

Turkish unemployment edges higher in April

The seasonally adjusted unemployment rate marginally increased to 13.8% in April. However, the data hints at continuing strains in the labour market

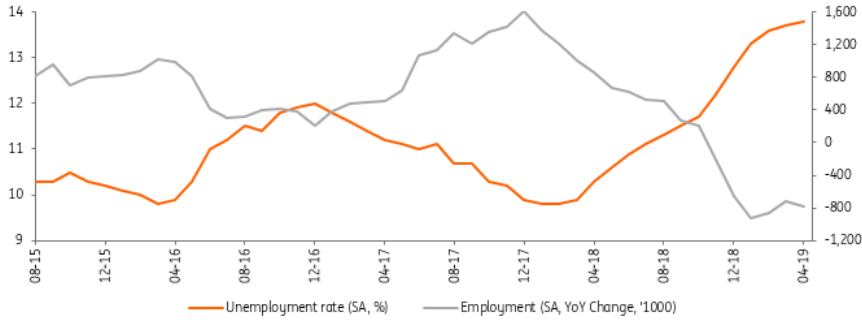


Source: Shutterstock

The slower pace of increase in the unemployment rate, on a seasonally adjusted basis, continued in April with a marginal change to 13.8% from 13.7% a month ago.

This is attributable to the drop in labour force participation from an all-time high, despite the employment loss from agriculture, and to a lesser extent construction and services sector, while the industry managed to generate new jobs in April.

Employment generation and unemployment rate



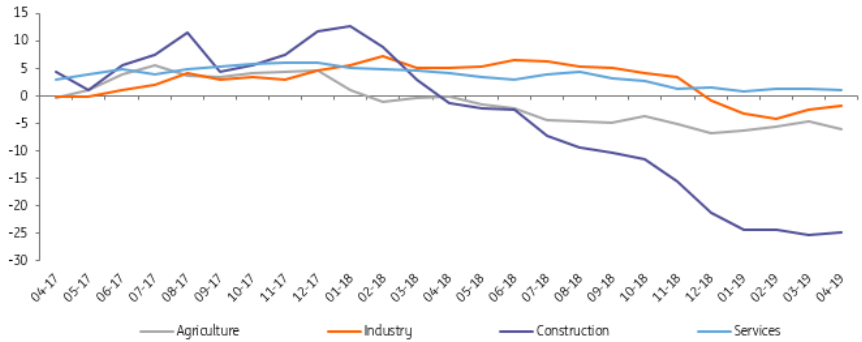
Source: TurkStat, ING Bank

The breakdown shows construction has lost a quarter of the share of employment it provided in the last 12 months given the August 2018 financial hit this industry most, while employment generation in services has maintained positive growth in the same period, albeit at a slower pace in recent months.

Accordingly, the share of construction in the total employment has declined significantly to a mere 5.6% in April, whereas the ratio for services has risen to an all-time high to 56.6%

On the other hand, the unadjusted unemployment rate came in at 13.0% vs 9.6% in the same month of 2018.

Job creation by sectors (SA, % YoY)



Source: TurkStat, ING

Overall, unemployment data hints at continuing strains in the labour market, though to a much lesser extent than in August 2018, given the support from the government subsidy to social security contributions of large firms and recovering activity.

However, employment conditions are likely to remain challenging in the near term given still sub-par economic performance.

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