

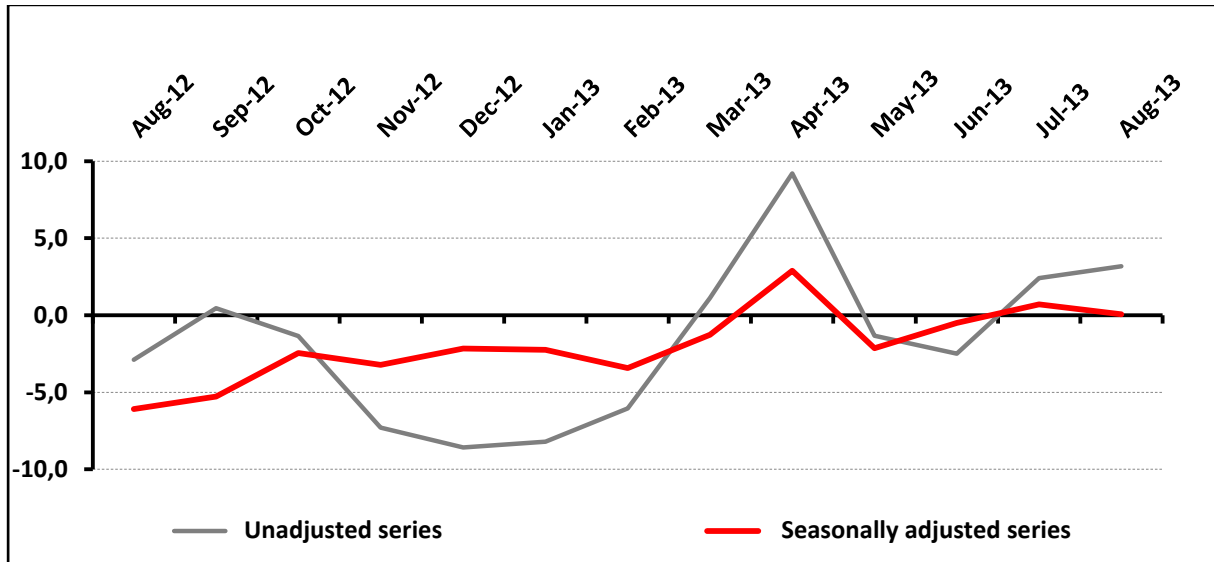
**BUSINESS ACTIVITIES UP, EXPECTATIONS STRONGER THAN LAST YEAR**

In August 2013, TEPE decreased month-on-month but increased year-on-year. Anticipation for business recovery improved compared to the last three months and previous year. Expectations for orders and sales in the next three months were stronger compared to 2012. Retail confidence continues its surge in the EU and Eurozone.

**TEPE decreased month-on-month but increased year-on-year:**

Following the rise in June and July, TEPE declined in August and had a value of 0.1. TEPE therefore decreased by 0.6 points month-on-month and increased by 6.2 points year-on-year.

**Figure-1. TEPE (August 2012 – August 2013)**



### Retail confidence stronger in 2013 than in 2012:

Seasonally adjusted values for TEPE suggest that retail confidence between March and August 2013 was stronger than in the same period in 2012. The overall performance of the retail sector was better in 2013 compared to 2012.

Figure-2. TEPE (2012 –2013) (Seasonally adjusted series)

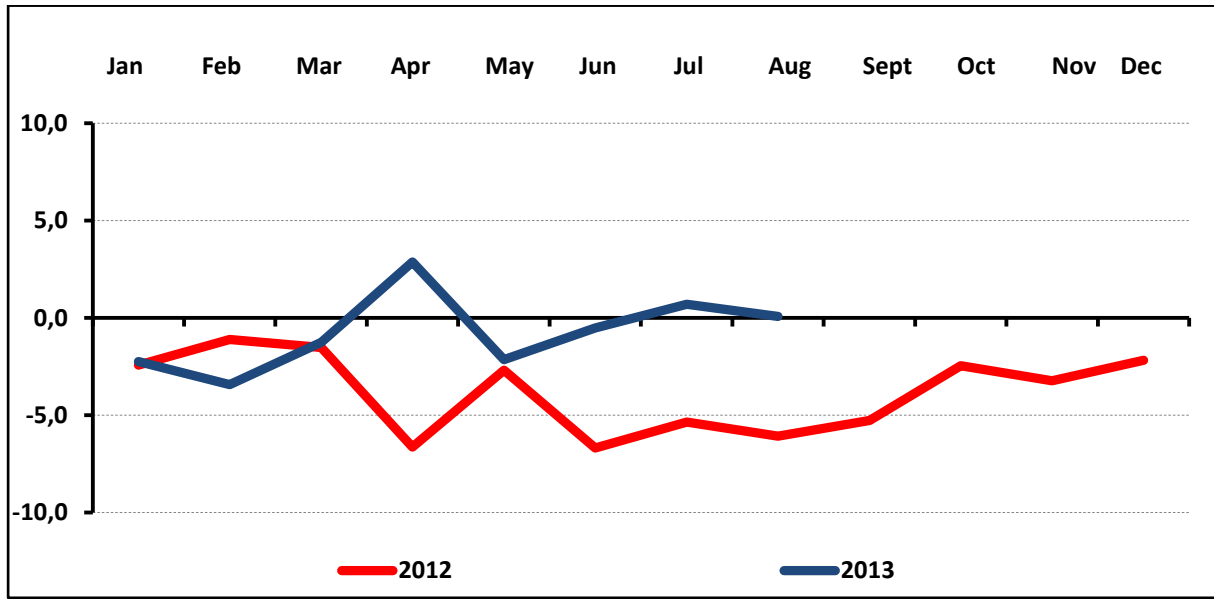


Table-1. TEPE (Seasonally adjusted series)

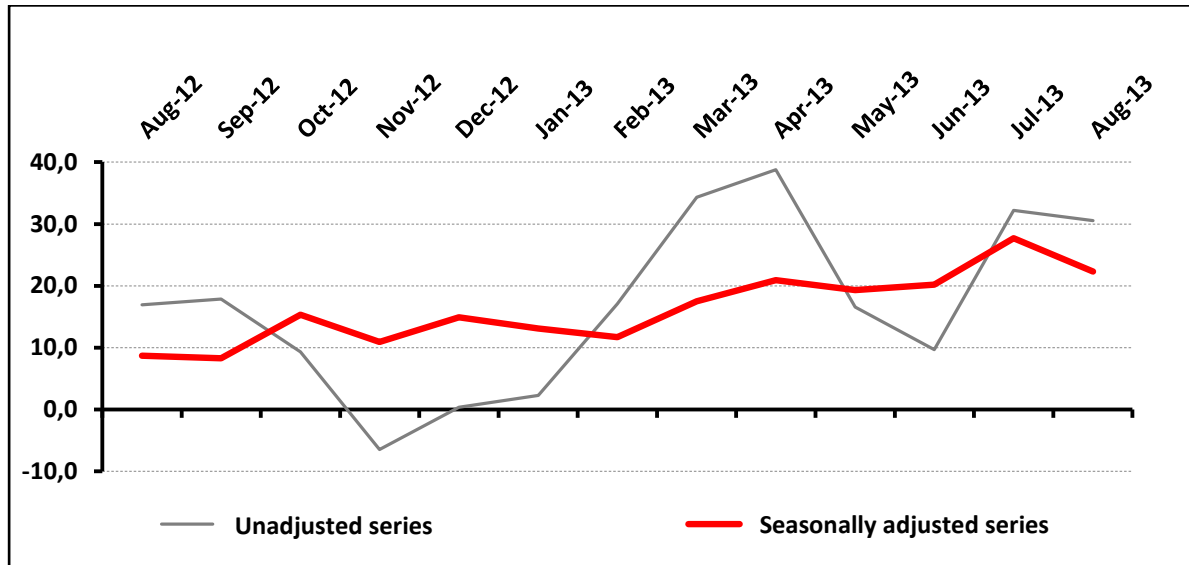
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.5	-23.2	-22.8	-15.1	-17.2	-21.1	-22.8	-21.5
2009	-21.7	-21.8	-18.2	-15.3	-11.8	-8.3	-9.1	-11.4	-12.2	-10.9	-6.0	-10.6
2010	-10.3	-7.1	-7.0	-6.2	-8.6	-7.5	-4.4	-1.8	0.1	0.2	1.2	-1.3
2011	7.0	5.5	1.8	0.8	1.9	3.5	0.5	-4.1	-2.2	-0.8	-2.3	4.1
2012	-2.4	-1.1	-1.5	-6.6	-2.7	-6.7	-5.4	-6.1	-5.3	-2.5	-3.2	-2.2
2013	-2.2	-3.4	-1.3	2.9	-2.1	-0.5	0.7	0.1				

### Sales expectations higher than in previous year:

The balance value of the expectations for the next three months activities in August 2013 compared to the same period in the previous year was minus 22.3. In August 2013, 49.8 percent of TEPE survey participants expected an improvement in business activities in the next three months whereas only 19.2 percent declared they expected a deterioration in business activities. Anticipation for year-on-year recovery in business activities therefore increased by 13.6 points compared to August 2012 and decreased by 5.4 points compared to July 2013.

The comparison of 2013 and 2012 on the basis of expectations with seasonally adjusted series reveals that expectations were stronger in March-August 2013 compared to 2012.

**Figure-3.** Expectations for the next three months (%increase – %decrease)  
(August 2012 – August 2013)



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

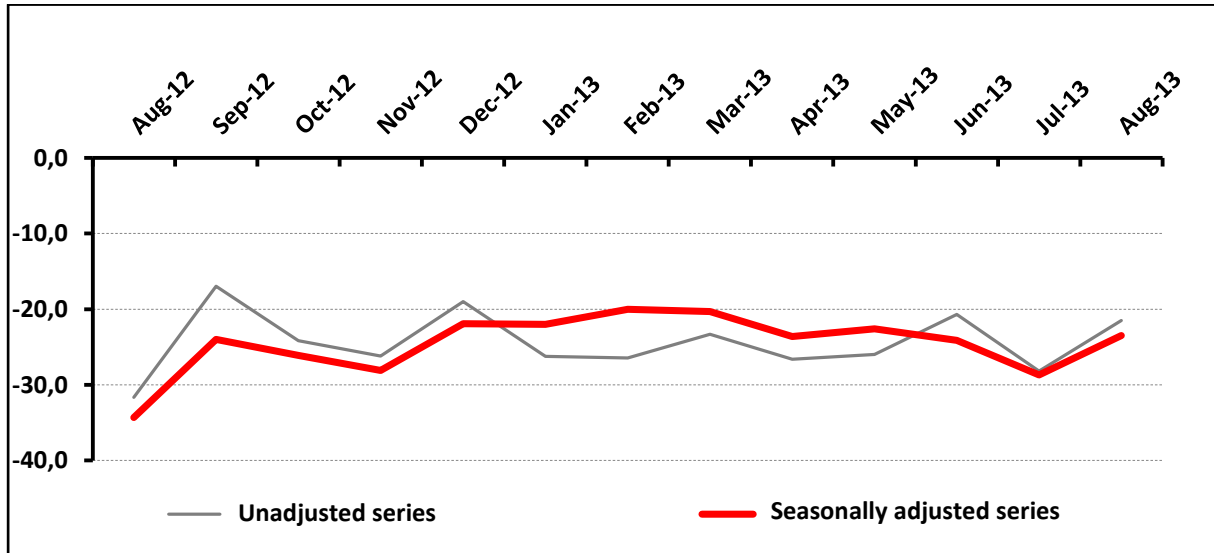
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-27.3	-31.8	-26.7	-17.9	-21.8	-24.5	-27.7	-26.9
2009	-25.2	-25.7	-28.8	-17.6	-12.9	-1.7	-8.0	-12.8	-4.7	-6.8	-0.4	-8.1
2010	-6.4	-6.7	2.9	1.2	-2.0	-6.0	1.1	4.8	3.6	6.1	9.6	12.1
2011	20.8	22.8	16.3	12.9	17.8	18.1	12.9	12.0	12.8	11.7	13.2	17.5
2012	11.1	15.3	13.7	8.4	8.0	8.7	5.2	8.7	8.3	15.3	10.9	14.9
2013	13.1	11.7	17.5	20.9	19.3	20.2	27.7	22.3				

### Anticipation for business recovery up:

The balance value of the volume of business activities in August 2013 compared to the same period in the previous year was minus 23.5. Anticipation for year-on-year recovery in business activities therefore decreased by 5.2 points compared to July 2013 and by 10.8 points compared to August 2012.

**Figure-4.** Year-on-year change in business activities (%increase- %decrease)

(August 2012 – August 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	-68.6	-59.5	-59.3	-59.7	-64.9	-65.2
2009	-65.5	-61.9	-58.7	-60.0	-54.4	-45.2	-46.8	-52.5	-63.1	-53.8	-46.4	-47.4
2010	-41.4	-42.9	-39.5	-35.8	-30.5	-38.1	-30.8	-23.2	-20.9	-20.5	-15.0	-15.1
2011	-12.1	-12.5	-15.6	-15.8	-22.1	-12.0	-11.9	-19.4	-16.8	-20.3	-22.2	-23.4
2012	-28.4	-28.7	-28.5	-24.0	-26.4	-33.4	-29.7	-34.3	-24.0	-26.1	-28.1	-21.9
2013	-22.0	-20.0	-20.3	-23.6	-22.6	-24.1	-28.7	-23.5				

### Retail confidence in the EU improved for the last 4 months:

The EU-27 Retail Confidence Index had a value of minus 2.9 in August 2013, with an increase of 4.3 points month-on-month and 10.4 points year-on-year. Turkey performed worse than the EU-27 and the Eurozone compared to 2012.

Figure-5. Comparison of TEPE and EU-27 Retail Confidence Index (August 2012 – August 2013)

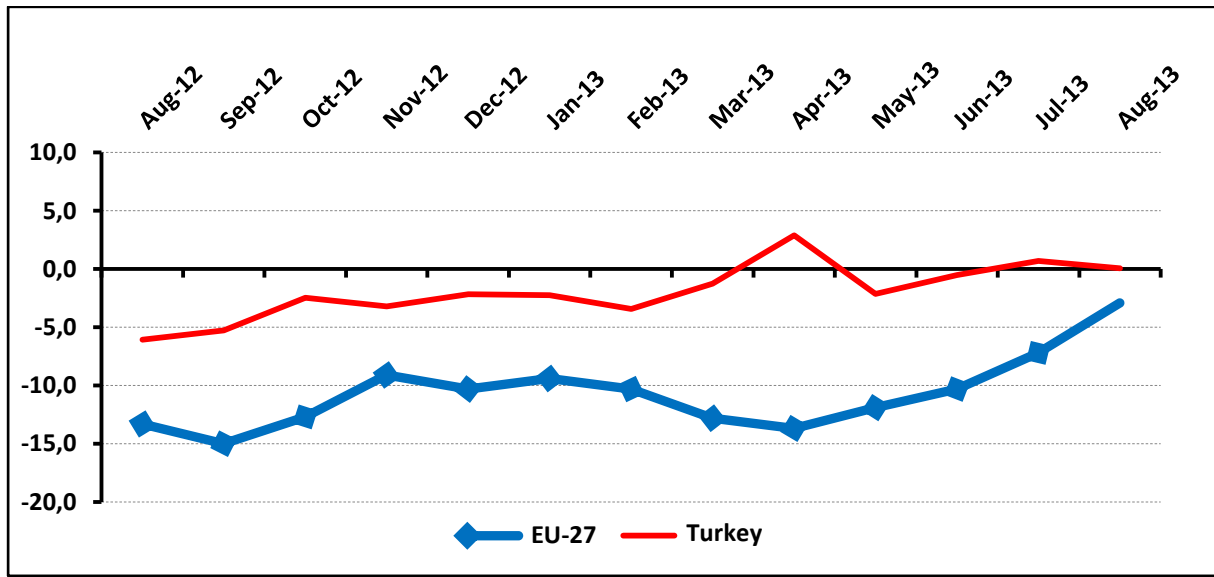


Table-4. EU-27 (Seasonally adjusted series)

%	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	-7.2	-2.9				

### The EU performed better than the Eurozone:

Comparing the retail confidence indices for the EU-27 and Turkey, the highest year-on-year increase in retail confidence was observed in the United Kingdom. Following the UK were Lithuania, Spain, Portugal, and Italy. The sharpest year-on-year decline was in Finland. The UK also marked the highest increase compared to the month before. The EU -27 performed better than the Eurozone.

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

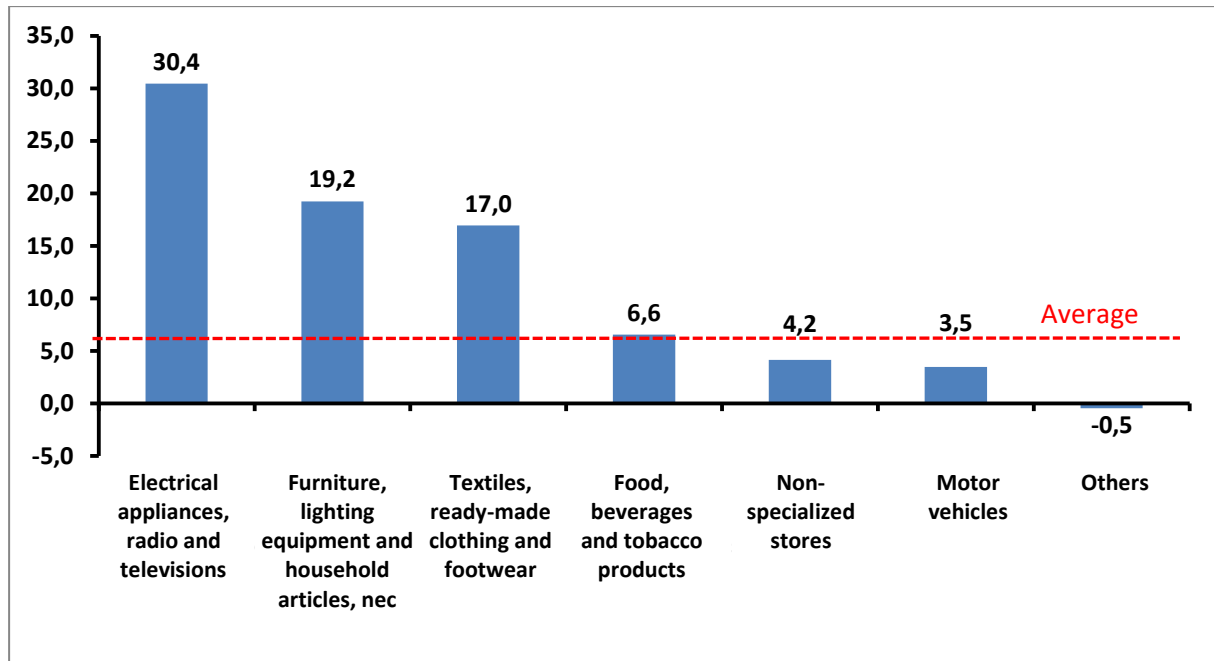
Countries	Change in Retail Confidence Index Compared to August 2012 (Points)*	Change in Retail Confidence Index Compared to July 2013 (Points)
United Kingdom	27.9	10.3
Lithuania	19.7	5.0
Spain	17.2	2.8
Portugal	12.8	0.8
Italy	12.7	4.8
EU-27	10.4	4.3
Belgium	10.2	3.9
Sweden	9.2	2.8
Holland	8.6	6.0
Germany	7.0	2.9
Eurozone-17	6.4	3.3
Turkey	6.2	-0.6
Greece	5.3	-0.3
Hungary	4.5	-0.5
Austria	2.8	7.7
Bulgaria	2.7	0.6
Slovenia	2.5	-14.2
Poland	2.1	2.1
Estonia	0.6	1.4
Latvia	-0.3	2.7
Romania	-0.6	-3.5
Slovakia	-1.2	2.3
Southern Cyprus	-1.9	-1.5
Czech Republic	-2.7	0.5
France	-3.8	2.9
Finland	-18.0	-6.4

\* Countries are ranked by their performance in August 2012.

### Largest improvement in the electronics and furniture and household articles sectors:

Compared to August 2012, the electrical appliances, radio and televisions sector was the best performer. This was followed by furniture, lighting equipment and household articles; textiles, ready-made clothing, and footwear; and food, beverages and tobacco products sectors. Non-specialized stores and motor vehicles sectors performed worse than the average compared to August 2012. The others (gas station, pharmacy, perfumery, hardware, glassware, stationery etc) sector declined.

**Figure-6.** Year-on-year change in TEPE by subsectors, August 2013 (points) (Seasonally adjusted series)



### Volume of business activities better than last 3 months and previous year:

Question-based assessment of the TEPE survey results reveals that compared to July 2013, expectations for the level of business activities compared to the last 3 months and previous year and expectations for employment in the next 3 months increases. Other conditions and expectations declined. Compared to August 2012, all expectations and conditions improved except for the expectations for employment in the next 3 months and for the number of stores in the next 12 months. The highest improvement was in the expectations for orders placed with suppliers in the next 3 months.

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

Questions	Index 08/2012	Index 07/2013	Index 08/2013	MoM Change 08/2013	YoY Change 08/2013
How has your business activity developed over the past three months?	-39.3	-39.2	<b>-29.9</b>	9.3	9.4
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	14.4	11.7	<b>8.4</b>	-3.3	-6.0
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-2.2	12.5	<b>11.0</b>	-1.5	13.2
How do you expect your business activity (sales) to change over the next 3 months? It will...	8.7	27.7	<b>22.3</b>	-5.4	13.6
How do you expect your firm's total employment to change over the next 3 months? It will...	6.7	4.8	<b>5.4</b>	0.6	-1.3
How do you expect the prices you charge to change over the next 3 months? They will...	10.8	13.8	<b>11.9</b>	-1.9	1.1
How has your business activity developed this year compared to the same period in the last year? It has...	-34.3	-28.7	<b>-23.5</b>	5.2	10.8
Do you expect an increase in the number of your stores next year?	11.6	11.0	<b>5.9</b>	-5.1	-5.7

<sup>1</sup> 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.



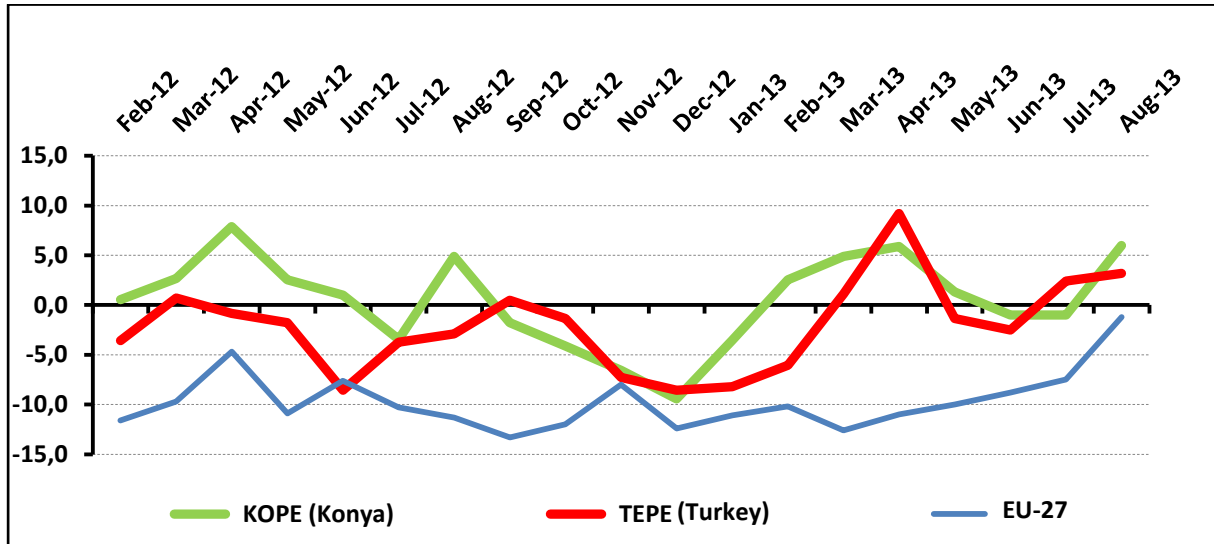
### Konya's retail sector stronger than overall Turkey:

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 August 2013, KOPE had a value of 6.0, compared to TEPE at 3.2. Overcoming the downwards trend since May, Konya's retail sector picked up in August and performed better than Turkey and the EU-27. KOPE showed a year-on-year increase by 1.1 points, while TEPE increased by 6.1 points.

Expectations for orders placed with suppliers in the next 3 months increased while the expectations for sales decreased. The volume of business activities compared to last 3 months and the previous year increased month-on-month. 45 percent of retailers in Konya expect an improvement in business activities in the next three months while 48 percent declare that the volume of business activities worsened compared to August 2012.

**Figure-7.** Comparison of KOPE, TEPE and EU-27 Retail Confidence Index (February 2012 - August 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	6.0				