**Quarterly Labor Market Outlook:**

**2022Q2**

August 18 2022

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**CONFOUNDING RISE IN EMPLOYMENT**

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**Executive Summary**

According to the seasonally adjusted data, the number of employed persons showed a strong increase of 765 thousand compared to the previous quarter and rose to 30 million 775 thousand in 2022 Q2, while the unemployment rate decreased from 11% to 10.6%. QoQ employment growth was 2.5%, an extremely high increase. GDP growth from Q1 to Q2 2022 has not yet been announced. Even if the official QoQ growth rate turns to be higher than Betam’s forecast of 1.1%, it is not likely to be high enough to explain the 2.5% job growth.

Seasonally adjusted sectoral employment data reveals that employment increased in all four sectors. The manufacturing sector witnessed the highest increase, with a quarterly employment growth rate of 3.3% (217 thousand). However, the QoQ increase in the seasonally adjusted industrial production index was 1.1%. The 3.3% increase in employment is above the employment creation capacity of the growth in manufacturing. The increase in employment in the services sector is 393 thousand and the rate of increase is 2.3%.

The seasonally adjusted youth unemployment rate (ages 15-24) increased by 0.1 pp to 26.3 % for females, while it decreased by 0.8 points to 17.1 % for males. The gender gap in unemployment rates for young females and males is 9.2 pp.

According to the seasonally unadjusted data, the general unemployment rate decreased in all education levels compared to the previous quarter. The highest decrease in unemployment rates was recorded in the “Vocational high school” group. In the "higher education" group, while the male unemployment rate decreased by 1.5 pp to 7.9%, the female unemployment rate edged down to 14% with a slight decrease of 0.1 pp.

In the second quarter of 2022, the long-term unemployment rate increased by 0.1 pp compared to the previous quarter and reached 24.5%. The long-term unemployment rate decreased by 1.5 pp to 31.6% for females and rose by 0.6 pp to 19.4% for males.

**Introduction**

In addition to its monthly Labor Market Outlook (LMO) reports, Betam publishes its quarterly LMO notes since November 2021. In January 2021, TurkStat started to publish monthly labor force statistics with "monthly" data instead of "quarterly averages". However, since the monthly data excludes many issues such as education levels, enrollment, and unemployment periods, TurkStat decided to publish quarterly statistics with much wider coverage starting in 2021. Then, after observing the highly erratic behavior of the monthly sectorial employment data, TurkStat left these data out of the scope of the monthly statistics and transferred them to the quarterly statistics.

In parallel to these developments, Betam also publishes quarterly LMO notes as well as monthly LMO notes. In this note, which covers the second quarter of 2022, we would like to indicate that we made important changes in terms of scope. In our previous notes, we highlighted the great divergence between "those in employment" and "those employed at work" due to the impact of the COVID-19 pandemic. Since this divergence has faded, when the wedge reverted to its normal, we have excluded this issue from the scope.[[4]](#footnote-4) Additionally, the general labor market developments analyzed by sector and education level in our previous quarterly notes were made more systematic and inclusive. We also considered it would be useful to add “long-term unemployment” to our quarterly LMO notes from now on.

**Extraordinary rise in employment**

According to seasonally adjusted data, the number of persons in employment strongly increased by 765 thousand compared to the previous quarter and reached 30 million 775 thousand. In the same period, the number of unemployed persons fell by 43 thousand to 3 million 654 thousand; as a result, the labor force increased by 722 thousand and reached 34 million 429 thousand (Figure 1, Table 1). QoQ employment increase was 2.5 %. This is an extremely high increase. The GDP growth rate form 2022 Q1 to 2022 Q2 is not announced yet. Betam forecasts a QoQ growth rate of 1.1 %. Even if the official growth rate turns to be higher than our forecast, it is not likely to be high enough to explain 2.5% job growth. We would like to note that in the 2021Q1, quarterly GDP growth rate was 1.2% and the quarterly employment increase was 0.7%.

**Figure 1 : Seasonally adjusted main labor force indicators (000)**

 Source: Turkstat, Betam

**Striking fall in male unemployment**

According to seasonally adjusted data, the headline unemployment rate decreased by 0.4 pp to 10.6 % in 2022 Q2 compared to the previous quarter. In the same period, while female employment increased by 372 thousand, the number of unemployed females increased by 81 thousand (Table 2). As a result, the female unemployment rate increased by 0.1 pp QoQ to 13.9%. In the last year, as pandemic measures began to loosen, the female labor force increased by 1 million 162 thousand, while female employment increased by 1 million 111 thousand (Table 2). In comparison, the male unemployment rate strongly declined QoQ by 0.7 pp to 8.9% as the rise in male employment (393 thousand) exceeded the increase in the male labor force (269 thousand). While male employment increased by 1 million 263 thousand in the last year, the number of unemployed males decreased by 401 thousand and the male labor force increased by 862 thousand. Compared to 2021 Q2, the YoY increase in the female labor force increase exceeds the increase in the male labor force by 300 thousand.

As a result of the increase in the female unemployment rate and the decrease in the male unemployment rate, the gender gap in unemployment rates became 5% and reached its highest level since 2005.

**Figure 2: Seasonally adjusted unemployment rates (%)**

 Source: Turkstat, Betam

**Employment increase above the production increase in manufacturing**

According to the seasonally adjusted sectoral employment data, employment increased in all sectors. In the services sector, male employment increased by 180 thousand, female employment by 213 thousand, and total employment went up by 393 thousand (2.3%) to 17 million 275 thousand. Similarly, in the industrial sector male employment increased by 148 thousand, female employment rose by 69 thousand, and total employment increased by 217 thousand (3.3%) to 6 million 759 thousand (Table 3). Considering that the working day and seasonally adjusted industrial production index increased by 1.1% QoQ, it is obvious that the employment increase of 3.3% in this period is above the employment creation capacity of the growth observed in the past. While employment in the agricultural sector increased by 113 thousand QoQ, the employment in the construction sector increased by 42 thousand (2.3%).

**Şekil 3:** **Seasonally adjusted sectorial employment (000), Total[[5]](#footnote-5)**

Source: Turkstat, Betam

**Unemployment falls in youth males but rises in youth females**

Seasonally adjusted youth (ages 15-24) labor force indicators show that the youth unemployment rate decreased by 0.4 pp to 20.3%. In this period, the youth employment rate rose to 34.6% with a strong increase of 1.0 pp. Nevertheless, it is still 1.2 pp below its maximum level in 2018 Q3 (35.8 %). While the youth unemployment rate of females increased by 0.1 pp to 26.3 %, the employment rate increased by 0.9 pp to 22.7%. The youth employment rate of females is 1.3 pp below its 2018 Q3 level (24.0%). The youth employment rate of males jumped by 1.1 pp, and the unemployment rate strongly fell by 0.8 pp to 17.1%. The youth employment rate of males (46.0%) is 1.3 pp below its level of the 2018 Q3 (47.3%) (Table 4).

**Figure 4: Seasonally adjusted youth unemployment rates (15-24 age group, %)**

Source: Turkstat, Betam

**Unemployment decreased in all education levels except for the higher-educated females**

According to the seasonally unadjusted data, the headline unemployment rate decreased in all education levels in 2022 Q2 compared to the previous quarter[[6]](#footnote-6). The "vocational high school" group experienced the most striking quarterly fall with the unemployment rate decreasing from 12.8% to 10.5% (2.3 pp). Unemployment rates in “less than high school”, “high school” and “higher education” groups decreased by 1.6, 1.4, and 0.9 pp, respectively, to 9.3%, 12.5%, and 10.5 % (Table 5).

Compared to the previous quarter, the female unemployment rate in the "less than high school" education group decreased by 1.7 pp to 9.5% in 2022 Q2. While the unemployment rate of "vocational high school" group decreased by 3.6 pp to 18.2%, the unemployment rate of "high school" group fell by 1.4 pp to 19.1%. Nevertheless, the female unemployment rate in “higher education” group almost stagnated since the decrease from 14.1 to 14.0 percent was limited to 0.1 pp only.

While the male unemployment rate of “less than high school” group edged down by 1.6 pp to 9.2%, male unemployment rates of “high school” and “vocational high school” groups fell by 1.4 pp and 2.1 pp to 9.7% and 7.9%, respectively. The unemployment rate in the “higher education” group decreased by 1.5 pp to 7.9%. The unemployment gender gap in the higher education group increased from 4.7 points to 6.1 points in three months. Thus, there is no improvement in the high unemployment problem among higher education-graduate females.

**Figure 6: Unemployment rates by educational level, Unadjusted (%)**

Source: Turkstat, Betam

**Long-term unemployment decreases among females and increases among males**

The long-term unemployment rate denotes the share of the number of persons unemployed for one year or longer in the total number of unemployed persons. As of 2020 Q1, activity restrictions, within the scope of Covid-19 epidemic measures significantly reduced the demand for labor, especially in the services sector. As a result, the period of the currently unemployed persons lingered, and the share of this group in the total unemployed reached its highest level in 2021 Q2 (Figure 7). Following the end of the activity restrictions, this number tended to decrease because of the rapid increase in employment. Another factor in the decrease in the long-term unemployment rate was the rise in labor force entry with the relaxation of the activity restrictions. As a result, the share of the number of long-term unemployed persons in the total unemployed was in decline until the 2022 Q2.

In 2022 Q2, the long-term unemployment rate increased by 0.1 pp in total compared to the previous quarter and reached 24.5%. According to the seasonally unadjusted data, while the total number of unemployed decreased by 396 thousand from 2022 Q1 to Q2, the decrease in the number of long-term unemployed persons was limited to 93 thousand. On one side, the number of unemployed females decreased by 67 thousand while the number of long-term unemployed persons decreased by 44 thousand. As a result, the share of long-term unemployed females decreased by 1.5 pp to 31.6%. On the other side, the number of unemployed males decreased by 329 thousand while the number of long-term unemployed males decreased by 50 thousand. Because of the relatively high decrease in the denominator, the long-term unemployment rate for males increased by 0.6 points to 19.4%. Although long-term unemployment for females remained substantially higher than for males, it is improving.

**Figure 7: Long term unemployment rates (Female, Male, Total) (%)**

Source: Turkstat, Betam

**Table 1: Seasonally adjusted main labour force indicators**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   |   | Labor force | Employed | Unemployed | Unemployment rate |
| 2017 | I | 31093 | 27388 | 3706 | 11,9 |
| II | 31366 | 27853 | 3513 | 11,2 |
| III | 31666 | 28346 | 3320 | 10,5 |
| IV | 31866 | 28650 | 3216 | 10,1 |
| 2018 | I | 31878 | 28712 | 3165 | 9,9 |
| II | 32135 | 28755 | 3380 | 10,5 |
| III | 32432 | 28816 | 3616 | 11,1 |
| IV | 32354 | 28412 | 3942 | 12,2 |
| 2019 | I | 32468 | 28002 | 4466 | 13,8 |
| II | 32546 | 28072 | 4475 | 13,7 |
| III | 32484 | 27944 | 4540 | 14,0 |
| IV | 32542 | 28190 | 4353 | 13,4 |
| 2020 | I | 31259 | 27229 | 4030 | 12,9 |
| II | 29886 | 25868 | 4018 | 13,4 |
| III | 30804 | 26737 | 4067 | 13,2 |
| IV | 31139 | 27091 | 4048 | 13,0 |
| 2021 | I | 31908 | 27792 | 4116 | 12,9 |
| II | 32405 | 28401 | 4004 | 12,4 |
| III | 32912 | 29112 | 3800 | 11,5 |
| IV | 33554 | 29794 | 3761 | 11,2 |
| 2022 | I | 33707 | 30010 | 3697 | 11,0 |
| II | 34429 | 30775 | 3654 | 10,6 |

Source: Turkstat, Betam

**Table 2: Seasonally adjusted main labour force indicators by gender**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   |   | Employed | Unemployed | UR (%) | Employed, female | Unemployed, female | Female UR (%) | Employed, male | Unemployed, male | Male UR (%) |
| 2017 | I | 27388 | 3706 | 11,9 | 8517 | 1434 | 14,4 | 18870 | 2272 | 11,9 |
| II | 27853 | 3513 | 11,2 | 8543 | 1451 | 14,5 | 19310 | 2061 | 11,2 |
| III | 28346 | 3320 | 10,5 | 8735 | 1405 | 13,9 | 19611 | 1914 | 10,5 |
| IV | 28650 | 3216 | 10,1 | 8988 | 1340 | 13,0 | 19662 | 1877 | 10,1 |
| 2018 | I | 28712 | 3165 | 9,9 | 9006 | 1348 | 13,0 | 19706 | 1817 | 9,9 |
| II | 28755 | 3380 | 10,5 | 9036 | 1414 | 13,5 | 19720 | 1966 | 10,5 |
| III | 28816 | 3616 | 11,1 | 9034 | 1468 | 14,0 | 19782 | 2148 | 11,1 |
| IV | 28412 | 3942 | 12,2 | 8994 | 1505 | 14,3 | 19419 | 2437 | 12,2 |
| 2019 | I | 28002 | 4466 | 13,8 | 8958 | 1748 | 16,3 | 19044 | 2717 | 13,8 |
| II | 28072 | 4475 | 13,7 | 8956 | 1766 | 16,5 | 19116 | 2709 | 13,7 |
| III | 27944 | 4540 | 14,0 | 8909 | 1748 | 16,4 | 19035 | 2792 | 14,0 |
| IV | 28190 | 4353 | 13,4 | 8961 | 1726 | 16,2 | 19229 | 2627 | 13,4 |
| 2020 | I | 27229 | 4030 | 12,9 | 8479 | 1509 | 15,1 | 18750 | 2522 | 12,9 |
| II | 25868 | 4018 | 13,4 | 8004 | 1386 | 14,8 | 17865 | 2632 | 13,4 |
| III | 26737 | 4067 | 13,2 | 8305 | 1454 | 14,9 | 18432 | 2614 | 13,2 |
| IV | 27091 | 4048 | 13,0 | 8370 | 1415 | 14,5 | 18721 | 2633 | 13,0 |
| 2021 | I | 27792 | 4116 | 12,9 | 8611 | 1551 | 15,3 | 19180 | 2565 | 12,9 |
| II | 28401 | 4004 | 12,4 | 8805 | 1554 | 15,0 | 19596 | 2450 | 12,4 |
| III | 29112 | 3800 | 11,5 | 9195 | 1540 | 14,3 | 19918 | 2260 | 11,5 |
| IV | 29794 | 3761 | 11,2 | 9446 | 1554 | 14,1 | 20347 | 2206 | 11,2 |
| 2022 | I | 30010 | 3697 | 11,0 | 9544 | 1524 | 13,8 | 20466 | 2173 | 11,0 |
| II | 30775 | 3654 | 10,6 | 9916 | 1605 | 13,9 | 20859 | 2049 | 10,6 |

 Source: Turkstat, Betam

**Table 3: Seasonally adjusted sectorial employment by gender (000)**

|  |  |  |  |
| --- | --- | --- | --- |
|   |   | MALE | FEMALE |
|   |   | Total | Agriculture | Manufacturing | Construction | Services | Total | Agriculture | Manufacturing | Construction | Services |
| 2017 | I | 18870 | 2944 | 3964 | 1944 | 10018 | 8517 | 2439 | 1258 | 83 | 4737 |
| II | 19312 | 2948 | 4110 | 2003 | 10251 | 8543 | 2357 | 1266 | 79 | 4841 |
| III | 19611 | 2968 | 4189 | 2085 | 10369 | 8735 | 2422 | 1288 | 85 | 4940 |
| IV | 19662 | 2984 | 4163 | 2069 | 10446 | 8989 | 2518 | 1326 | 84 | 5061 |
| 2018 | I | 19707 | 2977 | 4235 | 2072 | 10423 | 9006 | 2407 | 1367 | 94 | 5138 |
| II | 19720 | 2953 | 4279 | 1989 | 10499 | 9036 | 2380 | 1368 | 90 | 5198 |
| III | 19782 | 2921 | 4418 | 1877 | 10566 | 9033 | 2327 | 1365 | 82 | 5259 |
| IV | 19418 | 2887 | 4325 | 1747 | 10459 | 8992 | 2285 | 1368 | 65 | 5274 |
| 2019 | I | 19043 | 2871 | 4042 | 1602 | 10528 | 8957 | 2254 | 1349 | 80 | 5274 |
| II | 19116 | 2851 | 4167 | 1520 | 10578 | 8957 | 2246 | 1383 | 70 | 5258 |
| III | 19035 | 2847 | 4227 | 1441 | 10520 | 8910 | 2254 | 1348 | 57 | 5251 |
| IV | 19229 | 2857 | 4435 | 1440 | 10497 | 8960 | 2262 | 1334 | 65 | 5299 |
| 2020 | I | 18751 | 2718 | 4247 | 1444 | 10342 | 8480 | 1863 | 1332 | 60 | 5225 |
| II | 17864 | 2865 | 4036 | 1334 | 9629 | 8003 | 1906 | 1279 | 79 | 4739 |
| III | 18432 | 2899 | 4109 | 1542 | 9882 | 8305 | 1937 | 1319 | 73 | 4976 |
| IV | 18721 | 2858 | 4311 | 1569 | 9983 | 8371 | 1939 | 1353 | 66 | 5013 |
| 2021 | I | 19180 | 2911 | 4515 | 1653 | 10101 | 8612 | 1997 | 1419 | 74 | 5122 |
| II | 19596 | 2882 | 4600 | 1684 | 10430 | 8805 | 2011 | 1478 | 83 | 5233 |
| III | 19918 | 2869 | 4681 | 1673 | 10695 | 9195 | 2069 | 1531 | 92 | 5503 |
| IV | 20347 | 2876 | 4862 | 1696 | 10913 | 9448 | 2090 | 1604 | 90 | 5664 |
| 2022 | I | 20466 | 2843 | 4907 | 1684 | 11032 | 9543 | 1974 | 1635 | 84 | 5850 |
| II | 20859 | 2875 | 5055 | 1717 | 11212 | 9916 | 2055 | 1704 | 94 | 6063 |

Source: Turkstat, Betam

**Table 4: Seasonally adjusted youth employment and unemployment rates (%)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Employment rate | Unemployment rate |
|  |  | Total | Female | Male | Total | Female | Male |
| 2017 | I | 33,7 | 22,6 | 44,5 | 21,8 | 26,5 | 19,2 |
| II | 34,2 | 23,1 | 45,1 | 21,0 | 26,3 | 18,1 |
| III | 34,6 | 23,2 | 45,6 | 20,1 | 25,5 | 17,2 |
| IV | 35,2 | 23,9 | 46,2 | 18,8 | 24,0 | 15,9 |
| 2018 | I | 35,3 | 23,7 | 46,5 | 18,3 | 23,6 | 15,5 |
| II | 35,5 | 23,8 | 46,8 | 19,1 | 24,2 | 16,3 |
| III | 35,8 | 24,0 | 47,3 | 20,1 | 24,6 | 17,7 |
| IV | 34,5 | 23,1 | 45,5 | 22,8 | 27,3 | 20,3 |
| 2019 | I | 33,6 | 23,6 | 43,3 | 25,4 | 29,7 | 22,9 |
| II | 33,7 | 23,7 | 43,4 | 25,0 | 28,8 | 22,8 |
| III | 32,5 | 22,1 | 42,6 | 26,1 | 31,4 | 23,0 |
| IV | 32,2 | 21,6 | 42,5 | 24,8 | 30,8 | 21,3 |
| 2020 | I | 31,1 | 21,1 | 40,7 | 23,8 | 27,6 | 21,7 |
| II | 29,1 | 18,5 | 39,3 | 24,7 | 29,9 | 22,1 |
| III | 29,7 | 19,3 | 39,6 | 24,7 | 30,2 | 21,9 |
| IV | 29,8 | 19,5 | 39,6 | 25,3 | 30,2 | 22,8 |
| 2021 | I | 30,6 | 19,5 | 41,2 | 25,4 | 31,8 | 22,0 |
| II | 32,0 | 21,3 | 42,2 | 23,4 | 28,0 | 21,0 |
| III | 32,6 | 21,7 | 43,1 | 21,1 | 27,3 | 17,8 |
| IV | 33,5 | 22,2 | 44,3 | 21,2 | 27,8 | 17,5 |
| 2022 | I | 33,6 | 21,8 | 44,9 | 20,7 | 26,2 | 17,9 |
| II | 34,6 | 22,7 | 46,0 | 20,3 | 26,3 | 17,1 |

Source: Turkstat, Betam

**Table 5: Unemployment Rates by Educational and Gender Breakdown**

|  |  |
| --- | --- |
|   | Total |
|   | Less than high school | High school | Vocational high school | Higher education |
| 2021 I | 13,4 | 15,6 | 14,9 | 12,7 |
| 2021 II | 11,4 | 14,4 | 12,5 | 11,3 |
| 2021 III | 10,0 | 13,5 | 12,5 | 13,7 |
| 2021 IV | 9,9 | 13,0 | 11,7 | 11,9 |
| 2022 I | 10,9 | 13,9 | 12,8 | 11,4 |
| 2022 II | 9,3 | 12,5 | 10,5 | 10,5 |
|   | Male |
|   | Less than high school | High school | Vocational high school | Higher education |
| 2021 I | 13,6 | 13,4 | 12,8 | 9,8 |
| 2021 II | 11,6 | 11,8 | 10,5 | 8,7 |
| 2021 III | 9,8 | 11,1 | 8,6 | 9,8 |
| 2021 IV | 9,6 | 10,6 | 8,8 | 8,8 |
| 2022 I | 10,8 | 11,1 | 10,0 | 9,4 |
| 2022 II | 9,2 | 9,7 | 7,9 | 7,9 |
|   | Female |
|   | Less than high school | High school | Vocational high school | Higher education |
| 2021 I | 12,8 | 20,7 | 22,5 | 16,7 |
| 2021 II | 10,7 | 20,9 | 19,2 | 15,0 |
| 2021 III | 10,5 | 19,1 | 24,6 | 19,0 |
| 2021 IV | 10,7 | 18,6 | 20,9 | 16,1 |
| 2022 I | 11,2 | 20,5 | 21,8 | 14,1 |
| 2022 II | 9,5 | 19,1 | 18,2 | 14,0 |

Source: Turkstat, Betam

**Table 6: Long term unemployment rates (Total, Female, Male) (%)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   |  | Long term unemployment rate | Female long term unemployment rate | Male long term unemployment rate |
|   | I | 29,3 | 36,5 | 25,1 |
| 2021  | II | 34,6 | 41,9 | 30,2 |
|  | III | 31,7 | 36,5 | 28,0 |
|  | IV | 28,5 | 35,6 | 23,4 |
|  | I | 24,4 | 33,1 | 18,8 |
| 2022  | II | 24,5 | 31,6 | 19,4 |

Source: Turkstat, Betam

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4. Before the pandemic, the difference between those in employment and those at work was around 3.5 %. In the 2nd quarter of 2020, when the ban of the removal from work and other employment supports were enacted, this difference jumped to 21.4%. In the following period, this difference gradually decreased and edged down to around 5.5% in Q2 2022. [↑](#footnote-ref-4)
5. Since the female employment in the construction sector is very low, we did not depict it. [↑](#footnote-ref-5)
6. As TurkStat does not back date these series to 2014, it is possible to seasonally adjust them. [↑](#footnote-ref-6)