

Turkey: Unemployment rate flat in February

After significant improvement in 2017, the unemployment rate shows signs of moderation. Given ongoing volatility and softening macro performance, the improvement in the labor market is likely to be less pronounced in 2018



Source: Flickr

9.8%

Unemployment rate

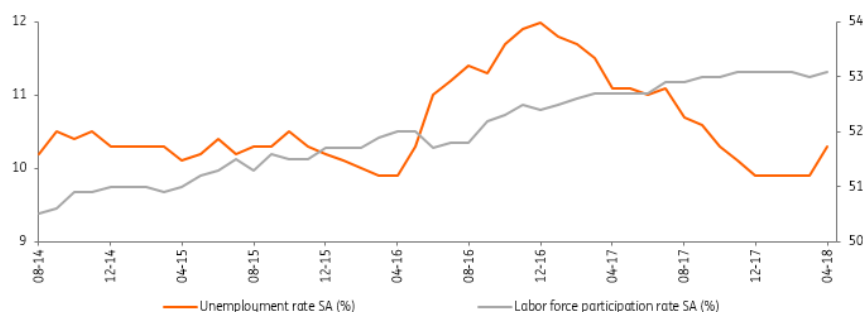
(seasonally adjusted)

The seasonally adjusted unemployment rate declined to the single digit territory at 9.9% in December 2017. With a significant downtrend during 2017, this has lost some momentum and after this year, being flat in February at 9.8% after a minor improvement a month before.

The labor participation rate stood at 53.2%, roughly stagnant in the last three months. The unadjusted unemployment rate, on the other hand, turned out to be 10.6% showing a marked

decline from 12.6% in the same month of the previous year, thanks to 1.2mn new job generation, above the 0.7million expansion in the workforce.

Unemployment vs participation rate in SA terms

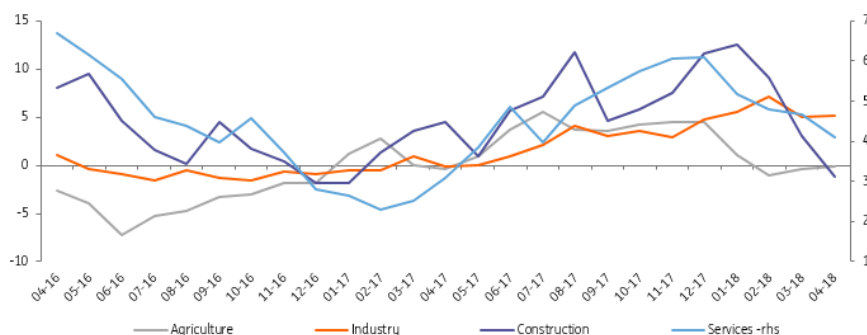


Source: TurkStat, ING Bank

On a sequential basis, job creation in February was driven by industry (60K) and services (49K). While construction remains broadly unchanged, agriculture has witnessed employment loss (-71K).

It should also be noted that annual job generation has started losing pace in recent months with the exception of the industry that is likely attributable to government support, especially in SMEs and the manufacturing sector.

Job creation by sectors (SA, % YoY)



Source: TurkStat, ING Bank

Given the ongoing market volatility and softening macro performance, the improvement in labor market conditions will likely be less pronounced in comparison to the last year.

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