

## NOTABLE INCREASE IN UNEMPLOYMENT

Seyfettin Gürsel\* Gökçe Uysal\*\* ve Ayşenur Acar\*\*\*

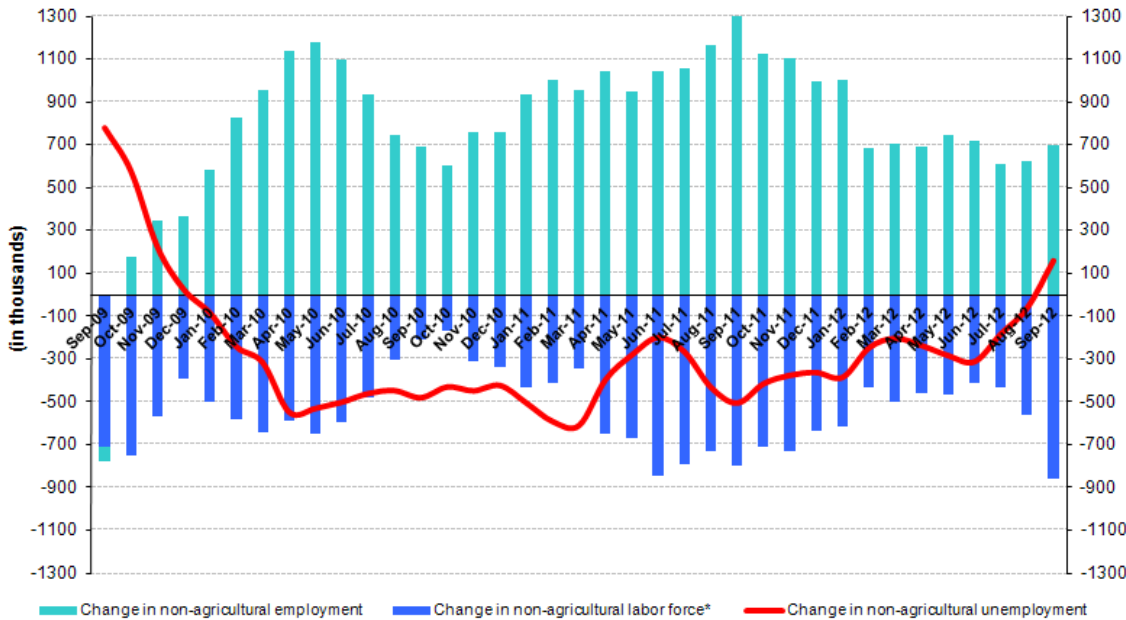
### Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment increased to 11.8 percent in September 2012. The increase in the non-agricultural employment was due to the increase in service employment. Employment in services increased by 144 thousand compared to August 2012 and 657 thousand compared to September 2011. However, labor force grew at a faster rate, and thus non-agricultural unemployment rate increased from 11.4 percent to 11.8 percent. We expect that increase in non-agricultural employment would stagnate parallel to stagnating growth. The application per vacancy data released by Kariyer.net also points out that non-agricultural unemployment will continue to increase in October 2012.

### Increases in non-agricultural labor force returns to its long-term trend

According to the data released by TurkSTAT, non-agricultural labor force increased by 857 thousand (4.2 percent), non-agricultural employment increased by 696 thousand (3.8 percent) and non-agricultural unemployment increased by 161 thousand to 2 million 489 thousand in September 2012 on a year on year basis (Figure 1). Increases in non-agricultural unemployment rates were curbed by slower than trend increases in labor force in the past periods. This was reversed in September 2012. Labor force increased by 857 thousand this period on a yearly basis (its trend is 550 - 600 thousand) whereas non-agricultural employment to increase by 696 thousand. As a result, the number of unemployed persons increased by 161 thousand. Unemployment increased in this period for the first time since January 2008 (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**

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

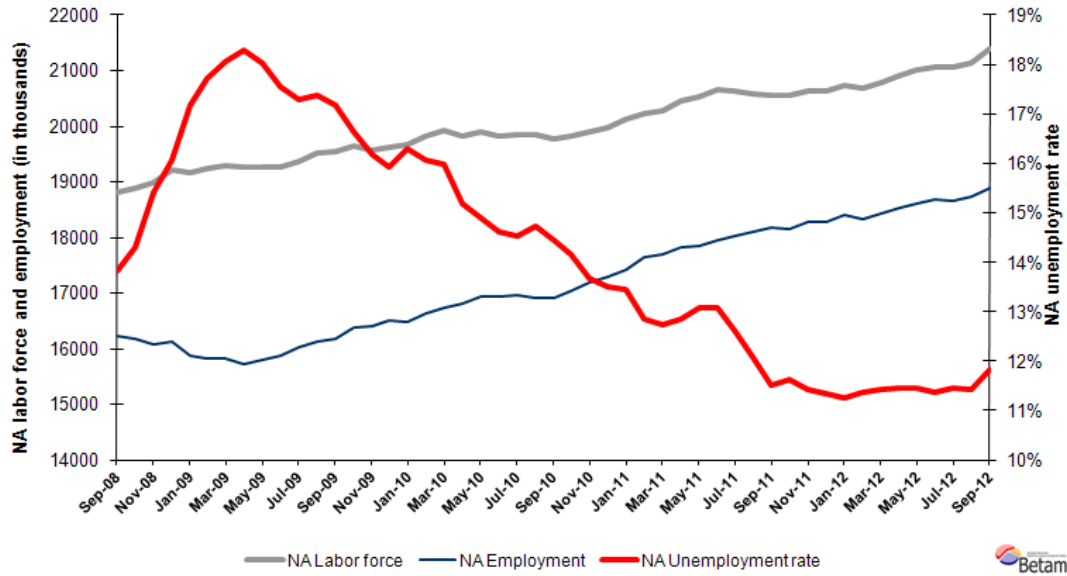
\*\* Yrd. Doç. Dr. Gökçe Uysal, Betam, Vice Director, gokce.uysal@bahcesehir.edu.tr

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

## An increase in seasonally adjusted non-agricultural unemployment

According to seasonally adjusted data, the non-agricultural labor force increased by 256 thousand to 21 million 405 thousand in September 2012 (Figure 2, Table 1). Non-agricultural employment increased by 145 thousand to 18 million 875 thousand. Consequently, the number of unemployed increased by 111 thousand, non-agricultural unemployment rate increased from 11.4 percent to 11.8 percent. We have been expecting an increase in non-agricultural unemployment rate since October 2012, parallel to the slowdown in growth rate (See Labor Market Outlook: October 2012 – “TURNING POINT IN UNEMPLOYMENT”). Albeit a considerable increase in non-agricultural employment, non-agricultural unemployment rate reached 11.8 percent due to a higher increase in labor force in September 2012.

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

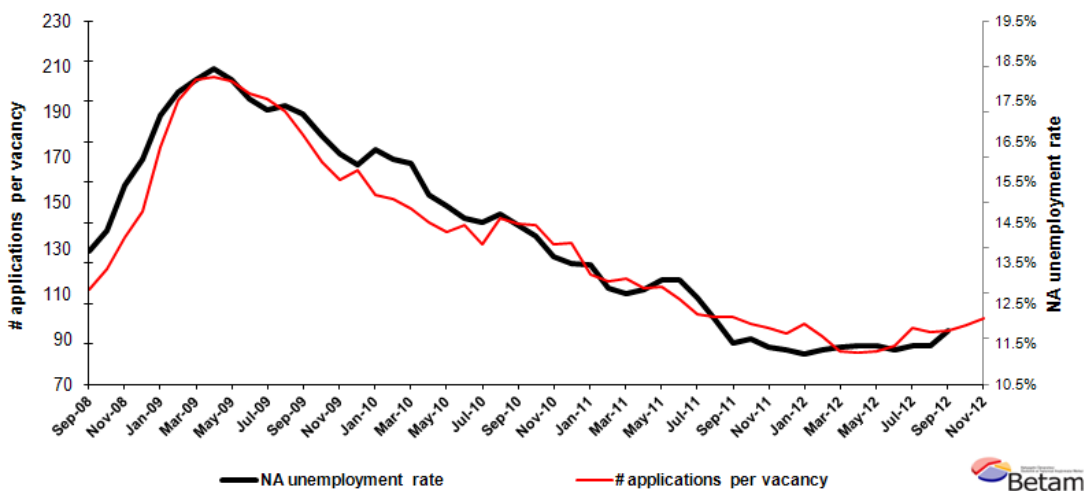


Source: TurkStat, **Betam**

## According to Kariyer.net data, the non-agricultural unemployment will increase in October 2012

Application per vacancy calculated by using series released by Kariyer.net<sup>1</sup> indicates that non-agricultural unemployment rate will continue to increase in the period of October 2012.

**Figure 1 Seasonally adjusted non-agricultural unemployment rate and application per vacancy**



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

<sup>1</sup> 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.

## Service employment is the driving force behind the increase non-agricultural employment

Seasonally adjusted data shows that service employment increased by 144 thousand in September 2012 compared to August 2012 (Table 2, Figure 4)<sup>2</sup>. Employment fell by 9 thousand in manufacturing and 30 thousand in construction. Summarizing the developments in the past year, manufacturing employment increased by 31 thousand, while construction employment increased slightly (8 thousand). On the other hand, increase in service employment reached to 657 thousand on a year-on-year basis. Clearly low growth rates have taken a toll in the labor market and employment was created mainly in services.

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
August-09	19527	16133	3394	17.4%			
September-09	19543	16186	3357	17.2%	16	53	-37
October-09	19649	16380	3270	16.6%	107	194	-87
November-09	19580	16409	3170	16.2%	-70	30	-100
December-09	19629	16504	3125	15.9%	49	94	-45
January-10	19677	16469	3208	16.3%	48	-35	83
February-10	19817	16633	3184	16.1%	140	164	-23
March-10	19932	16746	3186	16.0%	115	114	2
April-10	19828	16819	3010	15.2%	-104	73	-176
May-10	19889	16925	2964	14.9%	60	106	-46
June-10	19830	16934	2896	14.6%	-59	10	-68
July-10	19847	16966	2881	14.5%	17	32	-15
August-10	19840	16919	2921	14.7%	-8	-47	40
September-10	19767	16909	2857	14.5%	-73	-10	-63
October-10	19834	17026	2808	14.2%	68	117	-49
November-10	19904	17182	2721	13.7%	69	156	-87
December-10	19982	17285	2697	13.5%	78	103	-25
January-11	20115	17409	2706	13.5%	133	123	10
February-11	20238	17635	2603	12.9%	123	227	-103
March-11	20283	17699	2585	12.7%	45	64	-18
April-11	20465	17833	2632	12.9%	181	134	47
May-11	20540	17854	2686	13.1%	75	21	54
June-11	20658	17957	2701	13.1%	118	103	15
July-11	20631	18026	2605	12.6%	-26	69	-95
August-11	20578	18091	2486	12.1%	-53	66	-119
September-11	20556	18190	2367	11.5%	-22	98	-120
October-11	20546	18157	2389	11.6%	-10	-33	23
November-11	20632	18276	2356	11.4%	86	120	-33
December-11	20622	18285	2337	11.3%	-10	9	-19
January-12	20732	18400	2332	11.2%	109	115	-5
February-12	20686	18336	2350	11.4%	-46	-64	18
March-12	20794	18420	2374	11.4%	109	84	24
April-12	20923	18527	2396	11.5%	129	107	22
May-12	21004	18600	2404	11.4%	81	74	8
June-12	21067	18674	2393	11.4%	63	73	-11
July-12	21070	18656	2414	11.5%	3	-17	20
August-12	21149	18730	2419	11.4%	79	74	5
September-12	21405	18875	2529	11.8%	256	145	111

Source: TurkStat, **Betam**

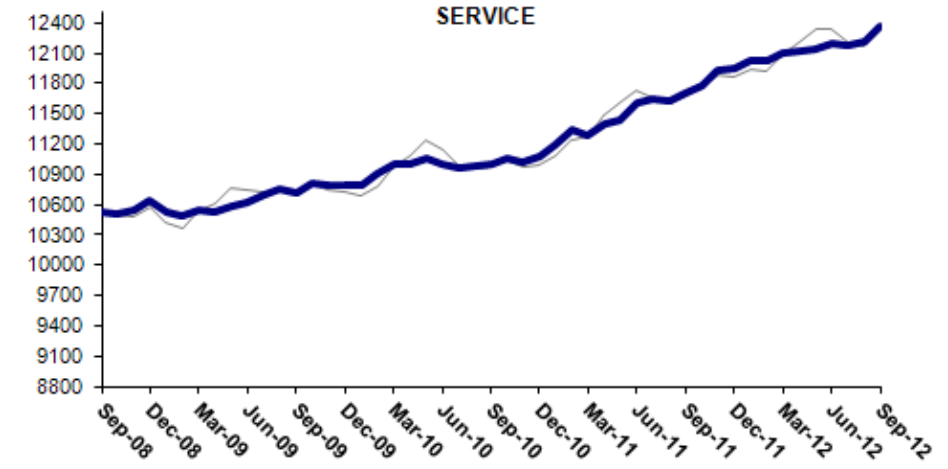
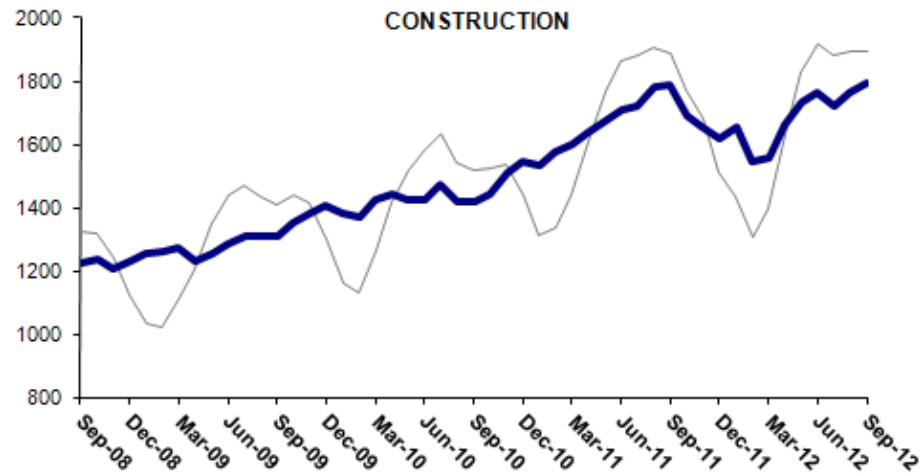
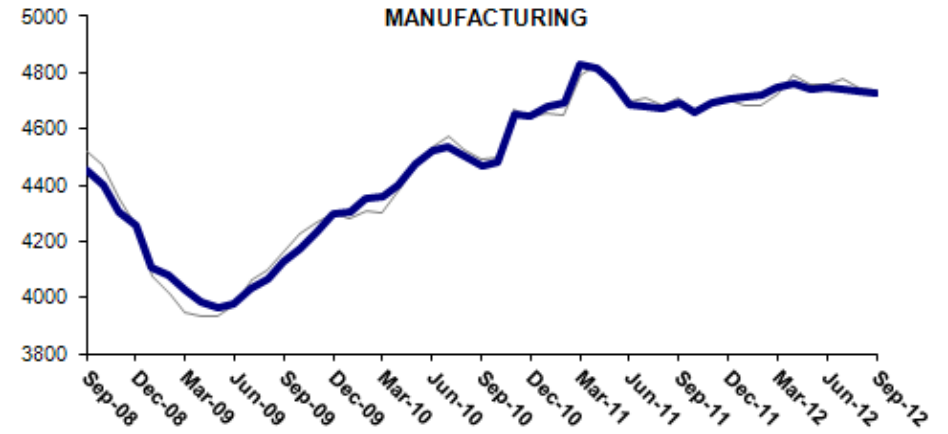
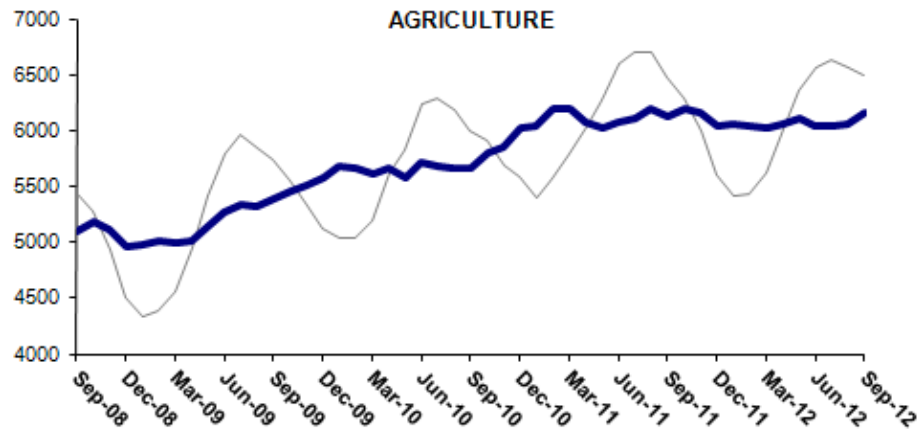
<sup>2</sup> Seasonal adjustment procedure is applied to each sector of employment series separately. Hence the sum of these series may differ from the seasonally adjusted series of total employment. The difference stems from the non-linearity of the seasonal adjustment process.

**Table 2 Seasonally adjusted employment by sector (in thousands)**

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-09	5314	4064	1310	10759				
September-09	5391	4128	1310	10723	77	65	0	-37
October-09	5457	4178	1354	10819	66	50	44	97
November-09	5505	4227	1383	10793	48	49	29	-26
December-09	5575	4294	1403	10796	70	67	20	3
January-10	5674	4304	1379	10787	99	9	-24	-9
February-10	5665	4353	1370	10898	-9	49	-9	111
March-10	5617	4359	1423	10996	-47	6	53	98
April-10	5669	4400	1445	10998	52	41	22	2
May-10	5570	4473	1423	11051	-99	72	-22	53
June-10	5710	4525	1424	11008	140	52	1	-43
July-10	5679	4536	1471	10963	-31	12	48	-46
August-10	5659	4503	1417	10984	-20	-33	-54	21
September-10	5657	4469	1420	10993	-2	-35	3	9
October-10	5808	4484	1440	11059	151	15	20	66
November-10	5857	4649	1506	11022	49	165	66	-37
December-10	6029	4646	1548	11073	172	-3	42	51
January-11	6034	4681	1531	11191	5	35	-17	117
February-11	6191	4691	1575	11345	157	10	44	154
March-11	6202	4830	1600	11283	11	139	25	-62
April-11	6080	4816	1638	11400	-122	-14	38	117
May-11	6015	4765	1675	11443	-65	-51	37	43
June-11	6081	4689	1707	11603	66	-76	32	161
July-11	6104	4678	1718	11640	23	-11	12	36
August-11	6187	4671	1783	11636	83	-7	65	-4
September-11	6133	4695	1788	11707	-54	24	5	71
October-11	6191	4662	1691	11775	58	-33	-97	68
November-11	6162	4692	1654	11939	-29	30	-37	163
December-11	6046	4709	1618	11941	-117	17	-36	2
January-12	6050	4712	1653	12034	4	3	35	93
February-12	6045	4722	1543	12023	-5	10	-110	-11
March-12	6030	4751	1560	12097	-15	29	17	74
April-12	6061	4764	1658	12113	32	14	98	16
May-12	6105	4742	1734	12148	43	-22	76	35
June-12	6038	4749	1765	12202	-67	7	31	54
July-12	6040	4743	1721	12186	2	-5	-43	-16
August-12	6049	4736	1766	12219	9	-8	45	33
September-12	6159	4726	1796	12364	110	-9	30	144

Source: TurkStat, **Betam**

Figure 2 Employment by sectors (in thousands)<sup>3</sup>



Source: TurkStat, Betam

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