

Turkey: A downtrend in unemployment

The unemployment rate seems to be coming down thanks to the economic recovery also finally making its way to the labour market

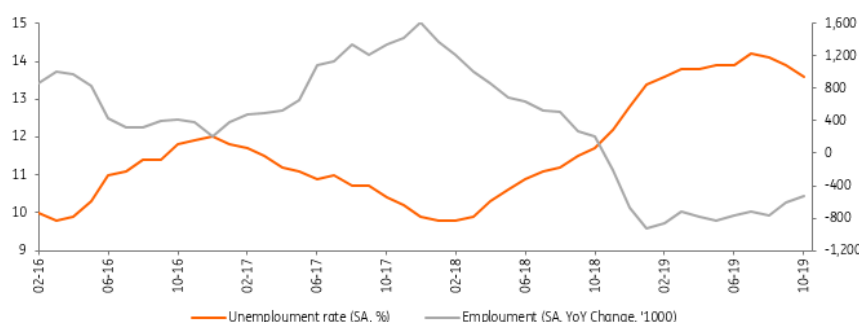


Source: Shutterstock

Unemployment has been showing signs of improvement since early 2018 but was seen stabilising in August and then recovering again in September. However, October data confirms a new downtrend with a drop to 13.6% (on a seasonally adjusted basis) from 13.9% a month ago.

The number of unemployed people recorded the third monthly drop in a row, though remained high at 4.44 million, well above the average seen in 2018. The monthly decline in the unemployment rate is attributable not only to improving job creation but also a relatively muted labour force participation standing at 52.9%, significantly below the all-time high at 53.5%, recorded in late 2018.

Employment Generation & Unemployment Rate

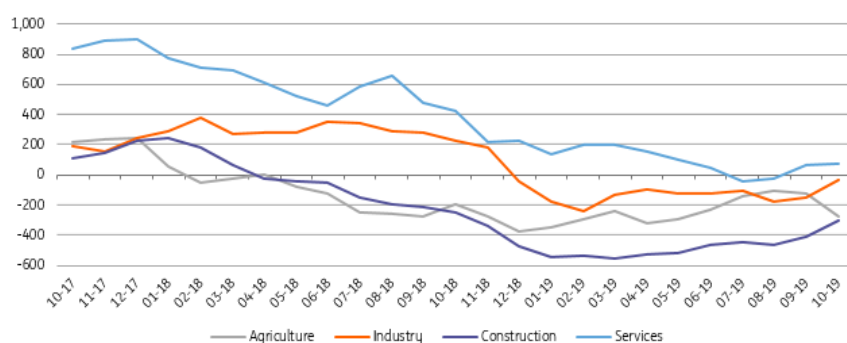


Source: TurkStat, ING

The unadjusted unemployment rate came in at 13.4% vs 11.6% in the same month of 2018, while youth unemployment stood at 25.3%, still close to an all-time high.

In the sectoral breakdown, all non-agricultural sectors contributed to job creation while industry posted the highest monthly gain since February 2014 at 120K, followed by services (49K) and construction (45K). Recovery in construction that received the major hit from the shock in 2018, is also gaining pace with the monthly gain strongest since the end of 2017. Services also maintained strength with the number of new jobs which has been quite positive in the last three months. On the flip side, agriculture has lost 92K jobs - the worst monthly figure since March 2017.

Job creation by sectors (SA, '000, YoY Change)



Source: TurkStat, ING

Overall, improvement in the labour market is now more evident with a downtrend in the making in the last three months on the back of economic recovery and support from public sector hirings. The recovery will continue with accelerating GDP growth, though the process will take time given the challenges the corporate sector has been facing.

Author

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.