

LIMITED RECOVERY IN THE RETAILING SECTOR

Maintaining the trend in August, TEPE stood in the negatives in September. Demonstrating a limited month-on-month recovery, TEPE deteriorated year-on-year. The gap between TEPE and EU-27 Retail Index reached the highest in favor of Turkey.

TEPE in the negatives in September:

TEPE, which had stood in the negatives for the first time in August 2011 since October 2010, had a value of -1.3 in September 2011. This implies a month-on-month increase by 0.9 points and a year-on-year decrease by 1.2 points.

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

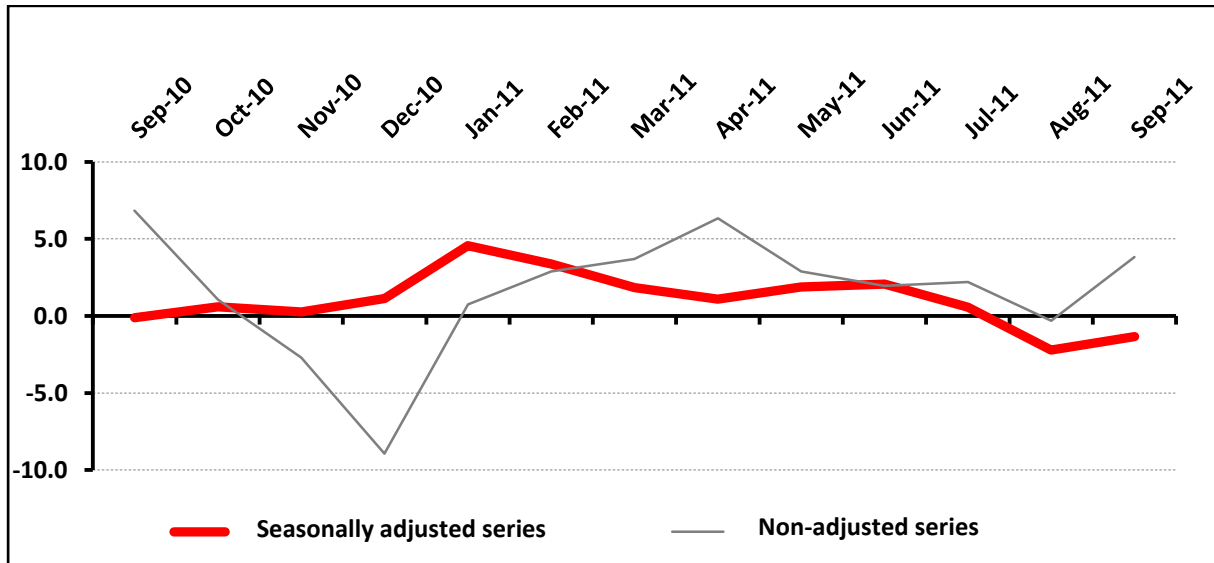


Table-1. TEPE (Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.6	-23.7	-23.1	-18.5	-19.1	-20.4	-22.0	-19.4
2009	-19.8	-19.9	-17.3	-15.6	-12.7	-9.9	-10.2	-12.8	-12.6	-10.6	-7.0	-8.7
2010	-10.0	-7.1	-6.6	-6.0	-7.8	-7.6	-4.4	-1.7	-0.1	0.6	0.3	1.1
2011	4.6	3.4	1.9	1.1	1.9	2.1	0.6	-2.2	-1.3			

Limited recovery in expectations:

The balance value of the expectations for the next three months stood at 5.5 in September 2011. 46.3 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 22.1 percent expect a deterioration. This implies a 5.6-point increase compared to September 2010 and a 0.9 point increase compared to August 2011.

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

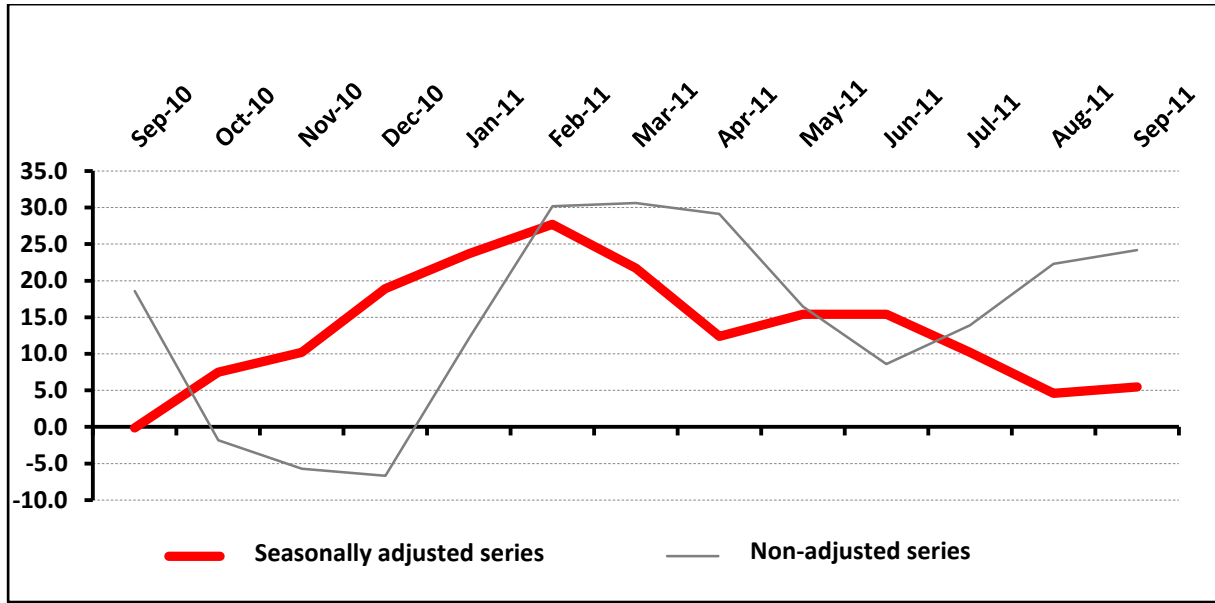


Table-2. TEPE – TEPE – Expectations for the next three months (%increase-%decrease)
(Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-27.4	-32.2	-25.3	-12.8	-17.8	-22.2	-28.0	-27.5
2009	-28.5	-30.1	-32.9	-18.0	-13.0	-0.7	-6.9	-12.0	-3.6	-4.4	1.0	-5.7
2010	-7.1	-7.0	4.1	1.1	-4.1	-8.3	-0.7	0.8	-0.1	7.5	10.2	18.9
2011	23.7	27.7	21.7	12.4	15.4	15.4	10.2	4.6	5.5			

Recovery perception of markets strengthens:

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 5.8 points compared to September 2010 and by 10.6 points compared to August 2011.

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

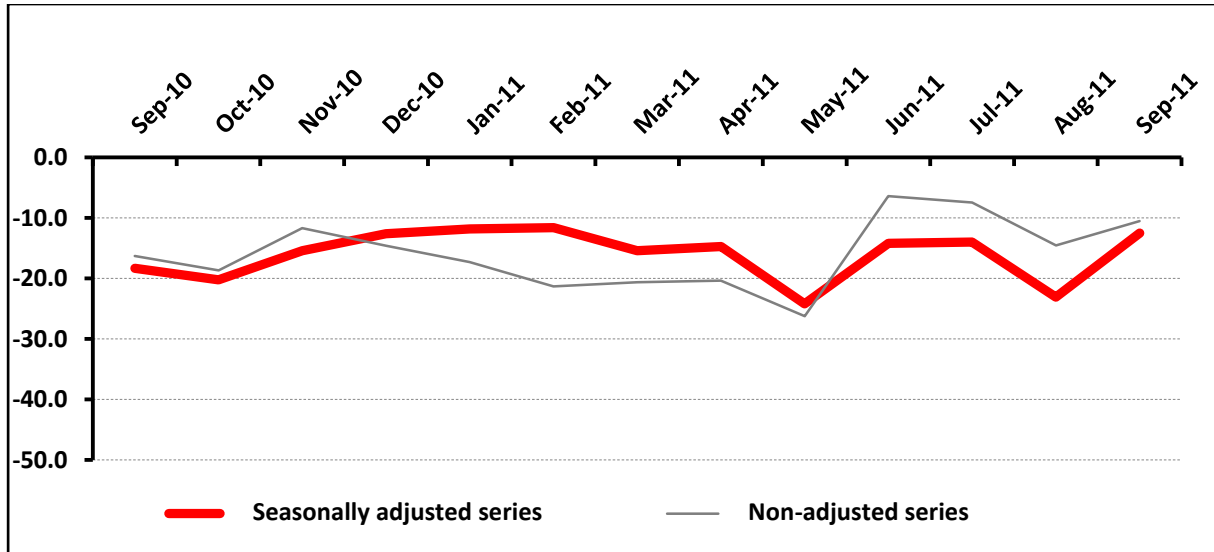


Table-3. TEPE – Year-on-year change in business activities (%increase- %decrease)
(Seasonally Adjusted Series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-58.2	-68.5	-68.0	-56.4	-57.5	-58.6	-66.3	-66.0
2009	-67.8	-63.4	-59.4	-60.8	-54.9	-43.1	-46.1	-51.2	-62.1	-53.6	-47.2	-46.8
2010	-42.2	-43.3	-40.0	-35.8	-31.8	-38.6	-31.5	-24.2	-18.3	-20.2	-15.4	-12.6
2011	-11.8	-11.6	-15.4	-14.7	-24.2	-14.2	-14.0	-23.1	-12.5			

Turkey remarkably outscored the EU:

EU-27 Retail Confidence Index stood at -13.3 in September 2011, implying a 2.4-point month-on-month decrease and a 14.5-point year-on-year decrease. This was the highest gap between TEPE and EU-27 Index since May 2008, when the TEPE was first conducted.

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

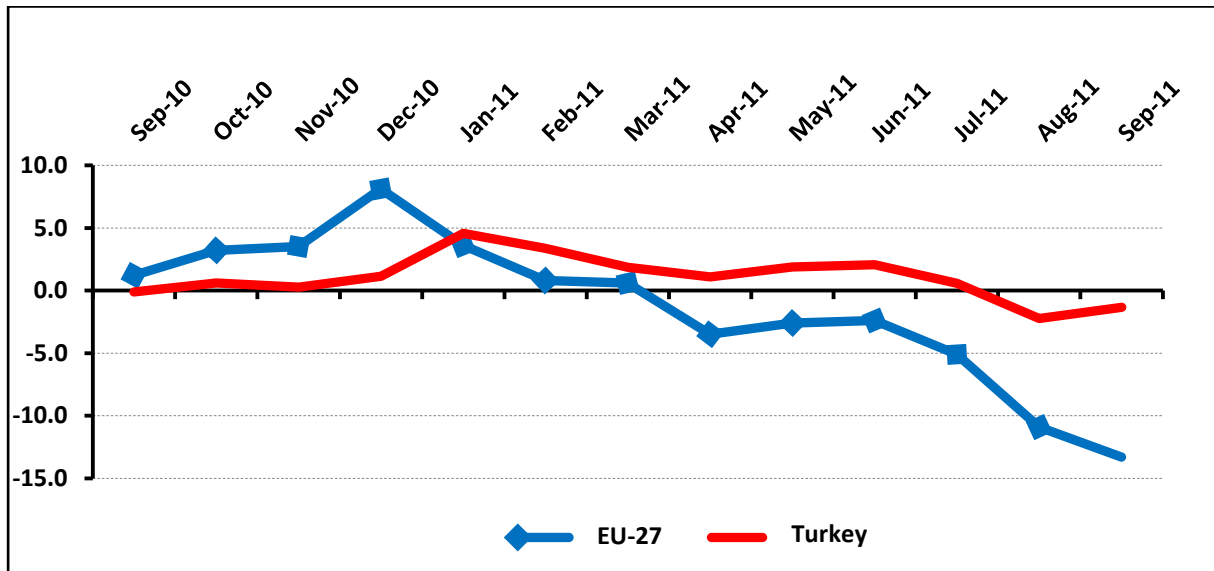


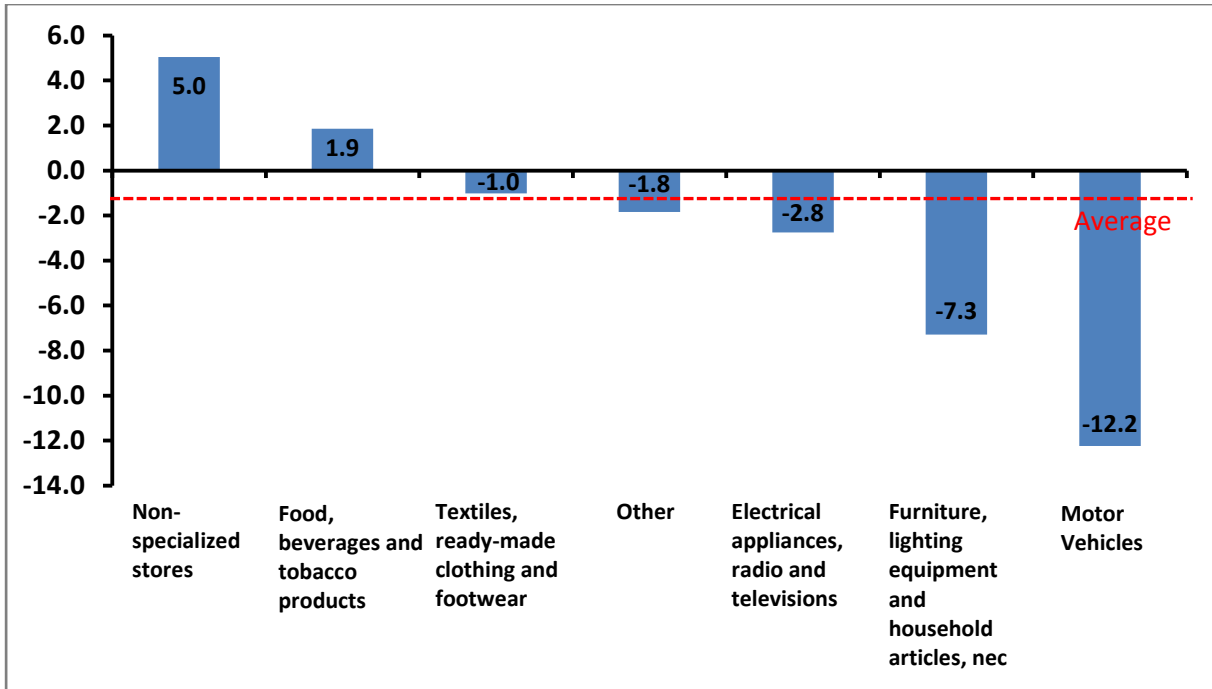
Table-4. AB-27 (Seasonally Adjusted Series)

%	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	-5.1	-10.9	-13.3			

Motor vehicles sector in decline also in September:

Concerning sub-sectors, non-specializes stores demonstrated the best performance in September 2011 compared to the same period last year. This sector was followed by the food, beverages and tobacco products sector. Textiles, ready-made clothing and footwear sector performed worse than it did in the previous year and stood around the sector average. Electrical appliances, radio and television sector; furniture and lighting equipment sector; and the “others” sector performed worse than the average and lagged behind the previous year in performance. Motor vehicles sector demonstrated the largest year-on-year decline in performance.

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



Partial recovery in the retailing sector:

Question-based examination of the TEPE survey reveals that compared to September 2010, all expectations and factors improved except the level of business activities over the past three months, number of stores in the next year and current level of inventory. Level of inventory converged to normal levels compared to August 2011 as well as September 2010. The year-on-year improvement in the expectations for sales prices in the next three months as well as orders placed with suppliers was remarkable. In addition, the rise in business activities compared to the previous year was stronger.

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

Questions	Index 09/2010	Index 08/2011	Index 09/2011	Month-on-month Change 09/2011	Year-on-year Change 09/2011
How has your business activity developed over the past three months? It has...	-23.7	-32.9	-26.4	6.5	-2.7
Do you consider the volume of inventories you currently hold to be...? ¹	21.4	10.5	10.0	-0.5	-11.4
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-5.7	-2.1	6.0	8.1	11.7
How do you expect your business activity (sales) to change over the next 3 months? It will...	-0.1	4.6	5.5	0.9	5.6
How do you expect your firm's total employment to change over the next 3 months? It will...	-2.0	5.8	4.5	-1.3	6.5
How do you expect the prices you charge to change over the next 3 months? They will...	3.0	19.8	19.0	-0.8	16.0
How has your business activity developed this year compared to the same period in the last year? It has...	-18.3	-23.1	-12.5	10.6	5.8
Do you expect an increase in the number of your stores next year?	12.0	9.9	8.9	-1.0	-3.1

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.