

## RETAILERS LONG FOR STRONG BUSINESS PERFORMANCES

TEPE dropped both year-on-year and month-on-month in August 2012. Business volume compared to August 2011 is at its lowest in the last 29 months. Expectations on sales for the next three months stagnate. Retail confidence in the EU continues the downturn.

### The downturn in TEPE continues:

TEPE which has been standing in the negatives since January 2012 hit the second lowest after June 2012. With a value of -6.5, TEPE decreased month-on-month by 1 point and year-on-year by 2.2 points.

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

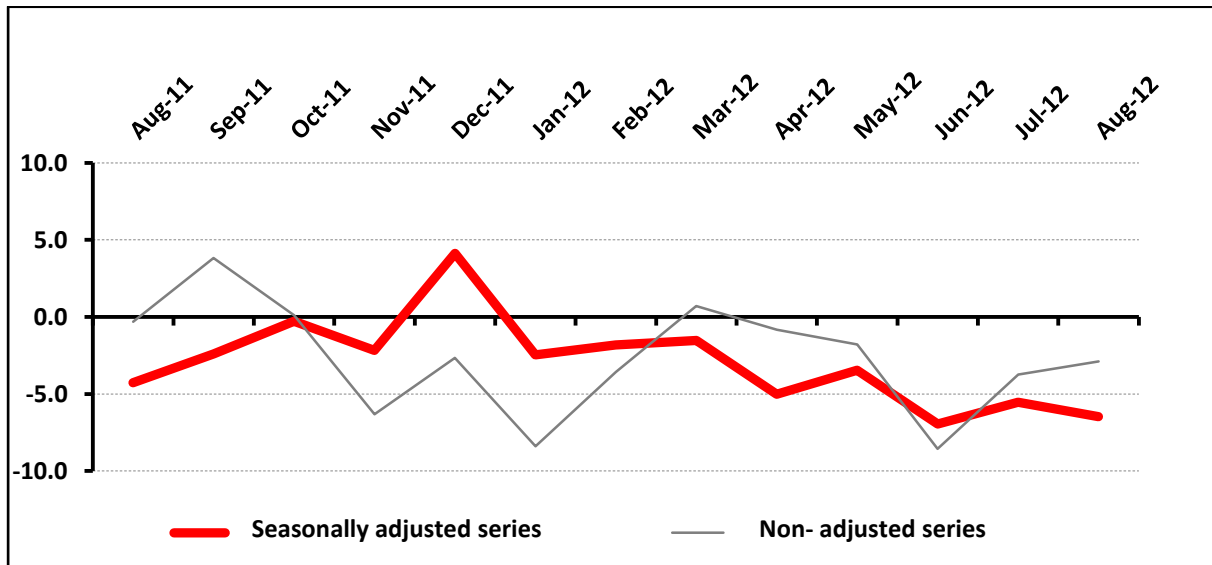


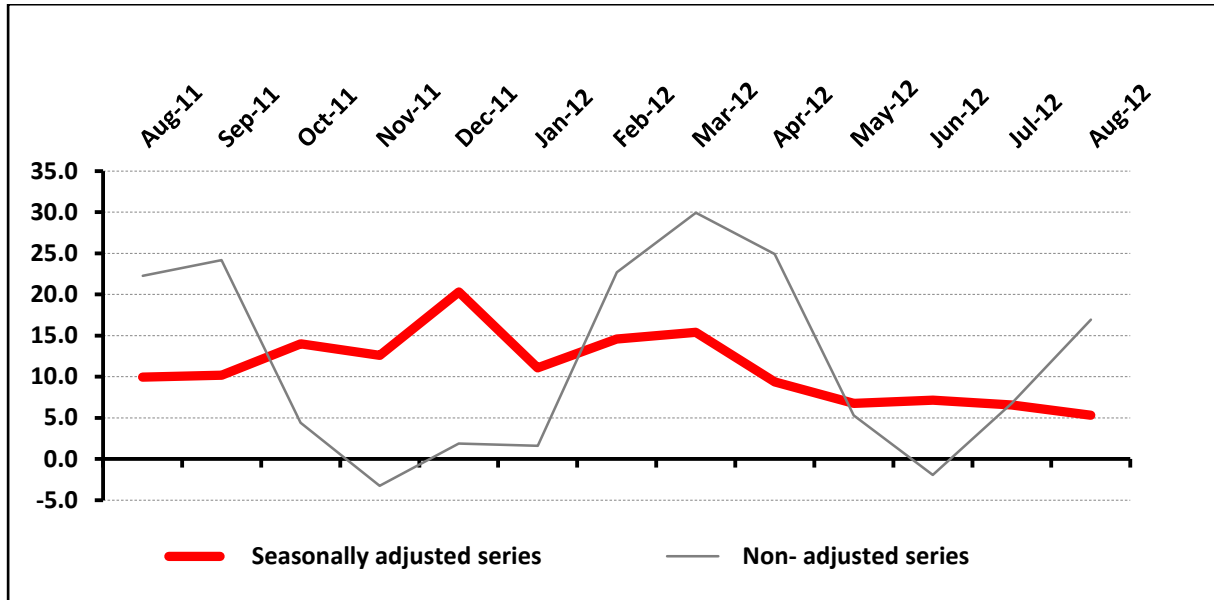
Table-1. TEPE (Seasonally adjusted series)

| %    | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2008 | ---   | ---   | ---   | ---   | -22.3 | -23.7 | -23.1 | -15.9 | -17.6 | -20.7 | -22.6 | -21.0 |
| 2009 | -21.2 | -21.6 | -18.0 | -14.8 | -12.3 | -8.7  | -9.4  | -12.0 | -12.5 | -10.6 | -6.0  | -10.2 |
| 2010 | -10.1 | -7.2  | -6.8  | -5.5  | -8.9  | -7.8  | -4.6  | -2.1  | -0.1  | 0.6   | 1.2   | -1.1  |
| 2011 | 7.0   | 5.0   | 1.8   | 1.9   | 1.4   | 3.3   | 0.4   | -4.3  | -2.4  | -0.3  | -2.2  | 4.1   |
| 2012 | -2.5  | -1.8  | -1.5  | -5.0  | -3.5  | -6.9  | -5.5  | -6.5  |       |       |       |       |

**Stagnation in expectations maintained:**

The balance value of the expectations for the next three months stood at 5.3 in August. 43.3 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 26.3 percent expect a deterioration. This implies a 4.6-point decrease compared to August 2011 and a 1.3-point decrease compared to July 2012.

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



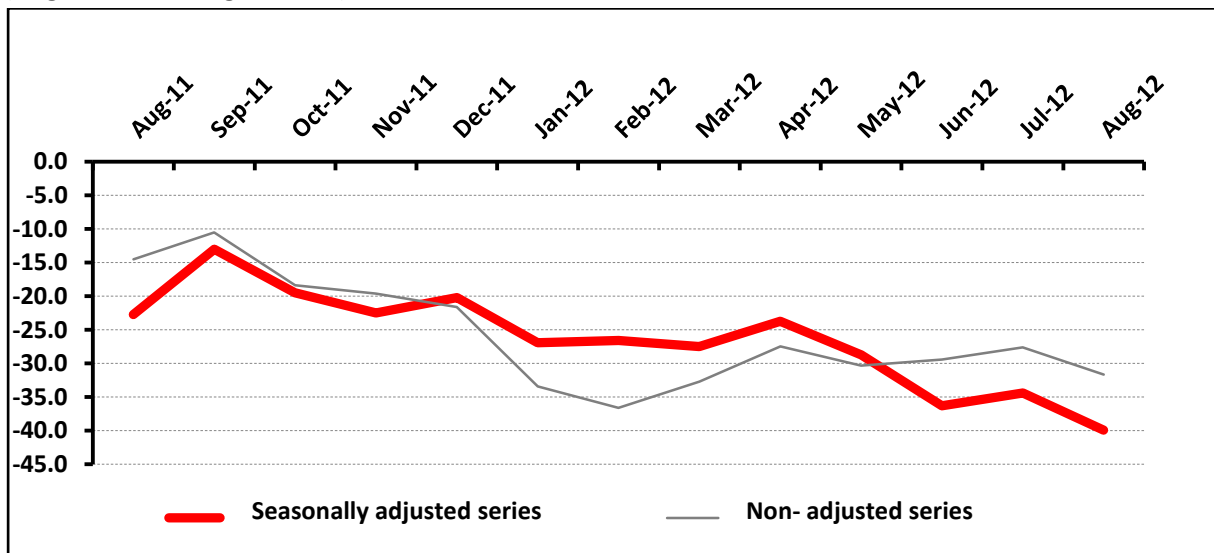
**Table-2.** Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

| %           | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>2008</b> | ---   | ---   | ---   | ---   | -27.0 | -31.8 | -25.8 | -15.6 | -20.0 | -23.7 | -28.0 | -28.3 |
| <b>2009</b> | -26.5 | -28.1 | -31.2 | -17.4 | -12.5 | -0.8  | -6.9  | -12.1 | -3.9  | -5.7  | 0.2   | -8.4  |
| <b>2010</b> | -6.8  | -7.7  | 2.8   | 1.7   | -2.4  | -6.6  | 1.3   | 3.9   | 2.6   | 7.2   | 9.7   | 13.5  |
| <b>2011</b> | 21.8  | 23.5  | 17.6  | 13.4  | 17.5  | 17.5  | 13.3  | 9.9   | 10.2  | 14.0  | 12.6  | 20.3  |
| <b>2012</b> | 11.1  | 14.6  | 15.4  | 9.4   | 6.8   | 7.1   | 6.6   | 5.3   |       |       |       |       |

**Anticipation for year-on-year recovery in business activities hits the lowest of the last 29 months:**

In August 2012, 21.3 percent of the participants declared a year-on-year improvement in business activities whereas 52.9 percent declared deterioration. Volume of business activities, therefore decreased by 17.2 points compared to August 2011 and by 5.5 points compared to July 2012. This was the lowest level since March 2010

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



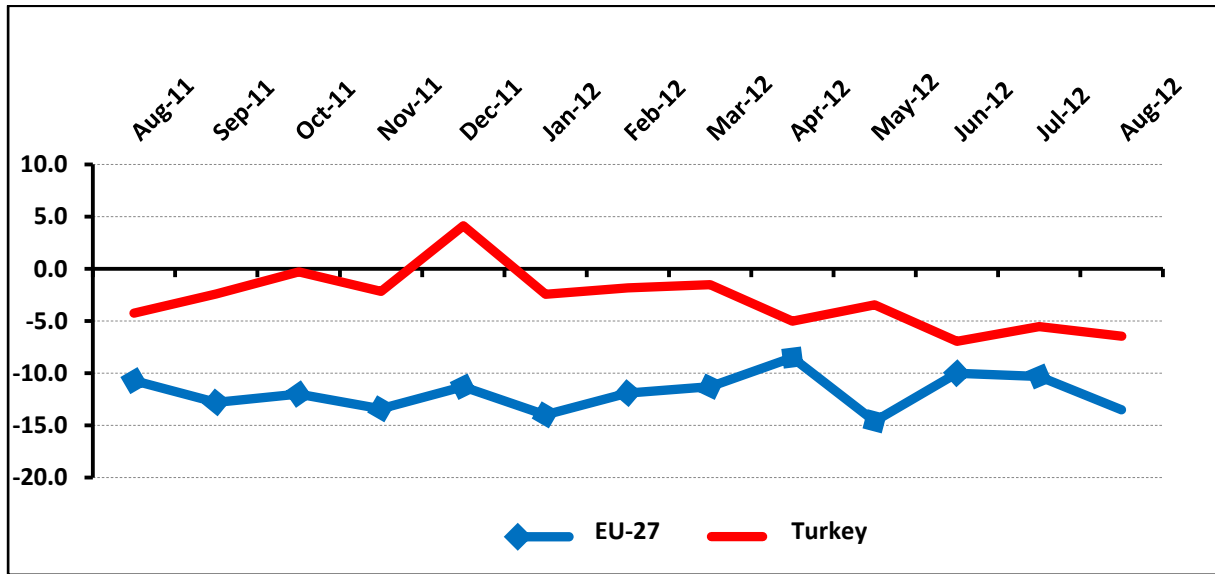
**Table-3.** Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

| %           | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sept  | Oct   | Nov   | Dec   |
|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>2008</b> | ---   | ---   | ---   | ---   | -58.5 | -67.6 | -68.3 | -55.8 | -58.0 | -58.2 | -65.6 | -66.7 |
| <b>2009</b> | -66.9 | -63.2 | -59.4 | -62.7 | -55.2 | -42.2 | -46.4 | -50.7 | -62.6 | -53.2 | -46.5 | -47.4 |
| <b>2010</b> | -41.2 | -43.1 | -40.0 | -37.7 | -32.2 | -37.7 | -31.8 | -23.8 | -18.8 | -19.8 | -14.6 | -13.2 |
| <b>2011</b> | -10.8 | -11.3 | -15.4 | -16.6 | -24.6 | -13.3 | -14.2 | -22.7 | -13.0 | -19.5 | -22.5 | -20.2 |
| <b>2012</b> | -26.9 | -26.6 | -27.5 | -23.7 | -28.7 | -36.3 | -34.4 | -39.9 |       |       |       |       |

**The negative trend in the EU retail confidence prevails:**

The EU-27 Retail Confidence Index had a value of -13.5 in August 2012, implying a month-on-month decrease by 3.2 points and a year-on-year decrease by 2.8 points.

**Figure-4.** Comparison of TEPE and EU-27 Retail Confidence Index (August 2011 – August 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 | -13.5 |       |       |       |       |

### Retail confidence drops across Europe except five countries:

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, Greece, Slovenia, Austria, Romania, Southern Cyprus, Latvia, and Sweden. The sharpest drops were experienced by Lithuania, Italy, Belgium, and Finland. Compared to July 2012, retail confidence decreased in all but Greece, Latvia, Sweden, France and Czech Republic.

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

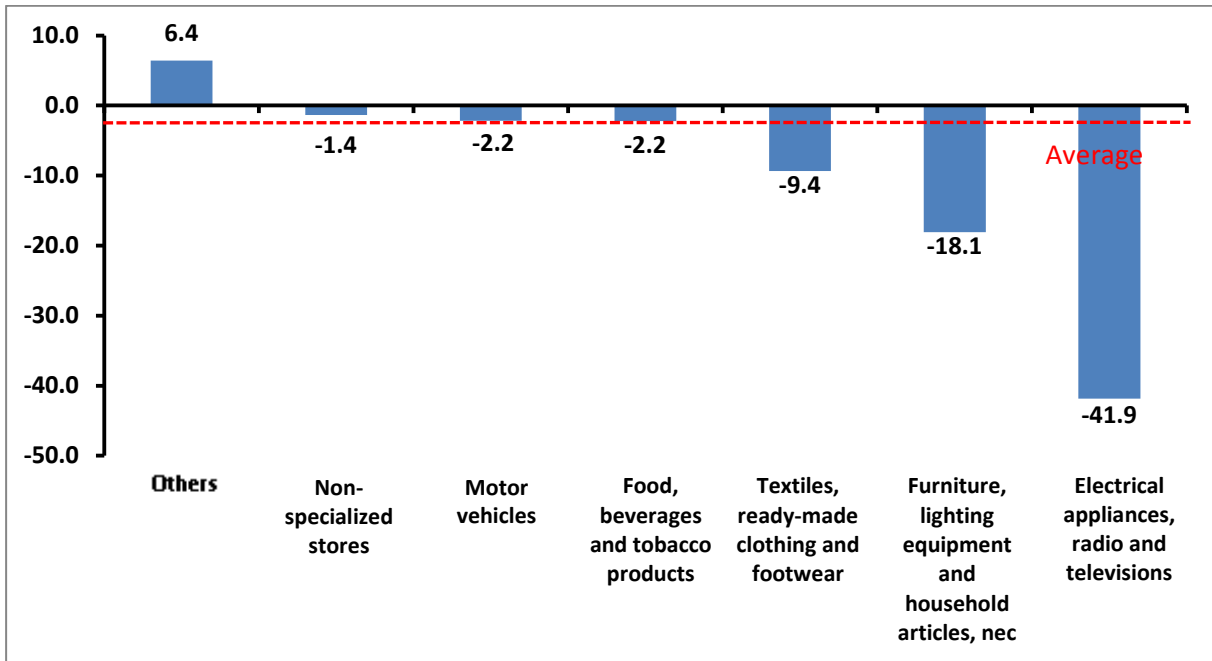
| Countries           | Change in Retail Confidence Index Compared to August 2011 (Points)* | Change in Retail Confidence Index Compared to July 2012 (Points) |
|---------------------|---|--|
| United Kingdom      | 19.1  | -8.7   |
| Greece              | 13.0  | 4.4  |
| Slovenia            | 5.3   | -2.3   |
| Austria             | 4.7   | -5.6   |
| Romania             | 2.3   | -4.7   |
| Southern Cyprus     | 1.5   | -2.2   |
| Latvia              | 1.1   | 2.5  |
| Sweden              | 0.6   | 2.4  |
| Poland              | -1.5  | -1.2   |
| Turkey              | <b>-2.2</b>   | <b>-0.9</b>  |
| <b>EU-27</b>        | <b>-2.8</b>   | <b>-3.2</b>  |
| Bulgaria            | -2.9  | -1.8   |
| Portugal            | -3.0  | -2.2   |
| France              | -3.3  | 3.1  |
| Spain               | -3.4  | -2.7   |
| Hungary             | -7.1  | -0.4   |
| Holland             | -8.0  | -6.1   |
| <b>Eurozone -17</b> | <b>-8.5</b>   | <b>-2.3</b>  |
| Estonia             | -9.0  | -3.1   |
| Slovakia            | -9.1  | -5.1   |
| Germany             | -9.2  | -4.7   |
| Czech Republic      | -9.4  | 0.0  |
| Finland             | -13.5   | -4.6   |
| Belgium             | -18.6   | -6.6   |
| Italy               | -21.7   | -3.4   |
| Lithuania           | -22.0   | -0.9   |

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

**The performance of the electrical appliances, radio and televisions sectors still worsening:**

The “others” sector (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.) was the best-performer compared to August 2011 and the only rising sector in August 2012. The declines were lower than the average in the non-specialized stores sector and on average in the motor vehicles and food, beverages and tobacco products sectors. Textiles, ready-made clothing, and footwear sector, and furniture, lighting and household articles sectors declined more than the average. The sharpest drop compared to August 2011 was observed in the electrical appliances, radio, and television sector.

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



**Anticipation for recovery compared to last year and three months weaken:**

Question-based assessment of TEPE survey results reveal that compared to July 2012, expectations and current indicators deteriorated except the volume of inventories and expectations on the number of stores next year. The sharpest decline was in the volume of business activities compared to the past three months and to last year. Compared to August 2011, expectations and current indicators worsened but the expectations on the number of stores next year. The sharpest year-on-year drop was in the volume of business activities compared to the past three months and last year, and the expectations on the sales volume and sales prices in the next three months.

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

| Questions  | Index<br>08/2011 | Index<br>07/2012 | Index<br>08/2012 | MoM Change<br>08/2012 | YoY Change<br>08/2012 |
|--|------------------|------------------|------------------|-----------------------|-----------------------|
| How has your business activity developed over the past three months?                                       | -36.7            | -38.1            | <b>-41.6</b>     | -3.5                  | -4.9                  |
| Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>                        | 12.3             | 15.1             | <b>14.9</b>      | -0.2                  | 2.6                   |
| How do you expect your orders placed with suppliers to change over the next 3 months? They will...         | 1.4              | 1.1              | <b>-1.6</b>      | -2.7                  | -3.0                  |
| How do you expect your business activity (sales) to change over the next 3 months? It will...              | 9.9              | 6.6              | <b>5.3</b>       | -1.3                  | -4.6                  |
| How do you expect your firm's total employment to change over the next 3 months? It will...                | 7.1              | 5.6              | <b>5.2</b>       | -0.4                  | -1.9                  |
| How do you expect the prices you charge to change over the next 3 months? They will...                     | 19.3             | 11.7             | <b>10.5</b>      | -1.2                  | -8.8                  |
| How has your business activity developed this year compared to the same period in the last year? It has... | -22.7            | -34.4            | <b>-39.9</b>     | -5.5                  | -17.2                 |
| Do you expect an increase in the number of your stores next year?  | 8.8              | 6.7              | <b>11.0</b>      | 4.3                   | 2.2                   |

<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.

