

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

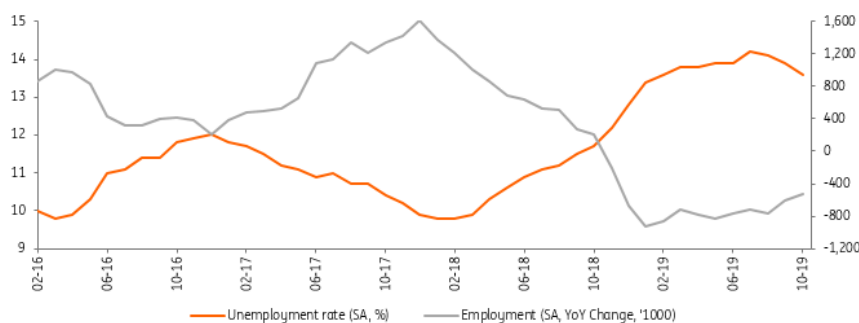


Source: Shutterstock

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

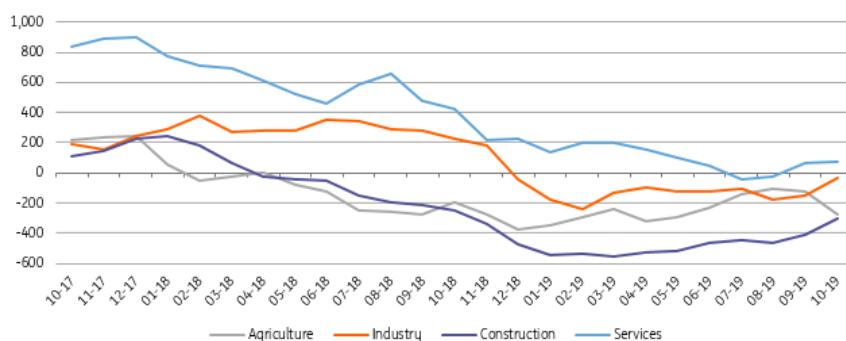


Source: TurkStat, ING

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.

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