

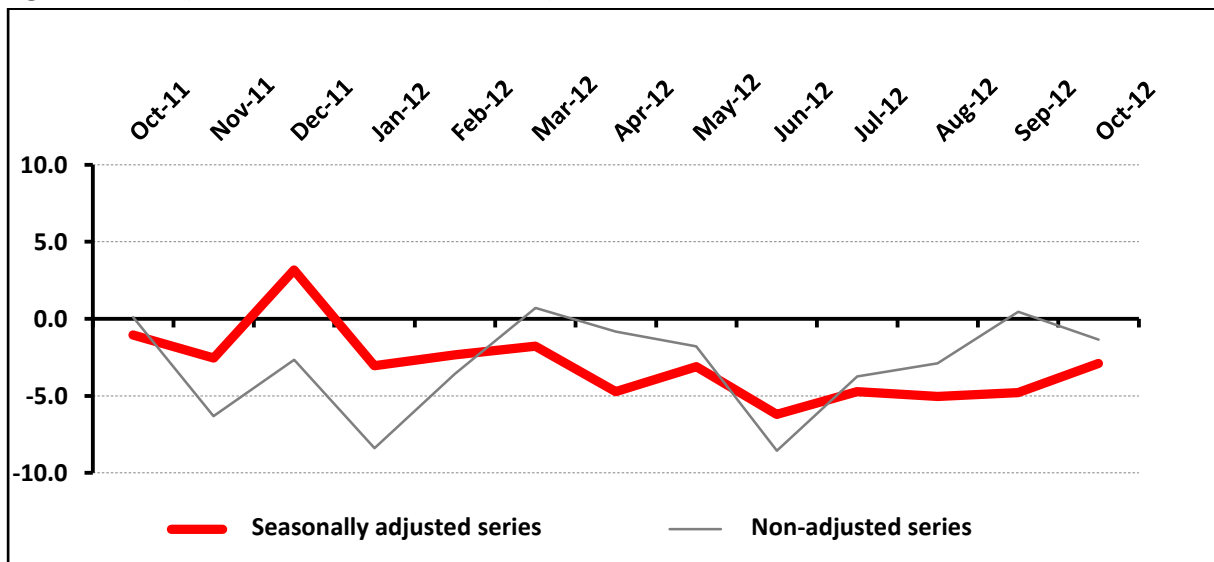
**EXPECTATIONS IN THE RISE FOR THE FIRST TIME AFTER 5 MONTHS**

In October 2012, TEPE increased slightly month-on-month but showed a year-on-year decrease. Business volume compared to the same period last year and the past three months diminished both month-on-month and year-on-year. . Expectations on sales and orders placed with suppliers in the next three months increased for the first time after 5 months. Retail sector confidence in the EU picked up month-on-month by 2.4 points.

**TEPE increases month-on-month in October:**

With a limited rise in October, TEPE remained in the negatives, with a value of -2.9. TEPE therefore increased month-on-month by 1.9 points but decreased year-on-year by 1.8 points.

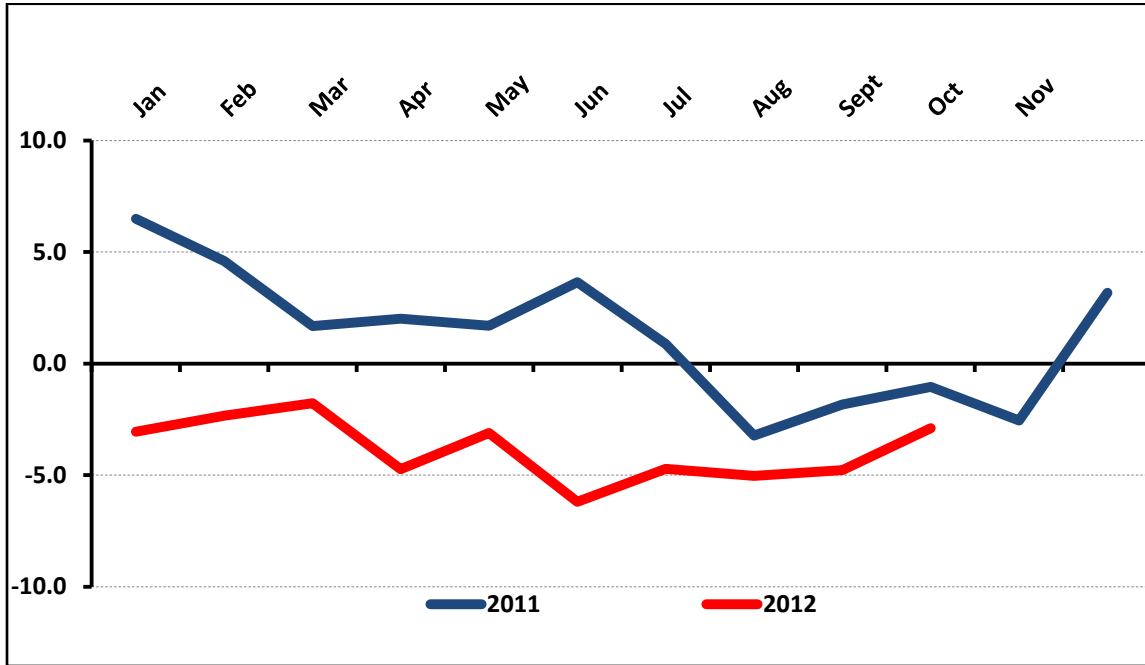
Figure-1. TEPE (October 2011 – October 2012)



**Retail confidence in 2012 lower than 2011:**

An assessment of seasonally adjusted TEPE values in 2012 in comparison with 2011 reveals that retail confidence stood below 2011 in 2012. The performance of retailers was weaker in 2012 than in 2011. Quarterly figures for 2012 indicate that retail confidence in the third quarter of 2012 was weaker than it was in the first quarter.

**Figure-2. TEPE (2011 –2012) (Seasonally adjusted series)**



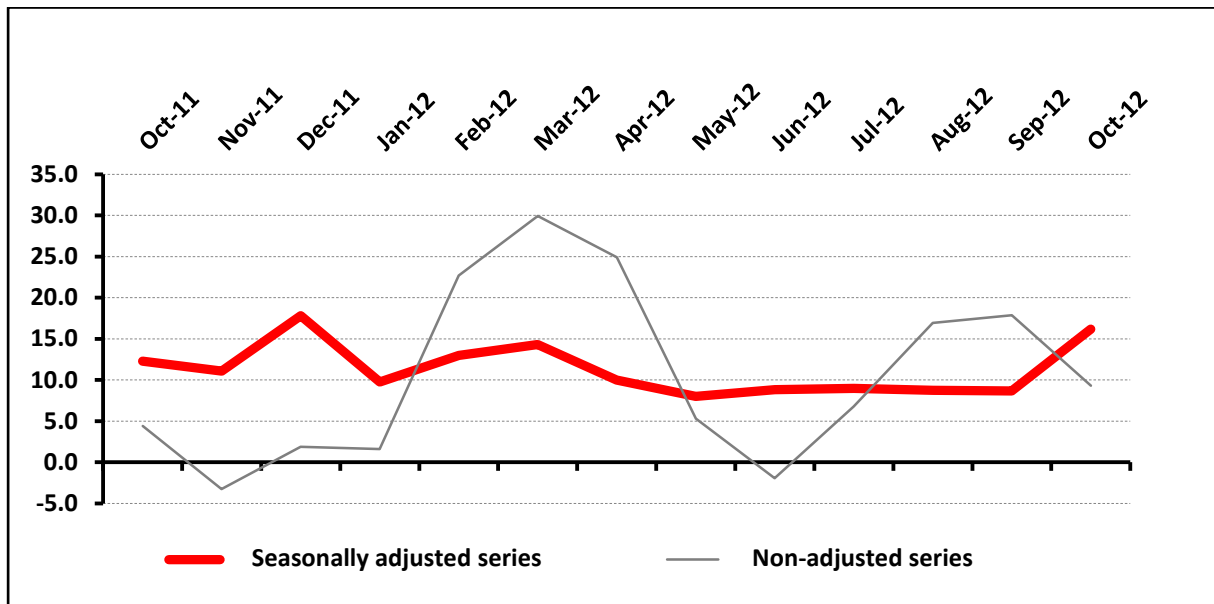
**Table-1. TEPE (Seasonally adjusted series)**

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.3	-23.7	-23.1	-16.7	-18.1	-20.9	-22.6	-20.6
2009	-20.8	-21.1	-17.7	-14.9	-12.3	-8.9	-9.5	-12.3	-12.7	-10.9	-6.2	-10.1
2010	-10.1	-7.1	-6.7	-5.5	-8.6	-7.5	-4.4	-1.8	0.1	0.1	0.9	-1.4
2011	6.5	4.6	1.7	2.0	1.7	3.7	0.9	-3.2	-1.8	-1.1	-2.6	3.2
2012	-3.1	-2.3	-1.8	-4.7	-3.1	-6.2	-4.7	-5.0	-4.8	-2.9		

**Sales expectations up after 5 months:**

The balance value of the expectations for the next three months stood at 16.2 in October. 39.7 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 30.4 percent expect a deterioration. This implies a 3.9-point increase compared to October 2011 and a 7.5-point increase compared to September 2012.

**Figure-3.** Expectations for the next three months (%increase-%decrease) (October 2011 – October 2012)



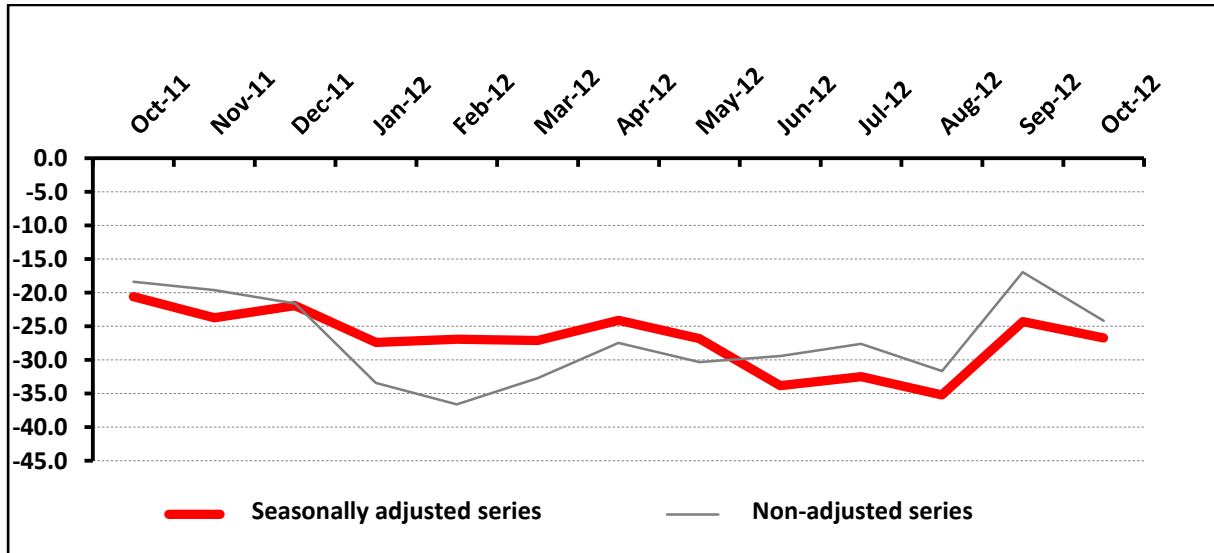
**Table-2.** Expectations for the next three months (%increase-%decrease (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-27.6	-32.1	-26.5	-17.3	-21.2	-24.4	-28.0	-27.3
<b>2009</b>	-25.7	-26.6	-29.5	-17.5	-12.9	-1.4	-7.3	-12.5	-4.2	-6.5	-0.5	-8.2
<b>2010</b>	-6.7	-7.3	3.0	1.7	-2.1	-6.1	1.8	4.8	3.8	6.4	8.8	12.4
<b>2011</b>	20.7	22.3	16.9	13.7	18.0	18.4	14.7	12.1	12.9	12.3	11.1	17.8
<b>2012</b>	9.8	13.0	14.3	10.0	8.0	8.8	9.0	8.8	8.7	16.2		

**Anticipation for year-on-year business recovery in decline:**

In October 2012, 24 percent of the participants declared a year-on-year improvement in business activities whereas 48.1 percent declared deterioration. Volume of business activities, therefore declined by 2.4 points compared to September 2012 and by 6.1 points compared to October 2011.

**Figure-4.** Year-on-year change in business activities (%increase- %decrease)  
(October 2011 – October 2012)



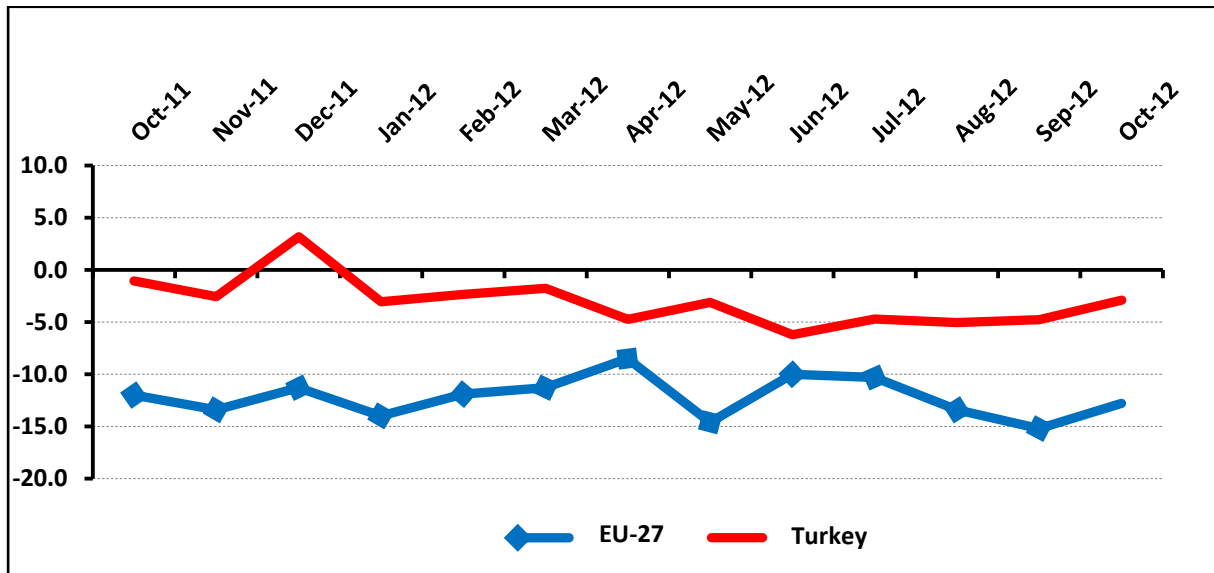
**Table-3.** Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-60.2	-68.1	-67.6	-58.0	-58.9	-59.3	-65.3	-65.3
<b>2009</b>	-65.8	-62.2	-59.1	-61.2	-56.1	-43.1	-46.4	-51.7	-63.2	-53.8	-46.9	-47.2
<b>2010</b>	-41.2	-42.6	-39.5	-36.5	-31.6	-37.3	-31.2	-22.9	-21.0	-20.6	-15.7	-14.3
<b>2011</b>	-11.5	-11.5	-14.9	-16.1	-22.9	-11.8	-13.2	-19.8	-16.9	-20.6	-23.7	-21.9
<b>2012</b>	-27.4	-26.9	-27.1	-24.1	-26.8	-33.8	-32.5	-35.2	-24.3	-26.7		

**Retail confidence in the EU picked up month-on-month:**

EU-27 Retail Confidence Index had a value of -12.8 in October 2012, with a month-on-month increase by 2.4 points and a year-on-year decrease by 0.8 points. The Index that recorded the lowest value in the last 39 months in September moved up in October. The EU-27 Retail Confidence Index had a stronger performance than TEPE compared to both October 2011 and September 2012.

**Figure-5.** Comparison of TEPE and EU-27 Retail Confidence Index (October 2011 – October 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	-10.0	-10.3	-13.4	-15.2	-12.8		

**Eurozone performs worse than the EU and Turkey in retail confidence:**

Comparing the retail confidence indices for EU-27 countries and Turkey, year-on-year drops were observed in all EU countries but the UK, Sweden, Latvia, and Slovakia. The sharpest drops were observed in Finland, Slovenia, Italy, Lithuania, Greece, and Germany while Greece and Slovenia suffered also the sharpest month-on-month declines.

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

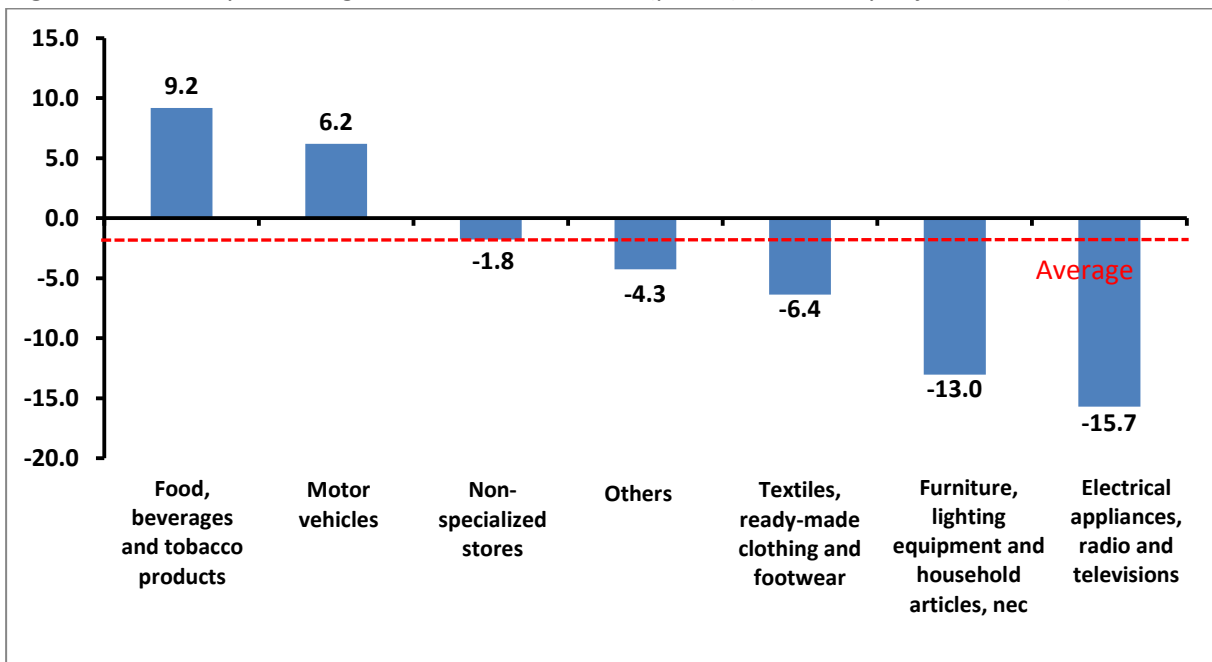
Countries	Change in Retail Confidence Index Compared to October 2011 (Points)*	Change in Retail Confidence Index Compared to September 2012 (Points)
United Kingdom	24.4	9.4
Sweden	18.5	-3.4
Latvia	3.3	-2.0
Slovakia	1.2	3.3
Southern Cyprus	-0.5	-3.0
Holland	-0.6	-2.6
<b>EU-27</b>	<b>-0.8</b>	<b>2.4</b>
Portugal	-1.1	1.0
Spain	-1.2	5.0
Romania	-1.8	3.5
<b>Turkey</b>	<b>-1.8</b>	<b>1.9</b>
Czech Republic	-3.5	-2.0
France	-5.1	3.4
Belgium	-5.3	0.7
Bulgaria	-6.6	-5.4
Hungary	-6.9	-6.4
Estonia	-6.9	1.9
Poland	-7.1	-2.4
<b>Eurozone -17</b>	<b>-7.5</b>	<b>1.1</b>
Austria	-8.9	-4.5
Germany	-10.0	0.6
Greece	-11.1	-11.4
Lithuania	-11.2	-2.2
Italy	-11.4	1.6
Slovenia	-18.3	-13.1
Finland	-21.8	-2.8

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

**Food and beverages sector was the strongest also in October:**

Food, beverages and tobacco products sector was the best performer sub-sector of October compared to the same period last year, followed by the motor vehicles sector. Non-specialized stores declined at the average rate compared to October 2011. The “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.); textiles, ready-made clothing and footwear; and furniture, lighting equipment and household articles nec sectors faced drops larger than the average for October 2011. The sharpest year-on-year decline was in the electrical appliances, radio, and televisions sector.

**Figure-6.** Year-on-year change in TEPE, October 2012 (points) (Seasonally adjusted series)



**Anticipation for recovery goes down, expectations go up:**

Question-based assessment of TEPE survey results reveals that expectations for sales and orders placed with suppliers in the next three months increased both year-on-year and month-on-month. On the other hand, level of business activities compared to the past three months and last year decreased year-on-year and month-on-month. Expectations for total employment in the next three months improved compared to October 2011 and declined compared to September 2012.

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

Questions	Index 10/2011	Index 09/2012	Index 10/2012	MoM Change 10/2012	YoY Change 10/2012
How has your business activity developed over the past three months?	-31.3	-35.9	<b>-37.8</b>	-1.9	-6.5
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	15.1	12.5	<b>12.5</b>	0.0	-2.6
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-1.4	-1.3	<b>6.3</b>	7.6	7.7
How do you expect your business activity (sales) to change over the next 3 months? It will...	12.3	8.7	<b>16.2</b>	7.5	3.9
How do you expect your firm's total employment to change over the next 3 months? It will...	5.8	8.1	<b>6.6</b>	-1.5	0.8
How do you expect the prices you charge to change over the next 3 months? They will...	23.6	11.5	<b>12.9</b>	1.4	-10.7
How has your business activity developed this year compared to the same period in the last year? It has...	-20.6	-24.3	<b>-26.7</b>	-2.4	-6.1
Do you expect an increase in the number of your stores next year?	9.2	8.1	<b>8.3</b>	0.2	-0.9

<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.



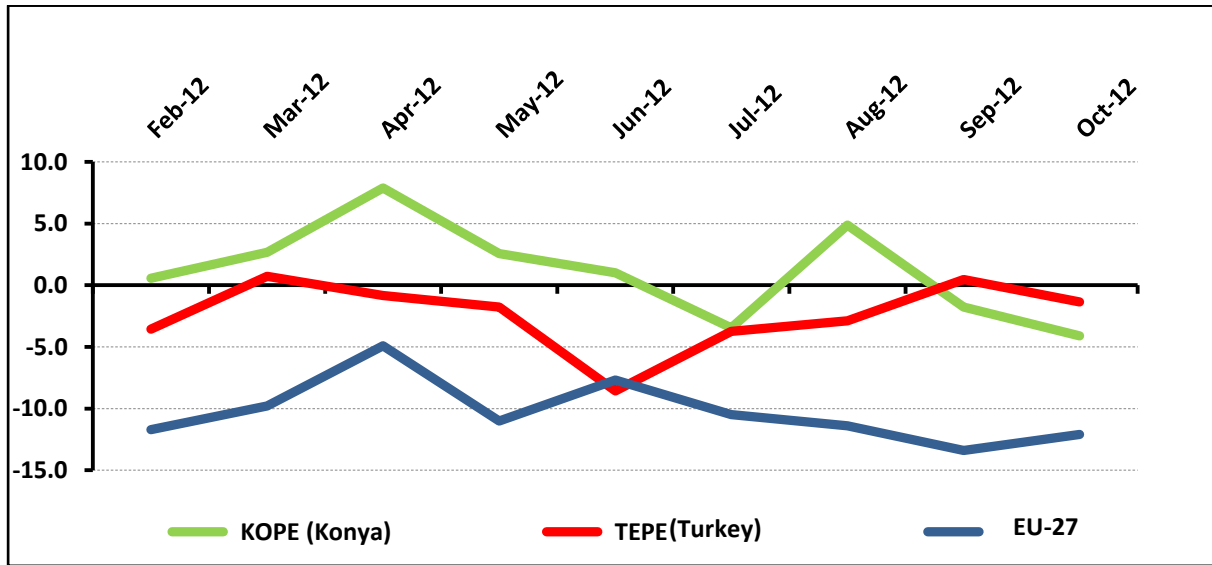
**Konya Retail Sector index lower than Turkey over the last two years:**

In the context of the Konya Province Retail Confidence Index (KOPE) carried out in cooperation by Konya Chamber of Commerce (KTO) and the Economic Policy Research Foundation of Turkey (TEPAV), face-to-face interviews with 300 retailers from Konya have been carried out on a monthly basis since February 2012.

In October, Konya Retail Confidence Index had a value of -4.1, compared to TEPE at -1.3. Konya’s retail sector therefore has performed worse than overall Turkey. KOPE and TEPE decreased month-on-month by 2.3 points and 1.8 points, respectively.

Expectations in Konya’s retail sector for sales and orders placed with suppliers in the next three months declined month-on-month while the level of business activities compared to the past three months and the previous year increased month-on-month.

**Figure-7.** Comparison of KOPE, TEPE and EU-27 Retail Confidence Index (February 2012 – October 2012) (Non-adjusted series)



**Table-7.** Konya Retail Confidence Index (Non-adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	---	0.6	2.7	7.9	2.6	1.0	-3.4	4.9	-1.8	-4.1		