

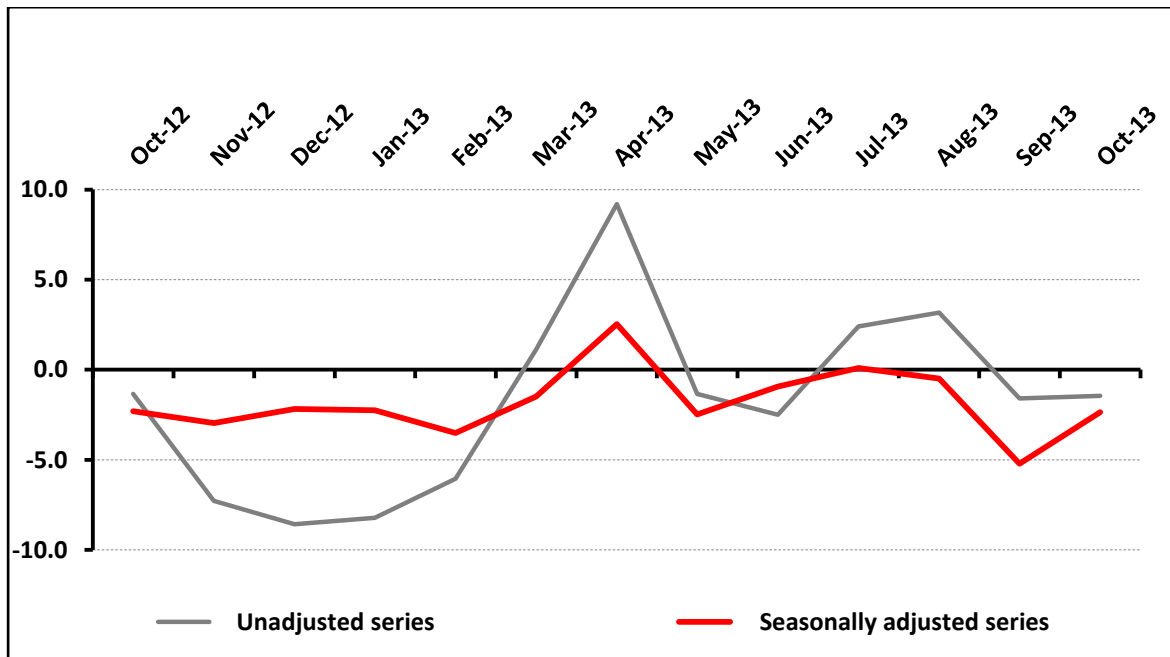
BUSINESS ACTIVITIES RECOVER IN THE RETAIL SECTOR:

In October 2013, TEPE increased month-on-month and remained constant year-on-year. Anticipation for business recovery compared o the last 3 month and last year strengthened. Expectations for the orders placed with suppliers and for sales in the next three months decreased year-on-year but increased month-on-month whereas expectations for employment in the next three months increased on both accounts. The EU retail confidence which increased consecutively for five months until September headed down in October.

TEPE up month-on-month:

Having demonstrated a decline in August and September, TEPE increased in October, with a value of minus 2.4. The index therefore increased by 2.8 points month-on-month but decreased 0.1 points year-on-year. The upwards trend was driven by the improvement in the level of business activities compared to the previous 3 months.

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



Retail performance in October 2013 was same as October 2012:

Seasonally adjusted TEPE figures were minus 2.4 in the first quarter, minus 0.3 in the second quarter, and minus 1.9 in the third quarter of 2013. With a value of minus 2.4 in the first month of the last quarter, TEPE stood close to the value in October 2012, at 2.5 percent. TEPE values in September and October were lower in 2013 than in 2012.

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

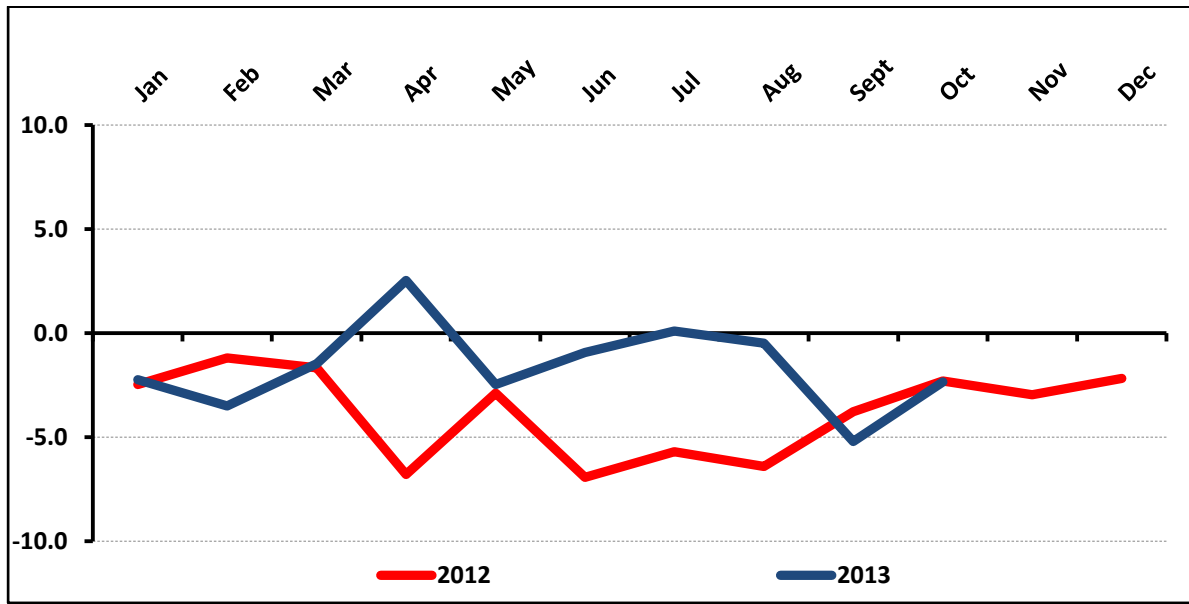


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.7	-23.4	-23.0	-15.5	-17.1	-21.0	-22.7	-21.3
2009	-21.5	-21.7	-18.2	-15.4	-11.9	-8.5	-9.3	-11.7	-12.0	-10.8	-6.0	-10.4
2010	-10.3	-7.0	-7.0	-6.3	-8.7	-7.7	-4.6	-2.0	0.7	0.3	1.2	-1.2
2011	7.0	5.4	1.7	0.8	1.8	3.3	0.3	-4.3	-1.3	-0.7	-2.2	4.1
2012	-2.5	-1.2	-1.7	-6.8	-2.9	-6.9	-5.7	-6.4	-3.8	-2.3	-3.0	-2.2
2013	-2.3	-3.5	-1.5	2.5	-2.5	-0.9	0.1	-0.5	-5.2	-2.4		

Sales expectations improved month-on-month:

The balance value of the expectations for the next three months was 12.4 points in October 2013. Expectations therefore decreased by 5.5 points year-on-year and increased by 3.1 points month-on-month. 30.7 percent of TEPE survey participants declared that they expected an improvement in their business activities in the next three months while 30.6 percent expected deterioration.

With seasonally adjusted series, expectations for the next three months were weaker in September and October 2013 compared to 2012.

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

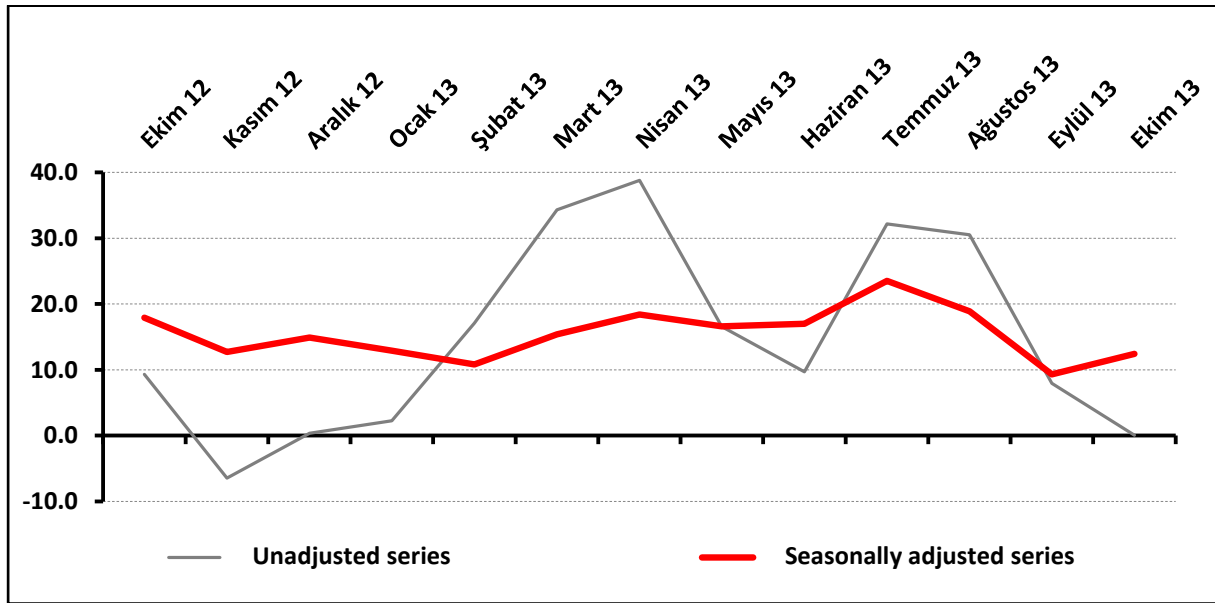


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-27.6	-31.9	-27.1	-19.3	-22.8	-24.6	-27.5	-26.1
2009	-24.6	-24.7	-27.6	-17.5	-13.3	-2.5	-8.4	-13.3	-5.0	-6.8	-0.7	-7.6
2010	-6.3	-6.5	2.9	1.1	-2.0	-5.9	1.3	4.8	4.4	6.8	9.6	11.9
2011	20.1	21.8	15.5	12.7	17.4	17.7	12.8	11.8	15.0	12.9	13.8	17.1

2012	10.7	14.3	12.6	7.7	7.2	7.8	4.2	7.4	13.6	17.9	12.7	14.9
2013	12.9	10.8	15.4	18.4	16.6	17.0	23.5	18.9	9.3	12.4		

Anticipation for business recovery picks up:

The balance value of the volume of business activities in October 2013 compared to the same period in the previous year was minus 23.2. Anticipation for year-on-year recovery in business activities therefore increased by 2.7 points compared to September 2013 and by 3.2 points compared to October 2012.

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

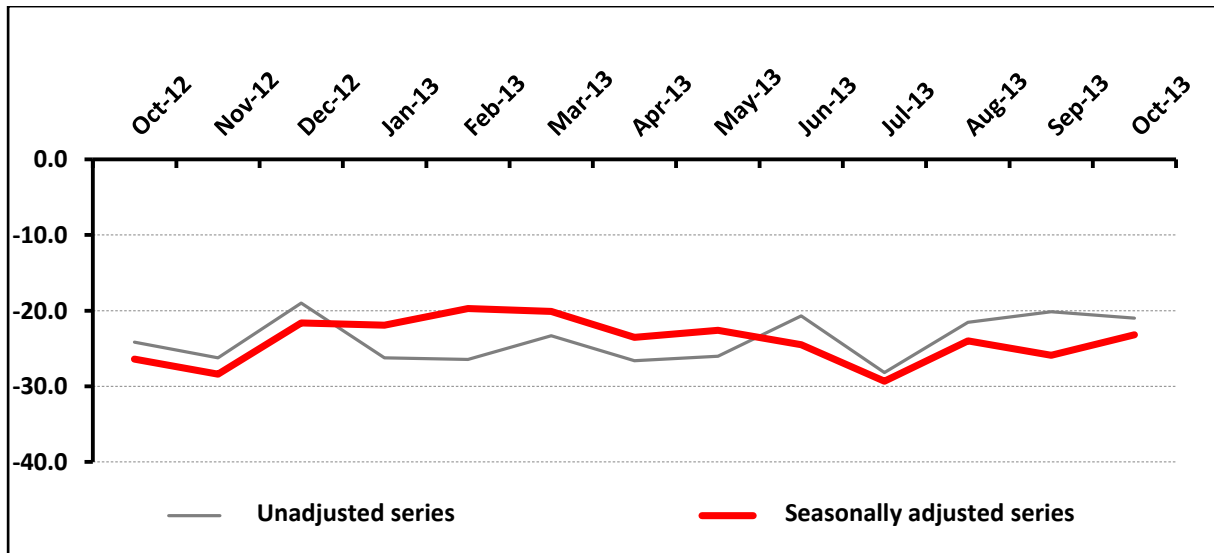


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-53.6	-73.4	-68.2	-58.7	-59.2	-59.6	-64.9	-65.6
2009	-65.9	-62.3	-58.9	-60.4	-54.3	-44.7	-46.4	-52.0	-63.2	-53.9	-46.4	-47.7
2010	-41.4	-43.1	-39.7	-36.0	-30.5	-38.1	-30.6	-23.0	-20.7	-20.6	-14.9	-15.1
2011	-12.1	-12.5	-15.7	-15.8	-22.3	-12.1	-11.8	-19.6	-16.2	-20.5	-22.2	-23.2
2012	-28.4	-28.7	-28.5	-23.9	-26.5	-33.8	-30.0	-34.8	-23.0	-26.4	-28.4	-21.6
2013	-21.9	-19.7	-20.1	-23.5	-22.6	-24.5	-29.3	-24.0	-25.9	-23.2		

Retail confidence in the EU lower than last month:

The EU-27 Retail Confidence Index had a value of minus 1.2 in October 2013, demonstrating a 0.9-point decrease month-on-month but a 11.5-point increase year-on-year. The index decreased for the first time after the consecutive increase of five months. Turkey performed worse than both the EU-27 and the Eurozone when compared to last year.

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

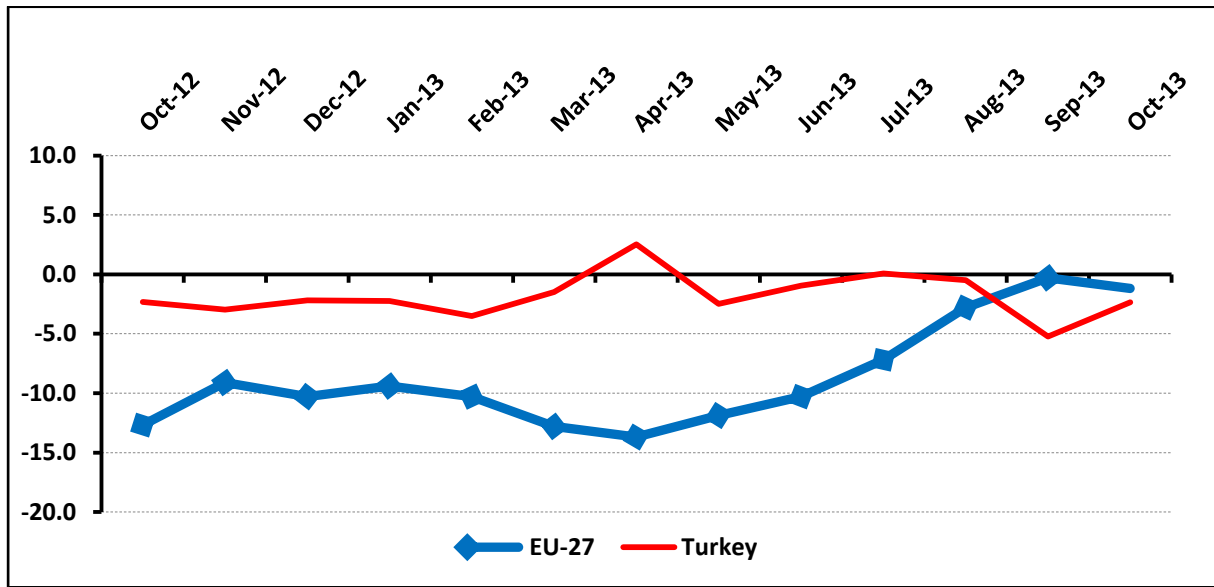


Table-4. AB-27 (Seasonally adjusted series)

%	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	-2.8	-0.3	-1.2		

Greece strongest of the EU in retail confidence:

Comparing the retail confidence indices for the EU-27 countries and Turkey, the highest year-on-year increase in retail confidence was observed in Greece. It was followed by the United Kingdom, Portugal, Slovenia, Hungary, and Spain. The sharpest year-on-year decline was in Slovakia and the highest month-on-month increase in Slovenia and Finland. The EU-27 Retail Confidence index was stronger than the Eurozone compared to 2012.

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

Countries	Change in Retail Confidence Index Compared to October 2012 (Points)*	Change in Retail Confidence Index Compared to September 2013 (Points)
Greece	25.6	-0.3
United Kingdom	21.3	-2.7
Portugal	19.4	4.2
Slovenia	18.6	10.7
Hungary	16.9	2.8
Spain	15.5	0.3
EU-27	11.5	-0.9
Austria	10.8	1.7
Germany	10.6	0.1
Sweden	10.5	3.8
Lithuania	10.3	3.8
Italy	10.3	-2.4
Eurozone-17	9.5	-0.9
Southern Cyprus	8.9	6.3
Poland	7.9	2.8
Belgium	7.8	-4.6
Bulgaria	5.5	-1.2
France	4.8	-1.6
The Netherlands	2.9	-4.6
Turkey	-0.1	2.8
Latvia	-0.7	0.5
Romania	-2.5	0.7
Estonia	-3.5	0.5
Czech Republic	-6.0	-2.1
Finland	-6.6	8.0

Slovakia

-11.5

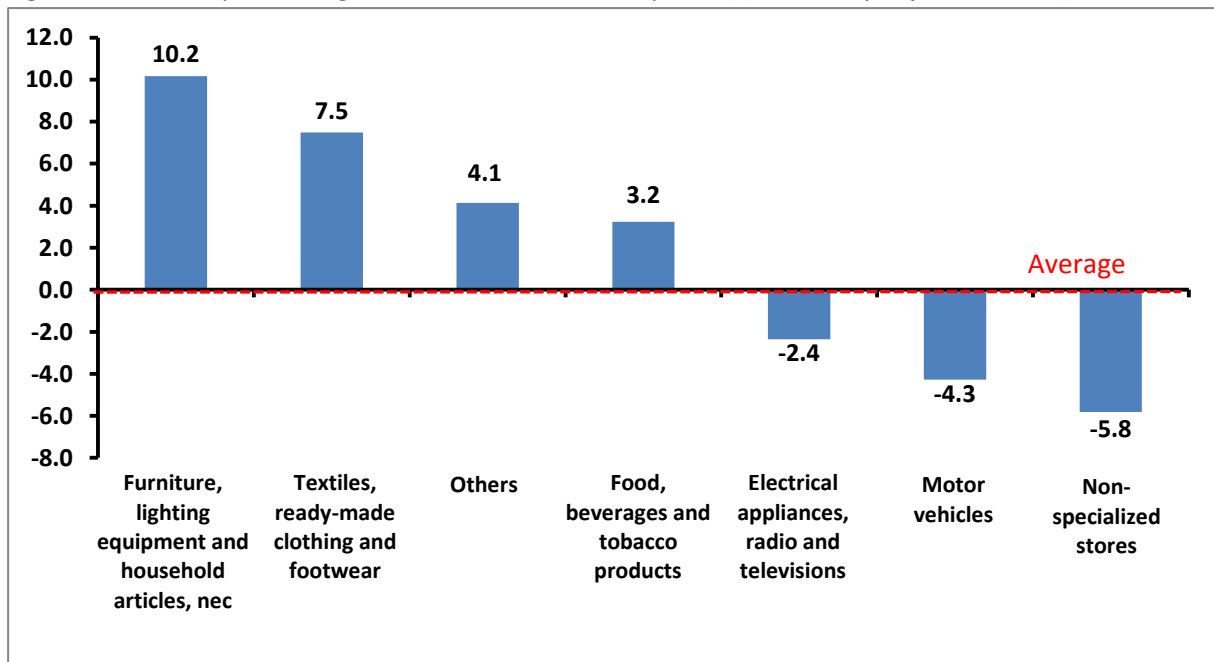
-1.5

* Countries are ranked by their performance in October 2012.

Biggest improvement in the furniture and household articles sector:

Compared to October 2012, furniture, lighting equipment, and household articles sector was the best performer. It was followed by textile, ready-made clothing and footwear, the “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc), and food, beverages and tobacco products sectors. All sectors other than these four declined year-on-year. The decline was sharper than the average in the electrical appliances, radio, and televisions and motor vehicles sectors whereas the sharpest drop was in the non-specialized stores sectors.

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



Anticipation for recovery and expectations for employment up:

Question-based assessment of TEPE survey results suggests that compared to September 2013, all conditions and expectations improved except for the expectation for sales prices in the next 3 months. Compared to October 2012, all but expectations for employment in the next 3 months and the level of business activities compared to the last 3 months and last year declined.

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

Questions	Index 10/2012	Index 09/2013	Index 10/2013	MoM Change 10/2013	YoY Change 10/2013
How has your business activity developed over the past three months?	-37.0	-27.7	-22.5	5.2	14.5
Do you consider the volume of inventories you currently hold to be...? ¹	13.2	9.6	7.8	-1.8	-5.4
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	7.7	-2.8	1.1	3.9	-6.6
How do you expect your business activity (sales) to change over the next 3 months? It will...	17.9	9.3	12.4	3.1	-5.5
How do you expect your firm's total employment to change over the next 3 months? It will...	5.2	3.6	9.6	6.0	4.4
How do you expect the prices you charge to change over the next 3 months? They will...	14.9	19.0	11.2	-7.8	-3.7
How has your business activity developed this year compared to the same period in the last year? It has...	-26.4	-25.9	-23.2	2.7	3.2

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.

Do you expect an increase in the number of your stores next year?

8.4	4.0	7.6	3.6	-0.8
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Anticipation for business recovery improves in Konya’s retail sector:

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 October 2013, KOPE had a value of 3.2, compared to TEPE at minus 1.5. Having moved up in August but decreased in September, KOPE was in decline also in October. KOPE increased by 7.3 points year-on-year whereas TEPE decreased by 0.1 points. In October 2013, KOPE had a higher value than TEPE as well as the EU-27 Retail Index.

Expectations for orders placed with suppliers, sales and employment 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 September 2013 and October 2012.

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

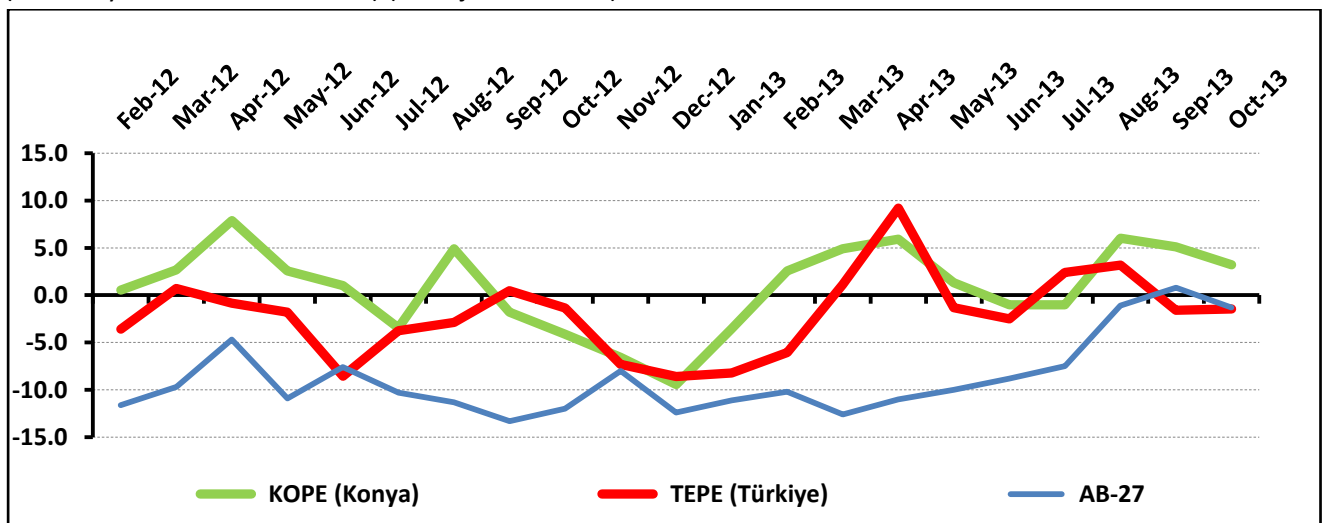


Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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	5.1	3.2		