

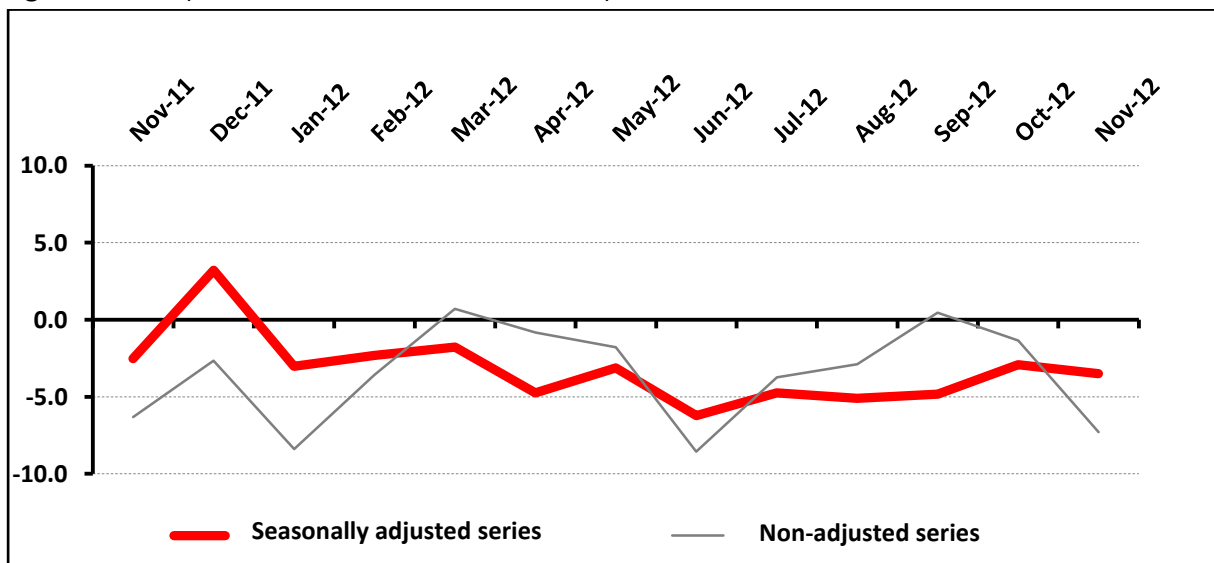
RETAIL CONFIDENCE RISES IN THE EU, WHILE THE DECLINE IN TURKEY CONTINUES

IN November 2012, TEPE decreased both year-on-year and month-on-month. Business volume compared to the same period last year declined year-on-year and month-on-month while business volume compared to the previous three months recovered on both terms. Expectations on sales, orders placed with suppliers, employment and sales prices diminished compared to both October 2012 and November 2011. Retail sector confidence in the EU recovered by 3.6 points month-on-month and by 4.2 points year-on-year.

TEPE in decline compared to October:

Despite the limited rise in October, the negative trend in the TEPE continued in November, with a value of -3.5. TEPE therefore decreased month-on-month and year-on-year by 0.6 point and 1 point respectively.

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



Retail confidence in 2012 still lower than in 2011:

An assessment of seasonally adjusted TEPE values in 2012 in comparison with 2011 indicates that retail confidence was lower throughout in 2012 than it was in 2011. The performance of retailers in 2012 has been weaker in 2012 compared to 2011. The assessment of quarterly figures reveal 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)

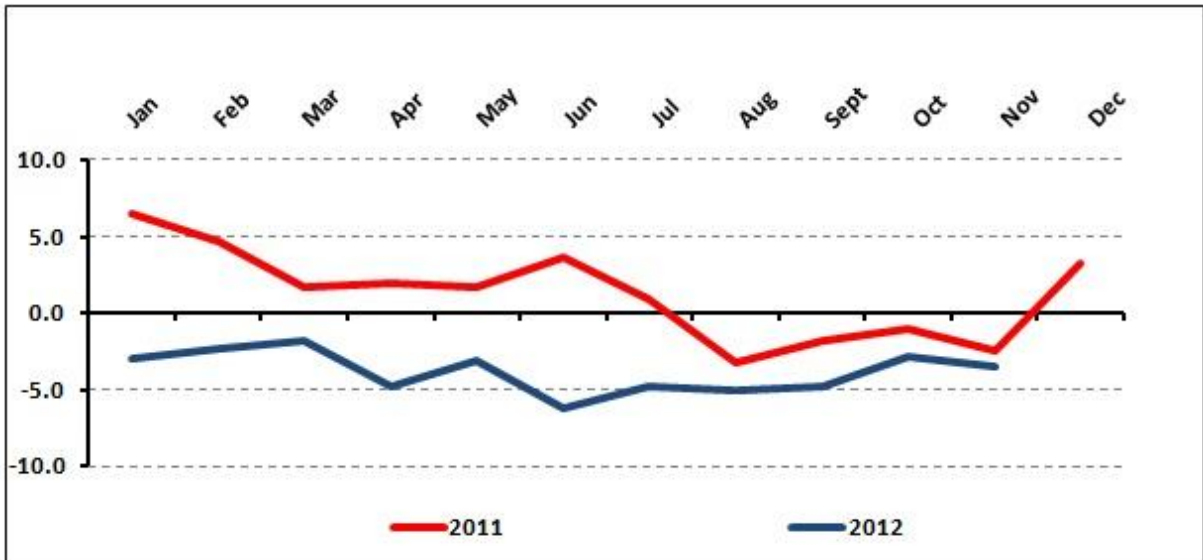


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.2	-23.7	-23.1	-16.7	-18.0	-20.9	-22.6	-20.7
2009	-20.8	-21.2	-17.7	-14.9	-12.3	-8.8	-9.5	-12.3	-12.6	-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	3.6	0.9	-3.3	-1.9	-1.1	-2.5	3.2
2012	-3.0	-2.3	-1.8	-4.8	-3.1	-6.2	-4.7	-5.1	-4.8	-2.9	-3.5	-

Sales expectations down compared to October:

The balance value of the expectations for the next three months stood at 9.7 in November. 30.7 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 37.1 percent expect deterioration. This implies a 3-point decrease compared to November 2011 and a 4.6-point decrease compared to October 2012.

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

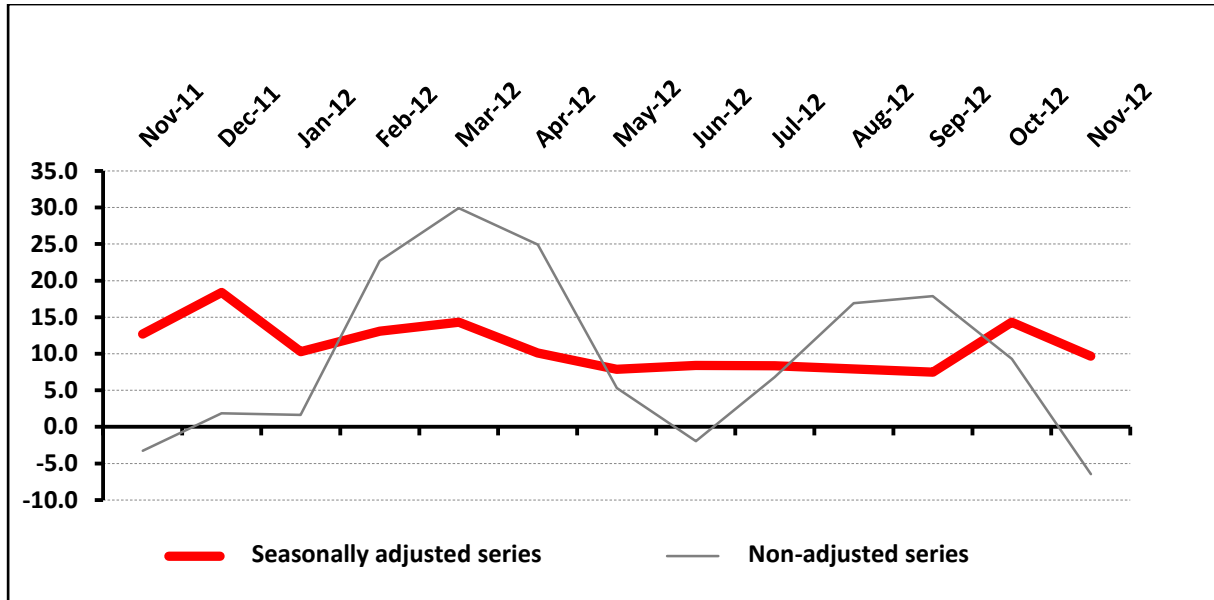


Table-2. Expectations for the next three months (%increase-%decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.3	-32.7	-27.1	-18.1	-21.9	-24.6	-27.8	-26.7
2009	-25.1	-25.8	-28.7	-17.3	-13.2	-1.8	-7.8	-13.0	-4.8	-6.7	-0.3	-7.8
2010	-6.5	-7.0	3.3	1.8	-2.3	-6.3	1.7	4.7	3.5	6.0	9.5	12.7
2011	20.9	22.4	16.7	13.8	17.9	18.2	14.4	11.8	12.5	11.4	12.7	18.4
2012	10.3	13.1	14.3	10.1	7.9	8.4	8.4	7.9	7.5	14.3	9.7	

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

In November 2012, 22 percent of the participants declared a year-on-year improvement in business activities whereas 48.2 percent declared deterioration. Volume of business activities, therefore declined by 2.3 points compared to October 2012 and by 6.6 points compared to November 2011.

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

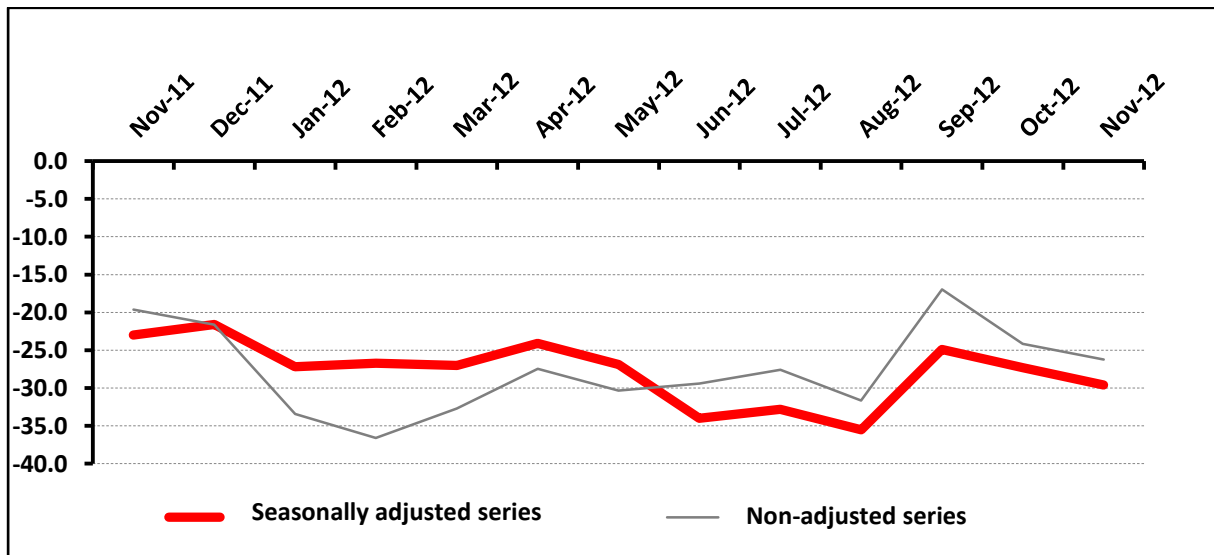


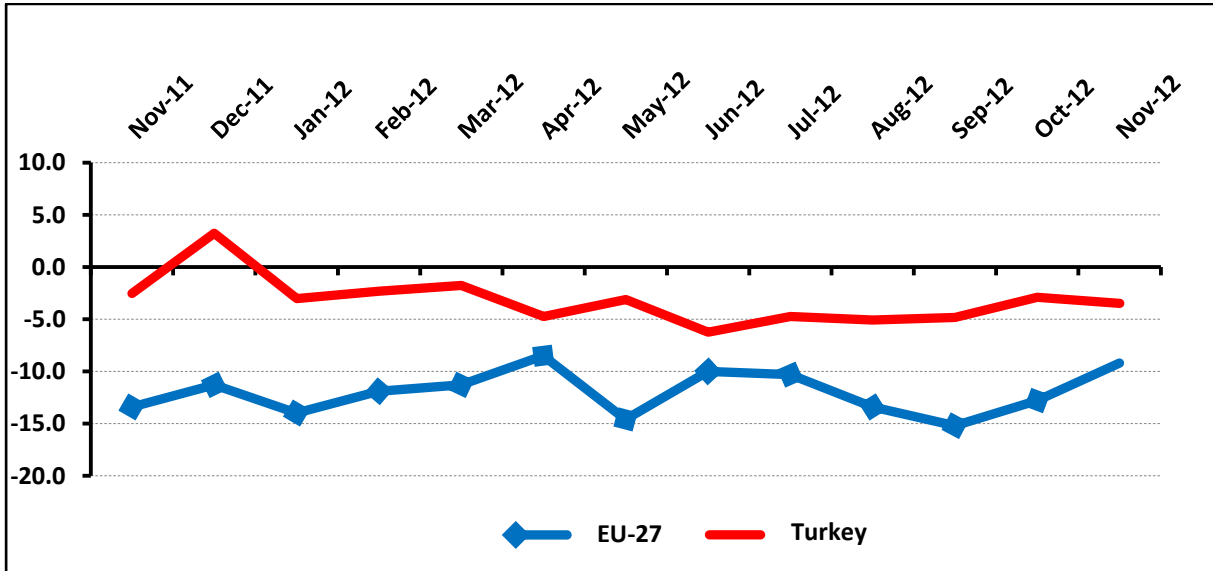
Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-60.2	-68.1	-67.7	-58.1	-58.9	-59.4	-65.1	-65.2
2009	-65.7	-62.1	-59.0	-61.2	-56.2	-43.2	-46.5	-51.8	-63.3	-53.9	-46.6	-47.1
2010	-41.1	-42.6	-39.4	-36.5	-31.6	-37.3	-31.3	-23.1	-21.2	-20.9	-15.3	-14.1
2011	-11.4	-11.4	-14.9	-16.1	-22.9	-11.9	-13.3	-20.0	-17.2	-21.0	-23.0	-21.6
2012	-27.2	-26.7	-27.0	-24.1	-26.9	-34.0	-32.8	-35.5	-24.9	-27.3	-29.6	

Recovery in the EU retail confidence continues:

EU-27 Retail Confidence Index had a value of -9.2 in November 2012, with a month-on-month increase by 3.6 points and a year-on-year increase by 4.2 points. The Index that recorded the lowest value in the last 39 months in September maintained in November the upwards movement in October. EU-27 had a stronger retail confidence performance than Turkey and Eurozone compared to both November 2011 and October 2012.

Figure-5. Comparison of TEPE and EU-27 Retail Confidence Index (November 2011 – November 2012)



Retail confidence in the EU surged year-on-year in November:

The EU-27 Retail Confidence Index, which showed year-on-year drops throughout 2012 until October, rose above the 2011 value in November.

Figure-6. EU-27 (2011 –2012) (Seasonally adjusted series)

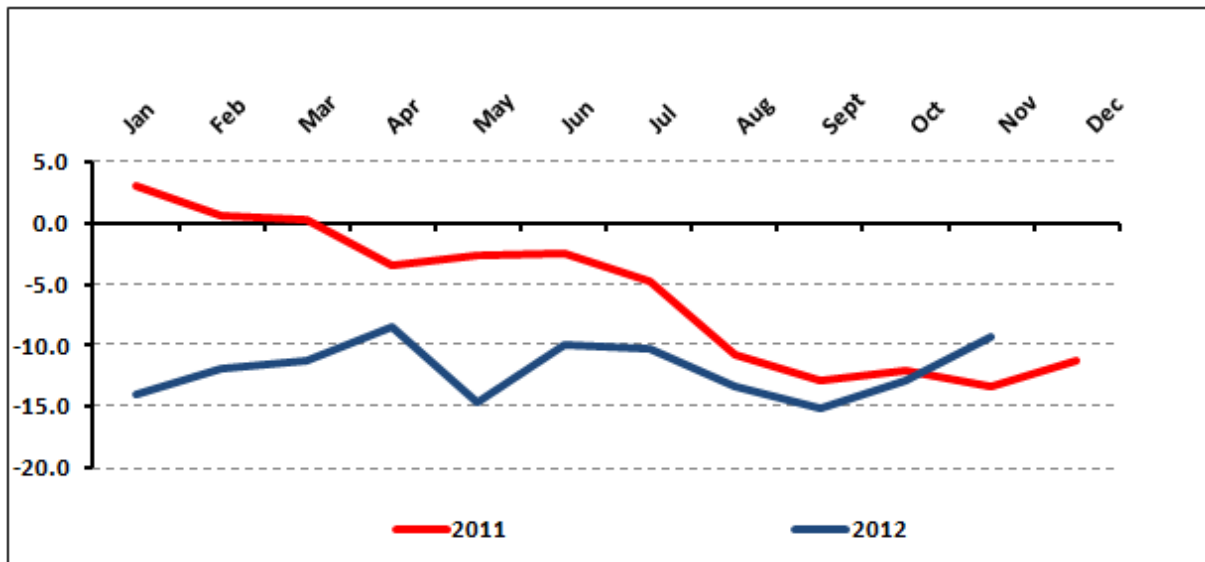


Table-4. EU-27 (Seasonally adjusted series)

%	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	-9.2	

The UK enjoyed the highest year-on-year rise in retail confidence across the EU:

Comparing the retail confidence indices for EU-27 countries and Turkey, highest year-on-year rises were observed in the UK, Sweden, and Belgium while the sharpest drops were observed in Slovenia, Lithuania, Italy, and Germany. Hungary, Austria, UK and Greece enjoyed the sharpest month-on-month increases in retail confidence across the EU.

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

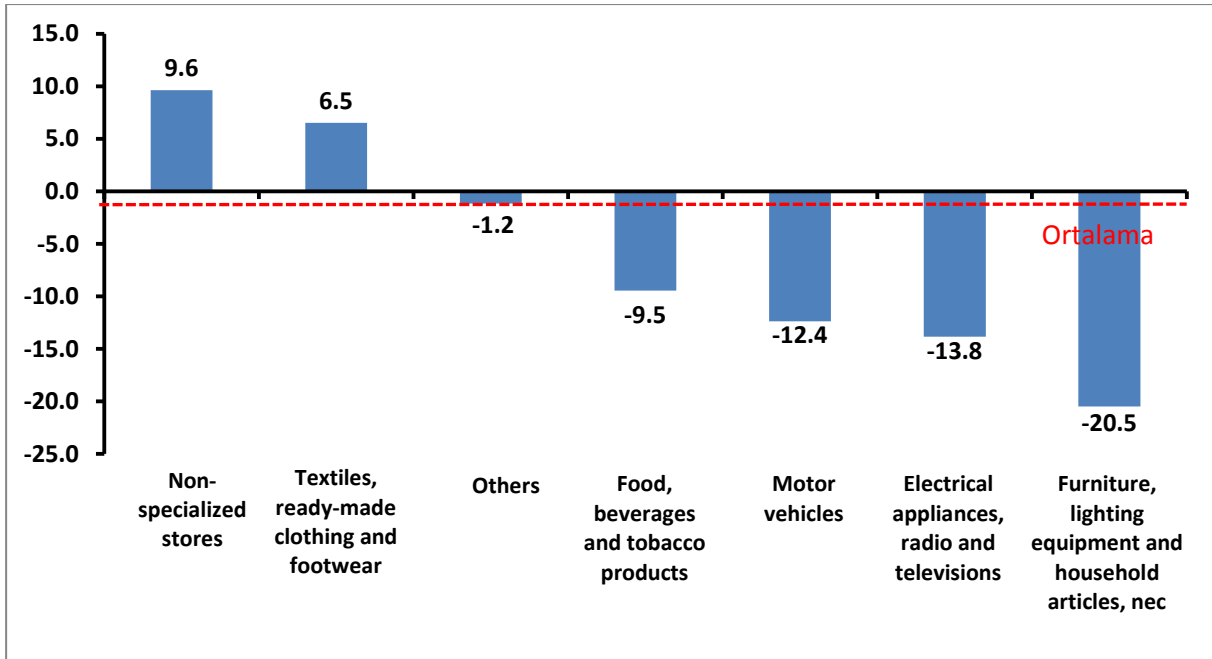
Countries	Change in Retail Confidence Index Compared to November 2011 (Points)*	Change in Retail Confidence Index Compared to October 2012 (Points)
United Kingdom	34.7	8.6
Sweden	14.4	-0.8
Belgium	6.7	7.2
EU-27	4.2	3.6
Austria	3.6	8.7
Holland	3.0	6.0
Spain	2.3	4.4
Estonia	1.4	2.2
Slovakia	1.2	-0.8
Portugal	1.1	1.6
Bulgaria	0.8	0.7
Latvia	0.8	-2.7
Hungary	-0.4	9.2
France	-0.8	-0.8
Turkey	-1.0	-0.6
Romania	-1.1	0.4
Czech Republic	-3.0	-2.9
Eurozone-17	-3.7	2.5
Poland	-4.4	3.2
Greece	-5.2	8.3
Finland	-6.0	1.3
Southern Cyprus	-6.1	-2.4
Germany	-8.6	2.4
Italy	-9.0	1.5
Lithuania	-9.2	-0.4
Slovenia	-22.7	0.0

*Countries are ranked by their performance in November 2011.

Non-specialized stores were the sector leader in November:

Non-specialized stores sector was the strongest of November. Textile, ready-made clothing and footwear sector recovered compared to the same period last year while all sectors but two declined year-on-year. The “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc.); food, beverages and tobacco products; motor vehicles; and electrical appliances, radio and televisions sectors declined at a rate above the average while the sharpest drop in performance was seen in the furniture, lighting equipment and household articles sector.

Figure-7. Year-on-year change in TEPE, November 2012 (points) (Seasonally adjusted series)



Expectations on orders, sales and employment down:

Question-based assessment of TEPE survey results indicates that expectations for sales, orders placed with suppliers, employment and sales prices for the next three months decreased both year-on-year and month-on-month. The level of business activities compared to the past three months increased compared to October 2012 and November 2011 whereas the level of business activities compared to the same period last year worsened.

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

Questions	Index 11/2011	Index 10/2012	Index 11/2012	MoM Change 11/2012	YoY Change 11/2012
How has your business activity developed over the past three months?	-33.6	-35.5	-33.2	2.3	0.4
Do you consider the volume of inventories you currently hold to be...? ¹	13.8	12.8	13.6	0.8	-0.2
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	2.2	6.0	1.9	-4.1	-0.3
How do you expect your business activity (sales) to change over the next 3 months? It will...	12.7	14.3	9.7	-4.6	-3.0
How do you expect your firm's total employment to change over the next 3 months? It will...	7.0	5.4	2.2	-3.2	-4.8
How do you expect the prices you charge to change over the next 3 months? They will...	13.6	13.1	12.8	-0.3	-0.8
How has your business activity developed this year compared to the same period in the last year? It has...	-23.0	-27.3	-29.6	-2.3	-6.6
Do you expect an increase in the number of your stores next year?	8.7	8.3	8.4	0.1	-0.3

¹ 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’s retail sector still in decline:

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 November, KOPE had a value of -6.6 compared to TEPE at -7.3. Konya’s retail sector that has been performing worse than overall Turkey over the last two years outperformed Turkey in November. KOPE and TEPE decreased month-on-month by 2.4 points and 5.9 points, respectively.

Expectations for sales and orders placed with suppliers in the next three months increased month-on-month while expectations for employment declined. The level of business activities improved compared to the same period in the year before but declined compared to the past three months.

Figure-8. Comparison of KOPE, TEPE and EU-27 Retail Confidence Index (February 2012 – November 2012) (Non-adjusted series)

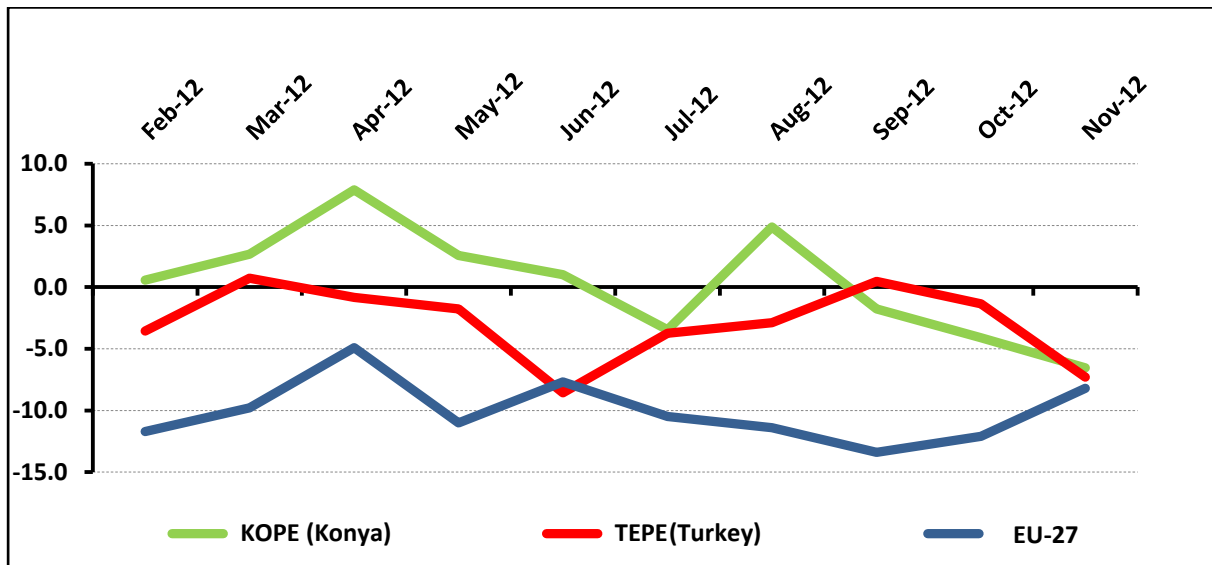


Table-7. Konya Retail Confidence Index (Non-adjusted series)

%	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	-6.6	