92
October-19	27474	23133	4341	15.8%	165	221	-56
November-19	27444	23218	4226	15.4%	-29	85	-114
December-19	27378	23189	4189	15.3%	-67	-29	-38
January-20	27154	23135	4019	14.8%	-224	-54	-170
February-20	26822	22879	3943	14.7%	-332	-256	-76
March-20	25846	21917	3929	15.2%	-976	-962	-14
April-20	25007	21006	4001	16.0%	-838	-911	73
May-20	25001	20951	4050	16.2%	-6	-55	49
June-20	25554	21363	4191	16.4%	553	412	141
July-20	26042	21927	4115	15.8%	488	564	-76
August-20	26223	22185	4038	15.4%	182	258	-76

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-17	5464	5437	2158	15244				
September-17	5487	5421	2113	15368	23	-16	-45	124
October-17	5468	5470	2083	15462	-19	49	-30	94
November-17	5481	5470	2123	15582	13	0	40	120
December-17	5538	5514	2173	15597	57	44	50	15
January-18	5484	5567	2199	15623	-54	53	26	26
February-18	5456	5627	2193	15688	-28	60	-6	65
March-18	5395	5618	2160	15727	-61	-9	-33	39
April-18	5398	5650	2108	15742	3	32	-52	15
May-18	5325	5669	2062	15774	-73	19	-46	32
June-18	5279	5737	2042	15778	-46	68	-20	4
July-18	5250	5703	1956	15786	-29	-34	-86	8
August-18	5200	5730	1956	15884	-50	27	0	98
September-18	5205	5698	1899	15828	5	-32	-57	-56
October-18	5264	5696	1840	15869	59	-2	-59	41
November-18	5187	5656	1792	15786	-77	-40	-48	-83
December-18	5157	5474	1701	15814	-30	-182	-91	28
January-19	5136	5392	1656	15756	-21	-82	-45	-58
February-19	5182	5388	1655	15908	46	-4	-1	152
March-19	5176	5482	1611	15941	-6	94	-44	33
April-19	5099	5553	1587	15916	-77	71	-24	-25
May-19	5034	5546	1549	15907	-65	-7	-38	-9
June-19	5047	5616	1576	15844	13	70	27	-63
July-19	5109	5600	1506	15732	62	-16	-70	-112
August-19	5088	5551	1488	15841	-21	-49	-18	109
September-19	5076	5546	1490	15876	-12	-5	2	35
October-19	4981	5666	1543	15925	-95	120	53	49
November-19	5020	5758	1538	15922	39	92	-5	-3
December-19	4922	5699	1566	15924	-98	-59	28	2
January-20	4889	5649	1571	15914	-33	-50	5	-10
February-20	4675	5593	1548	15737	-214	-56	-23	-177
March-20	4661	5508	1353	15055	-14	-85	-195	-682
April-20	4633	5344	1237	14424	-28	-164	-116	-631
May-20	4734	5272	1354	14325	101	-72	117	-99
June-20	4771	5297	1499	14567	37	25	145	242
July-20	4745	5354	1611	14962	-26	57	112	395
August-20	4767	5460	1620	15106	22	106	9	144

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-17	7667	6234	1433	18485	16621	1864
September-17	7728	6300	1427	18490	16615	1875
October-17	7754	6395	1359	18473	16625	1849
November-17	7830	6489	1340	18532	16683	1849
December-17	7857	6532	1325	18544	16741	1803
January-18	7948	6606	1342	18591	16778	1812
February-18	7981	6630	1350	18664	16868	1795
March-18	7983	6618	1366	18691	16880	1811
April-18	8036	6634	1402	18740	16860	1879
May-18	8075	6645	1430	18778	16849	1928
June-18	8099	6647	1452	18892	16915	1977
July-18	8074	6602	1471	18862	16860	2001
August-18	8143	6667	1476	18991	16926	2064
September-18	8120	6655	1465	18934	16786	2148
October-18	8208	6741	1467	18898	16666	2232
November-18	8226	6734	1492	18869	16492	2377
December-18	8301	6724	1577	18740	16251	2489
January-19	8387	6709	1677	18685	16085	2600
February-19	8484	6739	1745	18844	16199	2646
March-19	8558	6792	1767	18914	16235	2679
April-19	8516	6746	1771	18940	16306	2634
May-19	8458	6707	1751	18936	16280	2656
June-19	8436	6690	1746	18961	16346	2614
July-19	8381	6626	1755	18990	16227	2762
August-19	8399	6637	1762	19016	16269	2748
September-19	8350	6626	1724	19003	16304	2699
October-19	8423	6701	1722	19046	16437	2609
November-19	8370	6670	1700	19073	16545	2528
December-19	8357	6649	1708	19018	16534	2485
January-20	8303	6689	1614	18853	16442	2410
February-20	8159	6648	1511	18647	16216	2431
March-20	7806	6410	1396	17992	15499	2494
April-20	7463	6128	1335	17501	14872	2629
May-20	7484	6123	1361	17482	14808	2674
June-20	7704	6244	1459	17859	15118	2741
July-20	7918	6409	1509	18139	15500	2639
August-20	7991	6503	1488	18300	15713	2587

Source: Turkstat, Betam

Table 4: Seasonally adjusted LFPR, employment rate and non-agricultural unemployment rate (%)

	Non-Agricultural Labor Force	Non-Agricultural Employment	Non-Agricultural Unemployed
Aug-17	52.8	47.0	13.0
Sep-17	52.9	47.1	13.0
Oct-17	52.8	47.2	12.6
Nov-17	52.9	47.3	12.6
Dec-17	52.8	47.4	12.2
Jan-18	53.0	47.6	12.1
Feb-18	53.1	47.8	11.8
Mar-18	53.1	47.8	11.8
Apr-18	53.2	47.9	11.8
May-18	53.1	47.8	11.9
Jun-18	53.2	47.7	12.3
Jul-18	53.2	47.5	12.6
Aug-18	53.3	47.5	12.8
Sep-18	53.2	47.4	12.9
Oct-18	53.4	47.5	13.0
Nov-18	53.2	47.2	13.3
Dec-18	53.4	47.2	13.6
Jan-19	53.2	46.7	14.2
Feb-19	53.0	46.2	15.0
Mar-19	52.9	45.8	15.8
Apr-19	53.4	46.0	16.1
May-19	53.5	46.1	16.3
Jun-19	53.3	45.9	16.2
Jul-19	53.0	45.6	16.2
Aug-19	52.9	45.6	16.1
Sep-19	52.9	45.5	16.4
Oct-19	52.9	45.5	16.3
Nov-19	52.7	45.5	16.0
Dec-19	52.7	45.6	15.7
Jan-20	52.6	45.7	15.3
Feb-20	52.2	45.4	15.2
Mar-20	51.8	45.2	14.8
Apr-20	50.8	44.3	14.8
May-20	49.1	42.6	15.3
Jun-20	47.6	41.0	16.2
Jul-20	47.7	41.0	16.5
Aug-20	48.6	41.6	16.7

Source: Turkstat

Table 5: Seasonally adjusted non-seekers that are available to start, unemployed and sum of both

	Discouraged Job Seekers-SA	Unemployed- TurkStat-SA	Other Non- Seekers Who are Available To Start	Total
Mar-19	548	4562	1687	6798
Apr-19	583	4531	1804	6917
May-19	597	4512	1761	6870
Jun-19	611	4460	1675	6746
Jul-19	619	4581	1658	6858
Aug-19	614	4557	1639	6811
Sep-19	647	4481	1698	6825
Oct-19	694	4388	1601	6683
Nov-19	732	4290	1581	6603
Dec-19	793	4243	1617	6653
Jan-20	863	4094	1755	6712
Feb-20	1025	4034	1982	7041
Mar-20	1143	4008	2526	7677
Apr-20	1380	4082	3280	8743
May-20	1454	4157	3402	9013
Jun-20	1442	4282	3104	8828
Jul-20	1347	4207	2730	8284
Aug-20	1334	4132	2760	8225

Source: Turkstat, Betam