

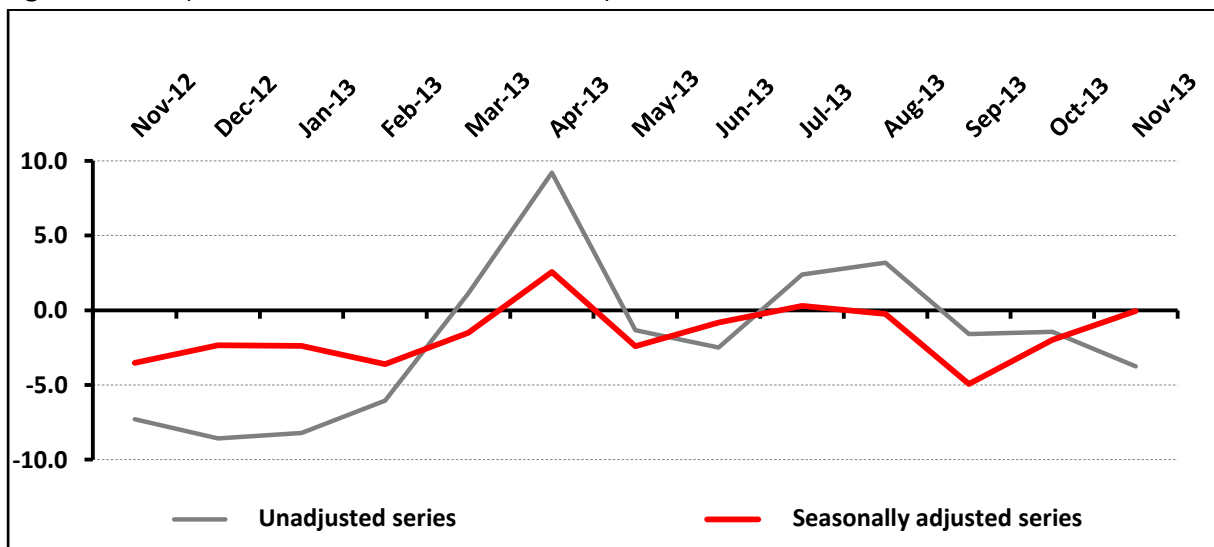
ANTICIPATED RECOVERY IN THE RETAIL SECTOR SURGES TO A 28-MONTH PEAK:

In November 2013, TEPE increased both year-on-year and month-on-month. Anticipation for business recovery compared to the last 3 months and last year and expectations for the orders placed with suppliers, sales volume and sales prices improved compared to last year. Anticipated recovery in business activities surged to a 26-month peak. Retail confidence in the EU continued declining as in October.

TEPE up month-on-month and year-on-year:

Having demonstrated a decline in August and September and increased in October, TEPE maintained the upwards trend in November, with a value of minus 0.1. This indicates a month-on-month increase by 1.9 points and a year-on-year increase by 3.4 points. The surge in TEPE was driven by the expectations for sales volume in the next 3 months.

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



Retail sector performed better in November 2013 than in 2012:

Seasonally adjusted TEPE values were lower than 2012 in September and the same as 2012 in October. In November 2013, TEPE exceeded the value in 2012, despite the downwards trend observed between October and November for the last 2 years.

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

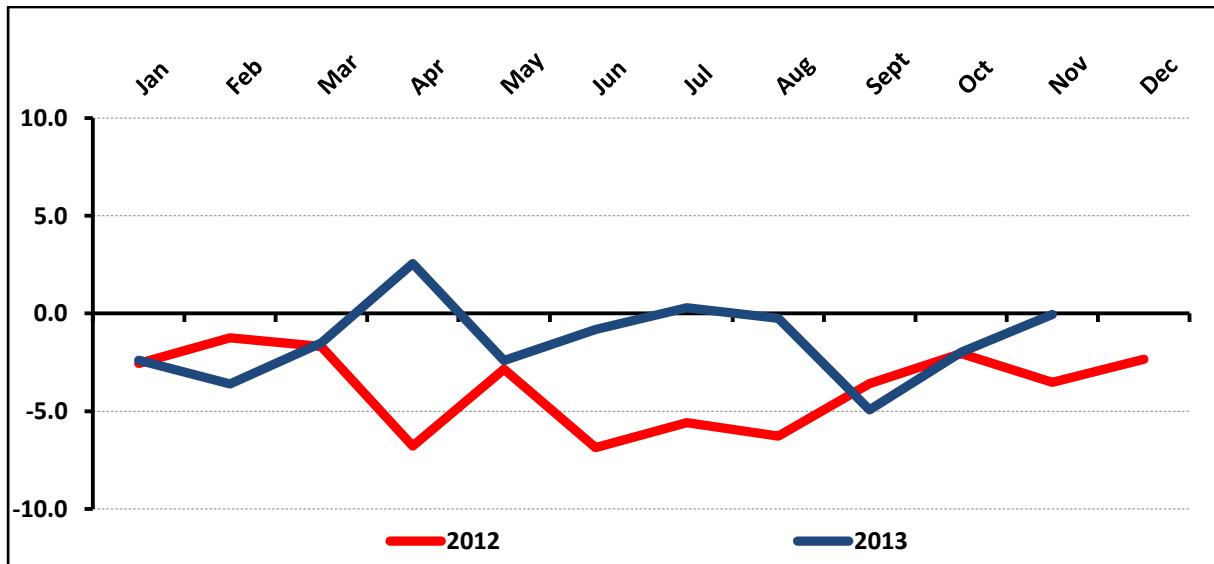


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-21.7	-23.4	-23.0	-15.4	-17.0	-20.9	-22.8	-21.4
2009	-21.6	-21.7	-18.2	-15.4	-11.9	-8.4	-9.3	-11.7	-11.9	-10.8	-6.1	-10.5
2010	-10.3	-7.1	-7.0	-6.3	-8.7	-7.6	-4.6	-2.0	0.8	0.4	1.0	-1.3
2011	6.9	5.4	1.7	0.8	1.8	3.4	0.4	-4.2	-1.2	-0.6	-2.5	4.0
2012	-2.6	-1.3	-1.7	-6.8	-2.9	-6.9	-5.6	-6.3	-3.6	-2.1	-3.5	-2.4
2013	-2.4	-3.6	-1.5	2.6	-2.4	-0.8	0.3	-0.3	-4.9	-2.0	-0.1	0.0

Sales expectation up month-on-month and year-on-year:

The balance value of the expectations for the next three months was 18.6 points in November 2013. Expectations therefore increased by 7.2 points year-on-year and by 5.5 points month-on-month. 29.9 percent of TEPE survey participants declared that they expected an improvement in their business activities in the next 3 months while 30.7 percent expected deterioration.

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

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

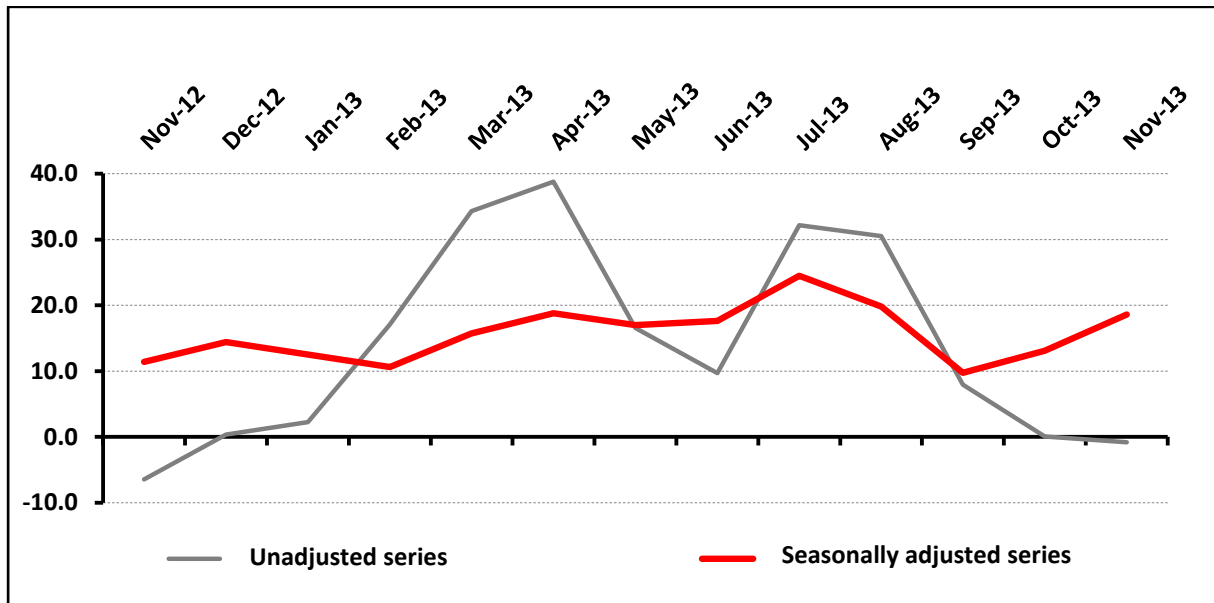


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-27.4	-31.8	-26.9	-18.8	-22.3	-24.5	-27.6	-26.4
2009	-24.9	-25.1	-28.1	-17.6	-13.1	-2.2	-8.3	-13.2	-4.7	-6.7	-0.6	-7.8
2010	-6.3	-6.6	2.9	1.1	-2.1	-6.0	1.2	4.7	4.5	6.8	9.5	11.9
2011	20.3	22.1	15.7	12.6	17.4	17.7	12.7	11.7	15.1	13.1	13.4	17.0
2012	10.6	14.5	12.8	7.8	7.3	7.9	4.3	7.5	13.8	18.5	11.4	14.4
2013	12.5	10.6	15.7	18.8	17.0	17.6	24.5	19.8	9.7	13.1	18.6	

Anticipation for business recovery surges to a 28-month peak:

The balance value of the volume of business activities in November 2013 compared to the same period in the previous year was minus 13.5. Anticipation for year-on-year recovery in business activities therefore increased by 7.7 points compared to October 2013 and by 16.3 points compared to November 2012. With this value, anticipated business recovery recorded the highest improvement in the last 28 months.

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

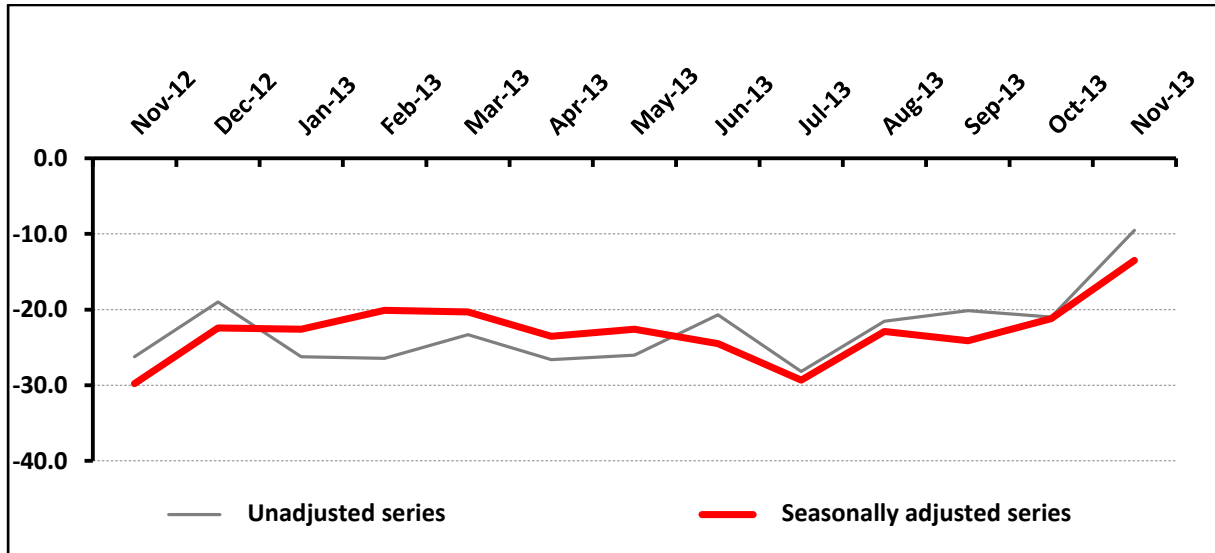


Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	---	---	---	---	-53.6	-73.4	-68.2	-58.7	-58.1	-58.4	-64.8	-66.0
2009	-66.3	-62.9	-59.4	-61.0	-54.7	-44.9	-47.6	-49.7	-62.5	-53.1	-46.4	-48.0
2010	-41.7	-43.5	-40.1	-36.5	-30.9	-38.2	-31.2	-21.5	-19.9	-19.8	-15.1	-15.4
2011	-12.3	-12.8	-16.0	-16.1	-22.6	-12.3	-12.1	-18.6	-15.1	-19.5	-23.0	-23.7
2012	-28.9	-29.0	-28.8	-23.9	-26.7	-33.9	-30.2	-33.9	-21.6	-25.0	-29.8	-22.4
2013	-22.6	-20.1	-20.3	-23.5	-22.6	-24.5	-29.3	-22.9	-24.1	-21.2	-13,5	

Retail confidence across the EU down also in November:

The EU-27 Retail Confidence Index had a value of minus 5.6 in November 2013, demonstrating a 4.5-point decrease month-on-month and a 3.2-point increase year-on-year. The index that decreased for the first time in October after the consecutive increase of five months continued the downfall in November. Turkey performed better than the EU-27 and worse than the Eurozone when compared to last year.

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

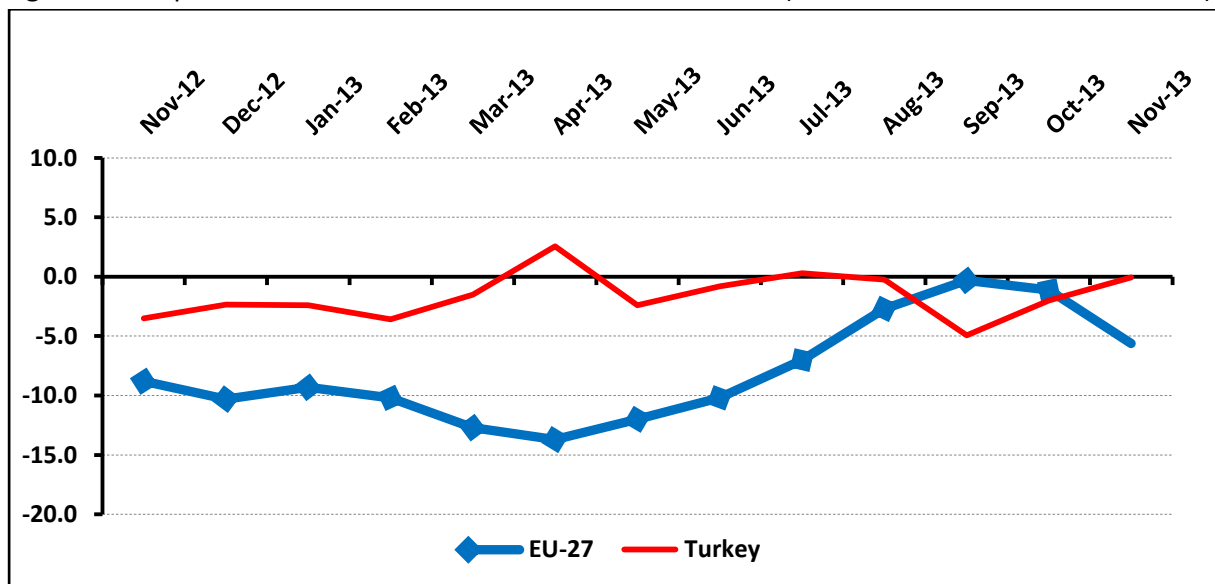


Table-4. EU-27 (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2008	-0.8	-0.2	0.8	-6.0	-4.4	-7.0	-12.9	-13.4	-14.5	-19.3	-19.9	-26.7
2009	-26.3	-24.9	-22.9	-23.3	-16.0	-15.4	-13.4	-11.1	-8.4	-9.0	-5.1	-4.2
2010	-4.2	-4.3	-5.5	0.1	-4.4	-3.8	-0.4	0.3	0.9	2.5	3.0	7.5
2011	3.1	0.6	0.4	-3.2	-2.5	-2.3	-4.7	-10.5	-12.7	-12.0	-13.3	-11.2
2012	-13.8	-11.8	-11.1	-8.2	-14.4	-9.8	-10.1	-13.2	-15.0	-12.7	-8.8	-10.3
2013	-9.3	-10.2	-12.7	-13.7	-12.0	-10.2	-7.0	-2.7	-0.3	-1.1	-5.6	

Eurozone outperforms EU-27 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 Portugal, Sweden, Spain, and Lithuania. The sharpest year-on-year decline was in the United Kingdom and the highest month-on-month increase was in Finland. The EU-27 was weaker than the Eurozone index compared to both November 2012 and October 2013.

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

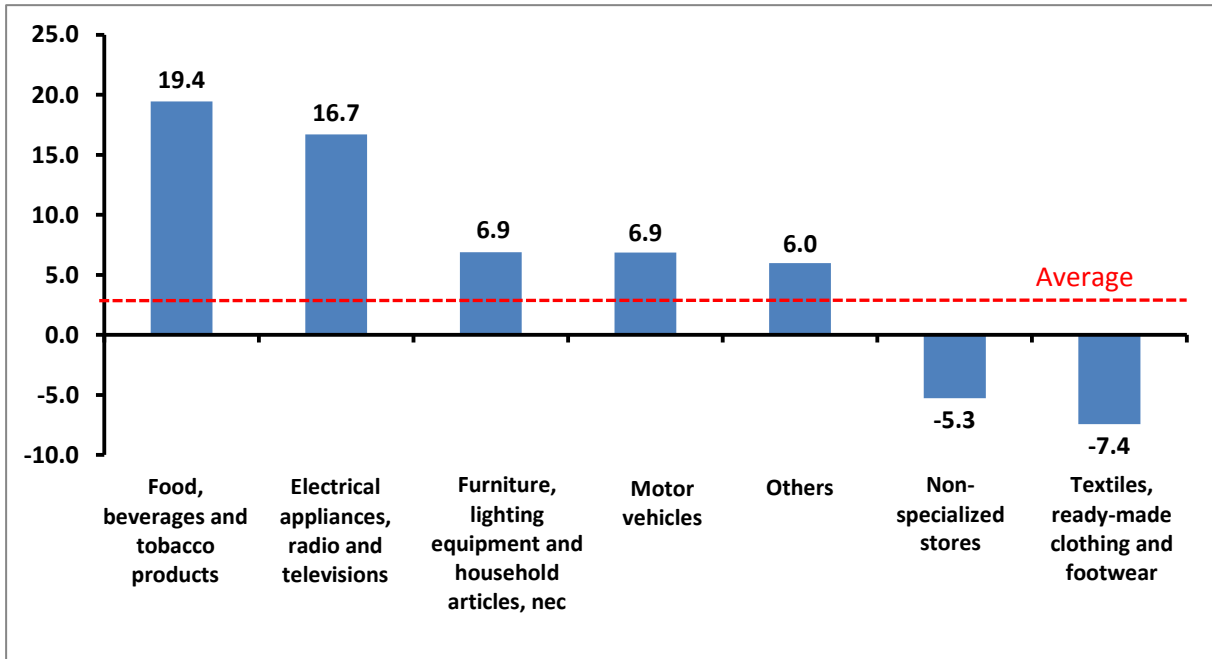
Countries	Change in Retail Confidence Index Compared to October 2012 (Points)*	Change in Retail Confidence Index Compared to September 2013 (Points)
Greece	22.0	4.7
Portugal	19.3	1.5
Sweden	14.4	3.1
Spain	13.5	2.4
Lithuania	12.8	2.1
Italy	10.4	1.6
Southern Cyprus	10.1	-1.2
Eurozone-17	7.1	0.1
Hungary	7.1	-0.6
Bulgaria	6.6	1.8
Germany	6.6	-1.6
Latvia	4.7	2.7
France	4.3	-1.3
Poland	4.2	-0.5
Turkey	3.4	1.9
EU-27	3.2	-4.5
Belgium	2.4	1.8
Romania	1.8	4.7
Austria	0.8	-1.3
Slovenia	0.8	-17.8
Denmark	-0.3	-3.5
The Netherlands	-2.4	0.7
Finland	-2.6	5.3
Czech Republic	-3.3	-0.2
Estonia	-3.9	1.8
Slovakia	-6.2	4.5
The United Kingdom	-13.6	-25.4

* Countries are ranked by their performance compared to November 2012.

Food and beverages sector is the best performer of November:

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

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



Expectations and activities are better compared to 2012:

Question-based assessment of TEPE survey results suggests that compared to October 2013, all conditions and expectations improved except for the expectation for employment in the next 3 months and business activities compared to last 3 months. The biggest improvement month-on-month was in expectations for sales volume in the next 3 months and level of business activities compared to last year. Compared to November 2012, all expectations and conditions improved. The highest year-on-year improvement was in the level of business activities compared to last 3 months and last year.

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

Questions	Index 11/2012	Index 10/2013	Index 11/2013	MoM Change 11/2013	YoY Change 11/2013
How has your business activity developed over the past three months?	-34.1	-22.3	-22.6	-0.3	11.5
Do you consider the volume of inventories you currently hold to be...? ¹	13.9	7.8	6.6	-1.1	-7.3
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	2.0	1.7	6.6	4.9	4.6
How do you expect your business activity (sales) to change over the next 3 months? It will...	11.4	13.1	18.6	5.5	7.2
How do you expect your firm's total employment to change over the next 3 months? It will...	4.6	9.4	9.2	-0.2	4.6
How do you expect the prices you charge to change over the next 3 months? They will...	13.7	14.9	16.6	1.7	2.9
How has your business activity developed this year compared to the same period in the last year? It has...	-29.8	-21.2	-13.5	7.7	16.3
Do you expect an increase in the number of your stores next year?	8.0	7.8	10.2	2.4	2.2

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.

Retail confidence in Konya down for the last 3 months:

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 2.3, compared to TEPE at minus 3.8. Having moved up in August but decreased in September and October, KOPE was in decline also in November. KOPE decreased by 4.3 points year-on-year whereas TEPE increased by 3.5 points. In November 2013, KOPE had a higher value than TEPE as well as the EU-27 Retail Index.

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 November 2012.

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

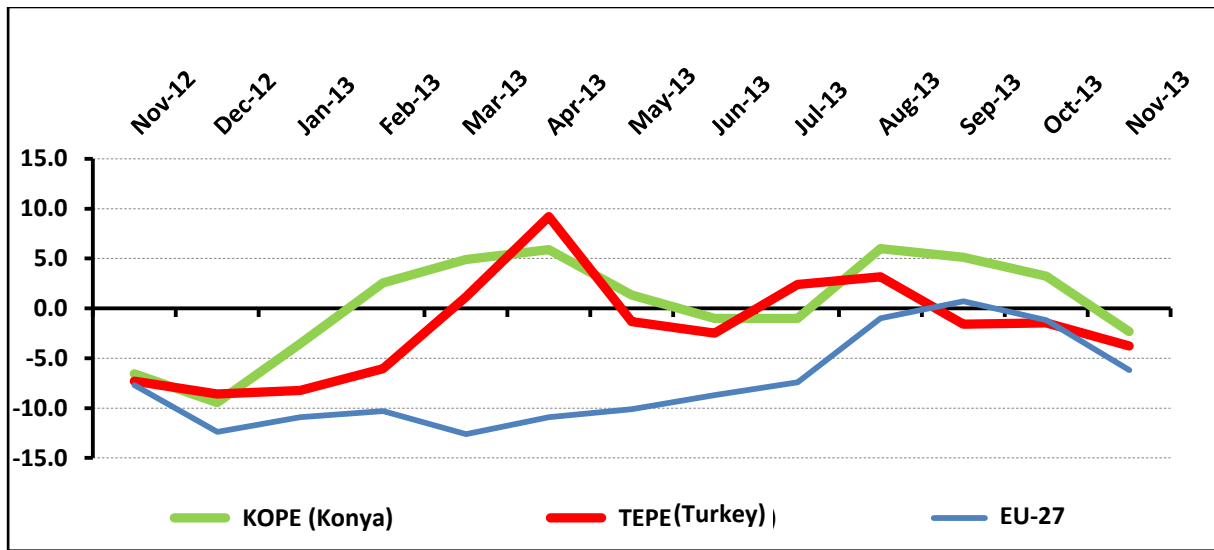


Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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	-2.3	