

Turkey: Unemployment at lowest since early 2016

The Turkish unemployment rate continues its downtrend with a further drop in the seasonally-adjusted figure to 10.1% in Nov-17, the lowest since Apr-16



Source: Shutterstock

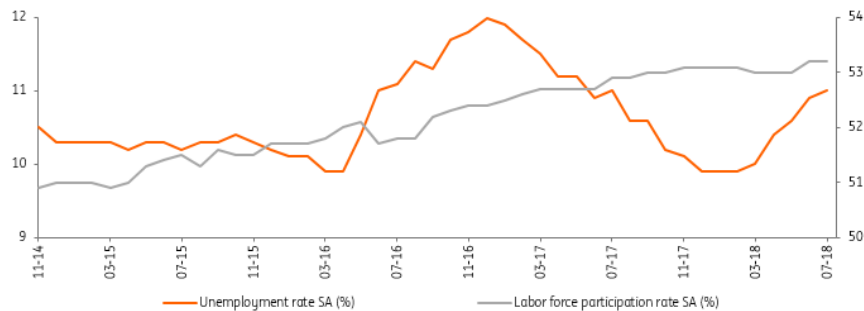
10.1% Unemployment Rate
(seasonally adjusted, November)

Turkey's seasonally-adjusted (SA) unemployment rate has been in a downtrend since the end of 2016 when it hit 12.0%, the highest rate since early 2010. In November, it fell further to 10.1%. That's the lowest since Apr-16 and down from 10.3% a month earlier. The latest monthly improvement is attributable to further employment gains of 143K (SA) despite a continuing increase in the labour force participation rate (SA), which is at an all-time high of 53.2%.

The unadjusted unemployment rate stood at 10.3%, showing a sharp decline from 12.1% in the

same month of the previous year. So, the Turkish economy managed to generate more than 1.4mn jobs in a year.

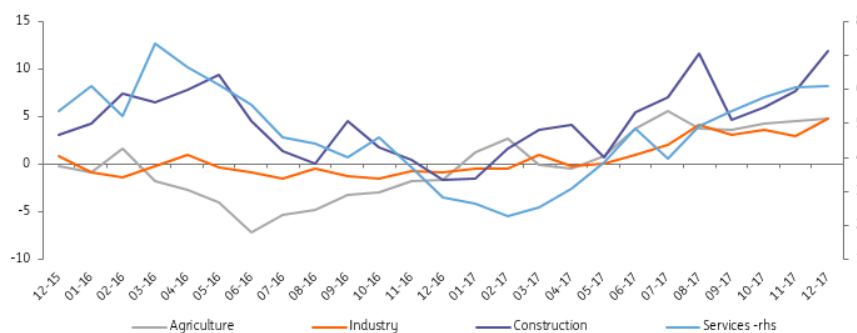
Unemployment vs Participation rate in SA terms



Source: TurkStat, ING Bank

On a sequential basis, job creation in November was driven by services (87K) and construction (35K) followed by agriculture (21K), while construction remained flat. So, the acceleration in seasonally-adjusted employment is attributable to services recording strong increases last year, with the exception of an unexpected contraction in July. The breakdown of the labour data reveals that the youth unemployment rate (SA) and non-agricultural employment (SA) have also dropped sharply.

Job creation by sectors (SA, % YoY)



Source: TurkStat, ING Bank

According to the Social Security Institution data for November, the number of compulsory insured recorded a significant 7.2% YoY increase, showing a significant bounce last year after a relatively weak performance in 2016, while the change turned out to be slightly negative at -0.61% sequentially. On an annual basis, education stood out with the highest loss, while construction, tourism and trade-related activities have improved significantly.

Overall, notwithstanding the continuing uptrend in labour force (SA) participation, employment has remained on an improving path thanks to employment incentives via cuts in social premiums, in new hirings and other forms of tax incentives. In 2018, additional steps by the government to support employment in SMEs and the manufacturing sector focusing especially on female and youth employment as well as new incentives to boost investments will likely further improve

labour market conditions.

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