

TURKEY'S RETAIL SECTOR SURPASSES EUROPE AT A HISTORIC RATE

In April 2013, TEPE increased both year-on-year and month-on-month, and achieved the highest level of the last 16 months. Expectations for the level of sales in the next three months recorded the 26-month highest. Retail confidence decreased month-on-month and year-on-year in EU and Eurozone. The difference between retail sector confidence in Turkey and EU and Eurozone reached the highest of the entire series.

TEPE records the highest level of last 16 months:

With a value of 3.6, TEPE increased by 4.3 points month-on-month and by 9.8 points year-on-year in April 2013. TEPE values used to decrease from March to April in the last two years. The Index reached the highest level of last 16 months in April 2013.

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

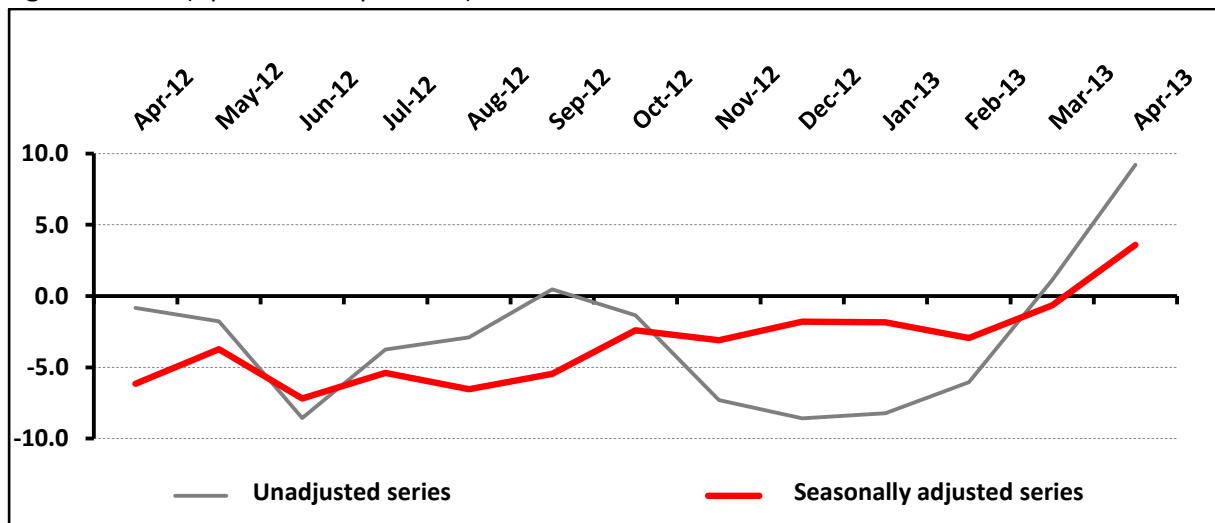


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.8	-23.3	-22.8	-14.9	-17.1	-21.1	-22.8	-21.6
2009	-21.7	-21.8	-18.1	-15.1	-12.1	-8.4	-9.1	-11.4	-12.2	-10.9	-5.9	-10.6
2010	-10.3	-6.9	-6.8	-6.0	-9.1	-7.7	-4.4	-2.0	0.1	0.3	1.2	-1.1
2011	7.2	5.8	2.1	1.1	1.2	3.1	0.5	-4.4	-2.4	-0.8	-2.2	4.4
2012	-2.1	-0.7	-1.1	-6.2	-3.7	-7.2	-5.4	-6.5	-5.5	-2.4	-3.1	-1.8
2013	-1.8	-2.9	-0.7	3.6								

Sales expectations at the peak of the last 26 months:

The balance value of the expectations for the next three months was 21 in April 2013. 56.1 percent of TEPE survey participants expect an improvement in their business activities in the next three months while only 17.3 percent expect deterioration. This implies an increase by 12.7 points compared to April 2012 and by 3.4 points compared to March 2013. This marks the peak value of the last 26 months for sales expectations, despite the drops in sales expectations in April in the last two years.

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

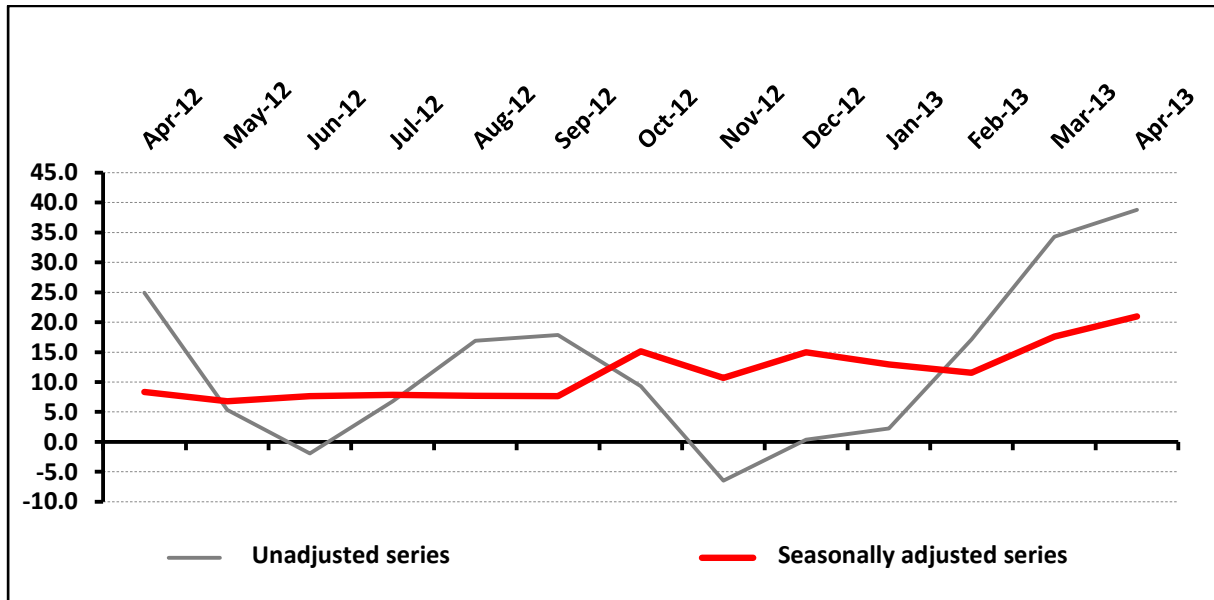


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.2	-32.7	-27.0	-17.8	-21.6	-24.6	-27.7	-27.0
2009	-25.2	-25.8	-29.1	-17.5	-13.2	-1.7	-7.7	-12.9	-4.6	-6.7	-0.1	-8.0
2010	-6.4	-6.6	3.2	1.5	-2.5	-6.5	1.5	4.6	3.5	6.1	9.7	12.4
2011	21.4	23.5	16.6	13.0	17.4	17.9	14.2	11.6	12.5	11.7	13.2	17.7
2012	11.2	15.5	13.9	8.3	6.8	7.6	7.9	7.7	7.7	15.1	10.7	15.0
2013	13.0	11.5	17.6	21.0								

Anticipation for recovery decreased month-month:

In April 2013, 19.4 percent of the participants declared a year-on-year improvement in business activities whereas 46.1 percent declared deterioration. The balance value of the volume of business activities compared to the same period in the previous year was -2.6. Anticipation for year-on-year recovery in business activities therefore declined by 3.3 points compared to March 2013 and increased by 0.8 points compared to April 2012.

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

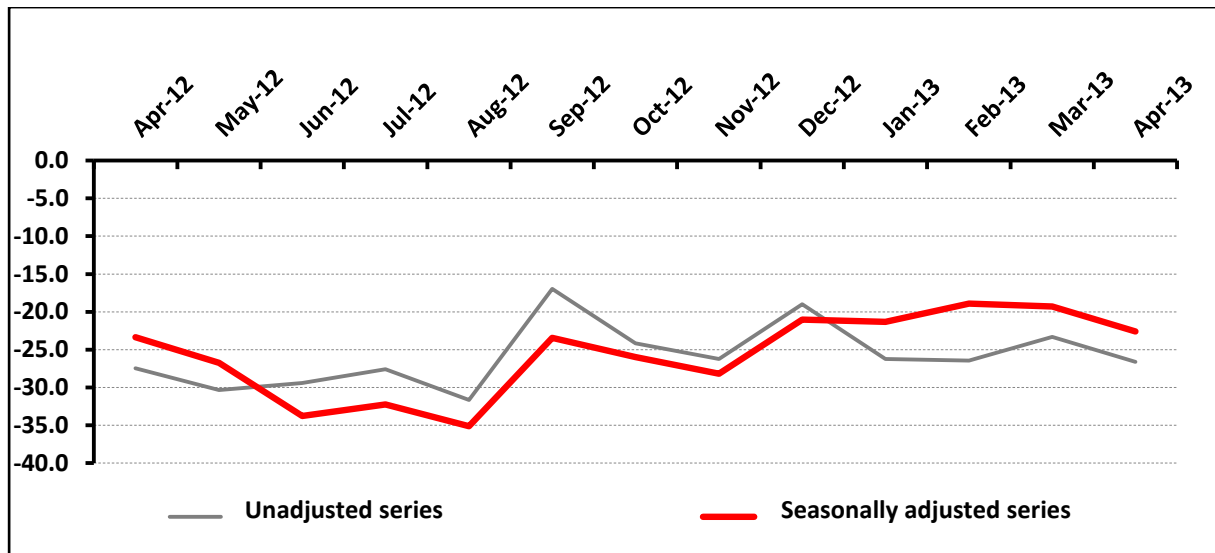


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-59.8	-67.9	-67.5	-57.4	-58.9	-59.1	-64.8	-65.9
2009	-66.2	-62.8	-59.4	-61.1	-55.9	-42.8	-46.1	-51.3	-63.3	-53.6	-46.2	-47.8
2010	-41.5	-43.3	-40.0	-36.3	-31.5	-37.1	-31.0	-22.7	-20.8	-20.4	-14.6	-14.9
2011	-11.9	-12.4	-15.6	-15.8	-22.9	-11.7	-12.9	-19.7	-16.3	-20.2	-22.1	-22.9
2012	-28.1	-28.3	-28.1	-23.4	-26.7	-33.8	-32.2	-35.1	-23.5	-26.0	-28.2	-21.0
2013	-21.3	-18.9	-19.3	-22.6								

Historic-high difference between Turkey and EU and Eurozone:

The EU-27 Retail Confidence Index had a value of minus 13.5 in April 2013, with a month-on-month decrease by 0.7 points and a year-on-year decrease by 5.2 points. The EU-27 performed better than the Eurozone compared to April 2012 and March 2013. The difference between retail confidence in Turkey and the EU and the Eurozone was the highest since May 2008, when the TEPE was first released.

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

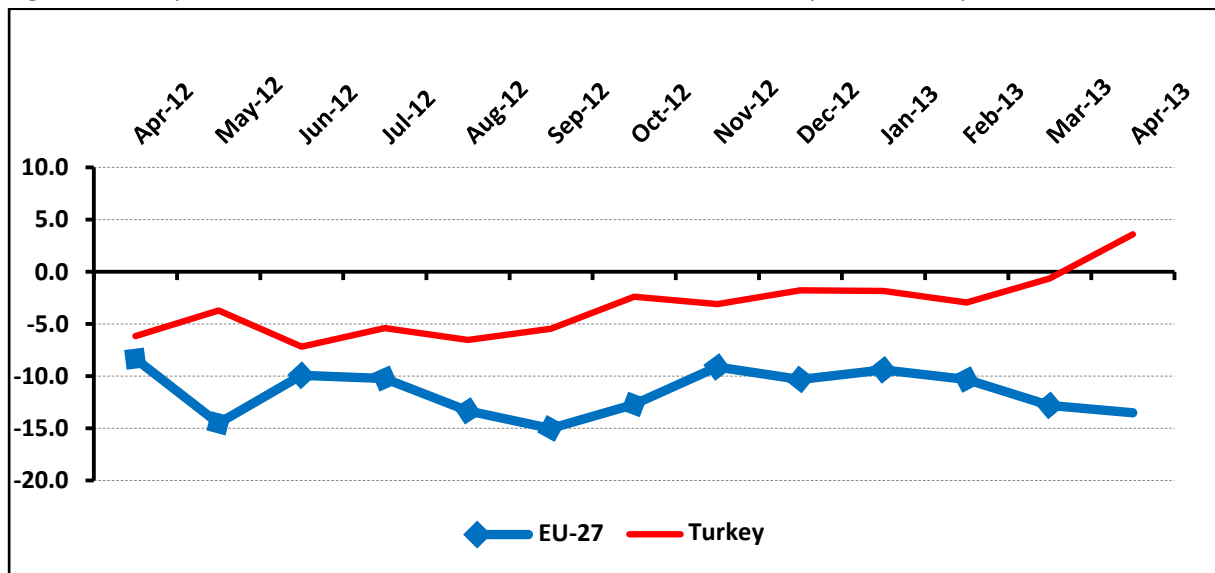


Table-4. EU-27 (Seasonally adjusted series)

%	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	-12.8	-13.5								

Retail confidence improved only in 5 EU Countries:

Comparing the retail confidence indices for EU-27 countries and Turkey, the highest year-on-year rises were observed in Greece. All countries except Spain, Portugal, Bulgaria, and the UK suffered year-on-year drops in retail confidence. The sharpest drops were in Finland, Southern Cyprus, Estonia, and Slovenia. The highest month-on-month improvement among was in Turkey, which was followed by Austria and Spain.

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

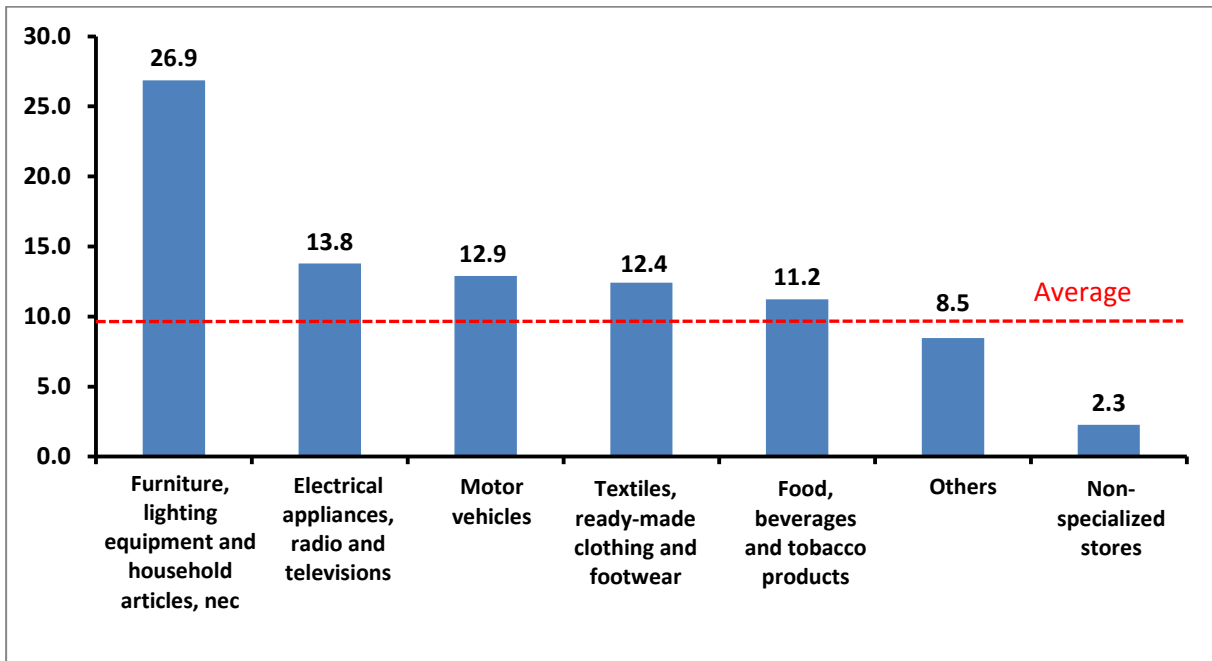
Countries	Change in Retail Confidence Index Compared to April 2012 (Points)*	Change in Retail Confidence Index Compared to March 2013 (Points)
Greece	10.9	-0.8
Turkey	9.8	4.3
Spain	7.6	3.3
Portugal	6.0	2.1
United Kingdom	1.4	1.1
Bulgaria	0.4	0.9
Sweden	-1.6	-5.1
Lithuania	-1.8	2.7
Hungary	-2.4	-1.1
Latvia	-3.4	-3.2
EU-27	-5.2	-0.7
Romania	-5.8	-1.4
Italy	-6.4	1.8
Holland	-6.6	1.6
Eurozone-17	-7.2	-1.0
Belgium	-7.3	-4.0
Slovakia	-7.4	-2.0
Poland	-7.8	-1.1
Czech Republic	-8.1	-5.9
Germany	-10.4	-2.9
France	-11.4	-3.0
Austria	-12.5	3.9
Slovenia	-15.9	-7.7
Estonia	-16.8	-4.7
Southern Cyprus	-21.4	-21.6
Finland	-30.8	-5.6

* Countries are ranked by their performance in April 2012.

Retail confidence improved in all sectors compared to 2012:

Compared to April 2012, the best performer was the furniture, lighting equipment and household articles sector. This was followed by the electrical appliances, radio and televisions; motor vehicles; textiles, ready-made clothing, and footwear; and food, beverages and tobacco products sectors. The “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc); non-specialized stores; and food, beverages and tobacco products sectors were below the average concerning year-on-year improvements in retail confidence. Retail confidence did not show year-on-year decrease in any of the sectors.

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



Business volume increases, sales and employment expectations rise:

Question-based assessment of TEPE survey results suggests that compared to March 2013, expectations for orders placed with suppliers and sales prices in the next three months and for the number of stores in the next twelve months and the level of business activities in comparison with 2012 decreased. Expectations for sales and employment in the next three months improved. Compared to April 2012, all conditions and expectations except the expectations for sales prices in the next three months and the number of stores in the next twelve months improved. The largest improvement was observed in the level of business activities compared to the last three months and expectations for sales and employment in the next three months.

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

Questions	Index 04/2012	Index 03/2013	Index 04/2013	MoM Change 04/2013	YoY Change 04/2013
How has your business activity developed over the past three months?	-34.1	-30.3	-28.1	2.2	6.0
Do you consider the volume of inventories you currently hold to be...? ¹	6.9	7.0	16.8	9.8	9.9
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	4.8	9.0	6.3	-2.7	1.5
How do you expect your business activity (sales) to change over the next 3 months? It will...	8.3	17.6	21.0	3.4	12.7
How do you expect your firm's total employment to change over the next 3 months? It will...	6.8	9.4	14.2	4.8	7.4
How do you expect the prices you charge to change over the next 3 months? They will...	15.5	14.6	11.4	-3.2	-4.1
How has your business activity developed this year compared to the same period in the last year? It has...	-23.4	-19.3	-22.6	-3.3	0.8
Do you expect an increase in the number of your stores next year?	7.7	13.4	7.3	-6.1	-0.4

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 the last year:

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 April 2013, KOPE had a value of 9.2. Continuing the upwards trend in 2013, Konya’s retail sector performed worse than overall Turkey and better than the EU-27 in April 2013. KOPE showed a year-on-year decrease by 2 points, while TEPE increased by 10 points over the same period. Yet, the highest index value of the last twelve months was recorded.

Expectations for orders placed with suppliers and sales in the next three months decreased compared to both March 2012 and April 2013. 47.8 percent of retailers in Konya believe that the volume of business activities worsened compared to April 2012.

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

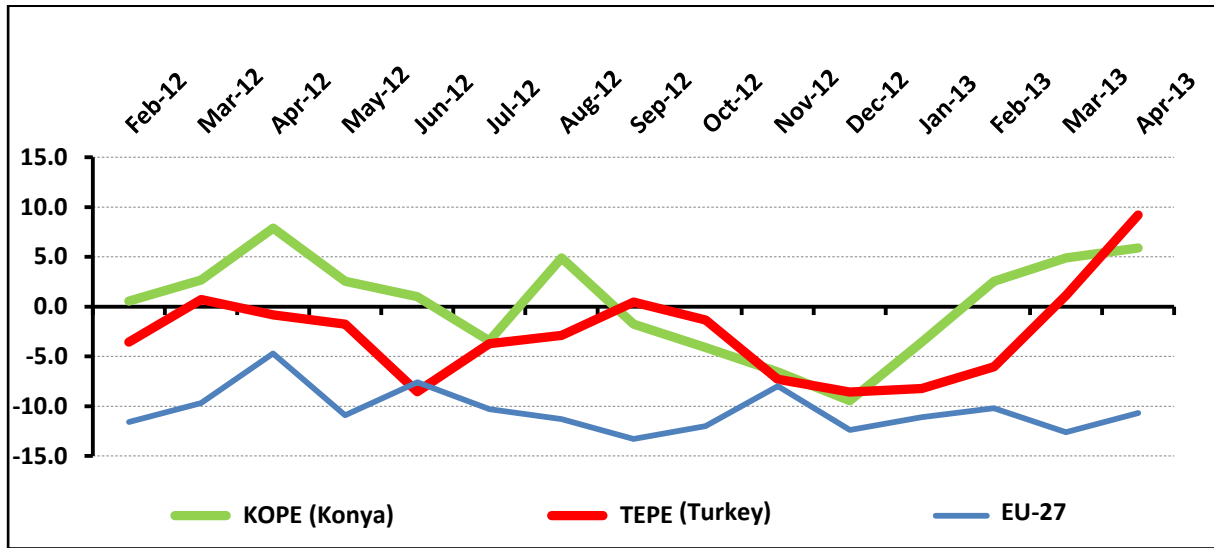


Table-8, Konya Retail Confidence Index (Unadjusted series)

%	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	5.9								