

## Turkish unemployment inches lower to 13.9%

Turkey's seasonally adjusted unemployment rate has been increasing since early 2018 but dipped marginally in June to 13.9% despite the slightly higher labour force participation



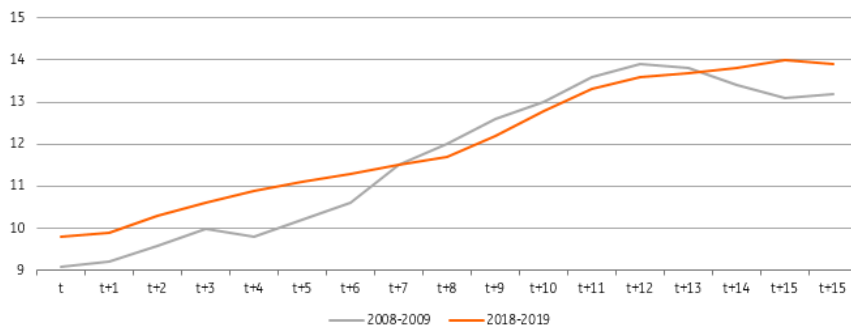
Source: Shutterstock

Turkey's labour market data shows the unemployment rate remains close to the peak realised after the global financial crisis at 14.0%, though it did slightly improve to 13.9% in June.

This is attributable to 100K job generation (the highest monthly reading since end-2017), most likely assisted by one of the better tourism seasons of the decade. June employment gains absorbed a large portion of labour force growth (driven by an increase in the participation rate to 52.9%), though still below the all-time high level of 53.5% realized in late 2018.

It should be noted that the number of unemployed people - over 4.5 million continues to increase.

## Unemployment trend (%)

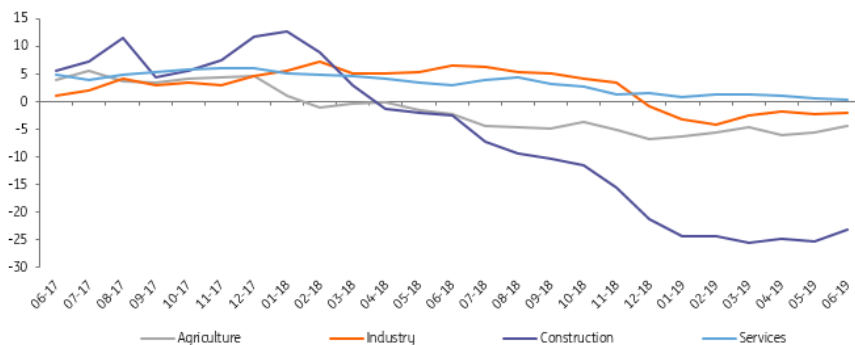


Source: TurkStat, ING

The detailed breakdown shows all sectors, except services, contributed to the monthly employment gains. On one hand, construction that lost almost a third of the employment it provided since the beginning of 2018, recorded a growth in June at 12K. This is also the case for agriculture that recorded almost 10% contraction in employment in the same period turned to positive with 25K new jobs. Industry was among the good performers with 70K employment addition. On the other hand, services having more than 56% share in the total employment that maintained positive YoY growth rate since the start of the labour market pressures witnessed a 7K monthly decline in employment albeit at a slower pace.

The unadjusted unemployment rate was 13.0% vs 10.2% in the same month of 2018.

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



Source: TurkStat, ING

Unemployment data hints at continuing strains in the labour market, though things are much better after the significant deterioration in 2018, given the government has added 10.6% more to public payrolls over the last 12 months, which now reach 4.57 million or almost 14% of the active workforce. Government subsidy to social security contributions of large firms and recovering activity has also helped absorb the ongoing pressure.

Going forward, employment conditions should gradually improve given the recovery momentum, but the process is likely to be slow and remains challenging in the near term.

## Author

### Muhammet Mercan

Chief Economist, Turkey

[muhammet.mercan@ingbank.com.tr](mailto: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>.