

## RAPID DECLINE IN UNEMPLOYMENT

Seyfettin Gursel\*, Gokce Uysal\*\* and Aysenur Acar\*\*\*

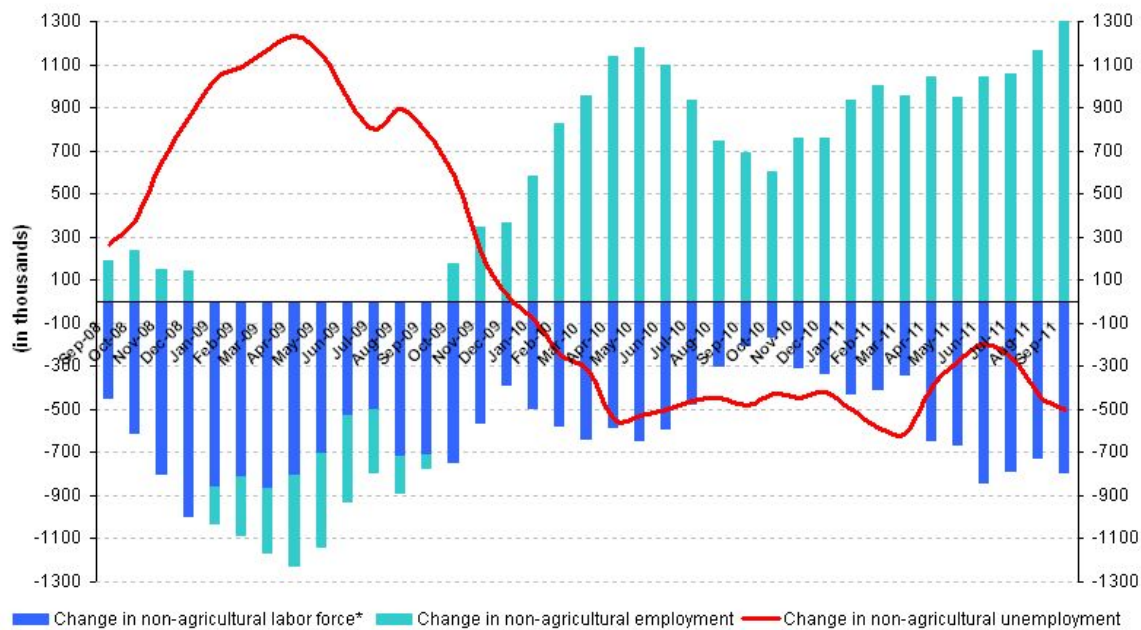
### Executive Summary

According to the labor market statistics released by TurkStat, non-agricultural unemployment rate fell by 3 percentage points to 11.3 percent in the period of September 2011 compared to previous year. Seasonally adjusted labor market data shows that non-agricultural unemployment rate fell by 0.5 percentage points and decreased from 11.9 percent to 11.4 percent during September 2011 compared to the period of August 2011. Non-agricultural unemployment rate has been rapidly falling during the periods of July, August and September. The increase in non-agricultural employment is caused mainly by an increase in the service sector employment during the period of September. Manufacturing employment, which has been falling since April, increased during this period as well.

### Rapid increase in non-agricultural employment

According to the labor market statistics released by TurkStat on the 15<sup>th</sup> of December, non-agricultural employment has reached 18 million 274 thousand in the period of September 2011 (August – September – October). Raw labor market statistics reveal that non-agricultural labor force increased by 796 thousand (4 percent) and non-agricultural employment increased by 1 million 300 thousand (7.7 percent) and non-agricultural unemployment rate decreased from 14.3 percent to 11.3 percent during the same period in August 2011 on a year-on-year basis (Figure 1). The number of unemployed persons in non-agricultural sectors decreased by 504 thousand on a year-on-year basis and retreated to 2 million 328 thousand. The strong increase of 1 million 300 thousand in non-agricultural employment in the period of September 2011 is behind this rapid decline.

**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**

\* Prof. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@bahcesehir.edu.tr

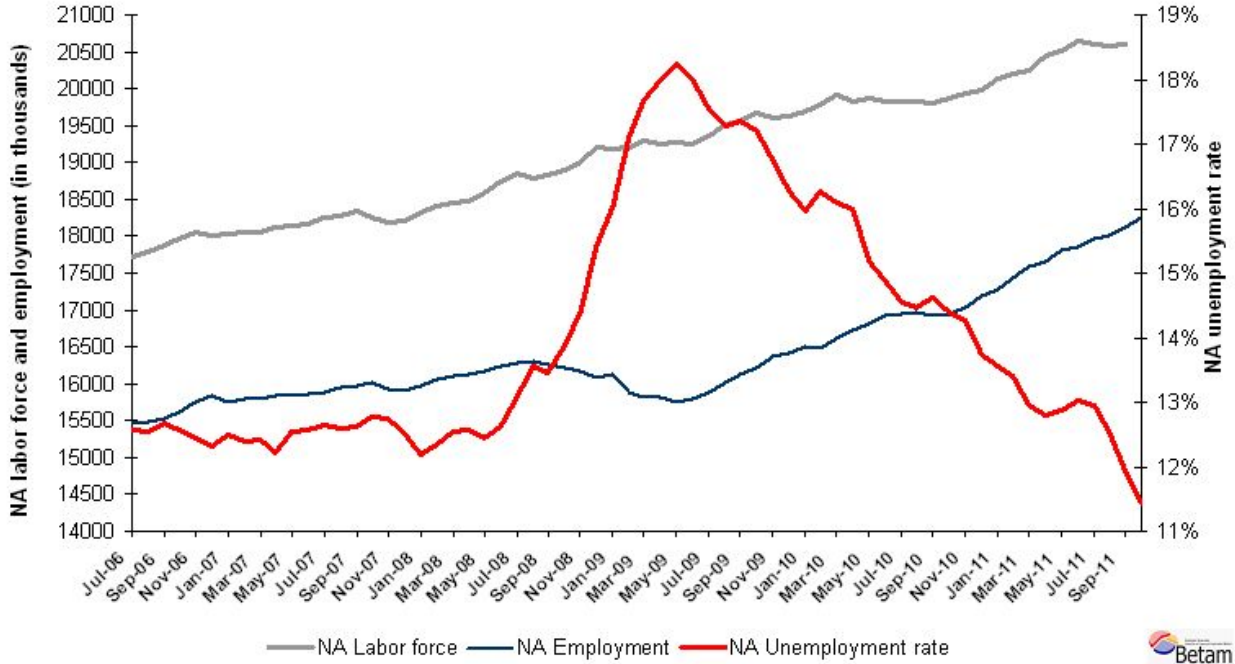
\*\* Assoc. Prof. Gökçe Uysal, Betam, Vice Director, gokce.uysal@bahcesehir.edu.tr

\*\*\* Aysenur Acar, Betam, Research Assistant, aysenur.acar@bahcesehir.edu.tr

## Accelerating decline in seasonally adjusted non-agricultural unemployment

According to seasonally adjusted series, non-agricultural labor force increased by 41 thousand in September compared to its level in August and was 20 million 611 thousand (Figure 2, App. 1 Table 1). On the other hand, non-agricultural employment increased by 141 thousand and reached 18 million 254 thousand. Consequently, the number of unemployed persons in non-agricultural sectors decreased by 100 thousand and non-agricultural unemployment rate decreased from 11.9 percent to 11.4 percent (0.5 percentage points). Non-agricultural unemployment rate decreased by 0.4 percentage points from June to July, by 0.6 percentage points from July to August, by 0.5 percentage points from August to September. Non-agricultural unemployment rate has been falling rapidly.

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



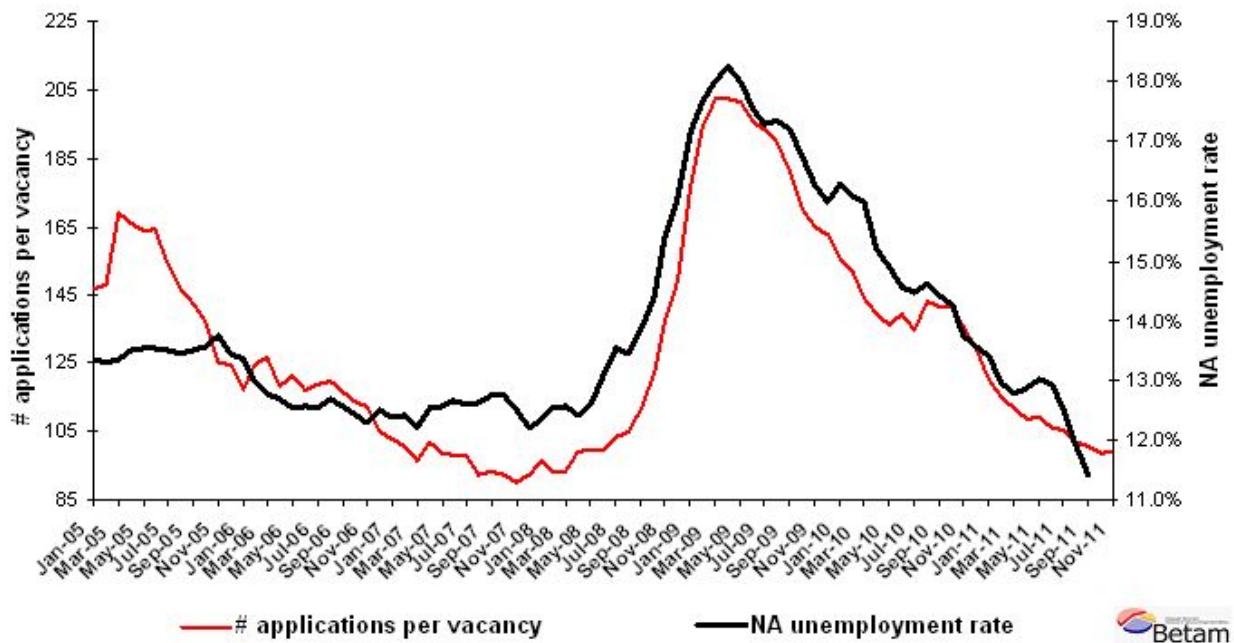
Source: TurkStat, **Betam**

## According to Kariyer.net data, decrease in non-agricultural unemployment will slow down in the period of October 2011<sup>1</sup>

The application per vacancy series released by Kariyer.net indicates that non-agricultural unemployment will stagnate in September, October and November 2011. On the other hand, taking account the strong decline in the non-agricultural unemployment rate, we believe that the decrease in non-agricultural unemployment rate will slow down in the period of October 2011.

<sup>1</sup> 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**

### Strong increase in employment levels in services

According to seasonally adjusted figures, the increase in non-agricultural employment is mainly caused by the increase of 95 thousand in service sector. (App. 1 Table 2, App. 2 Figure 4)<sup>2</sup>. An increase of 16 thousand in manufacturing employment is also striking given that it has been decreasing for last five periods. Note that the increase in manufacturing employment is in line with the increase in the manufacturing production index.

<sup>2</sup> Seasonal adjustment procedure is applied to each sector of employment series separately. Hence the sum of these series may differ from the seasonally adjusted series of total employment. The difference stems from the non-linearity of the seasonal adjustment process.

**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
August-08	18791	16264	2527	13.4%			
September-08	18832	16221	2612	13.9%	42	-43	85
October-08	18893	16175	2719	14.4%	61	-46	107
November-08	19009	16078	2931	15.4%	116	-96	212
December-08	19214	16131	3084	16.0%	205	52	153
January-09	19175	15889	3286	17.1%	-40	-242	202
February-09	19213	15817	3396	17.7%	39	-72	111
March-09	19286	15816	3471	18.0%	73	-2	74
April-09	19256	15744	3512	18.2%	-30	-72	42
May-09	19266	15801	3465	18.0%	10	57	-47
June-09	19259	15884	3374	17.5%	-8	83	-91
July-09	19362	16019	3344	17.3%	104	134	-30
August-09	19521	16135	3387	17.3%	159	116	43
September-09	19570	16205	3365	17.2%	48	70	-22
October-09	19663	16370	3293	16.7%	94	165	-71
November-09	19604	16416	3188	16.3%	-59	46	-105
December-09	19631	16495	3135	16.0%	27	79	-53
January-10	19683	16481	3202	16.3%	52	-15	67
February-10	19789	16607	3182	16.1%	106	126	-20
March-10	19905	16725	3180	16.0%	116	118	-2
April-10	19819	16810	3009	15.2%	-86	86	-171
May-10	19879	16921	2958	14.9%	60	110	-51
June-10	19823	16938	2885	14.6%	-56	17	-74
July-10	19831	16961	2871	14.5%	8	23	-14
August-10	19836	16935	2901	14.6%	4	-26	30
September-10	19810	16956	2853	14.4%	-26	22	-48
October-10	19859	17025	2835	14.3%	50	69	-19
November-10	19940	17200	2740	13.7%	81	175	-94
December-10	19990	17279	2711	13.6%	50	79	-29
January-11	20126	17428	2698	13.4%	136	149	-13
February-11	20205	17587	2619	13.0%	79	159	-80
March-11	20254	17663	2591	12.8%	49	76	-27
April-11	20450	17815	2635	12.9%	196	152	44
May-11	20524	17852	2672	13.0%	73	37	37
June-11	20640	17968	2672	12.9%	117	116	1
July-11	20605	18020	2585	12.5%	-35	52	-87
August-11	20570	18113	2457	11.9%	-36	92	-128
September-11	20611	18254	2357	11.4%	41	141	-100

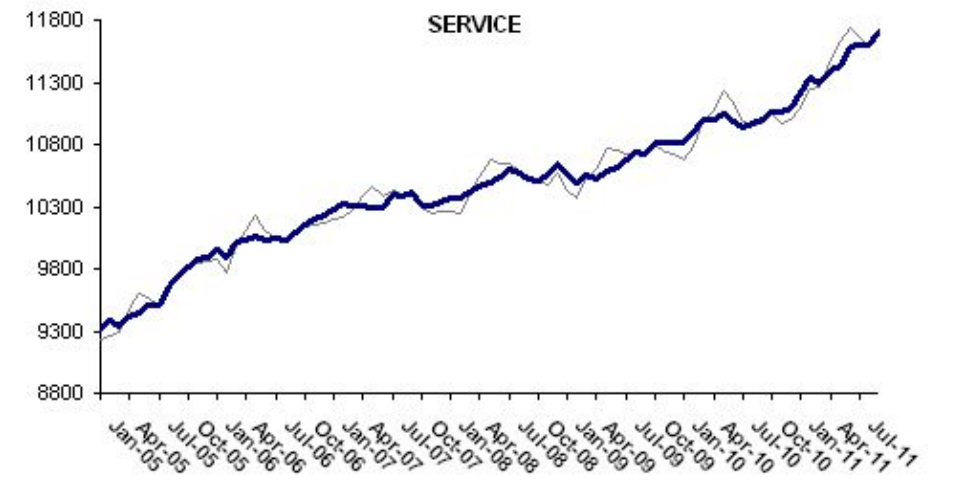
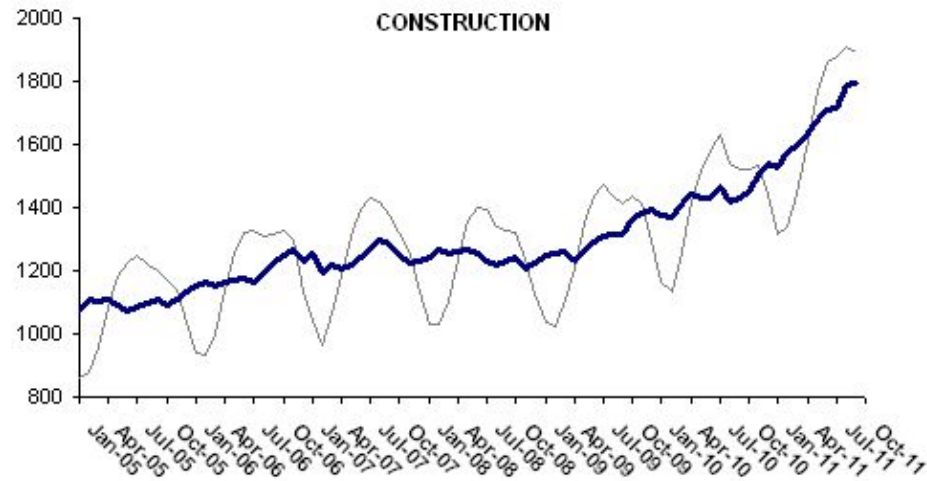
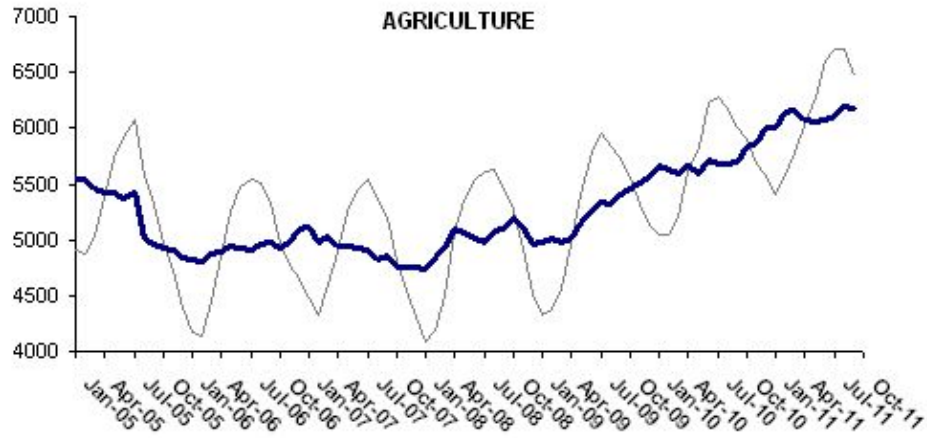
Source: TurkStat, **Betam**

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-08	5085	4478	1216	10568				
September-08	5103	4455	1232	10517	18	-24	17	-51
October-08	5192	4392	1243	10514	89	-62	11	-3
November-08	5119	4303	1206	10554	-72	-90	-36	40
December-08	4961	4256	1222	10642	-158	-46	16	88
January-09	4977	4109	1249	10548	16	-147	27	-94
February-09	5008	4078	1257	10491	30	-31	8	-57
March-09	4985	4029	1263	10553	-22	-49	6	62
April-09	5005	3988	1231	10529	20	-41	-32	-24
May-09	5153	3968	1261	10577	148	-21	30	48
June-09	5251	3979	1289	10618	99	11	27	41
July-09	5342	4035	1308	10677	90	56	19	59
August-09	5319	4061	1314	10739	-23	26	6	62
September-09	5412	4124	1318	10722	93	63	4	-18
October-09	5466	4161	1361	10816	54	37	44	94
November-09	5513	4226	1382	10819	47	65	20	4
December-09	5559	4296	1393	10811	46	70	12	-8
January-10	5656	4305	1376	10812	97	9	-17	2
February-10	5632	4356	1368	10899	-24	50	-8	86
March-10	5598	4369	1414	10998	-34	14	46	100
April-10	5667	4412	1444	10992	69	43	29	-6
May-10	5598	4477	1428	11039	-70	65	-16	46
June-10	5708	4528	1429	10991	110	51	1	-48
July-10	5687	4536	1468	10939	-21	8	39	-52
August-10	5675	4499	1421	10964	-11	-38	-47	25
September-10	5700	4460	1429	10993	24	-39	8	29
October-10	5829	4452	1448	11055	129	-7	19	63
November-10	5872	4645	1505	11061	43	192	56	5
December-10	6004	4649	1538	11098	132	4	33	38
January-11	6006	4683	1529	11223	3	34	-9	124
February-11	6138	4696	1574	11342	132	13	44	119
March-11	6164	4850	1592	11291	25	154	18	-51
April-11	6073	4838	1636	11394	-91	-11	45	104
May-11	6049	4773	1679	11430	-24	-65	43	35
June-11	6081	4697	1712	11578	32	-77	32	149
July-11	6115	4680	1715	11605	34	-16	4	27
August-11	6202	4667	1786	11607	87	-13	71	2
September-11	6185	4683	1796	11702	-17	16	10	95

Source: TurkStat, **Betam**

Appendix 2: Figure 4 Employment changes in sectors (in thousand)<sup>3</sup>



Source: TurkStat, **Betam**

<sup>3</sup> Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.