Snap | 10 June 2020 Turkey

# Turkish employment in decline

Unemployment data show that coronavirus economic freeze has started weighing on already challenging labour market conditions



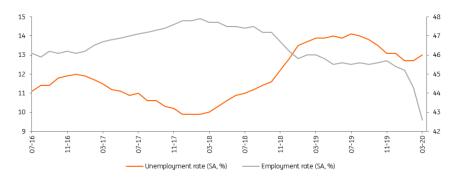
Source: Shutterstock

The Turkish unemployment rate in March in seasonally adjusted terms (including February, March and April) rose to 13% from 12.7% a month ago.

Legislation banning layoffs for 3 months introduced in mid-April, and the presence of February data in the series without the Covid-19 impact and arrival of the pandemic at a relatively later date limited the pace of increase in the March unemployment rate.

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### **Unemployment vs Total Employment**



Source: TurkStat, ING

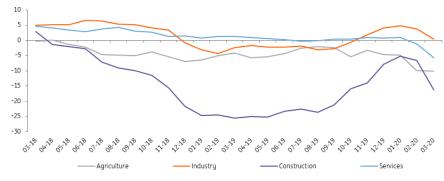
The labour data shows some signals of strain in recent months, indicated by a significant decline in the total number of employed by 1.6 mn since the end of 2019, translating into a plunge in the employment rate to 42.6% from 45.4% in the same period.

Given also a marked contraction in the labour force by 1.9mn (marking a drop in the participation rate to 49% with a return to levels realised in 2013 from 52.2% in December), 1Q unemployment rate at 12.8% on average turned out to be below of the 4Q average. This trend signals that people continue to leave the labour force.

Regarding sectoral breakdown, Covid-19 reflected its toll on services as expected with 694K job losses in March alone followed by construction (202K) and industry (85K), while the impact on agriculture was relatively limited at -21K.

The unadjusted unemployment rate was realised at 13.2% in March vs 14.1% in the same month of 2019, while unadjusted labour force participation was realised at 48.4% comparing with 52.9% a year ago.

## Job creation by sectors (SA, % YoY)



Source: TurkStat, ING

Overall, coronavirus economic freeze has started weighing on already challenging labour market conditions, while the legislation introducing restrictions regarding dismissals until mid-July (likely to be extended by another three months until October) and reparations by the government for an economic package to boost employment should help relieve some of

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the pains in the labour market.

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