

NO RECOVERY IN RETAIL CONFIDENCE IN FEBRUARY

In February 2013, TEPE decreased month-on-month and year-on-year. Expectations for orders, sales and sales prices in the next three months also decreased compared to the previous month and year. The volume of business activities compared to the previous year increased year-on-year and month-on-month. Retail confidence in the EU weakened month-on-month, recovered year-on-year.

TEPE diminished compared to the previous month and year:

The negative trend in TEPE continued in February 2013. With a value of minus 4.4, the Index decreased month-on-month by 1.2 points and year-on-year by 2.5 points.

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

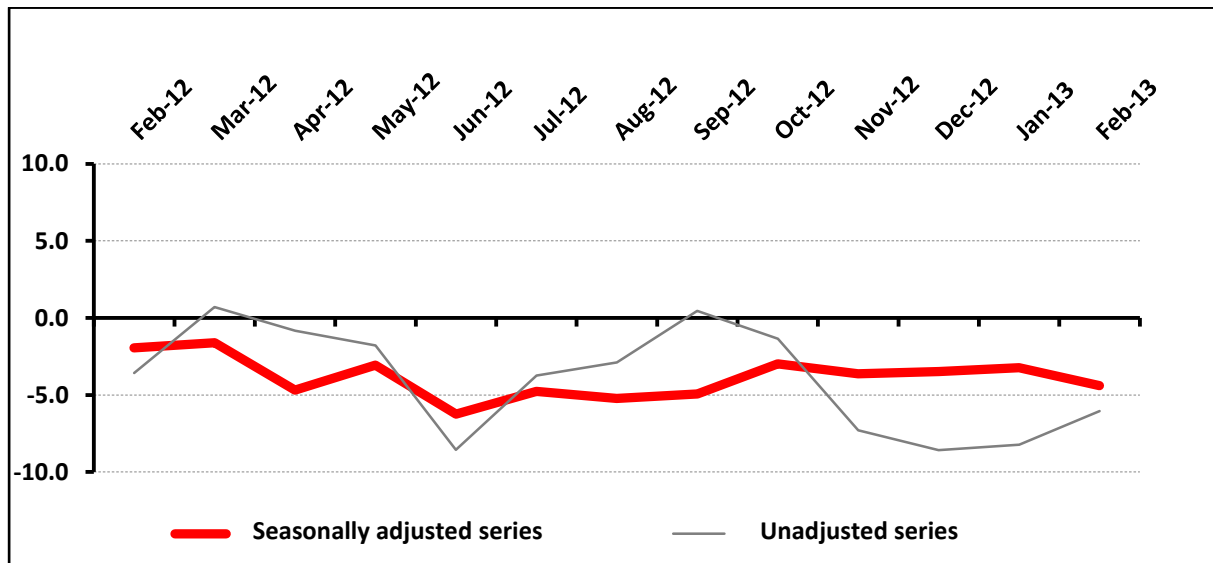


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.2	-23.7	-23.1	-16.5	-18.0	-20.9	-22.6	-20.8
2009	-20.9	-21.2	-17.8	-14.9	-12.3	-8.8	-9.4	-12.2	-12.6	-10.9	-6.2	-10.2
2010	-10.2	-7.1	-6.7	-5.5	-8.6	-7.5	-4.4	-1.8	0.0	0.1	0.9	-1.5
2011	6.4	4.8	1.8	2.0	1.7	3.6	0.9	-3.4	-1.9	-1.1	-2.6	3.2
2012	-3.2	-1.9	-1.6	-4.7	-3.1	-6.2	-4.8	-5.2	-4.9	-3.0	-3.6	-3.5
2013	-3.2	-4.4										

Expectations on sales volume weakened month-on-month and year-on-year:

42.8 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 25.7 percent expect deterioration. The balance value of the expectations for the next three months stood at 8.3 in February 2013. This implies a decrease by 5.3 points compared to February 2012 and by 2 points compared to January 2013.

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

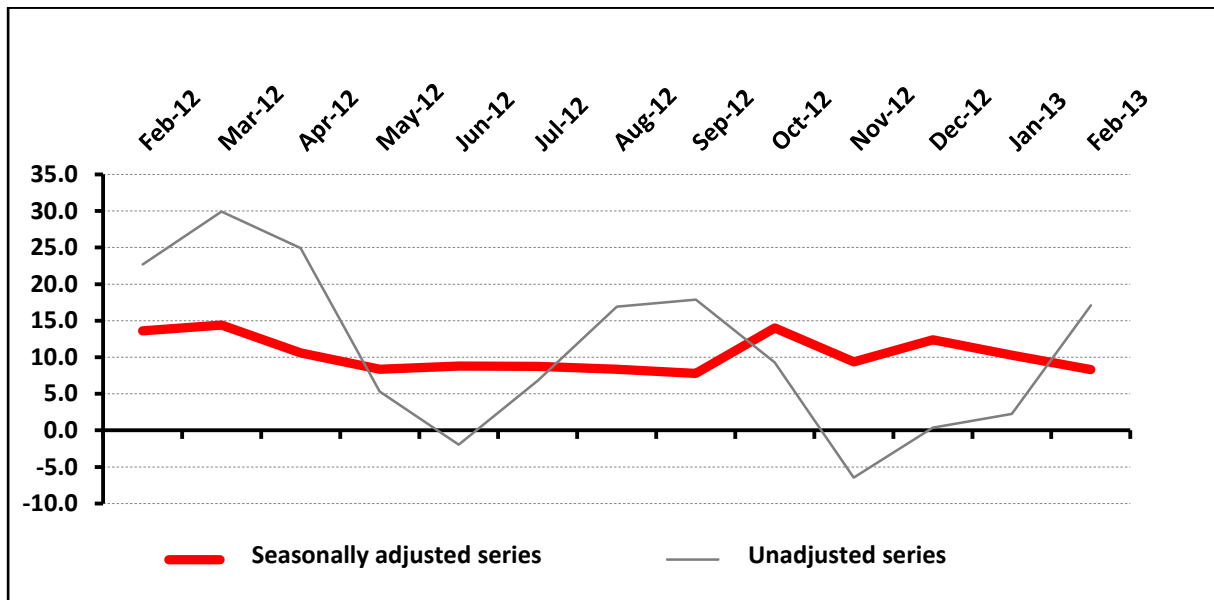


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.6	-32.9	-27.4	-18.8	-22.5	-24.7	-27.7	-26.5
2009	-24.8	-25.2	-28.1	-17.3	-13.4	-2.1	-8.0	-13.3	-5.0	-6.8	-0.4	-7.9
2010	-6.5	-6.7	3.5	1.9	-2.2	-6.2	1.8	4.9	3.6	6.1	9.4	11.9
2011	20.6	22.4	16.7	14.0	18.1	18.4	14.6	12.1	12.8	11.4	12.7	16.5
2012	9.9	13.6	14.4	10.6	8.4	8.8	8.8	8.3	7.8	14.0	9.4	12.4
2013	10.3	8.3										

Anticipation for year-on-year recovery the highest of the last year and a half:

In February 2013, 20.1 percent of the participants declared a year-on-year improvement in business activities whereas 46.5 percent declared deterioration. Anticipation for year-on-year recovery in business activities therefore declined by 2.5 points compared to January 2013 and increased by 6.7 points compared to February 2012.

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

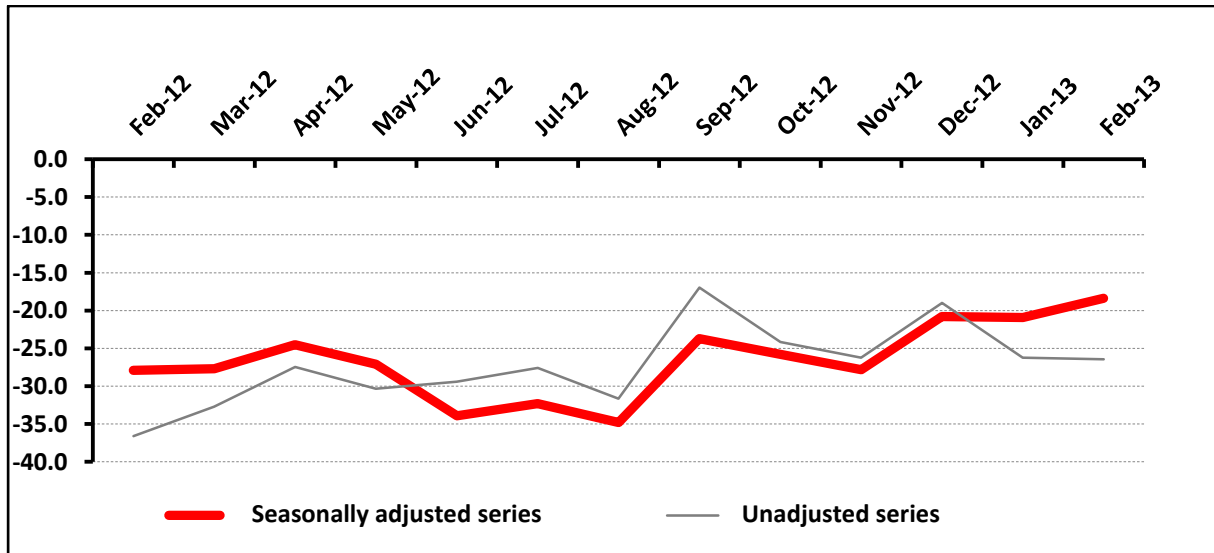


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-60.2	-68.1	-67.6	-57.8	-58.8	-59.1	-64.7	-65.6
2009	-66.0	-62.5	-59.2	-61.3	-56.2	-43.1	-46.3	-51.6	-63.1	-53.6	-46.1	-47.5
2010	-41.3	-43.0	-39.7	-36.7	-31.7	-37.3	-31.1	-22.8	-20.8	-20.3	-14.6	-14.8
2011	-11.7	-12.2	-15.3	-16.4	-23.0	-11.9	-13.1	-19.6	-16.5	-20.1	-21.9	-22.7
2012	-27.8	-27.9	-27.7	-24.5	-27.1	-33.9	-32.3	-34.8	-23.7	-25.8	-27.8	-20.8
2013	-20.9	-18.4										

Retail confidence in the EU increased compared to 2012:

The EU-27 Retail Confidence Index had a value of minus 10.2 in February 2013, with a month-on-month decrease by 0.8 points and a year-on-year increase by 1.6 points. The EU-27 performed better than Turkey and the Eurozone compared to both February 2012 and January 2013.

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

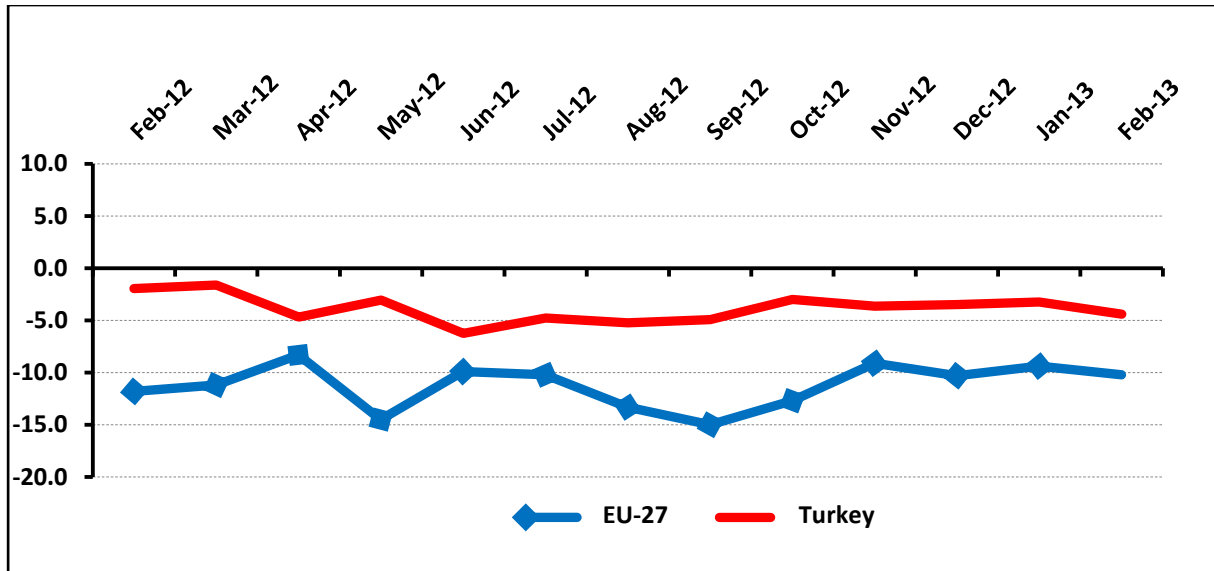


Table-4. EU-27 (Seasonally adjusted series)

%	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	-9.4	-10.2										

Strongest improvement in retail confidence in Bulgaria, UK and Sweden:

Comparing the retail confidence indices for EU-27 countries and Turkey, highest year-on-year rises were observed in Bulgaria, the UK, and Sweden while the sharpest drops were observed in Slovenia, Finland, and Austria. Bulgaria, Portugal and Spain marked 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 January 2013 and February 2012) (Seasonally adjusted series)

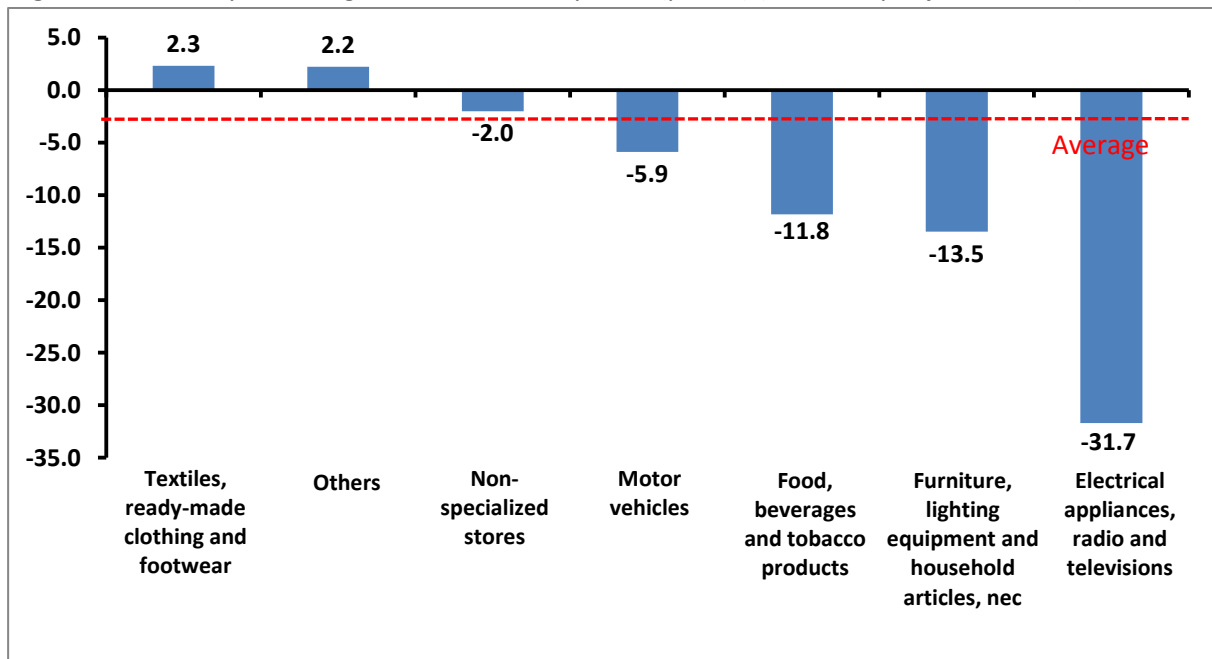
Countries	Change in Retail Confidence Index Compared to February 2012 (Points)*	Change in Retail Confidence Index Compared to January 2013 (Points)
Bulgaria	15.0	8.2
United Kingdom	14.5	-3.5
Sweden	12.4	0.0
Hungary	8.1	-0.6
Greece	5.6	-2.6
Spain	5.6	3.7
Portugal	5.0	5.3
Belgium	2.2	-3.3
EU-27	1.6	-0.8
Romania	1.3	1.7
Southern Cyprus	0.5	1.3
Latvia	-0.4	-2.5
France	-0.6	0.0
Eurozone -17	-2.1	-0.5
Czech Republic	-2.4	-2.2
Turkey	-2.5	-1.2
Germany	-3.0	-1.5
Estonia	-3.0	-1.3
Slovakia	-3.4	1.8
Poland	-5.5	-0.1
Italy	-6.0	0.3
Lithuania	-6.8	-4.6
Holland	-7.1	-3.9
Austria	-11.0	-4.3
Finland	-17.0	-6.2
Slovenia	-18.6	-14.0

* Countries are ranked by their performance in February 2012.

Textiles, readymade clothing and footwear leader of the retail sector in February:

Compared to February 2012, textiles, readymade clothing and footwear and “the others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc) sectors recorded the strongest performance in February 2013. All sectors except for these deteriorated compared to the previous year. The drop was less than the average in the non specialized stores sector and larger than the average in the motor vehicles, and food, beverages and tobacco products, and furniture, lighting equipment and household articles 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 as was in January.

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



Expectations for orders and sales in the next three months down:

Question-based assessment of the TEPE survey results suggests that compared to January 2013, all conditions and expectations except for the volume of business activities compared to the previous year and the number of stores in the next 12 months worsened. The largest deterioration was in the volume of business activities compared to the previous 3 months. Compared to February 2012, volume of business activities compared to the previous 3 months and to the previous year, expectations for employment in the next 3 months and expectations for the number of stores in the next 3 months increased while other items decreased. The largest drops were in the expectations for orders and sales in the next 3 months whereas the largest rise was in the volume of business activities compared to the previous year and the expectations for the number of stores in the next 12 months.

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

Questions	Index 2/2012	Index 01/2013	Index 02/2013	MoM Change 02/2013	YoY Change 02/2013
How has your business activity developed over the past three months?	-34.4	-27.8	-34.2	-6.4	0.2
Do you consider the volume of inventories you currently hold to be...? ¹	14.1	9.1	12.4	3.3	-1.7
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	7.0	2.1	-0.5	-2.6	-7.5
How do you expect your business activity (sales) to change over the next 3 months? It will...	13.6	10.3	8.3	-2.0	-5.3
How do you expect your firm's total employment to change over the next 3 months? It will...	5.8	8.8	8.6	-0.2	2.8
How do you expect the prices you charge to change over the next 3 months? They will...	16.0	12.0	11.9	-0.1	-4.1
How has your business activity developed this year compared to the same period in the last year? It has...	-27.9	-20.9	-18.4	2.5	9.5
Do you expect an increase in the number of your stores next year?	6.3	6.8	13.3	6.5	7.0

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.

Upwards trend continues for Konya’s retail sector:

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 February 2013, KOPE had a value of 2.6, compared to TEPE at minus 6.1. Konya’s retail sector continued the upwards trend after January, performing better than both overall Turkey and the EU-27. KOPE showed a month-on-month increase by 6.2 points and a year-on-year increase by 2.1 points.

Expectations for sales in the next 3 months are still on the rise. Expectations for orders placed with suppliers and employment in the next three months improved in comparison to January 2013. 48.3 percent of retailers believe that the volume of business activities worsened compared to February 2012.

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

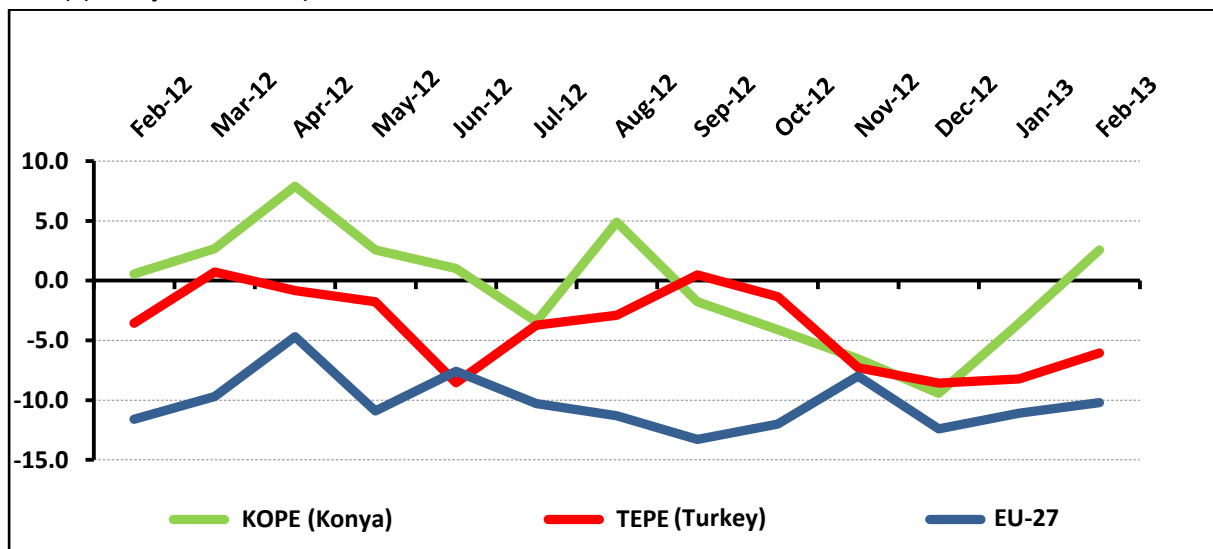


Table-8. Konya Retail Confidence Index (Unadjusted series)

%	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	2.6										