

Turkey: Unemployment near 10-year high

The unemployment rate (SA) in Turkey rose in December to the highest level since September 2009, as job creation lost momentum amid a deeper rebalancing in the economy



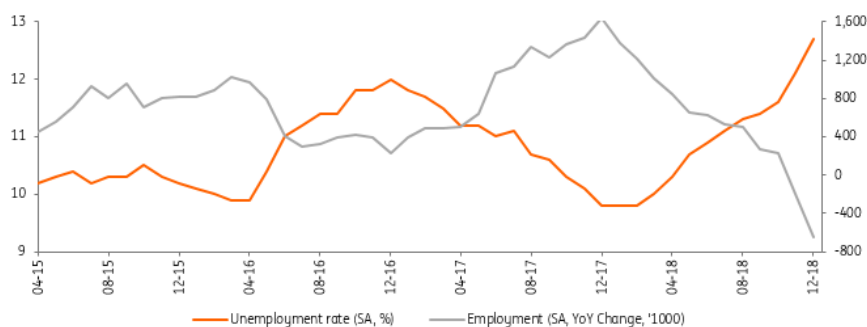
12.7%

Unemployment rate

(in December, seasonally adjusted)

The upward trend in Turkey's unemployment rate gathered pace in December, with the seasonally adjusted (SA) figure jumping to 12.7%, the highest since September 2009, from 12.1% a month ago. The labour force participation rate (SA) inched down to 53.1% from 53.4% in November, the lowest since May. The non-agricultural unemployment rate (SA) has also risen from 11.7% in February last year to 14.9% at the end of 2018.

Employment Generation & Unemployment Rate

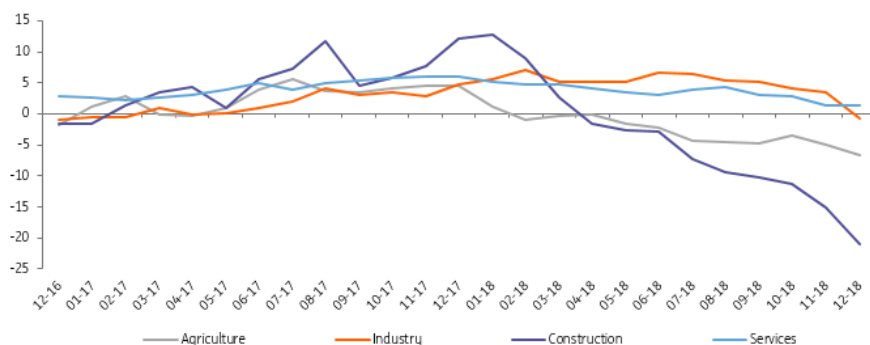


Source: TurkStat, ING Bank

Employment generation, which turned negative in November on annual basis, weakened further in December, with a 2.3% decline over the same month of 2017. A significant loss of momentum in job generation is attributable to the impact of business cycle conditions.

The unadjusted unemployment rate jumped to 13.5%, the highest in the last nine years, marking the sixth year-on-year increase in a row.

Job creation by sectors (SA, % YoY)



Employment growth in all sectors has lost significant momentum in recent months, turning negative on annual basis, with the exception of services, while employment in the construction sector contracted more than 20% YoY in December. Until recently,

Until recently, job growth in industry and services had compensated for losses in construction employment. But losses in industry and increasingly weaker job generation in services mean that's no longer the case and labour market conditions are set to deteriorate further in the period ahead. On a positive note, a number of stimulus measures for companies (i.e. social security premium support for new employment provided by the government) will likely ease the pressure in the labour market to some extent.

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