

POSITIVE EXPECTATIONS SCALE UP TEPE

In July 2013, TEPE increased both year-on-year and month-on-month while the anticipation for recovery in business activities showed deterioration. On the other hand, expectations for the next three years marked the highest level so far. Retail confidence improved also in the EU and the Eurozone both year-on-year and month-on-month.

TEPE increases compared to the previous year and month:

TEPE that marked up after the decline in May maintained the upwards trend in July and had a value of 0.8. This indicates a month-on-month increase by 1.3 points and a year-on-year increase by 6.1 points.

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

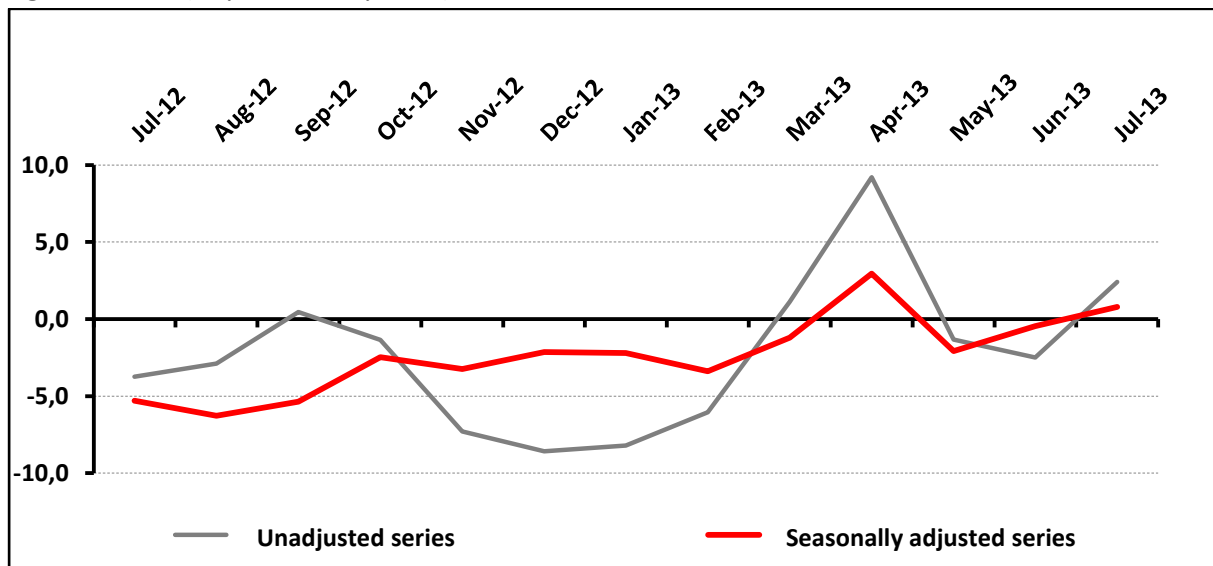


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.5	-23.2	-22.8	-15.0	-17.2	-21.1	-22.8	-21.6
2009	-21.7	-21.9	-18.2	-15.3	-11.8	-8.2	-9.1	-11.4	-12.2	-10.9	-6.0	-10.6
2010	-10.4	-7.1	-7.0	-6.2	-8.6	-7.5	-4.4	-1.9	0.1	0.2	1.2	-1.2
2011	7.0	5.5	1.8	0.8	1.9	3.5	0.5	-4.2	-2.3	-0.9	-2.3	4.1
2012	-2.4	-1.1	-1.5	-6.6	-2.6	-6.6	-5.3	-6.3	-5.4	-2.5	-3.2	-2.1
2013	-2.2	-3.4	-1.2	3.0	-2.1	-0.5	0.8					

Sales expectations mark the highest level so far:

50.1 percent of TEPE survey participants expect an improvement in their business activities in the next three months while 17.9 percent expect deterioration. The balance value of the expectations for the next three months was 29.6 in July 2013. Sales expectations reached the highest level of the series so far with an increase of 23.8 compared to July 2012 and of 8 points compared to June 2013. Sales expectations showed a decline from June to July in the next three years.

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

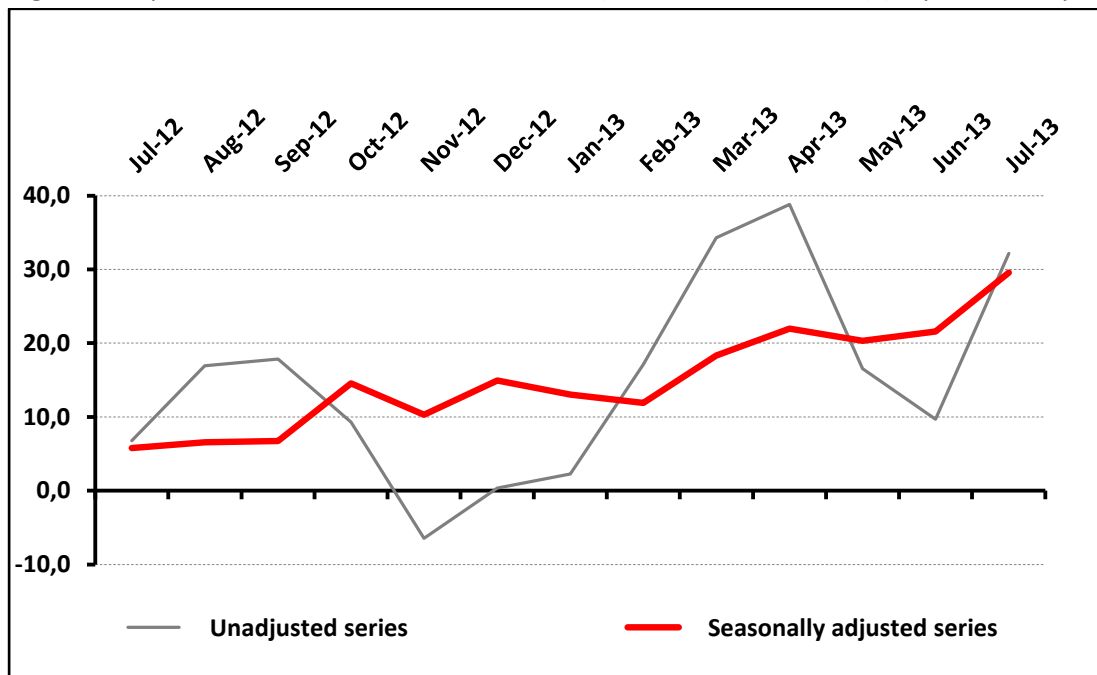


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-28.0	-32.5	-27.0	-17.6	-21.5	-24.6	-27.8	-27.2
2009	-25.3	-26.0	-29.3	-17.5	-13.0	-1.4	-7.8	-13.0	-4.6	-6.7	-0.1	-8.1
2010	-6.4	-6.6	3.2	1.6	-2.2	-6.2	1.1	4.4	3.3	5.9	9.7	12.4
2011	21.6	23.7	16.8	13.1	18.1	18.5	13.2	11.1	12.0	11.4	13.0	17.8
2012	11.3	15.8	14.3	8.7	8.3	9.2	5.8	6.6	6.7	14.6	10.3	14.9
2013	13.1	11.9	18.3	22.0	20.3	21.6	29.6					

Anticipation for recovery in business activities declines:

The balance value of the volume of business activities in July 2013 compared to the same period in the previous year was minus 34.4. Anticipation for year-on-year recovery in business activities therefore decreased by 0.7 points compared to June 2013 and by 9.4 points compared to July 2012.

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

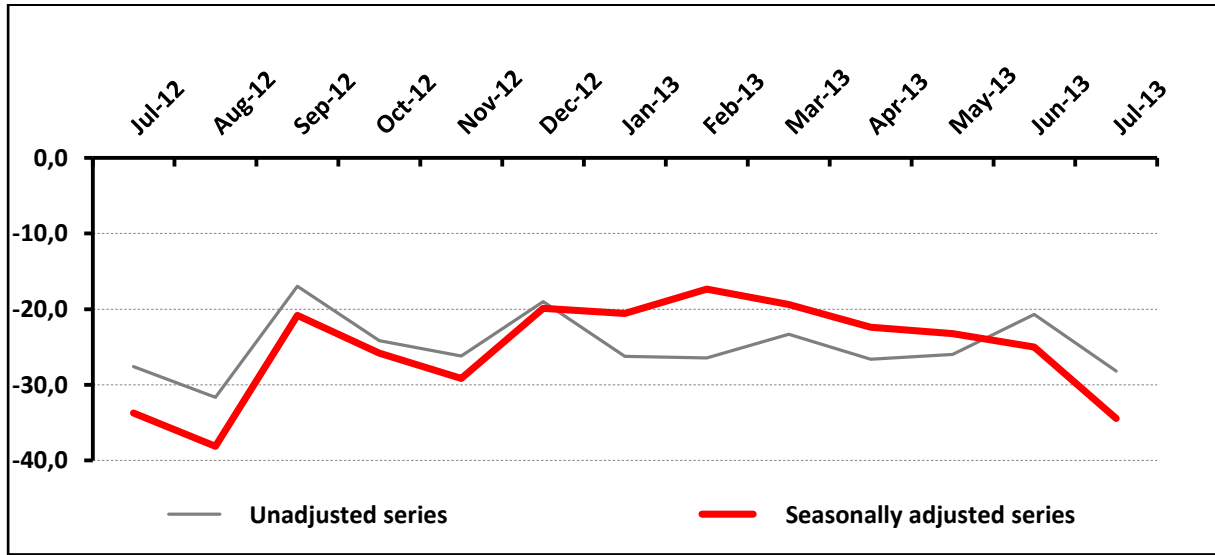


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-53.6	-73.4	-75.2	-57.4	-68.1	-61.0	-69.8	-71.3
2009	-57.6	-48.0	-53.7	-55.8	-50.7	-42.7	-48.4	-51.2	-73.8	-55.7	-48.5	-51.1
2010	-37.5	-34.8	-37.5	-34.8	-30.2	-37.2	-30.6	-18.8	-20.0	-20.0	-13.0	-15.3
2011	-13.6	-14.0	-17.1	-17.1	-23.4	-7.7	-9.1	-17.5	-12.9	-19.6	-21.8	-22.6
2012	-26.2	-24.0	-27.2	-23.1	-27.1	-35.5	-33.7	-38.1	-20.8	-25.8	-29.2	-19.9
2013	-20.6	-17.3	-19.4	-22.4	-23.2	-25.0	-34.4					

Retail confidence in the EU ups year-on-year and month-on-month:

The EU-27 Retail Confidence Index had a value of minus 7 in July 2013, with an increase of 3.3 points month-on-month and 3.2 points year-on-year. Over the last twelve months, Turkey performed better than both the EU-27 and the Eurozone

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

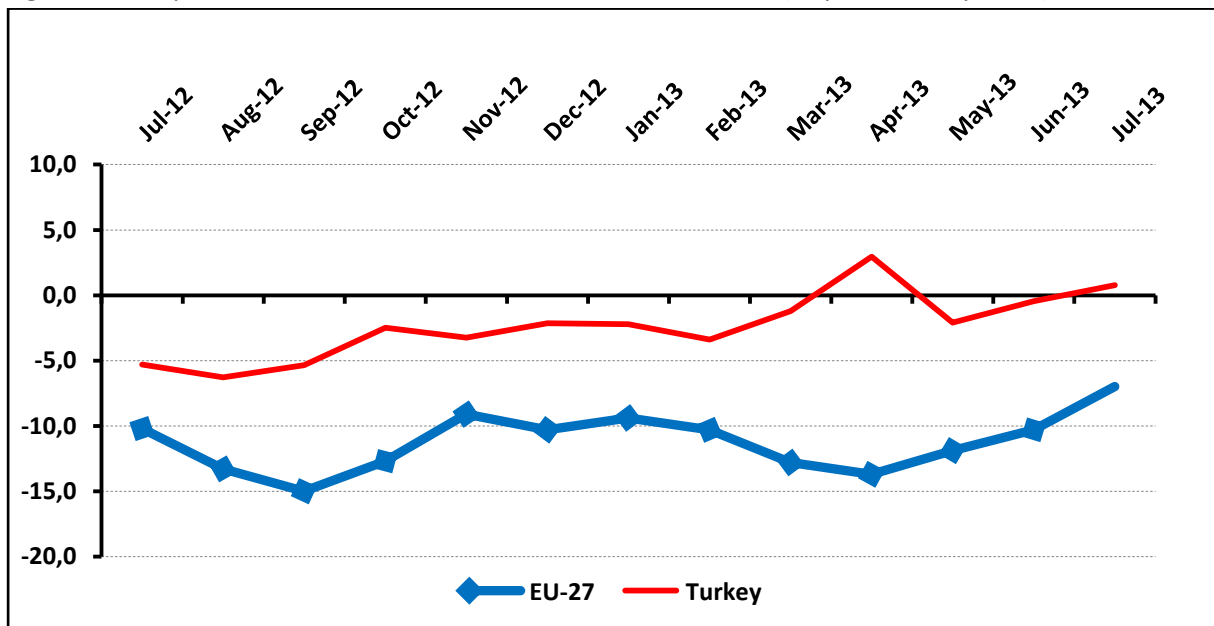


Table-4. EU-27 (Seasonally adjusted series)

%	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	-11.9	-10.3	-7.0					

Retail confidence improves also in the Eurozone:

Comparing the retail confidence indices for the EU-27 countries and Turkey, the highest year-on-year improvement in retail confidence was seen in Slovenia, followed by Lithuania, Spain and Greece. Finland marked the sharpest year-on-year decline, followed by Austria and Slovakia. The United Kingdom demonstrated the strongest year-on-year improvement. The EU-27 performed stronger than the Eurozone.

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

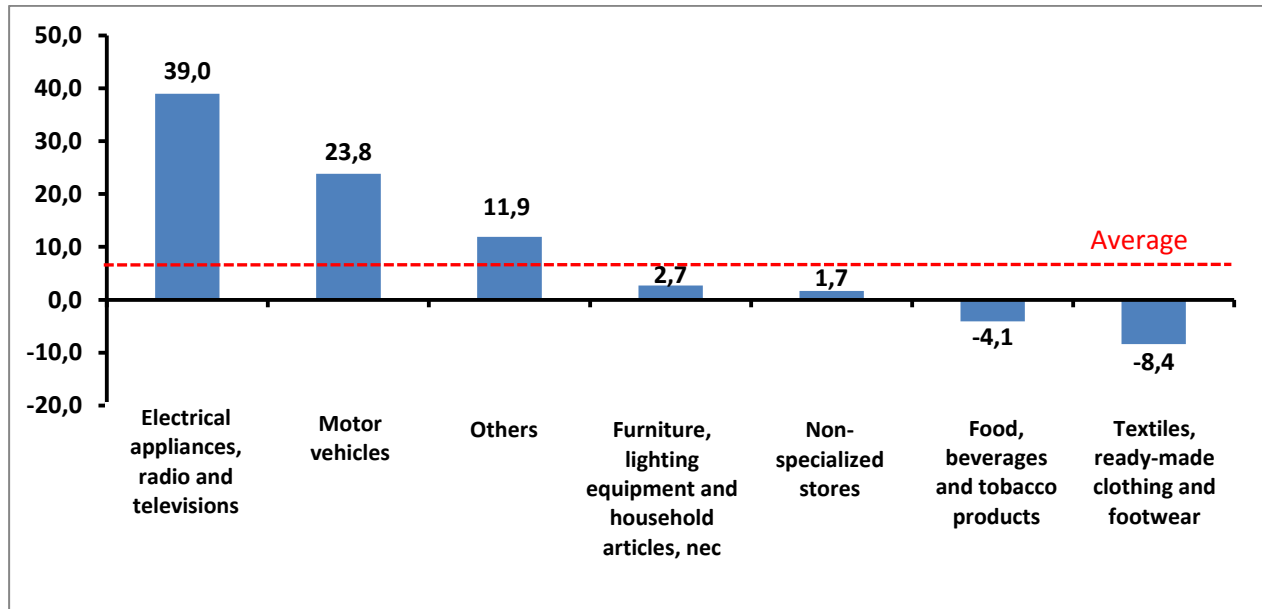
Countries	Change in Retail Confidence Index Compared to July 2012 (Points)*	Change in Retail Confidence Index Compared to June 2013 (Points)
Slovenia	14.4	4.2
Lithuania	13.8	-5.2
Spain	11.7	3.2
Greece	10.0	-1.9
Portugal	9.8	3.2
United Kingdom	8.9	13.4
Sweden	8.8	3.9
Turkey	6.1	1.3
Hungary	4.6	0.5
Italy	4.5	1.7
EU-27	3.2	3.3
Eurozone-17	1.2	0.9
Bulgaria	0.3	-0.6
Belgium	-0.3	3.0
Latvia	-0.5	-0.5
Germany	-0.6	0.6
Poland	-1.2	-0.3
Romania	-1.8	-2.5
France	-1.9	1.5
Southern Cyprus	-2.6	2.3
Czech Republic	-3.2	0.9
Holland	-3.5	-4.2
Estonia	-3.9	-5.0
Slovakia	-8.6	-4.7
Austria	-10.5	-6.0
Finland	-16.2	0.9

* Countries are ranked by their performance in July 2012.

Largest improvement in the electronics sector:

Compared to July 2012, the electrical appliances, radio and televisions sector was the best performer. This was followed by motor vehicles and the “others (gas station, pharmacy, perfumery, hardware, glassware, stationery etc)” sectors. The year-on-year improvement in performance was below the average for furniture, lighting equipment and household articles, and non-specialized stores sectors. All sectors other than the named five showed weaker performances compared to 2012. The worst performer was in the textiles, ready-made clothing, and footwear sector.

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



Expectations up, recovery anticipation weak:

Question-based assessment of the TEPE survey results suggests that compared to June 2013, expectations for orders, sales and sales prices in the next three months and for the number of stores in the next twelve months increased. All other conditions and expectations decreased. The largest improvement was in the expectation for sales in the next three months and the largest drop was in the volume of business activities compared to the year before. The outlook was the same compared to July 2012. The biggest improvement was in the expectations for orders placed with suppliers and sales in the next three months. It is worth noting that expectations for new employment decreased both month-on-month and year-on-year.

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

Questions	Index 07/2012	Index 06/2013	Index 07/2013	MoM Change 07/2013	YoY Change 07/2013
How has your business activity developed over the past three months?	-35.2	-35.9	-39.9	-4.0	-4.7
Do you consider the volume of inventories you currently hold to be...? ¹	14.1	14.1	11.9	-2.2	-2.2
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	0.3	6.4	12.4	6.0	12.1
How do you expect your business activity (sales) to change over the next 3 months? It will...	5.8	21.6	29.6	8.0	23.8
How do you expect your firm's total employment to change over the next 3 months? It will...	6.9	5.7	5.4	-0.3	-1.5
How do you expect the prices you charge to change over the next 3 months? They will...	11.0	8.3	13.8	5.5	2.8
How has your business activity developed this year compared to the same period in the last year? It has...	-33.7	-25.0	-34.4	-9.4	-0.7
Do you expect an increase in the number of your stores next year?	6.5	6.4	11.2	4.8	4.7

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 more buoyant than the year before:

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 July 2013, KOPE had a value of minus 1, compared to TEPE at 2.4. Preserving the downwards trend in May and June, KOPE was in the negatives also in July. Konya’s retail sector performed worse than the overall Turkey but better than the EU-27. KOPE showed a year-on-year increase by 2.4 points, while TEPE increased by 6.1 points.

Expectations for orders placed with suppliers, sales and sales prices in the next three months increased while the volume of business activities compared to the previous three months decreased both year-on-year and month-on-month. 43.7 percent of retailers in Konya expect an improvement in business activities in the next three months while 56.5 percent declare that the volume of business activities worsened compared to July 2012.

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

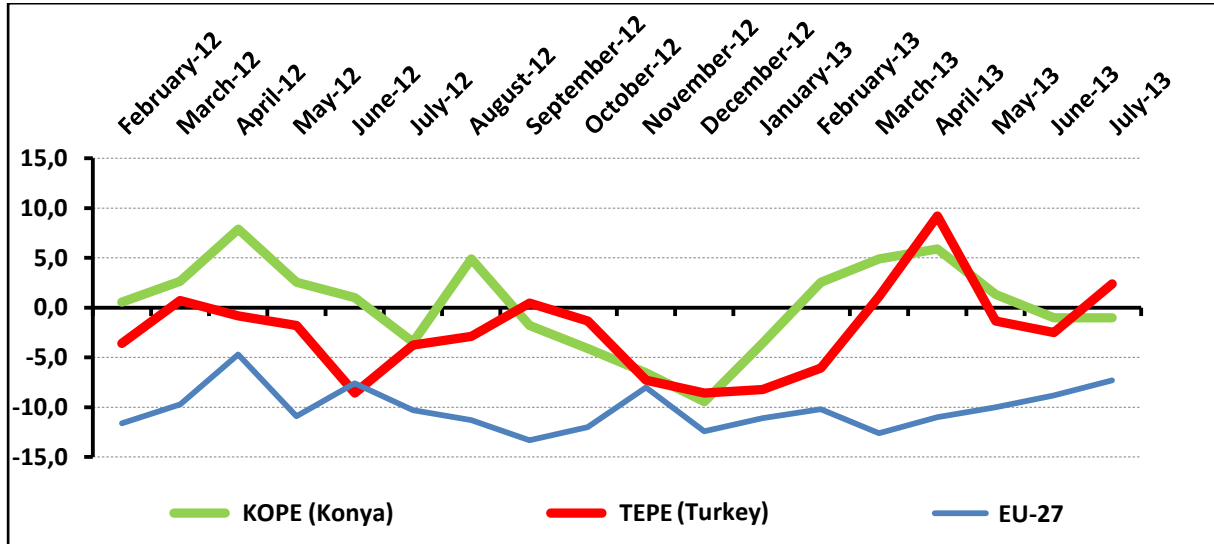


Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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	-1.0	-1.0					