

SLIGHT DECLINE IN NON-AGRICULTURAL UNEMPLOYMENT

Seyfettin Gürsel^{*}, Zümrüt İmamoğlu^{**} and Ayşenur Acar^{***}

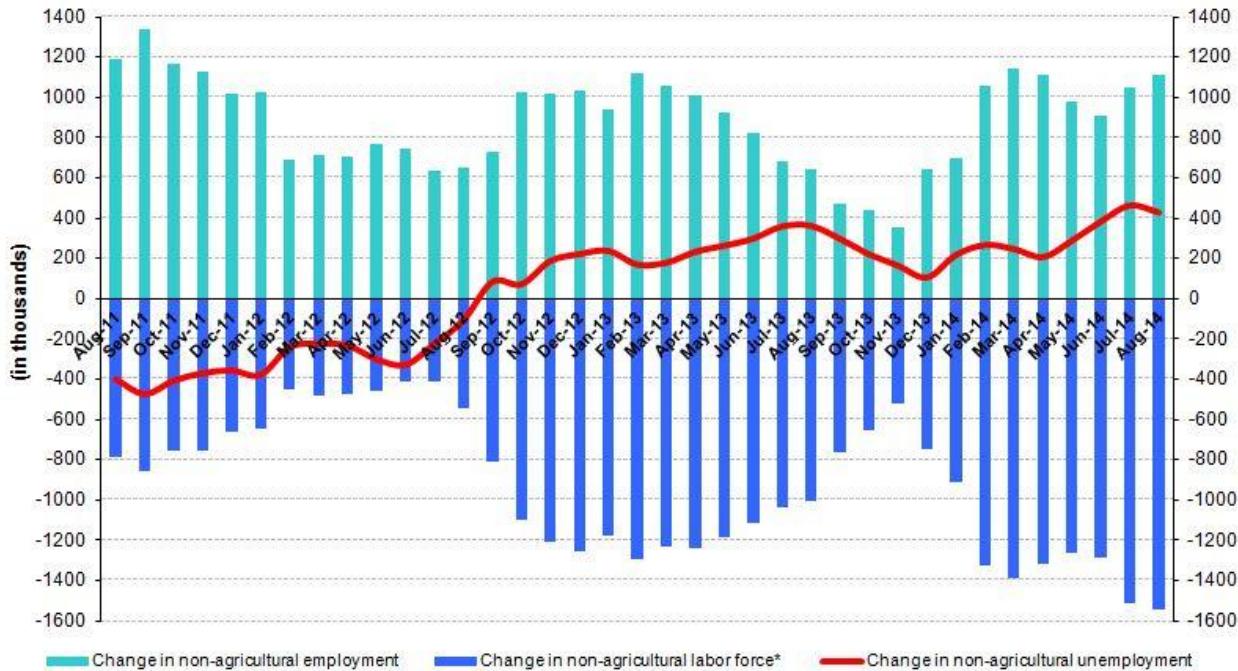
Abstract

Seasonally adjusted labor market data shows that non-agricultural unemployment rate decreased by 0.1 percentage point in the period of August 2014 compared to the period of July 2014, and reached 12.4 percent. Non-agricultural employment increased much more than the non-agricultural labor force, hence non-agricultural unemployment decreased. Increase in non-agricultural employment was due to the increase in manufacturing employment that has been decreasing for a while and the increase in construction employment that has been stagnating. Employment in service sector continues to increase slightly. Consequently, we observe a slight decline in non-agricultural unemployment. Increases in employment are line with economic recovery in the third quarter of 2014. We expect that non-agricultural unemployment will stagnate in the next period.

Strong increases in non-agricultural labor force and employment

According to the data released by TurkSTAT, non-agricultural labor force increased by 1 million 542 thousand (7.1 percent) and non-agricultural employment increased by 1 million 112 thousand (5.7 percent) in the period of August 2014 (Figure 1). Consequently, the number of persons unemployed in non-agricultural sectors increased by 430 thousand. On the other hand, non-agricultural employment increased by over 1 million in the period of July, after stagnating since April 2014. It continued to increase in August 2014 as well.

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@eas.bahcesehir.edu.tr

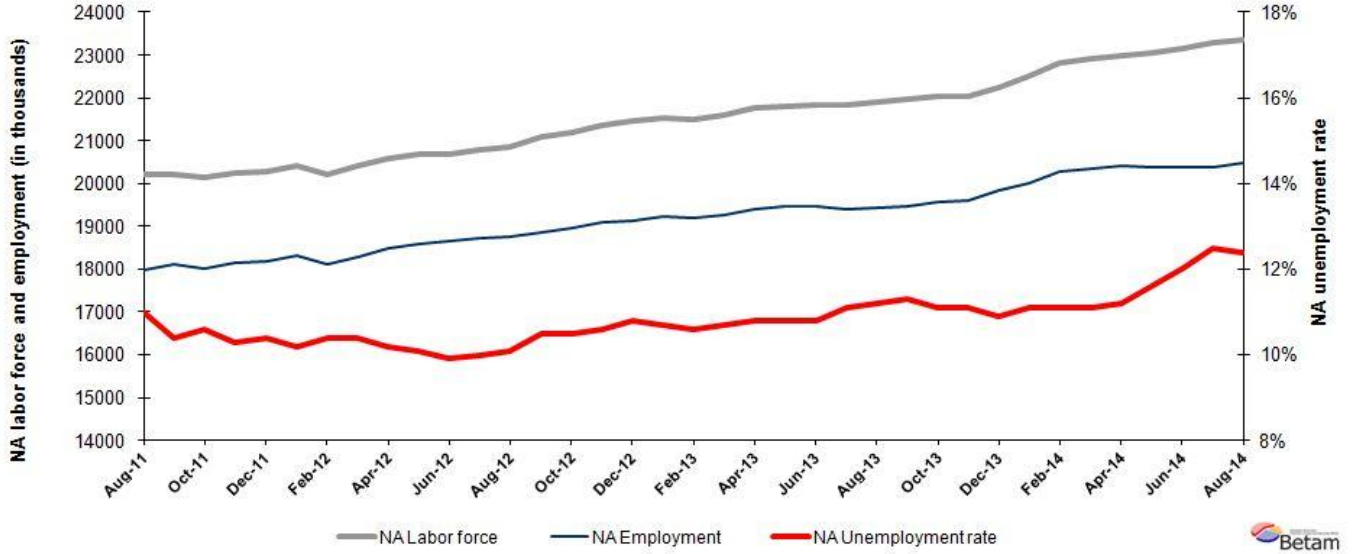
^{**} Zümrüt İmamoğlu, PhD, Betam, Research Associate, zumrut.imamoğlu@eas.bahcesehir.edu.tr

^{***} Ayşenur Acar, PhD, Betam, Research Assistant, aysenur.acar@eas.bahcesehir.edu.tr

Slight decline in non-agricultural unemployment

According to seasonally adjusted data, non-agricultural labor force increased by 83 thousand in the period of August 2014 compared to the period of July 2014, and reached 23 million 362 thousand (Figure 2, Table 1). Non-agricultural employment increased by 96 thousand and reached 20 million 465 thousand. Hence, the number of persons unemployed in non-agricultural sectors decreased by 13 thousand and non-agricultural unemployment rate decreased by 0.1 percentage point and reached 12.4 percent. Increase in non-agricultural labor force was counterbalanced with the increase in non-agricultural employment that has been either decreasing or slightly increasing since the period of March 2014. Therefore, non-agricultural unemployment slightly decreased in this period.

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



Source: TurkStat, **Betam**

Non-agricultural unemployment will stagnate in the next period

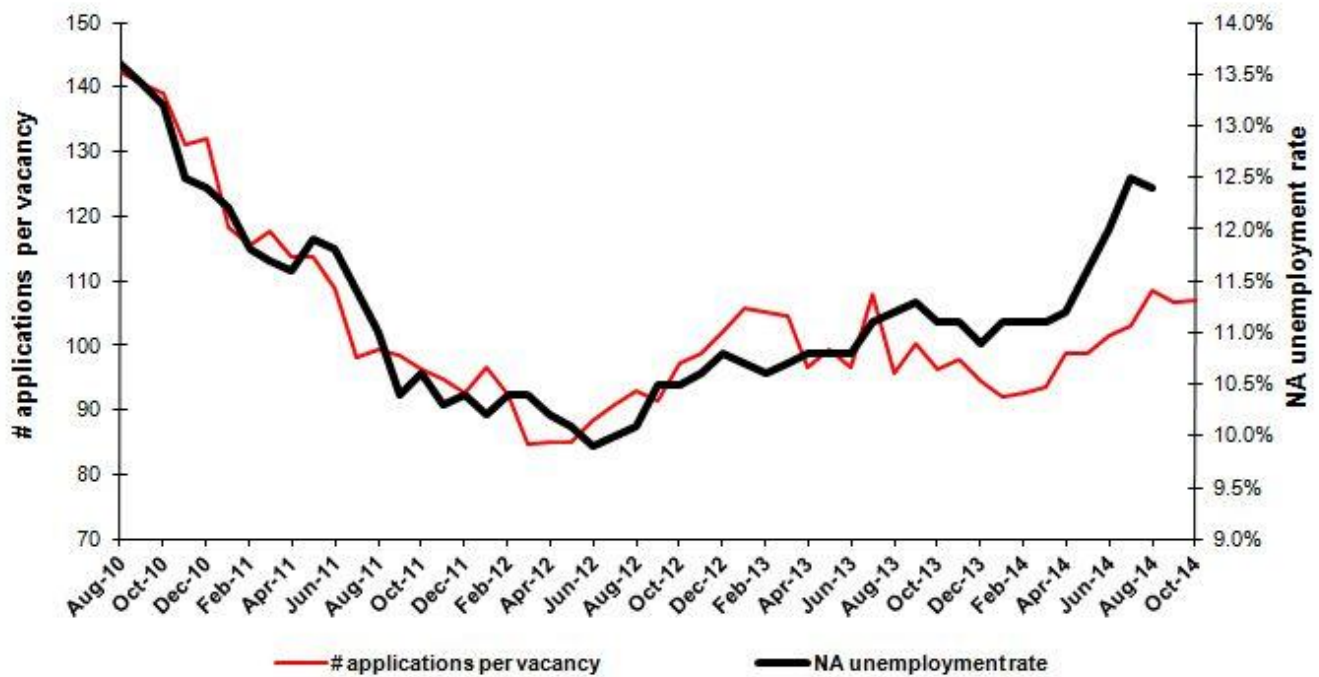
Our calculations based on the seasonally adjusted application per vacancy statistics calculated using Kariyer.net series are presented in Figure 3. Kariyer.net series that has been increasing since January 2014, continue to increase in July and August, but it has been stagnating since September 2014. The unemployment figures of August 2014 include the figures of July, August and September, and therefore, the stagnation in Kariyer.net series begins to reflect in the unemployment figures. It is noteworthy that the unemployment figures of September include the period of October. According to forecasting model of Betam, unemployment will stagnate in the next period.¹

We expect a stagnation in employment and an increase in unemployment during the economic contraction in the second quarter of 2014. However, we observed rapid increases in unemployment in the last periods. Unemployment rate increased by 1.3 percentage points from 11.2 to 12.5 percent since the period of May 2014. A decline of 0.1 percentage point in unemployment could be a reflection of the economic recovery in the third quarter. However, according to the Kariyer.net series, one could expect a stagnation in unemployment rather than a remarkable decline. Hence, we expect that non-agricultural unemployment to stay over 12 percent.

¹ Soybilgen'in kullandığı tahmin modeli "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini" başlıklı Betam Araştırma Notu 168'de ayrıntılı olarak tartışılmaktadır.

Soybilgen, B., "Kariyer.net Verisiyle Kısa Vadeli Tarım Dışı İşsizlik Tahmini", Betam Araştırma Notu 168.
<http://betam.bahcesehir.edu.tr/tr/2014/06/kariyer-net-verisiyle-kisa-vadeli-tarim-disi-issizlik-tahmini/>

Figure 3 Seasonally adjusted non-agricultural unemployment rate and application per vacancy



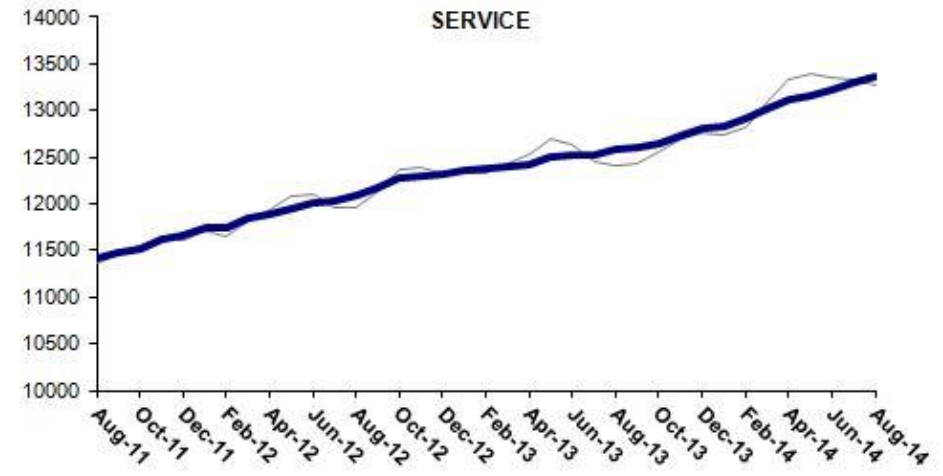
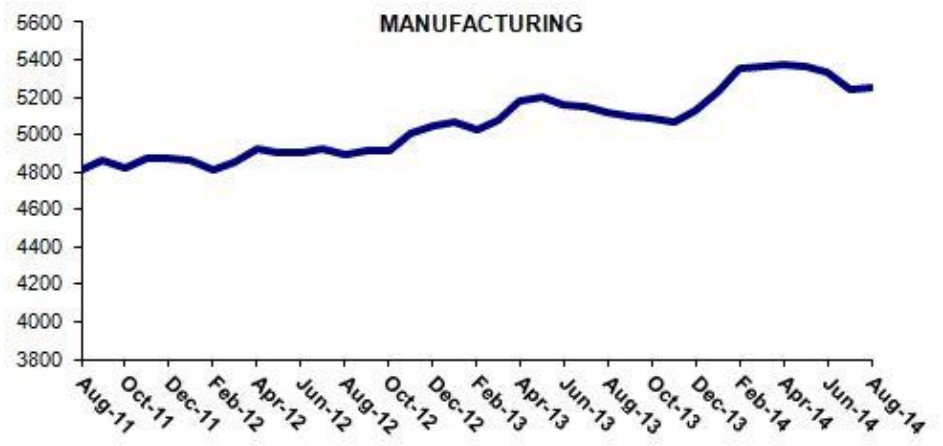
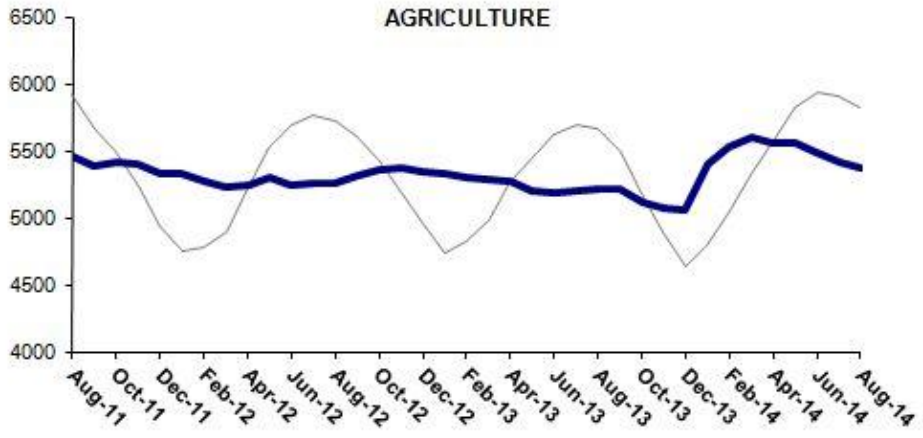
Source: Kariyer.net, TurkStat, **Betam**

Recovery in manufacturing and construction employment

Seasonally adjusted labor market series show that employment increased in all sectors (with an exception of agricultural employment) in the period of August 2014 (Table 2, Figure 4).² Manufacturing employment that has been decreasing for the last three periods, continued to increase in the period of August 2014. Similarly, construction employment that has been decreasing for the periods between March and June 2014, slightly increased in the previous period. Construction employment continues to increase rapidly in this period. Non-agricultural employment increased due to these recoveries in manufacturing and construction employment. As for service employment, we observe slight increases.

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 4 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
July-11	20226	17920	2306	11.4%			
August-11	20204	17982	2222	11.0%	-21	62	-83
September-11	20208	18106	2102	10.4%	3	124	-121
October-11	20149	18013	2136	10.6%	-59	-93	34
November-11	20246	18161	2085	10.3%	98	148	-50
December-11	20276	18167	2109	10.4%	29	6	23
January-12	20399	18318	2081	10.2%	123	151	-28
February-12	20221	18118	2103	10.4%	-178	-200	22
March-12	20405	18283	2122	10.4%	184	165	19
April-12	20571	18473	2098	10.2%	166	190	-24
May-12	20674	18586	2088	10.1%	103	113	-10
June-12	20699	18650	2049	9.9%	25	64	-39
July-12	20787	18708	2079	10.0%	87	58	29
August-12	20857	18750	2107	10.1%	70	42	28
September-12	21079	18866	2213	10.5%	223	116	107
October-12	21199	18973	2226	10.5%	120	107	13
November-12	21358	19094	2264	10.6%	159	121	38
December-12	21453	19136	2317	10.8%	95	42	53
January-13	21539	19234	2305	10.7%	86	98	-12
February-13	21491	19213	2278	10.6%	-48	-21	-27
March-13	21583	19274	2309	10.7%	92	61	31
April-13	21759	19409	2350	10.8%	176	135	41
May-13	21807	19452	2355	10.8%	48	43	5
June-13	21830	19472	2358	10.8%	22	20	2
July-13	21836	19412	2424	11.1%	6	-60	66
August-13	21898	19445	2453	11.2%	62	33	29
September-13	21954	19473	2481	11.3%	56	28	28
October-13	22027	19582	2445	11.1%	73	109	-36
November-13	22036	19590	2446	11.1%	9	8	1
December-13	22255	19829	2426	10.9%	219	239	-20
January-14	22516	20017	2499	11.1%	262	188	74
February-14	22821	20288	2533	11.1%	305	271	34
March-14	22903	20361	2542	11.1%	82	73	9
April-14	22972	20399	2573	11.2%	69	38	31
May-14	23066	20390	2676	11.6%	94	-9	103
June-14	23141	20364	2777	12.0%	75	-26	101
July-14	23279	20369	2910	12.5%	138	5	133
August-14	23362	20465	2897	12.4%	83	96	-13

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
July-11	5388	4846	1707	11367				
August-11	5452	4816	1758	11408	64	-30	51	41
September-11	5383	4866	1760	11480	-69	50	2	72
October-11	5414	4823	1680	11510	31	-43	-80	30
November-11	5406	4870	1670	11622	-8	47	-10	112
December-11	5329	4873	1635	11659	-77	3	-35	37
January-12	5333	4864	1709	11745	4	-9	74	86
February-12	5276	4808	1565	11746	-57	-56	-144	1
March-12	5222	4850	1580	11853	-54	42	15	107
April-12	5249	4930	1653	11890	27	80	73	37
May-12	5293	4908	1727	11951	44	-22	74	61
June-12	5249	4900	1748	12001	-44	-8	21	50
July-12	5260	4926	1741	12041	11	26	-7	40
August-12	5257	4892	1761	12097	-3	-34	20	56
September-12	5319	4911	1777	12179	62	19	16	82
October-12	5357	4917	1781	12274	38	6	4	95
November-12	5365	5003	1802	12289	8	86	21	15
December-12	5346	5051	1776	12309	-19	48	-26	20
January-13	5331	5073	1812	12350	-15	22	36	41
February-13	5297	5023	1800	12389	-34	-50	-12	39
March-13	5281	5083	1785	12406	-16	60	-15	17
April-13	5269	5176	1807	12425	-12	93	22	19
May-13	5207	5200	1754	12498	-62	24	-53	73
June-13	5179	5163	1788	12521	-28	-37	34	23
July-13	5194	5146	1737	12529	15	-17	-51	8
August-13	5218	5117	1752	12577	24	-29	15	48
September-13	5208	5096	1776	12601	-10	-21	24	24
October-13	5119	5090	1848	12644	-89	-6	72	43
November-13	5077	5064	1804	12722	-42	-26	-44	78
December-13	5060	5131	1894	12803	-17	67	90	81
January-14	5402	5232	1947	12838	342	101	53	35
February-14	5530	5359	2013	12916	128	127	66	78
March-14	5599	5365	1980	13016	69	6	-33	100
April-14	5563	5373	1906	13121	-36	8	-74	105
May-14	5563	5364	1862	13163	0	-9	-44	42
June-14	5488	5332	1811	13222	-75	-32	-51	59
July-14	5413	5243	1817	13310	-75	-89	6	88
August-14	5370	5257	1851	13356	-43	14	34	46

Source: TurkStat, **Betam**