

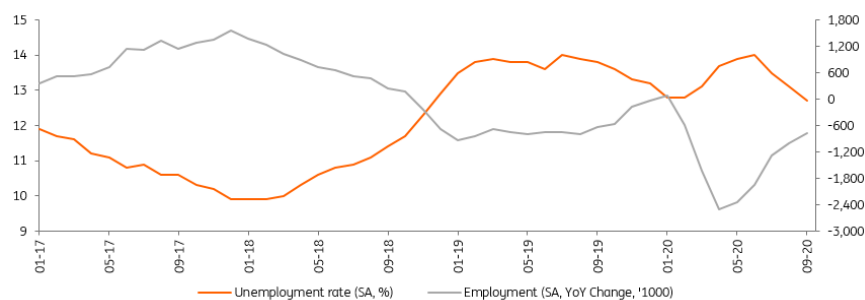
Turkey's unemployment dips in September

Turkish unemployment numbers continue to improve but the second wave of lockdown is likely to end this recovery trend



People walking on the famous Istiklal Street, Istanbul

Unemployment rate vs Total employment



Source: TurkStat, ING

Turkey's unemployment rate (in seasonally adjusted terms) in the August–October period stands at 12.7% in the 15–64 age group, down from the previous figure at 13.1%.

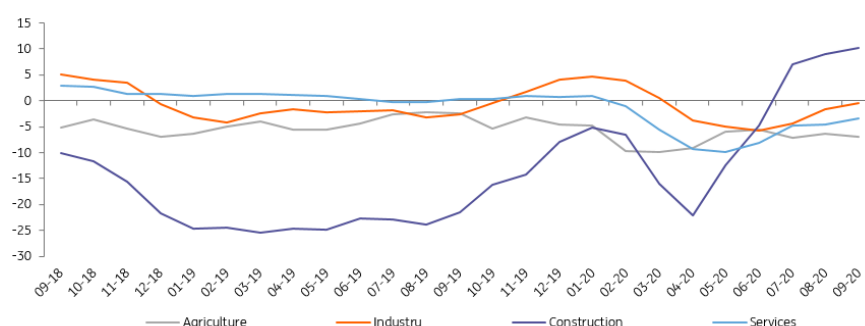
According to the latest data released by TurkStat, the statistical agency, the latest rate is the

lowest this year thanks to continuous improvement since May as the first wave of lockdowns eased. The improvement in employment and labor force participation rates in recent months suggests there is an underlying recovery taking place in the labor market. This is despite the slowdown seen in the latest 3-month period.

The sector breakdown shows that services recorded the highest number of job openings with 191K jobs in September, followed by industry at 57K and construction at 15K, showing a rapid recovery on the back of surging housing demand with lower rates and higher available financing in recent months. Employment in agriculture, on the other hand, dropped by 37K.

The unadjusted unemployment rate came in at 12.7% vs 13.8% in the same month of 2019, while unadjusted labour force participation was 50.5% in comparison to 53.5% a year ago.

Job creation by sectors (SA, YoY%)



Source: TurkStat, ING

Given the lockdowns in November, employment and labour force participation are likely to be adversely impacted, although seeing these changes in the headline rate will take time.

Against this backdrop, the downwards trend in the unemployment rate will likely come to an end with increasing upward pressures. Extension of the short-time work scheme and restrictions regarding dismissals until mid-2021 should ease some pains for households.

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