

UNEMPLOYMENT RATE IS DECREASING

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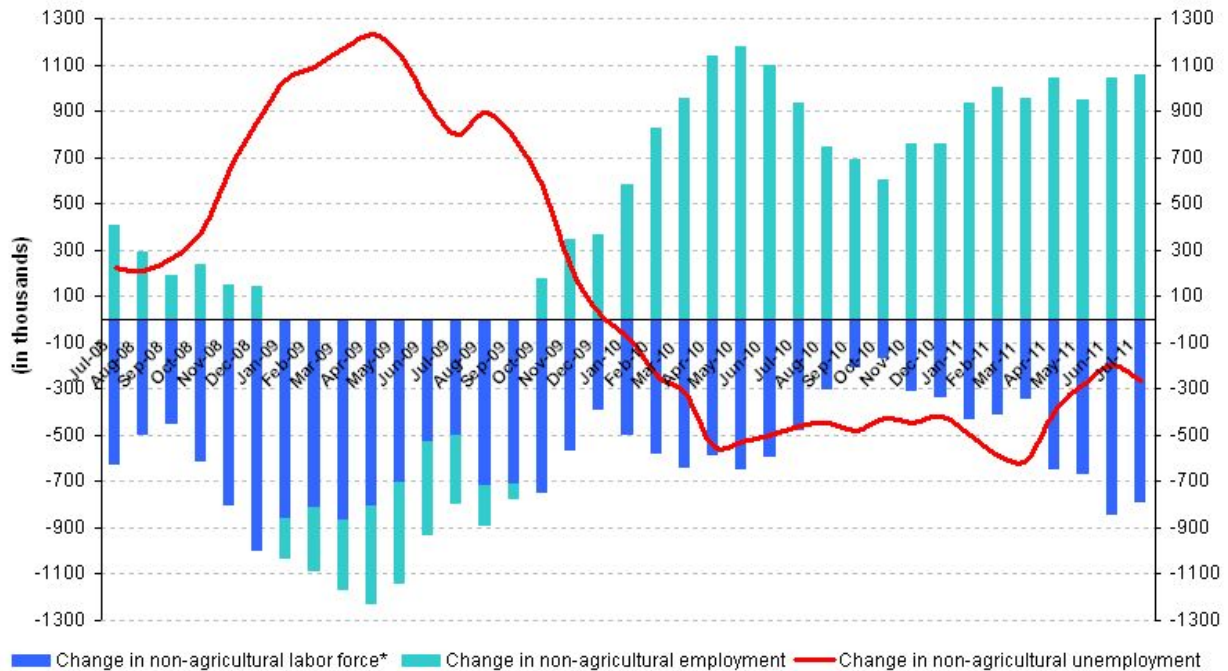
Executive Summary

According to the labor market statistics released by TurkStat, non-agricultural unemployment rate fell to 11.8 percent in the period of July 2011. Seasonally adjusted labor market data shows that non-agricultural unemployment rate decreased from 13.2 percent to 12.8 percent in the period of June 2011. Seasonally adjusted data indicates that non-agricultural labor force decreased and non-agricultural employment increased compared to previous period. As for sectoral data, manufacturing employment decreased, agricultural employment increased in this period.

Decrease in unemployment continues

According to the labor market statistics released by TurkStat on the 17th of October, non-agricultural employment has reached 18 million 248 thousand in the period of July 2011 (June – July – August). Raw labor market statistics reveal that non-agricultural labor force increased by 789 thousand (4 percent) and non-agricultural employment increased by 1 million 54 thousand (6.1 percent) in July 2011 on a year-on-year basis. Non-agricultural unemployment rate decreased from 13.6 percent to 11.8 percent during the same period (Figure 1). The number of unemployed fell to 2 million 441 thousand since increase in non-agricultural labor force slowed down compared to the period of June 2011 on year-on-year basis whereas the increase in employment was as strong.

Figure 1 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**

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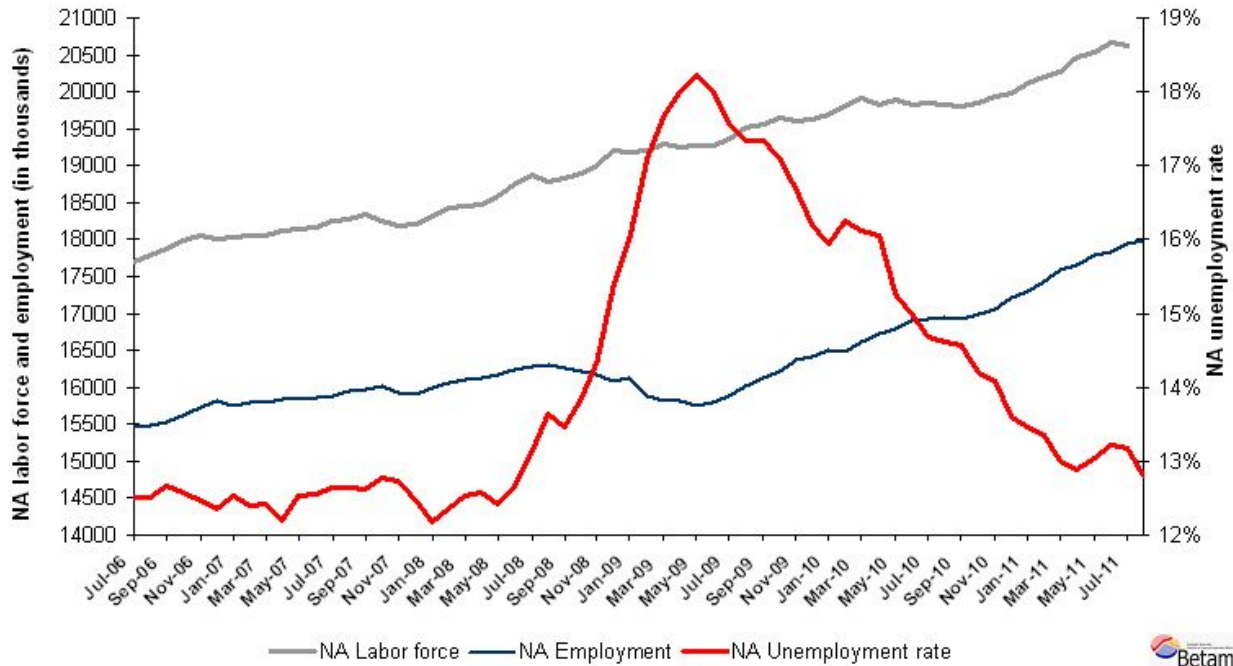
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Seasonally adjusted non-agricultural unemployment is decreasing

According to seasonally adjusted series, non-agricultural labor force decreased by 37 thousand in July compared to its level in June and was 20 million 623 thousand. However, non-agricultural employment increased 49 thousand and reached 17 million 986 thousand. Consequently, non-agricultural unemployment rate decreased from 13.2 percent to 12.8 percent (Figure 2). Hence, non-agricultural unemployment rate retreated to its pre-crisis level.

Figure 2 Seasonally adjusted non-agricultural labor force, employment and unemployment



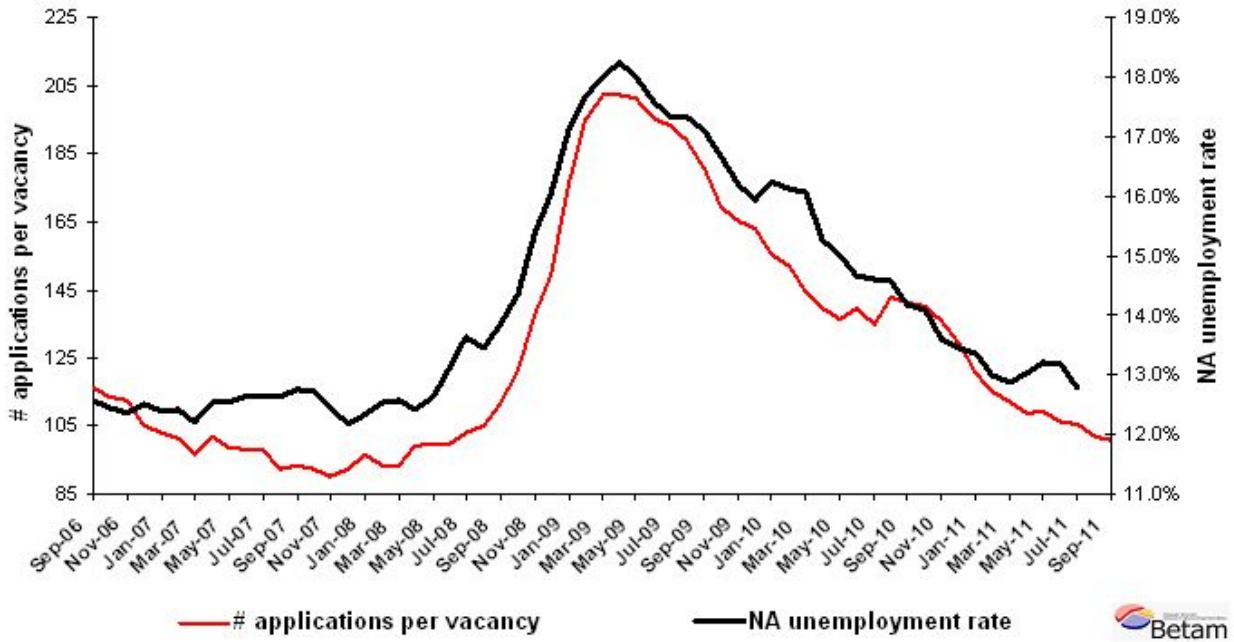
Source: TurkStat, **Betam**

According to Kariyer.net data, non-agricultural unemployment will continue to decrease in the period of August 2011¹

The application per vacancy series released by Kariyer.net decreased in August and September 2011. In the light of this data and given the fact that labor force data, which will be the average of July – August – September, we expect seasonally adjusted non-agricultural employment rate to decrease in August 2011.

¹ Starting from April, Betam will be using a new series released by Kariyer.net on application per vacancy. Kariyer.net collects this data via their website which is one of the largest job search engines in Turkey. Given the lack of data on vacancies in Turkey, we believe that this new series will provide useful insight to the labor market in Turkey. It provides information on the number of unemployed who are actively seeking work as well as the number of jobs that are available in the labor market. 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. Figure 3 illustrates the seasonally adjusted non-agricultural unemployment rate and deseasonalized calendar day adjusted application per vacancy (Kariyer.net) series. It is clear that these series are highly correlated (almost 90 percent).

Figure 3 Non-agricultural unemployment rate and application per vacancy (SA)



Data source: Kariyer.net, TurkStat, **Betam**

Manufacturing employment continues to decrease in the period of July 2011

According to seasonally adjusted figures, employment in the service sector increased by 25 thousand in July 2011 and employment in construction sector remained stagnant. (App. 1 Table 2, App. 2 Figure 4).² On the other hand, manufacturing employment decreased by 19 thousand. Even though the industrial production index increased in July 2011, it decreased in August 2011. Remember that the labor market data for July pertains to the average of June, July and August. Thus, we believe that the decrease in employment in manufacturing during the period of July is still consistent.

Seasonally adjusted labor force data shows that agricultural employment increased, by 31 and 36 thousand in the period of June and July 2011 respectively. However, considering the total decrease in agricultural employment (108 thousand) in April and May, we think that the future path of agricultural employment remains uncertain.

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
June-08	18742	16281	2460	13.1%			
July-08	18865	16293	2572	13.6%	123	12	112
August-08	18785	16256	2529	13.5%	-80	-37	-43
September-08	18827	16221	2607	13.8%	42	-36	78
October-08	18889	16177	2712	14.4%	62	-43	105
November-08	19005	16086	2919	15.4%	116	-92	208
December-08	19213	16134	3080	16.0%	208	48	160
January-09	19175	15891	3284	17.1%	-39	-243	204
February-09	19216	15819	3397	17.7%	42	-71	113
March-09	19292	15817	3475	18.0%	76	-2	78
April-09	19260	15748	3512	18.2%	-32	-69	37
May-09	19271	15801	3470	18.0%	12	53	-41
June-09	19264	15881	3383	17.6%	-8	80	-87
July-09	19370	16010	3360	17.3%	106	129	-23
August-09	19512	16131	3382	17.3%	143	121	22
September-09	19560	16215	3345	17.1%	48	84	-36
October-09	19656	16377	3279	16.7%	96	163	-67
November-09	19596	16423	3173	16.2%	-60	46	-105
December-09	19626	16499	3127	15.9%	30	76	-46
January-10	19682	16484	3198	16.2%	56	-15	71
February-10	19794	16605	3189	16.1%	112	121	-9
March-10	19914	16719	3195	16.0%	121	114	7
April-10	19828	16801	3027	15.3%	-86	82	-169
May-10	19890	16907	2983	15.0%	62	106	-44
June-10	19834	16923	2912	14.7%	-56	15	-71
July-10	19843	16944	2898	14.6%	8	22	-13
August-10	19821	16932	2889	14.6%	-22	-13	-9
September-10	19793	16984	2809	14.2%	-28	52	-80
October-10	19846	17052	2794	14.1%	53	68	-15
November-10	19928	17219	2709	13.6%	81	167	-86
December-10	19982	17293	2689	13.5%	54	74	-20
January-11	20124	17436	2688	13.4%	142	143	-1
February-11	20209	17582	2627	13.0%	85	146	-61
March-11	20264	17652	2611	12.9%	54	70	-16
April-11	20464	17795	2669	13.0%	200	143	57
May-11	20541	17827	2714	13.2%	78	32	45
June-11	20661	17937	2724	13.2%	119	109	10
July-11	20623	17986	2637	12.8%	-37	49	-87

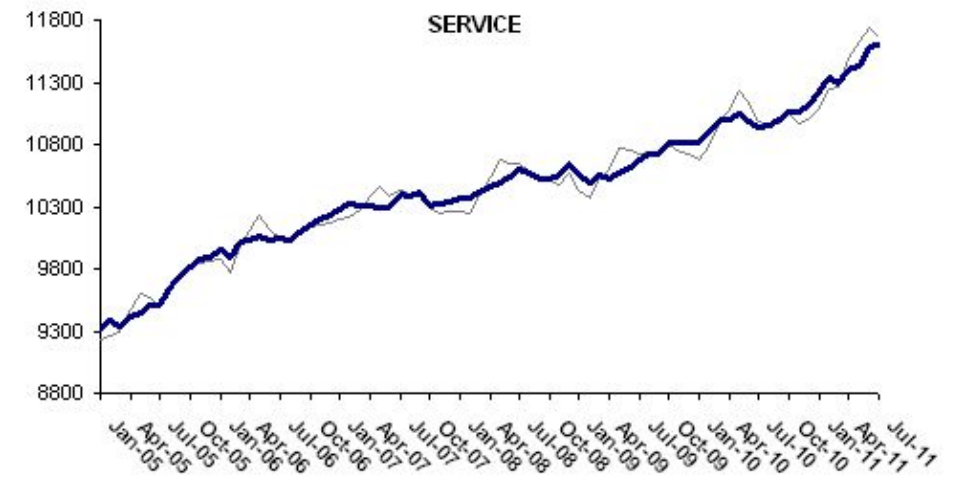
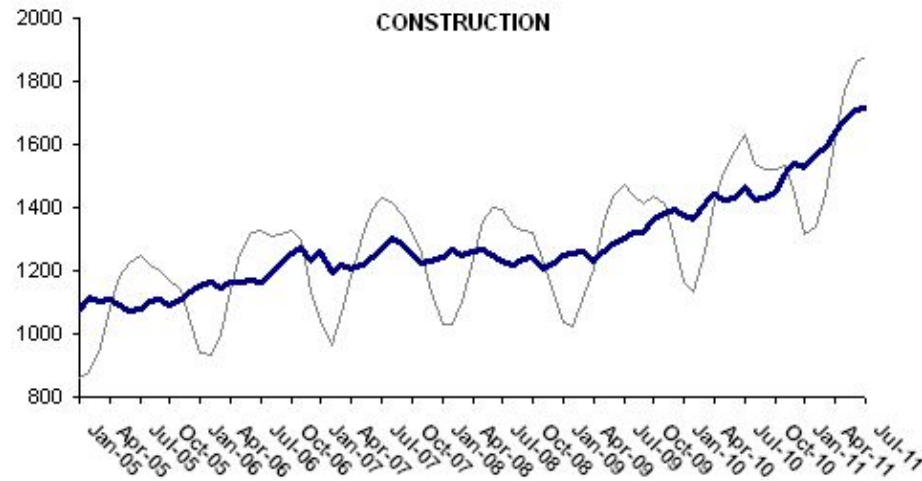
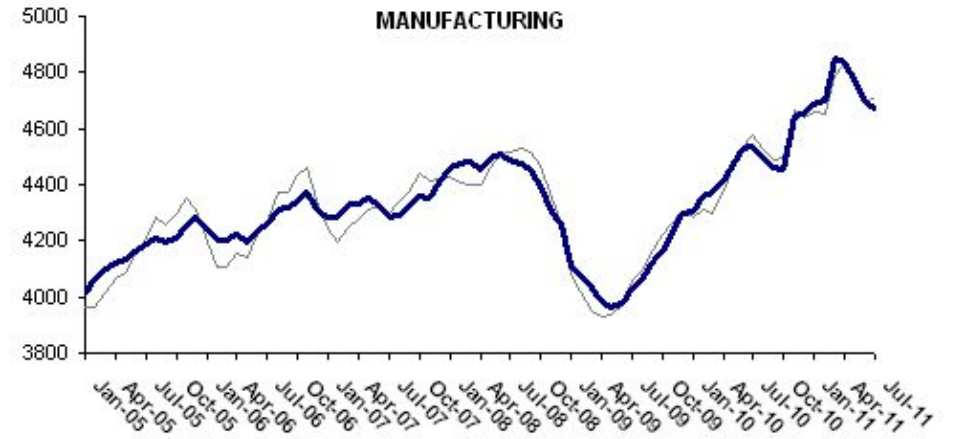
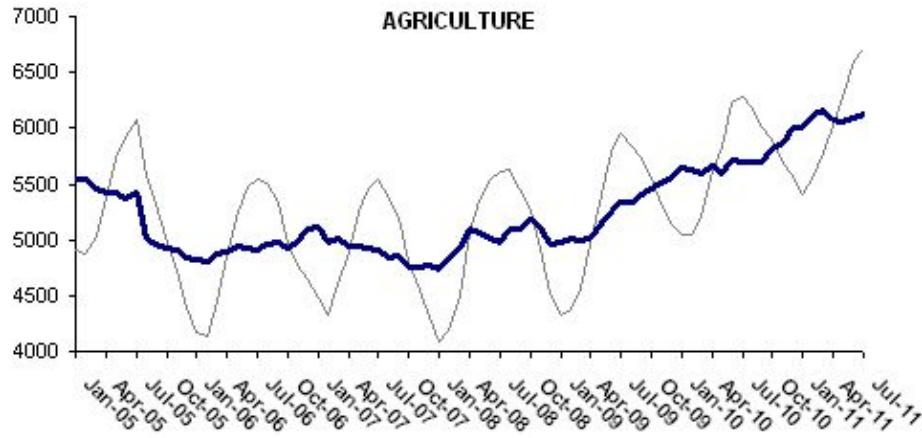
Source: TurkStat, **Betam**

Appendix 1: Table 2 Seasonally adjusted sector of employment (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
June-08	5005	4506	1251	10533				
July-08	4982	4489	1230	10593	-23	-17	-22	60
August-08	5092	4476	1220	10562	110	-12	-9	-31
September-08	5100	4456	1234	10519	8	-20	14	-43
October-08	5188	4394	1245	10516	88	-62	11	-3
November-08	5117	4303	1207	10556	-71	-91	-38	40
December-08	4961	4257	1223	10644	-156	-47	16	88
January-09	4977	4111	1249	10549	16	-146	26	-95
February-09	5007	4079	1256	10492	30	-31	7	-57
March-09	4986	4029	1262	10554	-21	-50	6	62
April-09	5006	3987	1230	10529	20	-42	-32	-25
May-09	5154	3966	1260	10577	148	-21	30	48
June-09	5252	3978	1287	10617	98	11	27	40
July-09	5343	4033	1306	10676	91	56	18	59
August-09	5331	4056	1318	10729	-12	23	13	53
September-09	5409	4124	1318	10725	78	68	0	-4
October-09	5461	4164	1363	10818	52	39	45	94
November-09	5509	4228	1383	10821	48	64	20	3
December-09	5556	4298	1395	10813	47	70	12	-9
January-10	5653	4308	1375	10814	97	9	-20	1
February-10	5629	4358	1366	10900	-24	50	-9	86
March-10	5597	4370	1413	10999	-32	12	47	99
April-10	5667	4412	1443	10993	71	42	30	-6
May-10	5600	4476	1427	11039	-67	64	-16	46
June-10	5709	4527	1428	10990	109	50	1	-48
July-10	5689	4534	1467	10937	-20	8	38	-53
August-10	5695	4489	1425	10948	6	-45	-41	11
September-10	5697	4460	1428	10998	2	-30	3	50
October-10	5823	4456	1449	11060	126	-4	21	62
November-10	5867	4648	1506	11064	44	192	57	4
December-10	5998	4652	1540	11101	131	4	34	37
January-11	6002	4686	1527	11225	3	35	-13	124
February-11	6133	4699	1571	11344	131	12	44	119
March-11	6160	4851	1590	11292	27	152	19	-52
April-11	6073	4839	1636	11395	-88	-11	45	103
May-11	6052	4772	1679	11429	-20	-67	43	34
June-11	6083	4693	1711	11577	31	-80	32	148
July-11	6120	4674	1714	11602	36	-19	2	25

Source: TurkStat, **Betam**

Appendix 2: Figure 4 Employment changes in sectors (in thousand)²



Source: TurkStat, **Betam**

² Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.