

TEPE THREE YEARS OLD:

The outlook of the retail sector will be monitored more closely with seasonally adjusted TEPE data

TEPAV started to compile TEPE data thirty six months ago in the context of a project financed by the European Union (EU). Joint Harmonized EU Program of Business and Consumer Surveys carried out in all of the EU-27 countries has been expanded to cover candidate countries, including Turkey. The program component aiming to monitor the developments in the retail sector in Turkey is carried out by TEPAV in collaboration with European Commission Directorate General for Economic and Financial Affairs (DG ECFIN).

The outlook of the retail sector is being examined on a monthly basis since May 2008 with face-to-face interviews with 500 retail businesses operating in 32 cities. TEPE results are being shared with the public since December 2009 and the index has a thirty-six month series as of April 2011. TEPE, with its sectoral and regional integrity, serves an important function in taking the pulse of the retail sector.

TEPE covers the same sectors with the surveys employed in the EU member or other candidate countries. One of the strongest features of TEPE is that it enables inter-country comparisons. Also, it is of critical importance in monitoring the impacts of the economic shock that has surrounded the EU region that the sectors involved in the sample do not differ across countries.

As of April 2011, seasonally adjusted TEPE results will be shared with the Tramo-Seats method. Seasonally adjusted series enable a healthier analysis of the TEPE trends.

THE FALL IN EXPECTATIONS PUSHING TEPE DOWN SINCE JANUARY

A. TEPE that has been decreasing since February 2011, continued this trend and stood at 1.9 in April 2011. Thus, TEPE decreased by 0.7 points month-on-month and increased by 7.7 points year-on-year.

Figure-1. TEPE (April 2010 – April 2011)

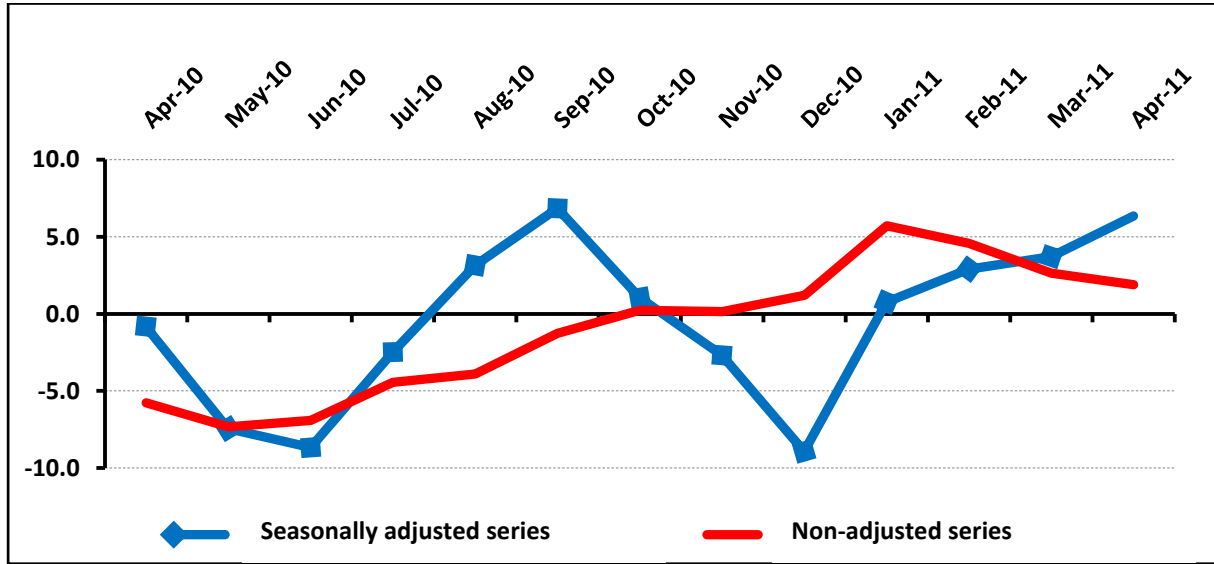


Table-1. TEPE (Seasonally adjusted series)

%	January	February	March	April	May	June	July	August	September	October	November	December
2008	---	---	---	---	-21,8	-23,3	-22,9	-17,8	-18,7	-20,6	-22,6	-19,7
2009	-20,7	-20,8	-17,5	-15,4	-11,8	-8,8	-9,7	-13,4	-13,2	-10,7	-6,7	-8,7
2010	-10,2	-7,0	-6,4	-5,8	-7,3	-6,9	-4,4	-3,9	-1,3	0,2	0,1	1,2
2011	5,7	4,6	2,6	1,9								

B. In April 2011, equilibrium value for the expectations for the next three months stood at 12.8. 53.3 percent of the TEPE survey participants expected an increase in business activities in the next three month while 24.2 percent expected a deterioration in business activities in April 2011. This implies a 11.3 percent improvement compared to April 2010 and a 9.1 percent deterioration compared to March 2011.

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

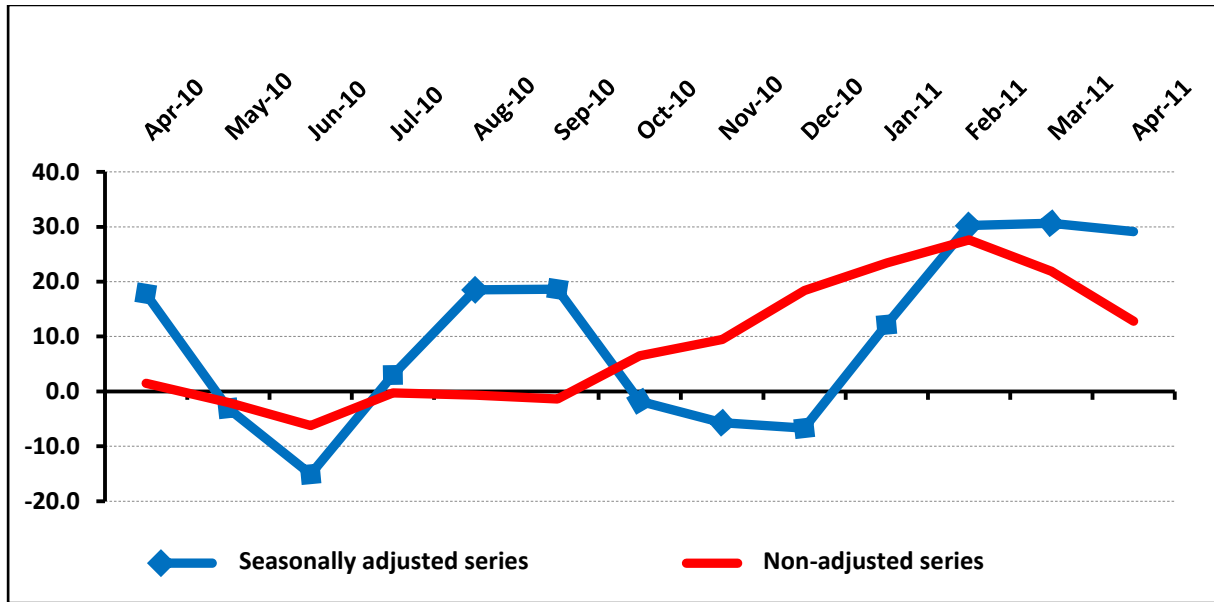


Table-2. TEPE – Expectations for the next three months (%increase-%decrease)
(Seasonally adjusted series)

%	January	February	March	April	May	June	July	August	September	October	November	December
2008	---	---	---	---	-25,2	-30,1	-24,9	-14,3	-19,1	-23,2	-28,8	-28,1
2009	-28,7	-30,1	-32,7	-17,6	-10,8	1,4	-6,5	-13,5	-4,9	-5,4	0,3	-6,2
2010	-7,4	-7,1	4,3	1,5	-2,0	-6,2	-0,3	-0,7	-1,4	6,5	9,5	18,4
2011	23,4	27,6	21,9	12,8								

C. The difference between the participants who declared a year-on-year improvement in business activities and who declared a year-on-year deterioration in business activities increased by 21.1 points and 0.8 points compared to April 2010 and March 2011, respectively.

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

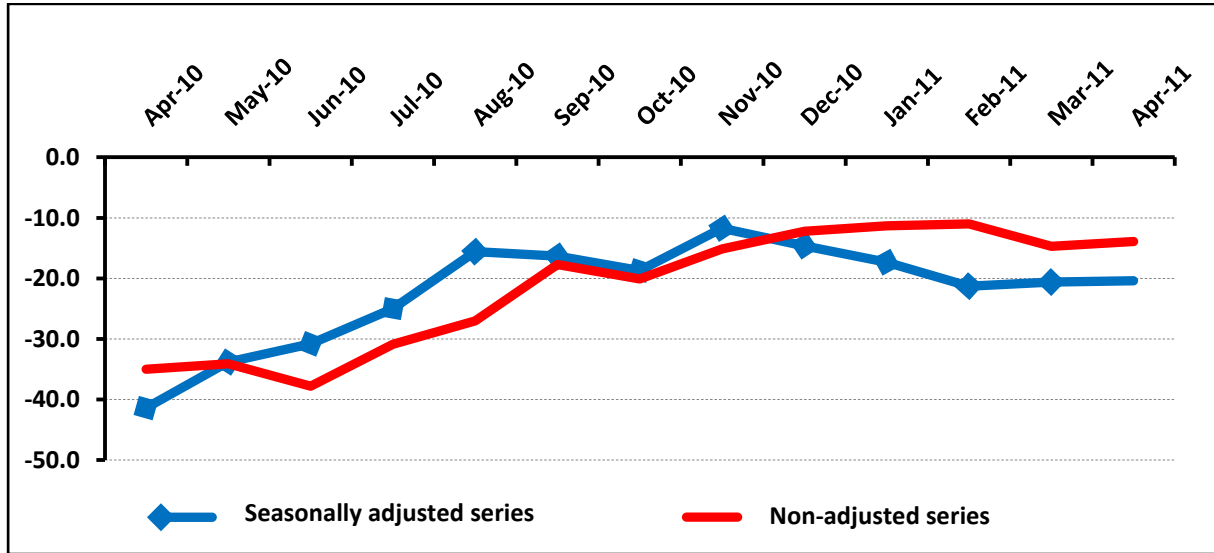


Table-3. TEPE – Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	January	February	March	April	May	June	July	August	September	October	November	December
2008	---	---	---	---	-60,4	-67,7	-67,4	-59,0	-56,9	-58,5	-66,1	-65,7
2009	-67,4	-62,9	-58,7	-60,0	-57,1	-42,3	-45,5	-53,9	-61,5	-53,5	-47,0	-46,5
2010	-41,8	-42,8	-39,3	-35,0	-34,1	-37,8	-30,9	-27,0	-17,7	-20,1	-15,1	-12,2
2011	-11,3	-11,0	-14,7	-13,9								

D. In April 2011, EU-27 Retail Index stood at -3.5 percent indicating a month-on-month decrease of 4.1 points and a year-on-year decrease at 4 points. EY-27 Retail Index, which remained below the TEPE in the first three months of 2011, maintained this trend with a negative value in April 2011.

Figure-4. Comparison of TEPE and EU-27 Retail Index (April 2010 – April 2011)

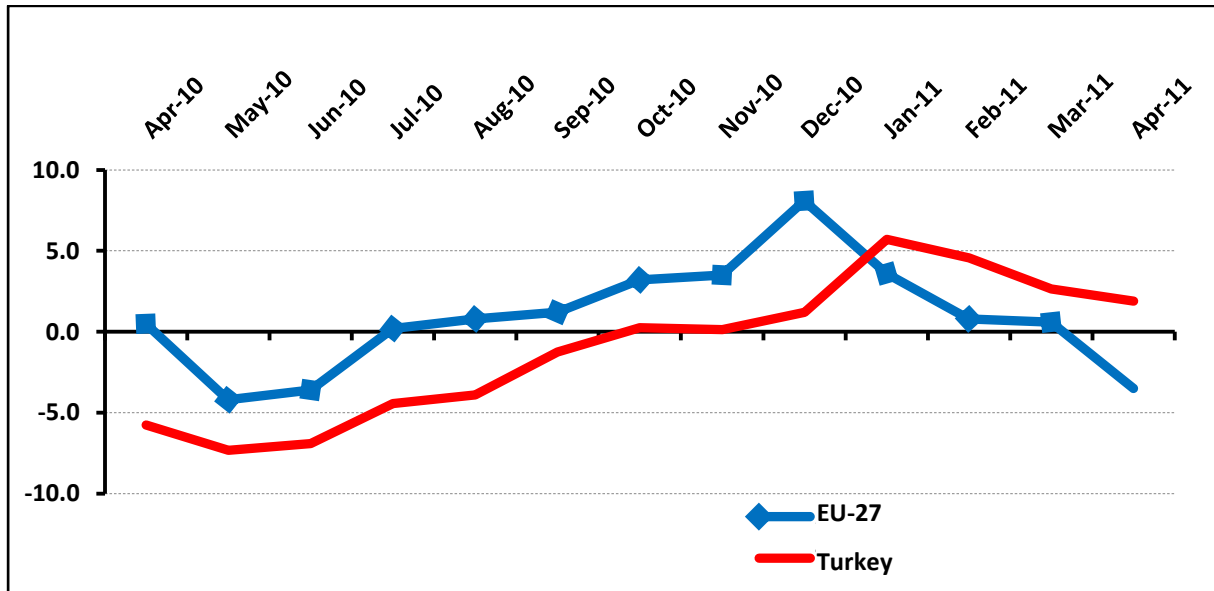
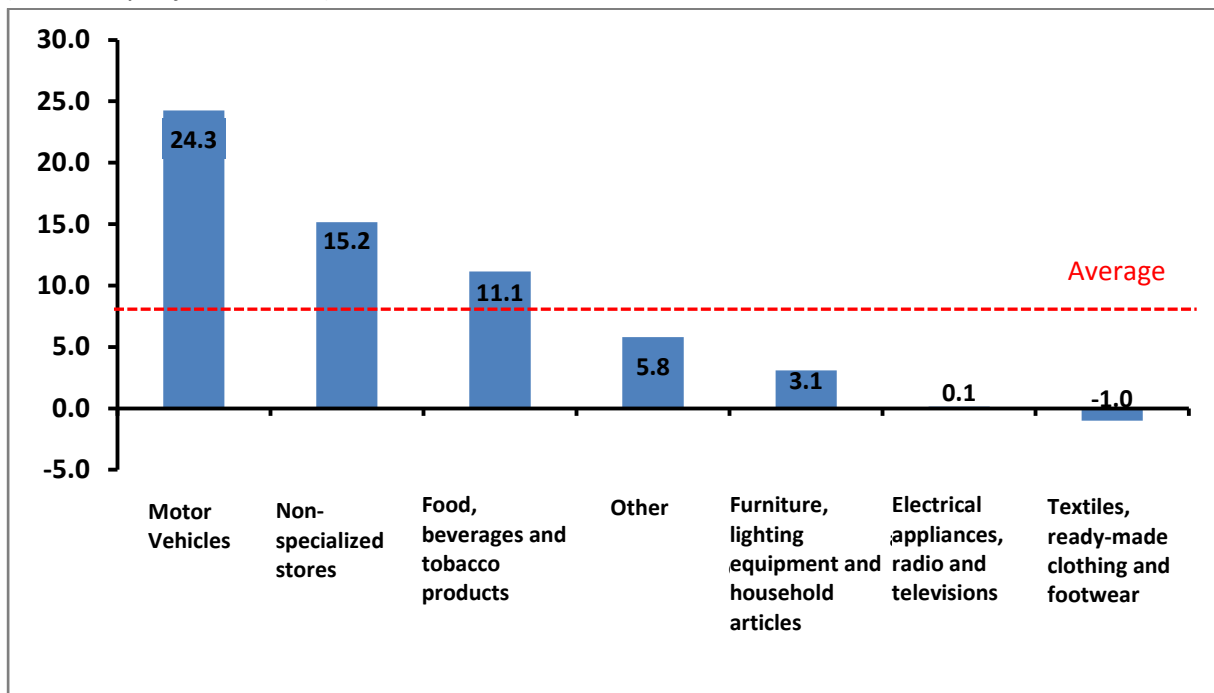


Table-4. EU-27 (Seasonally adjusted series)

%	January	February	March	April	May	June	July	August	September	October	November	December
2008	-0,9	-0,1	0,9	-6,1	-4,5	-7,2	-13,4	-14,0	-15,2	-20,0	-20,7	-27,4
2009	-27,3	-25,7	-23,4	-23,5	-16,1	-15,4	-13,4	-10,9	-7,9	-8,7	-4,5	-3,5
2010	-3,7	-3,8	-5,2	0,5	-4,2	-3,6	0,2	0,8	1,2	3,2	3,5	8,1
2011	3,6	0,8	0,6	-3,5								

E. Analysis of the performance of sub-sectors reveals that compared to April 2010, motor vehicles held the best performance in April 2010. Non-specialized stores sector and food, beverages and tobacco products sector performed better than the average whereas furniture and lighting equipments sector, electrical appliances, radio and television sector, and others sector performed worse than the average. Textile, ready-made clothing and footwear sector had a relatively worse performance than that in the month before.

Figure-5. Year-on-year change in TEPE, April 2011 (points)
(Seasonally adjusted series)



F. Detailed results of the TEPE survey questions reveal a strong year-on-year improvement in the business activities compared to the last year and last three months and orders placed with suppliers over the next three months and considerable improvements in other factors. On the other hand, expectations for the sales over the next three months deteriorated compared to March 2011.

Table-5. Detailed results by TEPE questions (%)(Seasonally adjusted series)

Questions	Index 04/2010	Index 03/2011	Index 04/2011	Month-on- month change 04/2011	Year-on-year change 04/2011
How has your business activity developed over the past three months? It has...	-36,6	-20,9	-19,5	1,4	17,1
Do you consider the volume of inventories you currently hold to be...? ¹	18,6	7,6	11,6	4,0	-7,0
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-14,1	11,1	11,7	0,6	25,8
How do you expect your business activity (sales) to change over the next 3 months? It will...	1,5	21,9	12,8	-9,1	11,3
How do you expect your firm's total employment to change over the next 3 months? It will...	-2,8	10,3	8,4	-1,9	11,2
How do you expect the prices you charge to change over the next 3 months? They will...	2,1	14,7	15,2	0,5	13,1
How has your business activity developed this year compared to the same period in the last year? It has...	-35,0	-14,7	-13,9	0,8	21,1
Do you expect an increase in the number of your stores next year?	8,2	13,2	17,5	4,3	9,3

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.