

## EXPECTATIONS IN THE RETAIL SECTOR STAGNATE

TEPE decreased year-on-year despite a month-on-month improvement in June 2012. Anticipation for the business volume recovery compared to last three months increased while the stagnation in the expectation for sales volume in the next three months remains intact. The EU retail confidence floats in the negatives.

### TEPE stagnates in the negatives:

TEPE which was been standing in the negatives since January had a value of -5.1 in July 2012. TEPE showed a slight improvement in July following the fall in June. TEPE therefore marked a 1.5 point month-on-month increase and a 5.8 point year-on-year decrease.

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

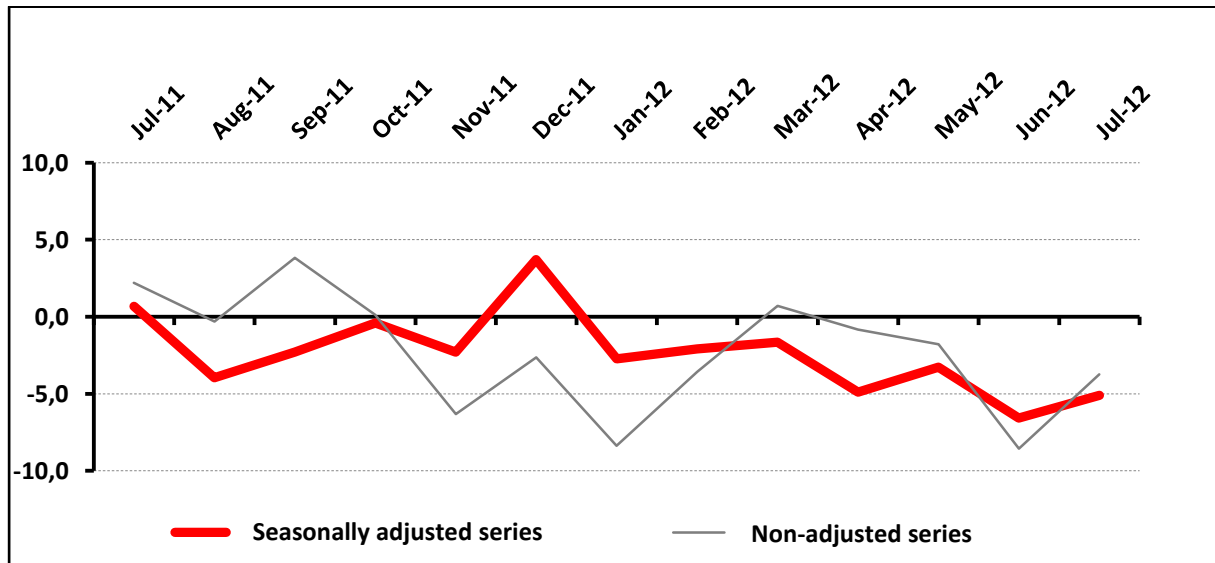


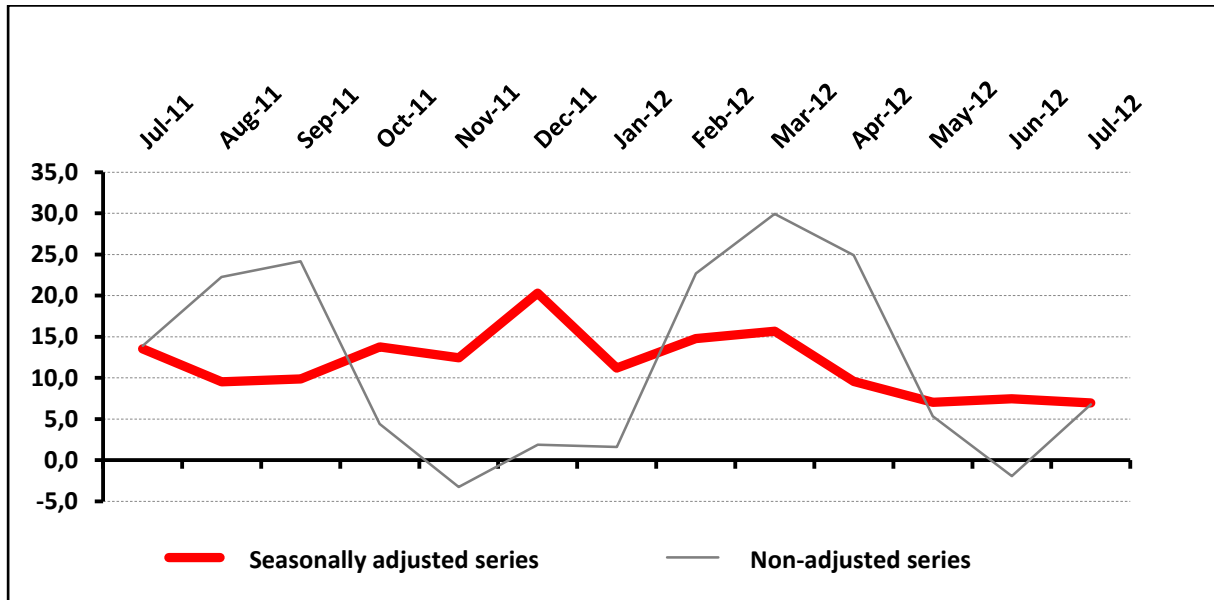
Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.1	-23.6	-23.1	-16.3	-17.9	-20.8	-22.6	-20.9
2009	-21.1	-21.4	-17.9	-14.9	-12.2	-8.7	-9.4	-12.2	-12.6	-10.7	-6.1	-10.2
2010	-10.1	-7.2	-6.8	-5.5	-8.7	-7.6	-4.4	-2.0	-0.1	0.5	1.0	-1.3
2011	6.7	4.8	1.7	1.9	1.6	3.5	0.7	-4.0	-2.3	-0.4	-2.3	3.7
2012	-2.7	-2.1	-1.7	-4.9	-3.3	-6.6	-5.1					

**Expectations in stagnation for the last three months:**

The balance value of the expectations for the next three months stood at 7 in July 2012. 38.9 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 32.1 percent expect a deterioration. This implies a 6.5 point decrease compared to July 2011 and a 0.5 point decrease compared to June 2012.

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



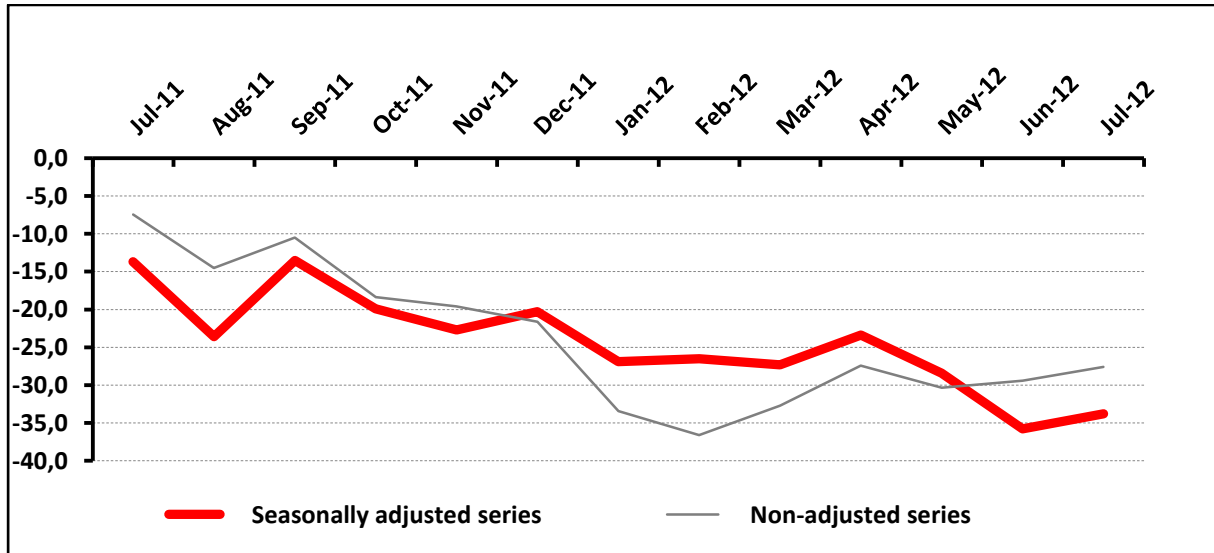
**Table-2.** Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-26.9	-31.7	-25.6	-15.5	-19.9	-23.7	-28.0	-28.5
<b>2009</b>	-26.6	-28.3	-31.3	-17.4	-12.4	-0.6	-6.7	-12.1	-3.9	-5.7	0.2	-8.4
<b>2010</b>	-6.8	-7.8	2.8	1.8	-2.4	-6.5	1.4	3.7	2.4	7.1	9.6	13.5
<b>2011</b>	21.9	23.6	17.7	13.5	17.6	17.7	13.5	9.5	9.9	13.8	12.4	20.3
<b>2012</b>	11.2	14.8	15.7	9.6	7.0	7.5	7.0					

**Half of retails declare business activities weakened year-on-year:**

In July 2012 23.7 percent of the participants declared a year-on-year improvement in business activities whereas 51.3 percent declared deterioration. Volume of business activities, therefore decreased by 20.1 points compared to July 2011 and increased by 2 points compared to June 2012.

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



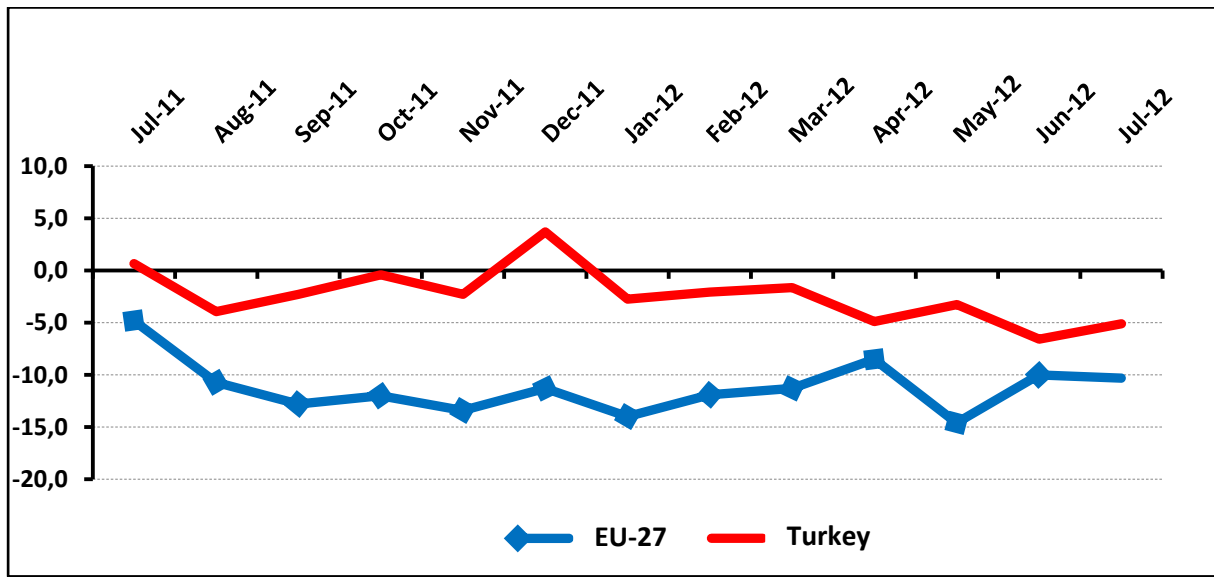
**Table-3.** Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-58.2	-67.2	-67.7	-56.7	-58.5	-58.6	-65.8	-66.8
<b>2009</b>	-66.9	-63.1	-59.2	-62.3	-54.9	-41.8	-45.8	-51.6	-63.1	-53.6	-46.7	-47.6
<b>2010</b>	-41.2	-43.0	-39.8	-37.4	-31.9	-37.3	-31.2	-24.6	-19.3	-20.2	-14.8	-13.3
<b>2011</b>	-10.8	-11.2	-15.2	-16.3	-24.3	-12.8	-13.7	-23.6	-13.5	-19.9	-22.7	-20.3
<b>2012</b>	-26.9	-26.5	-27.3	-23.4	-28.4	-35.8	-33.8					

**Retail confidence across the EU continues floating in the negatives:**

The EU-27 Retail Confidence Index stood at -10.3 in July 2012, demonstrating a month-on-month increase by 0.3 points and a year-on-year decreased by 5.5 points.

**Figure-4.** Comparison of TEPE and EU-27 Retail Confidence Index (July 2011 – July 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	-8.5	-14.6	-10.0	-10.3					

### Marked fall in retail confidence in Northern Europe:

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

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

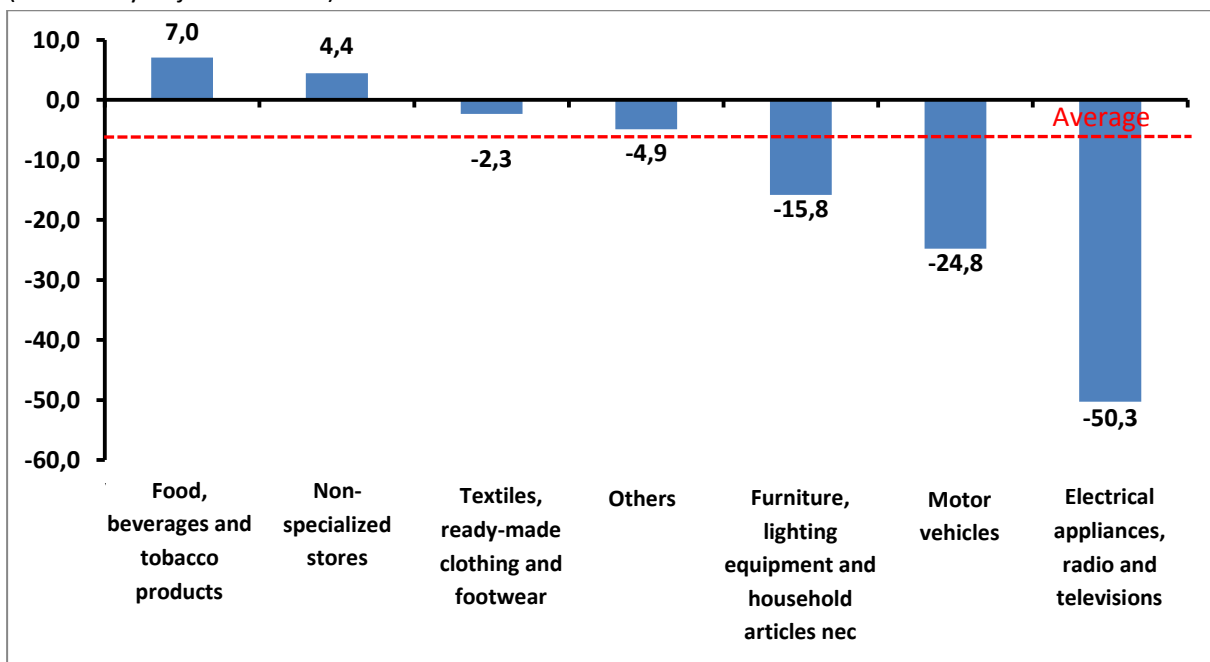
Countries	Change in Retail Confidence Index Compared to July 2011 (Points)*	Change in Retail Confidence Index Compared to June 2012 (Points)
United Kingdom	18.7	0.4
Greece	7.6	4.2
Romania	5.6	3.5
Bulgaria	4.4	5.1
Austria	4.1	3.4
Slovenia	-0.6	-3.6
Portugal	-2.5	-0.7
Poland	-2.8	-0.6
Latvia	-3.4	-4.9
Spain	-3.7	-3.4
Southern Cyprus	-4.9	-2.4
<b>EU-27</b>	<b>-5.5</b>	<b>-0.3</b>
<b>Turkey</b>	<b>-5.8</b>	<b>1.5</b>
Czech Republic	-6.2	0.5
Holland	-6.7	4.3
France	-8.3	-0.6
Sweden	-8.3	0.9
Slovakia	-10.6	6.4
<b>Eurozone -17</b>	<b>-11.3</b>	<b>-0.6</b>
Belgium	-12.2	-1.2
Germany	-12.6	1.5
Hungary	-13.2	-0.8
Finland	-14.0	-6.5
Estonia	-14.6	-1.7
Lithuania	-22.2	-15.3
Italy	-25.3	-4.1

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

**Sharp declines in the electrical appliances, radio and televisions sector:**

Food, beverages, and tobacco products sector was the best performer compared to July 2011. This was followed by the non-specialized stores sector. All sectors but the two demonstrated year-on-year drops in performance. The declines were lower than the average in the textiles, ready-made clothing and footwear sector and “others” sector (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.), and higher than the average in the furniture, lighting and household articles sector and motor vehicles sector. The sharpest year-on-year drop was in the electrical appliances, radio and televisions sector.

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



**Anticipation for business recovery increase compared to the last 3 months:**

Question-based assessment of TEPE survey results reveal that expectations and activities recovered compared to June 2012. The most evident recovery was in the business volume in the last three months. Compared to July 2011, all expectations and volumes but the volume of business indicators compared to last three months decreased. The sharpest drop was in the volume of business activities compared to July 2011 and expectations for the sales volume in the next three months.

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

Questions	Index 07/2011	Index 06/2012	Index 07/2012	MoM Change 07/2012	YoY Change 07/2012
How has your business activity developed over the past three months?	-27.7	-45.1	<b>-38.2</b>	6.9	10.5
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	15.3	14.9	<b>14.9</b>	0.0	-0.4
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	4.2	0.4	<b>1.4</b>	1.0	-2.8
How do you expect your business activity (sales) to change over the next 3 months? It will...	13.5	7.5	<b>7.0</b>	0.5	-6.5
How do you expect your firm's total employment to change over the next 3 months? It will...	7.6	4.3	<b>5.8</b>	1.5	-1.8
How do you expect the prices you charge to change over the next 3 months? They will...	14.3	10.2	<b>12.2</b>	2.0	-2.1
How has your business activity developed this year compared to the same period in the last year? It has...	-13.7	-35.8	<b>-33.8</b>	2.0	-20.1
Do you expect an increase in the number of your stores next year?	7.5	3.3	<b>6.5</b>	3.2	-1.0

<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 were dominant to positive expectations.