

## RETAIL CONFIDENCE DROPS, EXPECTATIONS DETERIORATE

TEPE recorded year-on-year and month-on-month drops in April 2012. The anticipation for business volume recovery compared to the previous year and last three months improved slightly whereas expectations for sales and order volume deteriorated. The EU converged to the TEPE at the highest degree since March 2011.

### TEPE drops by 7 points year-on-year:

TEPE which has been standing in the negatives since January had a value of -4.4 in April 2012. This implies a month-on-month decrease by 3 points and a year-on-year decrease by 6.6 points.

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

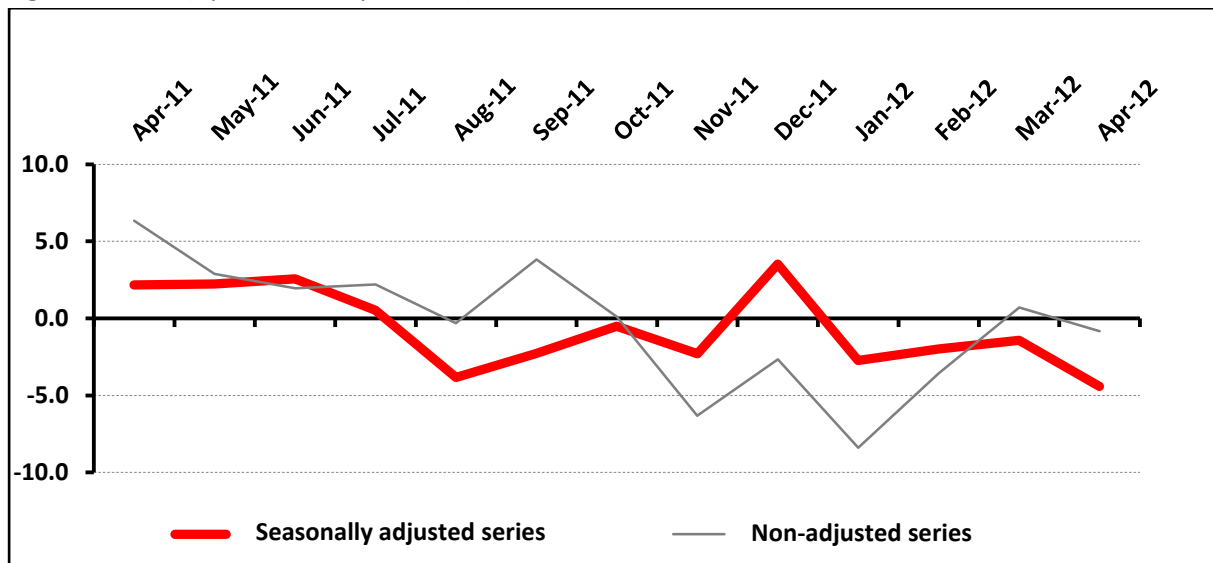


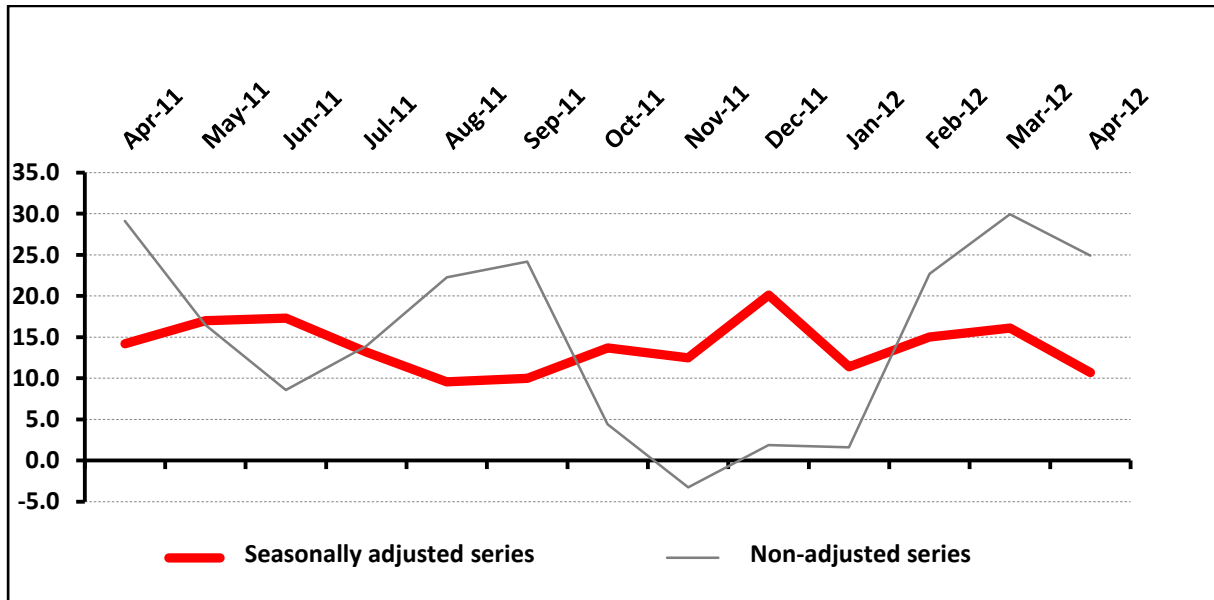
Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.1	-23.9	-23.2	-16.7	-18.1	-20.8	-22.5	-20.6
2009	-20.8	-21.1	-17.7	-14.9	-12.1	-9.1	-9.6	-12.4	-12.7	-10.7	-6.2	-10.0
2010	-10.0	-7.1	-6.7	-5.4	-8.3	-8.1	-4.5	-2.1	-0.2	0.4	1.0	-1.3
2011	6.7	4.8	1.9	2.2	2.2	2.6	0.5	-3.8	-2.3	-0.5	-2.3	3.5
2012	-2.7	-2.0	-1.4	-4.4								

**Expectations of retailers deteriorate:**

The balance value of the expectations for the next three months stood at 10.7 in April. 47.7 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 22.8 percent expect a deterioration. This implies a 3.5 point decrease compared to April 2011 and a 5.4 point decrease compared to March 2012.

**Figure-2.** Expectations for the next three months (%increase-%decrease) (April 2011 – April 2012)



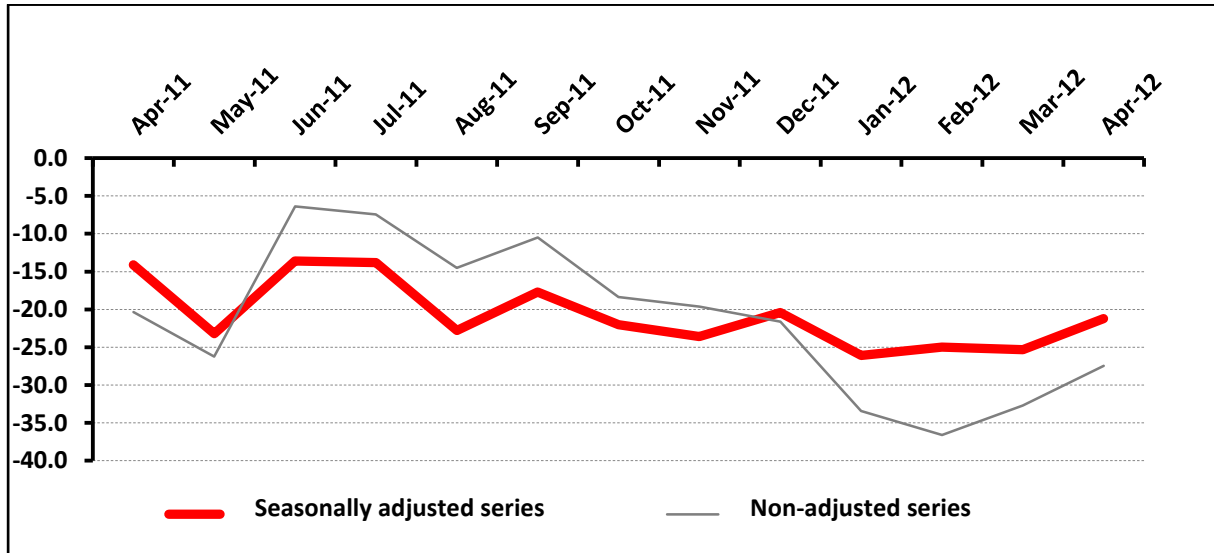
**Table-2.** Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-27.4	-32.0	-26.1	-16.3	-20.5	-23.9	-28.0	-28.0
<b>2009</b>	-26.1	-27.5	-30.5	-17.2	-12.8	-1.1	-7.2	-12.5	-4.2	-5.9	0.1	-8.2
<b>2010</b>	-6.6	-7.4	3.2	2.1	-2.7	-6.7	1.1	3.6	2.4	7.0	9.6	13.5
<b>2011</b>	21.9	23.6	17.9	14.2	17.0	17.3	13.2	9.6	10.0	13.7	12.5	20.1
<b>2012</b>	11.4	15.0	16.1	10.7								

**Business activities slightly recover year-on-year:**

In April 2012, 22.5 percent of the participants declared a year-on-year improvement in business activities whereas 49.9 percent declared deterioration. Volume of business activities, therefore decreased by 7.1 points compared to April 2011 and increased by 4.1 points compared to March 2012.

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



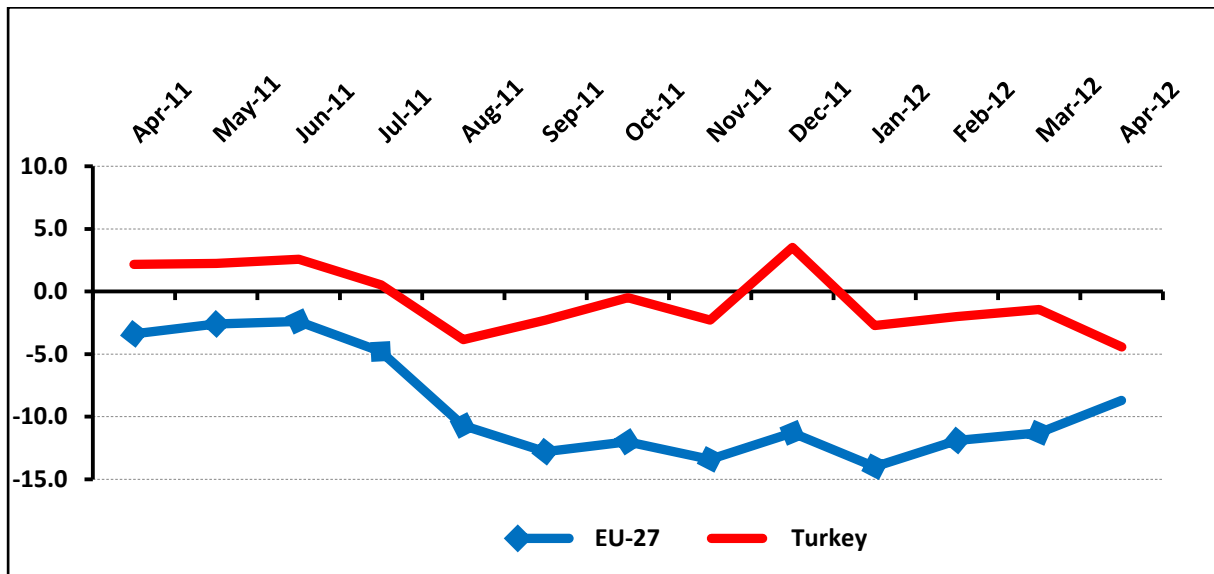
**Table-3.** Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-57.9	-67.9	-67.5	-56.5	-62.6	-61.0	-66.6	-66.3
<b>2009</b>	-65.8	-61.5	-57.3	-59.9	-54.3	-42.6	-45.7	-51.2	-67.2	-56.0	-47.7	-47.4
<b>2010</b>	-40.3	-41.5	-37.9	-35.0	-31.0	-38.0	-31.2	-24.0	-23.4	-22.4	-15.8	-13.3
<b>2011</b>	-10.0	-9.8	-13.3	-14.1	-23.2	-13.6	-13.8	-22.8	-17.7	-22.0	-23.6	-20.4
<b>2012</b>	-26.1	-25.0	-25.3	-21.2								

**EU converges to Turkey considerably for the first time:**

The EU-27 Retail Confidence Index stood at -8.7 in April 2012, demonstrating a month-on-month increase by 2.6 points and a year-on-year drop by 5.3 points. The gap between Turkey and EU therefore decreased considerably for the first time since March 2011.

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



**Table-4.** EU-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	-11.3	-8.7								

### Retail confidence drops in the Eurozone more severely than in the EU:

Comparing the retail confidence indices for the EU-27 countries and Turkey, year-on-year drops were observed in all EU countries excluding United Kingdom, Germany, Romania, Finland, Bulgaria and Spain. The harshest drops were experienced by Italy, Swede and Belgium. Eurozone countries performed worse than the overall EU region compared to both April 2011 and March 2012.

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

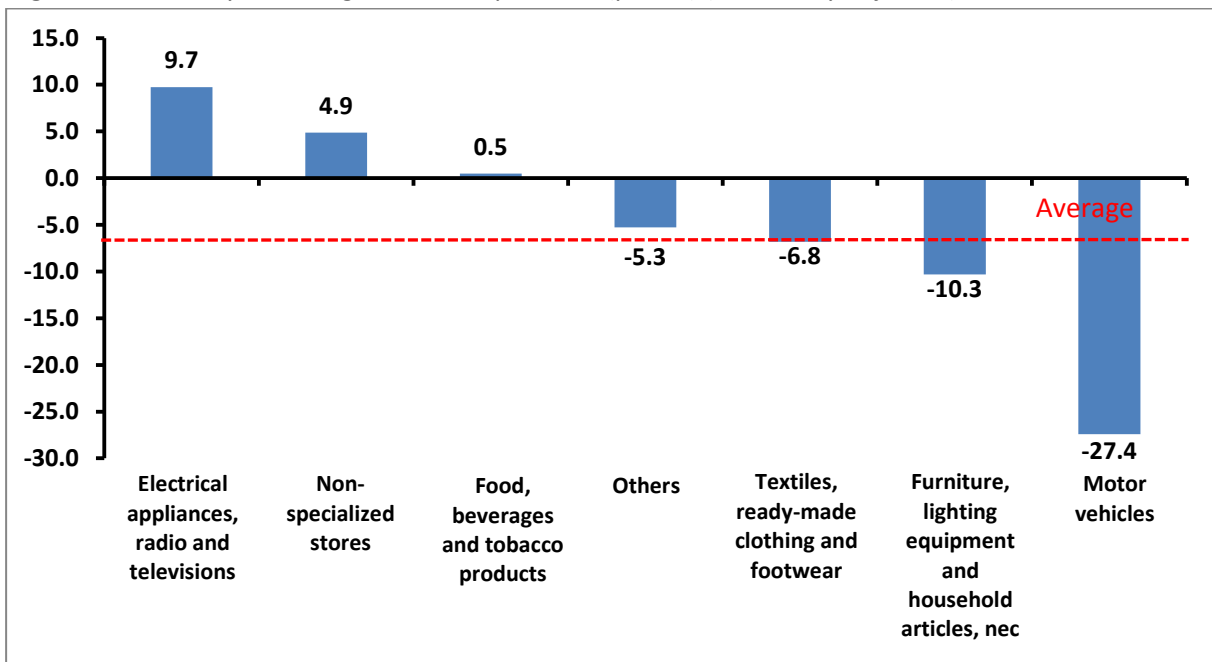
Countries	Change in Retail Confidence Index Compared to April 2011 (Points)*	Change in Retail Confidence Index Compared to March 2012 (Points)
United Kingdom	11.5	12.6
Austria	11.2	0.4
Romania	5.2	5.7
Finland	1.9	-3.6
Bulgaria	1.3	5.6
Spain	0.5	1.0
Lithuania	-0.2	7.1
Latvia	-0.4	-1.2
Poland	-1.1	-0.6
Southern Cyprus	-1.3	0.4
Slovenia	-3.6	-1.4
Estonia	-5.1	1.1
EU-27	<b>-5.3</b>	<b>2.6</b>
Slovakia	-5.6	-1.7
Turkey	<b>-6.6</b>	<b>-3.0</b>
Portugal	-6.7	1.4
Czech Republic	-6.8	-4.2
Greece	-7.1	-1.8
Germany	-7.2	-2.3
Eurozone -17	<b>-9.4</b>	<b>0.6</b>
Hungary	-9.9	0.1
France	-10.7	6.1
Holland	-11.2	-1.4
Belgium	-20.1	4.0
Sweden	-20.2	-2.3
Italy	-21.0	-0.8

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

**Automotive sector still in decline:**

Electrical appliances, radio and televisions sector outperformed all other sectors in April 2012. This was followed by the non-specialized stores and food, beverages and tobacco products sector. All sectors but the aforesaid three faced year-on-year drops in performance, where “others” sector declined at a pace less than the average and textiles, ready-made clothing and footwear sector and furniture and lighting equipment sectors declined more than the average. The sharpest year-on-year drop was observed in the motor vehicles sector, as was in March 2012.

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



**Expectations for sales volume and orders worsen:**

Question-based assessment of TEPE survey results reveal that the level of business activities compared to the last three months and the last year, and expectations for the level of orders placed with suppliers and the volume of business activities in the next three months worsened in April 2012. On the other hand, expectations for the level of employment and the sales prices for the next three months and for the level of inventories improved. Compared to March 2012, expectations for the level of employment and the sales prices for the next three months demonstrated the sharpest drop while the year-on-year change in the level of business activities and expectations for the number of stores next year and the volume of inventories showed the highest improvement.

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

Questions	Index 04/2011	Index 03/2012	Index 04/2012	MoM Change 04/2012	YoY Change 04/2012
How has your business activity developed over the past three months? It has...	-21.5	-33.8	<b>-33.0</b>	0.8	-11.5
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	13.8	12.7	<b>7.9</b>	-4.8	-5.9
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	8.6	7.6	<b>7.2</b>	-0.4	-1.4
How do you expect your business activity (sales) to change over the next 3 months? It will...	14.2	16.1	<b>10.7</b>	-5.4	-3.5
How do you expect your firm's total employment to change over the next 3 months? It will...	6.7	12.4	<b>8.9</b>	-3.5	2.2
How do you expect the prices you charge to change over the next 3 months? They will...	14.4	15.6	<b>17.2</b>	1.6	2.8
How has your business activity developed this year compared to the same period in the last year? It has...	-14.1	-25.3	<b>-21.2</b>	4.1	-7.1
Do you expect an increase in the number of your stores next year?	15.6	3.0	<b>6.8</b>	3.8	-8.8

<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 were dominant to positive expectations.