

## RETAIL CONFIDENCE AT ITS LOWEST IN THE LAST TWO YEARS

TEPE dropped year-on-year and month-on-month in June 2012. The deterioration in the anticipation for business volume recovery compared to June 2011 and last three months continued. Expectations on sales, order placed with suppliers and employment compared to June 2011 also decreased. In June 2012, the EU Confidence Index improved year-on-year.

### TEPE at its lowest since June 2010:

TEPE which has been standing in the negatives since January had a value of -6.7 in June 2012. Following the improvement in May, the Index headed downwards, demonstrating a month-on-month drop by 3.3 points and a year-on-year drop by 10.1 points.

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

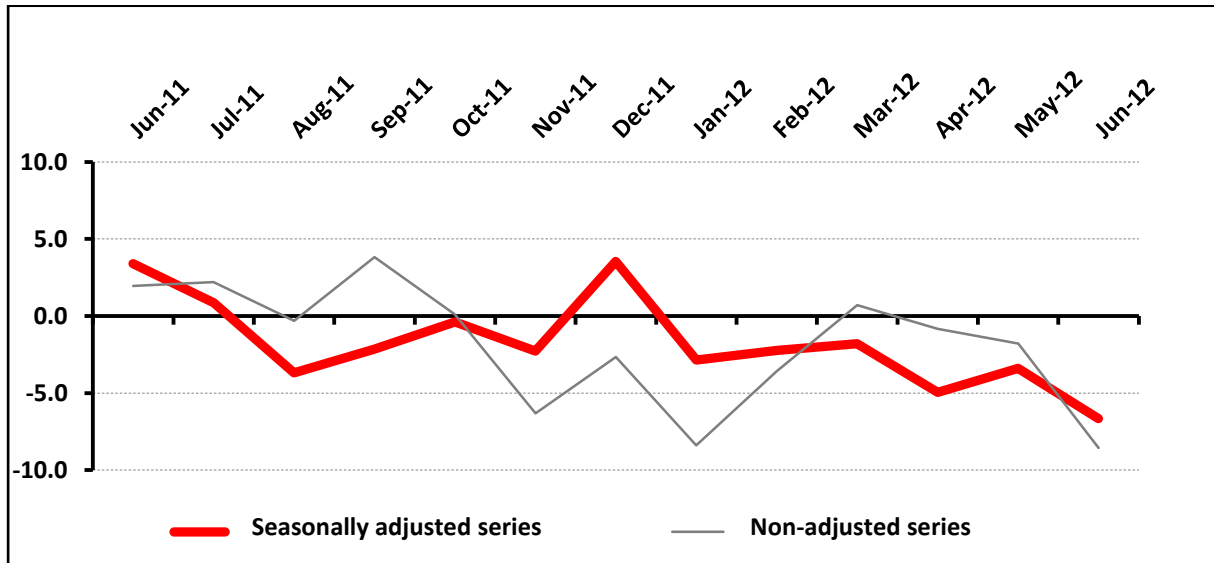


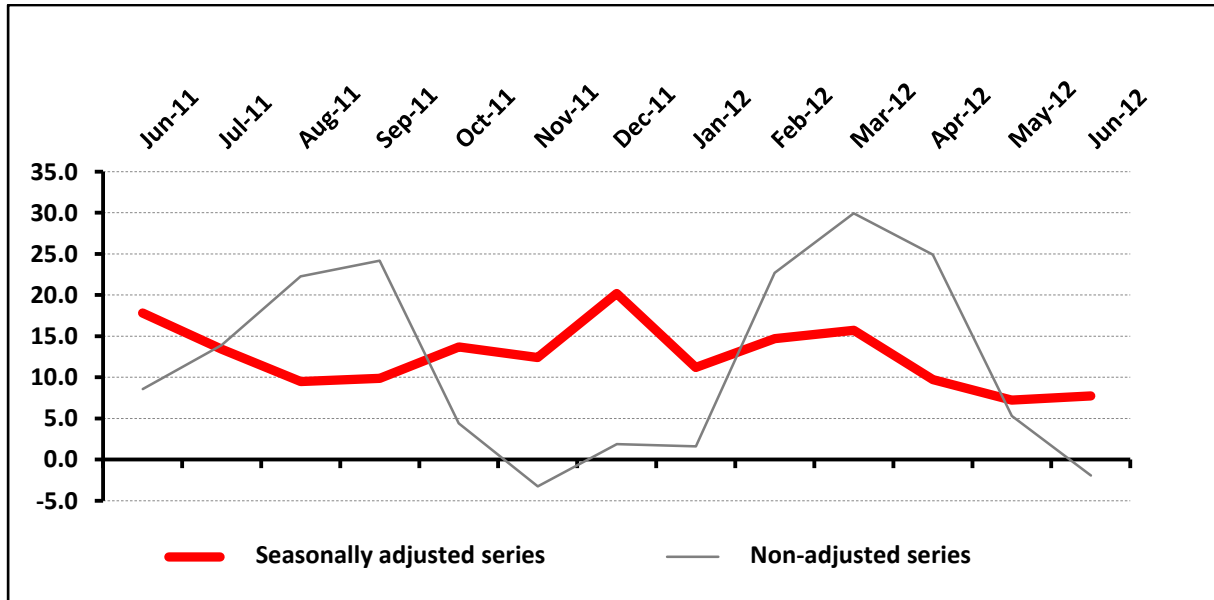
Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22,2	-23,7	-23,1	-16,5	-18,0	-20,8	-22,6	-20,7
2009	-20,9	-21,3	-17,8	-14,9	-12,3	-8,8	-9,4	-12,2	-12,7	-10,7	-6,1	-10,1
2010	-10,1	-7,2	-6,8	-5,6	-8,7	-7,6	-4,4	-2,0	-0,1	0,5	1,0	-1,3
2011	6,6	4,7	1,7	1,9	1,5	3,4	0,9	-3,7	-2,2	-0,4	-2,3	3,5
2012	-2,9	-2,2	-1,8	-5,0	-3,4	-6,7						

### Expectations stagnate:

The balance value of the expectations for the next three months stood at 7.7 in June. 38.3 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 40.3 percent expect a deterioration. This implies a 10.1 point decrease compared to June 2011 and a 0.5 point decrease compared to May 2012.

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



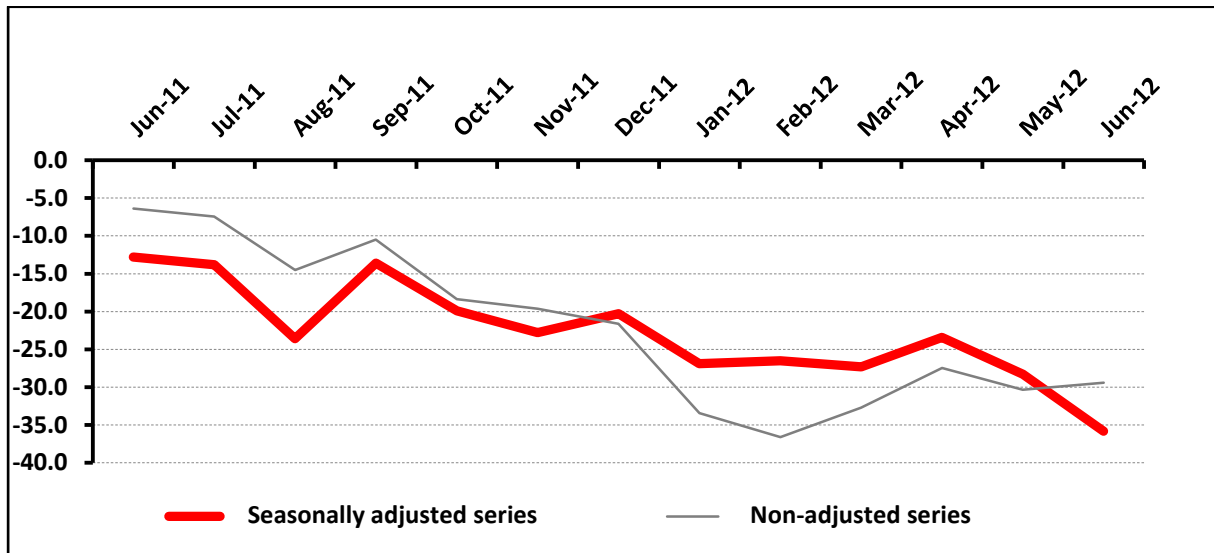
**Table-2.** Expectations for the next three months (%increase-%decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-27,0	-31,7	-25,7	-15,7	-20,1	-23,8	-28,0	-28,4
2009	-26,5	-28,1	-31,1	-17,4	-12,4	-0,7	-6,8	-12,2	-4,0	-5,8	0,1	-8,4
2010	-6,8	-7,7	2,9	1,8	-2,3	-6,4	1,3	3,6	2,4	7,0	9,6	13,5
2011	21,9	23,5	17,7	13,6	17,7	17,8	13,4	9,5	9,9	13,7	12,4	20,2
2012	11,2	14,7	15,7	9,7	7,2	7,7						

### Anticipation for year-on-year recovery in business activities worsens:

In June 2012, 22.9 percent of the participants declared a year-on-year improvement in business activities whereas 52.3 percent declared deterioration. Volume of business activities, therefore decreased by 23 points compared to June 2011 and by 7.5 points compared to May 2012.

**Figure-3.** Year-on-year change in business activities (%increase- %decrease) (June 2011 – June 2012)



**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
2008	---	---	---	---	-58,2	-67,2	-67,8	-56,8	-58,5	-58,6	-65,8	-66,7
2009	-66,8	-63,0	-59,2	-62,3	-54,9	-41,8	-45,9	-51,6	-63,1	-53,6	-46,7	-47,5
2010	-41,2	-42,9	-39,8	-37,3	-31,8	-37,2	-31,3	-24,7	-19,3	-20,2	-14,8	-13,3
2011	-10,8	-11,2	-15,2	-16,3	-24,2	-12,8	-13,8	-23,6	-13,6	-19,9	-22,8	-20,3
2012	-26,9	-26,5	-27,3	-23,4	-28,3	-35,8						

### Retail confidence across EU strengthens compared to May:

The EU-27 Retail Confidence Index stood at -10.3 in June 2012, implying a month-on-month increase by 4.3 points and a year-on-year decrease by 7.9 points.

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

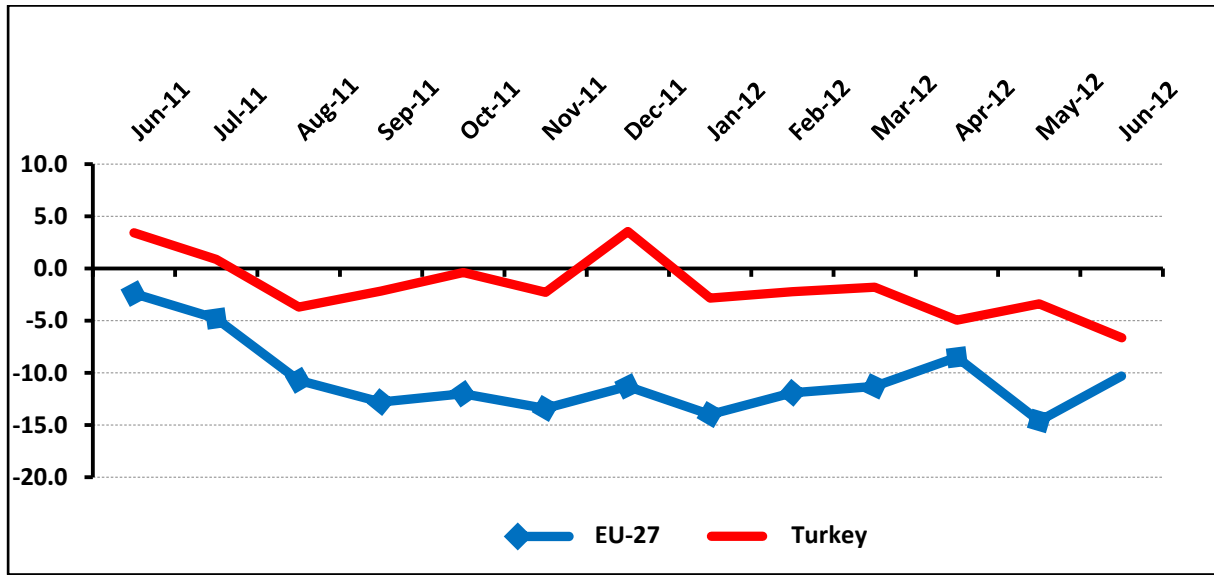


Table-4. EU-27 (Seasonally adjusted series)

%	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	-11,9	-11,3	-8,5	-14,6	-10,3						

### Italy encounters the sharpest drop in retail confidence:

Comparing the retail confidence indices for the EU-27 countries and Turkey in June 2012, year-on-year drops were observed in all EU countries excluding United Kingdom, Greece, Romania, and Bulgaria. The sharpest drops were experienced by Italy, Slovakia, Holland, Estonia, and Germany. Eurozone countries performed worse than the overall EU region compared to both June 2011 and May 2012.

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

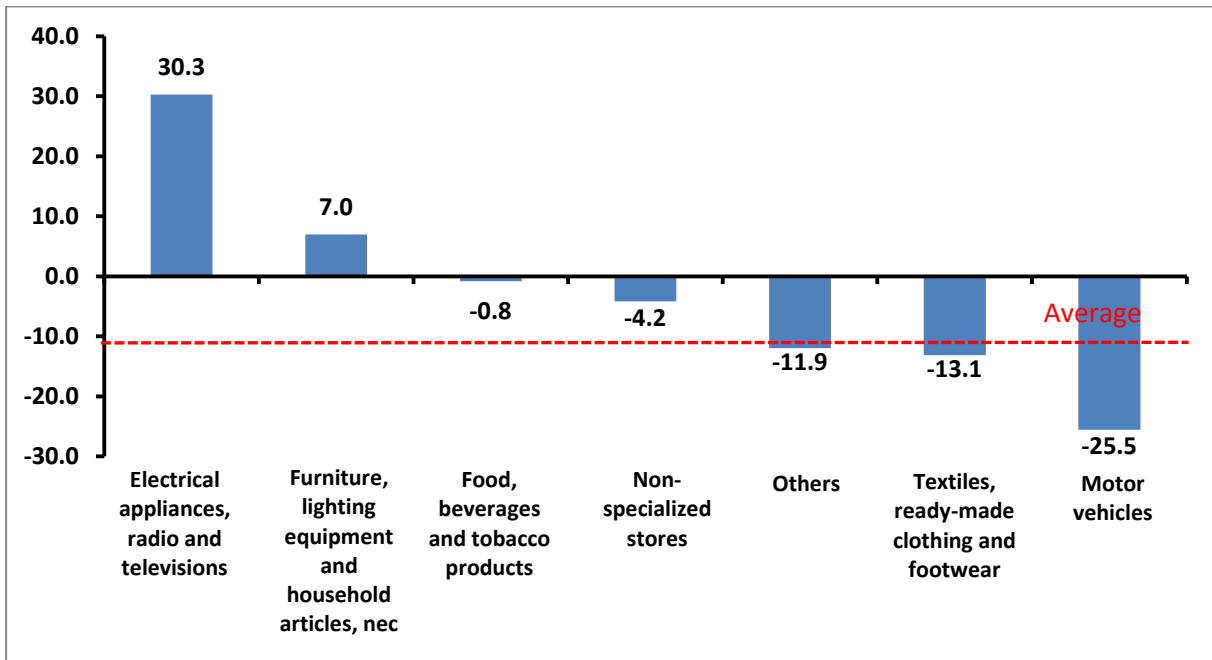
Countries	Change in Retail Confidence Index Compared to June 2011 (Points)*	Change in Retail Confidence Index Compared to May 2012 (Points)
United Kingdom	8,1	10,5
Greece	6,4	-0,3
Romania	3,0	1,5
Bulgaria	2,0	-3,1
Latvia	-0,5	6,3
Spain	-1,1	6,2
Finland	-1,6	1,9
Portugal	-2,8	1,4
Poland	-3,0	0,4
Southern Cyprus	-3,6	2,9
Austria	-4,1	4,5
<b>EU-27</b>	<b>-7,9</b>	<b>4,3</b>
Czech Republic	-7,9	-0,1
Hungary	-9,7	1,9
<b>Turkey</b>	<b>-10,1</b>	<b>-3,3</b>
Slovenia	-10,6	2,2
Belgium	-12,0	6,4
Sweden	-12,1	-2,8
<b>Eurozone -17</b>	<b>-12,2</b>	<b>3,2</b>
France	-12,8	4,0
Lithuania	-13,0	8,6
Germany	-14,2	2,8
Estonia	-14,7	-4,9
Holland	-15,1	-5,8
Slovakia	-15,9	-4,7
Italy	-20,6	4,6

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

### Automotive sector in decline also in June:

Electrical appliances, radio and televisions sector was the best performer in June 2012, followed by furniture, lighting and household articles sector. All sub-sectors but the mentioned two experienced year-on-year drops in performance. The declines were lower than the average in food, beverages, and tobacco products sector, and non-specialized stores sector and higher than the average in the “others” sector (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.) and textiles, ready-made clothing and footwear sector. The sharpest year-on-year drop was in motor vehicles sector which is on decline since the beginning of 2012.

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



### Expectations for sales volume, orders, and employment 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 on sales prices in the next three months and on the number of stores next year deteriorated both year-on-year and month-on-month. Expectations for the orders placed with suppliers, sales and employment in the next three months remained constant compared to May 2012 but decreased compared to June 2011. The current volume of inventories also declined.

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

Questions	Index 06/2011	Index 05/2012	Index 06/2012	MoM Change 06/2012	YoY Change 06/2012
How has your business activity developed over the past three months?	-23,2	-36,6	<b>-44,2</b>	-7,6	-21,0
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	14,9	18,1	<b>14,8</b>	-3,3	-0,1
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	7,7	0,6	<b>0,6</b>	0,0	-7,1
How do you expect your business activity (sales) to change over the next 3 months? It will...	17,8	7,2	<b>7,7</b>	0,5	-10,1
How do you expect your firm's total employment to change over the next 3 months? It will...	5,4	3,5	<b>4,4</b>	0,9	-1,0
How do you expect the prices you charge to change over the next 3 months? They will...	17,4	10,1	<b>8,3</b>	-1,8	-9,1
How has your business activity developed this year compared to the same period in the last year? It has...	-12,8	-28,3	<b>-35,8</b>	-7,5	-23,0
Do you expect an increase in the number of your stores next year?	12,0	10,7	<b>3,2</b>	-7,5	-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.