

Turkey's unemployment rate drops further

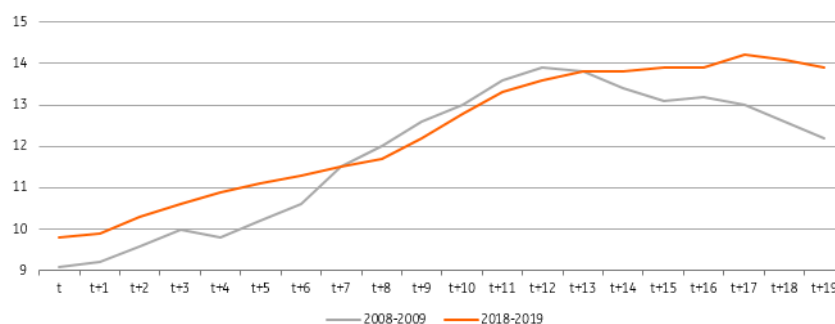
September's unemployment rate declined in Turkey after signs of stabilisation in August on the back of an economic recovery



People walking on the famous Istiklal Street, Istanbul

Turkey's unemployment rate (on a seasonally adjusted basis) showed initial signs of improvement in August with a drop from the highest in the current series which began in 2005 at 14.2% to 14.1%. That downtrend was maintained in September, with a further fall to 13.9% thanks to economic recovery filtering through to the labour market. Accordingly, the number of unemployed people recorded the second monthly drop since Feb-18 in a row, though it's still elevated at 4.55 mn. The monthly decline in the unemployment rate is attributable not only to improving employment generation, but also a marginal decline in the labour force participation rate to 53% from 53.1% a month ago.

Unemployment trends (% , seasonally adj.)

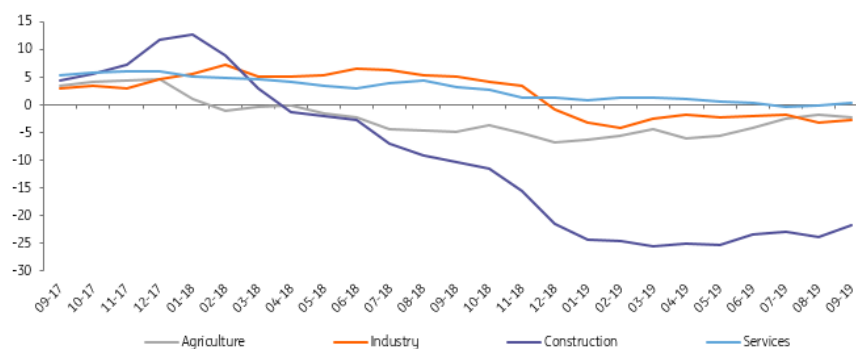


Source: TurkStat, ING

Services were the key driver of employment generation, though September monthly gains in agriculture and construction were also encouraging. The number of new jobs posted in the service sector turned positive in the past twelve months and whether services can maintain this performance will be crucial for the labour outlook. The pace of recovery in the construction sector, which has lost about a third of its jobs since early 2018, will also be important to how the employment picture evolves in the coming months.

The unadjusted unemployment rate came in at 13.8% vs 11.4% in the same month of 2018, while youth unemployment stood at 26.1%, still close to an all-time high.

Job creation by sectors (seasonally adj., % YoY)



Source: TurkStat, ING

Overall, after signals of stabilisation in August, we saw a further decline in the September unemployment rate on the back of economic recovery and support from public sector hirings. The downtrend will likely be sustained in the last quarter with accelerating GDP growth, though the process will take time and remain challenging.

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