

Turkey: August unemployment rate back to recovery

The unemployment rate, at 10.8% in August, returned to the downtrend seen since end-2016, after a flat reading in July.



Source: Shutterstock

10.8% Unemployment rate in August
(Seasonally adjusted)

Unemployment continues downwards

The seasonally adjusted unemployment rate that has seen a downtrend in 1H17, from the highest rate in close to seven years at end-2016 and with moderating pace from 2Q onwards and with a flat reading in July, returned to recovery with a strong drop to 10.8% in August. Despite continuing expansion in the labour force pulling the participation rate to an all-time high at 52.9%, large employment gains in August were behind the favourable unemployment rate. The unadjusted unemployment rate, on the other hand, stood at 10.6%, a sharp decline from 11.3% in the same month of the previous year.

On a sequential basis, job creation at 209K MoM in August (up from 90K a month ago) was driven by services (105K) followed by industry (74K) and construction (59K), while agriculture saw sequential contraction in employment generation at -35K. So, the acceleration in seasonally adjusted employment is attributable to services, recording a strong increase after unexpected contraction in July. The breakdown of the labour data reveals that the youth unemployment rate (SA) and non-agricultural employment have remained elevated, though these dropped sharply in August after four months of range bound figures

Overall, given robust 3Q activity due to improving tourism, accelerating exports and supportive base effects, the labour market conditions continued to ease along with support from government measures and President Erdogan's call for hiring mobilization. However, given the reversal in social security premium cut at end-3Q and expectations of moderation in growth from 4Q onwards, the pace of improvement will likely lose momentum in the period to come.

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