

TURNING POINT IN UNEMPLOYMENT

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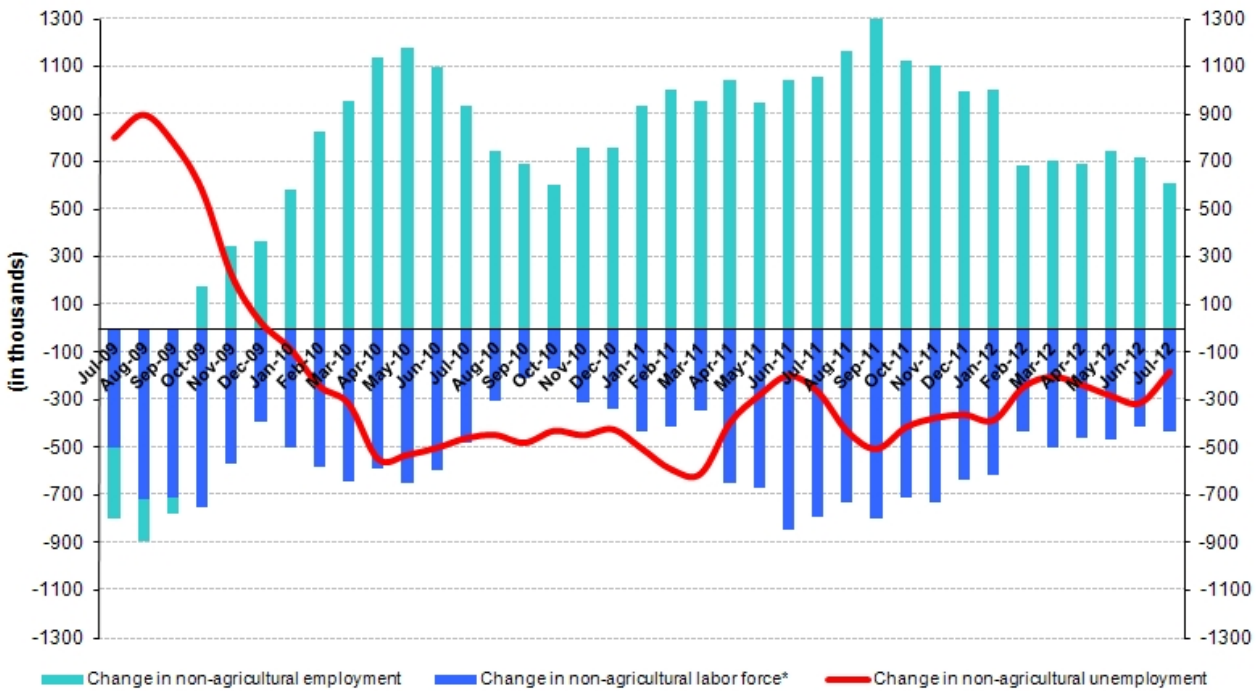
Executive Summary

Seasonally adjusted labor market data shows that non-agricultural unemployment rate increased from 11.2 percent to 11.4 percent in the period of July 2012. The slowdown in increase in non-agricultural labor force prevents a larger increase in the non-agricultural unemployment rate. Seasonally adjusted sectoral employment data points to employment losses in all sectors except agriculture. Employment in manufacturing decreased by 4 thousand, while employment in construction declined by 44 thousand from the period of June 2012 to July 2012. Service employment fell by 25 thousand. Data indicates low GDP growth is finally taking a toll on unemployment. We observe that current GDP growth, which is lower compared to the last year's, has already begun to affect the labor market.

Insufficient increase in non-agricultural employment

According to the labor market statistics released by TurkStat on October 15th (June – July – August) non-agricultural labor force increased by 430 thousand (2.1 percent), non-agricultural employment increased by 612 thousand (3.4 percent) and the number of unemployment in non-agricultural decreased by 182 thousand on a year-on-year basis and reached 2 million 260 thousand in the period of July 2012 (Figure 1). Although the increase in non-agricultural employment has been weak, the decrease in the number of unemployed has been curbed by a relatively low increase in the non-agricultural labor force.

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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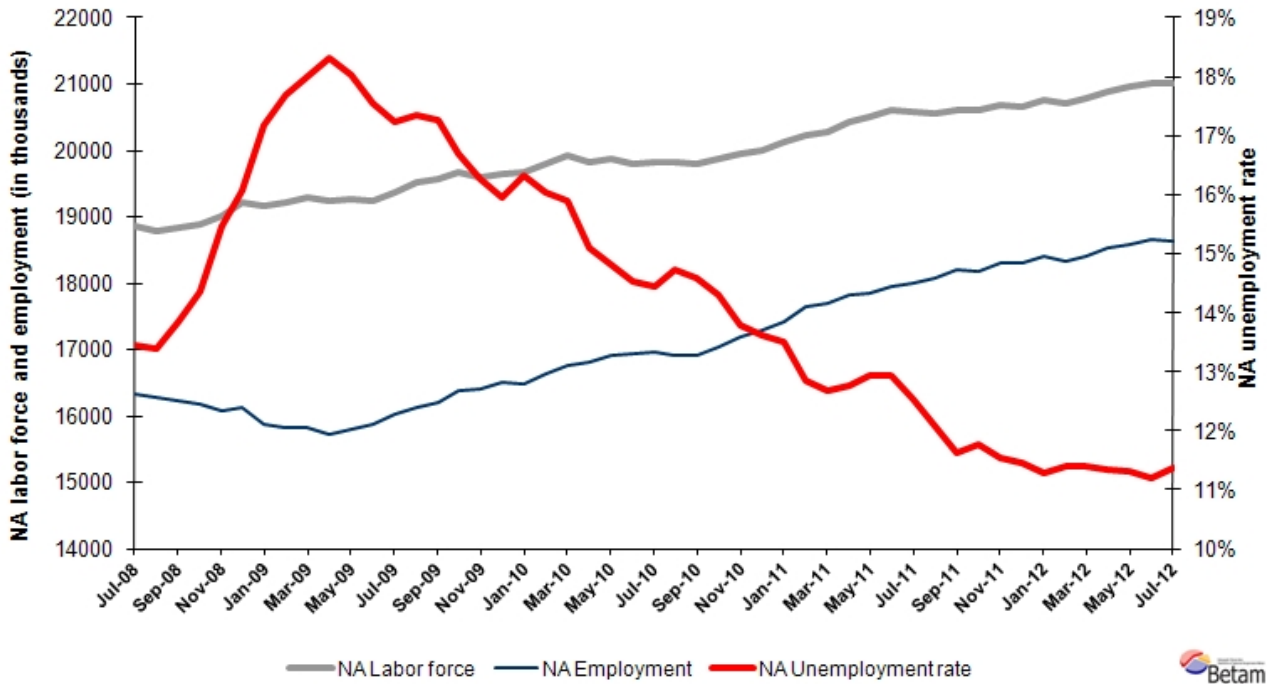
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Non-agricultural unemployment has begun to increase

According to seasonally adjusted series, non-agricultural labor force increased only by 6 thousand from 21 million 6 thousand to 21 million 12 thousand in the period of July 2012 compared to the period of June 2012 (Figure 2, Table 1). Non-agricultural employment decreased by 29 thousand and reached 18 million 625 thousand. Consequently, the number of unemployed persons in non-agricultural sectors increased by 35 thousand and non-agricultural unemployment rate increased from 11.2 percent to 11.4 percent. Weak increase in the non-agricultural labor force prevented a larger increase in non-agricultural unemployment.

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



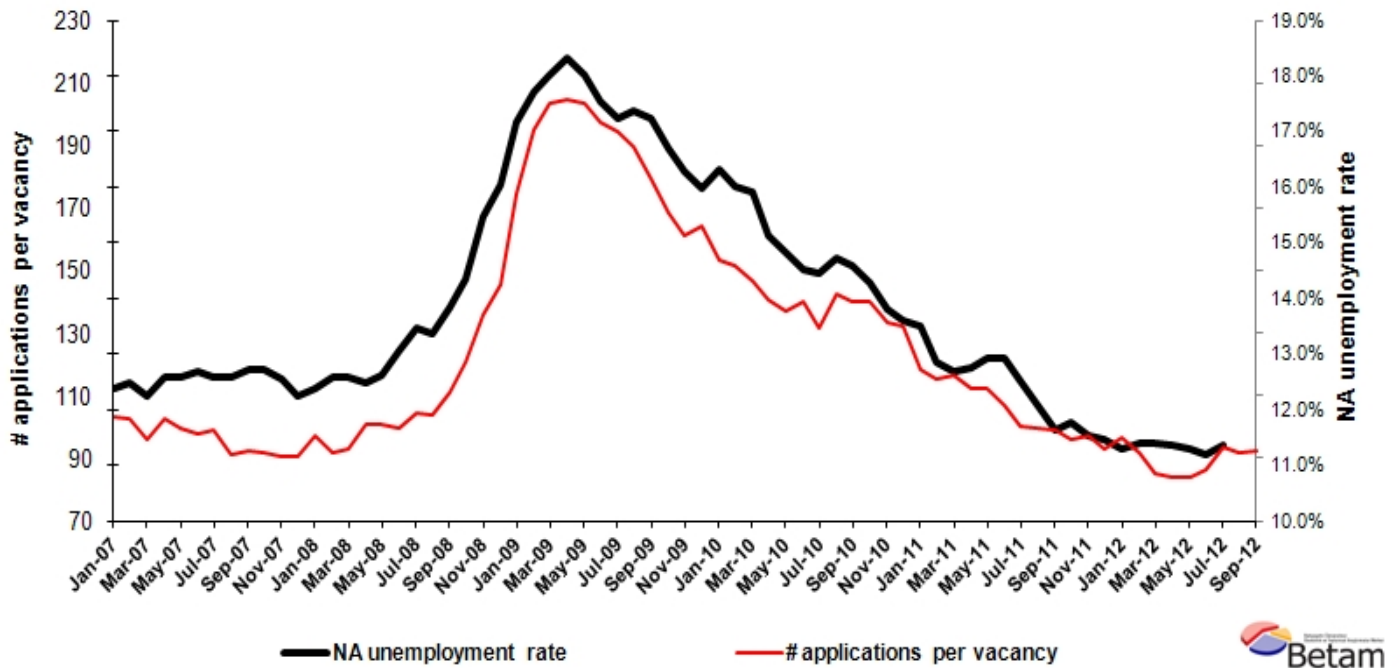
Source: TurkStat, **Betam**

According to Kariyer.net series, non-agricultural unemployment rate may increase in the period of August 2012

Application per vacancy calculated by using series released by Kariyer.net indicates that increase in non-agricultural unemployment may continue in the period of August 2012 corresponding to the average of July, August and September.¹

¹ Betam has been calculating application per vacancy using series released by Kariyer.net for a while. Seasonal and calendar adjustment procedure is applied to application per vacancy series. 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 Seasonally adjusted non-agricultural unemployment rate and total vacancy cycle



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

Employment losses in all sectors except agriculture

There are employment losses in all non-agricultural sectors (Table 2, Figure 4)². Employment in manufacturing decreased by 4 thousand while construction employment decreased by 44 thousand. Service employment decreased by 25 thousand. Employment loss in construction sector corresponds to 2.5 percent although the decline in service employment with high share in the total employment may be negligible.

Stagnation in agricultural employment, which has been observed for a long time, continues in the period of July 2012.

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 thousand)

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
April-09	19253	15728	3525	18.3%			
May-09	19259	15788	3470	18.0%	6	61	-55
June-09	19249	15872	3377	17.5%	-9	84	-93
July-09	19356	16022	3334	17.2%	107	150	-43
August-09	19517	16129	3388	17.4%	161	107	54
September-09	19566	16191	3375	17.2%	49	62	-13
October-09	19671	16387	3285	16.7%	105	195	-90
November-09	19605	16414	3191	16.3%	-67	27	-94
December-09	19643	16508	3136	16.0%	39	94	-55
January-10	19683	16470	3213	16.3%	40	-38	78
February-10	19810	16635	3175	16.0%	126	165	-38
March-10	19912	16747	3165	15.9%	103	113	-10
April-10	19811	16817	2994	15.1%	-101	70	-171
May-10	19864	16922	2942	14.8%	53	104	-52
June-10	19805	16929	2876	14.5%	-59	7	-66
July-10	19821	16958	2864	14.4%	16	29	-12
August-10	19829	16909	2920	14.7%	8	-49	56
September-10	19805	16917	2888	14.6%	-24	8	-32
October-10	19874	17033	2840	14.3%	68	116	-48
November-10	19941	17189	2752	13.8%	68	156	-88
December-10	20012	17289	2722	13.6%	70	100	-30
January-11	20128	17411	2716	13.5%	116	122	-6
February-11	20240	17637	2602	12.9%	112	226	-114
March-11	20268	17699	2569	12.7%	28	61	-33
April-11	20437	17831	2606	12.8%	169	132	37
May-11	20499	17848	2651	12.9%	62	17	45
June-11	20610	17947	2663	12.9%	111	100	12
July-11	20588	18009	2579	12.5%	-22	62	-84
August-11	20558	18076	2482	12.1%	-30	67	-97
September-11	20603	18209	2393	11.6%	45	133	-88
October-11	20597	18173	2424	11.8%	-6	-36	31
November-11	20677	18291	2386	11.5%	80	119	-39
December-11	20662	18294	2368	11.5%	-15	3	-18
January-12	20750	18406	2343	11.3%	87	112	-24
February-12	20697	18336	2361	11.4%	-53	-70	18
March-12	20785	18416	2369	11.4%	88	80	8
April-12	20891	18520	2372	11.4%	107	104	2
May-12	20955	18587	2368	11.3%	64	67	-3
June-12	21006	18654	2352	11.2%	51	67	-17
July-12	21012	18625	2387	11.4%	6	-29	35

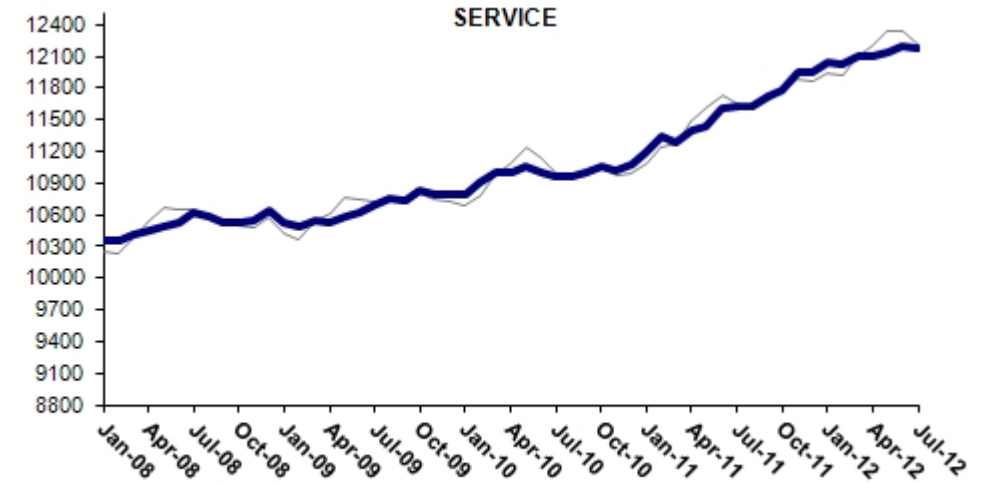
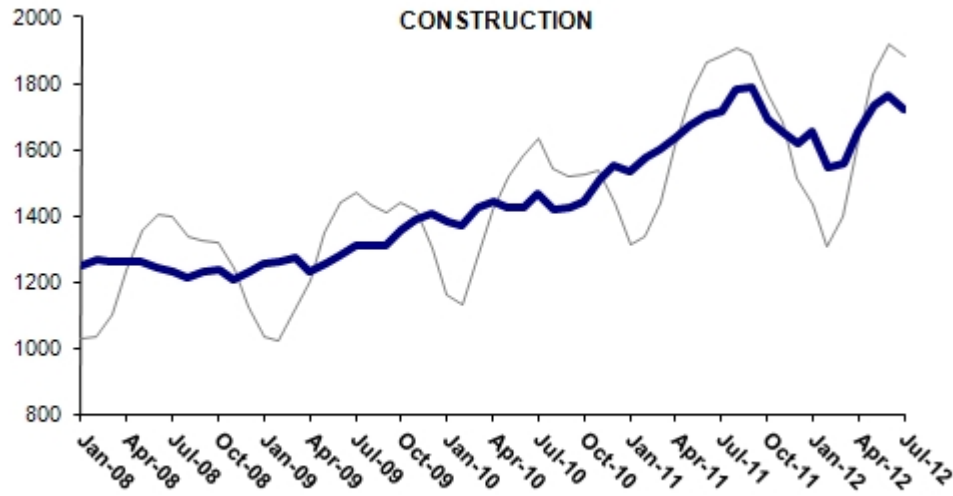
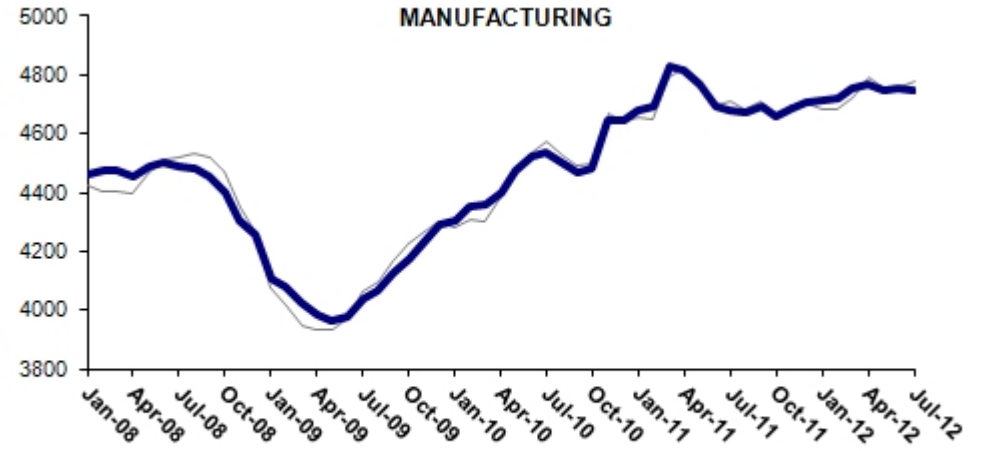
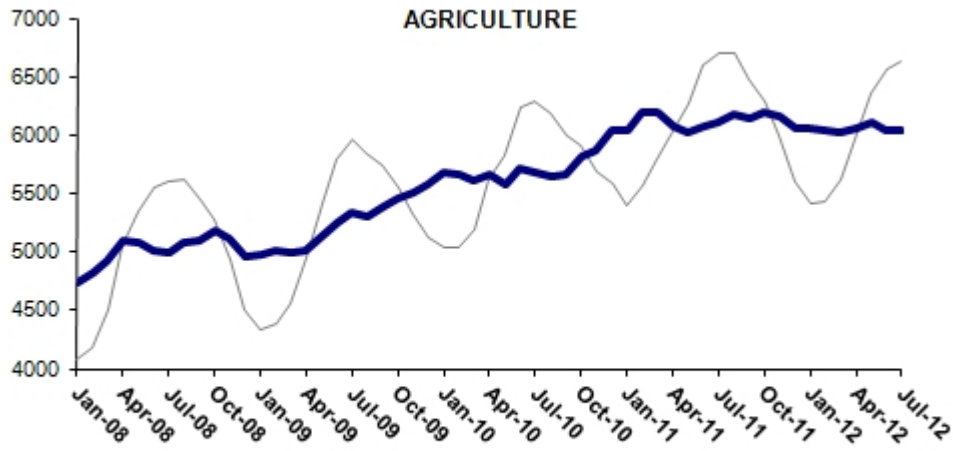
Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousand)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
April-09	5004	3983	1231	10526				
May-09	5140	3967	1254	10580	135	-16	23	55
June-09	5257	3978	1280	10624	118	12	26	44
July-09	5342	4036	1308	10695	84	58	27	71
August-09	5307	4064	1311	10752	-34	28	4	57
September-09	5396	4128	1312	10729	88	64	1	-23
October-09	5460	4177	1357	10825	64	50	45	96
November-09	5507	4227	1385	10796	48	49	28	-29
December-09	5577	4294	1404	10798	70	67	19	2
January-10	5675	4303	1380	10787	98	10	-25	-11
February-10	5663	4353	1371	10899	-11	50	-9	113
March-10	5617	4359	1423	10997	-46	6	52	98
April-10	5668	4401	1444	10997	52	42	21	0
May-10	5571	4474	1421	11050	-98	73	-23	53
June-10	5708	4526	1421	11007	137	52	0	-43
July-10	5676	4538	1469	10957	-32	12	47	-50
August-10	5652	4504	1418	10972	-24	-34	-50	15
September-10	5665	4467	1422	11000	13	-37	4	28
October-10	5812	4482	1443	11065	147	15	21	65
November-10	5860	4648	1508	11026	49	166	65	-39
December-10	6031	4645	1549	11075	171	-2	41	49
January-11	6035	4681	1532	11192	3	36	-18	117
February-11	6189	4691	1576	11348	154	10	44	156
March-11	6200	4831	1600	11284	12	140	24	-64
April-11	6079	4817	1637	11398	-122	-14	37	114
May-11	6015	4767	1673	11440	-64	-50	36	41
June-11	6078	4692	1704	11602	63	-76	31	162
July-11	6100	4682	1716	11631	22	-10	11	29
August-11	6178	4673	1784	11618	77	-9	69	-13
September-11	6141	4692	1790	11717	-36	19	6	99
October-11	6195	4658	1694	11784	53	-34	-96	67
November-11	6166	4689	1656	11947	-29	30	-38	163
December-11	6049	4707	1619	11944	-117	18	-37	-3
January-12	6051	4711	1654	12038	3	4	34	93
February-12	6043	4722	1544	12027	-8	11	-110	-11
March-12	6028	4751	1560	12098	-15	30	16	70
April-12	6060	4766	1657	12110	32	15	97	13
May-12	6104	4745	1732	12143	44	-21	75	32
June-12	6034	4754	1762	12198	-69	8	30	55
July-12	6035	4750	1719	12173	1	-4	-44	-25

Source: TurkStat, **Betam**

Figure 4 Employment by sectors (in thousand)³



Source: TurkStat, **Betam**



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