

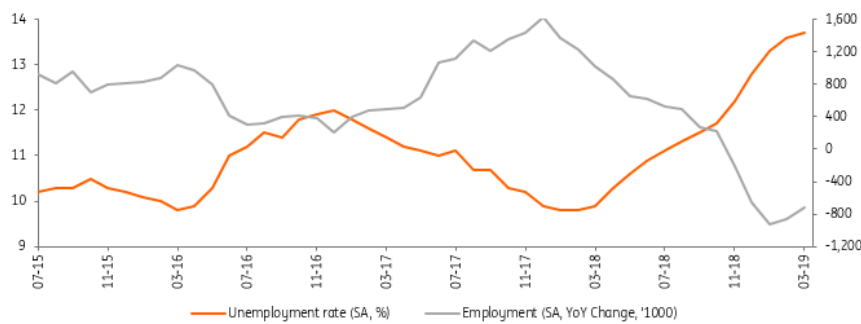
# Turkey: More positive signs from the job market

The seasonally adjusted unemployment rate has slightly increased to 13.7% in March, but the pace of the increase has lost momentum amid supportive government actions and recovering economic activity



Source: Shutterstock

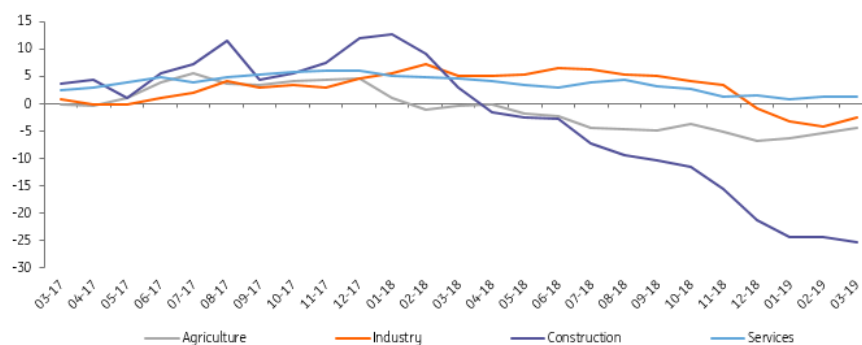
## Employment Generation & Unemployment Rate



Source: TurkStat, ING Bank

The pace of increase in Turkey's unemployment rate (on seasonally adjusted basis) lost further momentum in March, with just a small increase to 13.7% (though still the highest since the global financial crisis) from 13.6% a month ago. This follows a rapid rise between October and January, from 11.7% to 13.3%. Employment generation has turned positive in the last two months, standing at 72K in March thanks to 1) agriculture posting 78K job gains 2) industry employment rising to 94K for the first time, after six months of contraction 3) Employment growth in services to 37K after a strong 108K in February. On the flip side, construction has continued to see job losses for 14 straight months, at -53K in March.

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



Source: TurkStat, ING Bank

Despite some positive developments, the unemployment rate (on seasonally adjusted basis) continued to move higher- a trend in place throughout the whole of 2018. Labour force participation (SA), which fell from an all-time high of 53.5% in the final quarter of 2018, rose in February and again in March to 53.3%. The unadjusted unemployment rate came in at 14.1% vs 10.1% in the same month of 2018.

Overall, unemployment data hints at some further recovery in the labour market. Sequential economic growth has rebounded following three quarters of contraction and government actions have helped, including additional subsidies to the social security contributions of large firms. However, employment conditions will likely remain challenging in the near term. It is not yet certain that the 1Q performance can be sustained given renewed volatility in financial markets in 2Q as well as political and geopolitical issues, which signal some downside risks to the recovery.

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