

### RETAIL CONFIDENCE STILL INERT AROUND THE HORIZONTAL AXIS

In March 2012, TEPE remained below zero despite the uptrend. The anticipation for business volume recovery made no progress year-on-year. Expectations for employment gain increases as summer approaches. The gap between TEPE and EU confidence index was preserved.

#### TEPE in the negatives also in March:

Albeit the uptrend, TEPE stood in the negatives with a value of -0.4 in March 2012 as it was in January and February. This implies a month-on-month increase by 0.4 points and a year-on-year decreased by 3 points.

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

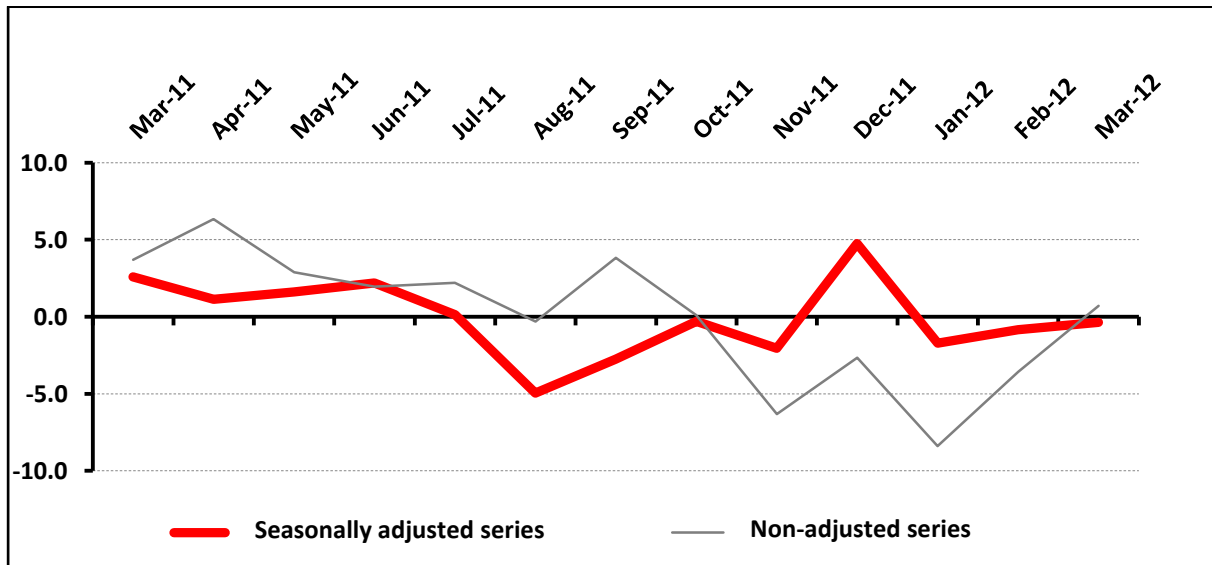


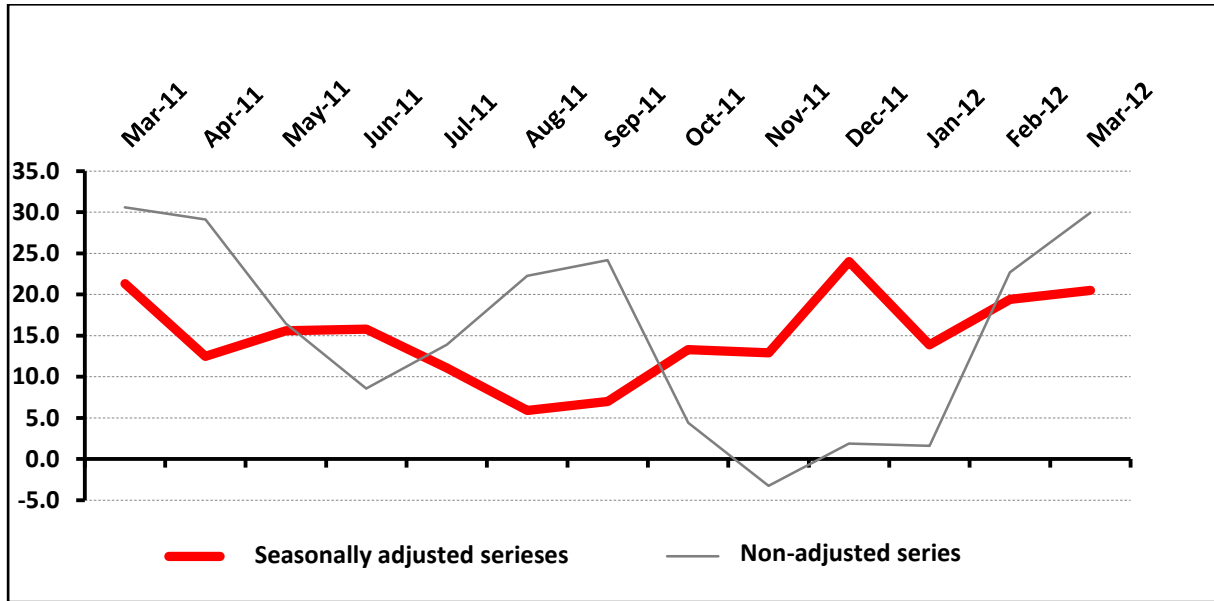
Table-1. TEPE (Seasonally adjusted series)

| %    | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2008 | ---   | ---   | ---   | ---   | -21.8 | -23.8 | -23.1 | -15.6 | -17.5 | -20.8 | -22.7 | -21.2 |
| 2009 | -21.3 | -21.6 | -17.7 | -15.2 | -12.0 | -9.0  | -9.4  | -12.0 | -12.6 | -10.7 | -5.9  | -10.2 |
| 2010 | -10.0 | -6.9  | -6.4  | -6.0  | -8.8  | -8.4  | -4.7  | -2.5  | -0.3  | 0.6   | 1.3   | -0.8  |
| 2011 | 7.5   | 5.7   | 2.6   | 1.1   | 1.6   | 2.2   | 0.1   | -5.0  | -2.8  | -0.3  | -2.1  | 4.8   |
| 2012 | -1.7  | -0.8  | -0.4  |       |       |       |       |       |       |       |       |       |

**Fifty percent of retailers hopeful about the future:**

The balance value of the expectations for the next three months stood at 20.5 in March. 50 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 20.1 percent expect a deterioration. This implies a 0.8 point decrease compared to March 2011 and a 1.1 point increase compared to February 2012.

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



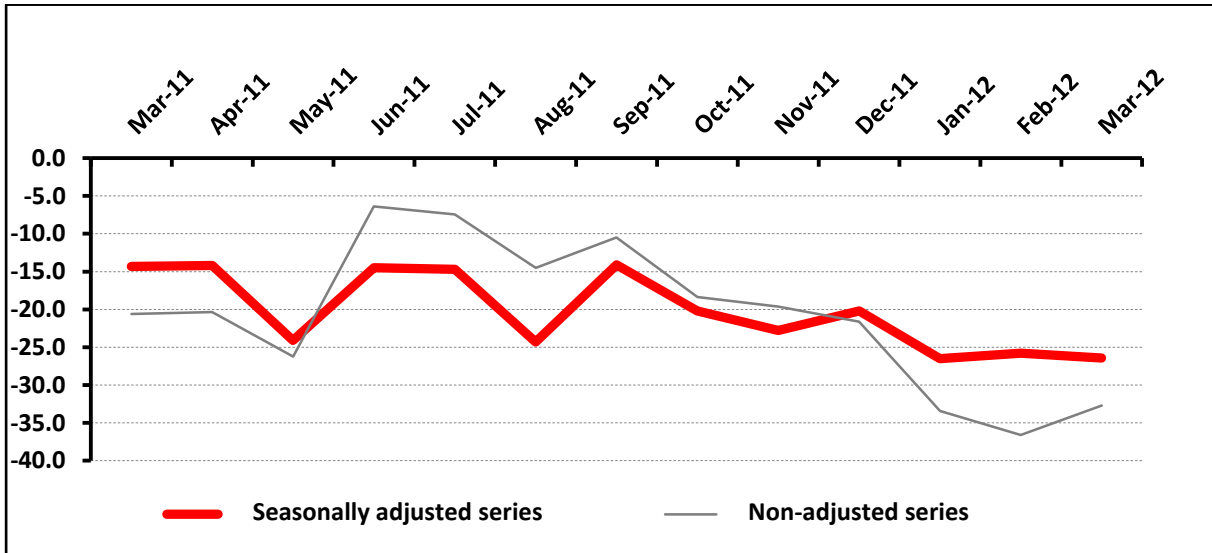
**Table-2.** TEPE – Expectations for the next three months (%increase-%decrease)  
(Seasonally adjusted series)

| %           | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>2008</b> | ---   | ---   | ---   | ---   | -27.3 | -31.9 | -24.9 | -12.5 | -17.2 | -22.9 | -27.9 | -30.3 |
| <b>2009</b> | -27.4 | -30.1 | -32.7 | -17.9 | -12.9 | -0.4  | -6.4  | -11.3 | -2.7  | -5.0  | 1.1   | -8.7  |
| <b>2010</b> | -6.2  | -7.4  | 4.0   | 1.1   | -3.9  | -7.9  | 0.0   | 1.9   | 1.1   | 7.0   | 10.4  | 15.6  |
| <b>2011</b> | 24.4  | 27.0  | 21.3  | 12.5  | 15.6  | 15.8  | 11.1  | 5.9   | 7.0   | 13.3  | 12.9  | 24.0  |
| <b>2012</b> | 13.9  | 19.4  | 20.5  |       |       |       |       |       |       |       |       |       |

**Anticipation for year-on-year recovery in business activities in deadlock:**

In March 2012, 18.3 percent of the participants declared a year-on-year improvement in business activities whereas 51 percent declared deterioration. Volume of business activities, therefore decreased by 12.1 points compared to March 2011 and by 0.6 points compared to February 2012.

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



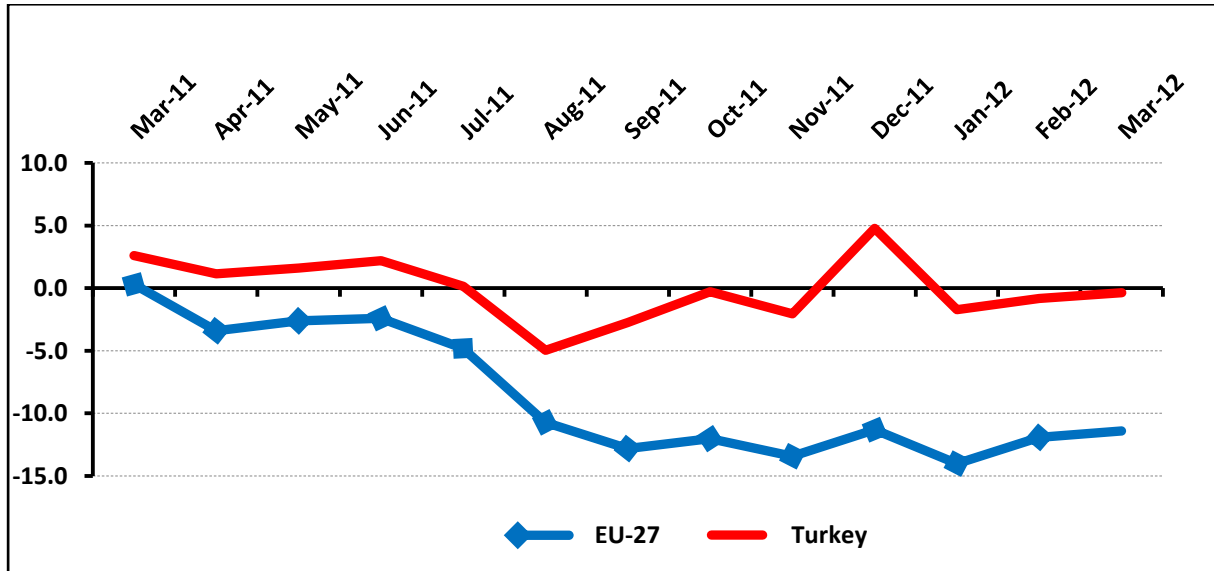
**Table-3.** TEPE – TEPE – Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

| %           | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>2008</b> | ---   | ---   | ---   | ---   | -58.1 | -68.8 | -68.7 | -57.5 | -59.0 | -58.9 | -65.8 | -66.5 |
| <b>2009</b> | -66.4 | -62.4 | -58.4 | -60.3 | -54.8 | -43.4 | -46.9 | -52.4 | -63.6 | -53.9 | -46.8 | -47.4 |
| <b>2010</b> | -40.8 | -42.3 | -38.9 | -35.3 | -31.7 | -38.9 | -32.3 | -25.4 | -19.8 | -20.4 | -14.9 | -13.1 |
| <b>2011</b> | -10.4 | -10.5 | -14.3 | -14.2 | -24.1 | -14.5 | -14.7 | -24.3 | -14.1 | -20.2 | -22.8 | -20.2 |
| <b>2012</b> | -26.5 | -25.8 | -26.4 |       |       |       |       |       |       |       |       |       |

**The gap between Turkey and the EU preserved:**

EU-27 Retail Confidence Index stood at -11.4 in March 2012, demonstrating a month-on-month increase by 0.5 points and a year-on-year drop by 11.7 points. Turkey which has been outperforming the EU since the beginning of 2011 preserved the gap also in March 2012.

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



**Table-4.** AB-27 (Seasonally adjusted series)

| %           | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>2008</b> | -0.8  | -0.2  | 0.8   | -6.0  | -4.4  | -7.1  | -13.1 | -13.5 | -14.7 | -19.4 | -20.0 | -26.8 |
| <b>2009</b> | -26.5 | -25.1 | -22.9 | -23.3 | -16.0 | -15.5 | -13.4 | -11.0 | -8.4  | -9.1  | -5.1  | -4.0  |
| <b>2010</b> | -4.1  | -4.2  | -5.5  | 0.1   | -4.4  | -3.8  | -0.4  | 0.2   | 0.8   | 2.6   | 3.0   | 7.5   |
| <b>2011</b> | 3.0   | 0.6   | 0.3   | -3.4  | -2.6  | -2.4  | -4.8  | -10.7 | -12.8 | -12.0 | -13.4 | -11.3 |
| <b>2012</b> | -14.0 | -11.9 | -11.4 |       |       |       |       |       |       |       |       |       |

**Year-on-year decline in the European retail industry continues:**

Comparing the EU-27 Index and TEPE for March 2011 and February 2012, European countries suffered year-on-year drops in the Index except Slovenia, Finland, Romania, Spain and Latvia. Steepest drops were observed in Sweden and Belgium. Eurozone countries performed better than the EU average.

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

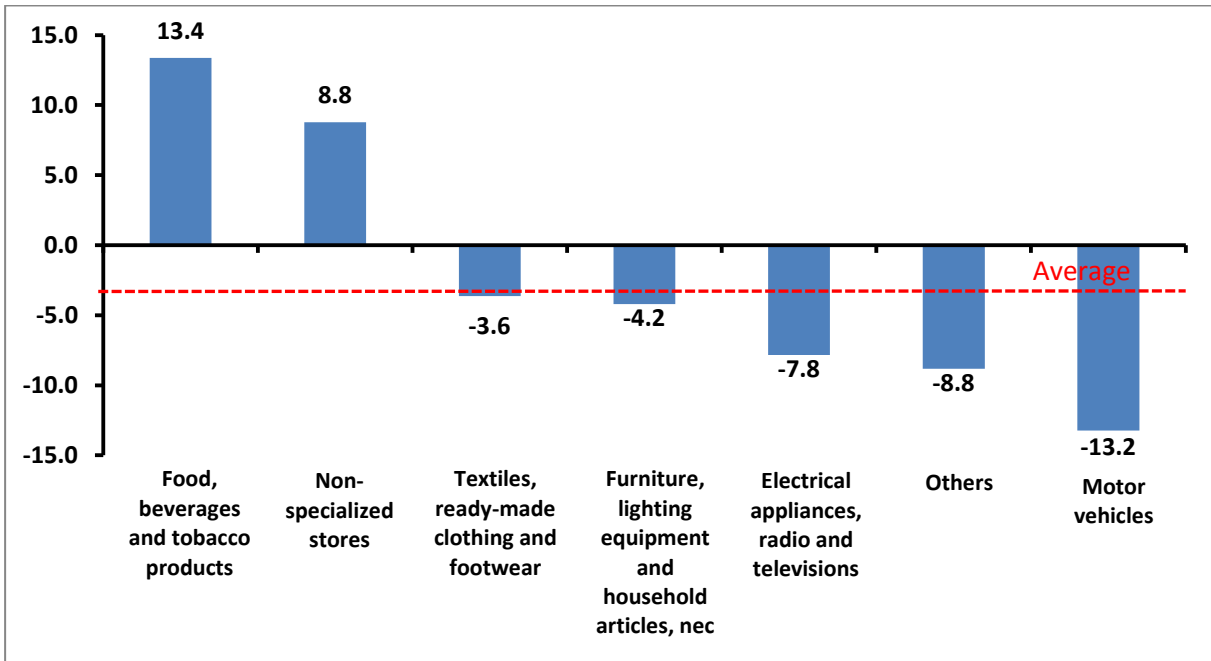
| Countries       | Change in Retail Confidence Index Compared to March 2011 (Points)* | Change in Retail Confidence Index Compared to February 2012 (Points) |
|-----------------|--|--|
| Slovenia        | 6.4  | 1.7  |
| Finland         | 5.1  | 5.5  |
| Romania         | 2.7  | -0.5   |
| Spain           | 0.9  | 0.0  |
| Latvia          | 0.7  | -1.5   |
| Czech Republic  | -0.1   | 2.1  |
| Slovakia        | -1.6   | 2.3  |
| Estonia         | -2.5   | 6.3  |
| Turkey          | <b>-3.0</b>  | <b>0.4</b>   |
| Poland          | -3.4   | 2.0  |
| Austria         | -4.2   | 3.1  |
| Lithuania       | -4.9   | -0.9   |
| Southern Cyprus | -5.9   | 1.9  |
| Hungary         | -8.2   | 8.8  |
| Germany         | -10.4  | 5.3  |
| Eurozone-17     | <b>-10.6</b>   | <b>1.8</b>   |
| France          | -10.7  | -2.2   |
| EU-27           | <b>-11.7</b>   | <b>0.5</b>   |
| Greece          | -13.8  | 2.9  |
| Portugal        | -14.9  | 0.4  |
| Bulgaria        | -15.7  | 5.2  |
| Italy           | -16.5  | 2.2  |
| Holland         | -17.2  | 3.0  |
| United Kingdom  | -18.6  | -7.8   |
| Belgium         | -21.0  | -2.0   |
| Sweden          | -22.9  | 11.2   |

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

**Automotive sector still in decline:**

Food, beverages and tobacco products sector and non-specialized stores sectors were the leader sectors of March 2012, compared to March 2011. All sectors but these faced year-on-year declines in March. Textiles, ready-made clothing and footwear sector and furniture and lighting equipment sectors declined at the average whereas the “others” sector (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.) faced a larger year-on-year drop than the average. The sharpest year-on-year decline was in the motor vehicles sector.

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



**Expectations for employment rise, as summer approaches:**

Question-based assessment of TEPE survey results reveal that expectations for the level of business activities compared to the last three months and last year and for the number of stores next year declined severely compared to March 2011. On the other hand, expectations for the level of employment and the sales prices for the next three months improved year-on-year. Compared to February 2012, only expectations for the level of business activities compared to the last three months and for the level of employment and the sales prices for the next three months showed an advance.

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

| Questions  | Index<br>03/2011 | Index<br>02/2012 | Index<br>03/2012 | MoM<br>Change<br>03/2012 | YoY Change<br>03/2012 |
|--|------------------|------------------|------------------|--------------------------|-----------------------|
| How has your business activity developed over the past three months? It has...                             | -22.3            | -34.5            | <b>-34.2</b>     | 0.3                      | -11.9                 |
| Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>                        | 9.3              | 14.3             | <b>13.0</b>      | -1.3                     | 3.7                   |
| How do you expect your orders placed with suppliers to change over the next 3 months? They will...         | 10.0             | 10.3             | <b>8.0</b>       | -2.3                     | -2.0                  |
| How do you expect your business activity (sales) to change over the next 3 months? It will...              | 21.3             | 19.4             | <b>20.5</b>      | 1.1                      | -0.8                  |
| How do you expect your firm's total employment to change over the next 3 months? It will...                | 8.9              | 7.4              | <b>13.2</b>      | 5.8                      | 4.3                   |
| How do you expect the prices you charge to change over the next 3 months? They will...                     | 14.2             | 16.1             | <b>14.9</b>      | -1.2                     | 0.7                   |
| How has your business activity developed this year compared to the same period in the last year? It has... | -14.3            | -25.8            | <b>-26.4</b>     | -0.6                     | -12.1                 |
| Do you expect an increase in the number of your stores next year?  | 12.9             | 6.9              | <b>2.9</b>       | -4.0                     | -10.0                 |

<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.