

## SHARP DECLINE IN UNEMPLOYMENT

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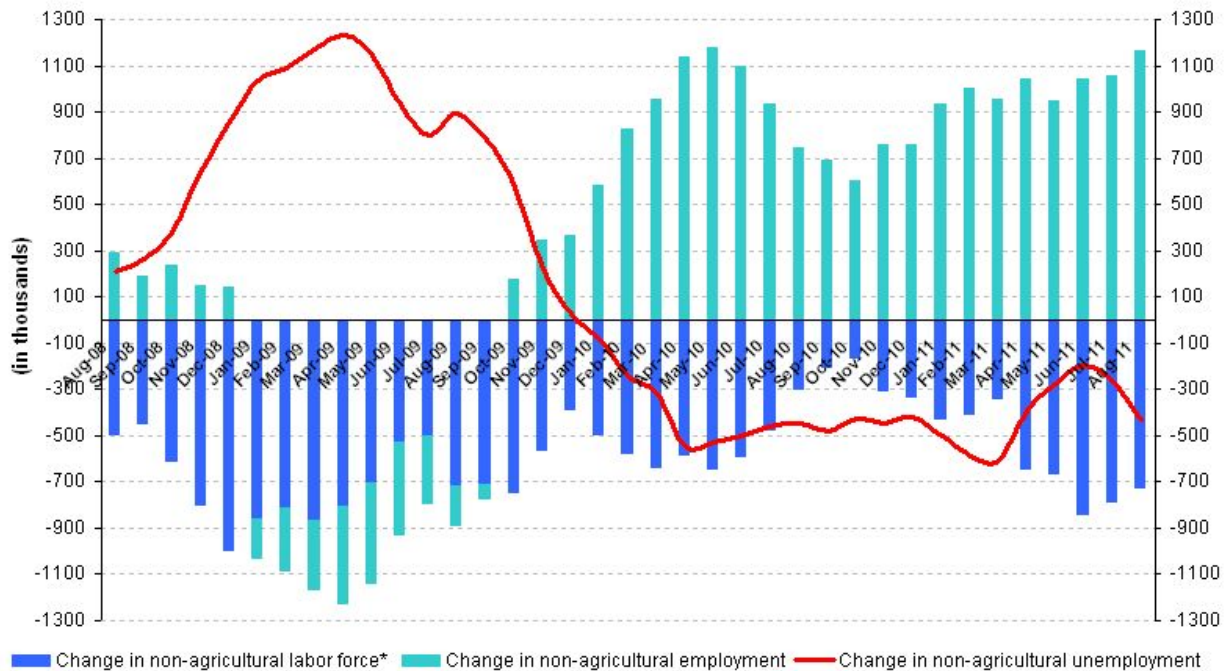
### Executive Summary

According to the labor market statistics released by TurkStat, non-agricultural unemployment rate fell by 2.6 percentage points to 11.9 percent in the period of August 2011 compared to previous year. Seasonally adjusted labor market data shows that non-agricultural unemployment rate fell 0.5 percentage point and decreased from 12.6 percent in July to 12.1 percent compared to August. Reasons behind the sharp decline are the decline in seasonally adjusted non-agricultural labor force and the increase in non-agricultural employment. As for sectoral data, manufacturing employment decreased, agricultural and construction employment increased considerably in this period.

### Slowdown in increase in labor force and employment acceleration

According to the labor market statistics released by TurkStat on the 15<sup>th</sup> of November, non-agricultural employment has reached 18 million 180 thousand in the period of August 2011 (July – August – September). Raw labor market statistics reveal that non-agricultural labor force increased by 733 thousand (3.7 percent) and non-agricultural employment increased by 1 million 163 thousand (6.8 percent) in August 2011 on a year-on-year basis. Non-agricultural unemployment rate decreased from 14.5 percent to 11.9 percent during the same period (Figure 1). The number of unemployed decreased by 430 thousand and was 2 million 456 thousand. Clearly, the increase in non-agricultural labor force slowed down compared to the period of July 2011 on year-on-year basis. Moreover, the increase in employment remained strong.

**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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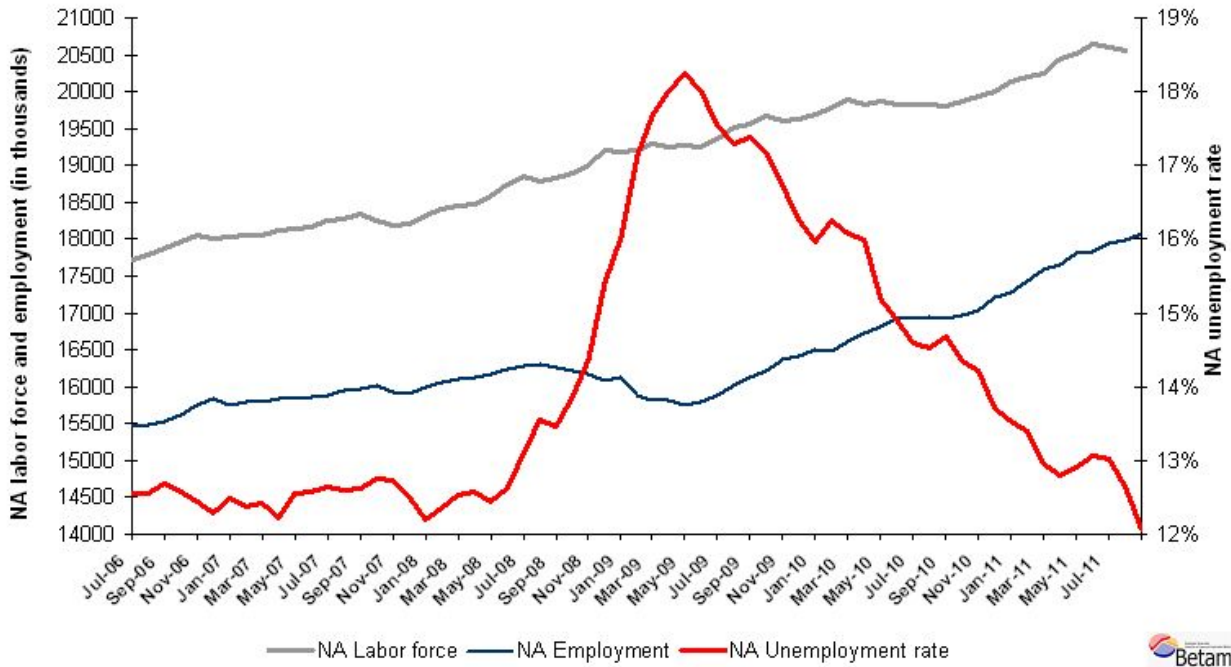
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## Sharp decline in seasonally adjusted non-agricultural unemployment

According to seasonally adjusted series, non-agricultural labor force decreased by 35 thousand in August compared to its level in July and was 20 million 567 thousand. On the other hand, non-agricultural employment increased by 88 thousand and reached 18 million 86 thousand. Consequently, non-agricultural unemployment rate decreased from 12.6 percent to 12.1 percent. This decrease of 0.5 percentage points has been the largest decline during the crisis and the recovery. Non-agricultural unemployment decreased by 0.4 percentage points compared to the previous month (Figure 2, App. 1 Table 1).

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



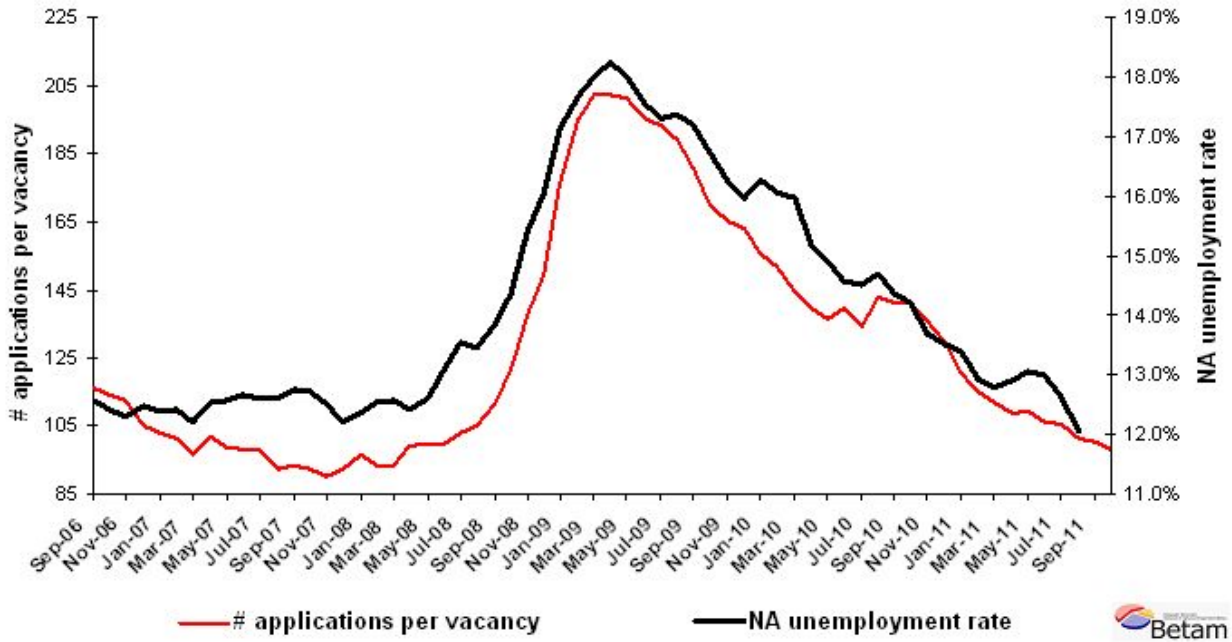
Source: TurkStat, Betam

## According to Kariyer.net data, non-agricultural unemployment will continue to decrease in the period of September 2011<sup>1</sup>

The application per vacancy series released by Kariyer.net decreases in August, September and October 2011. Note that the unemployment rate which will be released next month, refers to the period of September, i.e. the average of August, September and October. Therefore, we expect the seasonally adjusted non-agricultural unemployment rate to decrease further in the period of September 2011.

<sup>1</sup> Starting from April, Betam will be using a new series released by Kariyer.net on application per vacancy. Kariyer.net collects this data via their website which is one of the largest job search engines in Turkey. Given the lack of data on vacancies in Turkey, we believe that this new series will provide useful insight to the labor market in Turkey. It provides information on the number of unemployed who are actively seeking work as well as the number of jobs that are available in the labor market. 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 illustrates the seasonally adjusted non-agricultural unemployment rate and deseasonalized calendar day adjusted application per vacancy (Kariyer.net) series. It is clear that these series are highly correlated (almost 90 percent).

**Figure 3 Non-agricultural unemployment rate and application per vacancy (SA)**



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

### **Strong increase in employment levels in agriculture and construction**

According to seasonally adjusted figures, employment in the construction sector increased by 70 thousand and employment in service sector only increased by 2 thousand in August 2011. However, employment in the manufacturing sector experienced a decrease of 16 thousand (App. 1 Table 2, App. 2 Figure 4).<sup>2</sup> Consequently, the increase in non-agricultural employment is mainly caused by increase in construction sector.

Seasonally adjusted labor force data shows that agricultural employment increased, by 38 and 90 thousand in the period of July and August 2011 respectively. Strong increases in agricultural employment are striking.

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
July-08	18857	16300	2557	13,6%			
August-08	18790	16260	2530	13,5%	-68	-40	-27
September-08	18833	16223	2610	13,9%	43	-37	80
October-08	18894	16178	2716	14,4%	62	-45	107
November-08	19011	16081	2929	15,4%	116	-97	213
December-08	19214	16133	3082	16,0%	204	51	153
January-09	19175	15890	3285	17,1%	-40	-243	203
February-09	19213	15818	3395	17,7%	38	-73	111
March-09	19285	15815	3470	18,0%	72	-2	75
April-09	19256	15743	3513	18,2%	-29	-72	43
May-09	19266	15799	3467	18,0%	10	56	-46
June-09	19258	15881	3378	17,5%	-8	82	-89
July-09	19361	16013	3348	17,3%	103	133	-30
August-09	19520	16128	3392	17,4%	159	115	44
September-09	19571	16211	3360	17,2%	51	83	-32
October-09	19665	16377	3288	16,7%	94	166	-72
November-09	19606	16422	3185	16,2%	-58	45	-104
December-09	19632	16500	3133	16,0%	26	78	-52
January-10	19684	16483	3200	16,3%	51	-16	68
February-10	19789	16608	3181	16,1%	105	124	-19
March-10	19903	16724	3180	16,0%	115	116	-1
April-10	19818	16807	3011	15,2%	-86	83	-169
May-10	19877	16915	2962	14,9%	59	108	-49
June-10	19821	16930	2891	14,6%	-56	15	-71
July-10	19829	16950	2879	14,5%	9	20	-12
August-10	19834	16921	2913	14,7%	5	-29	34
September-10	19813	16969	2844	14,4%	-21	48	-70
October-10	19863	17040	2823	14,2%	50	71	-21
November-10	19944	17212	2732	13,7%	81	172	-91
December-10	19993	17288	2705	13,5%	49	76	-27
January-11	20128	17434	2694	13,4%	134	145	-11
February-11	20205	17588	2617	13,0%	77	154	-77
March-11	20253	17660	2592	12,8%	48	72	-25
April-11	20448	17808	2640	12,9%	195	148	48
May-11	20520	17840	2680	13,1%	72	32	40
June-11	20636	17951	2685	13,0%	116	111	5
July-11	20602	17998	2604	12,6%	-35	47	-81
August-11	20567	18086	2481	12,1%	-35	88	-123

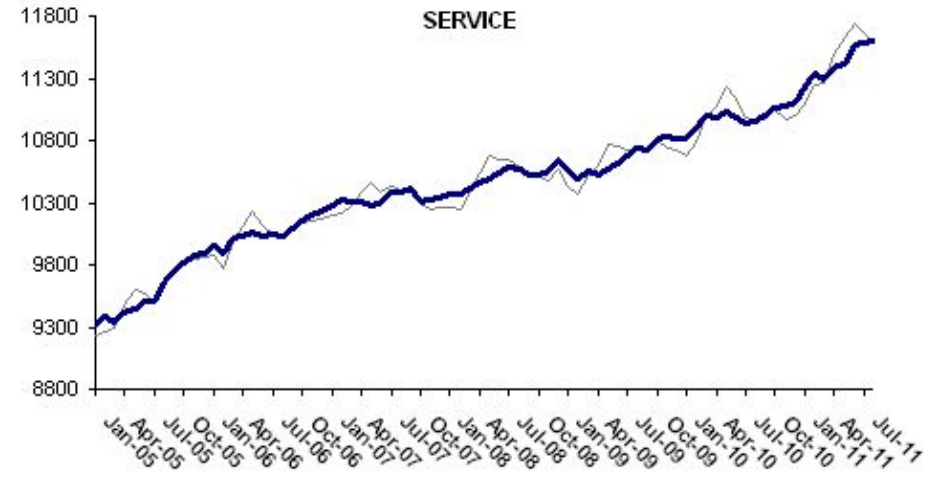
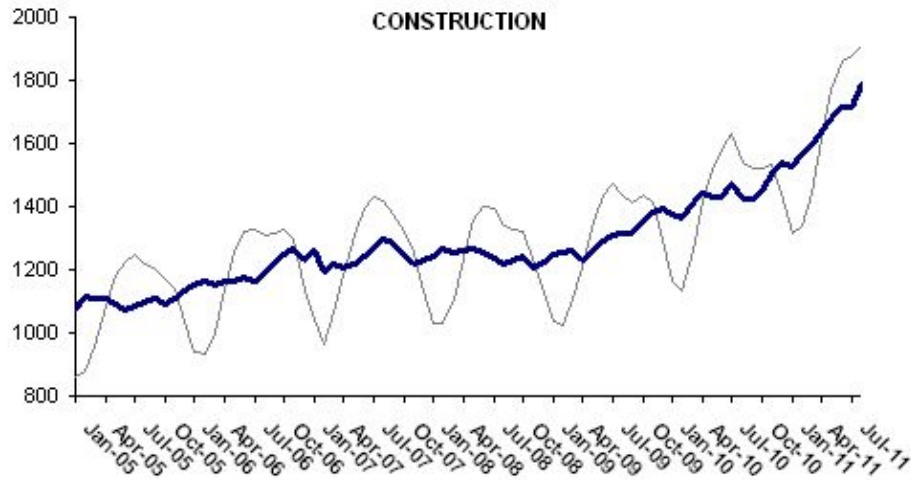
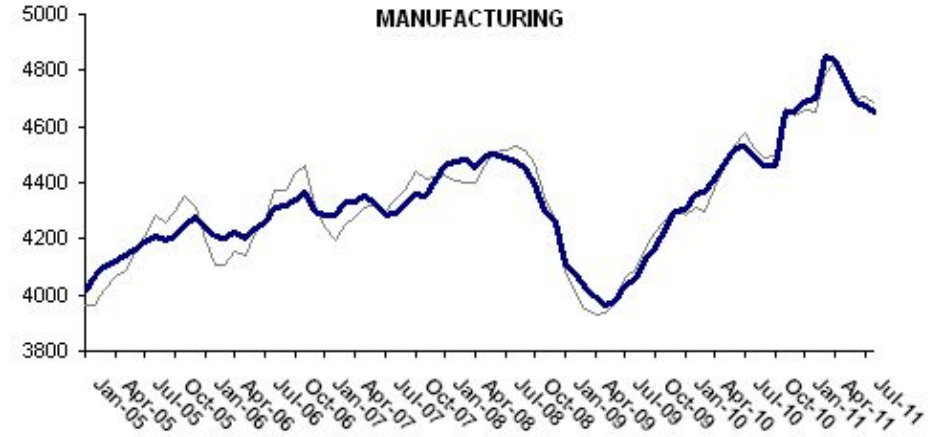
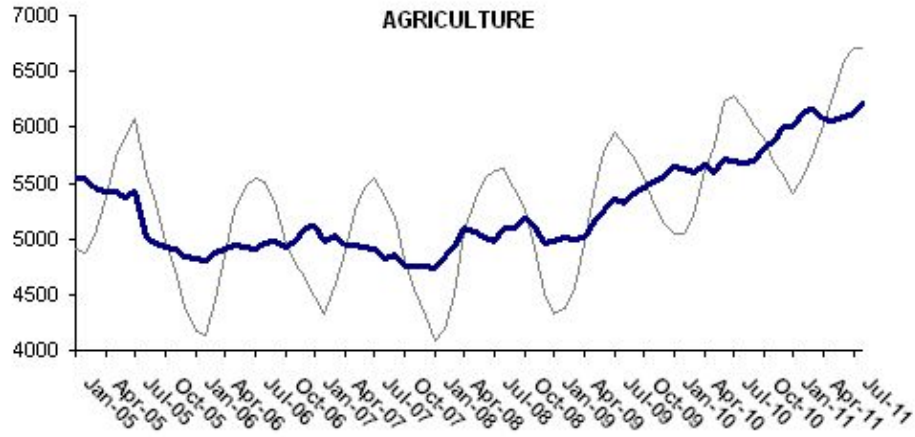
Source: TurkStat, **Betam**

**Appendix 1: Table 2 Seasonally adjusted sector of employment (in thousands)**

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
July-08	4985	4488	1234	10588				
August-08	5090	4476	1217	10563	104	-11	-17	-25
September-08	5098	4456	1231	10521	9	-21	14	-42
October-08	5187	4394	1242	10518	89	-61	11	-3
November-08	5116	4304	1205	10557	-71	-90	-37	39
December-08	4959	4257	1222	10644	-157	-47	17	86
January-09	4976	4110	1249	10550	17	-147	27	-93
February-09	5007	4079	1257	10493	31	-32	8	-57
March-09	4986	4029	1263	10553	-21	-50	7	60
April-09	5007	3988	1231	10528	21	-41	-32	-25
May-09	5156	3966	1262	10574	149	-21	31	47
June-09	5256	3977	1290	10614	100	11	28	39
July-09	5347	4032	1310	10671	92	55	19	58
August-09	5326	4057	1315	10733	-21	25	5	62
September-09	5404	4126	1315	10729	79	68	0	-4
October-09	5459	4165	1360	10821	55	39	45	92
November-09	5508	4229	1381	10824	49	64	21	4
December-09	5555	4299	1394	10815	48	69	13	-10
January-10	5654	4307	1375	10816	98	8	-19	1
February-10	5631	4357	1367	10899	-23	49	-8	83
March-10	5599	4369	1414	10996	-32	13	48	98
April-10	5670	4411	1444	10989	71	41	30	-7
May-10	5602	4474	1429	11033	-68	63	-15	44
June-10	5714	4524	1431	10983	112	50	2	-50
July-10	5695	4531	1471	10931	-19	7	39	-52
August-10	5686	4492	1422	10955	-9	-39	-49	24
September-10	5689	4463	1425	11006	2	-28	3	50
October-10	5819	4459	1446	11064	130	-4	21	59
November-10	5864	4651	1504	11070	45	191	58	6
December-10	5998	4653	1539	11106	134	2	35	36
January-11	6003	4686	1527	11227	5	33	-12	121
February-11	6137	4697	1572	11340	134	11	45	113
March-11	6165	4849	1591	11289	28	152	20	-51
April-11	6077	4836	1637	11390	-88	-13	46	101
May-11	6056	4768	1681	11422	-21	-67	44	32
June-11	6091	4689	1714	11565	35	-79	33	144
July-11	6128	4670	1718	11592	38	-19	3	26
August-11	6218	4654	1788	11593	90	-16	70	2

Source: TurkStat, **Betam**

Appendix 2: Figure 4 Employment changes in sectors (in thousand)<sup>2</sup>



Source: TurkStat, **Betam**

<sup>2</sup> Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.