

EXPECTATIONS IN THE RETAIL SECTOR BLOSSOM ALONGSIDE SPRING

In March 2013, TEPE increased month-on-month but was stagnant compared to the same period in 2012. Expectations for the level of business activities compared to the previous three months and the year before, as well as those for orders, sales volume and sales prices in the next three months picked up. Expectations for the sales volume in the next three months recorded the highest level in the last 15-month period. Retail confidence in the EU decreased year-on-year and month-on-month.

TEPE increased month-on-month, stagnant year-on-year:

With a value of minus 2 in March 2013, TEPE increased by 2 points month-on-month. The index was stagnant compared to March 2012.

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

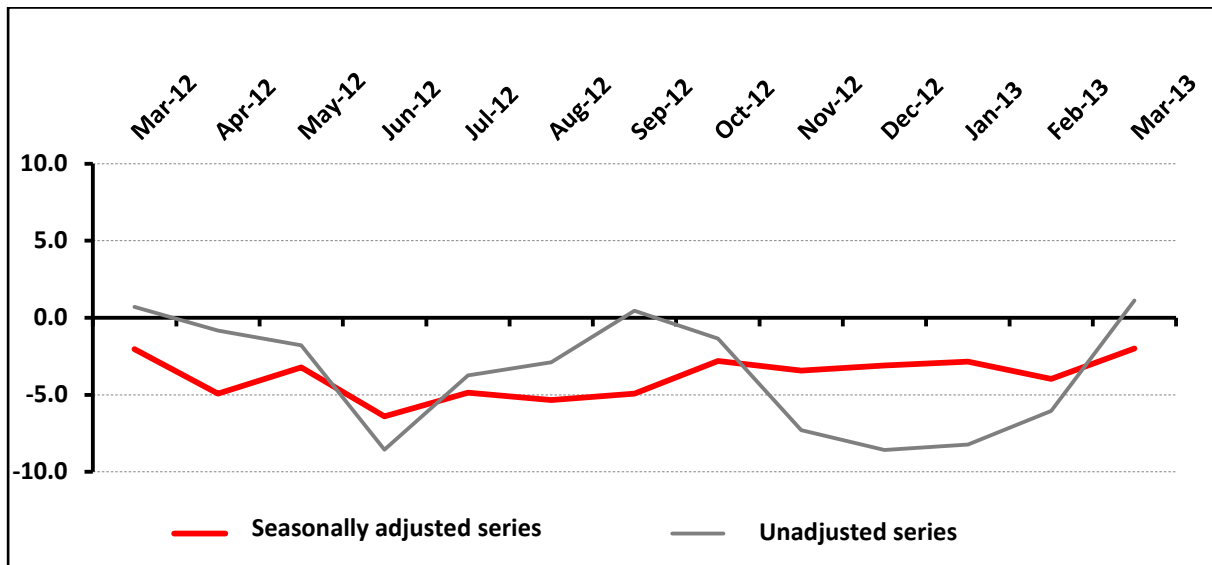


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-22.1	-23.6	-23.1	-16.3	-17.9	-20.9	-22.6	-20.8
2009	-21.0	-21.2	-17.9	-14.9	-12.2	-8.7	-9.4	-12.1	-12.6	-10.9	-6.2	-10.2
2010	-10.2	-7.0	-6.9	-5.5	-8.7	-7.6	-4.4	-1.8	0.1	0.1	0.9	-1.4
2011	6.6	5.0	1.5	1.9	1.6	3.6	0.8	-3.5	-2.0	-1.0	-2.5	3.4
2012	-3.0	-1.7	-2.0	-4.9	-3.2	-6.4	-4.9	-5.3	-4.9	-2.8	-3.4	-3.1
2013	-2.8	-4.0	-2.0									

Sales expectations at the peak of the last 15 months:

53.7 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 19.5 percent expect deterioration. The balance value of the expectations for the next three months stood at 15.5 in March 2013. This implies an increase by 2.8 points compared to March 2012 and by 5.4 points compared to February 2013. This marks the peak value of the last 15 months for sales expectations

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

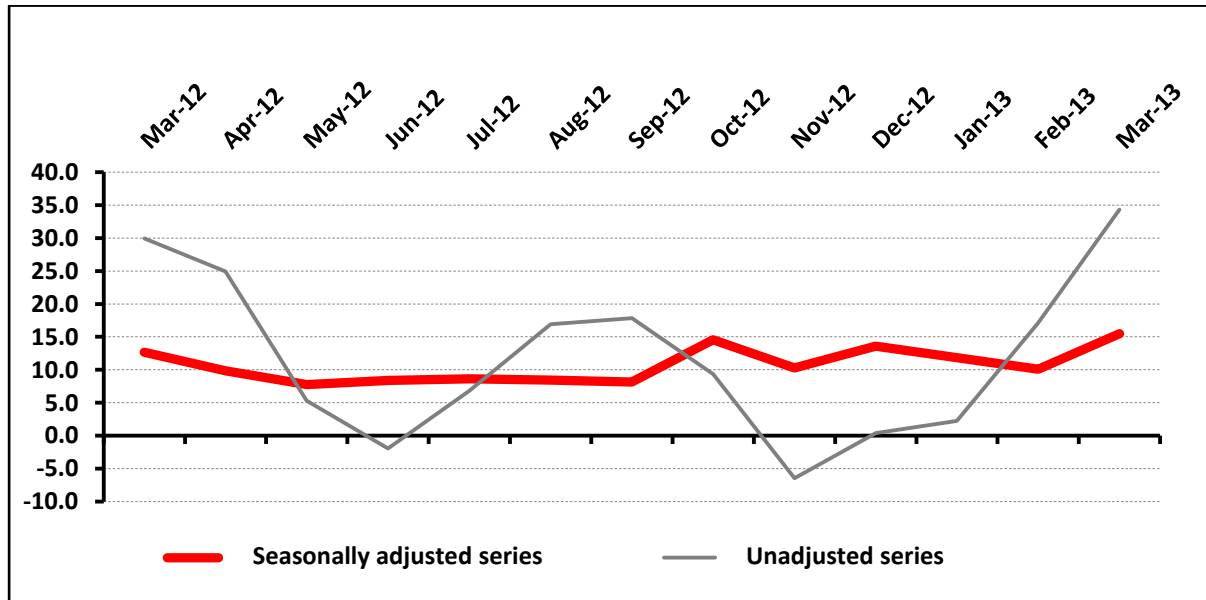


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.7	-33.0	-27.5	-18.9	-22.5	-24.7	-27.7	-26.3
2009	-24.7	-25.0	-28.1	-17.3	-13.4	-2.1	-8.1	-13.3	-5.1	-6.7	-0.4	-7.7
2010	-6.4	-6.5	3.2	1.8	-2.3	-6.3	1.7	4.9	3.7	6.2	9.5	12.1
2011	20.8	22.7	15.9	13.6	17.9	18.3	14.6	12.2	13.0	11.6	13.1	16.9
2012	10.5	14.4	12.6	9.8	7.8	8.4	8.6	8.4	8.2	14.6	10.3	13.6
2013	11.8	10.1	15.5									

Anticipation for year-on-year recovery improved:

In March 2013, the balance value of the volume of business activities compared to the same period in the previous year was -18.6. 22.3 percent of the participants declared a year-on-year improvement in business activities whereas 45.7 percent declared deterioration. Anticipation for year-on-year recovery in business activities therefore declined by 0.2 points compared to February 2013 and increased by 9 points compared to March 2012.

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

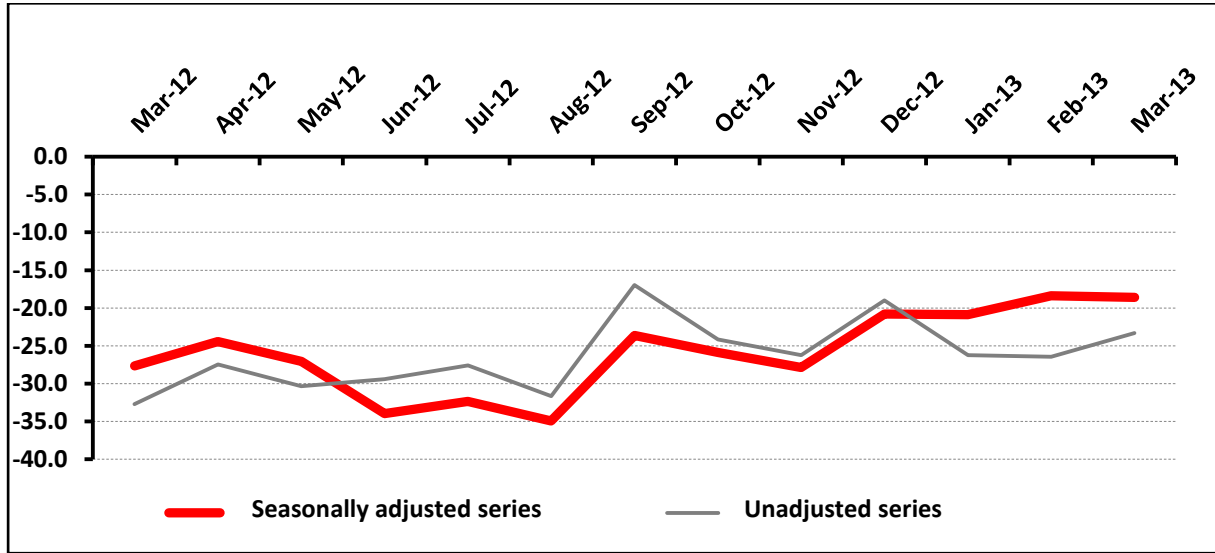


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-60.1	-68.1	-67.6	-57.8	-58.8	-59.1	-64.7	-65.6
2009	-66.0	-62.6	-59.2	-61.3	-56.1	-43.1	-46.3	-51.5	-63.1	-53.6	-46.1	-47.6
2010	-41.4	-43.1	-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	-23.1	-11.9	-13.1	-19.6	-16.5	-20.1	-21.9	-22.7
2012	-27.8	-27.9	-27.6	-24.4	-27.1	-33.9	-32.3	-34.9	-23.6	-25.9	-27.9	-20.8
2013	-20.9	-18.4	-18.6									

Retail confidence in the EU in decline:

The EU-27 Retail Confidence Index had a value of minus 13.1 in March 2013, with a month-on-month decrease by 2.8 points and a year-on-year decrease by 1.9 points. The EU-27 performed better than the Eurozone compared to March 2013, while the overall figure was stronger for Eurozone. In the same period, Turkey performed better than the EU-27 and the Eurozone.

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

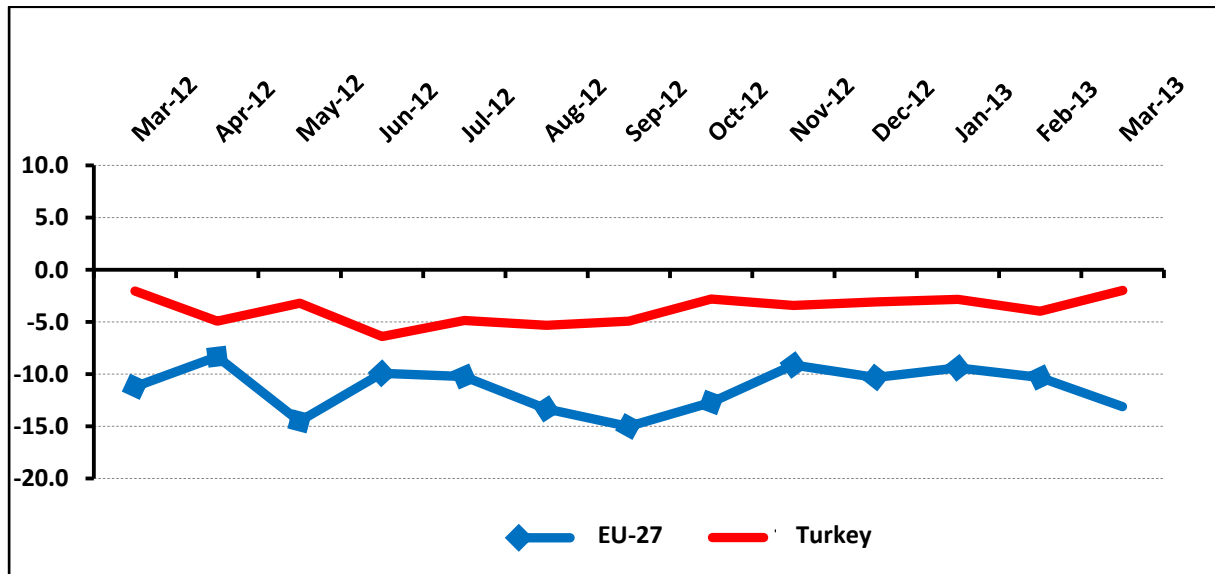


Table-4. EU-27 (Seasonally adjusted series)

%	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	-10.3	-13.1									

Retail confidence in Greece picks up year-on-year and month-on-month:

Comparing the retail confidence indices for EU-27 countries and Turkey, the highest year-on-year rises were observed in the UK and Greece and the sharpest drops in Finland, Austria and Estonia. Slovenia, Lithuania and Greece recorded the highest month-on-month improvement in retail confidence.

Table-5. Retail Confidence Index for EU-27 Countries and Turkey
(Compared to February 2013 and March 2012) (Seasonally adjusted series)

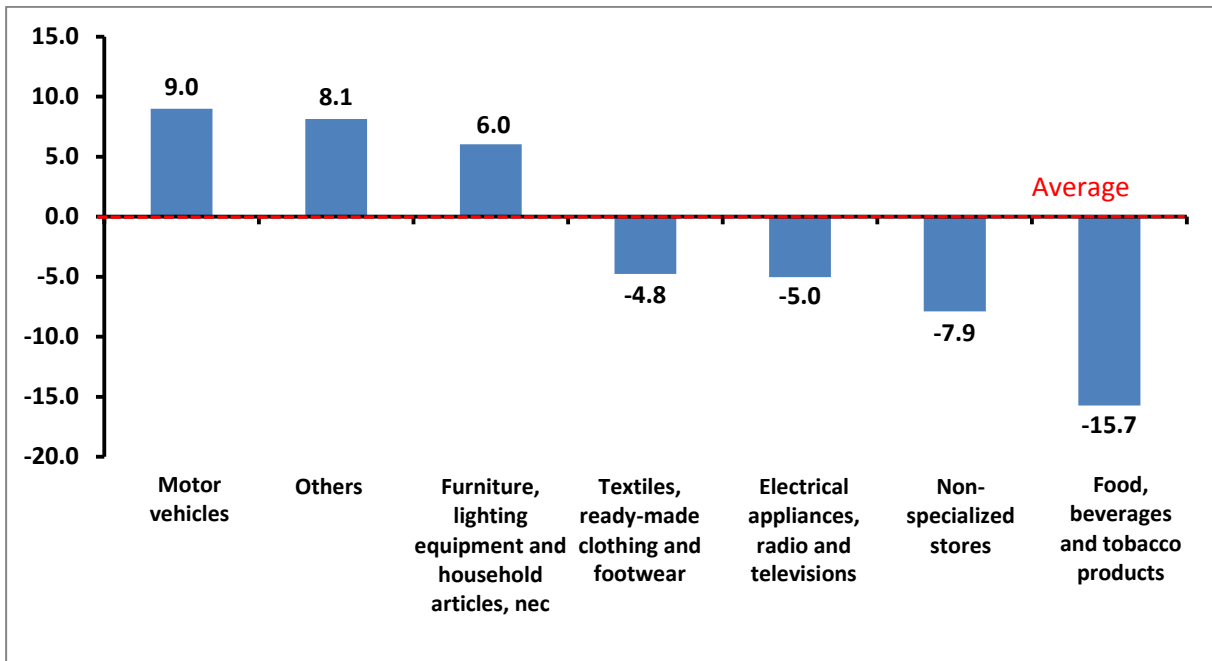
Countries	Change in Retail Confidence Index Compared to March 2012 (Points)*	Change in Retail Confidence Index Compared to February 2013 (Points)
United Kingdom	12.9	-9.4
Greece	9.9	7.2
Spain	5.3	-0.3
Portugal	5.3	0.7
Bulgaria	5.1	-4.7
Lithuania	2.6	8.5
Romania	1.3	-0.5
Sweden	1.2	0.0
Belgium	0.7	-3.5
Southern Cyprus	0.6	2.0
Turkey	0.0	2.0
Hungary	-1.2	-0.5
Latvia	-1.4	-2.5
EU-27	-1.9	-2.8
France	-3.1	-3.4
Eurozone-17	-5.7	-1.5
Czech Republic	-6.4	-1.9
Slovakia	-7.1	-1.4
Poland	-7.3	0.2
Italy	-9.0	-0.8
Holland	-9.6	0.5
Slovenia	-9.6	10.7
Germany	-9.8	-1.5
Estonia	-11.0	-1.7
Austria	-16.0	-1.9
Finland	-28.8	-6.3

* Countries are ranked by their performance in March 2012.

Motor vehicles strongest sector in March:

Compared to March 2012, motor vehicles sector had the strongest performance. It was followed by “the others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc) and furniture, lighting equipment and household articles sectors. All other sectors declined year-on-year, while the sharpest drop was in the food, beverages and tobacco products sector.

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



Business volume increases, order and sales expectations improve:

Question-based assessment of the TEPE survey results suggests that compared to February 2013, all conditions and expectations except for the volume of business activities compared to last year improved, with the largest improvement in the expectation for orders placed with suppliers and for sales over the next three months. Compared to March 2012, all indicators but expectations for employment in the next three months increased. The highest increase was in the volume of business activities compared to last year, the number of stores next year and the level of business activities in the next three months.

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

Questions	Index 3/2012	Index 02/2013	Index 03/2013	MoM Change 03/2013	YoY Change 03/2013
How has your business activity developed over the past three months?	-34.7	-33.9	-30.6	3.3	4.1
Do you consider the volume of inventories you currently hold to be...? ¹	15.2	12.3	8.9	-3.4	-6.3
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	2.9	0.8	9.1	8.3	6.2
How do you expect your business activity (sales) to change over the next 3 months? It will...	12.6	10.1	15.5	5.4	2.9
How do you expect your firm's total employment to change over the next 3 months? It will...	11.3	8.6	8.7	0.1	-2.6
How do you expect the prices you charge to change over the next 3 months? They will...	13.0	12.2	15.0	2.8	2.0
How has your business activity developed this year compared to the same period in the last year? It has...	-27.6	-18.4	-18.6	-0.2	9.0
Do you expect an increase in the number of your stores next year?	2.6	13.5	13.7	0.2	11.1

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 at the peak of last 7 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 March 2013, KOPE had a value of 4.9, compared to TEPE at minus 1.1. Konya’s retail sector continued the upwards trend in 2013, performing better than both overall Turkey and the EU-27. KOPE showed a year-on-year increase by 2.2 points and a month-on-month increase by 0.4 points. The highest index value of the last seven months was recorded.

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. On the other hand, 53 percent of retailers believe that the volume of business activities worsened compared to March 2012.

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

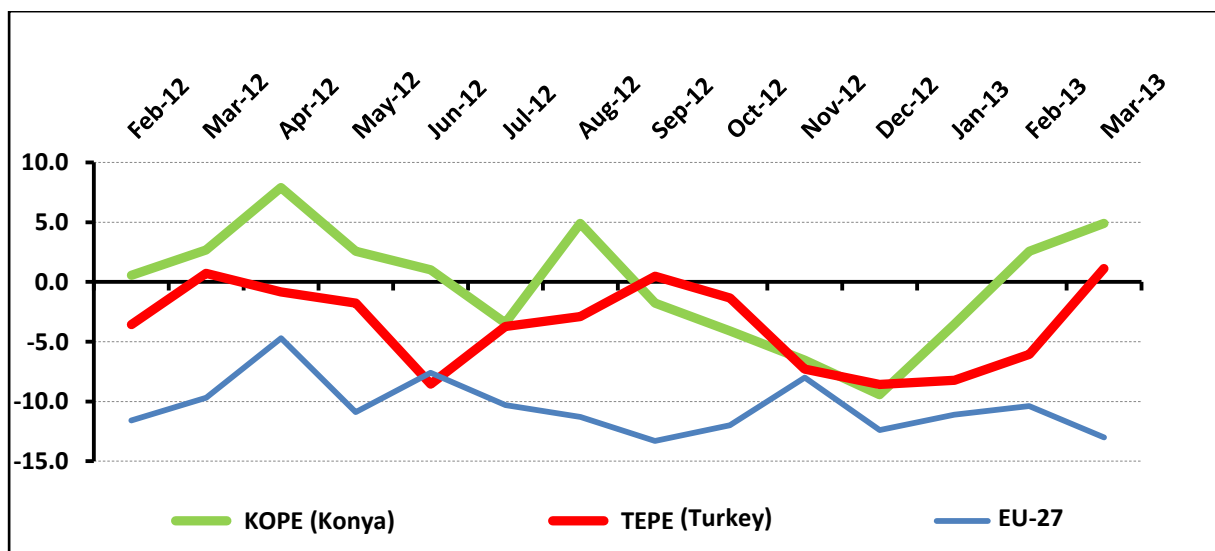


Table-8, Konya Retail Confidence Index (Unadjusted series)

%	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	4.9									