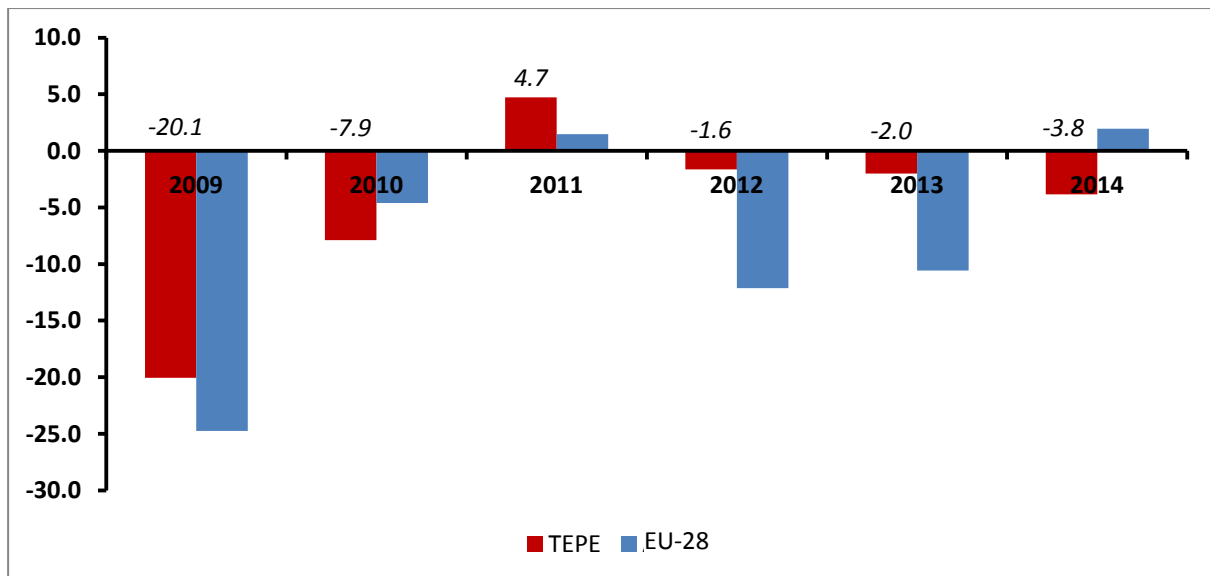


BUSINESS ACTIVITY BOLSTERS IN THE EU; WEAKENS IN TURKEY...

In March 2014, TEPE increased month-on-month but decreased year-on-year. The quarterly figure is the weakest one since 2010. Sixty-four percent of retailers state that their business activities decreased compared to the previous year while 61 percent expect an improvement in sales in the next 3 months. Expectations for orders placed with suppliers, employment, and the number of stores are in decline. Concerning first-quarter-figures, TEPE performed worse than the EU Retail Index in 2014 for the first time since 2010. Retail confidence weakened month-on-month in March in the EU. Compared to EU-28, TEPE was one of the three countries that suffered year-on-year decline in retail confidence. In spite of the ongoing recovery in the EU, the downfall in Turkey that stated in January accelerated in March.

Figure-1. TEPE, EU-28 Retail Confidence (Seasonally adjusted series) (First quarters; 2009 – 2014)



TEPE up after 2 months:

TEPE which declined in the first two months of the year increased in March, but remained in the negatives with a value of -2.4. TEPE hence increased month-on-month by 3.2 points but decreased year-on-year by 0.6 points. Expectations for sales in the next 3 months and the current level of inventories made a positive impact to confidence while the level of business activities compared to last 3 months had a negative impact.

Figure-2. TEPE (March 2013 – March 2014)

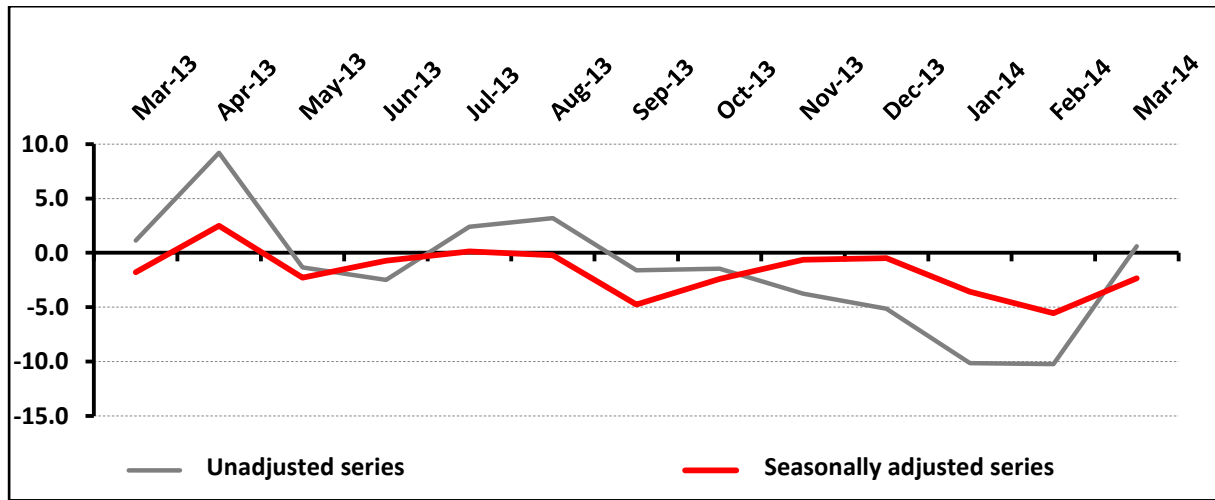


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-2.4	-0.6	-1.9	-6.7	-2.8	-6.7	-5.6	-6.0	-3.5	-2.4	-3.8	-3.5
2013	-1.9	-2.2	-1.8	2.5	-2.3	-0.7	0.1	-0.2	-4.8	-2.4	-0.6	-0.5
2014	-3.6	-5.6	-2.4									

Sales expectations attain the highest level of last 8 months:

The balance value of the expectations for the next three months was 24.4 points in March 2014. Expectations therefore increased by 9.2 points year-on-year and by 3.4 points month-on-month. Concerning the first-quarter figures, the highest level of sales expectations was attained in 2014. In March 2014, 60.9 percent of TEPE survey participants declared that they expected an improvement in their business activities in the next 3 months while 16.4 percent expected deterioration. 22.7 percent of the participants don't expect their business activities to change.

Figure-3. Expectations for the next three months (%increase-%decrease)
(March 2013 – March 2014)

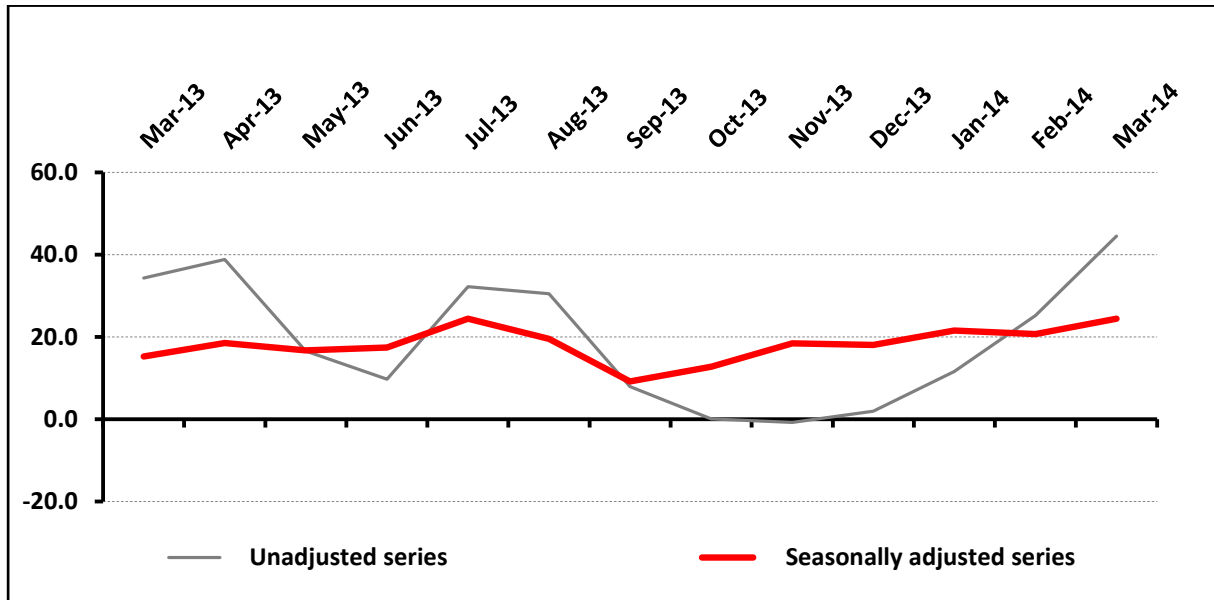


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	10.6	15.0	12.6	7.5	7.0	7.7	4.1	7.3	13.6	18.5	11.3	15.5
2013	12.2	11.6	15.2	18.5	16.7	17.4	24.4	19.5	9.2	12.8	18.4	18.1
2014	21.6	20.7	24.4									

Business activities in year-on-year decline for four months:

The balance value of the volume of business activities in March 2014 compared to the same period in the previous year was minus 44.5 points. The level of business activities compared to the previous year decreased by 5.4 points compared to February 2014 and by 28.5 points compared to March 2013. In March 2014, 10.4 percent of TEPE survey participants declared an improvement in their business activities compared to the year before while 63.6 percent declared deterioration. 26 percent of the participants declared that business activities did not change compared to March 2013. According to figures for first quarters, the value for Q1 2014 was the lowest since Q1 2010.

Figure-4. Year-on-year change in business activities (%increase- %decrease)
(March 2013 – March 2014)

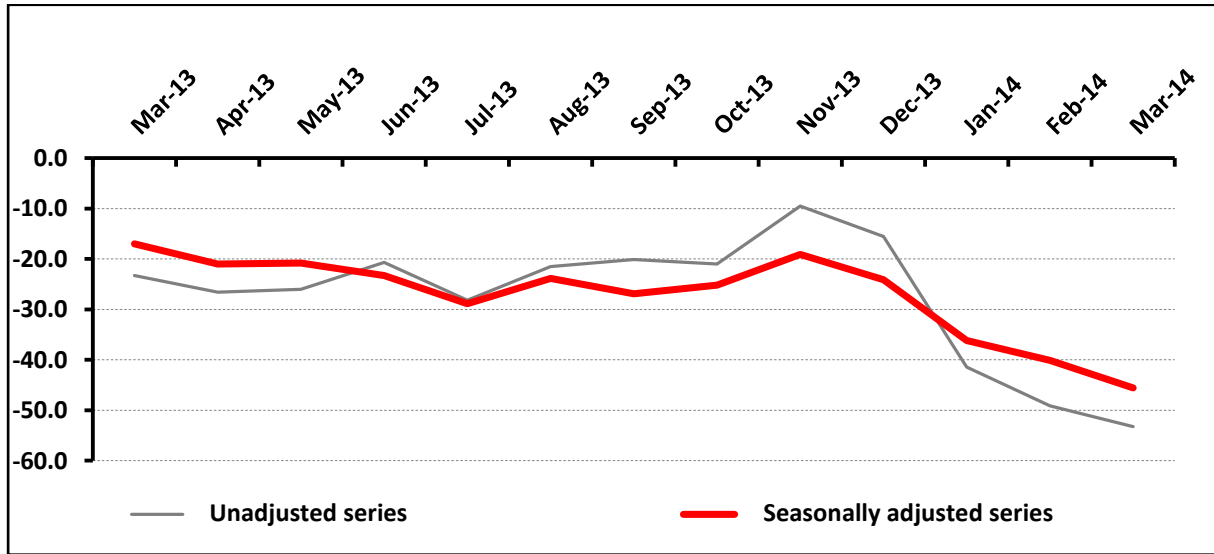


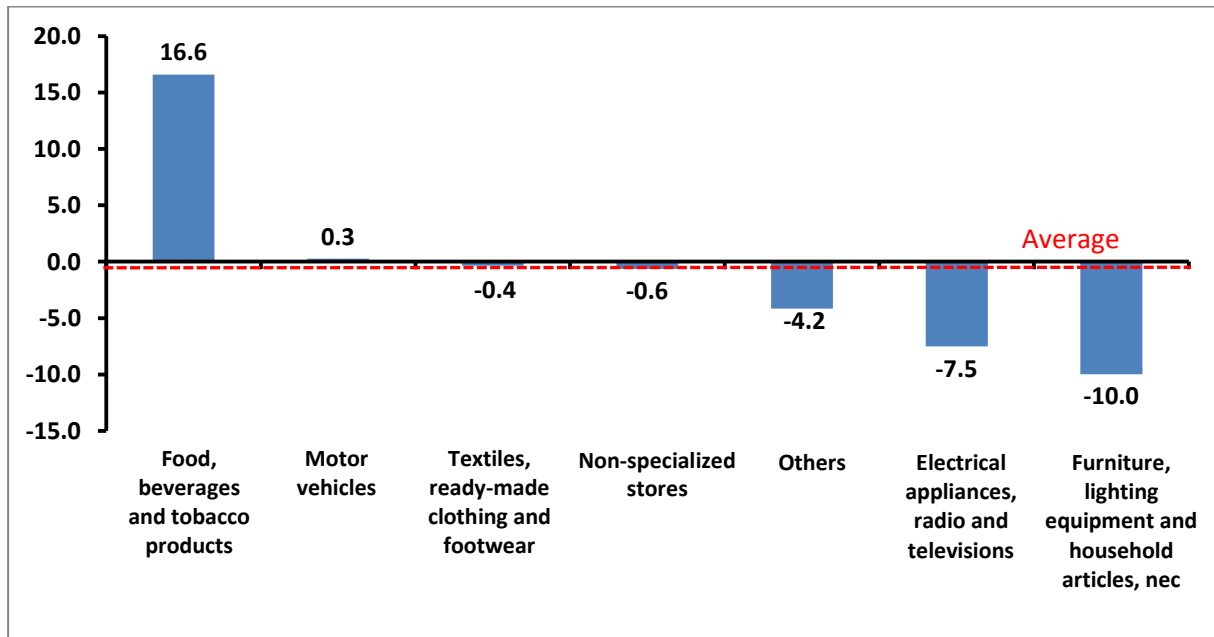
Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-27.8	-27.6	-26.7	-22.6	-25.5	-33.1	-30.0	-34.4	-23.5	-27.3	-33.0	-25.1
2013	-21.0	-18.0	-17.0	-21.0	-20.8	-23.3	-28.9	-23.9	-26.9	-25.2	-19.1	-24.1
2014	-36.1	-40.1	-45.5									

Food and beverages sector was the best performer in March 2014:

Compared to March 2013, the best performer was food, beverages, and tobacco products sector followed by the motor vehicles sector. All other sectors demonstrated year-on-year decline, which was lower than the average in the textile, ready-made clothing, and footwear; and non-specialized stores sector. The decline was sharper than average in the “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc); electrical appliances, radio, and televisions; and furniture, lighting equipment, and household articles sectors, with the last one demonstrating the sharpest decline.

Figure-5. Year-on-year change in TEPE, March 2014 (points) (Seasonally adjusted series)



Expectations for sales and sales prices up:

Question-based assessment of the TEPE survey results indicate that compared to March 2013 and February 2014, expectations for the volume of business activities compared to last 3 months and last year, for orders and employment in the next 3 months; and for the number of stores in the next 12 months weakened; expectations on sales and sales prices increased.

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

Questions	Index 03/2013	Index 02/2014	Index 03/2014	MoM Change 03/2014	YoY Change 03/2014
How has your business activity developed over the past three months?	-29.9	-46.3	-54.0	-7.7	-24.1
Do you consider the volume of inventories you currently hold to be...? ¹	6.2	4.9	18.5	13.6	12.3
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	10.1	5.9	4.0	-1.9	-6.1
How do you expect your business activity (sales) to change over the next 3 months? It will...	15.2	20.7	24.4	3.7	9.2
How do you expect your firm's total employment to change over the next 3 months? It will...	11.0	8.4	-1.0	-9.4	-12.0
How do you expect the prices you charge to change over the next 3 months? They will...	11.8	51.4	58.7	7.3	46.9
How has your business activity developed this year compared to the same period in the last year? It has...	-17.0	-40.1	-45.5	-5.4	-28.5
Do you expect an increase in the number of your stores next year?	13.6	14.7	9.6	-5.1	-4.0

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 do wn month-on-month:

The EU-28 Retail Confidence Index has increased for three months consecutively after the decline in November declined in March and had a value of 0.5. The Index declined month-on-month by 2.9 points but increased year-on-year by 13.1 points. Turkey performed better than the EU-28 and the Eurozone compared to February 2014; worse compared to March 2013.

Figure-6. Comparison of TEPE and the EU-28 Retail Confidence Index (March 2013 – March 2014)

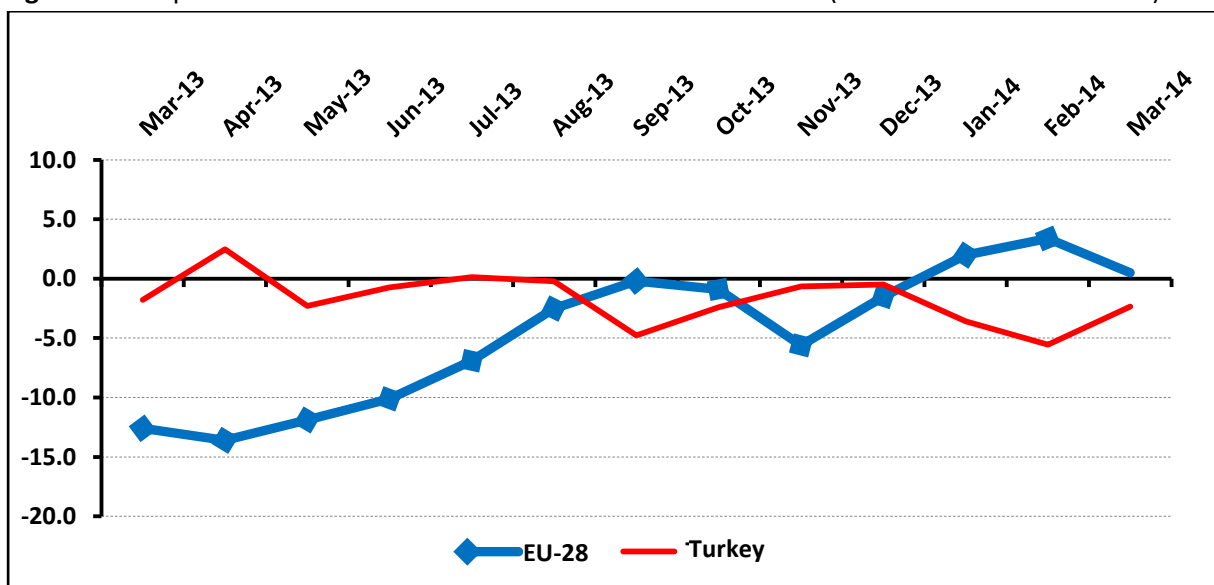


Table-5. EU-28 (Seasonally adjusted series)

%	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	3.4	0.5									

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 Belgium, Portugal, and Italy. Croatia, Slovakia, and Turkey were the only countries that experienced year-on-year declines in retail confidence. Spain also headed the group in month-on-month improvement. Eurozone performed better than the EU-28 compared to both last year and last month.

Table-6. Retail Confidence Index for EU-28 Countries and Turkey
(Compared to March 2013 and February 2014) (Seasonally adjusted series)

Countries/ (Points)	Change in Retail Confidence Index Compared to March 2013 *	Change in Retail Confidence Index Compared to February 2014
Spain	24.4	6.4
Belgium	23.8	3.1
Portugal	23.5	3.4
Italy	20.5	-2.7
Hungary	19.8	2.9
Sweden	16.9	1.7
Greece	15.9	-1.6
Austria	14.5	3.8
Eurozone-17	14.4	0.4
EU-28	13.1	-2.9
Germany	12.6	-0.9
Bulgaria	12.5	6.3
The Netherlands	11.8	4.2
Poland	10.9	0.6
The United Kingdom	10.5	-16.6
Lithuania	7.5	0.6
France	7.2	0.0
Czech Republic	6.4	0.2
Estonia	5.3	0.6
Romania	5.1	2.3
Slovenia	5.1	4.0
Southern Cyprus	4.6	-5.0
Latvia	4.3	0.2
Finland	0.3	-4.2
Denmark	0.1	-6.1
Turkey	-0.6	3.2
Slovakia	-4.0	-7.6
Croatia	-5.5	-15.5

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

Konya’s retail sector hits the lowest of last 15 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 March, KOPE, which remains in the negatives since November, had a value of -6.4. The Index declined year-on-year by 11.3 points while TEPE declined by 0.5 points. Konya’s retail sector performed worse than overall Turkey and the EU-28 and hit the lowest level since December 2012.

Expectations for sales, orders, and employment weakened and the volume of business activities declined compared to past 3 months.

Figure-7. Comparison of KOPE, TEPE and EU-28 Retail Confidence Index (March 2013 - March 2014) (Unadjusted series)

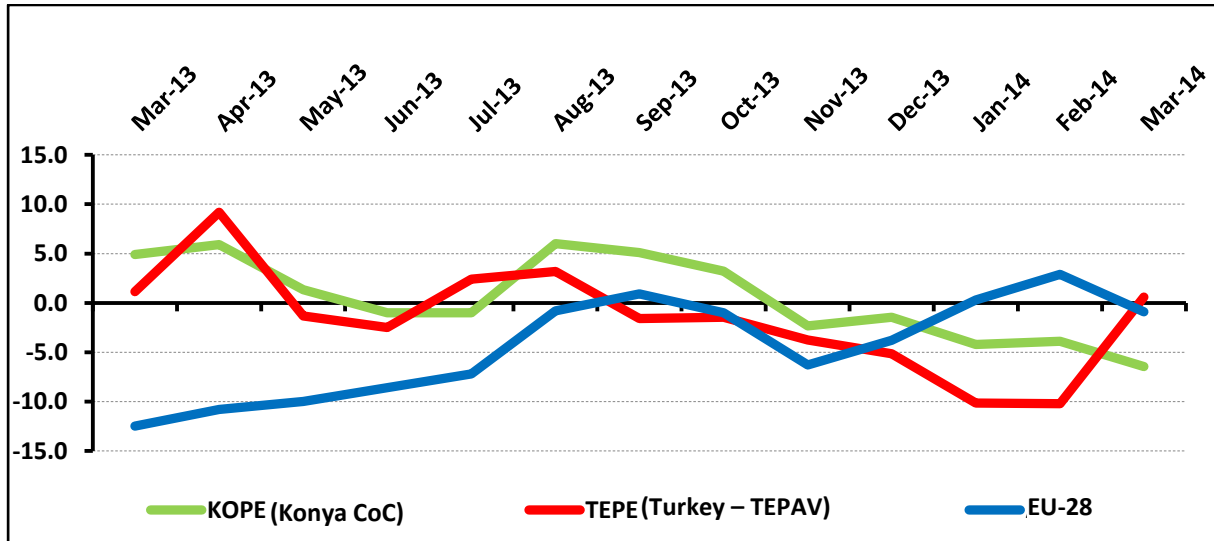


Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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	-3.9	-6.4									