

RETAIL SECTOR NON-BUOYANT IN THE FIRST MONTH OF 2013

In January 2013, TEPE showed negligible year-on-year change despite the month-on-month recovery. Expectations for sales, sales prices and employment in the next three months picked up compared to January 2012 while expectations for orders placed with suppliers, sales and sales prices in the next three months weakened month-on-month. The volume of business activities compared to the previous three months and previous year increased year-on-year. Retail confidence in the EU picked up compared to both December 2012 and January 2012.

TEPE stagnant at the start of the new year:

The negative trend in TEPE continued in the new year. With a value of minus 2.9 in January 2013, TEPE increased month-on-month by 0.3 points and year-on-year by 0.1 points.

Figure-1. TEPE (January 2012 – January 2013)

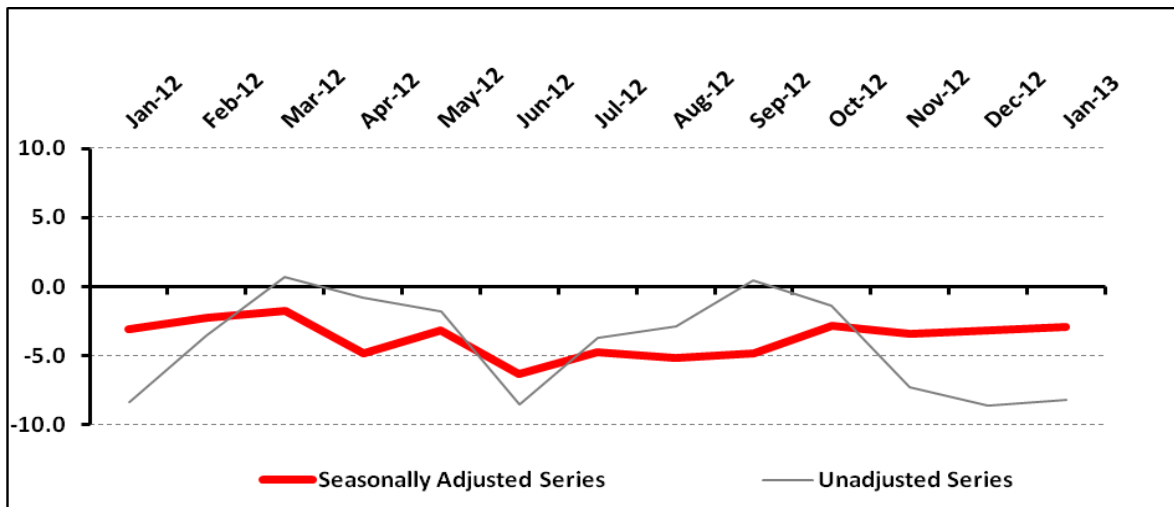


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.2	-23.7	-23.1	-16.5	-17.9	-20.9	-22.6	-20.8
2009	-20.9	-21.3	-17.8	-14.9	-12.3	-8.8	-9.4	-12.2	-12.6	-10.9	-6.2	-10.1
2010	-10.2	-7.2	-6.8	-5.5	-8.6	-7.5	-4.4	-1.8	0.1	0.1	0.9	-1.4
2011	6.5	4.7	1.7	2.0	1.7	3.6	0.9	-3.4	-1.9	-1.0	-2.5	3.3
2012	-3.0	-2.3	-1.8	-4.8	-3.1	-6.3	-4.8	-5.2	-4.8	-2.8	-3.4	-3.2
2013	-2.9											

Expectations on sales volume deteriorated at the start of the new year:

33.3 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 31.1 percent expect deterioration. The balance value of the expectations for the next three months stood at 11.2 in January 2013. This implies an increase by 0.9 points compared to January 2012 and a decrease by 1.9 points compared to December 2012.

Figure-2. Expectations for the next three months (%increase-%decrease) (January 2012 – January 2013)

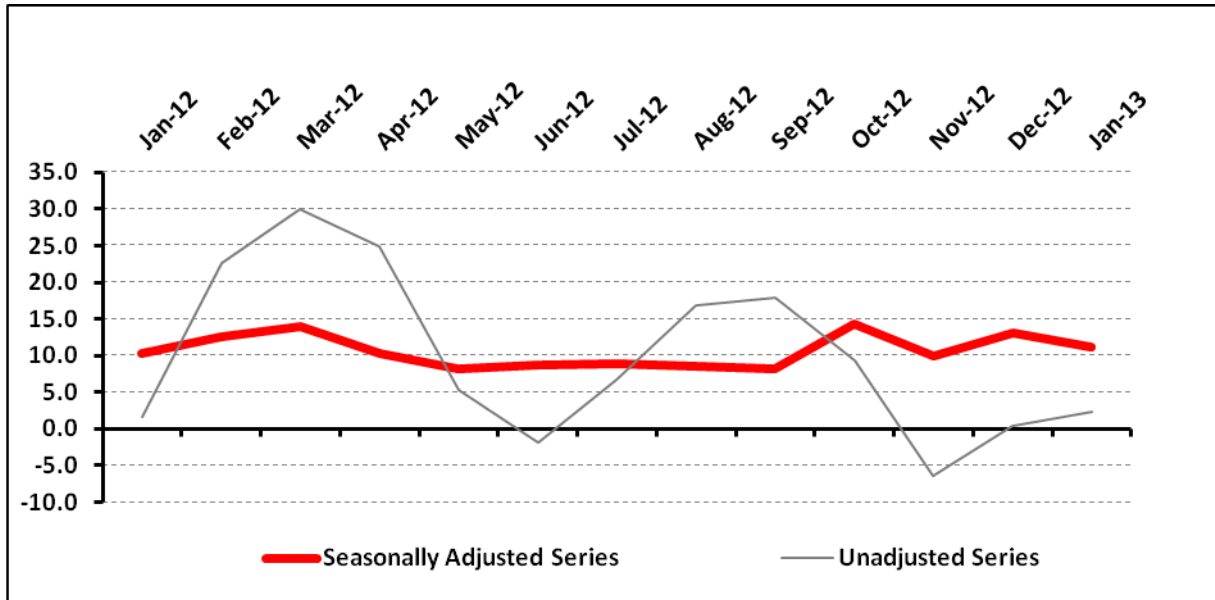


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.7	-33.0	-27.6	-19.0	-22.6	-24.7	-27.7	-26.3
2009	-24.7	-25.1	-27.9	-17.3	-13.4	-2.2	-8.1	-13.4	-5.1	-6.8	-0.4	-7.7
2010	-6.4	-6.8	3.4	1.8	-2.2	-6.2	1.8	5.0	3.7	6.2	9.4	12.0
2011	20.7	21.9	16.4	13.8	18.0	18.4	14.7	12.3	13.0	11.6	13.0	16.7
2012	10.3	12.6	13.9	10.3	8.2	8.8	8.9	8.6	8.2	14.4	10.0	13.1
2013	11.2											

Anticipation for year-on-year business recovery up compared to last year:

In January 2013, 19.8 percent of the participants declared a year-on-year improvement in business activities whereas 46 percent declared deterioration. Anticipation for year-on-year recovery in business activities therefore declined by 0.1 points compared to December 2012 and increased by 6.7 points compared to January 2012.

Figure-3. Year-on-year change in business activities (%increase- %decrease)
(January 2012 – January 2013)

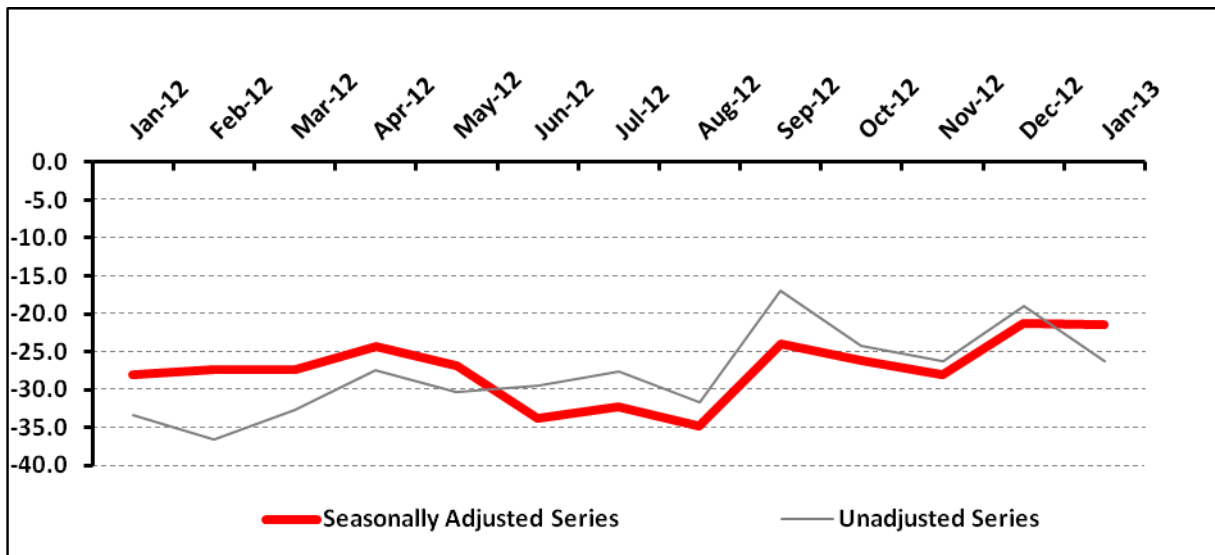


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-60.3	-68.1	-67.6	-58.0	-58.8	-59.2	-64.8	-65.6
2009	-66.0	-62.3	-59.1	-61.2	-56.2	-43.2	-46.4	-51.7	-63.1	-53.6	-46.2	-47.6
2010	-41.5	-42.8	-39.6	-36.6	-31.6	-37.3	-31.1	-22.8	-20.8	-20.4	-14.8	-15.0
2011	-12.0	-11.8	-15.2	-16.3	-22.9	-11.8	-13.1	-19.5	-16.6	-20.3	-22.1	-23.0
2012	-28.1	-27.4	-27.4	-24.3	-26.9	-33.8	-32.3	-34.8	-23.9	-26.1	-28.1	-21.3
2013	-21.4											

Retail confidence in the EU up:

The EU-27 Retail Confidence Index had a value of -9.5 in January 2013, increasing both month-on-month and year-on-year by 0.8 points and 4.4 points, respectively. The EU-27 Retail Confidence Index performed better than Turkey and Eurozone indices compared to both January 2012 and December 2012.

Figure-4. Comparison of TEPE and EU-27 Retail Confidence Index (January 2012 – January 2013)

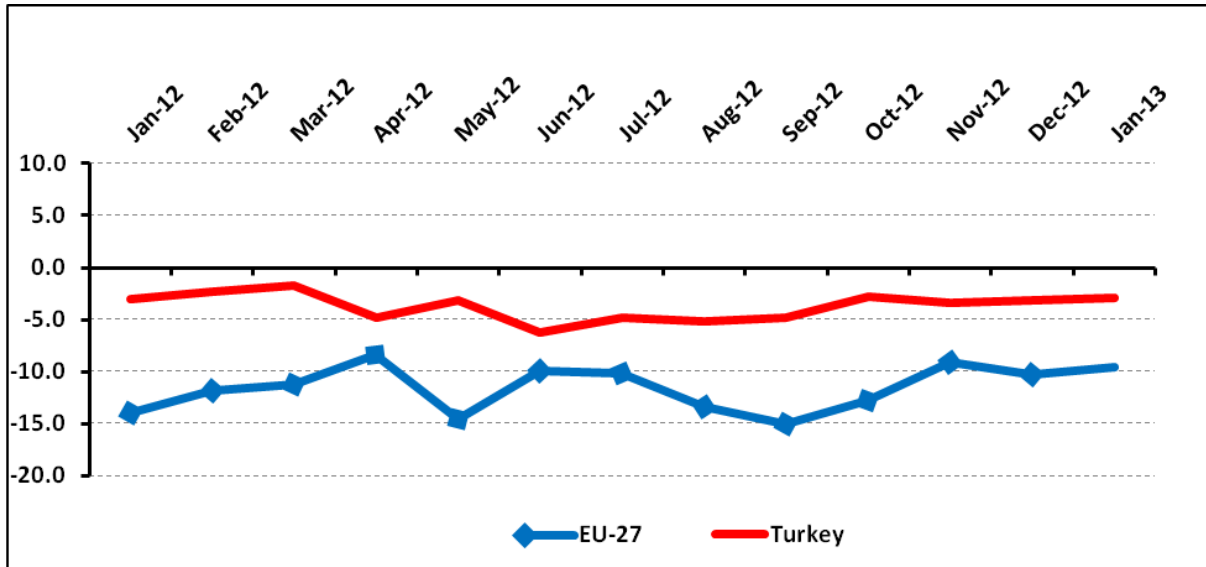


Table-4. EU-27 (Seasonally adjusted series)

%	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	-13.9	-11.8	-11.2	-8.3	-14.5	-9.9	-10.2	-13.3	-15.0	-12.7	-9.1	-10.3
2013	-9.5											

Retail confidence in the EU stronger than in the Eurozone:

Comparing the retail confidence indices for EU-27 countries and Turkey, highest year-on-year rises were observed in the UK, Sweden, and Bulgaria while the sharpest drops were observed in Holland, Finland, Austria and Poland. Finland and Slovenia enjoyed the largest month-on-month rise in retail confidence across the EU.

Table-5. Retail Confidence Index for EU-27 Countries and Turkey
(Compared to December 2012 ve January 2012) (Seasonally adjusted series)

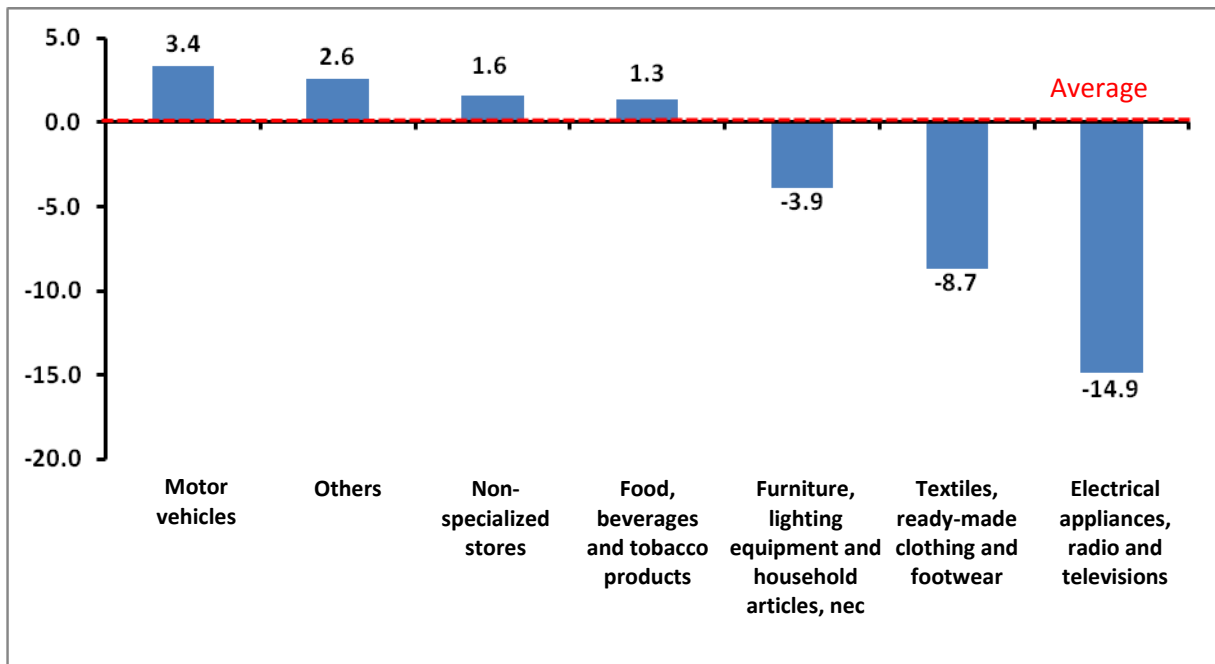
Countries	Change in Retail Confidence Index Compared to January 2012 (Points)*	Change in Retail Confidence Index Compared to December 2012 (Points)
United Kingdom	23.0	4.2
Sweden	16.9	4.6
Bulgaria	9.4	-2.0
Hungary	6.3	2.4
EU-27	4.4	0.8
Spain	4.3	-2.3
Greece	3.6	3.0
France	2.0	-0.9
Slovakia	2.0	-4.1
Latvia	1.9	5.1
Belgium	1.2	1.1
Romania	0.2	-3.8
Turkey	0.1	0,3
Portugal	0,1	-1,7
Czech Republic	0,0	-2,6
Eurozone-17	-0,2	0,3
Estonia	-0,2	-1,2
Southern Cyprus	-1,7	1,2
Slovenia	-2,1	7,5
Italy	-2,3	-2,5
Germany	-2,4	2,1
Poland	-3,2	0,3
Austria	-3,6	6,7
Finland	-5,0	10,0
Holland	-5,5	2,9

* Countries are ranked by their performance in January 2012.

Motor vehicles leader of the retail sector in January:

Compared to January 2012, motor vehicles sector was the strongest performer. “The others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc), non specialized stores and food, beverages and tobacco products sectors enhanced their performance compared to the previous year while the rest declined year-on-year. The sharpest year-on-year decline was observed in the electrical appliances, radio, and televisions sector.

Figure-5. Year-on-year change in TEPE, January 2013 (points) (Seasonally adjusted series)



Volume of business activities increased:

Question-based assessment of the TEPE survey results shows that compared to December 2012, expectation for orders, sales, and sales prices in the next three months and the number of stores in the next twelve months decreased; volume of business activities compared to the past three months increased. Compared to January 2012, all indicators except for the expectations for orders and level of inventory improved. The biggest improvement was in the volume of business activities compared to the past three month and past year and in the expectations for employment for the next three months.

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

Questions	Index 1/2012	Index 12/2012	Index 01/2013	MoM Change 01/2013	YoY Change 01/2013
How has your business activity developed over the past three months?	-37.2	-31.0	-26.7	4.3	10.5
Do you consider the volume of inventories you currently hold to be...? ¹	18.8	8.9	9.0	0.1	-9.8
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	4.1	7.3	2.9	-4.4	-1.2
How do you expect your business activity (sales) to change over the next 3 months? It will...	10.3	13.1	11.2	-1.9	0.9
How do you expect your firm's total employment to change over the next 3 months? It will...	2.7	8.7	8.7	0.0	6.0
How do you expect the prices you charge to change over the next 3 months? They will...	10.7	16.7	12.5	-4.2	1.8
How has your business activity developed this year compared to the same period in the last year? It has...	-28.1	-21.3	-21.4	-0.1	6.7
Do you expect an increase in the number of your stores next year?	4.8	10.5	6.5	-4.0	1.7

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 up after 4 months:

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 January 2013, KOPE had a value of -3.6. Following the decline in the last four months, the city’s retail sector has performed better than overall Turkey in January 2013. KOPE showed a month-on-month increase by 5.9 points.

Expectations for sales in the next three months went up to the positives for the first time after three months. Expectations for orders, sales prices and employment in the next three months recovered compared to December 2012. Fifty-three percent of retailers in Konya believe that the volume of business activities worsened compared to January 2012.

Figure-6. Comparison of KOPE, TEPE and EU-27 Retail Confidence Index (February 2012 – January 2013) (Unadjusted series)

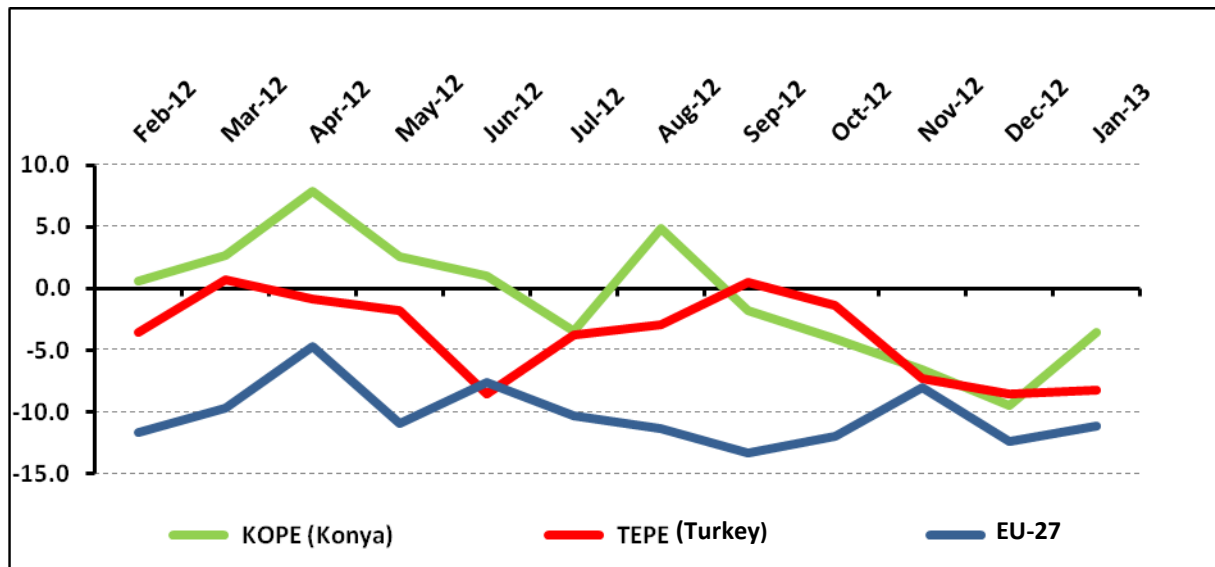


Table-8. Konya Retail Confidence Index (Unadjusted series)

%	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	-9.4
2013	-3.6											