

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

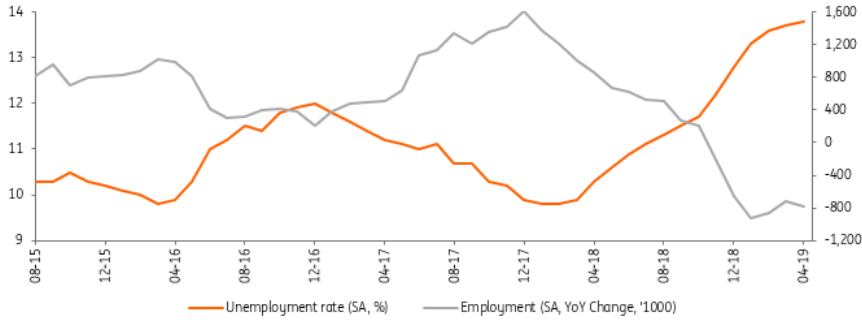


Source: Shutterstock

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



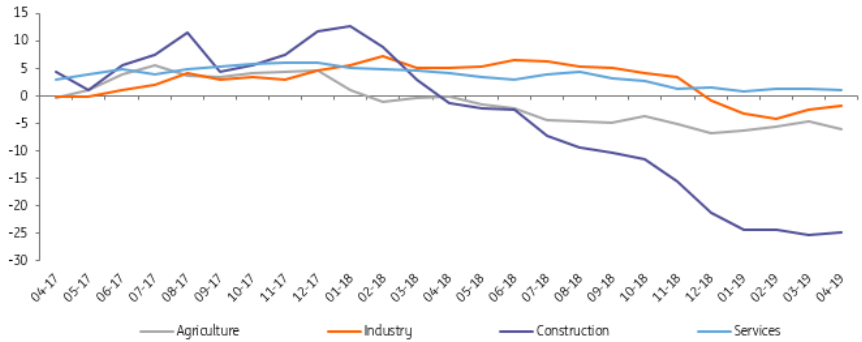
Source: TurkStat, ING Bank

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.

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>.