

RETAILERS LOST HOPE BY THE END OF JANUARY 2012

In January 2012, the TEPE decreased by 9.2 points year-on-year. Non-adjusted serieses of TEPE hit the lowest value since December 2010. Expectations for orders placed with suppliers and for sales volume in the next three months have deteriorated. Sales volume decreased year-on-year and compared to the previous three months. Turkey, however, continued to outperform the EU and preserved the gap.

TEPE falls sharply in January:

Having welcomed 2012 after the strong performance in December 2011, the TEPE fell sharply in January 2012 to -1.7. This implies a month-on-month and year-on-year decrease by 6.4 points and 9.2 points, respectively.

Figure-1. TEPE (January 2011 – January 2012)

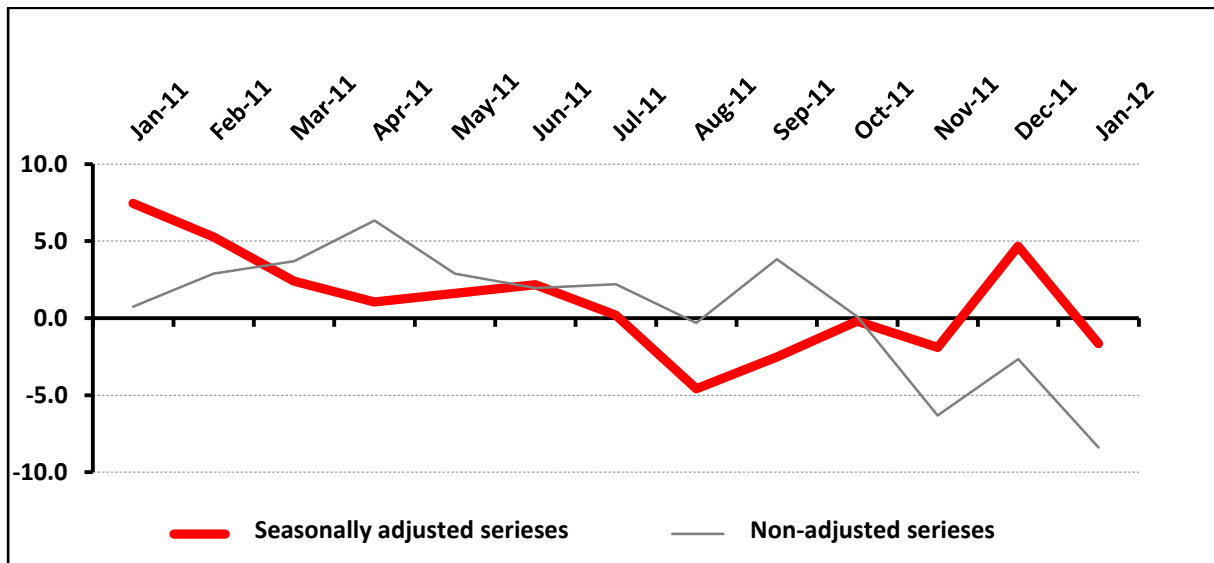


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.0	-23.9	-23.1	-16.0	-17.7	-20.8	-22.6	-20.9
2009	-21.0	-21.5	-17.7	-15.2	-12.1	-9.1	-9.5	-12.1	-12.6	-10.6	-5.9	-10.0
2010	-9.8	-7.0	-6.4	-6.1	-8.8	-8.4	-4.7	-2.3	-0.2	0.6	1.4	-0.8
2011	7.5	5.3	2.4	1.1	1.6	2.2	0.2	-4.6	-2.5	-0.2	-1.9	4.7
2012	-1.7											

Expectations worsen in the first month of the new year:

The balance value of the expectations for the next three months stood at 13.1 in January 2012. 30.9 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 29.3 percent expect a deterioration. This implies a 10.5 point decrease compared to January 2011 and a 10.1 point increase compared to December 2011.

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

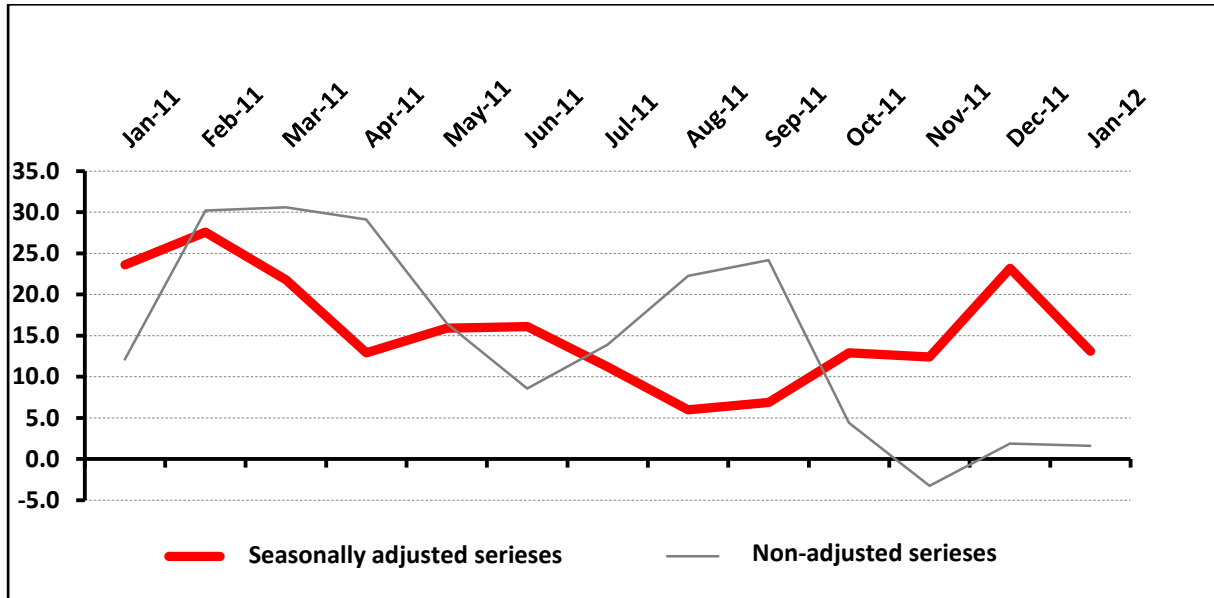


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-27.0	-31.7	-24.8	-12.7	-17.5	-23.2	-28.3	-30.7
2009	-27.9	-29.4	-32.1	-17.5	-12.6	-0.3	-6.4	-11.4	-3.0	-5.4	0.6	-9.2
2010	-6.9	-6.7	4.5	1.6	-3.6	-7.7	0.1	1.9	1.0	6.7	9.9	14.9
2011	23.6	27.6	21.8	12.9	15.9	16.1	11.2	6.0	6.9	12.9	12.4	23.2
2012	13.1											

Recovery perception the lowest of the last twelve months:

In January 2012, the level of business activities compared to the previous year stood at the lowest of the last twelve months. 17.7 percent of the participants declared a year-on-year improvement in business activities whereas 51.1 percent declared deterioration. Volume of business activities therefore decreased by 16.1 points compared to January 201 and by 6.3 points compared to December 2011.

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

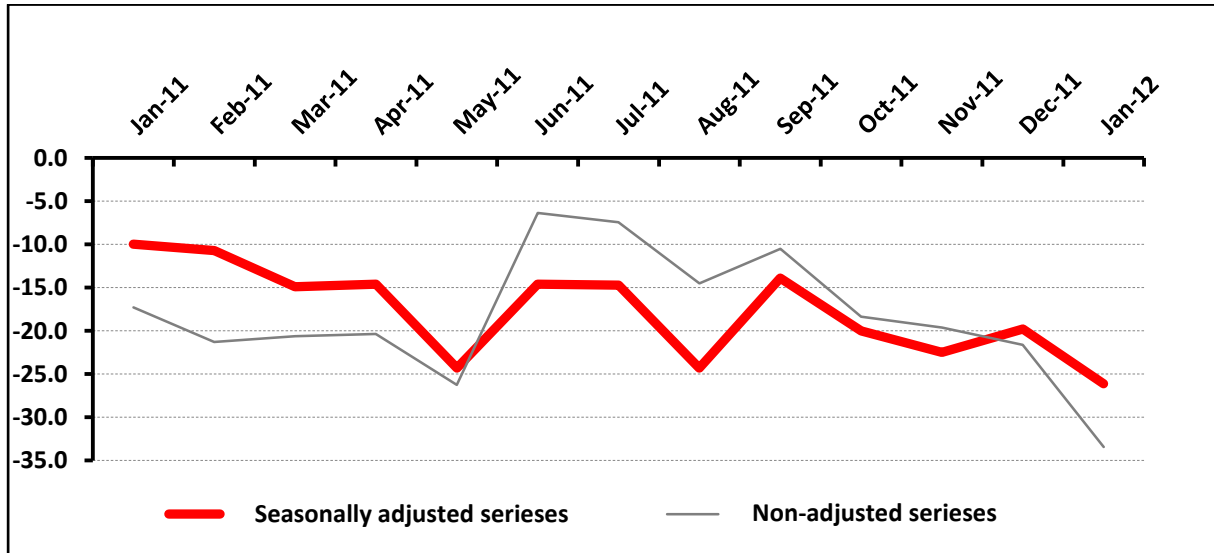


Table-3. TEPE – Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-58.2	-68.9	-68.8	-57.4	-58.9	-58.7	-65.6	-66.3
2009	-66.1	-62.6	-58.9	-60.6	-54.9	-43.5	-46.9	-52.3	-63.5	-53.7	-46.5	-47.1
2010	-40.4	-42.5	-39.5	-35.6	-31.9	-39.0	-32.3	-25.3	-19.7	-20.3	-14.6	-12.8
2011	-10.0	-10.7	-14.9	-14.6	-24.3	-14.6	-14.7	-24.3	-13.9	-20.0	-22.5	-19.8
2012	-26.1											

Gap between Turkey and the EU preserved:

In January 2012, EU-27 Retail Confidence Index stood at -14, demonstrating a month-on-month decrease by 2.7 points and a year-on-year by 17 points. Turkey which has been outperforming the EU since the beginning of 2011 preserved the gap in January 2012.

Figure-4. Comparison of TEPE and EU-27 Retail Confidence Index (January 2011 – January 2012)

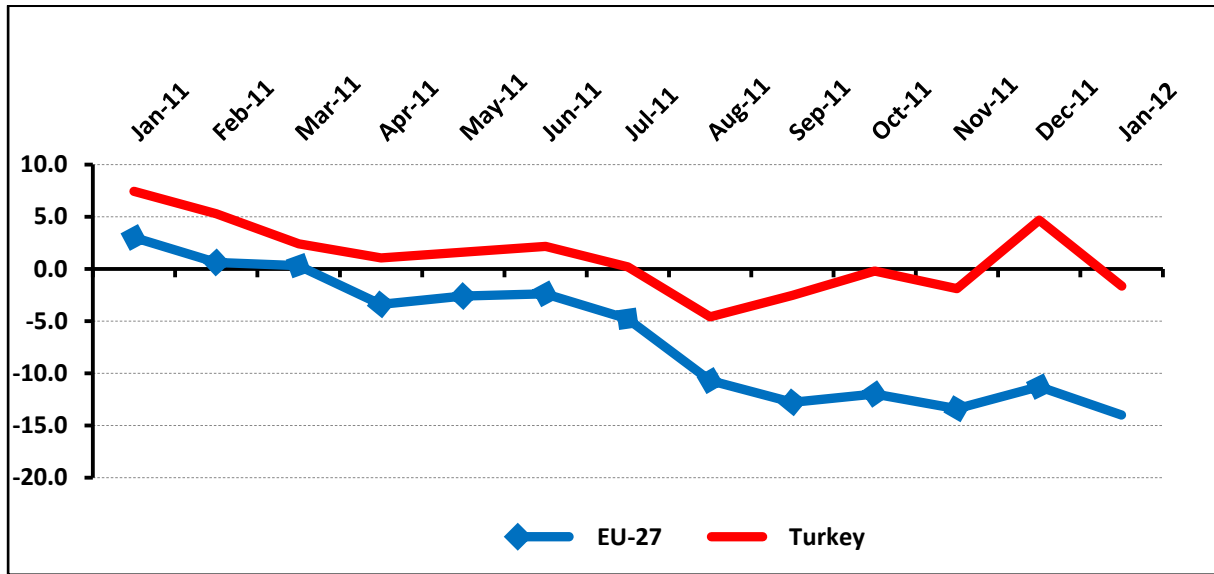


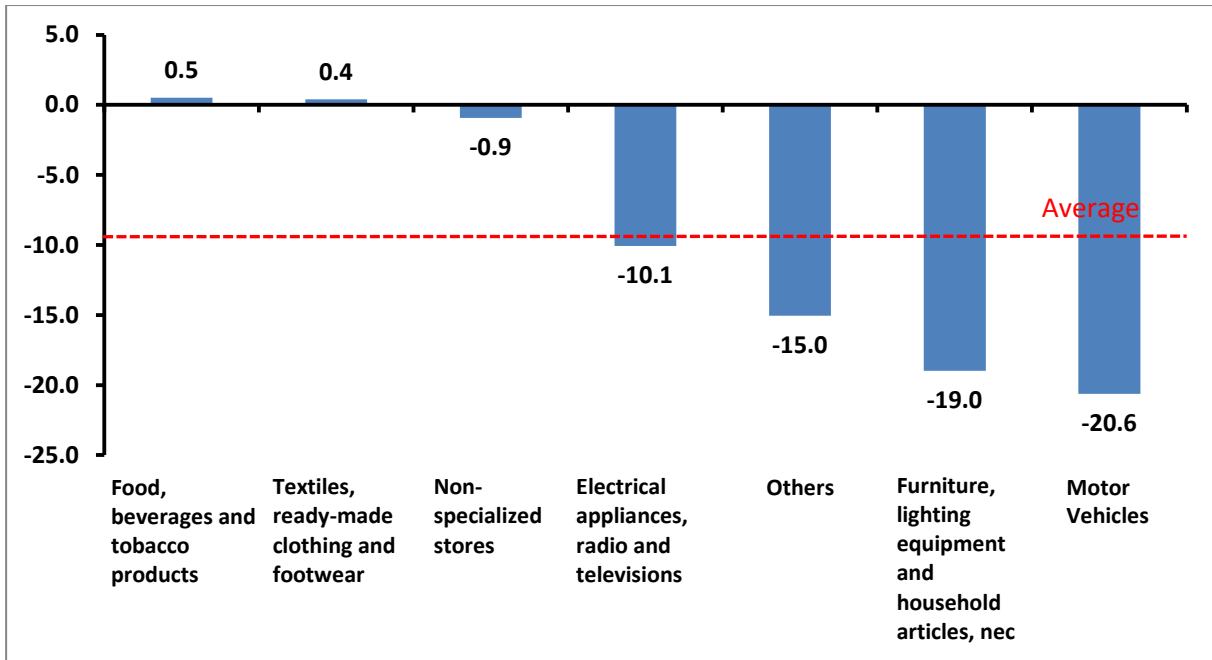
Table-4. EU-27 (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	-0.8	-0.2	0.8	-6.0	-4.4	-7.1	-13.1	-13.5	-14.7	-19.4	-20.0	-26.8
2009	-26.5	-25.1	-22.9	-23.3	-16.0	-15.5	-13.4	-11.0	-8.4	-9.1	-5.1	-4.0
2010	-4.1	-4.2	-5.5	0.1	-4.4	-3.8	-0.4	0.2	0.8	2.6	3.0	7.5
2011	3.0	0.6	0.3	-3.4	-2.6	-2.4	-4.8	-10.7	-12.8	-12.0	-13.4	-11.3
2012	-14.0											

All sectors but food and textiles fall sharply in January:

Concerning sub-sectors, only two sectors showed an improvement, if slightly, in performance in January 2012: foods, beverages, and tobacco products sector (by 0.5 points), and textiles, ready-made clothing and footwear sector (by 0.4 points). Non-specialized stores sector dropped year-on-year, but less severely than the average. Electrical appliances, radio, and televisions sector, “the others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.), and furniture and lighting equipment sectors performed remarkably badly compared to the previous year whereas the largest fall in performance was witnessed in the motor vehicles sector.

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



Sales volume much worse than the last three months and year:

Question-based assessment of TEPE survey results reveals that compared to January 2011, all figures and expectations decreased but the expectations for sales prices in the next three month and current level of inventory. The sharpest drop was observed in the level of business activities compared to the last three months and last year. Compared to December 2011, all figures and expectations deteriorated, the level of business activities compared to the last three months and expectations for sales volume in the next three months demonstrating the sharpest decline.

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

Questions	Index 01/2011	Index 12/2011	Index 01/2012	MoM Change 01/2012	YoY Change 01/2012
How has your business activity developed over the past three months? It has...	-14.0	-24.8	-35.1	-10.3	-21.1
Do you consider the volume of inventories you currently hold to be...? ¹	14.3	18.6	18.5	-0.1	4.2
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	7.1	10.3	5.4	-4.9	-1.7
How do you expect your business activity (sales) to change over the next 3 months? It will...	23.6	23.2	13.1	-10.1	-10.5
How do you expect your firm's total employment to change over the next 3 months? It will...	13.3	11.1	3.3	-7.8	-10.0
How do you expect the prices you charge to change over the next 3 months? They will...	10.9	16.3	12.0	-4.3	1.1
How has your business activity developed this year compared to the same period in the last year? It has...	-10.0	-19.8	-26.1	-6.3	-16.1
Do you expect an increase in the number of your stores next year?	15.8	6.9	4.4	-2.5	-11.4

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.