

Turkey: Unemployment trend less steep in February

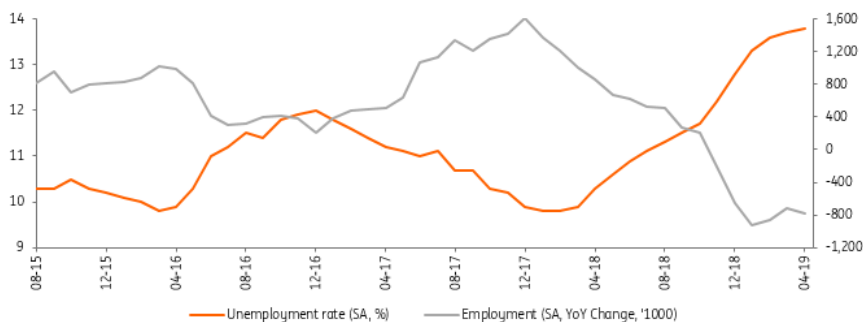
Momentum in the unemployment rate (SA) decelerated in February, thanks to supportive government actions and recovering economic activity in 1Q



Shoppers in Istanbul

The unemployment rate (on a seasonally adjusted basis) continued to rise in February, hitting 13.6%, the highest level since mid-2009. The jobless rate has been rising since early 2018 amid an ongoing adjustment process in the economy. However, the pace of increase, which accelerated in the previous three months, lost some momentum even though the labour force participation (SA) rate rose in February to 53.2% from 53.0% in January (it hit an all time-high of 53.5% in the last quarter of 2018). The trend in the non-agricultural unemployment rate (SA) was also less steep, increasing to 15.8% from 15.5% a month ago.

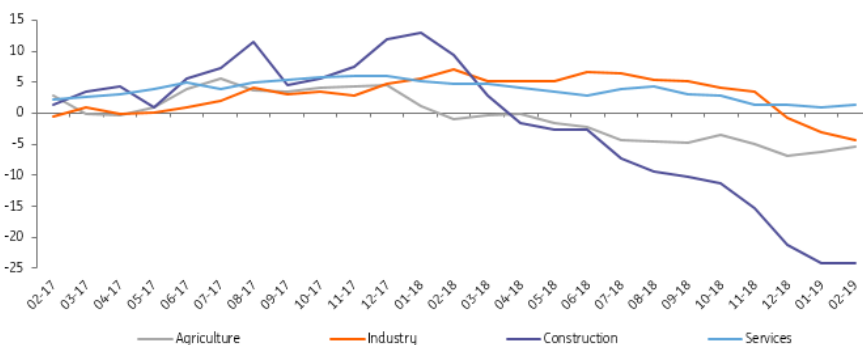
Employment Generation & Unemployment Rate



Source: TurkStat, ING Bank

According to the sector breakdown, annual job losses declined to 858K in February from 920K (in SA terms) in January, reflecting an increase in monthly employment driven by services (+108K), while employment losses in industry (-4K) and construction (-14K) were less severe.

Job creation by sectors (SA, % YoY)



Source: TurkStat, ING Bank

Still, the unadjusted unemployment rate came in at 14.7%, the highest in the last 10 years.

Overall, unemployment data hints at some moderation in labour market strains thanks to government actions, i.e. additional subsidies to social security contributions of large firms and recovering activity in 1Q- as confirmed by the stabilisation in industrial production. However, employment conditions will likely remain challenging in the near term, with continuing downside risks to the economic recovery.

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