

LOW GDP GROWTH RATE HAS NOT AFFECTED EMPLOYMENT YET

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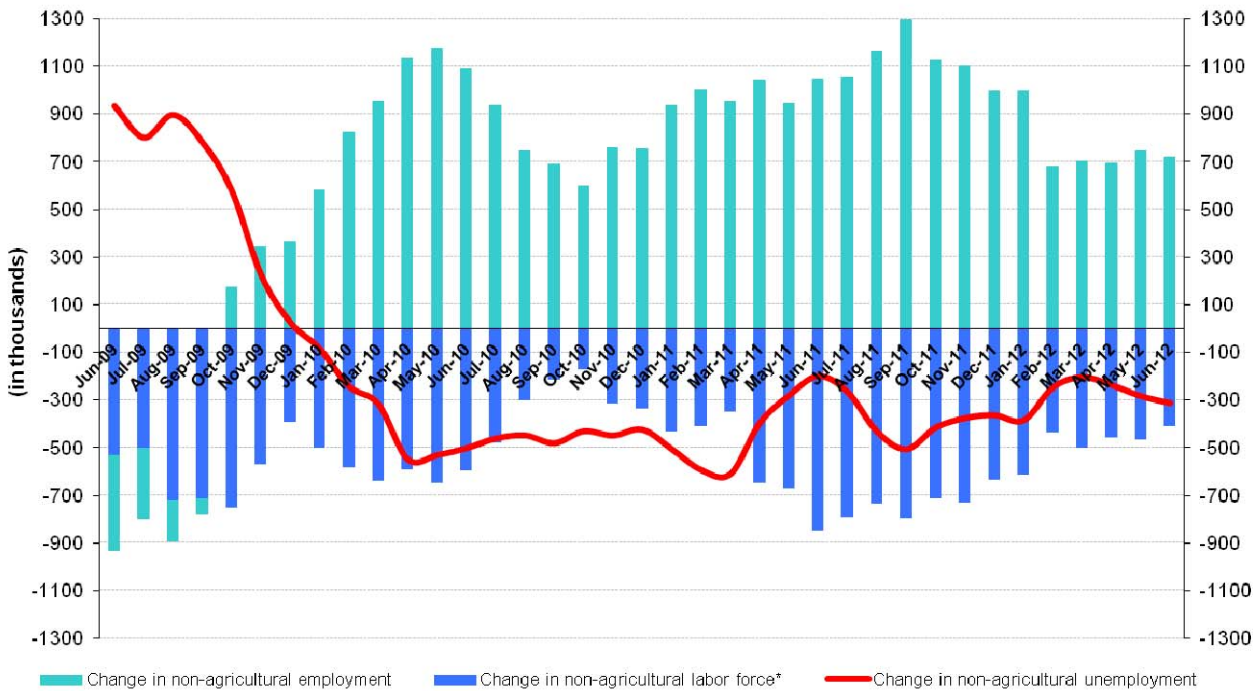
Executive Summary

Seasonally adjusted labor market data shows that non-agricultural unemployment rate decreased from 11.2 percent to 11 percent in the period of June 2012. There is a decline in non-agricultural unemployment which had remained stagnant for a long time. However, we observe that the decrease in unemployment rates is slowing down parallel to slower growth rates. The data released by the Kariyer.Net indicates that the non-agricultural unemployment may increase slightly in the period of July.

Increase in non-agricultural unemployment

According to the labor market statistics released by TurkStat on September 17th (May – June – July) non-agricultural labor force increased by 410 thousand (2 percent), non-agricultural employment increased by 721 thousand (3.9 percent) and the number of unemployment in non-agricultural decreased by 311 thousand to 2 million 161 thousand on a year-on-year basis in the period of June 2012 (Figure 1).

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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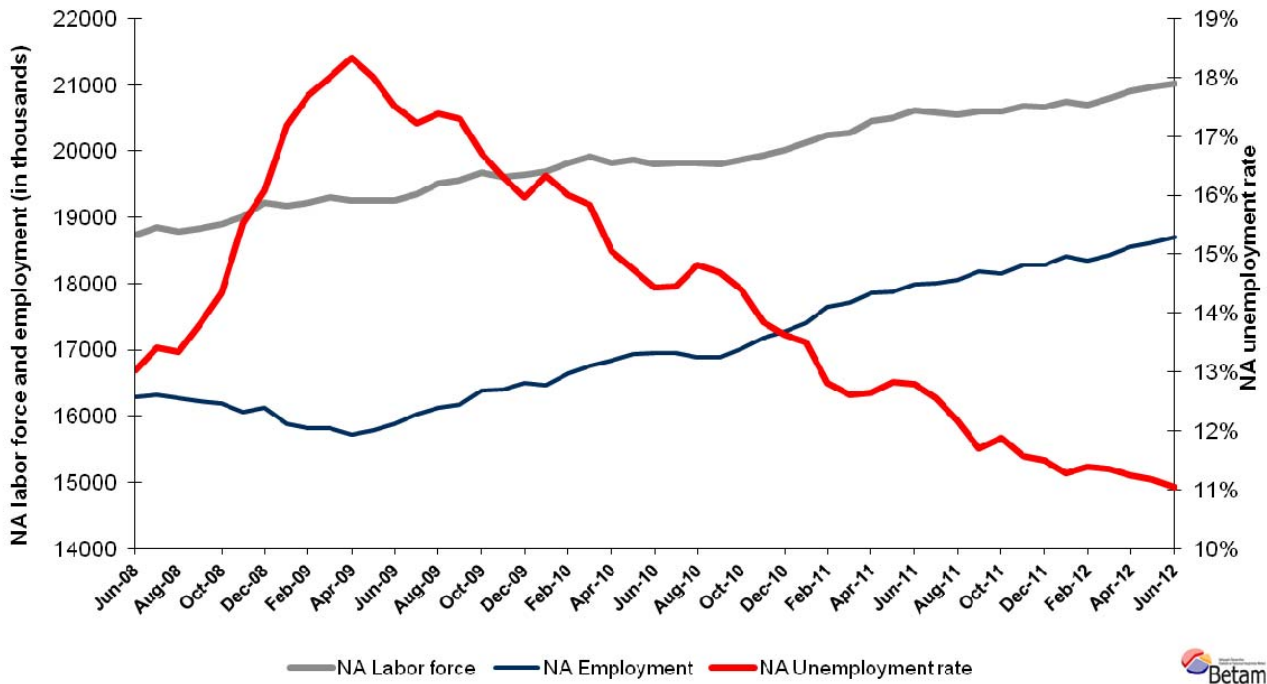
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Slight decline in Non-agricultural unemployment

According to seasonally adjusted series, non-agricultural labor force increased by 52 thousand from 20 million 961 thousand to 21 million 18 thousand in the period of June compared to the period of May 2012 (Figure 2, Table 1). Non-agricultural employment increased by 75 thousand and reached 18 million 698 thousand. Consequently, the number of unemployed persons in non-agricultural sectors decreased by 23 thousand and seasonally adjusted non-agricultural unemployment rate decreased to 11 percent. We already know that labor market statistics follow GDP growth with a lag. Hence, we expect to observe the effects of the slower growth rates on non-agricultural unemployment rates in the upcoming periods.

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



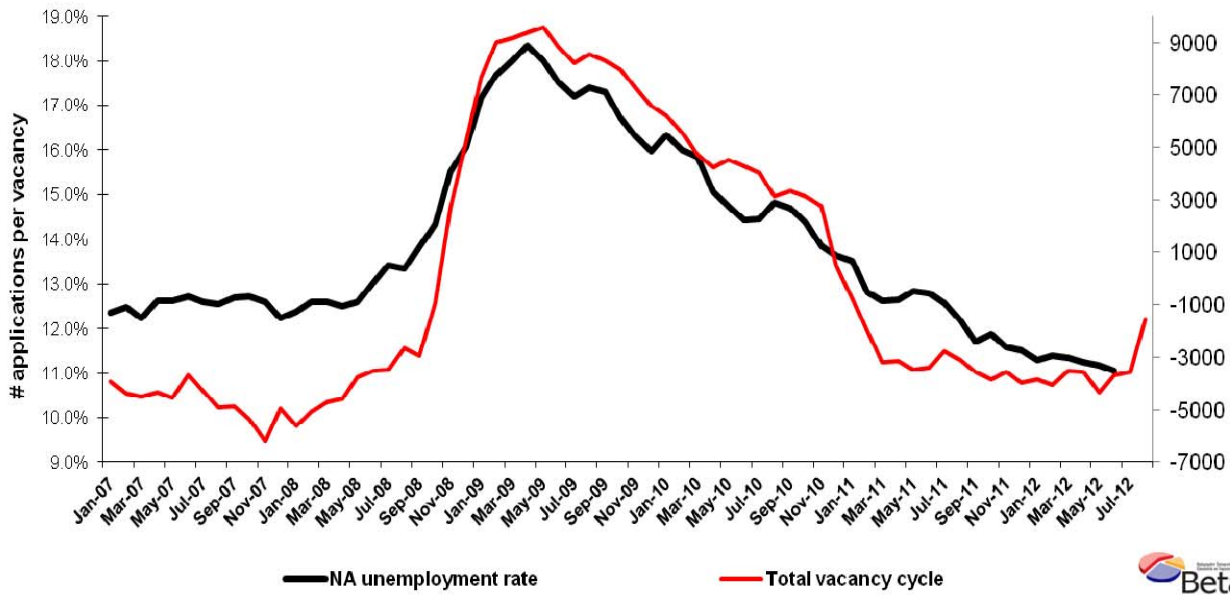
Source: TurkStat, **Betam**

According to Kariyer.net series Non-agricultural unemployment may increase

Seasonal and calendar day adjusted total vacancy series show a sizeable increase in August 2012, which indicates an increase in non-agricultural unemployment for the upcoming period.¹ Note that data which will be released by TurkStat next month pertains to July 2012 and it will comprise of the averages of three months, in turn, June, July and August. We expect that the effect of the increase indicated by Kariyer.net total vacancy series on non-agricultural unemployment rate will be observed in the next period.

¹ We have been using seasonal and calendar adjusted application per vacancy series released by Kariyer.net. However, we started using total vacancy series as the total application series contains a structural break due to technical difficulties since April 2012. Seasonal and calendar adjustment procedure is applied to total vacancy series released by Kariyer.net. Total vacancy series is continuously increasing given that the customers base of Kariyer.net is widening overtime. Therefore we calculate the cycle of the series by subtracting the absolute number from the trend calculated by a Hodrick-Prescott filter. Since the changes in the number of vacancies are negatively correlated with the changes in unemployment we use the inverse of total vacancy series by multiplying it with -1. Although this vacancy series are not as strong forecasters as the application per vacancy series, it gives an idea for the direction of non-agricultural unemployment.

Figure 3 Seasonally adjusted non-agricultural unemployment rate and total vacancy cycle



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



Increase in agricultural employment came to an end

According to seasonally adjusted labor market series, employment in services increased by 67 thousand in the period of June 2012 (Table 2, Figure 4)². Employment in construction had a sizeable increase (30 thousand) whereas employment in manufacturing increased only slightly (10 thousand).

Agricultural employment decreased by 69 thousand compared to the period of May 2012. In addition, agricultural employment decreased by 43 thousand on a year-on-year basis (Table 2). We expect that agricultural employment, which has been increasing since 2008, came to the an end.

² 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.

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
May-09	19260	15791	3469	18.0%			
June-09	19250	15879	3371	17.5%	-10	88	-98
July-09	19354	16023	3332	17.2%	105	144	-39
August-09	19515	16121	3394	17.4%	160	98	62
September-09	19563	16180	3383	17.3%	49	59	-11
October-09	19669	16381	3288	16.7%	106	202	-95
November-09	19601	16405	3196	16.3%	-68	24	-92
December-09	19642	16506	3136	16.0%	41	100	-60
January-10	19683	16468	3216	16.3%	41	-38	79
February-10	19813	16644	3169	16.0%	129	176	-47
March-10	19918	16762	3156	15.8%	105	118	-13
April-10	19815	16832	2983	15.1%	-102	71	-173
May-10	19869	16941	2927	14.7%	54	109	-56
June-10	19809	16950	2859	14.4%	-59	9	-68
July-10	19819	16954	2865	14.5%	10	4	6
August-10	19825	16886	2939	14.8%	5	-68	73
September-10	19799	16891	2908	14.7%	-25	6	-31
October-10	19869	17010	2859	14.4%	69	118	-49
November-10	19936	17175	2761	13.9%	68	165	-98
December-10	20008	17279	2729	13.6%	72	104	-32
January-11	20127	17409	2718	13.5%	119	130	-10
February-11	20241	17647	2594	12.8%	114	239	-125
March-11	20273	17716	2557	12.6%	31	68	-37
April-11	20444	17858	2586	12.6%	171	143	29
May-11	20508	17877	2631	12.8%	64	19	45
June-11	20620	17981	2639	12.8%	112	104	8
July-11	20586	18001	2585	12.6%	-34	20	-54
August-11	20552	18049	2503	12.2%	-34	48	-82
September-11	20596	18186	2410	11.7%	44	137	-94
October-11	20590	18144	2446	11.9%	-5	-42	37
November-11	20672	18279	2393	11.6%	81	135	-54
December-11	20657	18282	2375	11.5%	-14	3	-17
January-12	20749	18407	2342	11.3%	92	125	-33
February-12	20697	18340	2357	11.4%	-52	-67	15
March-12	20789	18429	2359	11.3%	92	89	3
April-12	20900	18552	2348	11.2%	111	123	-11
May-12	20966	18623	2343	11.2%	67	72	-5
June-12	21018	18698	2321	11.0%	52	75	-23

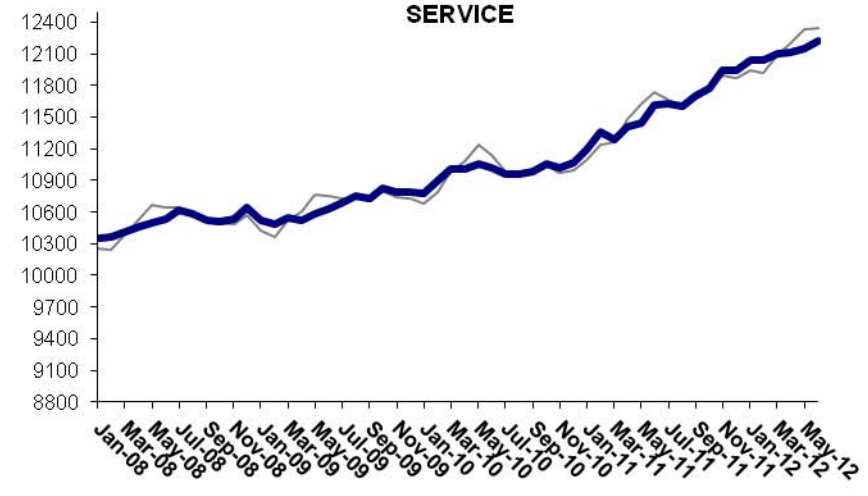
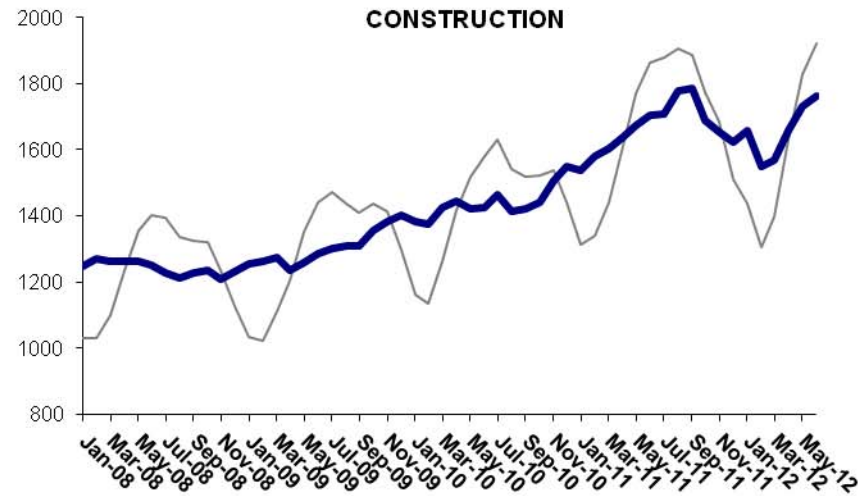
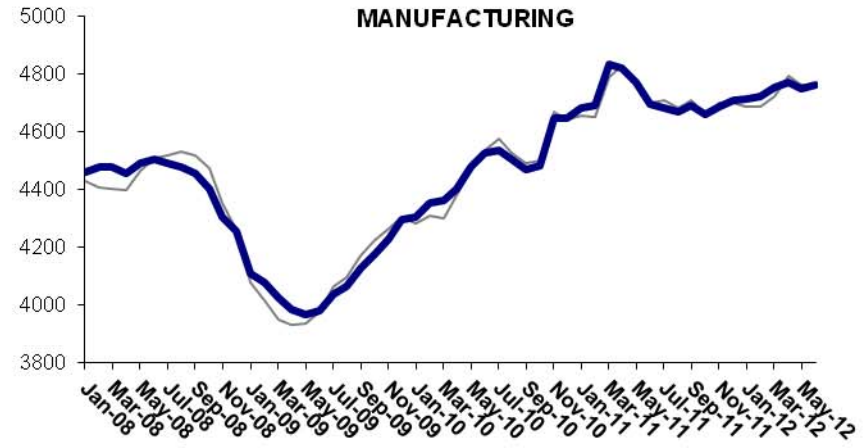
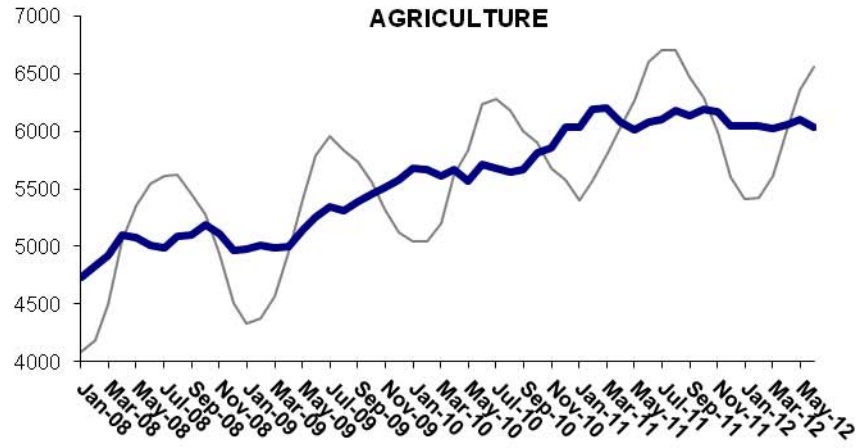
Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
May-09	5141	3968	1258	10586				
June-09	5259	3980	1284	10632	118	12	27	47
July-09	5340	4036	1303	10695	82	56	18	63
August-09	5306	4063	1308	10749	-34	28	5	54
September-09	5395	4127	1311	10723	89	64	3	-26
October-09	5459	4177	1354	10822	64	50	44	99
November-09	5507	4226	1384	10791	48	50	29	-30
December-09	5577	4293	1404	10794	70	67	20	2
January-10	5675	4303	1382	10783	98	10	-22	-11
February-10	5664	4353	1373	10903	-11	50	-9	120
March-10	5617	4360	1425	11003	-46	7	52	101
April-10	5669	4402	1446	11003	52	42	21	-1
May-10	5572	4475	1423	11058	-98	73	-23	56
June-10	5709	4528	1424	11021	138	53	1	-37
July-10	5675	4537	1462	10955	-35	9	38	-66
August-10	5651	4502	1414	10962	-24	-34	-48	7
September-10	5664	4466	1420	10989	13	-37	6	26
October-10	5811	4481	1440	11060	147	16	19	71
November-10	5860	4647	1507	11021	49	166	67	-39
December-10	6031	4645	1550	11067	172	-2	43	47
January-11	6035	4681	1536	11189	4	36	-14	122
February-11	6189	4691	1579	11354	154	11	44	165
March-11	6201	4832	1605	11290	12	140	25	-64
April-11	6080	4818	1639	11405	-121	-14	34	114
May-11	6016	4769	1674	11449	-63	-49	35	44
June-11	6080	4695	1706	11620	63	-74	32	172
July-11	6099	4679	1708	11627	19	-15	3	7
August-11	6176	4670	1778	11605	77	-10	70	-23
September-11	6140	4690	1787	11704	-36	20	9	99
October-11	6194	4657	1689	11777	54	-33	-97	74
November-11	6165	4688	1655	11944	-29	31	-35	167
December-11	6049	4707	1622	11937	-117	19	-33	-6
January-12	6052	4711	1659	12037	3	5	37	100
February-12	6044	4723	1548	12035	-8	12	-111	-3
March-12	6029	4753	1567	12105	-15	31	18	70
April-12	6061	4769	1660	12118	32	16	93	12
May-12	6106	4750	1732	12152	44	-19	73	34
June-12	6037	4759	1763	12219	-69	10	30	67

Source: TurkStat, **Betam**

Figure 4 Employment by sectors (in thousands)³



Source: TurkStat, Betam

³ Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.