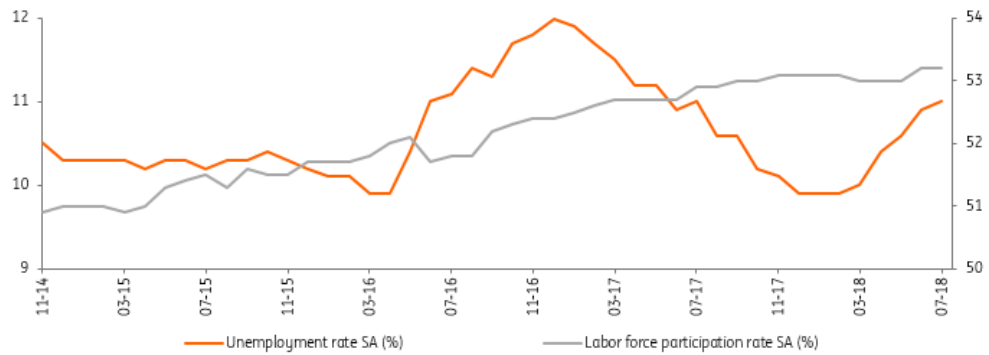


17 September 2018
Snap

Turkey: Signals of strain in labour market

After being stagnant in early 2018, the seasonally-adjusted unemployment rate has changed direction, rising from 9.9% in February to 10.9% in June

Unemployment vs Participation Rate in SA terms



Source: TurkStat, ING Bank

The seasonally-adjusted (SA) unemployment rate that remained relatively flat in the early months of 2018 has shown growing strain, with an increase to 10.9% in June- the highest in a year. The deterioration in the unemployment rate from 10.6% a month ago shows that the labour market is failing to keep up with the growing labour force. Meanwhile, the participation rate has jumped to an all-time high of 53.2%, even as employment has increased. The unadjusted unemployment rate, on the other hand, was 10.2%, unchanged from the same month of the previous year, showing that annual employment generation has been losing pace, which supports the view of worsening conditions in the labour market.

On a sequential basis, job creation in June turned positive after two months of contraction, driven by services and industry while agriculture and construction were drags. The 12-month rolling employment generation shows momentum loss in all sectors with the exception of industry, which is likely attributable to government incentives this year for employment, especially in SMEs and the manufacturing sector.

We expect the deterioration in labour market conditions to remain in place given that growth is losing significant momentum, likely turning negative on a sequential basis in 3Q.

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