

POSITIVE TREND IN RETAIL CONFIDENCE CONTINUES ALONG WITH A SEASONAL DROP

A. TEPE, which dropped to the negative zone in October for the first time since August 2010, continued to decrease. TEPE stood at -8.9 in December 2010. TEPE showed 6.2 points of month-on-month decrease and 10.3 points of year-on-year increase.

Figure-1. TEPE (December 2009, December 2010)

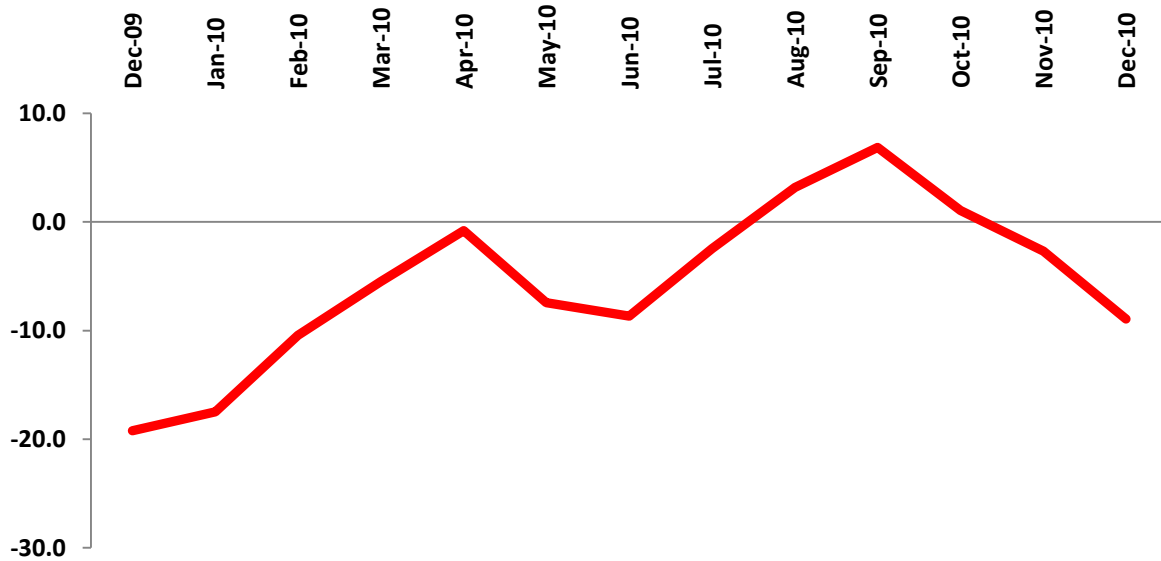


Table-1. TEPE

%	January	February	March	April	May	June	July	August	September	October	November	December
2008					-19.6	-23.8	-20.6	-7.8	-9.4	-20.7	-27.2	-30.8
2009	-29.5	-26.0	-17.1	-9.8	-10.1	-8.8	-6.8	-5.1	-4.9	-10.3	-9.9	-19.2
2010	-17.5	-10.4	-5.5	-0.8	-7.4	-8.7	-2.5	3.2	6.8	1.1	-2.7	-8.9

B. In December 2010 expectations for the next three months decreased by 1 point. 28.4 percent of TEPE participants expect improvement in business activities whereas 35.1 percent expect deterioration in business activities. This implies an improvement by 24.6 points compared to December 2009.

Figure-2. TEPE – Expectations for the next three months (%increase-%decrease)

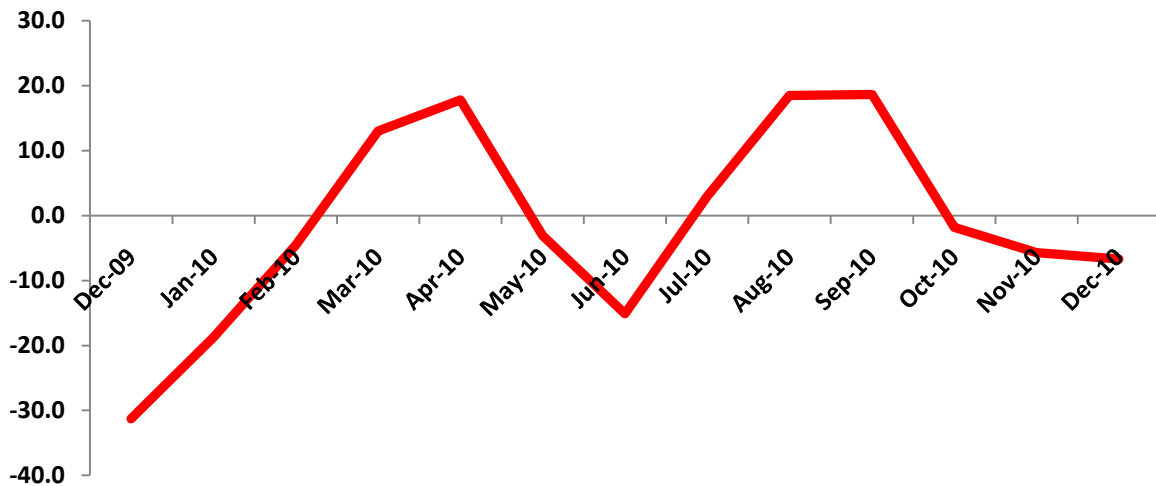


Table-2. TEPE – Expectations for the next three months (%increase-%decrease)

%	January	February	March	April	May	June	July	August	September	October	November	December
2008					-26.3	-39.0	-21.6	4.9	0.9	-31.5	-44.0	-53.2
2009	-40.1	-27.6	-24.0	-1.3	-11.9	-7.5	-3.2	5.7	15.1	-13.7	-14.9	-31.3
2010	-18.7	-4.5	13.0	17.8	-3.1	-15.1	3.0	18.5	18.6	-1.8	-5.7	-6.7

C. The difference between the participants who declared an improvement in business activities and who declared a deterioration in business activities increased by 34.3 points year-on-year and by 2.9 points compared to November 2010.

Figure-3. TEPE – Year-on-year change in business activities (%increase- %decrease)

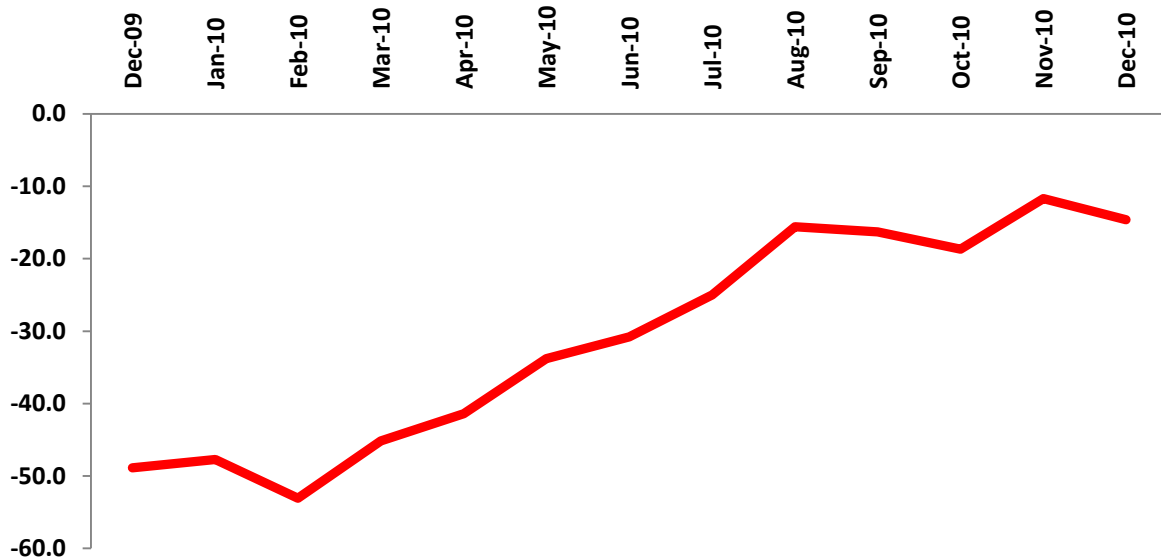


Table-3. TEPE – Year-on-year change in business activities (%increase- %decrease)

%	January	February	March	April	May	June	July	August	September	October	November	December
2008					-60.1	-60.7	-61.5	-47.6	-55.5	-57.1	-62.7	-68.1
2009	-73.4	-73.2	-64.6	-66.4	-56.8	-35.3	-39.6	-42.5	-60.1	-52.1	-43.6	-48.9
2010	-47.7	-53.1	-45.2	-41.4	-33.9	-30.8	-25.0	-15.6	-16.3	-18.7	-11.7	-14.6

D. In December 2010 the gap between TEPE and EU-27 average widened further. EU-27 Retail Index stood at 2.3 in December 2010 indicating year-on-year increase by 13.2 points.

Figure-4. Comparison of TEPE and EU-27 Retail Index AB-27 (December-2009, December-2010)

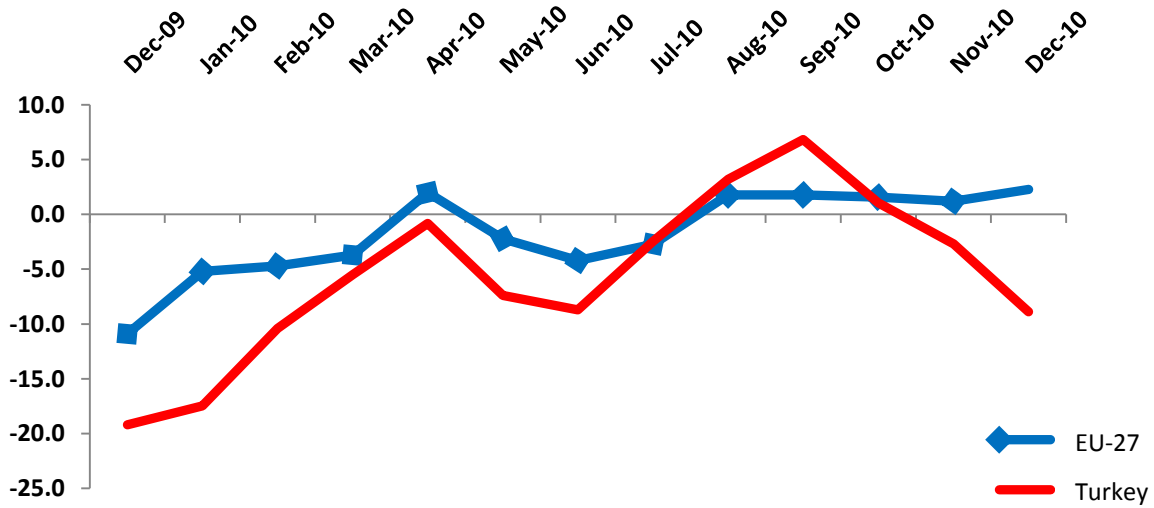
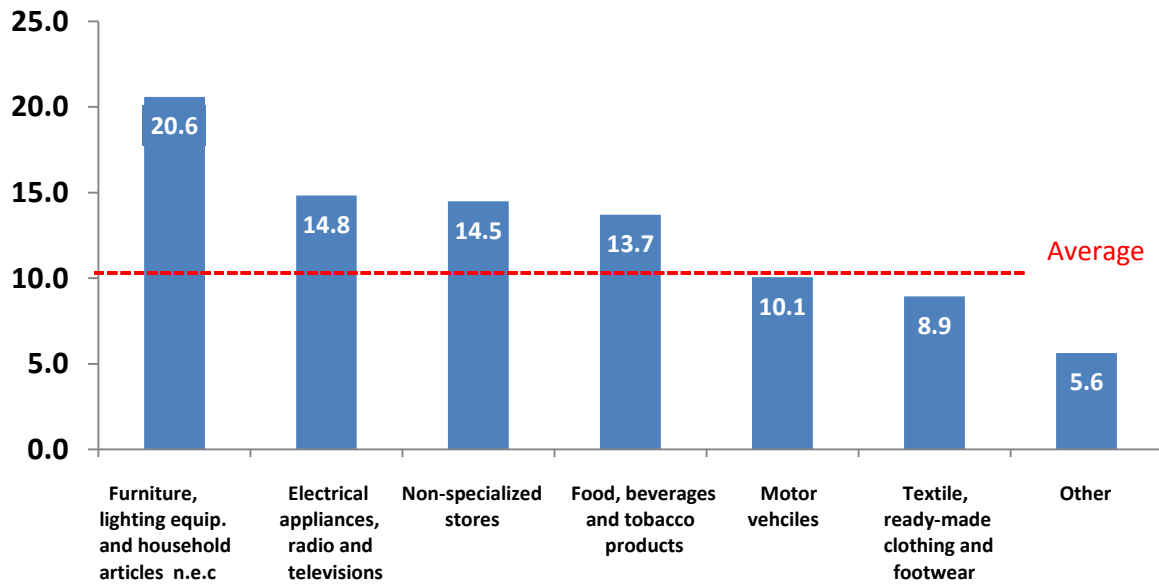


Table-4. AB-27

%	January	February	March	April	May	June	July	August	September	October	November	December
2008					-1.7	-4.8	-13.9	-13.2	-12.4	-16.3	-18.8	-29.0
2009	-25.9	-22.1	-18.8	-17.1	-11.9	-13.7	-14.1	-8.8	-8.0	-10.5	-5.2	-10.9
2010	-5.2	-4.7	-3.7	2.0	-2.2	-4.2	-2.7	1.8	1.8	1.6	1.2	2.3

E. Analysis of the performance of sub-sectors indicate that in December 2010 furniture and lighting equipments n.e.c., electrical household articles, radio and televisions, non-specialized stores and food, beverages and tobacco products sectors demonstrated a strong performance. On the other hand, textile and ready made clothing, and others sectors performed relatively poorly. Motor vehicles sector accomplished and average performance.

Figure-4. Year-on-year change in TEPE, December 2010 (points)



F. Detailed results of TEPE survey questions reveal a severe drop in business activities compared to the month before. Orders placed with suppliers, expectation for sales and prices over the next three months, and recovery of business activities compared to previous period demonstrate a downwards trend. On the other hand, employment expectations and expectations for number of stores in the next year move upwards; and current level of inventory stands below normal.

Table-4. Detailed results by TEPE questions (%)

Questions	Index 12/2009	Index 11/2010	Index 12/2010	Month-on- month change 12/2010	Year-on-year change 12/2010
How has your business activity developed over the past three months? It has...	-51.7	-15.8	-32.9	-17.1	18.8
Do you consider the volume of inventories you currently hold to be...? ¹	25.3	13.4	12.9	-0.5	-12.4
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-32.0	-10.9	-14.5	-3.6	17.5
How do you expect your business activity (sales) to change over the next 3 months? It will...	-31.3	-5.7	-6.7	-1.0	24.6
How do you expect your firm's total employment to change over the next 3 months? It will...	-15.5	0.6	1.6	1.0	17.1
How do you expect the prices you charge to change over the next 3 months? They will...	-5.6	3.6	0.9	-2.7	6.5
How has your business activity developed this year compared to the same period in the last year? It has...	-48.9	-11.7	-14.6	-2.9	34.3
Do you expect an increase in the number of your stores next year?	1.5	9.3	13.9	4.6	12.4

¹ Positive inventory level indicates that current level of inventory stands below the normal. The (-) values in Table-5 implies that negative expectations are more dominant than positive expectations.