

NON-AGRICULTURAL UNEMPLOYMENT STAGNATES

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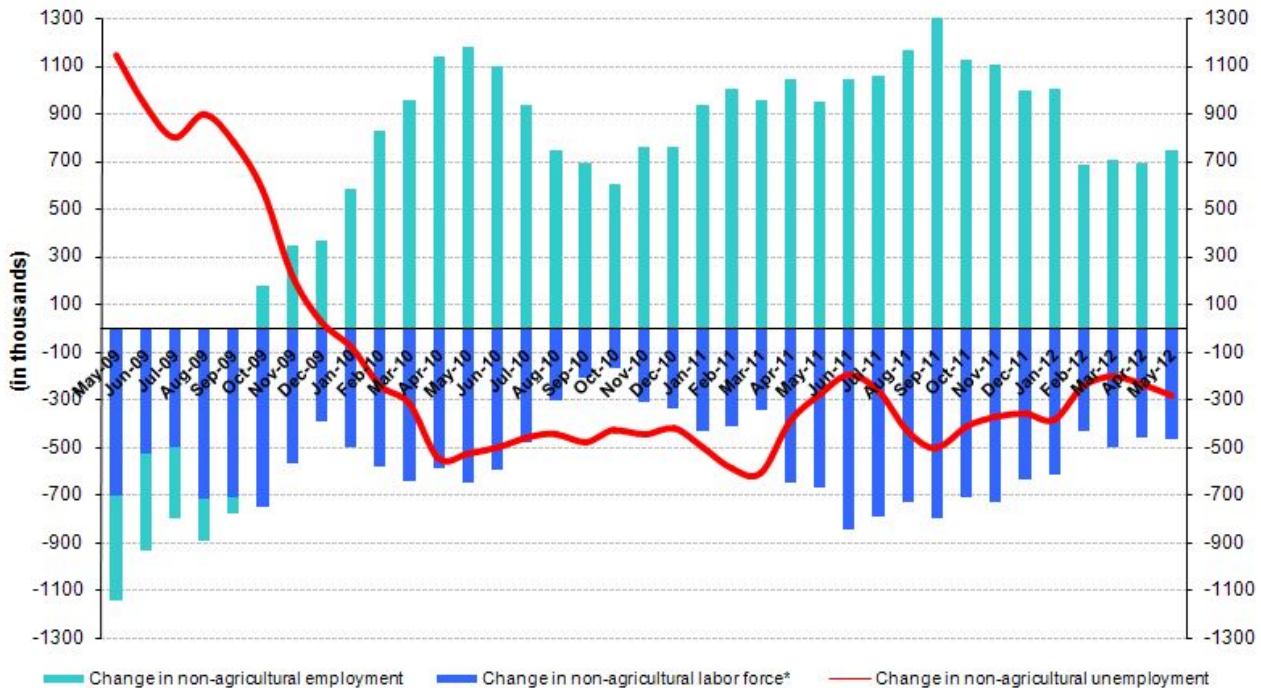
Executive Summary

Seasonally adjusted labor market data shows that non-agricultural unemployment rate is 11.2 percent in the period of May 2012. Both unemployment and non-agricultural unemployment rate remained stagnant in this period. According to the Kariyer.net data, we believe that non-agricultural unemployment rate will continue to stagnate in the period of June 2012. Also, we observe employment losses in manufacturing and increases in service and construction employment.

There is a slowdown in the non-agricultural labor market

According to the labor market statistics released by TurkStat on August 15th, in the period of May 2012 (April – May – June) non-agricultural labor force only increased by 465 thousand (2.3 percent), non-agricultural employment increased by 747 thousand (4.1 percent) and the number of unemployed persons in non-agricultural decreased by 282 thousand to 2 million 196 thousand on a year-on-year basis (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**

No decline in non-agricultural unemployment

According to seasonally adjusted series, non-agricultural labor force increased by 66 thousand to 20 million 961 thousand in the period of May compared to the period of April 2012 (Figure 2, Table 1). Non-agricultural

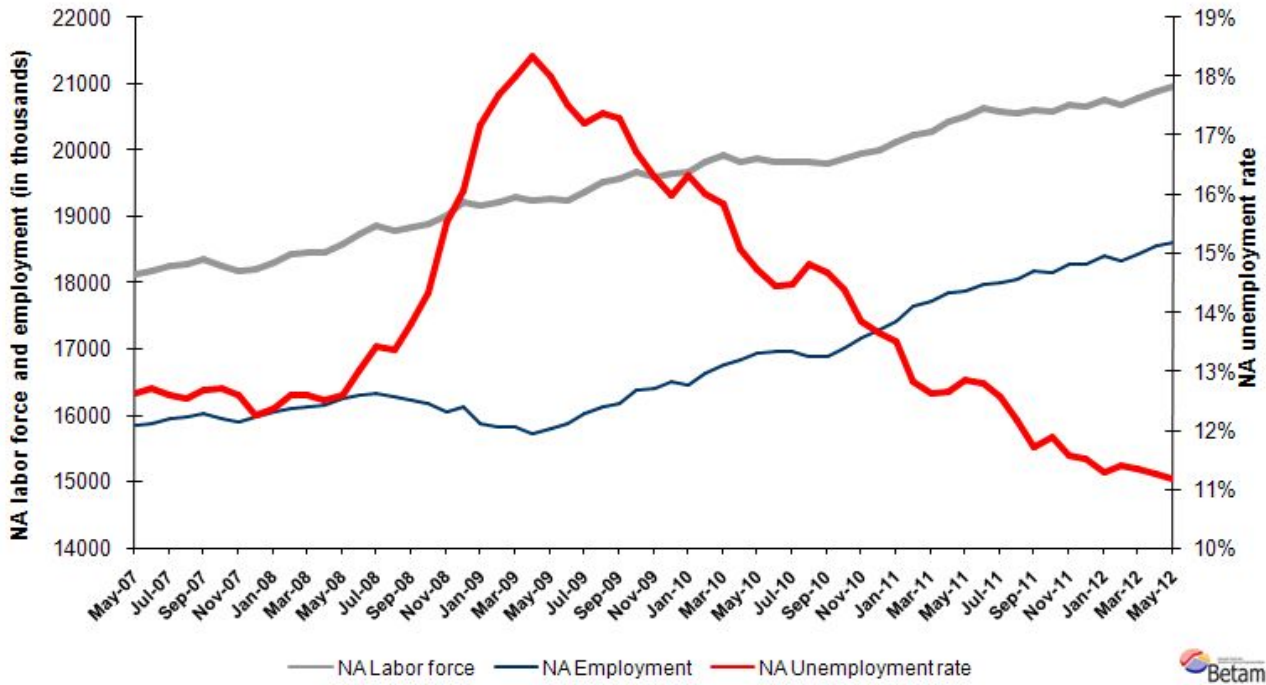
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employment increased by 71 thousand and reached 18 million 618 thousand. Consequently, the number of unemployed persons in non-agricultural sectors decreased by 5 thousand and seasonally adjusted non-agricultural unemployment rate remained 11.2 percent (Figure 2). We observe that non-agricultural unemployment rate has been stagnating since the period of December 2011.

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



Source: TurkStat, **Betam**

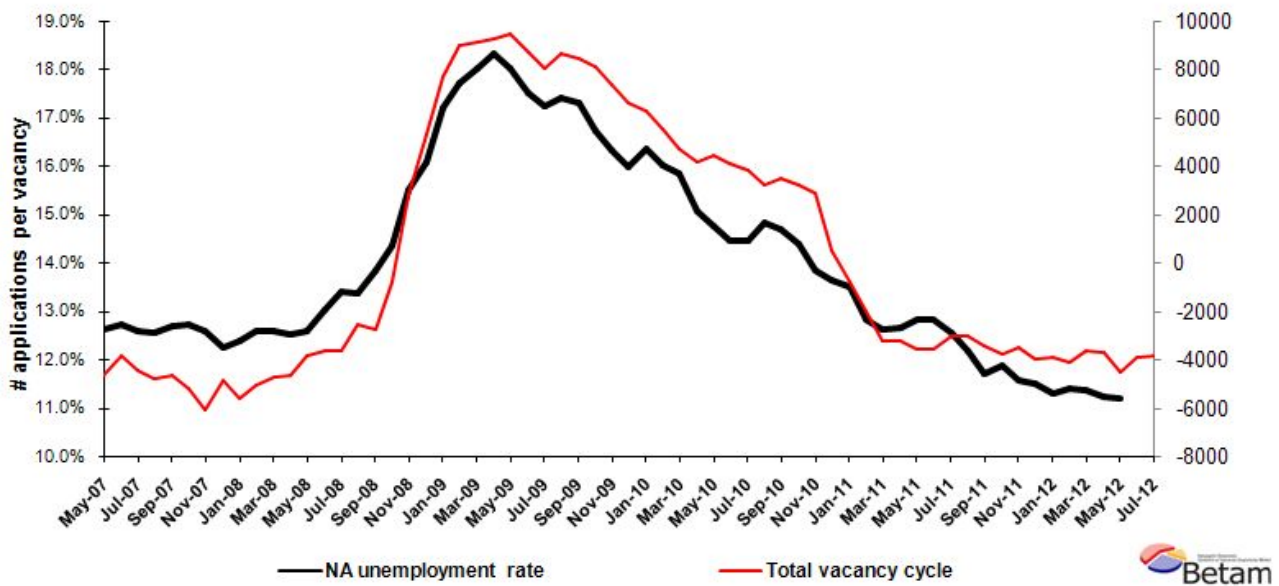
According to Kariyer.net series non-agricultural employment will continue to stagnate

In the previous research briefs, we used seasonal and calendar adjusted application per vacancy series released by Kariyer.net. However, we started using total vacancy series as the total application series contains a structural break due to technical difficulties since April 2012¹.

According to data released by Kariyer.net on vacancies provided by the firms, we believe that non-agricultural unemployment rate will continue to stagnate in the period of June 2012.

¹ Seasonal and calendar adjustment procedure is applied to total vacancy series released by Kariyer.net. Total vacancy series is continuously increasing given that the customers base of Kariyer.net is widening overtime. Therefore we calculate the cycle of the series by subtracting the absolute number from the trend calculated by a Hodrick-Prescott filter. Since the changes in the number of vacancies are negatively correlated with the changes in unemployment we use the inverse of total vacancy series by multiplying it with -1. Although this vacancy series are not as strong forecasters as the application per vacancy series, it gives an idea for the direction of non-agricultural unemployment.

Figure 3 Seasonally adjusted non-agricultural unemployment rate and total vacancy cycle



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

Construction employment has been increasing

According to seasonally adjusted figures, employment in manufacturing decreased by 20 thousand in the period of May 2012 (Table 2, Figure 4)². However, employment in services and construction increased by 34 thousand and 73 thousand, respectively. Albeit a relatively small share of construction employment in non-agricultural employment (10 percent), strong increases in these past two periods have cumulated to above 150 thousand. Consequently, developments in the construction sector had considerable effects on the labor market.

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 thousands)

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
April-09	19252	15722	3530	18.3%			
May-09	19258	15789	3469	18.0%	6	67	-61
June-09	19251	15880	3372	17.5%	-7	90	-97
July-09	19356	16023	3333	17.2%	104	144	-39
August-09	19516	16122	3394	17.4%	160	99	61
September-09	19564	16181	3383	17.3%	49	59	-11
October-09	19670	16382	3288	16.7%	106	201	-95
November-09	19602	16406	3196	16.3%	-68	24	-92
December-09	19642	16506	3136	16.0%	40	100	-60
January-10	19683	16468	3215	16.3%	41	-38	79
February-10	19811	16642	3169	16.0%	128	175	-46
March-10	19916	16759	3156	15.8%	104	117	-13
April-10	19813	16830	2983	15.1%	-102	70	-173
May-10	19866	16938	2928	14.7%	53	108	-55
June-10	19811	16951	2860	14.4%	-55	13	-68
July-10	19821	16955	2866	14.5%	10	4	6
August-10	19826	16889	2938	14.8%	5	-66	72
September-10	19801	16894	2907	14.7%	-25	6	-31
October-10	19870	17012	2858	14.4%	69	118	-49
November-10	19937	17176	2761	13.8%	67	164	-97
December-10	20008	17280	2728	13.6%	71	104	-32
January-11	20126	17408	2718	13.5%	118	129	-10
February-11	20240	17646	2594	12.8%	113	237	-124
March-11	20270	17713	2557	12.6%	31	67	-37
April-11	20441	17854	2586	12.7%	171	142	29
May-11	20504	17873	2631	12.8%	63	18	45
June-11	20622	17982	2640	12.8%	118	110	9
July-11	20589	18003	2586	12.6%	-33	21	-54
August-11	20555	18052	2503	12.2%	-34	49	-83
September-11	20598	18189	2409	11.7%	43	137	-93
October-11	20592	18147	2445	11.9%	-6	-42	36
November-11	20672	18280	2392	11.6%	80	133	-53
December-11	20657	18283	2375	11.5%	-15	3	-18
January-12	20748	18406	2342	11.3%	90	124	-33
February-12	20695	18339	2357	11.4%	-53	-68	15
March-12	20786	18426	2359	11.4%	90	88	3
April-12	20895	18547	2349	11.2%	110	121	-11
May-12	20961	18618	2343	11.2%	66	71	-5

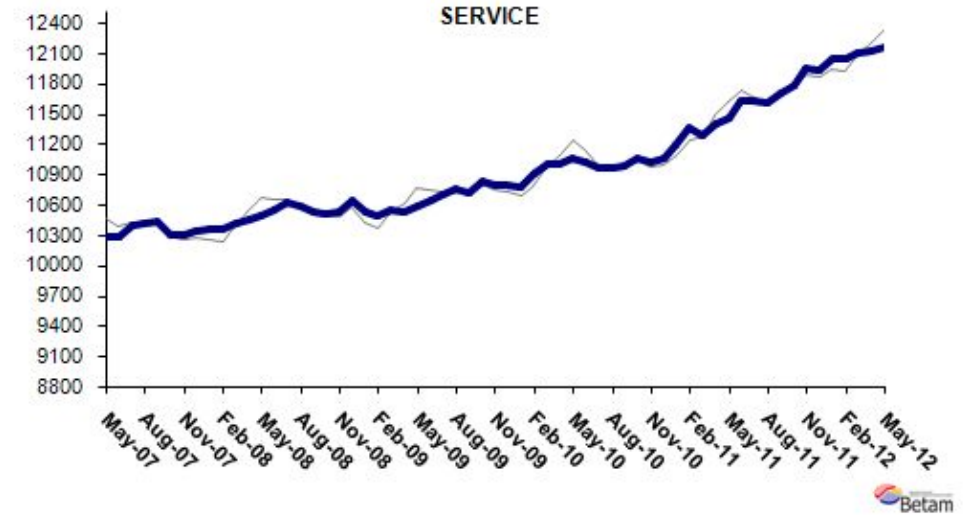
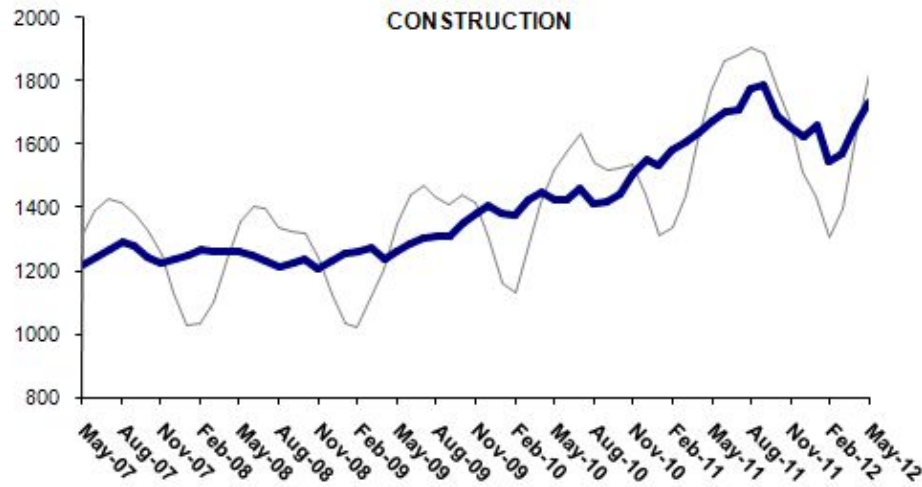
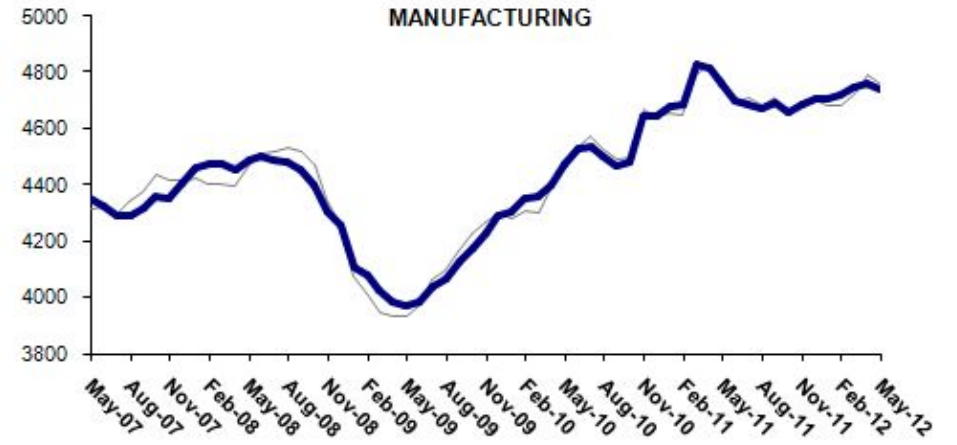
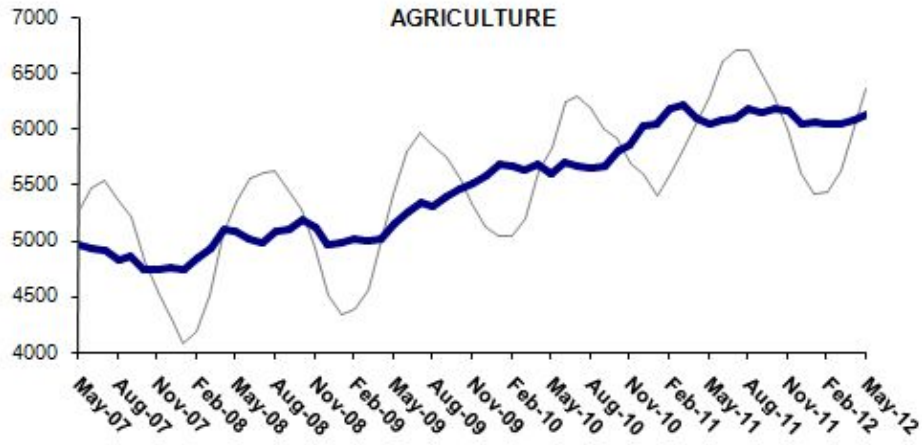
Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
April-09	5012	3985	1234	10526				
May-09	5150	3968	1258	10584	138	-17	24	58
June-09	5251	3981	1284	10637	101	13	27	52
July-09	5335	4037	1303	10698	84	56	18	61
August-09	5304	4064	1308	10750	-31	28	5	52
September-09	5393	4127	1310	10722	89	63	2	-28
October-09	5452	4177	1354	10821	60	50	44	100
November-09	5504	4227	1383	10790	51	50	29	-31
December-09	5576	4293	1404	10792	72	66	20	2
January-10	5675	4302	1382	10781	99	9	-22	-11
February-10	5662	4351	1373	10902	-13	49	-9	122
March-10	5622	4359	1425	11004	-40	7	52	101
April-10	5678	4400	1446	11002	56	42	21	-2
May-10	5587	4472	1423	11058	-90	72	-23	56
June-10	5702	4528	1424	11028	114	56	1	-30
July-10	5670	4538	1462	10958	-32	10	38	-70
August-10	5649	4505	1414	10962	-21	-33	-49	3
September-10	5665	4468	1420	10986	15	-37	6	25
October-10	5803	4484	1440	11059	139	16	19	72
November-10	5856	4648	1507	11019	52	165	67	-40
December-10	6030	4645	1550	11064	174	-3	43	45
January-11	6035	4680	1536	11187	5	35	-14	123
February-11	6185	4689	1579	11355	151	10	44	168
March-11	6205	4829	1605	11291	19	140	25	-64
April-11	6091	4814	1639	11404	-114	-15	35	113
May-11	6037	4764	1674	11448	-54	-50	35	44
June-11	6071	4697	1706	11629	35	-67	31	181
July-11	6093	4683	1708	11631	22	-14	3	3
August-11	6171	4674	1778	11603	78	-9	70	-28
September-11	6139	4693	1787	11701	-32	19	9	98
October-11	6183	4661	1689	11776	44	-33	-97	75
November-11	6159	4690	1655	11943	-24	29	-35	167
December-11	6049	4707	1622	11934	-111	17	-33	-8
January-12	6054	4709	1659	12036	6	3	37	102
February-12	6043	4719	1548	12036	-11	10	-111	0
March-12	6037	4748	1567	12106	-6	28	18	70
April-12	6076	4761	1660	12117	40	13	93	11
May-12	6129	4742	1733	12151	52	-20	73	34

Source: TurkStat, Betam

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.