

Labor Market Outlook: December 2020



15 December 2020

UNEMPLOYMENT DECREASED, INCREASES IN EMPLOYMENT AND LABOR FORCE DECELERATED

Seyfettin Gürsel*, Gökçe Uysal**, Mehmet Cem Şahin***

Executive Summary

Seasonally adjusted labor market data shows that in the period of September 2020, non-agricultural unemployment rate is 14.7 percent following a 0.6 percentage point decrease from August 2020. In this period, non-agricultural employment and labor force increased by 263 thousand and by 124 thousand respectively. According to sectoral data, employment increased in all sectors except for agriculture. While employment in the construction sector increased by 15 thousand, employment in the manufacturing and services sectors increased by 57 thousand and 191 thousand, respectively. According to seasonally adjusted data, female non-agricultural employment decreased by 3 thousand and female labor force by 34 thousand. As a result, non-agricultural female unemployment rate decreased by 0.3 percentage points to 18.3 percent. As for male labor force and employment, they increased by 159 thousand and 272 thousand respectively. Thus, non-agricultural male unemployment rate decreased remarkably from 14.0 to 13.3 percent. The existing gender gap in non-agricultural unemployment rate increased by 0.4 percentage points to reach 5.0 percent.

Increases in non-agricultural labor force and employment

Seasonally adjusted data shows that, non-agricultural labor force increased to 26 million 349 thousand after the increase of 124 thousand in the period of September 2020 (August-September-October) compared to the period of August 2020 (July-August-September). In the period of September 2020, the level of non-agricultural labor force remains lower than that during the period of January 2020 (27 million 147 thousand) by an amount of 797 thousand. Non-agricultural employment increased to 22 million 476 thousand following an increase of 263 thousand (Figure 1, Table 1). Nevertheless, the employment level in the period of September 2020 is still lower than that during the period of January 2020 by 653 thousand. In this period, while increases in labor force continued to decelerate, increases in employment kept its pace. Compared to the period of January 2020, the number of unemployed in the non-agricultural sectors is lower by 144 thousand, and the non-agricultural unemployment rate is lower by 0.1 percentage points.

In this brief, to correct for the possibly misleading effects of the decreasing labor force on unemployment, we also discuss the ratio of total unemployed to non-institutional working age population along with the LFPR and the Employment Rate, as presented in Figure 2. The increases in both the labor force and the employment rates since the period of May 2020 have continued in the period of September. In the period of September 2020, compared to August 2020, the labor force participation rate reached 49.6 percent with an increase of 0.1 percentage points, and employment rate rose to 43.3 percent with an increase of 0.3 percentage points. Nevertheless, the labor force participation rate and the employment rate are still lower respectively by 3.0 and 2.1 percentage points, compared to the period of September 2019. Let us further note that labor force participation and employment rates are still lower by 2.2 and 1.9 percentage points respectively compared to January 2020 (Figure 2).

^{*} Prof. Dr. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@eas.bau.edu.tr

Doç. Dr. Gökçe Uysal, Betam, Deputy Director, gokce.uysal@eas.bau.edu.tr

^{***} Mehmet Cem Şahin, Betam, Research Assistant, mehmetcem.sahin@eas.bau.edu.tr

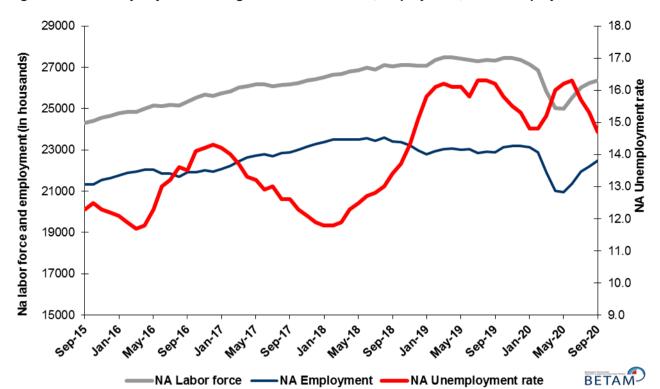


Figure 1. Seasonally adjusted non-agricultural labor force, employment, and unemployment

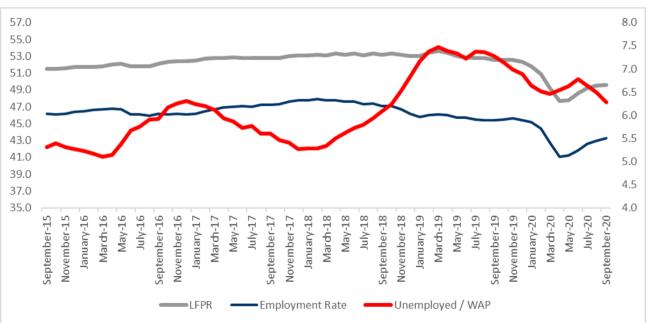


Figure 2. Seasonally adjusted LFPR, employment rate and non-agricultural unemployment rate

Increase in the number of those who are "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, we may observe striking increases among individuals who wish to work but are not actively seeking a job as they think that they would not be able to find any. Those individuals that stop searching for jobs and hence drop out of the labor force due to loss of confidence and other reasons are referred as 'Discouraged workers' and 'Other' by TurkStat. The sustained increases in the number of discouraged workers started in January 2019 and accelerated during the pandemic. Even though this trend was reversed in the period of June, the number of discouraged workers increased by 82 thousand in the period of September. In addition, the number of inactive non-seekers who are available to start working increased by 45 thousand. Finally, adding these categories to the number of unemployed, the sum increased by a thousand to 8 million 309 thousand.

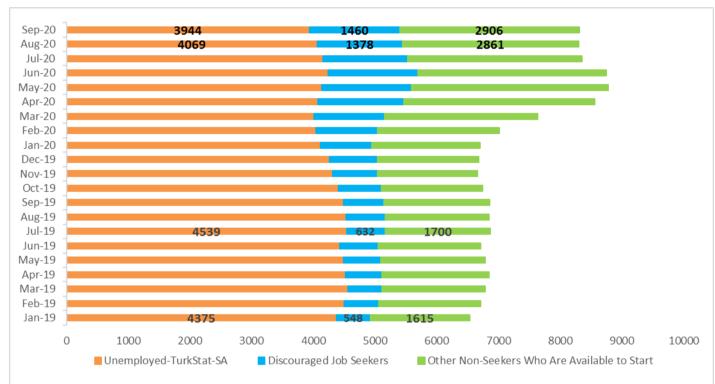


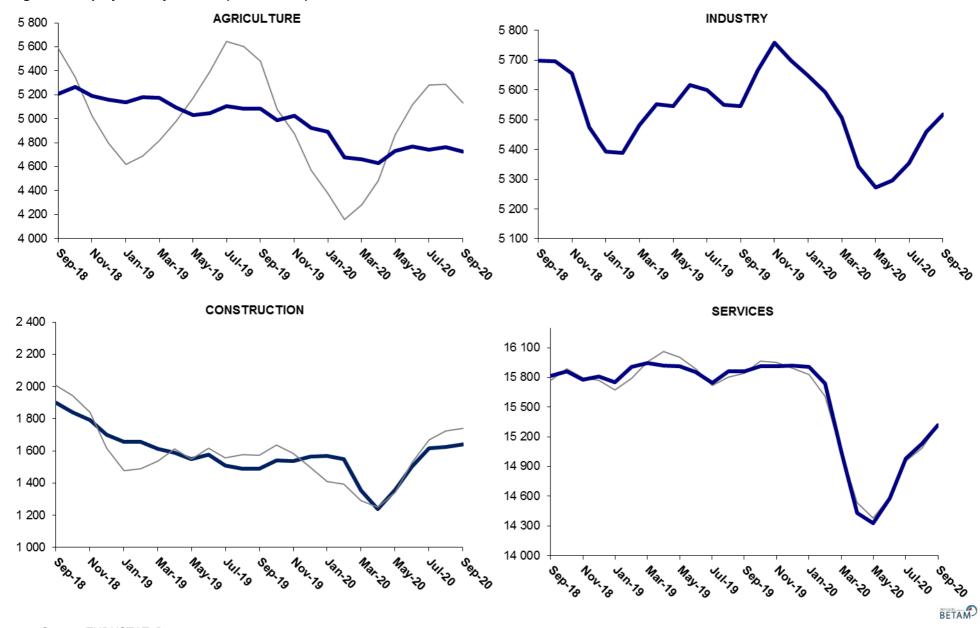
Figure 3. The number of unemployed people, non-seekers who are available and summation of both, SA

Source: Turkstat, Betam

Employment increases in non-agricultural sectors continued

According to seasonally adjusted employment data, in the period of September 2020 compared to August 2020, employment increased in all of the non-agricultural sectors. Employment in the construction sector increased by 15 thousand. Note that the employment in this sector is now greater by 69 thousand than that in the period of January 2020. In the manufacturing sector, while employment increased by 57 thousand, the level of employment (5 million 517 thousand) is still lower by 132 thousand, compared to that of the period of January 2020 (5 million 649 thousand). The employment in the service sector increased by 191 thousand compared to the previous period. A deceleration is observed in the increase in the service employment since August 2020. Note that the total increase over the last two periods (340 thousand) is significantly lower than the total increase over the periods of June and July (650 thousand). The level of services employment in September is 3.7 percent lower than the level in the period of January 2020 (January 2020: 15 million 909 thousand, September 2020: 15 million 320 thousand). Compared to the period of August, agricultural employment decreased by 37 thousand.

Figure 4: Employment by sectors (in thousand)

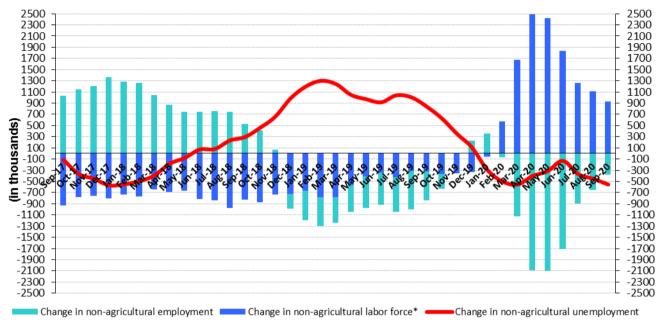


Source: TURKSTAT, Betam

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

Compared to September 2019, non-agricultural employment decreased by 383 thousand (1.7 percent) in September 2020 while the non-agricultural labor force declined by 934 thousand, causing a decrease of 551 thousand in the number of unemployed people (Figure 5).

Figure 5 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

Increases in total employment stem from increases in male employment

Figure 6 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)¹. In the period of September 2020 compared to the previous period, female non-agricultural unemployment rate decreased by 0.3 percentage point to 18.3 percent. Male non-agricultural unemployment turned out to be 13.3 percent, with a strong decrease of 0.7 percentage point, compared to July 2020. While female labor force and employment decreased by 34 and 3 thousand respectively, increases in male labor force and employment reached 159 and 272 thousand. A strong increase in male labor force and employment along with a decrease in female labor force and employment is a rare event (Table 3). As a result of this decrease in male unemployment, the gender gap in non-agricultural unemployment increased by 0.4 percentage points to 5.0 percent in September 2020.

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.

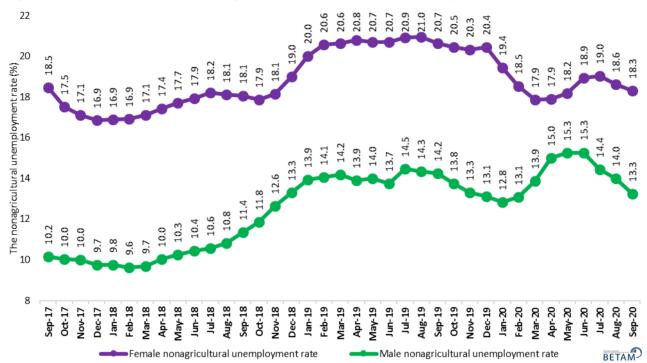


Figure 6: Seasonally adjusted non-agricultural unemployment rate by gender (%)

In addition to the update in Figure 2, in this report, we tried to observe the developments in female labor force participation rate (LFPR) and male LFPR in Figure 7, along with female employment rate (ER) and male employment rate in Figure 8. As can be seen in Figure 7, steady levels in male LFPR took a sharp hit and trended down after the period of December 2019. As the pandemic further hit male LFPR, in the period of April 2020, male LFPR decreased significantly by 5 percent over three periods. The decreasing trend reversed up in the period of May 2020. As a result, in the period of September 2020, male LFPR turned out to be 68.8 percent. However, male LFPR is still lower by 3.2 percent compared to its long run average, 72.0 percent. While female LFPR had been trending up over years, the increases stopped after the period of March 2019 and reversed mildly down. After female LFPR had peaked in the period of March 2019 (35.2 percent), it went down from March 2019 to January 2020 by 2 percentage points. Due to the pandemic, female LFPR declined further by 3.6 percentage points between January and April 2020 and turned out to be 29.6 percent. While female LFPR had been trending up since May 2020, increasing trend stopped again in the period of September 2020 and female LFPR decreased by 0.2 percentage points to 30.9 percent. Female LFPR is 4.3 percent lower by its all-time high levels.

It is worthwhile to note two things about female and male LFPR: 1) female LFPR trended down earlier than male LFPR and that corresponds increases in female unemployment (Figure 6). 2) While coronavirus pandemic hit male LFPR harder than female LFPR, the ongoing trend is stronger for male LFPR than for female LFPR. The decrease in female LFPR in this period signals that female LFPR may reach its all-time highs much later than thought.

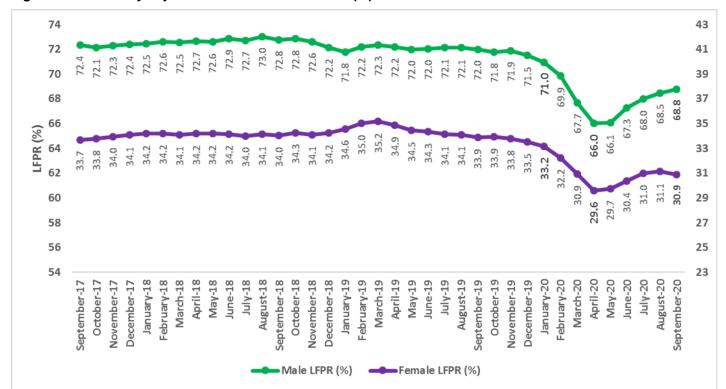


Figure 7: Seasonally adjusted female and male LFPR (%)

As for the employment rate (ER) of females and males (Figure 8), the overall decreasing trend of male ER stands out. As the strong increases in the GDP and the employment lifted up male ER to over 66 percent in the second half of 2017, the male ER went down to 62.8 percent in the period of January 2020. The pandemic caused male ER to decrease further to 57.3 percent in the period of April 2020. An increasing trend has started since May 2020 and continued as male ER reached 60.7 percent in the period of September 2020. Still, this rate is lower by 2.1 percentage points than its January 2020 levels. As for the female ER, it peaked in the period of March 2019 and since then, along with the increases in female unemployment, it decreased to 27.9 percent between March 2019 and January 2020. The pandemic caused female ER to go down significantly by 2.6 percent to 25.3 percent. Again, the increase that started in May 2020 has stalled in the period of September 2020. The female ER is lower than its January 2020 levels by 1.6 percentage points.

Regarding the effects of the pandemic on the female and male ER, we observe that while the male ER took a harder hit than the female ER, its recovery has also been stronger than that of the female ER.

Figure 8 : Seasonally adjusted female and male employment rate (%)

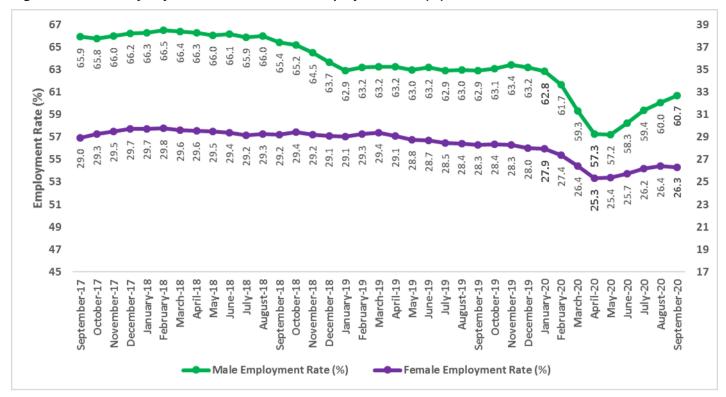


Table 1: Seasonally adjusted non-agricultural labor market indicators (in thousands)

	Labor force	Employment	Unemployment	Unemployment rate		Monthly chang	ges
September-17	26190	22890	3300	12.6%	Labor force	Employment	Unemployment
October-17	26233	23006	3227	12.3%	43	116	-73
November-17	26357	23168	3189	12.1%	125	162	-37
December-17	26423	23279	3144	11.9%	66	111	-45
January-18	26515	23386	3129	11.8%	91	107	-16
February-18	26652	23507	3145	11.8%	137	121	16
March-18	26682	23507	3175	11.9%	30	0	30
April-18	26803	23506	3297	12.3%	121	-1	122
May-18	26869	23510	3359	12.5%	66	4	62
June-18	26994	23566	3428	12.7%	126	56	70
July-18	26899	23456	3443	12.8%	-95	-110	15
August-18	27109	23585	3524	13.0%	210	129	81
September-18	27032	23410	3622	13.4%	-77	-175	98
October-18	27107	23393	3714	13.7%	74	-17	91
November-18	27100	23225	3875	14.3%	-6	-168	162
December-18	27069	22982	4087	15.1%	-31	-243	212
January-19	27077	22799	4278	15.8%	8	-183	191
February-19	27354	22950	4404	16.1%	277	151	126
March-19	27489	23036	4453	16.2%	135	86	49
April-19	27486	23061	4425	16.1%	-3	25	-28
May-19	27422	23007	4415	16.1%	-64	-54	-10
June-19	27372	23047	4325	15.8%	-50	40	-90
July-19	27303	22853	4450	16.3%	-68	-194	126
August-19	27361	22901	4460	16.3%	57	48	9
September-19	27317	22892	4425	16.2%	-43	-9	-34
October-19	27455	23117	4338	15.8%	137	225	-88
November-19	27463	23206	4257	15.5%	8	89	-81
December-19	27367	23180	4187	15.3%	-96	-26	-70
January-20	27147	23129	4018	14.8%	-220	-51	-169
February-20	26850	22876	3974	14.8%	-297	-253	-44
March-20	25847	21918	3929	15.2%	-1003	-958	-45
April-20	25012	21010	4002	16.0%	-835	-908	73
May-20	25010	20958	4052	16.2%	-2	-52	50
June-20	25539	21376	4163	16.3%	529	418	111
July-20	26037	21949	4088	15.7%	498	573	-75
August-20	26226	22213	4013	15.3%	189	264	-75
September-20	26349	22476	3873	14.7%	124	263	-139

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

	Agriculture	Manufacturing	Construction	Service		Monthly cha	anges	
September-17	5489	5421	2111	15358	Agriculture	Manufacturing	Construction	Service
October-17	5469	5470	2082	15454	-20	49	-29	96
November-17	5482	5470	2122	15576	13	0	40	122
December-17	5539	5514	2172	15593	57	44	50	17
January-18	5485	5567	2199	15620	-54	53	27	27
February-18	5457	5627	2193	15688	-28	60	-6	68
March-18	5395	5618	2160	15729	-62	-9	-33	41
April-18	5397	5650	2109	15746	2	32	-51	17
May-18	5323	5669	2063	15778	-74	19	-46	32
June-18	5276	5737	2043	15785	-47	68	-20	7
July-18	5248	5703	1957	15796	-28	-34	-86	11
August-18	5197	5730	1958	15897	-51	27	1	101
September-18	5208	5698	1897	15815	11	-32	-61	-82
October-18	5267	5696	1838	15858	59	-2	-59	43
November-18	5189	5656	1790	15778	-78	-40	-48	-80
December-18	5158	5474	1700	15808	-31	-182	-90	30
January-19	5138	5392	1655	15752	-20	-82	-45	-56
February-19	5182	5388	1655	15907	44	-4	0	155
March-19	5175	5482	1611	15943	-7	94	-44	36
April-19	5097	5553	1588	15920	-78	71	-23	-23
May-19	5031	5546	1550	15911	-66	-7	-38	-9
June-19	5044	5616	1578	15853	13	70	28	-58
July-19	5106	5600	1508	15745	62	-16	-70	-108
August-19	5084	5551	1490	15860	-22	-49	-18	115
September-19	5081	5546	1487	15859	-3	-5	-3	-1
October-19	4986	5666	1540	15911	-95	120	53	52
November-19	5024	5758	1536	15912	38	92	-4	1
December-19	4925	5699	1564	15917	-99	-59	28	5
January-20	4891	5649	1570	15909	-34	-50	6	-8
February-20	4675	5593	1547	15735	-216	-56	-23	-174
March-20	4660	5508	1354	15056	-15	-85	-193	-679
April-20	4631	5344	1238	14428	-29	-164	-116	-628
May-20	4730	5272	1356	14330	99	-72	118	-98
June-20	4767	5297	1502	14577	37	25	146	247
July-20	4740	5354	1615	14980	-27	57	113	403
August-20	4761	5460	1624	15129	21	106	9	149
September-20	4724	5517	1639	15320	-37	57	15	191

Source: Turkstat

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
September-17	7731	6303	1428	18478	16601	1877
October-17	7757	6397	1360	18464	16613	1851
November-17	7833	6491	1342	18525	16673	1852
December-17	7860	6534	1326	18538	16732	1806
January-18	7948	6605	1342	18592	16777	1815
February-18	7980	6630	1351	18668	16870	1798
March-18	7982	6617	1366	18697	16885	1812
April-18	8035	6633	1401	18746	16866	1880
May-18	8073	6644	1429	18779	16853	1926
June-18	8096	6645	1451	18895	16923	1972
July-18	8070	6600	1470	18867	16873	1994
August-18	8139	6665	1474	18997	16943	2054
September-18	8124	6658	1467	18922	16771	2151
October-18	8212	6744	1469	18890	16653	2237
November-18	8229	6736	1494	18865	16482	2383
December-18	8304	6726	1578	18738	16242	2495
January-19	8388	6710	1678	18689	16082	2607
February-19	8484	6739	1746	18850	16199	2651
March-19	8558	6791	1767	18921	16239	2682
April-19	8515	6745	1770	18945	16312	2633
May-19	8456	6706	1750	18933	16282	2651
June-19	8432	6688	1744	18959	16354	2604
July-19	8375	6623	1752	18989	16243	2746
August-19	8393	6633	1760	19017	16290	2727
September-19	8355	6630	1725	18992	16288	2704
October-19	8429	6704	1724	19042	16423	2619
November-19	8374	6673	1702	19072	16534	2539
December-19	8360	6651	1709	19020	16525	2495
January-20	8304	6690	1614	18859	16438	2420
February-20	8160	6648	1511	18653	16214	2439
March-20	7805	6409	1396	18000	15501	2498
April-20	7461	6127	1334	17505	14877	2629
May-20	7481	6121	1360	17476	14809	2667
June-20	7699	6241	1458	17853	15126	2726
July-20	7911	6404	1507	18136	15520	2617
August-20	7983	6498	1486	18298	15739	2559
September-20	7949	6495	1454	18458	16011	2447

Table 4 : Seasonally adjusted female and male labor market indicators (thousands)

	15+	Total	Total	15+	Total	Total
	WAP, Female	Employment, Female	Unemployed, Female	WAP, Male	Employment, Male	Unemployed, Male
September-17	30330	8781	1441	29746	19604	1922
October-17	30364	8883	1373	29785	19591	1898
November-17	30399	8970	1353	29824	19674	1892
December-17	30433	9041	1334	29863	19772	1842
January-18	30467	9063	1352	29893	19812	1851
February-18	30500	9074	1362	29914	19892	1833
March-18	30530	9037	1375	29934	19862	1848
April-18	30564	9039	1411	29955	19856	1910
May-18	30596	9021	1440	29975	19797	1962
June-18	30630	9002	1464	29996	19838	2018
July-18	30662	8945	1484	30017	19776	2051
August-18	30695	8984	1497	30038	19819	2117
September-18	30729	8973	1486	30059	19660	2214
October-18	30761	9052	1487	30080	19607	2302
November-18	30795	8997	1509	30101	19410	2449
December-18	30827	8961	1593	30121	19175	2560
January-19	30865	8967	1706	30152	18967	2679
February-19	30908	9043	1780	30193	19076	2724
March-19	30947	9090	1794	30230	19111	2760
April-19	30990	9008	1794	30270	19142	2712
May-19	31032	8930	1761	30310	19090	2729
June-19	31075	8913	1759	30351	19173	2691
July-19	31117	8859	1766	30390	19115	2810
August-19	31160	8851	1774	30431	19158	2791
September-19	31203	8830	1738	30472	19168	2767
October-19	31245	8865	1736	30511	19242	2665
November-19	31288	8850	1716	30552	19377	2583
December-19	31330	8773	1725	30591	19330	2543
January-20	31374	8769	1636	30641	19250	2491
February-20	31420	8601	1530	30699	18931	2513
March-20	31463	8320	1410	30753	18245	2576
April-20	31509	7985	1345	30811	17650	2690
May-20	31554	8006	1376	30867	17661	2732
June-20	31600	8125	1470	30926	18017	2790
July-20	31644	8280	1519	30982	18391	2674
August-20	31690	8369	1494	31040	18633	2620
September-20	31736	8351	1459	31098	18878	2509

Table 5 : Seasonally adjusted female and male LFPR and ER (%)

	Women LFPR	Women Employment Rate	Women LFPR	Men Employment Rate
September-18	34.0	29.2	72.8	65.4
October-18	34.3	29.4	72.8	65.2
November-18	34.1	29.2	72.6	64.5
December-18	34.2	29.1	72.2	63.7
January-19	34.6	29.1	71.8	62.9
February-19	35.0	29.3	72.2	63.2
March-19	35.2	29.4	72.3	63.2
April-19	34.9	29.1	72.2	63.2
May-19	34.5	28.8	72.0	63.0
June-19	34.3	28.7	72.0	63.2
July-19	34.1	28.5	72.1	62.9
August-19	34.1	28.4	72.1	63.0
September-19	33.9	28.3	72.0	62.9
October-19	33.9	28.4	71.8	63.1
November-19	33.8	28.3	71.9	63.4
December-19	33.5	28.0	71.5	63.2
January-20	33.2	27.9	71.0	62.8
February-20	32.2	27.4	69.9	61.7
March-20	30.9	26.4	67.7	59.3
April-20	29.6	25.3	66.0	57.3
May-20	29.7	25.4	66.1	57.2
June-20	30.4	25.7	67.3	58.3
July-20	31.0	26.2	68.0	59.4
August-20	31.1	26.4	68.5	60.0
September-20	30.9	26.3	68.8	60.7

Table 6 : Seasonally adjusted LFPR, ER and Unemployed / WAP (%)

						1
	15+ WAP	Labor Force	Employment	LFPR	ER	Unemployed / WAP
Sep-17	60076	31746	28379	52.8	47.2	5.6
Oct-17	60148	31760	28475	52.8	47.3	5.5
Nov-17	60223	31906	28650	53.0	47.6	5.4
Dec-17	60295	31999	28818	53.1	47.8	5.3
Jan-18	60360	32059	28871	53.1	47.8	5.3
Feb-18	60415	32153	28964	53.2	47.9	5.3
Mar-18	60464	32127	28902	53.1	47.8	5.3
Apr-18	60519	32231	28903	53.3	47.8	5.5
May-18	60571	32236	28833	53.2	47.6	5.6
Jun-18	60626	32317	28842	53.3	47.6	5.7
Jul-18	60679	32223	28704	53.1	47.3	5.8
Aug-18	60733	32387	28782	53.3	47.4	5.9
Sep-18	60788	32314	28618	53.2	47.1	6.1
Oct-18	60841	32458	28660	53.3	47.1	6.2
Nov-18	60896	32390	28414	53.2	46.7	6.5
Dec-18	60948	32304	28140	53.0	46.2	6.8
Jan-19	61017	32313	27937	53.0	45.8	7.2
Feb-19	61101	32634	28132	53.4	46.0	7.4
Mar-19	61177	32777	28211	53.6	46.1	7.5
Apr-19	61261	32685	28158	53.4	46.0	7.4
May-19	61342	32533	28038	53.0	45.7	7.3
Jun-19	61426	32523	28091	52.9	45.7	7.2
Jul-19	61507	32498	27959	52.8	45.5	7.4
Aug-19	61591	32519	27985	52.8	45.4	7.4
Sep-19	61675	32464	27973	52.6	45.4	7.3
Oct-19	61756	32513	28103	52.6	45.5	7.1
Nov-19	61840	32547	28230	52.6	45.7	7.0
Dec-19	61921	32372	28105	52.3	45.4	6.9
Jan-20	62015	32136	28020	51.8	45.2	6.6
Feb-20	62119	31600	27551	50.9	44.4	6.5
Mar-20	62216	30593	26578	49.2	42.7	6.5
Apr-20	62320	29717	25641	47.7	41.1	6.5
May-20	62421	29824	25688	47.8	41.2	6.6
Jun-20	62525	30386	26143	48.6	41.8	6.8
Jul-20	62626	30843	26689	49.2	42.6	6.6
Aug-20	62730	31043	26974	49.5	43.0	6.5
Sep-20	62834	31144	27200	49.6	43.3	6.3

Table 7: 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	549	4566	1671	6786
Apr-19	587	4526	1731	6844
May-19	603	4495	1686	6783
Jun-19	619	4432	1661	6713
Jul-19	632	4539	1700	6871
Aug-19	632	4535	1685	6851
Sep-19	655	4491	1713	6859
Oct-19	695	4410	1638	6743
Nov-19	725	4317	1617	6659
Dec-19	775	4267	1639	6680
Jan-20	835	4116	1753	6704
Feb-20	997	4049	1974	7021
Mar-20	1142	4015	2485	7642
Apr-20	1388	4076	3099	8563
May-20	1461	4135	3187	8784
Jun-20	1459	4242	3052	8753
Jul-20	1378	4154	2828	8361
Aug-20	1378	4069	2861	8308
Sep-20	1460	3944	2906	8309