Labor Market Outlook:
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THE UNEMPLOYMENT RATE IS BELOW 10% AFTER FOUR AND A HALF YEARS

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Executive Summary

Since the number of employed persons increased by 366 thousand and the number of unemployed persons decreased by 100 thousand, the labor force rose by 266 thousand from July to August. As a result, the unemployment rate decreased by 0.4 pp to 9.6%.

The seasonally adjusted female unemployment rate receded by 0.4 pp to 12.5% as the female employment rose by 99 thousand while the number of unemployed females decreased by 46 thousand. On the other hand, the seasonally adjusted male unemployment rate declined by 0.3 pp to 8.2% following the increase in the male employment by 267 thousand and the decline in the number of unemployed males by 54 thousand. Following these developments, the gender gap in the unemployment rates of females and males edged down by 0.1 pp to 5.3%.

Both employment and labor force rise

According to the monthly seasonally adjusted data, the number of employed persons rose by 366 thousand MoM to 31 million 14 thousand and the number of unemployed persons decreased by 100 thousand to 3 million 312 thousand. Therefore, the total labor force increased by 266 thousand to 34 million 326 thousand (Figure 1, Table 1). From July to August, the unemployment rate fell by 0.4 pp to 9.6%. To note, January 2018 was the last time that the unemployment rate was below 10%.

Figure 1 : Seasonally adjusted labor force, employment, and unemployment
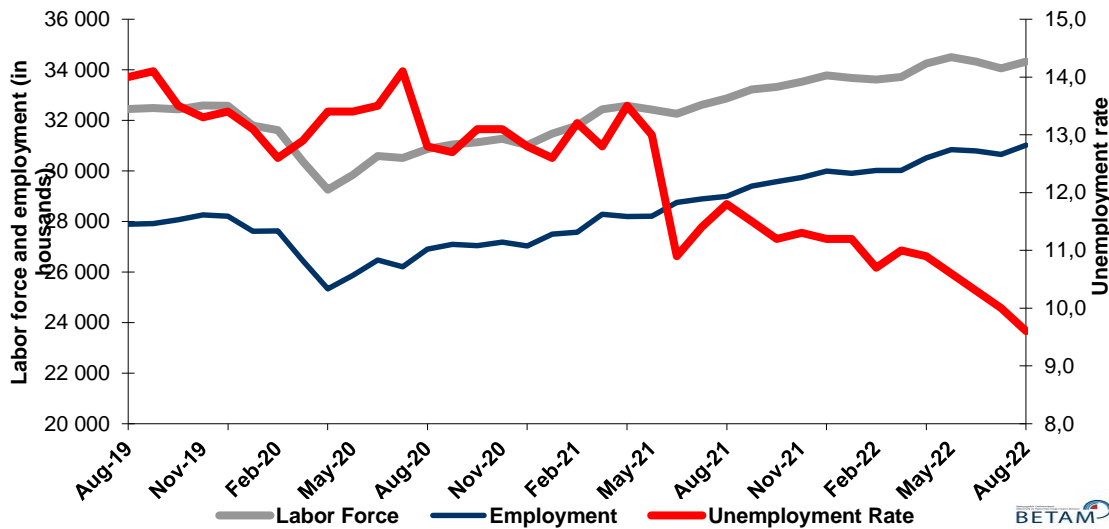
Source: Turkstat, Betam

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Developments in the alternative unemployment rates

Box 1 reports the methods Turktsat used to calculate how Turkstat calculates the alternative unemployment rates. These measures consider both the time-related underemployment (those who are employed for less than 40 hours a week but would like to increase their working hours but fail to do so) and the potential labor force (the individuals who are neither employed nor looking for a job but wish to work).

According to the seasonally adjusted data, from July to August, the general unemployment rate decreased by 0.4 pp to 9.6%. In August, when both labor force and employment sharply rose, the potential labor force receded, and the combined rate of unemployment and the potential labor force declined by 1.5 pp to 16.4%. The combined rate of time-related underemployment and unemployment, which increased from 13.9% to 15% from June to July, decreased by 1.7 pp to 13.3% from July to August. The composite measure of labor underutilization, which combines the two previous alternative unemployment metrics, declined by 2.6 pp to 19.8% from July to August after the hike from 20.5% to 22.4% from June to July (Figure 2, Table 4).

Figure 2 : Headline Unemployment Rate and Supplementary Indicators for Labor Force
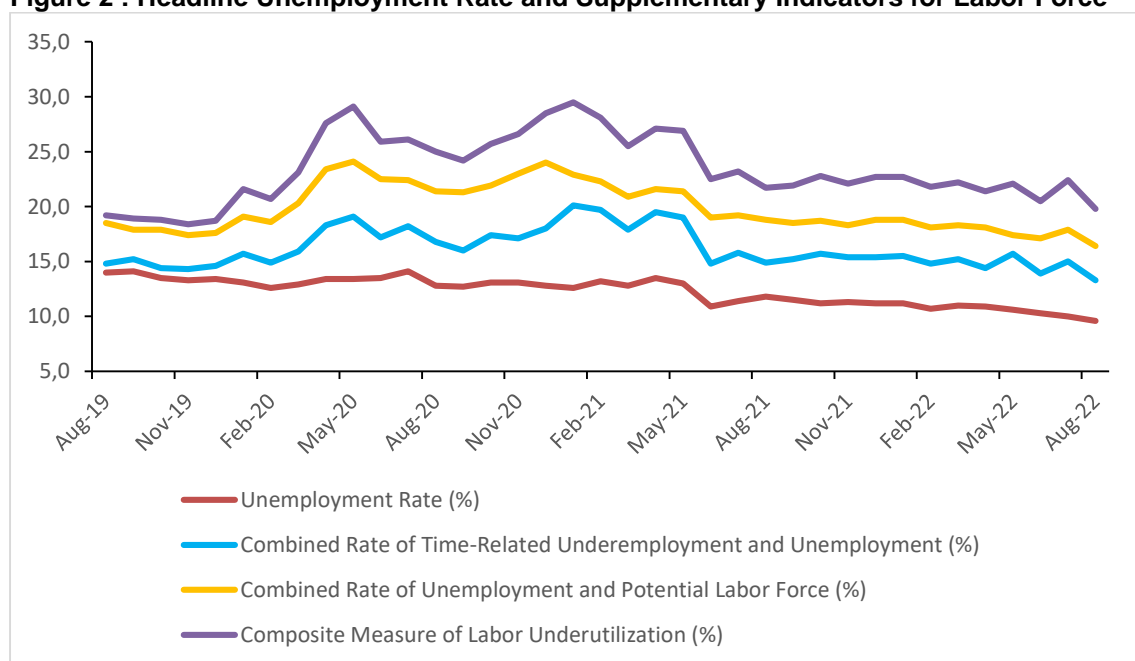
Source: Turkstat, Betam

## On the developments of sectorial employment

As is known, Turkstat began to release monthly labor statistics instead of 3-month-average as of January 2021. Nevertheless, it was evident that there were huge swings in the monthly sectorial employment levels, which cannot be attributed to the economic conjuncture. With the release of 2021 Q4 labor statistics on February 15th, Turkstat announced that the monthly sectorial employment statistics will no longer be published. Indeed, the labor statistics that were released on March 10th did not include sectorial employment data. Betam analyzes the sectorial employment developments in its quarterly notes.

Strong rise in male employment, fall in female and male unemployment

Figure 3 shows the seasonally adjusted unemployment rate for males and for females. The female employment level, which rose by 571 thousand from March to July, rose by 99 thousand in August. On the other hand, the number of unemployed females decreased by 46 thousand in compare to July. In light of these developments, the female unemployment rate decreased from 12.9% to 12.5%. The number of employed males, which dropped by 165 thousand in July, increased by 267 thousand whereas the number of unemployed males

declined by 54 thousand. As a result of the strong rise in employment, the male unemployment rate retracted from 8.5% to 8.2%.

Figure 3 : Seasonally adjusted unemployment rate by gender (%)
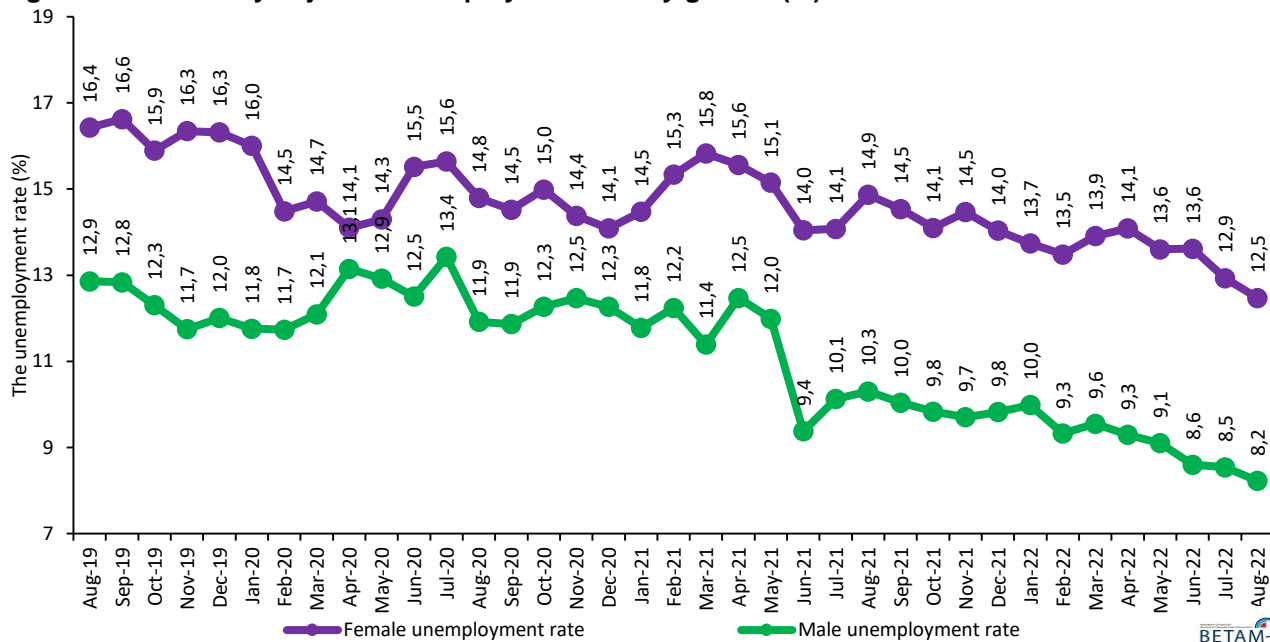
Source: Turkstat, Betam

The female employment rate which attained its maximum in subsequent months since March increased by 0.3 pp to 30.8%. On the other hand, because of the strong increase in employment, the male employment rate rose by 0.7 pp to 65.3% after the it declined by 0.6 pp to 64.6% from June to July. As a result, the downward trend in male employment since May stopped (Figure 4).

Figure 4 : Seasonally adjusted employment rate by gender (%)
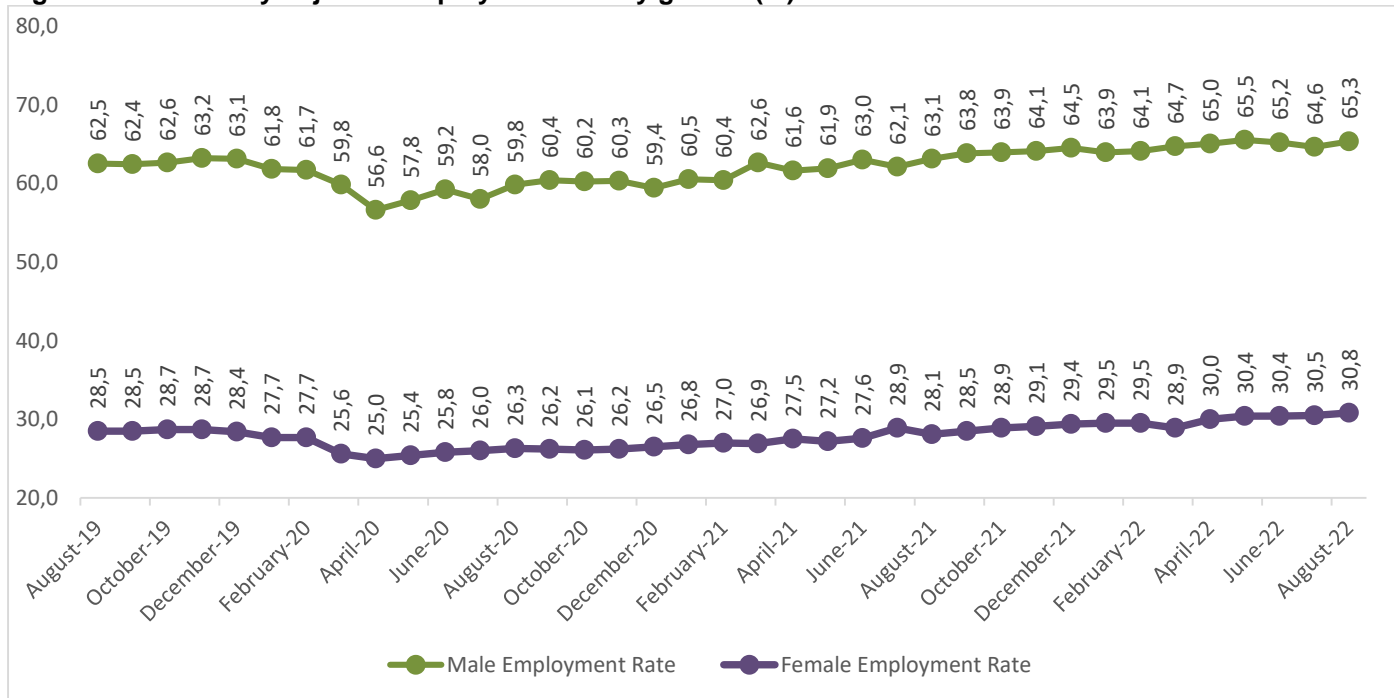
Source: Turkstat, Betam

Table 1 : Seasonally adjusted labor force indicators (in thousands)

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor Force	Employment	Unemployment
August-19	32447	27896	4551	14,0%			
September-19	32490	27915	4575	14,1%	43	19	24
October-19	32437	28063	4374	13,5%	-53	148	-201
November-19	32584	28264	4321	13,3%	147	201	-53
December-19	32573	28202	4370	13,4%	-11	-62	49
January-20	31786	27609	4177	13,1%	-787	-593	-193
February-20	31613	27623	3990	12,6%	-173	14	-187
March-20	30368	26448	3920	12,9%	-1245	-1175	-70
April-20	29262	25327	3936	13,5%	-1106	-1121	16
May-20	29846	25862	3985	13,4%	584	535	49
June-20	30584	26469	4115	13,5%	738	607	130
July-20	30514	26201	4313	14,1%	-70	-268	198
August-20	30868	26908	3960	12,8%	354	707	-353
September-20	31041	27099	3942	12,7%	173	191	-18
October-20	31130	27044	4086	13,1%	89	-55	144
November-20	31269	27184	4084	13,1%	139	140	-2
December-20	31012	27028	3983	12,8%	-257	-156	-101
January-21	31480	27502	3978	12,6%	468	474	-5
February-21	31785	27578	4207	13,2%	305	76	229
March-21	32432	28283	4149	12,8%	647	705	-58
April-21	32575	28190	4385	13,5%	143	-93	236
May-21	32422	28210	4212	13,0%	-153	20	-173
June-21	32259	28751	3509	10,9%	-163	541	-703
July-21	32618	28887	3731	11,4%	359	136	222
August-21	32864	28992	3872	11,8%	246	105	141
September-21	33218	29397	3821	11,5%	354	405	-51
October-21	33317	29576	3741	11,2%	99	179	-80
November-21	33519	29743	3776	11,3%	202	167	35
December-21	33778	29994	3785	11,2%	259	251	9
January-22	33679	29898	3780	11,2%	-99	-96	-5
February-22	33611	30015	3596	10,7%	-68	117	-184
March-22	33709	30013	3697	11,0%	98	-2	101
April-22	34242	30513	3729	10,9%	533	500	32
May-22	34499	30842	3657	10,6%	257	329	-72
June-22	34319	30790	3529	10,3%	-180	-52	-128
July-22	34060	30648	3412	10,0%	-259	-142	-117
August-22	34326	31014	3312	9,6%	266	366	-100

Source: Turkstat, Betam

Table 2 : Unemployment, alternative unemployment rates (%) levels (in thousand)

	Unemployment Rate (%)	Persons in Unemployment (in thousands)	Combined Rate of Time-Related Underemployment and Unemployment (%)	Time-Related Underemployed (in thousands)	Combined Rate of Unemployment and Potential Labor Force (%)	Potential Labor Force (in thousands)	Composite Measure of Labor Underutilization (%)	Total
Aug-19	14,0	4551	14,8	251	18,5	1781	19,2	6583
Sep-19	14,1	4575	15,2	363	17,9	1511	18,9	6450
Oct-19	13,5	4374	14,4	297	17,9	1744	18,8	6415
Nov-19	13,3	4321	14,3	339	17,4	1633	18,4	6292
Dec-19	13,4	4370	14,6	386	17,6	1654	18,7	6410
Jan-20	13,1	4177	15,7	813	19,1	2341	21,6	7332
Feb-20	12,6	3990	14,9	720	18,6	2322	20,7	7032
Mar-20	12,9	3920	15,9	909	20,3	2816	23,1	7645
Apr-20	13,4	3936	18,3	1419	23,4	3801	27,6	9156
May-20	13,4	3985	19,1	1716	24,1	4226	29,1	9927
Jun-20	13,5	4115	17,2	1145	22,5	3570	25,9	8830
Jul-20	14,1	4313	18,2	1241	22,4	3250	26,1	8804
Aug-20	12,8	3960	16,8	1226	21,4	3366	25,0	8552
Sep-20	12,7	3942	16,0	1025	21,3	3392	24,2	8359
Oct-20	13,1	4086	17,4	1331	21,9	3497	25,7	8914
Nov-20	13,1	4084	17,1	1263	23,0	4036	26,6	9383
Dec-20	12,8	3983	18,0	1599	24,0	4552	28,5	10135
Jan-21	12,6	3978	20,1	2349	22,9	4191	29,5	10518
Feb-21	13,2	4207	19,7	2055	22,3	3708	28,1	9970
Mar-21	12,8	4149	17,9	1656	20,9	3324	25,5	9129
Apr-21	13,5	4385	19,5	1967	21,6	3382	27,1	9734
May-21	13,0	4212	19,0	1948	21,4	3469	26,9	9629
Jun-21	10,9	3509	14,8	1265	19,0	3235	22,5	8009
Jul-21	11,4	3731	15,8	1423	19,2	3133	23,2	8287
Aug-21	11,8	3872	14,9	1025	18,8	2840	21,7	7737
Sep-21	11,5	3821	15,2	1228	18,5	2852	21,9	7901
Oct-21	11,2	3741	15,7	1490	18,7	3062	22,8	8293
Nov-21	11,3	3776	15,4	1386	18,3	2886	22,1	8048
Dec-21	11,2	3785	15,4	1417	18,8	3159	22,7	8361
Jan-22	11,2	3780	15,5	1440	18,8	3142	22,7	8363
Feb-22	10,7	3596	14,8	1378	18,1	3037	21,8	8012
Mar-22	11,0	3697	15,2	1427	18,3	3025	22,2	8149
Apr-22	10,9	3729	14,4	1202	18,1	3014	21,4	7945
May-22	10,6	3657	15,7	1759	17,4	2840	22,1	8256
Jun-22	10,3	3529	13,9	1241	17,1	2822	20,5	7592
Jul-22	10,0	3412	15,0	1697	17,9	3270	22,4	8379
Aug-22	9,6	3312	13,3	1253	16,4	2772	19,8	7337

Source: Turkstat, Betam

Table 3 : Seasonally adjusted female and male labor market indicators (thousands)

	Total labor force, Female	Total Employment, Female	Total Unemployed, Female	Total labor force, Male	Total Employment, Male	Total Unemployed, Male	Women LFPR	Women Employment Rate	Men LFPR	Men Employment Rate
Aug-19	10617	8873	1744	21830	19023	2807	34,1	28,5	71,7	62,5
Sep-19	10683	8907	1776	21807	19008	2799	34,2	28,5	71,6	62,4
Oct-19	10665	8970	1695	21772	19093	2679	34,1	28,7	71,4	62,6
Nov-19	10723	8970	1753	21862	19294	2568	34,3	28,7	71,6	63,2
Dec-19	10639	8904	1736	21933	19299	2634	34,0	28,4	71,7	63,1
Jan-20	10340	8686	1655	21446	18923	2522	33,0	27,7	70,0	61,8
Feb-20	10169	8696	1473	21444	18927	2517	32,4	27,7	69,9	61,7
Mar-20	9441	8053	1389	20927	18396	2531	30,0	25,6	68,0	59,8
Apr-20	9182	7887	1295	20080	17440	2640	29,1	25,0	65,2	56,6
May-20	9359	8021	1338	20487	17840	2647	29,7	25,4	66,4	57,8
Jun-20	9654	8156	1498	20929	18313	2617	30,6	25,8	67,7	59,2
Jul-20	9769	8241	1528	20744	17959	2785	30,9	26,0	67,0	58,0
Aug-20	9789	8341	1448	21079	18567	2512	30,9	26,3	67,9	59,8
Sep-20	9737	8323	1414	21304	18776	2528	30,7	26,2	68,5	60,4
Oct-20	9767	8303	1464	21363	18741	2622	30,7	26,1	68,6	60,2
Nov-20	9749	8348	1402	21519	18837	2683	30,6	26,2	68,9	60,3
Dec-20	9832	8447	1385	21179	18581	2598	30,9	26,5	67,7	59,4
Jan-21	10004	8556	1448	21476	18946	2530	31,3	26,8	68,6	60,5
Feb-21	10205	8640	1565	21580	18938	2642	31,9	27,0	68,8	60,4
Mar-21	10242	8621	1621	22190	19662	2528	32,0	26,9	70,7	62,6
Apr-21	10441	8816	1625	22134	19374	2761	32,6	27,5	70,4	61,6
May-21	10284	8726	1558	22138	19484	2654	32,0	27,2	70,3	61,9
Jun-21	10340	8888	1452	21919	19863	2056	32,2	27,6	69,6	63,0
Jul-21	10820	9297	1523	21798	19590	2208	33,6	28,9	69,1	62,1
Aug-21	10655	9071	1584	22209	19921	2288	33,0	28,1	70,3	63,1
Sep-21	10785	9217	1568	22433	20180	2253	33,4	28,5	70,9	63,8
Oct-21	10886	9351	1535	22431	20225	2206	33,7	28,9	70,8	63,9
Nov-21	11005	9414	1592	22514	20329	2185	34,0	29,1	71,0	64,1
Dec-21	11086	9530	1556	22692	20464	2229	34,2	29,4	71,5	64,5
Jan-22	11108	9582	1526	22570	20316	2254	34,2	29,5	71,0	63,9
Feb-22	11095	9598	1496	22517	20417	2100	34,1	29,5	70,7	64,1
Mar-22	10912	9394	1518	22797	20619	2178	33,5	28,9	71,5	64,7
Apr-22	11370	9768	1602	22872	20746	2126	34,9	30,0	71,7	65,0
May-22	11493	9930	1563	23006	20912	2094	35,2	30,4	72,0	65,5
Jun-22	11509	9942	1567	22810	20848	1962	35,2	30,4	71,3	65,2
Jul-22	11445	9965	1480	22615	20683	1932	35,0	30,5	70,6	64,6
Aug-22	11499	10064	1434	22828	20950	1878	35,1	30,8	71,2	65,3

Source: Turkstat, Betam

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Box 1 : Definitions of alternative unemployment rates[1]

The time-related underemployment: Persons employed in the reference week who worked less than 40 hours in total (in main job and additional job/s) were willing to work additional hours and were available to do so but could not find a job for the extra hours.

The potential labor force: Persons not in employment who would like to work, but for whom the existing conditions limit active job search and/or availability.

The unemployed: The unemployed comprises all persons 15 years of age and over who were not employed during the reference period had used at least one active channel for seeking a job during the last four weeks and were available to start work within two weeks.

1) Unemployment rate = [persons in unemployment/labor force]x100

2) Combined rate of time-related underemployment and unemployment =

[(persons in time-related underemployment + persons in unemployment) / labor force] * 100

3) Combined rate of unemployment and potential labor force =

[(persons in unemployment + potential labor force)/ (labor force+ potential labor force)] x 100

4) Composite measure of labor underutilization =

[(persons in time-related underemployment + persons in unemployment + potential labor force) / (labor force+ potential labor force)] x 100