

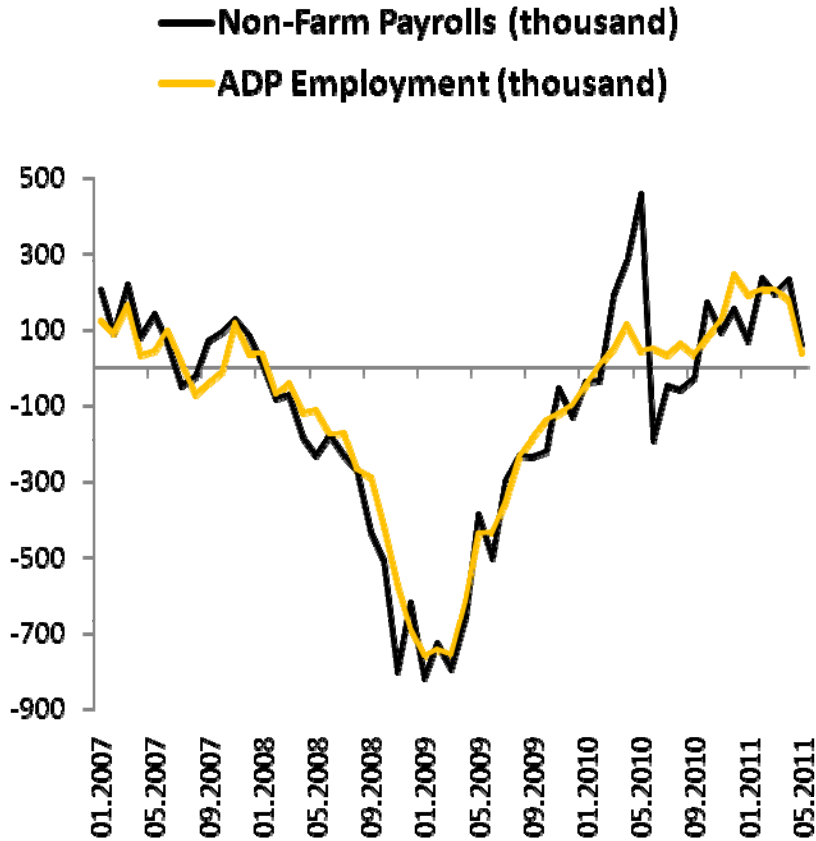
# VAKIFBANK GLOBAL ECONOMY WEEKLY

## Job Market is Still Weak



T. Vakıflar Bankası T.A.O

# Latest employment data in US caused disappointment...

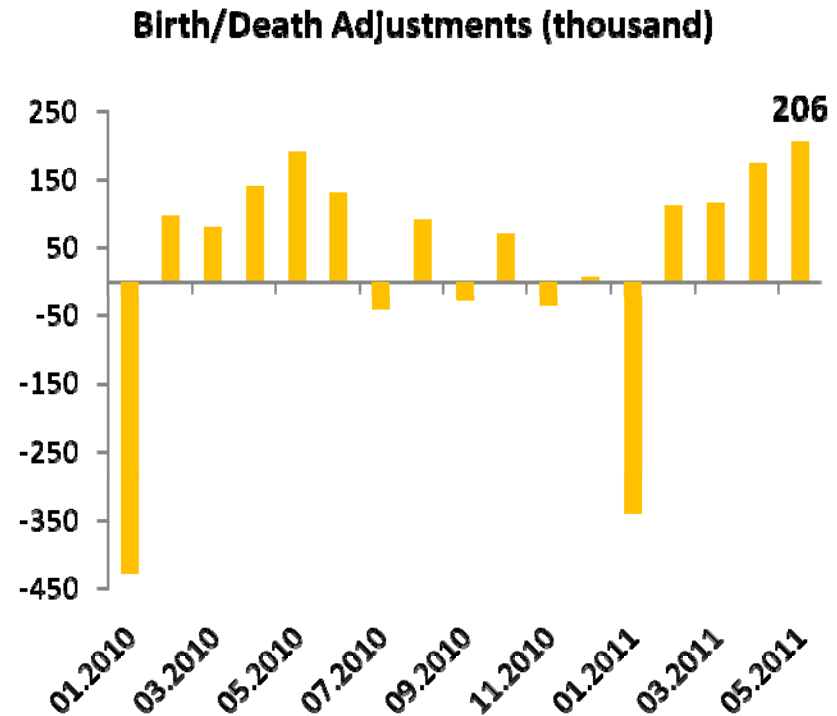


Source: Bloomberg

- Latest employment data in US have increased concerns about the economic recovery and have raised the negative comments about the success of Quantitative Easing programme and tax-cut policies.
- Unemployment rate increased to 9.1% in May.
- Nonfarm payroll employment changed little, it increased only 54,000 in May and private sector employment (ADP) increased only 38,000.
- These were well below expectations for both nonfarm payroll jobs and ADP employment.

## Birth/Death adjustment was 206,000 in May...

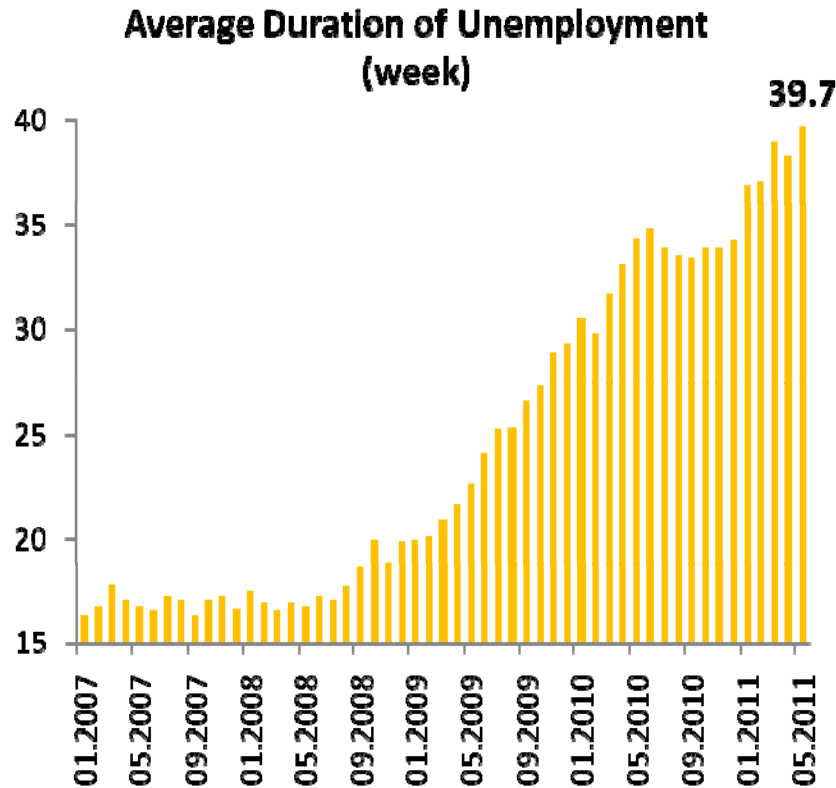
- ✎ The US economy only created 54,000 jobs in May.
- ✎ However, when the birth/death adjustment of 206,000 is taken into account ( $54 - 206 = -152$ ), the real job creation is -152,000. In other words, there is a job loss.
- ✎ May birth/death adjustment was the biggest monthly adjustment within the last four years.



Source: Bloomberg

- ✎ In the local governments employment continued to decline by 28,000 in May.
- ✎ Moreover, employment in manufacturing sector decreased by 5,000. Decreasing employment in manufacturing sector increased the concerns about the economic recovery in US.

# Average duration of unemployment hit 39.7 weeks...



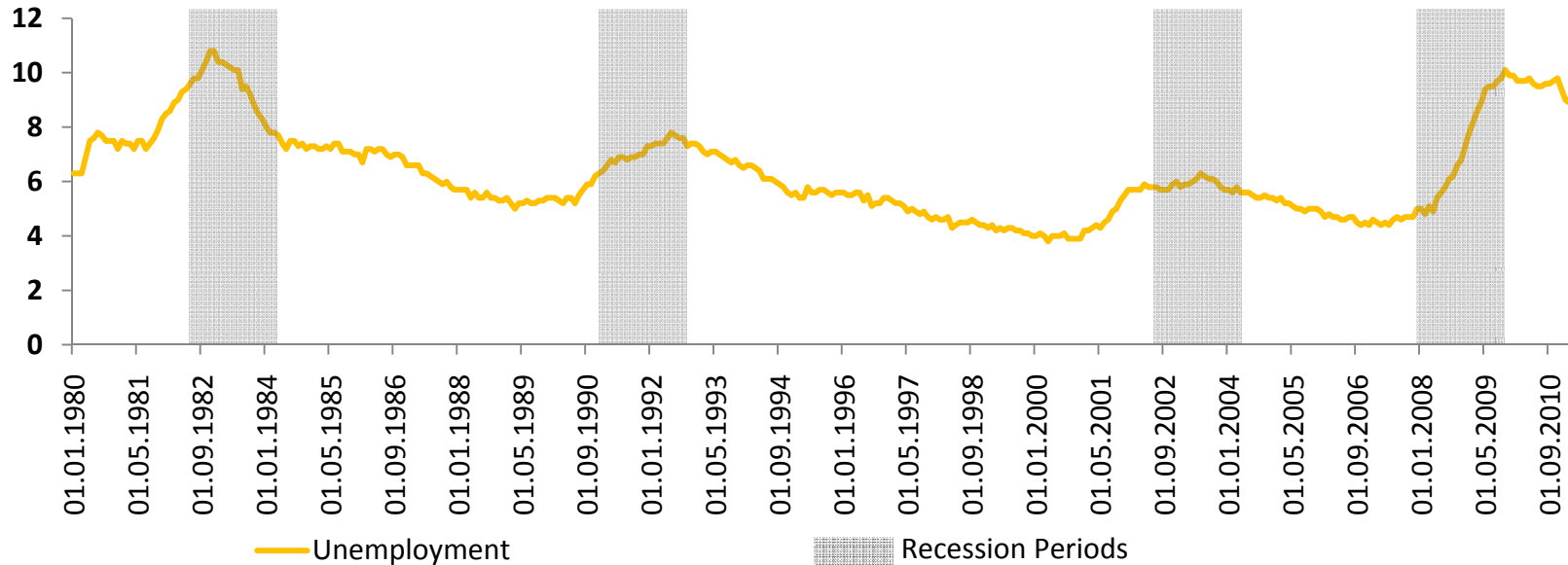
Source: Bloomberg

- ✎ In May average duration of unemployment rate raised to 39.7 weeks which is so high as unobserved even in the crisis period.
- ✎ Rate of the people unemployed for 27 weeks and more in the total unemployed people increased sharply in May. It raised to 45.1% and it was also not seen even in the crisis period.
- ✎ The number of persons employed part time for economic reasons was essentially unchanged in May at 8.5 million. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job. These people show the unemployment less than the real.

# Recovery of unemployment after recession...



### Unemployment and Recession Periods of USA



- ✓ Recovery process in the job market was similar in recession period U.S. experienced over the last thirty years .
- ✓ Last three recessions in the USA, unemployment rate return to former levels in five years.
- ✓ Although the monthly deterioration at the labor force data during recession periods seen in 1980, 1991 and 2001, it can be seen that the recovery is continuing.
- ✓ The last data which released recently displays negative scene, but it is too early to say that the recovery period end.

## Non-farm Payroll and Financial Markets (1)...



Non-farm Payroll and Financial Markets						
	Non-farm Payroll			Percentage Change Following 3 Days.		
	Actual	Survey	Difference	Dow Jones	EUR/USD	Oil
<b>Temmuz 10</b>	-192	-130	-62	4.67	0.57	5.36
<b>Ağustos 10</b>	-49	-65	16	-2.58	-3.14	-2.83
<b>Eylül 10</b>	-59	-105	46	-0.31	-1.36	0.15
<b>Ekim 10</b>	-29	-5	-24	0.81	0.16	0.47
<b>Kasım 10</b>	171	60	111	-0.76	-1.77	0.55
<b>Aralık 10</b>	93	150	-57	-0.08	-1.13	0.09
<b>Ocak 11</b>	152	150	2	0.69	1.74	3.70
<b>Şubat 11</b>	68	146	-78	1.22	1.12	0.17
<b>Mart 11</b>	235	195.5	39.5	0.36	-0.56	0.28
<b>Nisan 11</b>	194	190	4	0.40	0.66	1.02
<b>Mayıs 11</b>	232	185	47	-0.07	-0.87	1.02
<b>Haziran 11</b>	54	165	-111	-0.84	-0.36	0.52

## Non-farm Payroll and Financial Markets (2)...



- ❑ Poor non-farm payrolls data cause an increase in concern over the state of the U.S. economy. The non-farm payrolls report showed the weakest growth in jobs since last September and a rise of 0.1% in unemployment since April.
- ❑ The dollar immediately sank in the wake of weak job releases. But because of the many concern on European countries EUR/USD fall again.
- ❑ The Dow Jones Industrial Average made further declines at the end of previous Friday near 100 points. This triggered heavy selling early in the day across the US markets.
- ❑ Weak non-farm payrolls report adds pressure on oil prices immediately. Days following oil prices have started to rise again. Despite growth expectation affect to oil prices, speculation is more important for oil prices.

Serkan Özcan  
Chief Economist  
+ 90 312 455 7087  
[serkan.ozcan@vakifbank.com.tr](mailto:serkan.ozcan@vakifbank.com.tr)

Cem Erođlu  
Senior Economist  
+ 90 312 455 8480  
[cem.eroglu@vakifbank.com.tr](mailto:cem.eroglu@vakifbank.com.tr)

Ümit Ünsal  
Economist  
+ 90 312 455 8418  
[umit.unsal@vakifbank.com.tr](mailto:umit.unsal@vakifbank.com.tr)

Fatma Özlem Kanbur  
Researcher  
+ 90 312 455 8482  
[fatmaozlem.kanbur@vakifbank.com.tr](mailto:fatmaozlem.kanbur@vakifbank.com.tr)

İbrahim Taha Durmaz  
Researcher  
+ 90 312 455 8493  
[ibrahimtaha.durmaz@vakifbank.com.tr](mailto:ibrahimtaha.durmaz@vakifbank.com.tr)

T. Vakıflar Bankası T.A.O  
Atatürk Bulvarı No: 207  
Kavaklıdere 06683 Ankara, Turkey  
[www.vakifbank.com.tr](http://www.vakifbank.com.tr)

Vakıfbank Economic Research  
[ekonomik.arastirmalar@vakifbank.com.tr](mailto:ekonomik.arastirmalar@vakifbank.com.tr)

---

The information in this report has been obtained by Türkiye Vakıflar Bankası T.A.O. from sources believed to be reliable. However, Türkiye Vakıflar Bankası T.A.O. cannot guarantee the accuracy, adequacy, or completeness of such information, and cannot be responsible for the results of investment decisions made on account of this report. This document is not a solicitation to buy or sell any of the securities mentioned. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice. This report is to be distributed to professional emerging markets investors only.

---