

## **Sahm Rule as an Economic Recession Indicator: A Study on Türkiye**

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### **Abstract:**

Economic recessions, which are inevitable parts of economic life, can lead to greater damage to the economy by further reducing economic activities and confidence if the appropriate policies are not implemented in a timely manner. For this reason, detecting economic recessions at the right time is an important economic problem faced by policy makers in terms of minimizing the damage that will occur during the recession. The importance of early detection of recessions has prompted economists to develop various indicators and predicting tools. One such approach is the Sahm Rule, proposed by Claudia Sahm in 2019. Determining the beginning of recessions by only tracking the changes in the unemployment rate, the Sahm Rule is a relatively faster and simpler predictor compared to other methods. This situation has enabled the Sahm Rule to be accepted in a short time and to be used as a forecasting tool in various studies. In this study, the validity of the Sahm Rule is tested for the Turkish economy over the period 2005–2024.

### **Keywords:**

Sahm Rule, Economic Recession, Recession Predictor, Economic Indicator, Unemployment Rate, Growth Rate.