

TEPE IN DECLINE, EXPECTATIONS DETERIORATE

Despite the upwards movement in May and June, TEPE which tended downwards since the beginning of 2011 maintained this trend in July. One of the chief reasons for TEPE decline was the deterioration of expectations for business activities in the next three months.

TEPE Declined in July:

TEPE, which had been increasing since May 2011, declined in July 2011 and had a value of 0.5. This implies a month-on-month decline by 2.1 points and a year-on-year increase by 4.8 points.

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

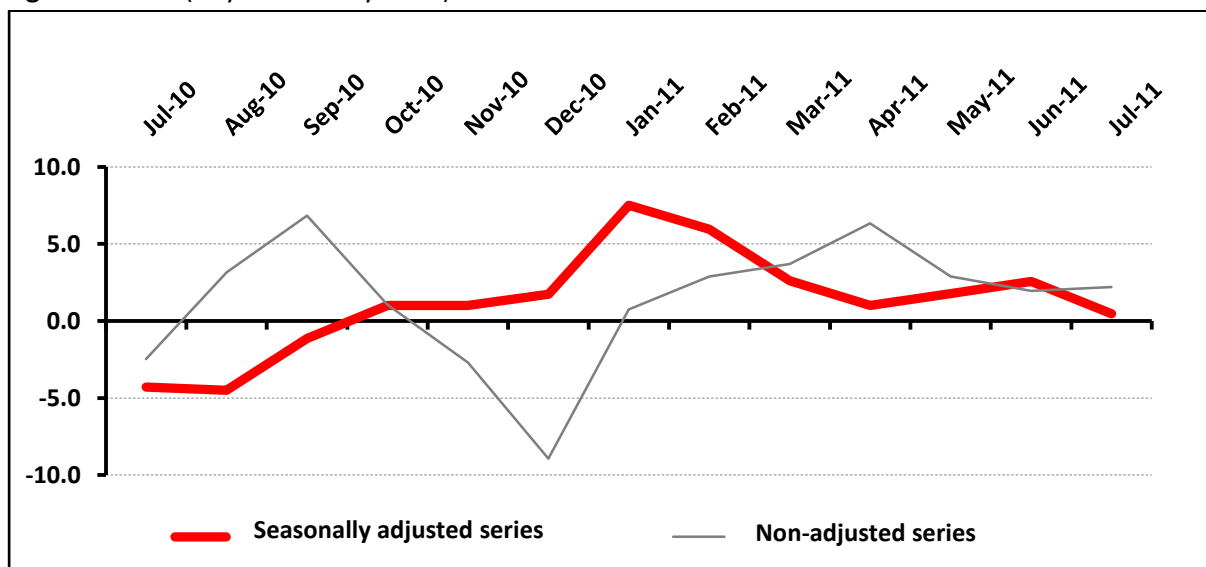


Table-1. TEPE (Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.0	-23.3	-22.5	-15.8	-17.6	-20.7	-23.3	-20.0
2009	-22.3	-22.4	-18.1	-15.2	-11.4	-8.4	-8.7	-12.9	-13.0	-10.4	-6.2	-8.5
2010	-10.4	-7.1	-6.6	-6.2	-8.6	-8.1	-4.3	-4.5	-1.1	1.0	1.0	1.7
2011	7.5	6.0	2.6	1.0	1.8	2.6	0.5					

Expectations deteriorated:

The equilibrium value of the expectations for the next three months decreased to 11.2 in July 2011. 39.6 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 25.7 percent expect a deterioration. This implies a 11 point increase compared to July 2010 and a 4.9 point decrease compared to June 2011.

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

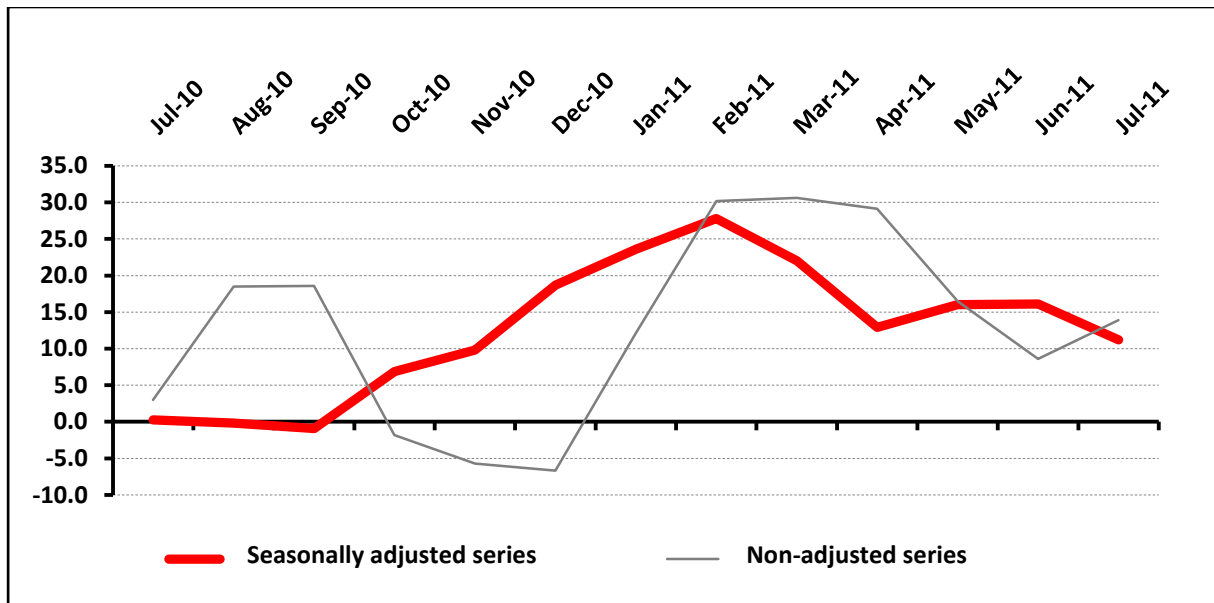


Table-2. TEPE – Expectations for the next three months (%increase-%decrease)
(Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-26.8	-31.5	-24.3	-13.7	-18.6	-22.8	-28.4	-27.8
2009	-28.5	-30.0	-32.6	-17.6	-12.4	0.0	-6.0	-12.9	-4.4	-5.0	0.6	-5.9
2010	-7.2	-6.9	4.4	1.5	-3.6	-7.6	0.2	-0.2	-0.9	6.9	9.8	18.7
2011	23.6	27.8	22.0	12.9	16.0	16.1	11.2					

The market has recovered compared to 2010:

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 17.5 points compared to July 2010 and decreased by 0.1 points compared to June 2011.

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

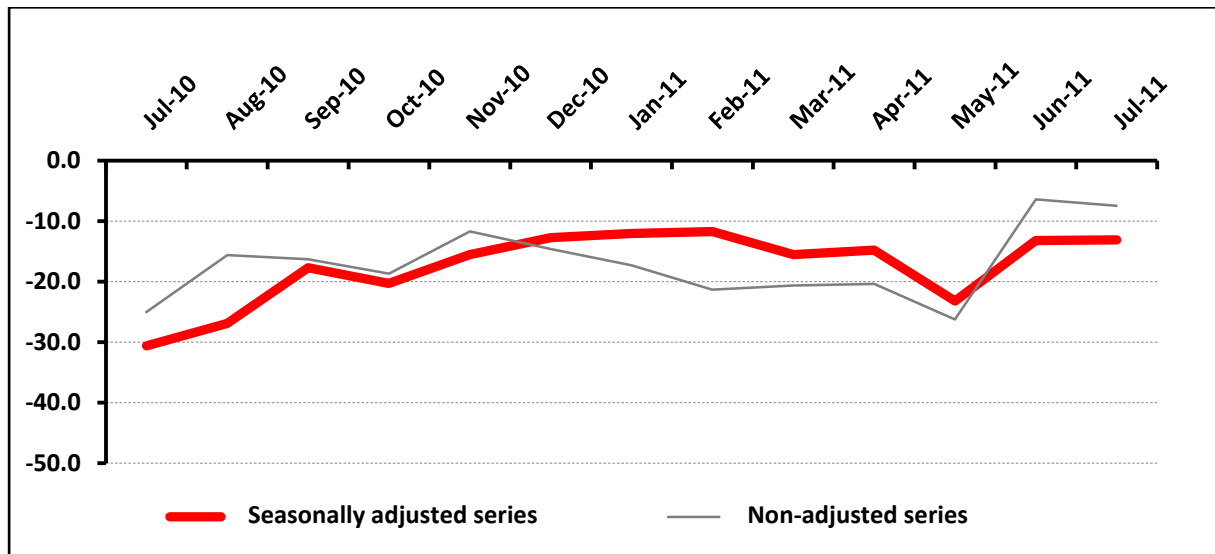


Table-3. TEPE – Year-on-year change in business activities (%increase- %decrease)
(Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-57.4	-67.6	-67.1	-58.9	-56.9	-58.7	-66.3	-66.0
2009	-67.9	-63.5	-59.5	-60.9	-54.0	-42.3	-45.3	-53.8	-61.5	-53.7	-47.3	-46.9
2010	-42.3	-43.4	-40.1	-35.9	-30.9	-37.7	-30.6	-26.9	-17.7	-20.3	-15.5	-12.7
2011	-12.0	-11.7	-15.5	-14.8	-23.2	-13.2	-13.1					

EU still in decline:

The EU-27 Retail Confidence Index had the value of -5 in July 2011. This implies year-on-year drop by 2.6 points and month-on-month drop by 5.2-points. The EU-27 Retail Confidence Index has, as it has in the previous five months of the year, appeared below TEPE, in the negatives.

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

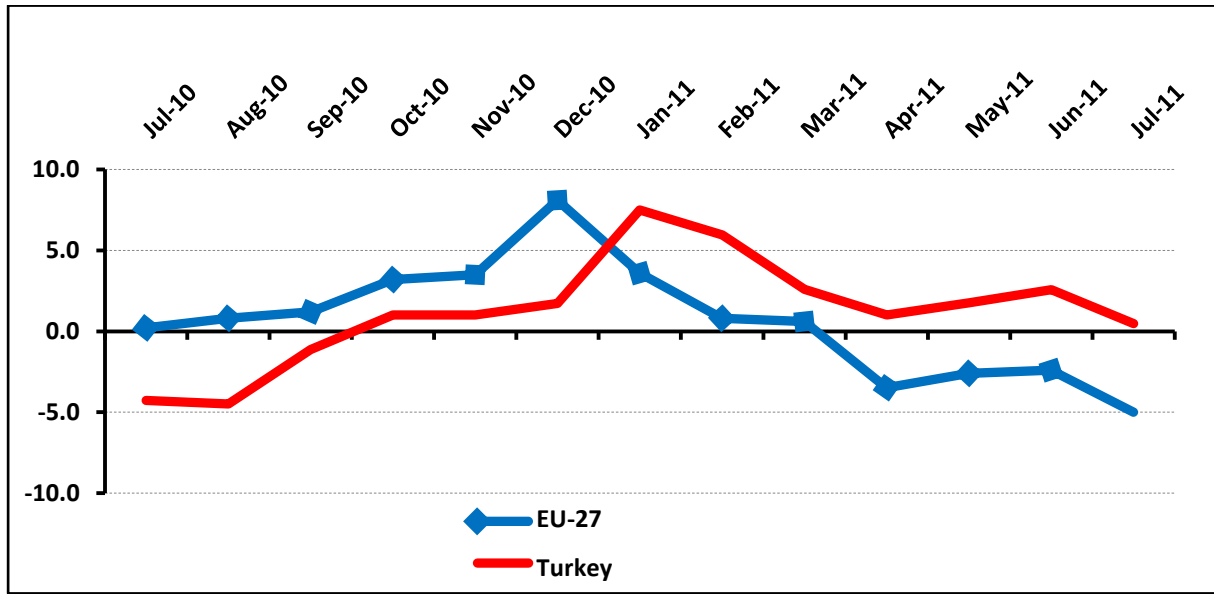


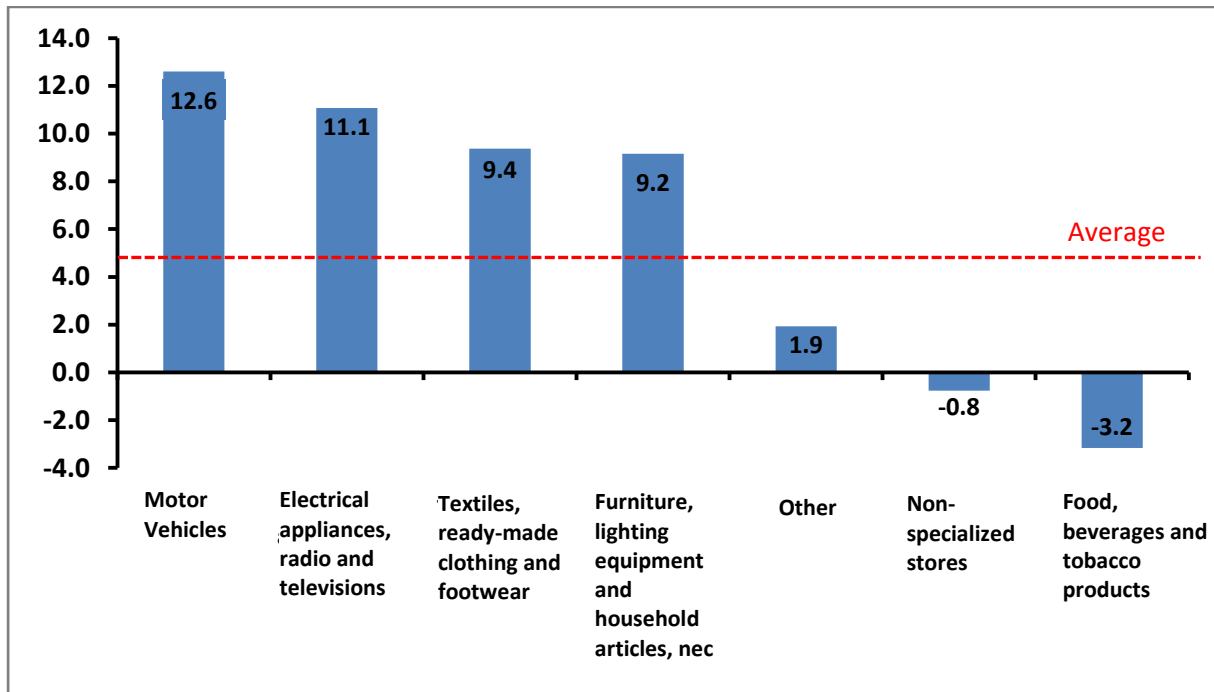
Table-4. EU-27 (Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
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	-2,6	-2,4	-5,0					

Automotive was the most dynamic sector also in July:

Concerning sub-sectors, motor vehicles demonstrated the best performance in July 2011 in comparison to the same period a year ago. Electrical appliances, radio and television sector, textile, readymade clothing and footwear sector and furniture and lighting equipment n.e.c, performed better than the average while the “others” sector performed worse than the average. Non-specialized stores, and food, beverages and tobacco products sector displayed a deterioration in their performance compared to a year ago.

Figure-4. Year-on-year change in TEPE, July 2011 (points) (Seasonally adjusted series)



Positive expectations for employment:

Question-based examination of TEPE survey reveals that compared to July 2010, expectations for employment, orders placed with suppliers, sales and sales prices in the next three months as well as business activities in comparison with the previous year improved significantly. Compared to June 2011, however, only the expectations for employment in the next three months improved.

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

Questions	Index 07/2010	Index 06/2011	Index 07/2011	Month-on- month change 07/2011	Year-on-year change 07/2011
How has your business activity developed over the past three months? It has...	-32.2	-24.7	-26.3	-1.6	5.9
Do you consider the volume of inventories you currently hold to be...? ¹	18.2	14.0	14.7	0.7	-3.5
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-8.3	6.5	2.9	-3.6	11.2
How do you expect your business activity (sales) to change over the next 3 months? It will...	0.2	16.1	11.2	-4.9	11.0
How do you expect your firm's total employment to change over the next 3 months? It will...	-0.8	4.0	7.1	3.1	7.9
How do you expect the prices you charge to change over the next 3 months? They will...	0.5	16.3	12.1	-4.2	11.6
How has your business activity developed this year compared to the same period in the last year? It has...	-30.6	-13.2	-13.1	0.1	17.5
Do you expect an increase in the number of your stores next year?	13.3	11.6	8.0	-3.6	-5.3

¹ Positive inventory level indicates that current level of inventory stands below the normal. The (-) values in Table-4 implies that negative expectations are more dominant than positive expectations.