

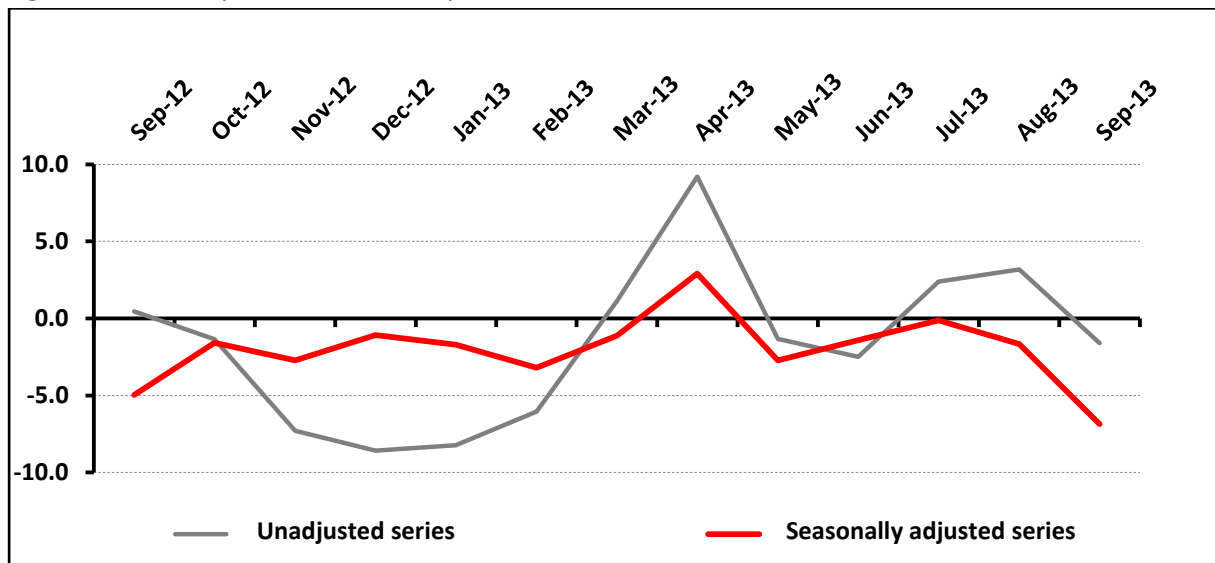
**SALES EXPECTATIONS IN THE RETAIL SECTOR THE LOWEST OF THE LAST YEAR:**

In September 2013, TEPE decreased both year-on-year and month-on-month. Anticipation for business recovery compared to last 3 months and last year weakened. Expectations for orders, sales and employment for the next 3 months deteriorated month-on-month and year-on-year whereas that for sales prices in the next 3 months improved on both terms. Retail confidence in the EU has increased consecutively for five months.

**TEPE continued the downward trend in September:**

Having demonstrated a decrease in August following the improvement in June and July, TEPE continued the downwards trend in September, with a value of minus 6.9. This implies a month-on-month decrease by 5.2 percentage points and a year-on-year decrease by 1.9 percentage points. The deterioration in expectations played a major role in the drop.

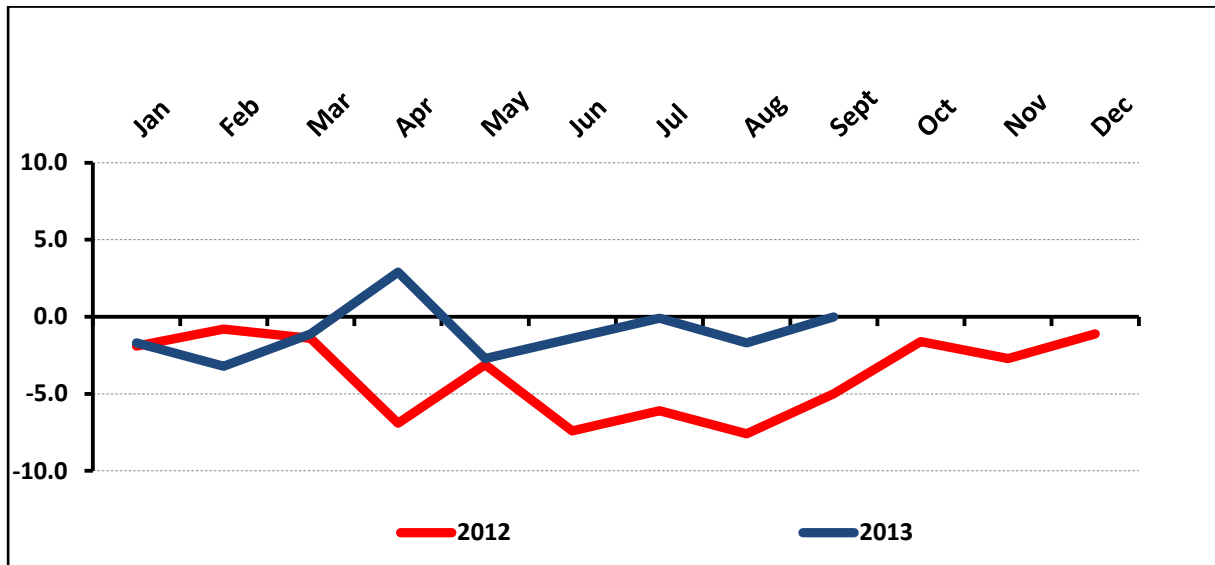
Figure-1. TEPE (September 2012 – September 2013)



**Retail performance weaker in September 2013 than in 2012:**

Seasonally adjusted TEPE figures for 2013 were higher than the 2012 values between March and August whereas they stood below the 2012 values after 6 months along with the deterioration in September. Unlike 2013, TEPE demonstrated a month-on-month increased from August to September in the previous 3 years.

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



**Table-1.** TEPE (Seasonally adjusted series)

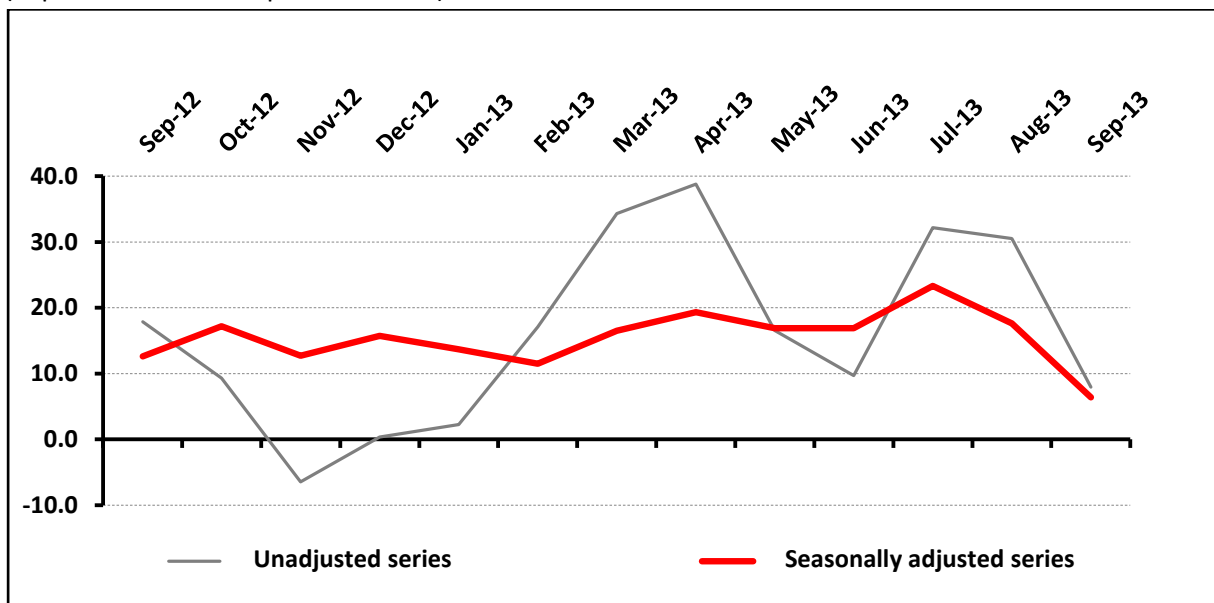
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.2	-23.0	-22.9	-14.1	-16.1	-20.9	-22.7	-22.2
2009	-22.3	-22.5	-18.7	-15.6	-11.6	-8.1	-9.2	-11.0	-11.4	-10.6	-5.6	-10.9
2010	-10.5	-7.3	-7.3	-6.6	-8.8	-7.7	-4.8	-2.2	0.7	0.7	1.6	-1.0
2011	7.4	5.8	1.7	0.5	1.6	3.0	-0.1	-5.2	-1.9	-0.2	-1.9	4.9
2012	-1.9	-0.8	-1.4	-6.9	-3.1	-7.4	-6.1	-7.6	-5.0	-1.6	-2.7	-1.1
2013	-1.7	-3.2	-1.1	2.9	-2.7	-1.4	-0.1	-1.7	-6.9			

**Sales expectations lowest of the last twelve months:**

In September 2013, 38.4 percent of TEPE survey participants declared that they expected an improvement in their business activities in the next three months while 30.5 percent expected deterioration. The balance value of the expectations for the next three months was 6.4 points. Expectations therefore decreased by 6.2 points year-on-year and by 11.2 points month-on-month, hitting the lowest level of the last twelve months.

With seasonally adjusted series, expectations for the next three months were stronger than 2012 between March and August 2013 whereas, due to the sharp drop in September, expectations fell below the level in 2012.

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



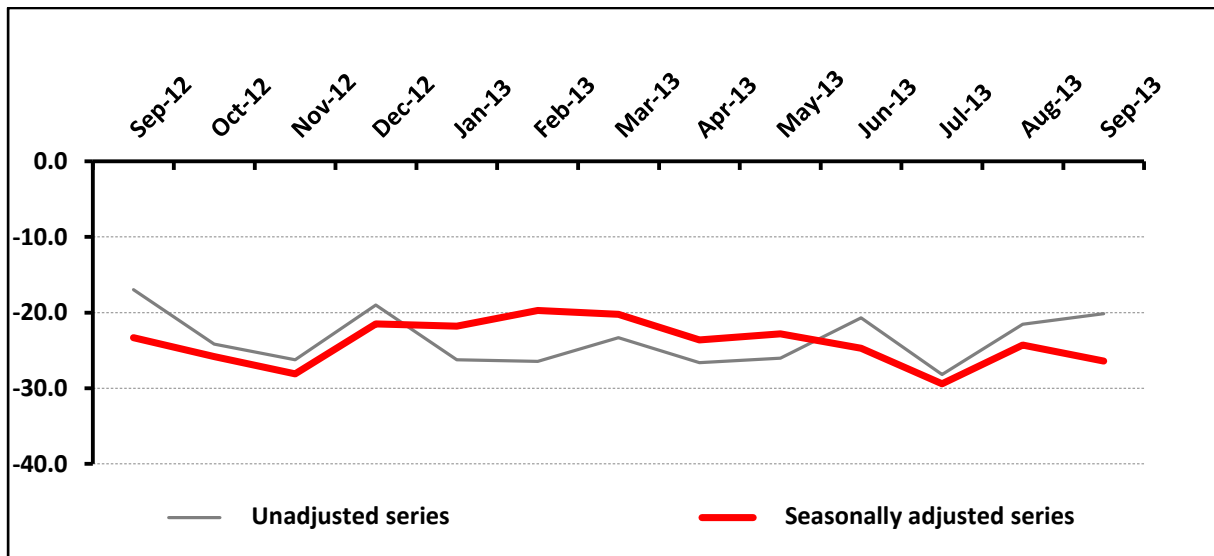
**Table-2.** Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-28.7	-33.0	-27.7	-19.0	-22.4	-24.6	-27.6	-26.3
<b>2009</b>	-24.6	-25.0	-28.1	-17.5	-13.5	-2.2	-8.4	-13.5	-4.8	-6.6	-0.2	-7.6
<b>2010</b>	-6.3	-6.4	3.3	1.4	-2.4	-6.4	0.9	4.6	4.4	6.6	9.9	12.4
<b>2011</b>	21.1	22.9	16.1	12.8	17.6	17.8	12.6	11.4	14.7	12.7	14.0	17.7
<b>2012</b>	11.2	15.0	13.2	7.8	7.0	7.4	3.4	6.4	12.6	17.2	12.7	15.7
<b>2013</b>	13.7	11.5	16.5	19.3	16.9	16.9	23.3	17.6	6.4			

**Anticipation for recovery in business activities down:**

The balance value of the volume of business activities in September 2013 compared to the same period in the previous year was minus 26.4. Anticipation for year-on-year recovery in business activities therefore decreased by 2.1 points compared to August 2013 and by 3.1 points compared to September 2012.

**Figure-4.** Year-on-year change in business activities (%increase- %decrease)  
(September 2012 – September 2013)



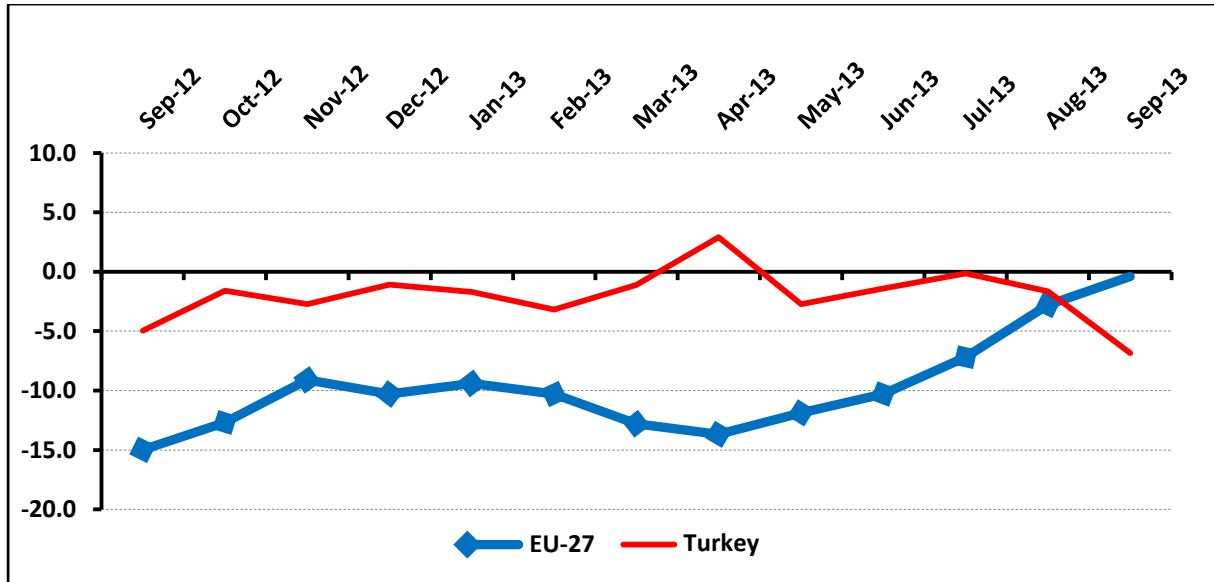
**Table-3.** Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	---	---	---	---	-53.6	-73.4	-68.3	-58.9	-59.2	-59.5	-64.9	-65.5
<b>2009</b>	-65.8	-62.2	-58.8	-60.3	-54.4	-44.8	-46.5	-52.2	-63.2	-53.7	-46.3	-47.6
<b>2010</b>	-41.4	-43.0	-39.7	-36.0	-30.6	-38.1	-30.7	-23.1	-20.8	-20.4	-14.8	-15.0
<b>2011</b>	-12.0	-12.5	-15.6	-15.9	-22.3	-12.2	-11.9	-19.7	-16.4	-20.2	-22.1	-23.2
<b>2012</b>	-28.3	-28.6	-28.5	-23.9	-26.6	-33.8	-30.1	-34.9	-23.3	-25.8	-28.1	-21.5
<b>2013</b>	-21.8	-19.7	-20.2	-23.6	-22.8	-24.7	-29.4	-24.3	-26.4			

**Retail confidence in the EU in the rise for the last 5 months:**

The EU-27 Retail Confidence Index had a value of minus 0.4 in September 2013, demonstrating a 2.4-point increase compared to August 2013 and a 14.6-point increase compared to September 2012. The retail confidence in the EU therefore increased consecutively in the last 5 months. Turkey performed worse than the EU and the Eurozone compared to last month and last year.

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



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

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2008</b>	-0.8	-0.2	0.8	-6.0	-4.4	-7.1	-13.1	-13.5	-14.7	-19.4	-20.0	-26.8
<b>2009</b>	-26.5	-25.1	-22.9	-23.3	-16.0	-15.5	-13.4	-11.0	-8.4	-9.1	-5.1	-4.0
<b>2010</b>	-4.1	-4.2	-5.5	0.1	-4.4	-3.8	-0.4	0.2	0.8	2.6	3.0	7.5
<b>2011</b>	3.0	0.6	0.3	-3.4	-2.6	-2.4	-4.8	-10.7	-12.8	-12.0	-13.4	-11.3
<b>2012</b>	-13.9	-11.8	-11.2	-8.3	-14.5	-9.9	-10.2	-13.3	-15.0	-12.7	-9.1	-10.3
<b>2013</b>	-9.4	-10.3	-12.8	-13.7	-11.9	-10.3	-7.2	-2.8	-0.4			

### EU performs better than the Eurozone:

Comparing the retail confidence indices for the EU-27 countries and Turkey, the highest year-on-year increase was observed in the United Kingdom, which was followed by Spain, Portugal, Greece and Italy. The sharpest year-on-year decrease was observed in Finland. Compared to the previous month, the highest improvement in retail confidence was observed in France, Italy and Belgium. The EU-27 Retail Confidence Index demonstrated a stronger year-on-year performance than the Eurozone Index.

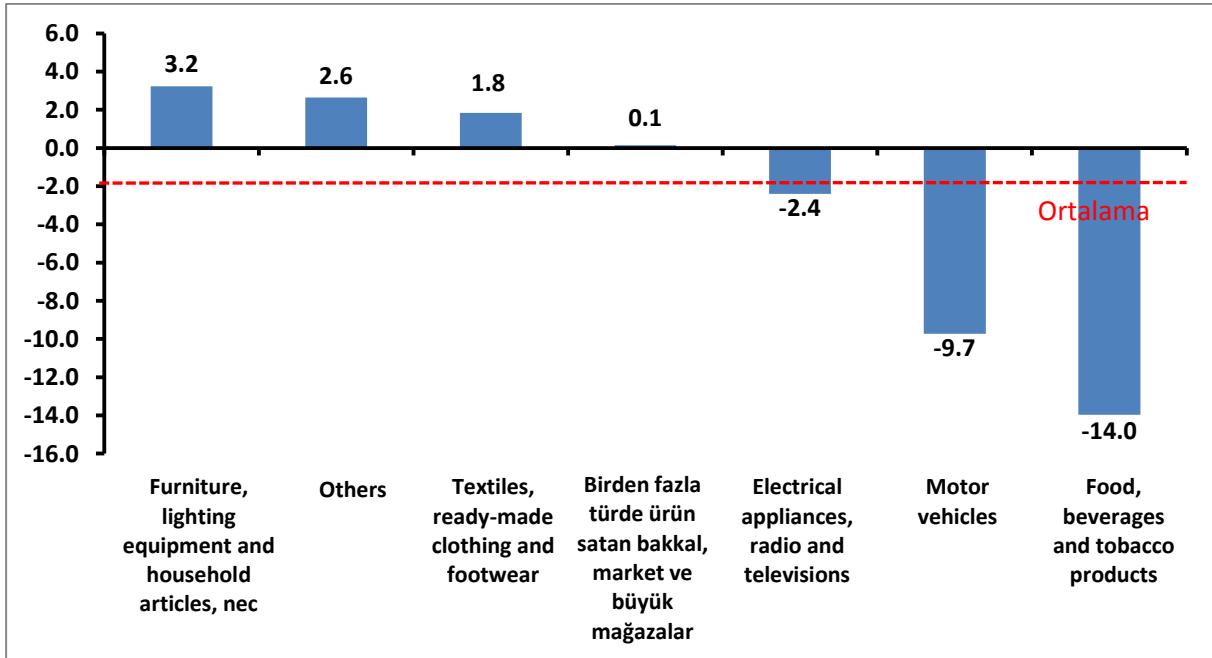
**Table-5.** AB-27 Retail Confidence Index for EU-27 Countries and Turkey  
(Compared to August 2013 and September 2012) (Seasonally adjusted series)

Countries	Change in Retail Confidence Index Compared to September 2012 (Points)*	Change in Retail Confidence Index Compared to August 2013 (Points)
United Kingdom	33.4	1.2
Spain	20.2	1.2
Portugal	16.2	1.3
<b>EU-27</b>	<b>14.6</b>	<b>2.4</b>
Greece	14.5	-1.2
Italy	14.3	5.2
Belgium	13.1	5.2
<b>Eurozone-17</b>	<b>11.4</b>	<b>3.6</b>
Germany	11.1	4.5
France	9.1	5.4
Hungary	7.7	3.2
Netherlands	4.9	-0.6
Austria	4.6	-3.7
Lithuania	4.3	-7.7
Sweden	3.3	-3.2
Poland	2.7	-0.6
Bulgaria	1.3	-1.7
Romania	0.3	-3.4
Southern Cyprus	-0.4	-0.1
<b>Turkey</b>	<b>-1.9</b>	<b>-5.2</b>
Estonia	-2.1	-1.4
Latvia	-3.2	-0.9
Slovenia	-5.2	0.8
Czech Republic	-5.9	1.4
Slovakia	-6.7	-4.5
Finland	-17.4	-1.4

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

**Biggest improvement in the furniture and household articles sector:**

Compared to September 2012, the best performer was the furniture, lighting equipments and household articles sector, which was followed by the “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc), textile, ready-made clothing and footwear, and non-specialized stores sectors. The rest of the retail sectors demonstrated year-on-year drops in performance. The drops were sharper than the average in the electrical appliances, radio, and televisions and motor vehicles sectors. The highest year-on-year deterioration was observed in the food, beverages, and tobacco products sector.

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

### Retailers expect an increase in sales prices:

Question-based assessment of TEPE survey results suggests that compared to August 2013, the level of business activities compared to last 3 months and last year, and expectations for the level of orders placed with suppliers, sales and employment in the next 12 months decreased whereas only the expectations for sales prices in the next three months showed an increase. Compared to August 2012, all expectations and conditions weakened except for the expectations for sales prices in the next 3 months and the level of business activities compared to the previous 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?	-35.6	-29.8	<b>-30.3</b>	-0.5	5.3
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	11.6	8.6	<b>9.9</b>	1.3	-1.7
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	2.5	9.5	<b>-1.7</b>	-11.2	-4.2
How do you expect your business activity (sales) to change over the next 3 months? It will...	12.6	17.6	<b>6.4</b>	-11.2	-6.2
How do you expect your firm's total employment to change over the next 3 months? It will...	9.1	4.9	<b>3.0</b>	-1.9	-6.1
How do you expect the prices you charge to change over the next 3 months? They will...	9.2	13.1	<b>19.3</b>	6.2	10.1
How has your business activity developed this year compared to the same period in the last year? It has...	-23.3	-24.3	<b>-26.4</b>	-2.1	-3.1
Do you expect an increase in the number of your stores next year?	8.9	5.7	<b>4.0</b>	-1.7	-4.9

<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.



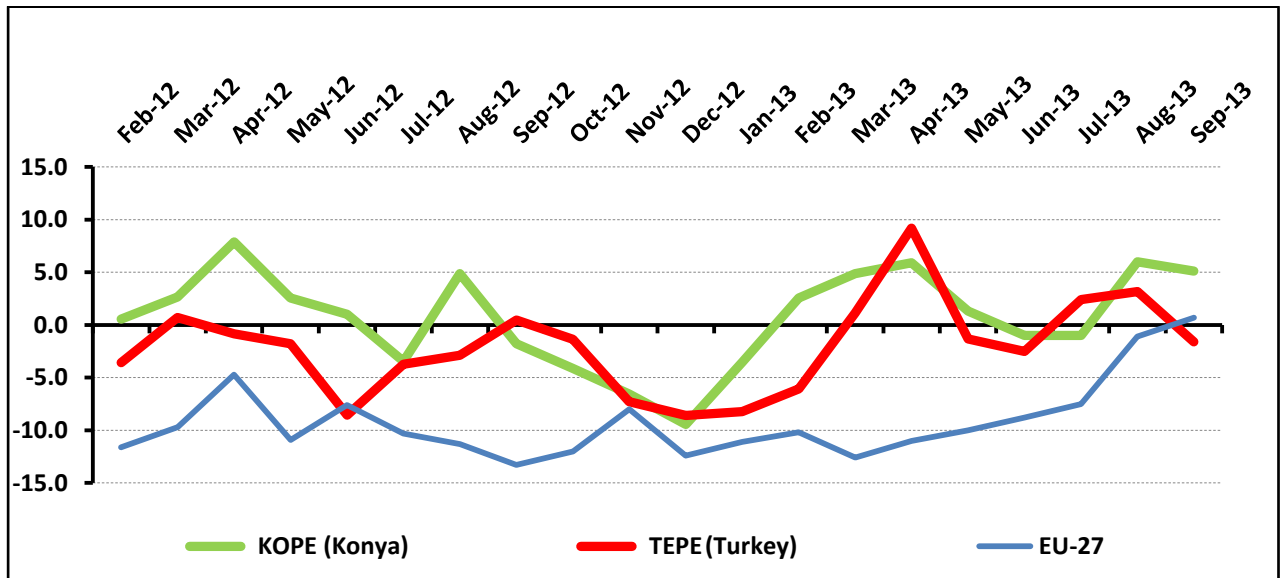
**Expectations and business level better than last year in Konya:**

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 September 2013, KOPE had a value of 5.1, compared to TEPE at minus 1.6. Having moved up in August after the downwards trend since May, the KOPE decreased again in September. KOPE showed a year-on-year increase by 6.9 points, while TEPE decreased by 2.1 points. Konya’s retail sector had a higher value than the overall Turkey as well as the EU-27.

Expectations for orders placed with suppliers and sales in the next 3 months decreased month-on-month but increased year-on-year. The level of business activities compared to last 3 months and last year increased compared to both August 2013 and September 2012.

**Figure-7.** Comparison of KOPE, TEPE and EU-27 Retail Confidence Index (February 2012 - September 2013) (Unadjusted series)



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

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2012</b>	---	0.6	2.7	7.9	2.6	1.0	-3.4	4.9	-1.8	-4.1	-6.6	-9.4
<b>2013</b>	-3.6	2.6	4.9	5.9	1.3	-1.0	-1.0	6.0	5.1			