

## Turkey: Unemployment rate changing direction

After being stagnant in 1Q18, the seasonally adjusted unemployment rate is changing directions with a jump to 10.3% in April, from 9.9% a month ago

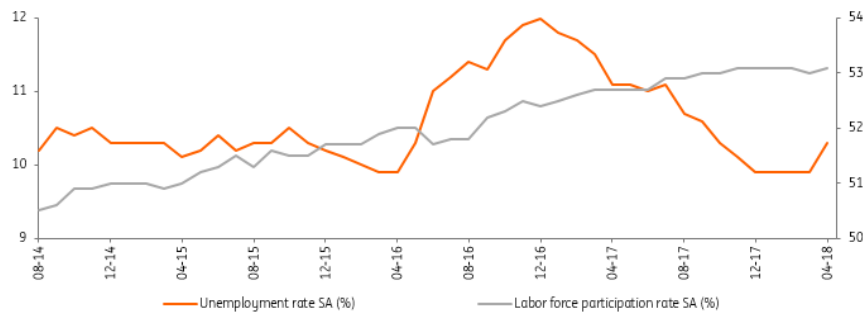


The seasonally adjusted unemployment rate that came down from 12.0% to below the 10% threshold in 2017 and remained stagnant this year in the first quarter is now showing initial signs of strain in the labour market with an increase to 10.3% in April from 9.9% in March.

Deterioration in the unemployment rate is attributable to a slight increase in the seasonally-adjusted labour force participation rate to 53.1% - an all-time high, from 53.0% a month ago, but it has been at these levels for the last eight months. Secondly, a decline in unemployment likely attributable to momentum loss in the activity.

The unadjusted unemployment rate, on the other hand, turned out to be 9.6%, showing a decline from 10.5% in the same month of the previous year.

## Unemployment vs Participation rate in SA terms

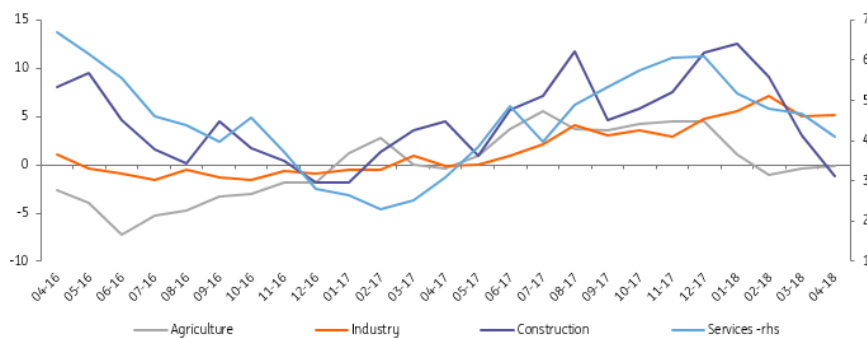


Source: TurkStat, ING Bank

On a sequential basis, job creation in April was negative (as was the case in March) as agriculture and construction turned out to drag more than offsetting new employment in industry and services.

The 12-month rolling employment generation by sectors show momentum loss in construction and services, though the industry has remained healthy, given government incentives this year for employment especially in small-medium enterprises and manufacturing sector.

## Job creation by sectors (SA, % YoY)



Source: TurkStat, ING Bank

Given the recent financial volatility and likely acceleration in the rebalancing of the Turkish economy, labour market conditions will tighten in the period ahead with upside pressure on the unemployment rate.

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