

Turkish unemployment: Back on the rise

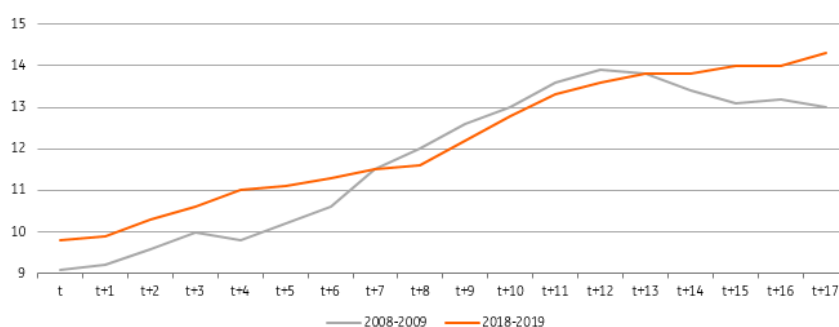
After a temporary break in June, Turkish unemployment has begun to climb back up showing that pressures in the labour market haven't really abated



Seasonally adjusted Turkish unemployment has been on a rising trend since the beginning of 2018 from single digits to 14.3% as of July 2019 - the highest in the current series starting in 2005.

The monthly increase from 14.0% is attributable to continuing expansion in the labour force with a further rise in the participation rate to 53.1%, and sluggish employment generation without any meaningful change in the total number of employed people in July. It should be noted that the number of unemployed people, over 4.68 million people remains on an uptrend vs 3.14 million in February 2018.

Unemployment trend (%)



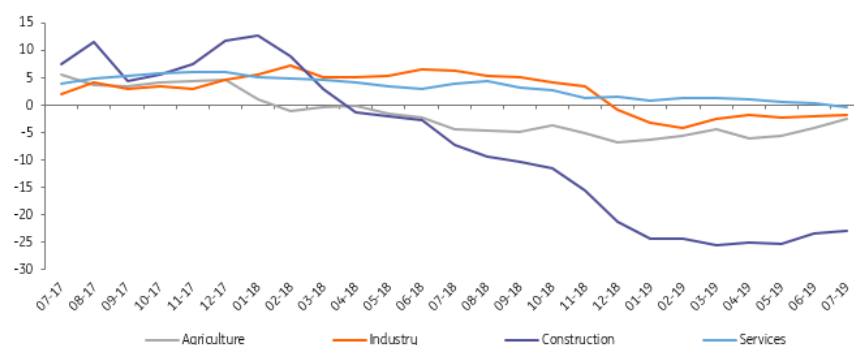
Source: TurkStat, ING

The breakdown shows agriculture recording 67K job generation more than offset the contraction in non-agricultural sectors driven by construction (-34K), while industry posted -16K job losses.

Despite one of the better tourism seasons of the decade, employment in services also dropped by -15K, turning to negative on a 12M rolling basis. That was not the case even during the global crisis.

It is worth noting that the construction sector that showed employment gains in June for the first time since the strains in the labour market lost almost a third of the employment it provided in one and a half year. The unadjusted unemployment rate was realised at 13.9% vs 10.8% in the same month of 2018.

Job creation by sectors (SA, % YoY)



Source: TurkStat, ING

Overall, the positive signals in June proved to be temporary and unemployment started rising again in July showing that labour market pressures have not abated despite the sharp increase in public payrolls over the last 12 months.

Going forward, employment conditions should gradually improve given recovering economic activity although the process will take time and remain challenging in the near term.

Author

Muhammet Mercan

Chief Economist, Turkey

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>.