

RETAILERS' MOOD BETTER THAN LAST YEAR, WORSE THAN APRIL:

In May 2013, the TEPAV Retail Confidence Indicator TEPE increased year-on-year but decreased month-on-month. Expectations for the level of sales and employment in the next three years, too increased compared to last year and decreased compared to April 2013. The anticipation for the recovery in the volume of business activities is up both year-on-year and month-on-month alike the retail confidence in the EU and the Eurozone.

TEPE in decline in the last month of spring:

TEPE, which was in rise in the last two months, had a value of minus 2.2 in May 2013. This indicates a decline by 4.9 points month-on-month and a rise by 0.5 points year-on-year. In the last two years month-on-month increases were observed in the Index in Mays.

Figure-1. TEPE (May 2012 – May 2013)

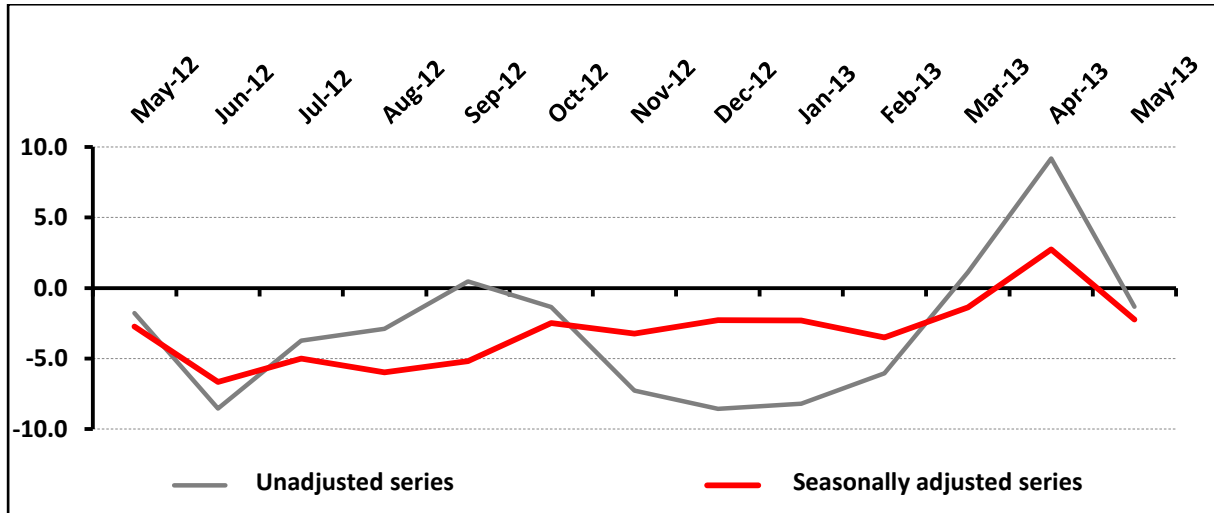


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.6	-23.3	-22.8	-15.3	-17.3	-21.0	-22.8	-21.4
2009	-21.6	-21.8	-18.2	-15.3	-11.9	-8.3	-9.1	-11.5	-12.3	-10.9	-6.0	-10.5
2010	-10.3	-7.1	-7.0	-6.2	-8.6	-7.5	-4.3	-1.8	0.1	0.2	1.1	-1.3
2011	7.0	5.4	1.7	0.8	1.8	3.5	0.7	-4.0	-2.2	-0.8	-2.3	4.0
2012	-2.5	-1.2	-1.6	-6.7	-2.7	-6.7	-5.0	-6.0	-5.2	-2.5	-3.2	-2.3
2013	-2.3	-3.5	-1.4	2.7	-2.2							

Sales expectations higher than last year, lower than last month:

44.8 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 28.3 percent expect deterioration. The balance value of the expectations for the next three months was 18.3 in May 2013. This implies an increase by 10.9 points compared to May 2012 and a decrease by 2 points compared to April 2013. This is opposite to the rise in sales expectations from April to May in the previous two years.

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

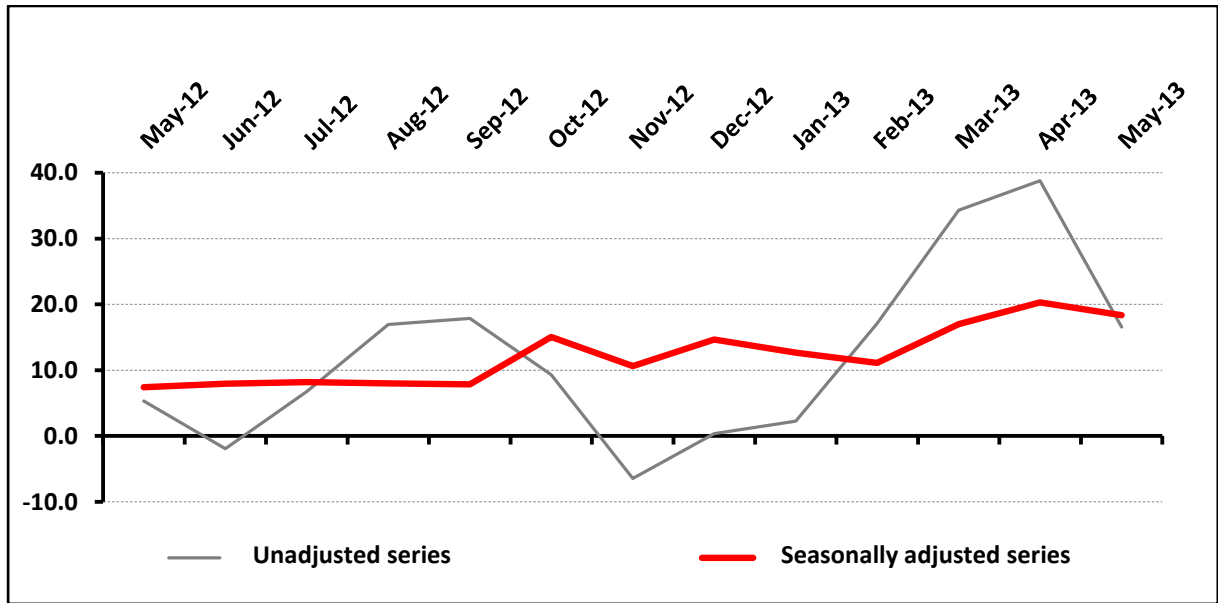


Table-2. . Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.3	-32.7	-27.1	-18.0	-21.8	-24.6	-27.7	-26.9
2009	-25.1	-25.7	-28.9	-17.5	-13.2	-1.7	-7.7	-13.0	-4.7	-6.7	-0.1	-8.0
2010	-6.4	-6.6	3.2	1.4	-2.4	-6.4	1.6	4.7	3.6	6.1	9.7	12.3
2011	21.3	23.4	16.5	12.8	17.7	18.0	14.3	11.8	12.6	11.7	13.2	17.5
2012	11.1	15.2	13.6	8.0	7.4	8.0	8.2	8.0	7.8	15.1	10.6	14.7
2013	12.7	11.1	17.0	20.3	18.3							

Anticipation for recovery increased month-on-month and year-on-year:

In May 2013, 19.3 percent of the participants declared a year-on-year improvement in business activities whereas 45.3 percent declared deterioration. The balance value of the volume of business activities compared to the same period in the previous year was -22.2. Anticipation for year-on-year recovery in business activities therefore increased by 0.6 points compared to April 2013 and by 4.3 points compared to May 2012.

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

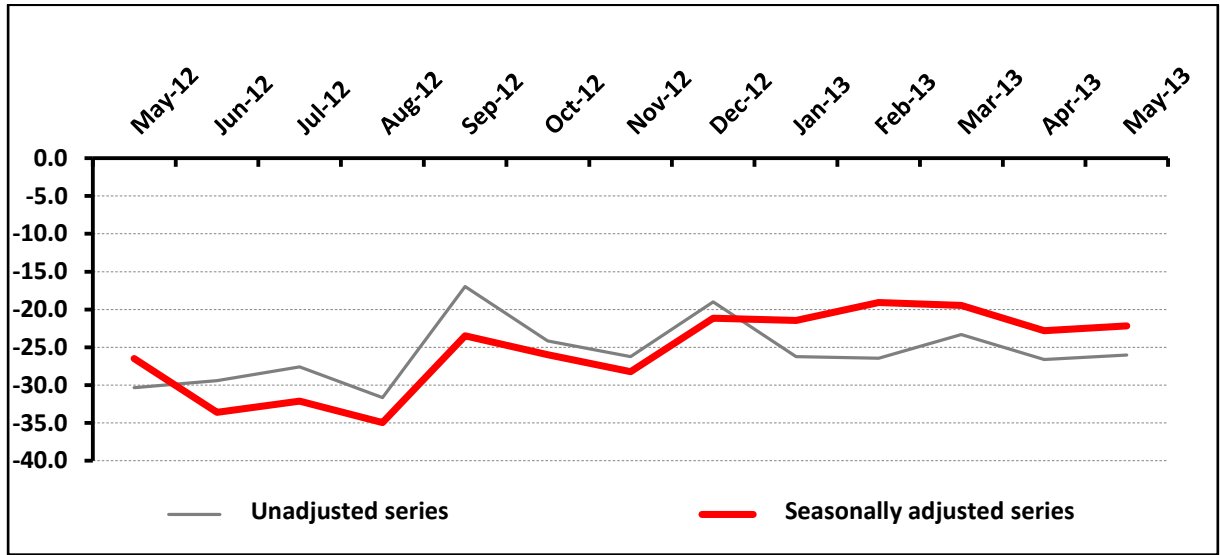


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-59.8	-67.9	-67.5	-57.5	-58.8	-59.1	-64.8	-65.9
2009	-66.2	-62.8	-59.5	-61.1	-55.9	-42.8	-46.1	-51.3	-63.2	-53.6	-46.2	-47.7
2010	-41.5	-43.3	-40.0	-36.4	-31.4	-37.1	-30.9	-22.7	-20.8	-20.4	-14.7	-14.9
2011	-11.9	-12.5	-15.7	-15.9	-22.7	-11.6	-12.9	-19.6	-16.4	-20.2	-22.1	-22.9
2012	-28.2	-28.4	-28.2	-23.5	-26.5	-33.6	-32.1	-35.0	-23.5	-26.0	-28.2	-21.1
2013	-21.4	-19.1	-19.5	-22.8	-22.2							

Retail confidence in the EU up for the first time in 2013:

The EU-27 Retail Confidence Index had a value of minus 12 in May 2013, with an increase by 1.7 points month-on-month and by 2.5 points a year-on-year. The EU-27 performed better than the Eurozone compared to both May 2012 and April 2013 while Turkey performed worse than both the EU-27 and the Eurozone.

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

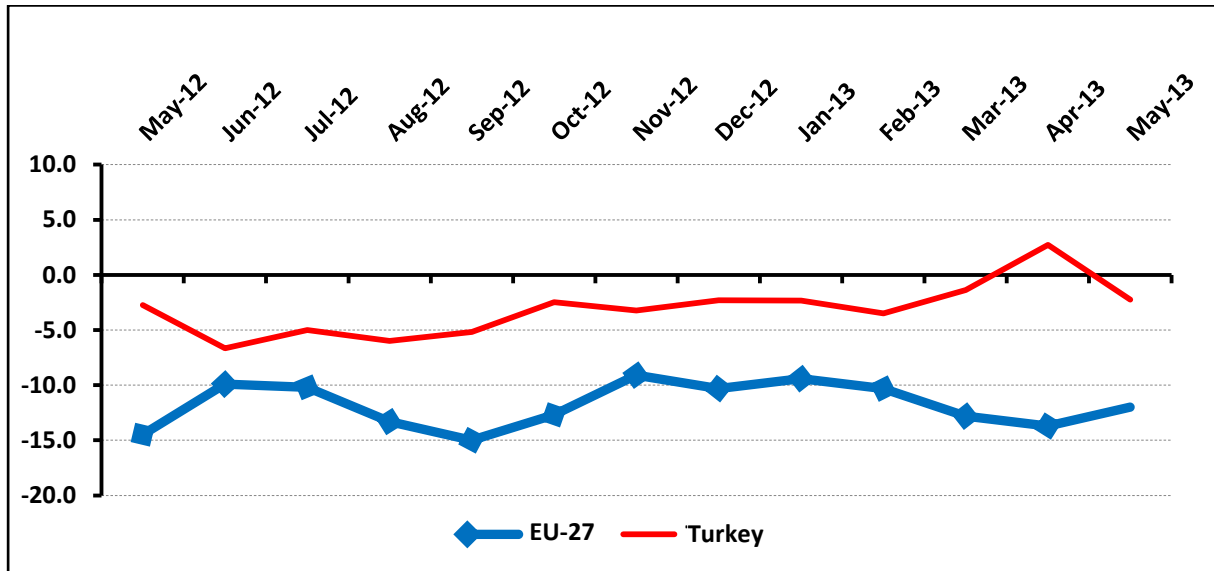


Table-4. EU-27 (Seasonally adjusted series)

%	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	-13.7	-12.0							

Highest improvement in retail confidence in Greece:

Comparing the retail confidence indices for EU-27 countries and Turkey, the highest year-on-year rise was observed in Greece. The country was followed by Lithuania, Portugal and the UK while the sharpest drops were in Finland, Southern Cyprus, and Estonia. Greece and Romania recorded the highest month-on-month improvements.

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

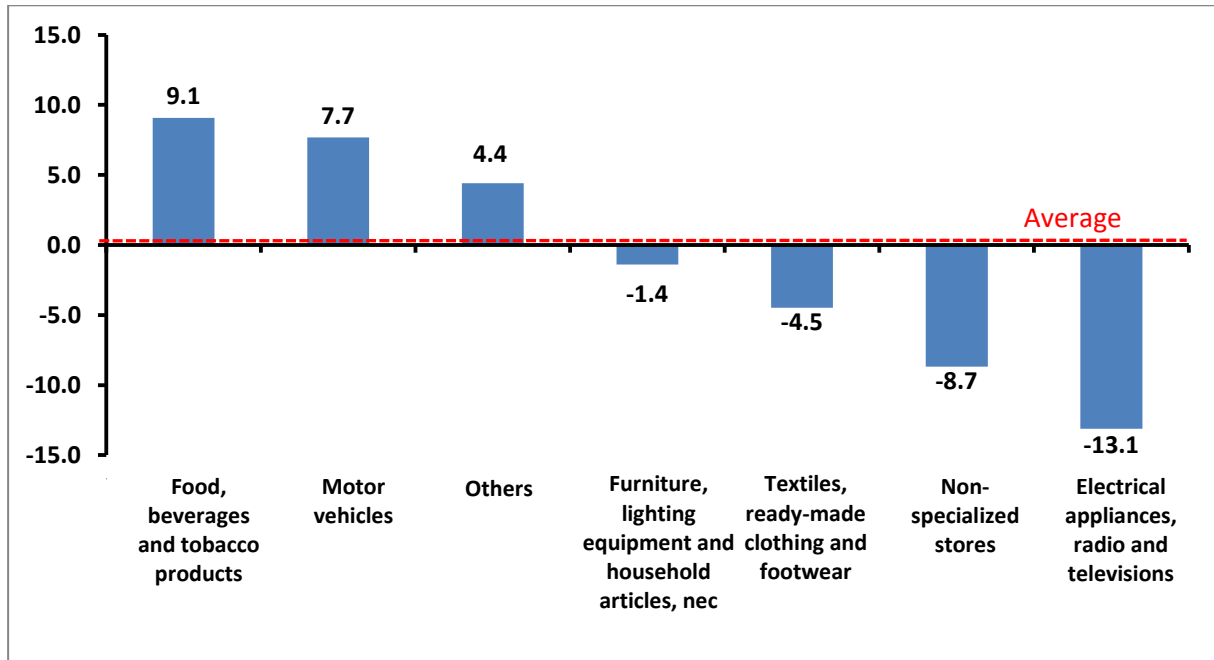
Countries	Change in Retail Confidence Index Compared to May 2012 (Points)*	Change in Retail Confidence Index Compared to April 2013 (Points)
Greece	19.7	11.5
Lithuania	11.5	-3.8
Portugal	8.2	2.4
United Kingdom	7.4	1.7
Romania	6.6	9.8
Hungary	6.2	2.9
Spain	5.3	-4.9
Italy	4.8	4.7
Latvia	2.7	2.1
Germany	2.6	3.3
EU-27	2.5	1.7
Bulgaria	1.9	4.4
Eurozone-17	1.2	1.6
Turkey	0.5	-4.9
Austria	0.4	3.9
Poland	-2.0	2.9
Holland	-2.6	5.4
France	-3.2	-1.1
Slovakia	-3.3	1.1
Czech Republic	-4.9	4.0
Belgium	-5.2	-2.3
Sweden	-5.5	-3.3
Slovenia	-7.2	-0.7
Southern Cyprus	-12.6	8.6
Estonia	-13.5	-1.2
Finland	-22.5	2.6

* Countries are ranked by their performance in May 2012.

Foods and beverages sector had the strongest improvement in retail confidence:

Compared to May 2012, food, beverages and tobacco products sector demonstrated the strongest improvement. The sector was followed by the motor vehicles and the “others (gas station, pharmacy, perfumery, hardware, glassware, stationery etc)” sectors. All sectors but the three were in decline. The year-on-year declines were sharper than the average concerning furniture, lighting equipment and household articles; textiles, ready-made clothing, and footwear; and non-specialized stores sectors. The sharpest drop was observed in the electrical appliances, radio and televisions sector.

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



Expectations for sales and employment up year-on-year, down month-on-month:

Question-based assessment of the TEPE survey results suggests that, the level of business activities compared to the last three months and expectations for the level of sales and employment in the next three months decreased compared to April 2013. Expectations for orders placed with suppliers in the next three months, the current level of inventories and the number of stores in the next three months increased. Compared to May 2012, all conditions and expectations improved except for the expected level of sales prices in the next three months. The largest improvements were in the expectations for orders placed with suppliers, sales and employment in the next three months; the current level of inventories, and the level of business activities compared to the last year.

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

Questions	Index 05/2012	Index 04/2013	Index 05/2013	MoM Change 05/2013	YoY Change 05/2013
How has your business activity developed over the past three months?	-34.5	-29.1	-34.1	-5.0	0.4
Do you consider the volume of inventories you currently hold to be...? ¹	20.2	17.3	10.2	-7.1	-10.0
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-1.0	8.0	11.7	3.7	12.7
How do you expect your business activity (sales) to change over the next 3 months? It will...	7.4	20.3	18.3	-2.0	10.9
How do you expect your firm's total employment to change over the next 3 months? It will...	4.6	12.3	9.0	-3.3	4.4
How do you expect the prices you charge to change over the next 3 months? They will...	13.2	11.2	12.0	0.8	-1.2
How has your business activity developed this year compared to the same period in the last year? It has...	-26.5	-22.8	-22.2	0.6	4.3
Do you expect an increase in the number of your stores next year?	10.8	7.3	10.8	3.5	0.0

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.

Konya's retail sector in decline for the first time this 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 May 2013, KOPE had a value of 1.3, compared to TEPE at minus 1.3. Despite the upwards trend throughout the year, Konya's retail sector decreased in May. Yet, it performed better than overall Turkey and the EU-27. KOPE showed a year-on-year decrease by 1.3 points, while TEPE increased by 0.5 points over the same period.

Expectations for orders placed with suppliers, sales and employment in the next three months weakened both month-on-month and year-on-year. 47.8 percent of retailers in Konya declared that the volume of business activities worsened compared to May 2012.

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

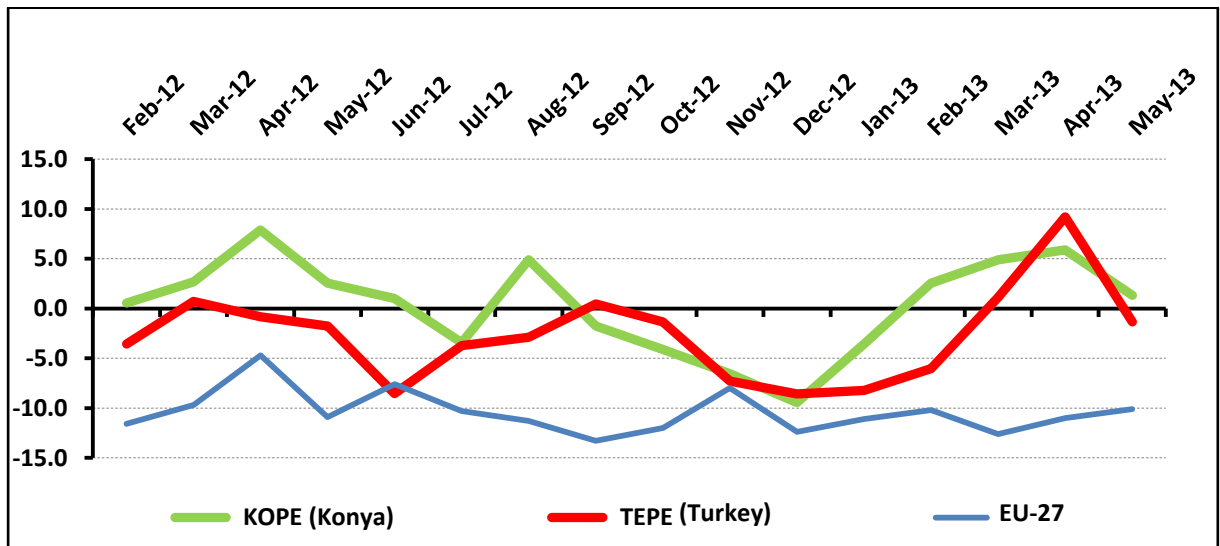


Table-8. Konya Retail Confidence Index (Unadjusted series)

%	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	1.3							