

## RETAIL CONFIDENCE NOT YET IN THE POSITIVE ZONE

Despite the uptrend, TEPE remained in the negatives in February 2012. The main driver of the uptrend was the positive expectations for the next three months. Non-adjusted series hit the lowest of the last twenty two months concerning the level of business activities. The gap between TEPE and EU confidence index was preserved.

### TEPE in the negatives in February:

Having welcomed 2012 with the sharp fall, TEPE could not make it to the positives in February albeit an uptrend. TEPE had a value of -0.9 in February 2012. This implies a month-on-month increase by 0.9 points and a year-on-year decrease by 6.5 points.

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

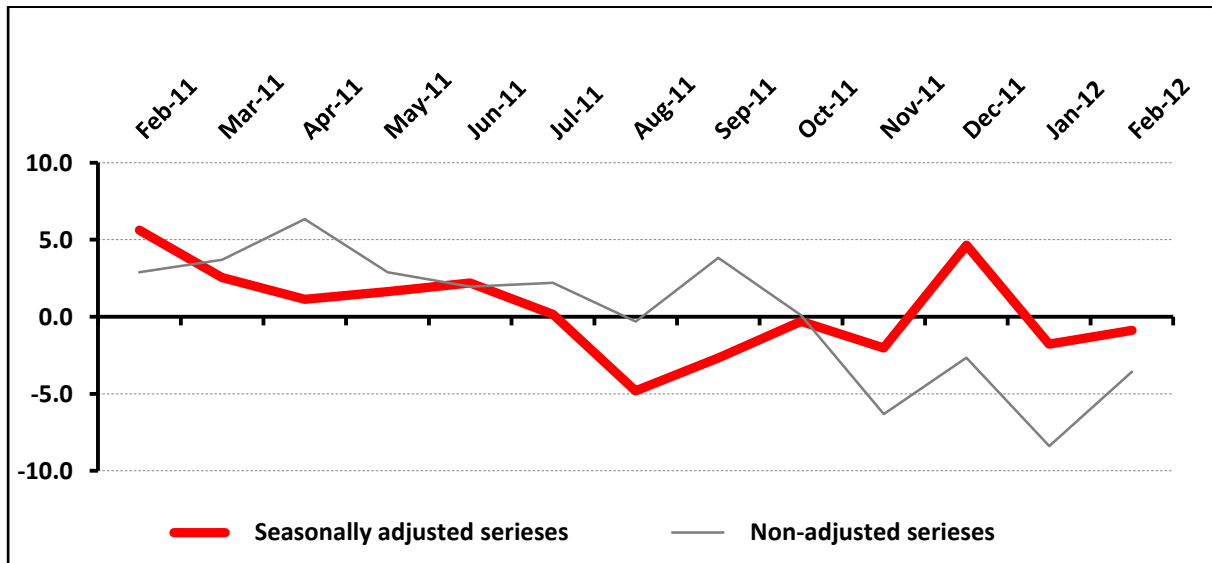


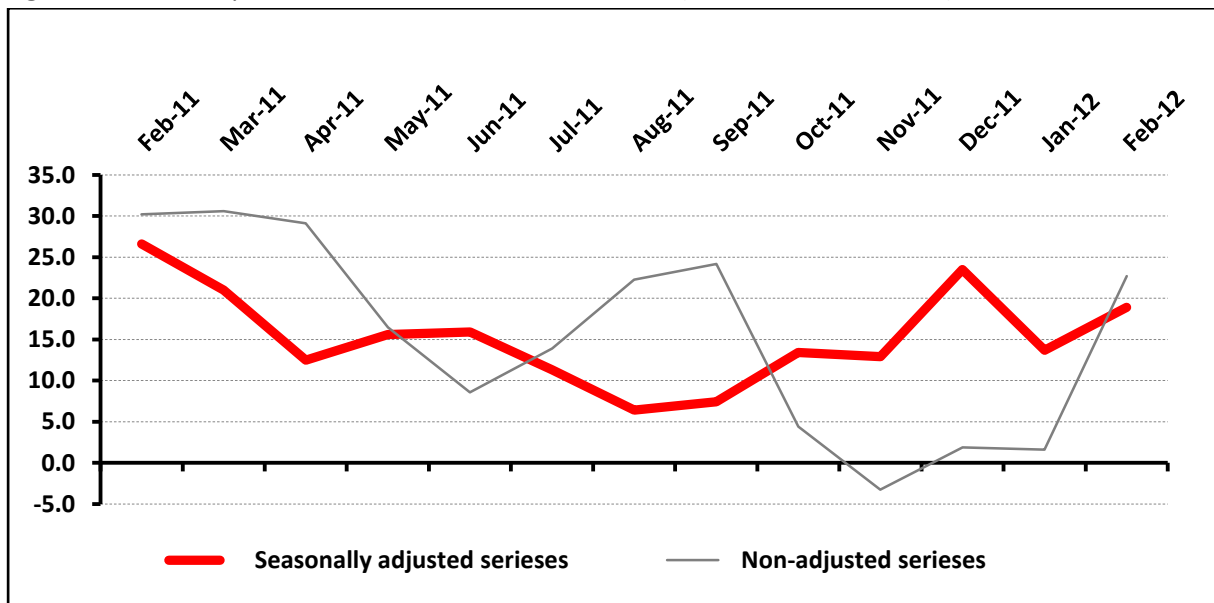
Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.8	-23.8	-23.1	-15.8	-17.6	-20.8	-22.7	-21.1
2009	-21.2	-21.5	-17.7	-15.2	-12.0	-9.0	-9.4	-12.0	-12.6	-10.7	-5.9	-10.1
2010	-9.9	-6.9	-6.4	-6.0	-8.7	-8.4	-4.7	-2.4	-0.2	0.6	1.3	-0.8
2011	7.4	5.6	2.5	1.1	1.6	2.2	0.2	-4.8	-2.7	-0.3	-2.0	4.7
2012	-1.8	-0.9										

**Retailers more hopeful than in January:**

The balance value of the expectations for the next three months stood at 18.9 in February. 43.3 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 20.6 percent expect a deterioration. This implies a 7.7 point decrease compared to February 2011 and a 5.2 point increase compared to January 2012.

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



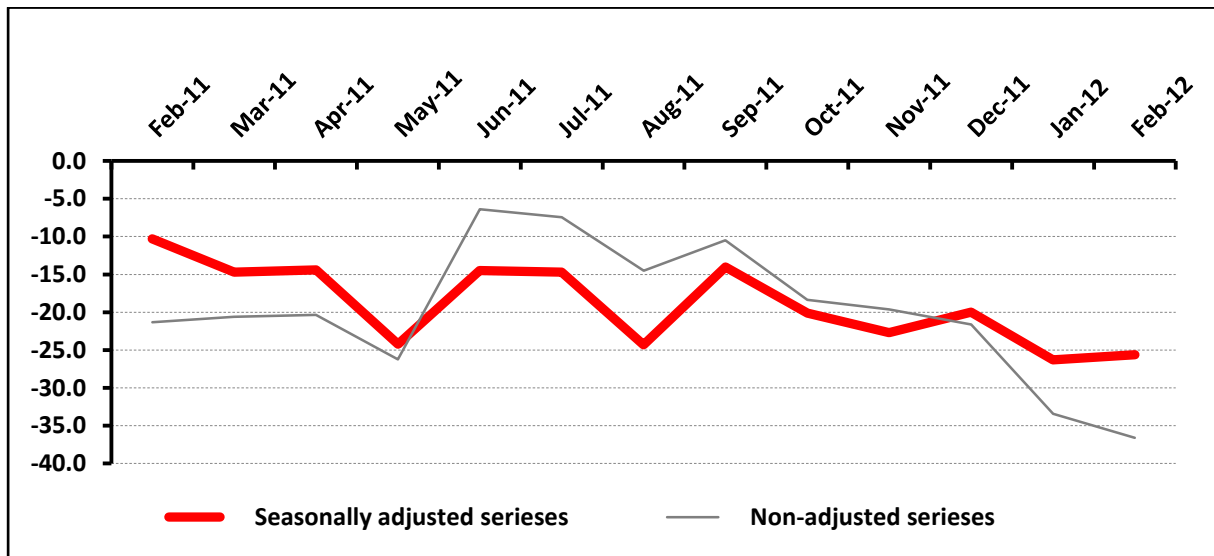
**Table-2.** TEPE – Expectations for the next three months (%increase-%decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-27.3	-31.9	-25.1	-13.0	-17.7	-23.1	-27.9	-29.9
<b>2009</b>	-27.2	-29.7	-32.3	-17.9	-12.9	-0.5	-6.5	-11.5	-3.0	-5.2	1.0	-8.6
<b>2010</b>	-6.2	-7.3	4.0	1.2	-3.9	-7.8	0.1	2.1	1.3	7.0	10.3	15.3
<b>2011</b>	24.1	26.6	21.0	12.5	15.6	15.9	11.3	6.4	7.4	13.4	12.9	23.5
<b>2012</b>	13.7	18.9										

**Level of business activities worsened compared to February 2011:**

In February 2012, the level of business activities compared to the previous year stood at the lowest of the last twenty two months. 17.2 percent of the participants declared a year-on-year improvement in business activities whereas 53.8 percent declared deterioration. Volume of business activities, therefore decreased by 15.3 points compared to February 2011 and increased by 0.7 points compared to January 2012.

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



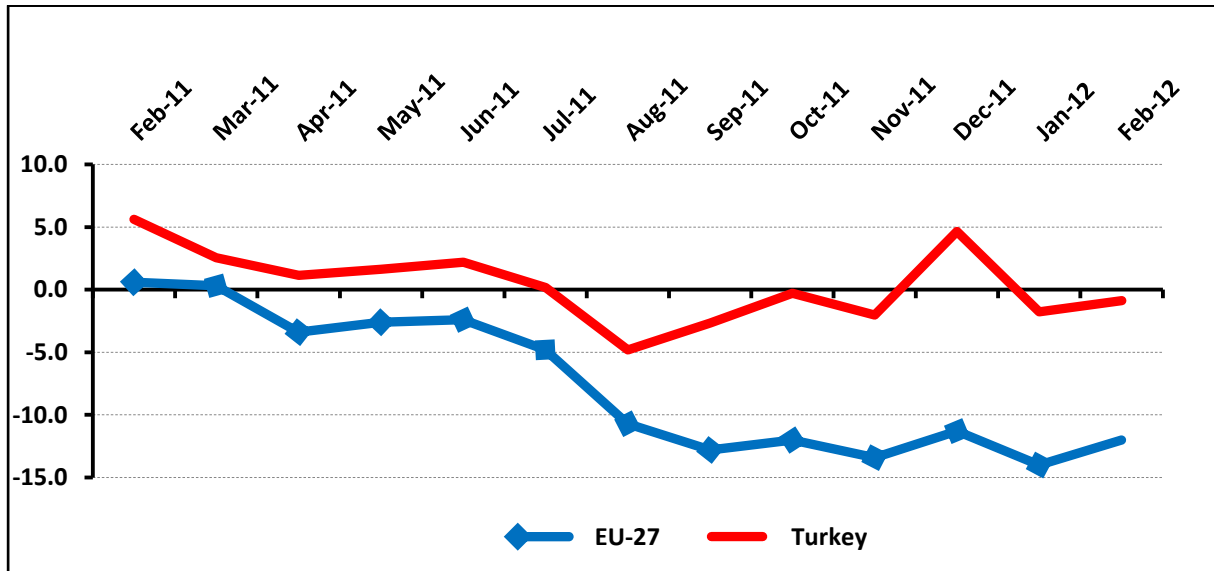
**Table-3.** TEPE – Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-58.1	-68.9	-68.8	-57.4	-59.0	-58.8	-65.8	-66.5
<b>2009</b>	-66.3	-62.2	-58.7	-60.5	-54.8	-43.5	-46.9	-52.3	-63.6	-53.8	-46.7	-47.3
<b>2010</b>	-40.6	-42.1	-39.3	-35.5	-31.8	-39.0	-32.3	-25.4	-19.8	-20.4	-14.8	-13.0
<b>2011</b>	-10.2	-10.3	-14.7	-14.4	-24.2	-14.5	-14.7	-24.3	-14.0	-20.1	-22.7	-20.0
<b>2012</b>	-26.3	-25.6										

**Turkey still performs much better than the EU:**

EU-27 Retail Confidence Index stood at -12 in February 2012, demonstrating a month-on-month increase by 2 points and a year-on-year drop by 12.6 points. Turkey which has been outperforming the EU since the beginning of 2011 preserved the gap in February 2012.

**Figure-4.** Comparison of TEPE and EU-27 Retail Confidence Index (February 2011 – February 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	-12.0										

**Year-on-year drop in almost all European countries:**

Comparing the EU-27 Index and TEPE for February 2011 and January 2012, European countries suffered year-on-year drops in the Index except Slovakia, Latvia and Romania. Steepest drops were observed in Sweden and Hungary and Eurozone performed worse than the EU average.

**Table-5.** Retail Confidence Index for EU-27 Countries and Turkey (compared to January 2012 and February 2011) (Seasonally adjusted series)

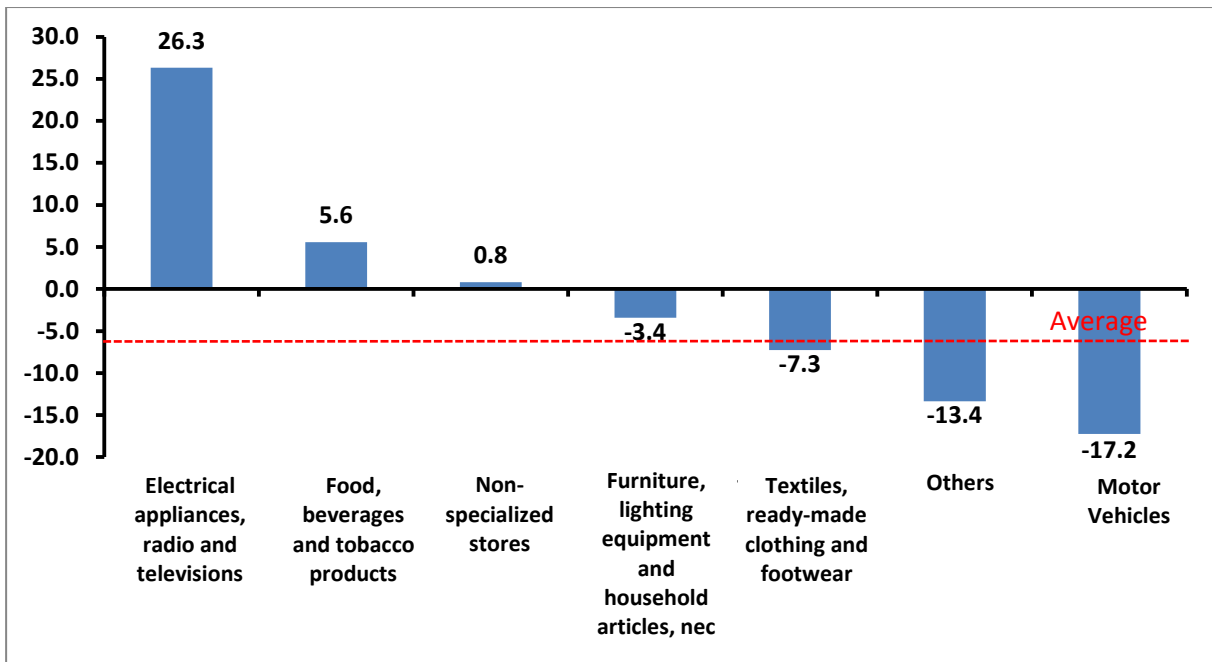
Countries	Change in Retail Confidence Index Compared to February 2011 (Points)*	Change in Retail Confidence Index Compared to January 2012 (Points)
Slovakia	5.5	7.2
Latvia	1.5	-0.2
Romania	0.1	0.6
Southern Cyprus	-0.9	-0.9
Finland	-1.7	5.8
Spain	-2.1	2.4
Lithuania	-3.8	9.0
Poland	-4.5	2.2
Czech Republic	-4.8	0.2
Turkey	<b>-6.5</b>	<b>0.9</b>
Estonia	-6.7	1.5
United Kingdom	-7.2	5.0
Austria	-7.4	3.1
Slovenia	-7.5	2.5
Bulgaria	-7.7	2.6
Greece	-11.0	-4.6
EU-27	<b>-12.6</b>	<b>2.0</b>
Germany	-13.6	-0.9
Eurozone -17	<b>-13.9</b>	<b>1.2</b>
Belgium	-15.5	4.2
Netherlands	-16.0	-2.3
France	-16.5	1.9
Italy	-19.0	4.0
Portugal	-19.1	0.4
Hungary	-22.8	-2.4
Sweden	-33.6	4.5

\*Countries are ranked by their performance in February 2011.

**Improvement in electronics and food sectors in February:**

Electrical appliances, radio, and televisions sector was the leader sector of February compared to February 2011. Food, beverages and tobacco products sector and non-specialized stores sectors also demonstrated an improvement in performance. Furniture and lighting equipment sectors performed better than the average despite a year-on-year drop. Textiles, ready-made clothing and footwear sector and “others” sector (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.) experienced severe drops in performance compared to the previous year while the motor vehicles sector demonstrated the sharpest fall in performance.

**Figure-5.** Year-on-year change in TEPE, February 2012 (points) (Seasonally adjusted)



**Business activities and expectations for the future worse than they were in the last year:**

Question-based assessment of TEPE survey results reveals that all figures and expectations worsened compared to February 2011. The largest deterioration was in the level of business activities compared to the last three months and last year. On the other hand, expectations for sales prices increased slightly. TEPE results showed an improvement in terms of all figures and expectations, compared to January 2012, where the biggest surge was in the expectations for sales prices, sales volume and orders placed with suppliers.

**Table-6.** Detailed results by TEPE questions (%) (Seasonally adjusted series)

Questions	Index 02/2011	Index 01/2012	Index 02/2012	MoM Change 02/2012	YoY Change 02/2012
How has your business activity developed over the past three months? It has...	-21.9	-35.5	<b>-34.3</b>	1.2	-12.4
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	14.0	18.5	<b>14.4</b>	-4.1	0.4
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	16.8	5.6	<b>10.4</b>	4.8	-6.4
How do you expect your business activity (sales) to change over the next 3 months? It will...	26.6	13.7	<b>18.9</b>	5.2	-7.7
How do you expect your firm's total employment to change over the next 3 months? It will...	14.8	3.3	<b>6.4</b>	3.1	-8.4
How do you expect the prices you charge to change over the next 3 months? They will...	17.8	10.3	<b>19.1</b>	8.8	1.3
How has your business activity developed this year compared to the same period in the last year? It has...	-10.3	-26.3	<b>-25.6</b>	0.7	-15.3
Do you expect an increase in the number of your stores next year?	10.6	4.4	<b>7.2</b>	2.8	-3.4

<sup>1</sup> Positive inventory level indicates that current level of inventory stands below the normal.

The (-) values in Table-6 implies that negative expectations are more dominant than positive expectations.