

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



Source: shutterstock

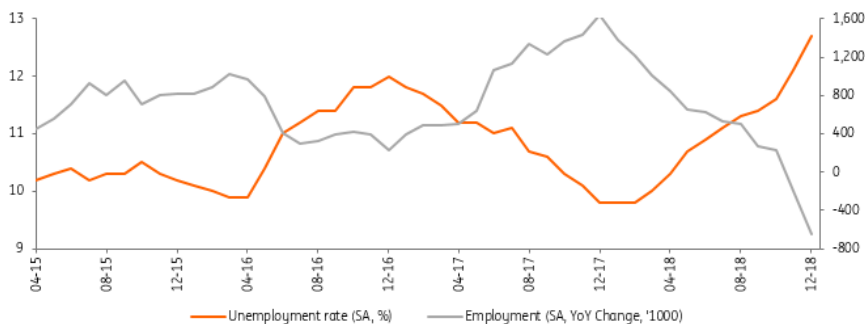
12.7%

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

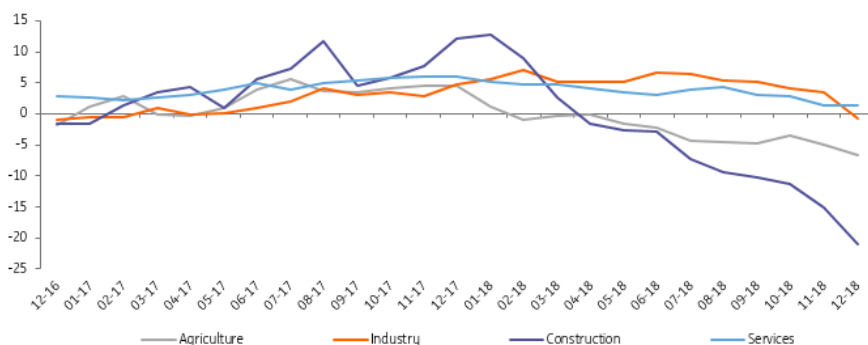


Source: TurkStat, ING Bank

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.

Author

Muhammet Mercan

Chief Economist, Turkey

muhammet.mercan@ingbank.com.tr

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.