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TEPAV RETAIL CONFIDENCE INDEX (TEPE)

RETAILERS ARE UNHAPPY WITH BUSINESS VOLUME BUT OPTIMISTIC ABOUT THE FUTURE:

In January 2014, TEPE declined both month-on-month and year-on year and started the year in the negatives. The level of business activities decreased sharply compared to the past three months and last year. Retailers are hopeful about the future of their business, however. Expectations for orders, sales, and employment in the next three months were up. That for sales prices in the next three months also demonstrated a sharp increase. Retail confidence in the EU surged month-on-month and year-on-year and welcomed the year in the positive zone.

TEPE started 2014 with a decline:

In the first month of 2014, TEPE declined both year-on-year and month-on-month. With a value of -3.3, TEPE decreased by 3.2 points month-on-month and by 1.6 points year-on-year. The fall was driven by the decline in business activities compared to the past three months.

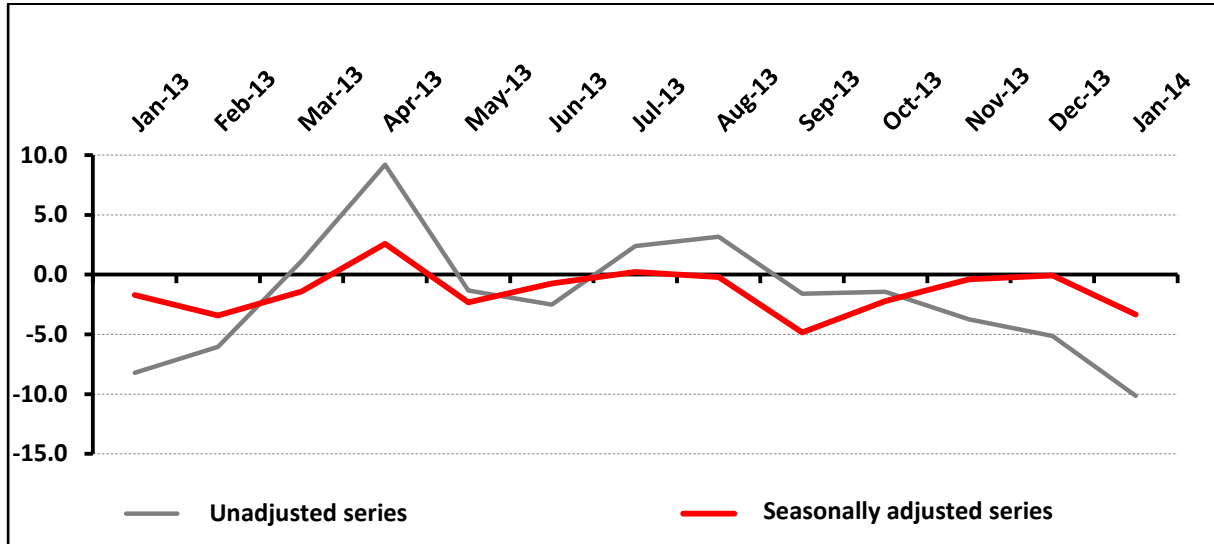**Figure-1.** TEPE (January 2013 – January 2014)

Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-2.2	-1.2	-1.6	-6.7	-2.8	-6.8	-5.6	-6.1	-3.5	-2.2	-3.7	-3.2
2013	-1.7	-3.4	-1.4	2.6	-2.3	-0.7	0.2	-0.2	-4.8	-2.2	-0.4	-0.1
2014	-3.3											

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

The balance value of the expectations for the next three months was 20.6 points in January 2014. Expectations therefore increased by 8.9 points year-on-year and by 3.3 points month-on-month. In January 2014, 38.1 percent of TEPE survey participants declared that they expected an improvement in their business activities in the next 3 months while 26.5 percent expected deterioration. 35.4 percent of the participants don't expect their business activities to change.

Figure-2. Expectations for the next three months (%increase-%decrease)
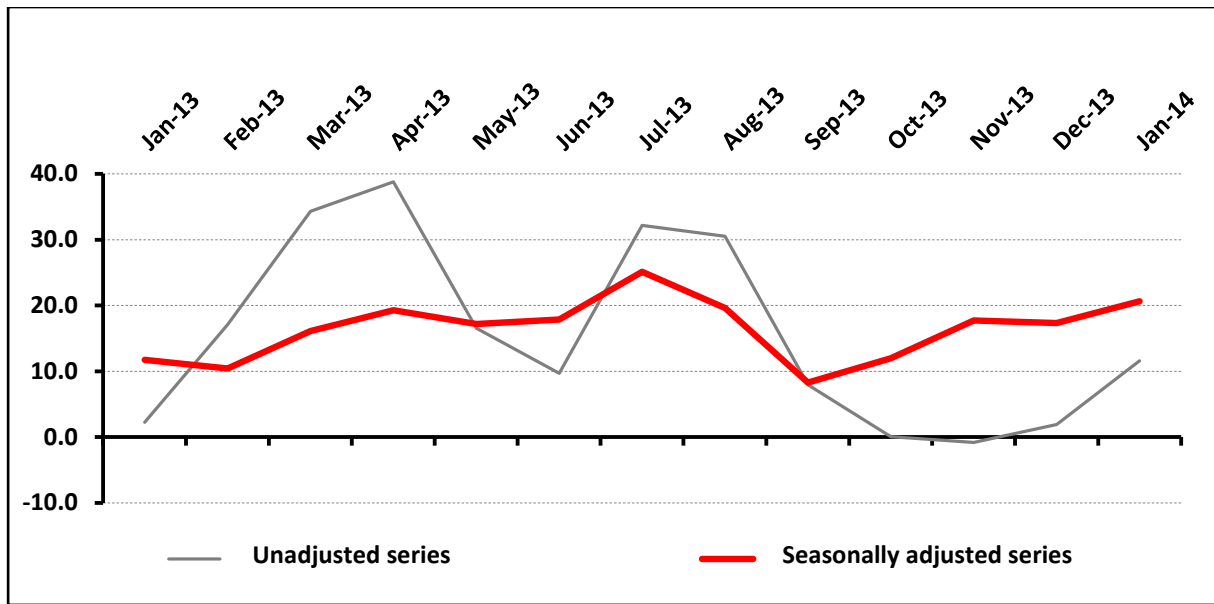(January 2013 – January 2014)

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
2012	10.6	14.9	13.2	7.6	7.0	7.5	3.8	6.9	13.4	18.6	11.1	15.3
2013	11.7	10.4	16.1	19.3	17.2	17.8	25.1	19.6	8.3	12.0	17.7	17.3
2014	20.6											

Anticipation for recovery down year-on-year and month-on-month:

The balance value of the volume of business activities in January 2014 compared to the same period in the previous year was minus 33.2 points. Anticipation for year-on-year recovery in business activities therefore decreased by 11.7 points compared to December 2013 and by 14.1 points compared to January 2013. In January 2014, 17.3 percent of TEPE survey participants declared an improvement in their business activities compared to the year before while 58.8 percent declared deterioration. 23.9 percent of the participants declared that business activities did not change compared to January 2013.

Figure-3. Year-on-year change in business activities (%increase- %decrease)
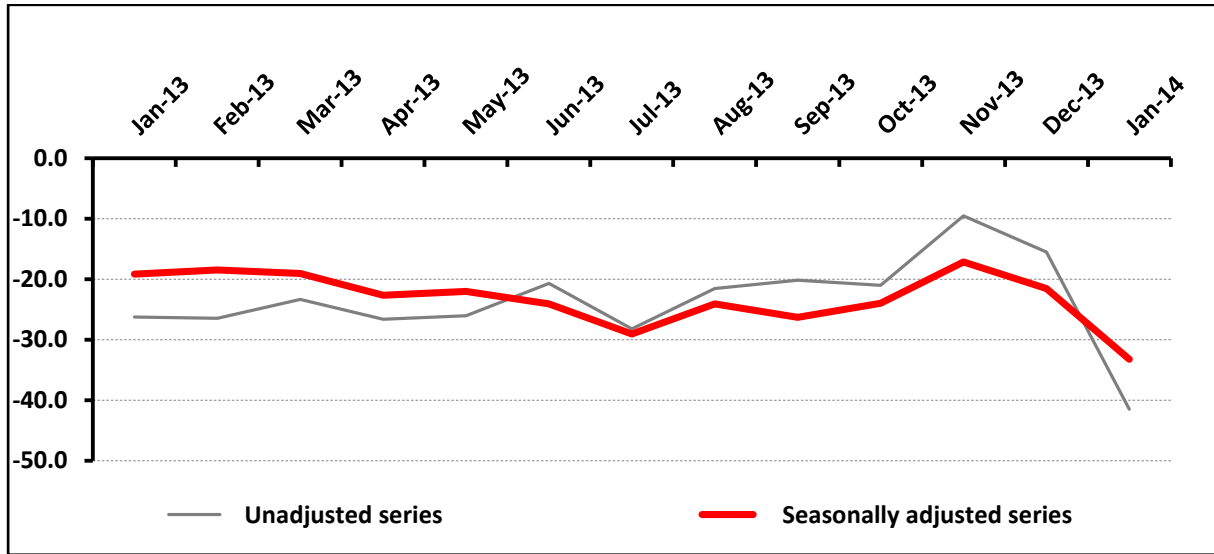(January 2013 – January 2014)

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
2012	-26.8	-27.9	-27.9	-23.4	-26.1	-33.5	-29.8	-34.7	-23.2	-26.7	-32.0	-23.7
2013	-19.1	-18.4	-19.1	-22.6	-22.0	-24.1	-29.0	-24.1	-26.3	-24.0	-17.1	-21.5
2014	-33.2											

The best performer in January 2014 was food and beverages sector:

Compared to January 2013, the best performer was food, beverages, and tobacco products sector. This was followed by furniture, lighting equipment, and household articles sector. All other sectors demonstrated a year-on-year decline. The decline was below the average for the electrical appliances, radio, and televisions; non-specialized stores; and "others" (gas station, pharmacy, perfumery, hardware, glassware, stationery etc) sector, and was above the average in the textiles, ready-made clothing, and footwear sectors. The sharpest decline was in the motor vehicles sector.

Figure-4. Year-on-year change in TEPE, January 2014 (points) (Seasonally adjusted series)
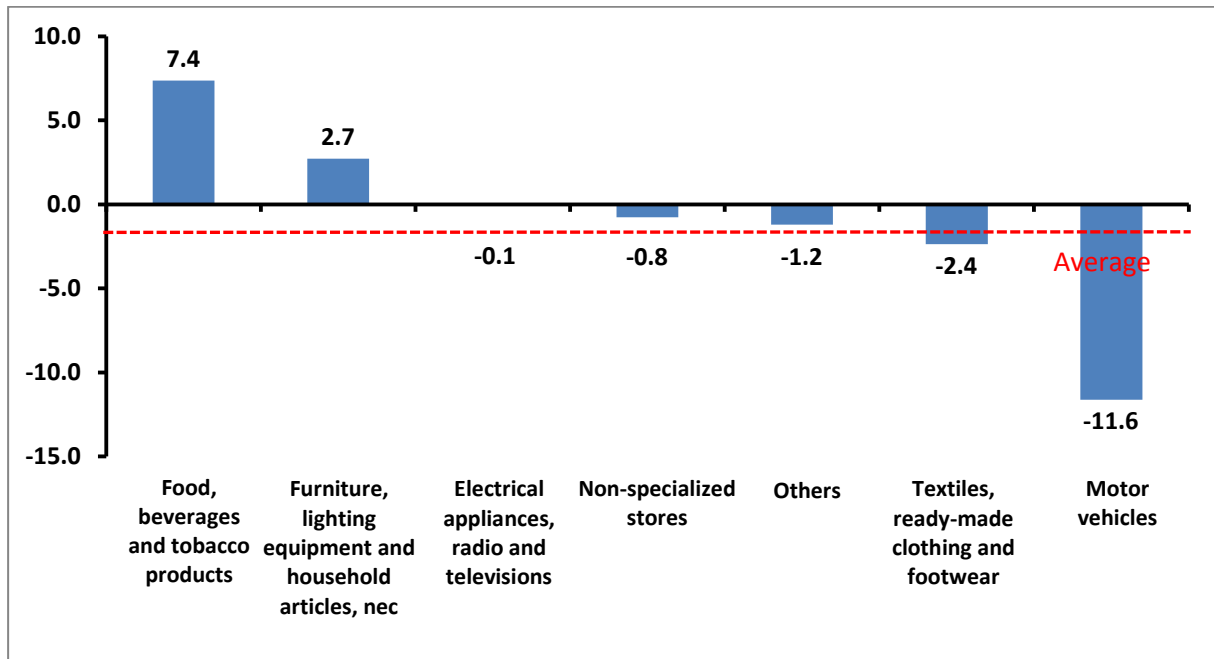
Business volume is down, expectations are up:

Question-based assessment of the TEPE survey results indicate that the level of business activities compared to the past three months and last year declined both year-on-year and month-on-month. Expectations for sales prices in the next three months surged remarkably. In addition, expectations for sales and employment in the next three months and for the number of stores in the next 12 months improved year-on-year and month-on-month.

Table-4. Detailed results by TEPE questions (points) (Seasonally adjusted series)

Questions	Index 01/2013	Index 12/2013	Index 01/2014	MoM Change 01/2014	YoY Change 01/2014
How has your business activity developed over the past three months?	-24.6	-26.8	**-43.2**	-16.4	-18.6
Do you consider the volume of inventories you currently hold to be...? [1]	8.6	9.1	**12.5**	3.4	3.9
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	3.8	6.0	**4.2**	-1.8	0.4
How do you expect your business activity (sales) to change over the next 3 months? It will...	11.7	17.3	**20.6**	3.3	8.9
How do you expect your firm's total employment to change over the next 3 months? It will...	8.0	6.0	**11.0**	5.0	3.0
How do you expect the prices you charge to change over the next 3 months? They will…	11.4	20.8	**46.9**	26.1	35.5
How has your business activity developed this year compared to the same period in the last year? It has...	-19.1	-21.5	**-33.2**	-11.7	-14.1
Do you expect an increase in the number of your stores next year?	5.7	9.8	**14.9**	5.1	9.2

[1] Positive inventory level indicates that current level of inventory stands below the normal.
The (-) values in Table-4 implies that negative expectations were dominant to positive expectations.

Retail confidence in the EU up in the positive zone in 2014:

The EU-28 Retail Confidence Index had a value o 2 in January 2014, increasing both month-on-month and year-on-year by 3.5 points and 11.1 points, respectively. The EU-28 Retail Confidence Index has increased for two months consecutively after the decline in November. Turkey performed worse than the EU-28 and the Eurozone in both month-on-month and year-on-year analyses.

Figure-5. Comparison of TEPE and the EU-28 Retail Confidence Index (January 2013 – January 2014)
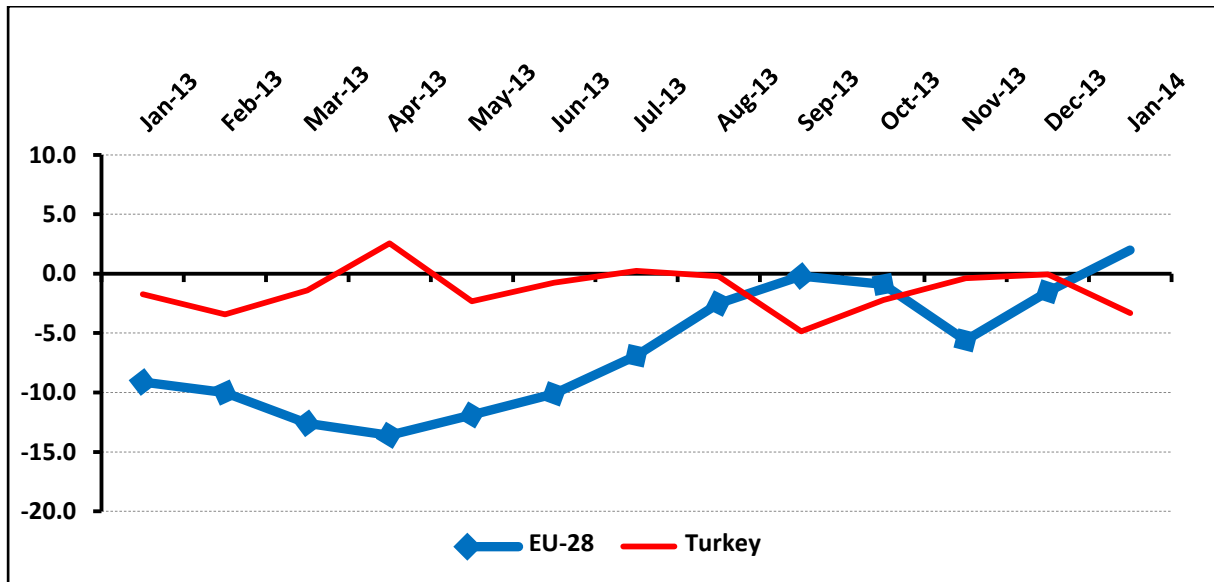

Table-5. EU-28 (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-13.8	-11.6	-11.0	-8.1	-14.2	-9.6	-9.9	-13.1	-14.9	-12.6	-8.7	-10.1
2013	-9.1	-10.0	-12.6	-13.6	-11.9	-10.1	-6.9	-2.5	-0.2	-0.9	-5.6	-1.5
2014	2.0											

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Spain is the best performer in retail confidence in the EU:

Spain had the largest year-on-year improvement in retail confidence across the EU-28 countries and Turkey. Spain was followed by Portugal, Hungary, Italy, and Greece. Finland experienced the sharpest year-on-year decline in retail confidence. The largest month-on-month increase was observed in Slovenia. The Eurozone Retail Confidence Index was stronger than the EU-28 Index.

Table-6. Retail Confidence Index for EU-28 Countries and Turkey
(Compared to January and December) (Seasonally adjusted series)

Countries/ (Points)	Change in Retail Confidence Index Compared to January 2013 *	Change in Retail Confidence Index Compared to December 2013
Spain	26.9	1.1
Portugal	23.7	-2.6
Hungary	22.7	8.5
Italy	19.7	4.1
Greece	18.9	3.4
Denmark	15.2	3.1
Sweden	14.9	1.1
Southern Cyprus	12.9	1.4
Lithuania	12.3	13.5
Eurozone-17	12.0	1.6
EU-28	11.1	3.5
Germany	9.6	4.9
Belgium	8.9	-0.9
Bulgaria	8.4	1.5
Poland	8.1	1.5
United Kingdom	8.1	11.8
Slovenia	6.1	15.2
France	5.6	-3.0
The Netherlands	5.2	3.7
Croatia	4.8	-12.7
Austria	3.7	-4.6
Czech Republic	-0.4	-2.3
Estonia	-0.4	-4.3
Slovakia	-1.3	-0.3
Turkey	-1.6	-3.3
Romania	-3.1	-1.2
Latvia	-3.4	-1.2
Finland	-6.1	-1.4

*Countries were ranked by the change in their performance in January 2013.

Konya's retail sector also down in 2014:

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 January, KOPE had a value of -4.2 compared to TEPE at – 10.2. KOPE which has been decreasing since September maintained the downwards trend in January. The Index declined year-on-year by 0.6 points while TEPE declined by 1.9 points. Konya's retail sector performed better than overall Turkey and slightly worse than the EU-28.

Expectations for sales and orders declined while that for sales prices improved considerably. The level of business activities compared to the past weakened.

Figure-6. Comparison of KOPE, TEPE and EU-28 Retail Confidence Index (January 2013 - January 2014) (Unadjusted series)
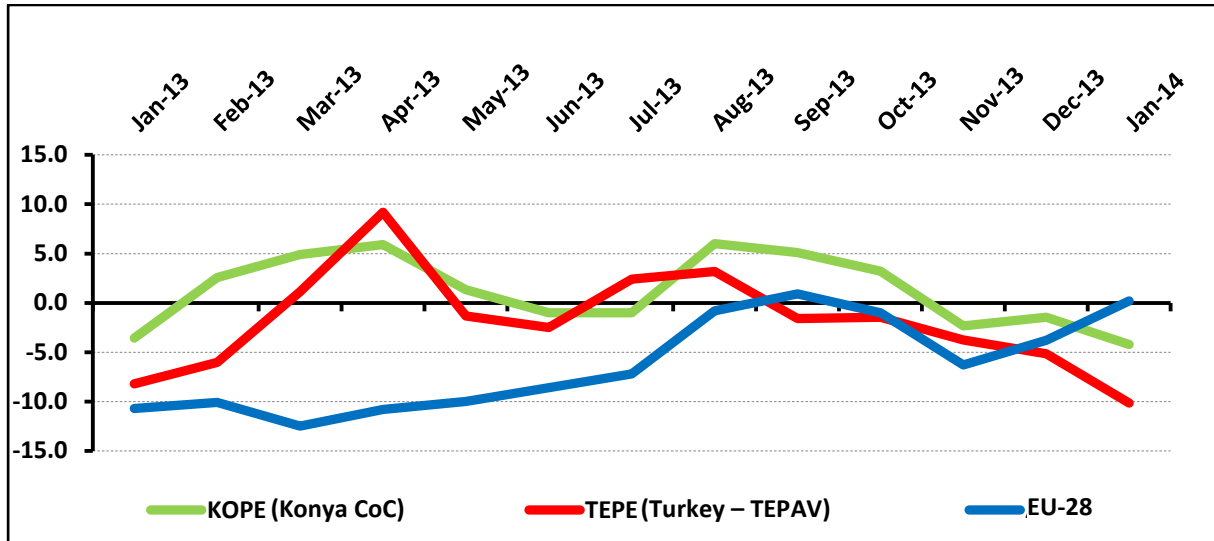

Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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	-1.4
2014	-4.2											