

STRONG INCREASE IN MANUFACTURING EMPLOYMENT CONTINUES

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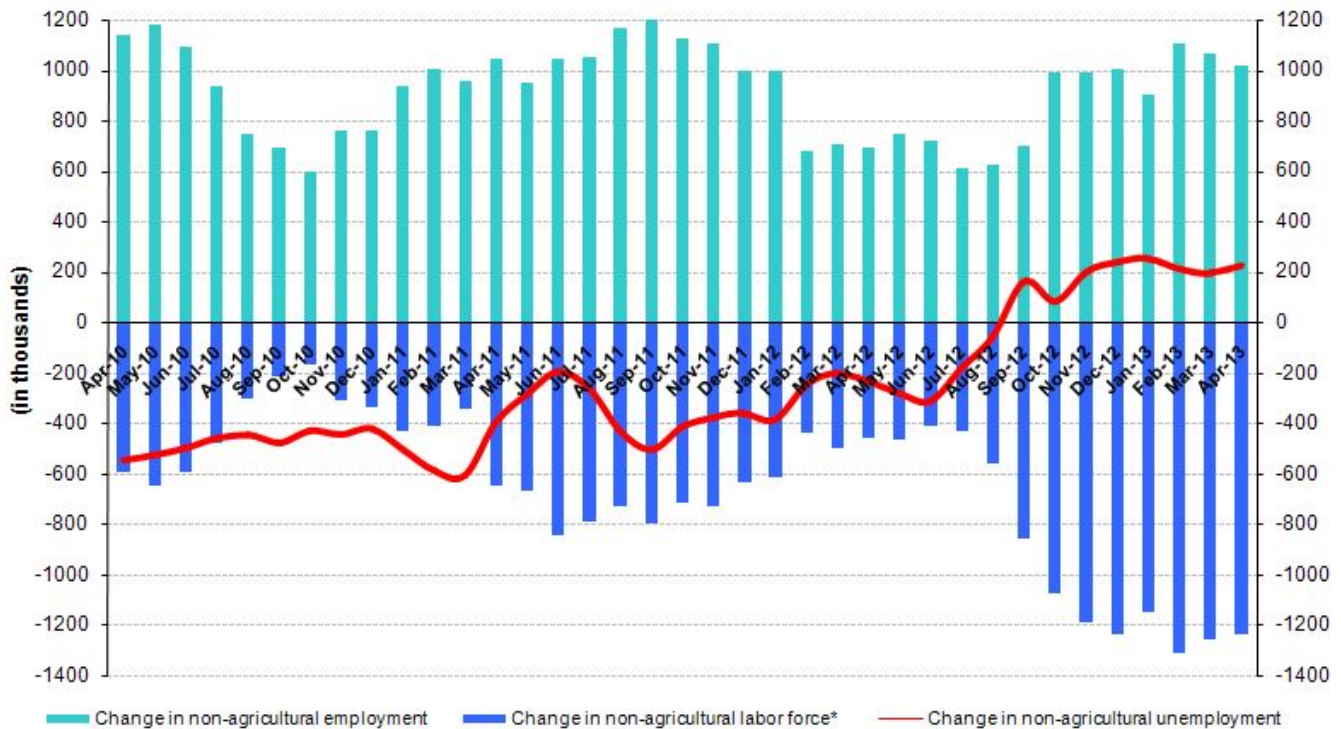
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate remained stagnant in the period of April 2013. After the crisis, non-agricultural unemployment rate decreased to 11.1 percent. Non-agricultural unemployment rate has been moving within a tight band, between 11.4 percent and 11.9 percent. The causes behind the stagnation are strong increases in both labor force and employment. Manufacturing employment increased by 82 thousand in the period of April 2013. Hence, the increase in manufacturing employment reached 300 thousand in the last six months.

Increases over one million of employment and labor force

According to the data released by TurkSTAT, non-agricultural labor force increased by 1 million 240 thousand (5.9 percent) and non-agricultural employment increased by 1 million 14 thousand (5.4 percent) in the period of April 2013 (Figure 1). We observe strong increases in both non-agricultural labor force and non-agricultural employment in the last six periods. Consequently, non-agricultural unemployment stagnates.

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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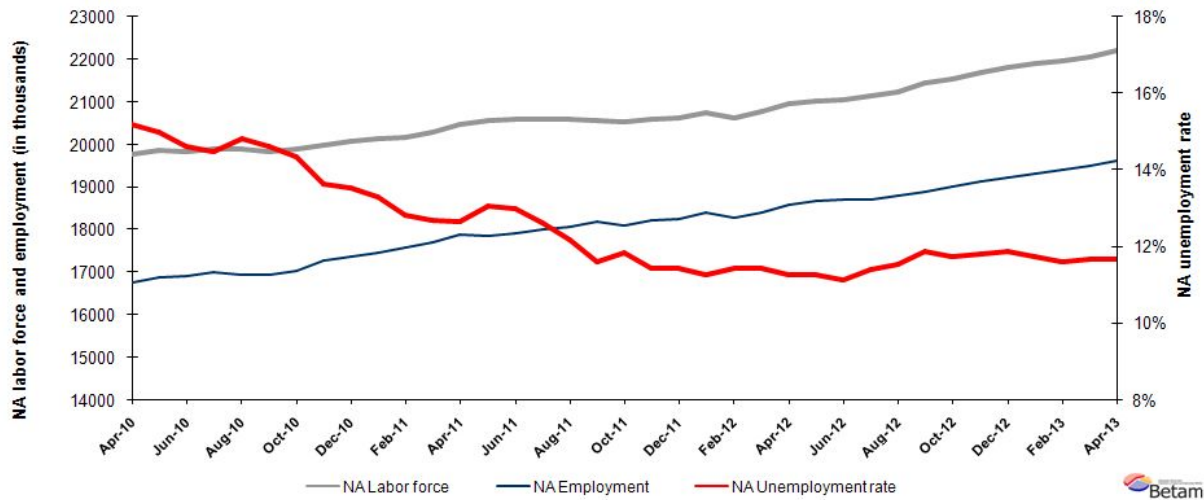
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Seasonally adjusted non-agricultural unemployment remained stagnant in April 2013

According to seasonally adjusted data, non-agricultural labor force increased by 162 thousand and reached 22 million 223 thousand in the period of April 2013 compared to the period of March 2013 (Figure 2, Table 1). Non-agricultural employment increased by 140 thousand and reached 19 million 628 thousand. Consequently, the number of persons unemployed in non-agricultural sectors decreased by 22 thousand and non-agricultural unemployment rate remained at 11.7 percent. Non agricultural unemployment that has been consistently decreasing after the crisis decreased to 11.1 percent in the period of June 2012. Then, it increased slightly and has moved within a tight band (from 11.4 percent to 11.9 percent). Non-agricultural unemployment rate stayed within this tight band in the period of April 2013.

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

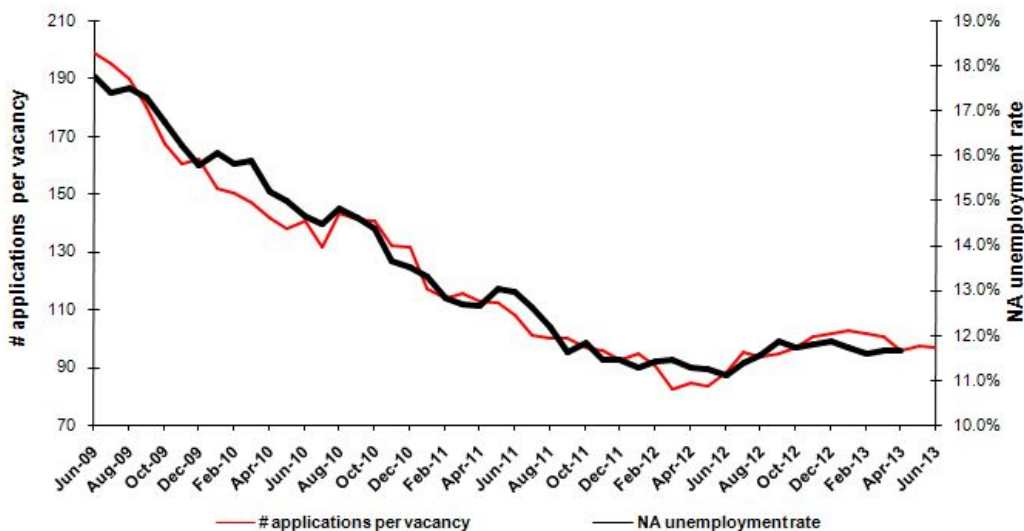


Source: TurkStat, **Betam**

According to Kariyer.net data, non-agricultural unemployment will stagnate

Application per vacancy statistics calculated using Kariyer.net¹ series indicate that non-agricultural unemployment rate will continue to stagnate in the period of May 2013.

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



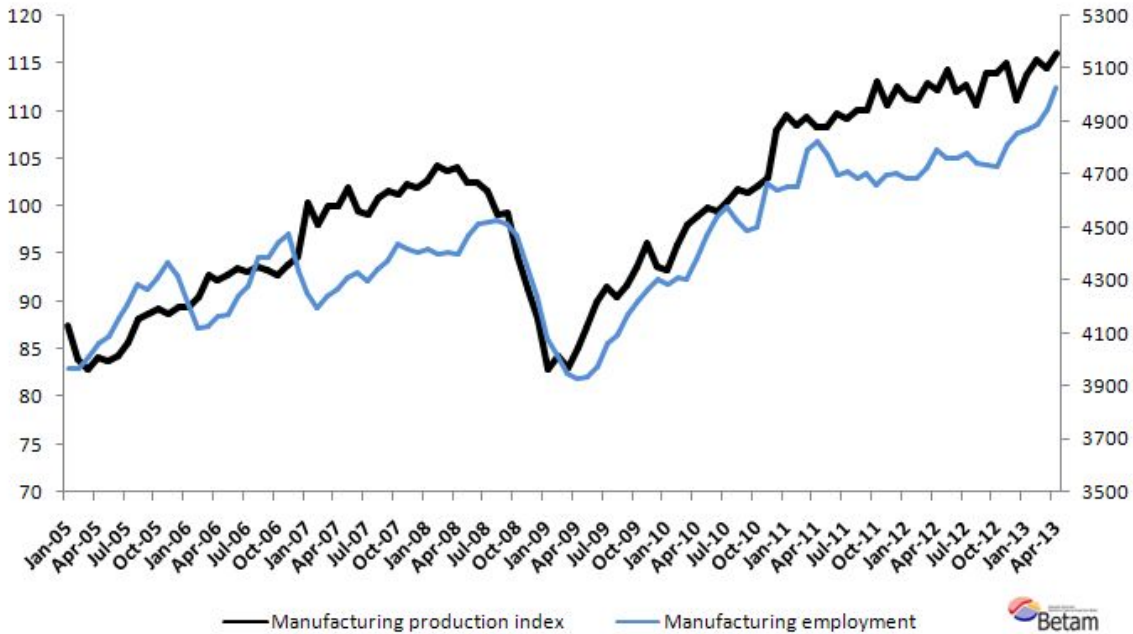
Source: Kariyer.net, TurkStat, **Betam**

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.

Manufacturing employment continues to increase

Employment in service and manufacturing increased by 53 thousand and 82 thousand respectively (Table 2, Figure 4 and 5).² Cumulative increase in manufacturing employment has reached 300 thousand since November 2012. We observe a relatively strong increase in seasonally adjusted manufacturing production index from August 2012 to November 2012: it increased from 110.7 to 115. However, the index increased from 115 in November 2012 to 116 in April 2013. Developments in manufacturing production index do not explain a 6 percent increase in employment. Regional subsidies aimed at reducing labor costs may have had substantial effects on employment in manufacturing.

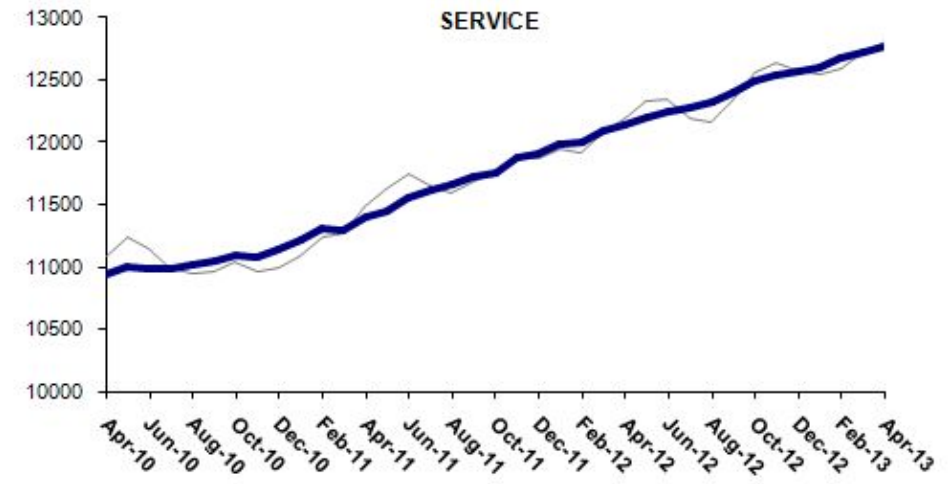
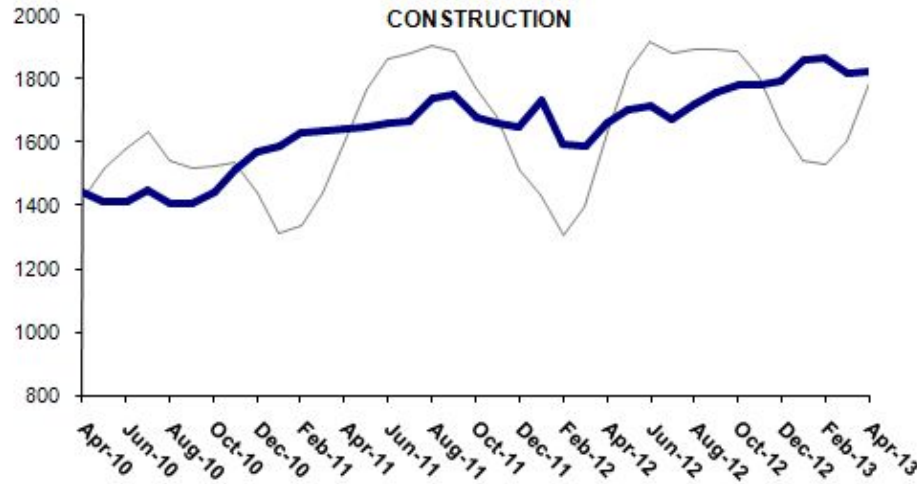
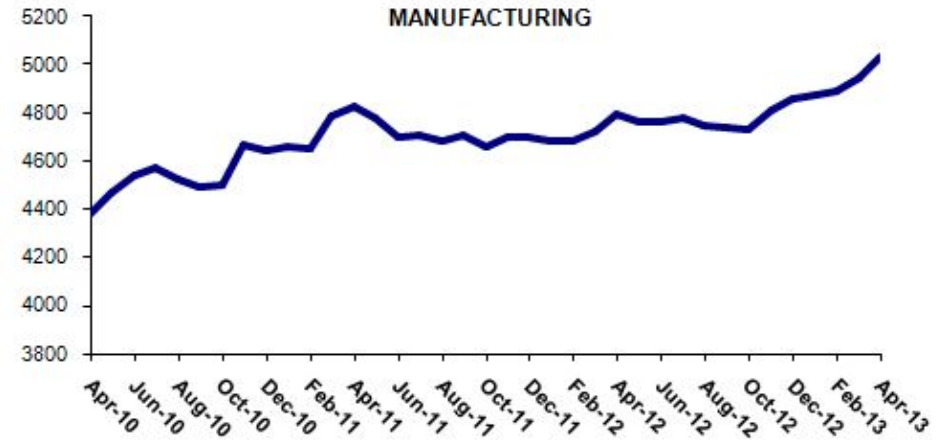
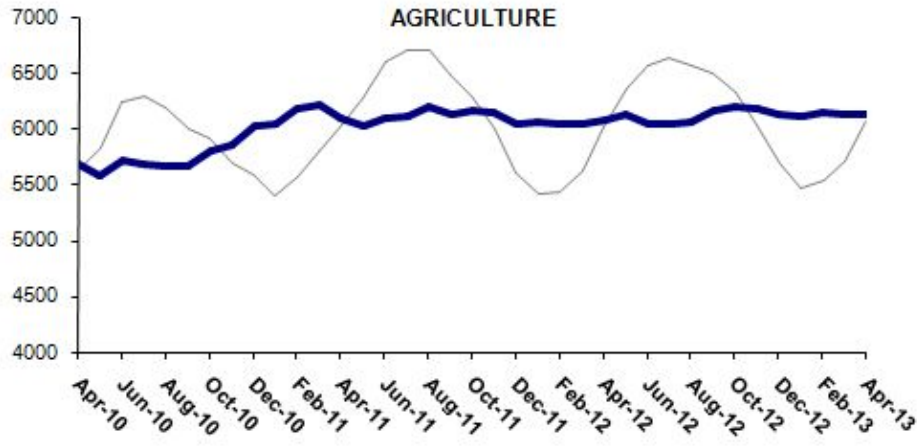
Figure 4 Manufacturing production index and manufacturing employment (Seasonally adjusted)



Source: TurkStat, **Betam**

² Employment in each sector is seasonally adjusted 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.

Figure 5 Employment by sectors (in thousands)³



Source: TurkStat, Betam

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

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

| | Labor force | Employment | Unemployment | Unemployment rate | Monthly changes | | |
|---------------------|-------------|------------|--------------|-------------------|-----------------|------------|--------------|
| | | | | | Labor force | Employment | Unemployment |
| March-10 | 19815 | 16672 | 3143 | 15.9% | | | |
| April-10 | 19775 | 16768 | 3007 | 15.2% | -40 | 96 | -136 |
| May-10 | 19849 | 16877 | 2972 | 15.0% | 74 | 109 | -35 |
| June-10 | 19823 | 16924 | 2900 | 14.6% | -26 | 47 | -72 |
| July-10 | 19881 | 17002 | 2879 | 14.5% | 57 | 78 | -21 |
| August-10 | 19887 | 16941 | 2947 | 14.8% | 7 | -61 | 68 |
| September-10 | 19840 | 16940 | 2901 | 14.6% | -47 | -1 | -46 |
| October-10 | 19880 | 17026 | 2854 | 14.4% | 40 | 87 | -47 |
| November-10 | 19993 | 17264 | 2729 | 13.6% | 113 | 238 | -125 |
| December-10 | 20073 | 17358 | 2715 | 13.5% | 80 | 94 | -14 |
| January-11 | 20130 | 17451 | 2680 | 13.3% | 57 | 92 | -35 |
| February-11 | 20177 | 17588 | 2589 | 12.8% | 47 | 137 | -91 |
| March-11 | 20289 | 17717 | 2572 | 12.7% | 113 | 129 | -16 |
| April-11 | 20461 | 17871 | 2590 | 12.7% | 172 | 154 | 18 |
| May-11 | 20550 | 17869 | 2681 | 13.0% | 89 | -2 | 91 |
| June-11 | 20584 | 17913 | 2671 | 13.0% | 34 | 44 | -10 |
| July-11 | 20598 | 17998 | 2599 | 12.6% | 13 | 85 | -72 |
| August-11 | 20589 | 18079 | 2510 | 12.2% | -9 | 81 | -89 |
| September-11 | 20576 | 18186 | 2390 | 11.6% | -13 | 107 | -120 |
| October-11 | 20524 | 18094 | 2430 | 11.8% | -52 | -92 | 41 |
| November-11 | 20587 | 18231 | 2356 | 11.4% | 63 | 136 | -74 |
| December-11 | 20618 | 18258 | 2361 | 11.4% | 31 | 27 | 4 |
| January-12 | 20747 | 18409 | 2338 | 11.3% | 129 | 152 | -23 |
| February-12 | 20631 | 18272 | 2359 | 11.4% | -116 | -137 | 21 |
| March-12 | 20788 | 18410 | 2378 | 11.4% | 157 | 139 | 19 |
| April-12 | 20948 | 18587 | 2362 | 11.3% | 160 | 176 | -16 |
| May-12 | 21035 | 18668 | 2367 | 11.3% | 86 | 81 | 5 |
| June-12 | 21060 | 18718 | 2342 | 11.1% | 26 | 51 | -25 |
| July-12 | 21128 | 18721 | 2407 | 11.4% | 68 | 3 | 65 |
| August-12 | 21242 | 18790 | 2452 | 11.5% | 114 | 69 | 45 |
| September-12 | 21433 | 18887 | 2546 | 11.9% | 191 | 97 | 94 |
| October-12 | 21535 | 19008 | 2527 | 11.7% | 102 | 121 | -19 |
| November-12 | 21692 | 19130 | 2562 | 11.8% | 157 | 122 | 35 |
| December-12 | 21812 | 19223 | 2589 | 11.9% | 119 | 93 | 26 |
| January-13 | 21901 | 19331 | 2571 | 11.7% | 90 | 108 | -18 |
| February-13 | 21970 | 19421 | 2548 | 11.6% | 68 | 90 | -22 |
| March-13 | 22061 | 19488 | 2572 | 11.7% | 91 | 67 | 24 |
| April-13 | 22223 | 19628 | 2594 | 11.7% | 162 | 140 | 22 |

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

| | Agriculture | Manufacturing | Construction | Service | Monthly changes | | | |
|--------------|-------------|---------------|--------------|---------|-----------------|---------------|--------------|---------|
| | | | | | Agriculture | Manufacturing | Construction | Service |
| March-10 | 5620 | 4301 | 1434 | 10937 | | | | |
| April-10 | 5676 | 4381 | 1443 | 10944 | 56 | 80 | 9 | 7 |
| May-10 | 5581 | 4470 | 1412 | 10995 | -95 | 89 | -31 | 51 |
| June-10 | 5714 | 4536 | 1409 | 10978 | 134 | 66 | -3 | -16 |
| July-10 | 5683 | 4575 | 1450 | 10977 | -31 | 39 | 41 | -1 |
| August-10 | 5661 | 4525 | 1405 | 11011 | -22 | -50 | -45 | 34 |
| September-10 | 5656 | 4489 | 1408 | 11042 | -5 | -36 | 3 | 32 |
| October-10 | 5792 | 4498 | 1441 | 11087 | 135 | 9 | 33 | 45 |
| November-10 | 5846 | 4667 | 1512 | 11085 | 54 | 169 | 71 | -2 |
| December-10 | 6030 | 4642 | 1571 | 11145 | 184 | -25 | 58 | 61 |
| January-11 | 6037 | 4656 | 1585 | 11209 | 6 | 14 | 14 | 64 |
| February-11 | 6184 | 4652 | 1631 | 11305 | 147 | -4 | 46 | 95 |
| March-11 | 6203 | 4790 | 1635 | 11292 | 19 | 138 | 4 | -13 |
| April-11 | 6088 | 4828 | 1640 | 11403 | -115 | 38 | 4 | 112 |
| May-11 | 6027 | 4777 | 1647 | 11445 | -60 | -51 | 7 | 42 |
| June-11 | 6087 | 4697 | 1662 | 11554 | 60 | -80 | 15 | 109 |
| July-11 | 6110 | 4710 | 1669 | 11619 | 23 | 13 | 8 | 65 |
| August-11 | 6188 | 4682 | 1739 | 11658 | 78 | -28 | 69 | 40 |
| September-11 | 6129 | 4707 | 1749 | 11730 | -59 | 25 | 11 | 71 |
| October-11 | 6168 | 4657 | 1679 | 11758 | 39 | -50 | -71 | 28 |
| November-11 | 6147 | 4700 | 1658 | 11873 | -21 | 43 | -21 | 114 |
| December-11 | 6048 | 4701 | 1647 | 11910 | -99 | 1 | -11 | 37 |
| January-12 | 6056 | 4685 | 1732 | 11992 | 8 | -16 | 86 | 82 |
| February-12 | 6039 | 4684 | 1592 | 11996 | -17 | -1 | -140 | 4 |
| March-12 | 6034 | 4721 | 1590 | 12100 | -6 | 37 | -2 | 104 |
| April-12 | 6072 | 4792 | 1660 | 12135 | 39 | 71 | 70 | 35 |
| May-12 | 6118 | 4760 | 1702 | 12206 | 46 | -32 | 42 | 71 |
| June-12 | 6046 | 4761 | 1714 | 12244 | -72 | 1 | 12 | 38 |
| July-12 | 6047 | 4778 | 1672 | 12271 | 1 | 17 | -42 | 27 |
| August-12 | 6050 | 4745 | 1723 | 12322 | 3 | -33 | 51 | 51 |
| September-12 | 6153 | 4735 | 1757 | 12396 | 102 | -10 | 34 | 74 |
| October-12 | 6191 | 4732 | 1784 | 12492 | 39 | -3 | 27 | 97 |
| November-12 | 6179 | 4814 | 1783 | 12533 | -13 | 82 | -1 | 41 |
| December-12 | 6134 | 4856 | 1794 | 12573 | -44 | 42 | 11 | 40 |
| January-13 | 6115 | 4870 | 1859 | 12602 | -20 | 14 | 65 | 28 |
| February-13 | 6143 | 4886 | 1865 | 12670 | 28 | 16 | 6 | 68 |
| March-13 | 6129 | 4948 | 1820 | 12720 | -13 | 62 | -45 | 50 |
| April-13 | 6121 | 5030 | 1825 | 12773 | -9 | 82 | 5 | 53 |

Source: TurkStat, **Betam**