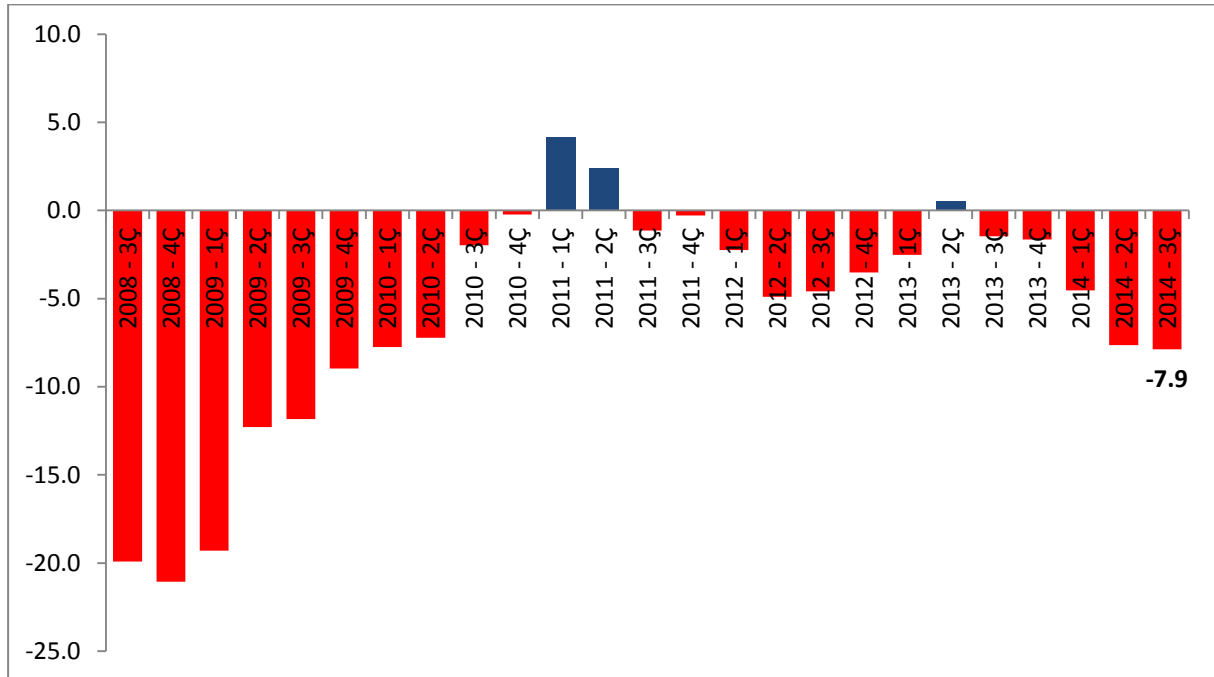


## RETAIL SECTOR PERFORMS WORSE THAN 2013 IN THE FIRST 9 MONTHS OF 2014

In September 2014, TEPE declined month-on-month by 6.7 points and year-on-year by 9 points. The TEPAV Retail Confidence Index had a value of -1.1 in the first nine months of 2013, compared to -6.7 in the same period in 2014. The retail sector therefore performed worse than 2013 in 2014.

Concerning 3<sup>rd</sup> quarter figures, retail confidence was at -7.9 in 2014, compared to -1.5 in 2013 and -11.8 in 2009. This is the lowest TEPE value recorded in a third quarter since 2009.

**Figure-1.** TEPE (Quarterly figures) (2008/Q3 – 2014/Q3)

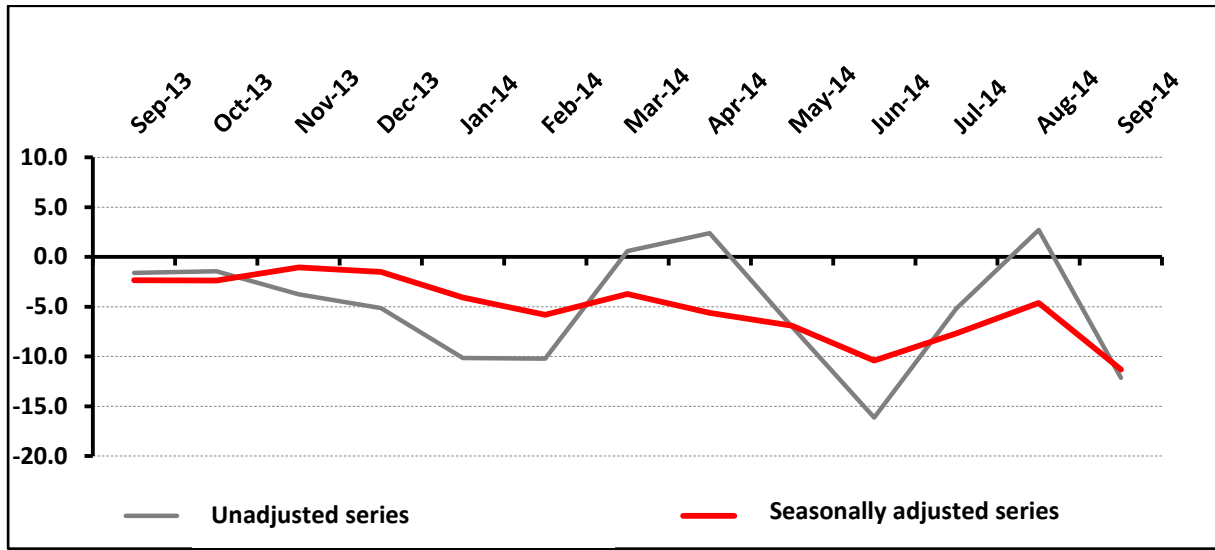


Concerning sub-sectors, the highest year-on-year improvement was in the electrical appliances, radio, and television sector. The volume of business activities compared to past periods as well as the expectations for the future deteriorated both month-on-month and year-on-year. Retail confidence in the EU maintained the downward trend for the 4<sup>th</sup> consecutive month.

**Retail confidence down month-on-month and year-on-year:**

TEPE which had moved up in July and August had a value of -11.3 in September, declining month-on-month by 6.7 points and year-on-year by 9 points. The decline was driven by the weakening of business volume compared to past 3 months and of sales expectations in the next 3 months.

**Figure-2.** TEPE (September 2013 – September 2014)



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

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2012</b>	-3.1	-1.4	-2.3	-6.6	-2.5	-5.6	-5.3	-6.1	-2.3	-2.4	-3.9	-4.3
<b>2013</b>	-2.3	-2.6	-2.6	1.8	-1.8	1.6	0.1	-2.1	-2.3	-2.4	-1.0	-1.5
<b>2014</b>	-4.1	-5.8	-3.7	-5.6	-6.9	-10.4	-7.7	-4.6	-11.3			

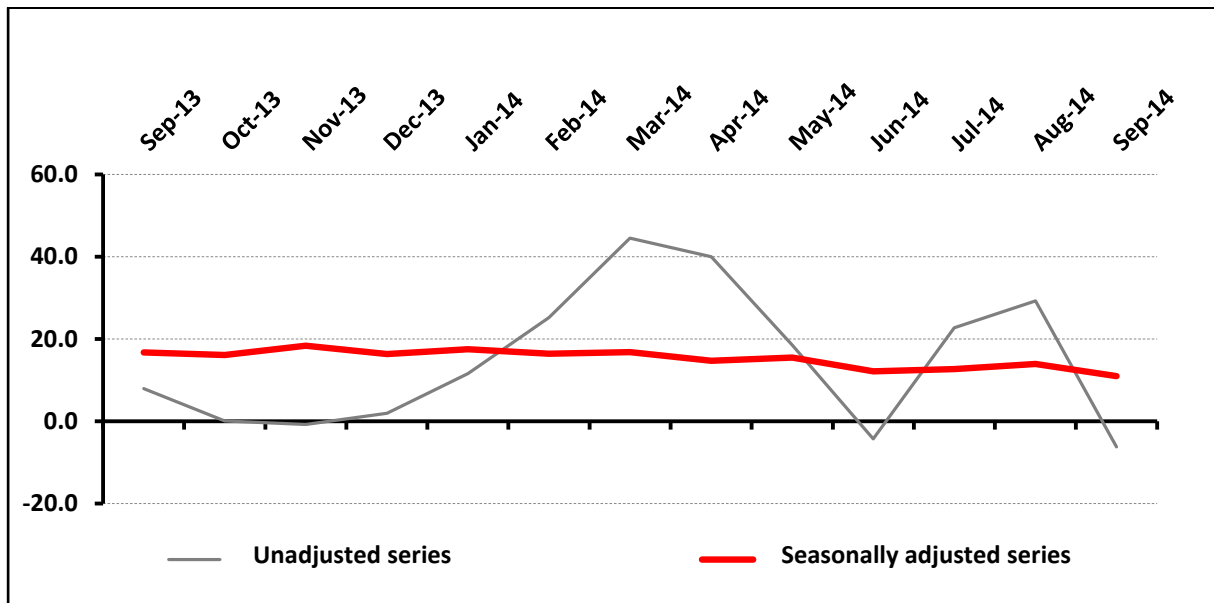
**Sales expectations weaker compared to 2013**

In September 2014, 31.6 percent of TEPE survey participants declared that they expected business activities to improve in the next 3 months while 37.9 percent expect business activities to decline. 30.5 percent of the participants do not expect business activities.

Following the surge in July and August, sales expectations headed down in September. The balance value of the expectations for the next three months was 11 points. Sales expectations for the next 3 months declined year-on-year by 5.7 points and month-on-month by 2.9 points.

Concerning the first 9 months of the year, sales expectations were weaker than in 2013. Similarly, sales expectations in the third quarter were weaker in 2014 than in 2013.

**Figure-3.** Expectations for the next three months (%increase-%decrease) (September 2013 – September 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	10.3	12.5	11.9	9.9	9.6	10.4	8.2	10.1	12.9	15.0	11.0	13.7
2013	13.2	12.8	14.0	17.3	15.6	18.3	20.2	17.3	16.7	16.1	18.4	16.4
2014	17.5	16.4	16.8	14.7	15.4	12.1	12.7	13.9	11.0			

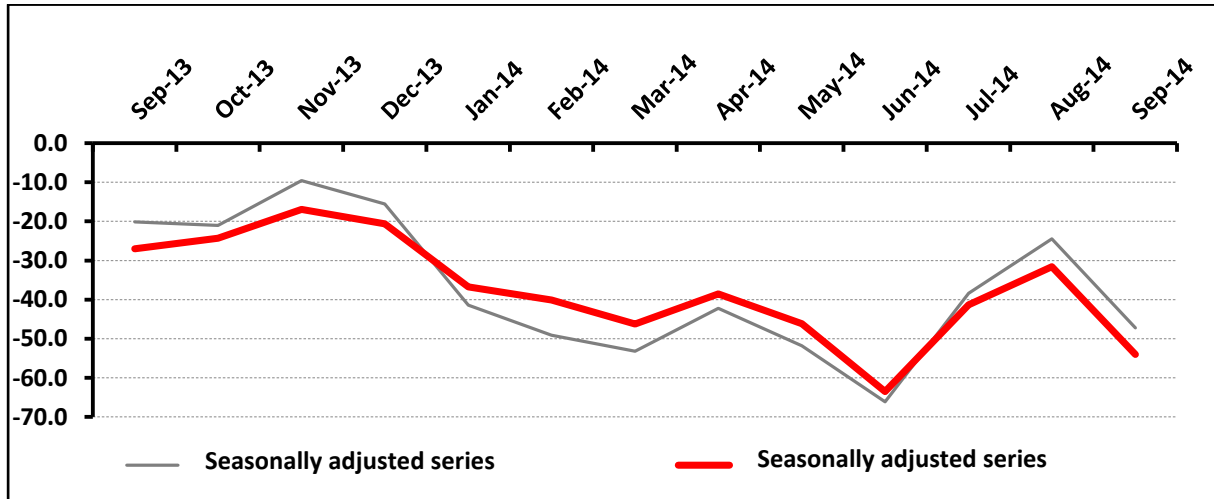
**Anticipated business recovery hits the lowest since 2009:**

In September 2014, 9.4 percent of TEPE survey participants declared an improvement in their business activities compared to the year before while 56.6 percent declared deterioration. 34.1 percent of the participants declared that business activities did not change compared to September 2013.

The balance value of the volume of business activities compared to the same month in the year before, which increased in July, had a value of -54.1 in September 2014. Business volume compared to the year before decreased by 27.1 points compared to August 2014 and by 22.5 points compared to September 2013.

The anticipation for recovery concerning the first nine months of a year hit the lowest value since 2009. Alike, anticipation for recovery was significantly weaker in 2014 than in 2013 concerning third quarters.

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



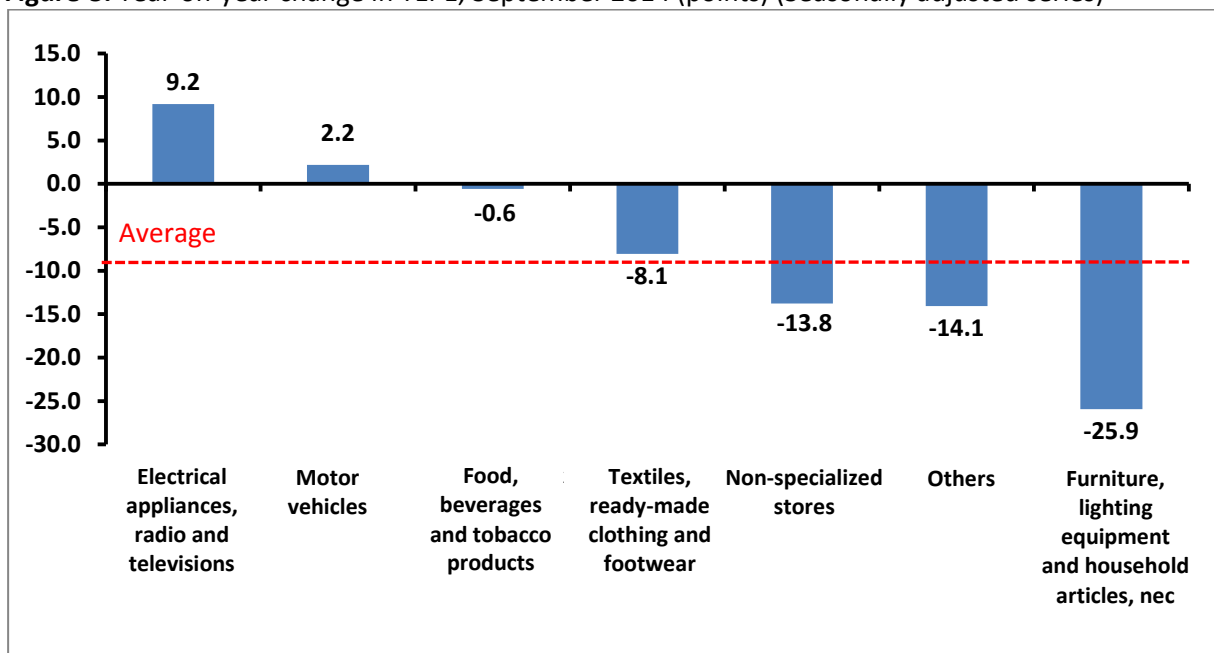
**Table-3.** Year-on-year change in business activities (%increase- %decrease)  
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2012</b>	-28.8	-27.5	-25.7	-23.8	-24.6	-26.8	-30.6	-38.7	-23.8	-27.4	-33.6	-24.1
<b>2013</b>	-21.6	-17.4	-16.3	-22.9	-20.3	-18.1	-31.1	-28.6	-27.0	-24.3	-16.9	-20.6
<b>2014</b>	-36.8	-40.1	-46.3	-38.6	-46.1	-63.6	-41.4	-31.6	-54.1			

**Electrical appliances is the best performer of the month:**

The best performer of September in terms of year-on-year change was the electrical appliances, radio, and televisions sector, followed by the motor vehicles sector. All but the mentioned two declined year-on-year. The decline was smaller than the average in the food, beverages, and tobacco products, and textile, ready-made clothing, and footwear sectors. Decline in the non-specialized stores, “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc), and furniture, lighting equipment and household articles sectors was larger than the average, with the latter suffering the sharpest decline.

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



**Expectation for sales prices the only indicator up in September:**

Question-based assessment of the TEPE survey results reveal that all expectations and conditions expect for the expectation for sales prices in the next 3 months, deteriorated compared to both August 2014 and September 2013.

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

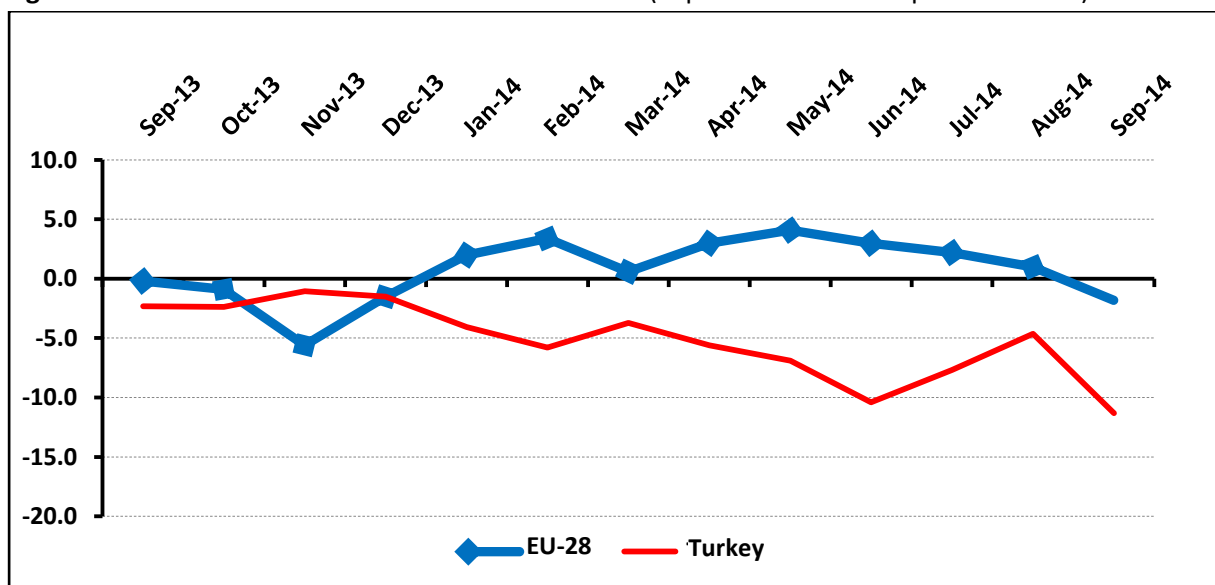
Questions	Index 09/2013	Index 08/2014	Index 09/2014	MoM Change 09/2014	YoY Change 09/2014
How has your business activity developed over the past three months?	-28.2	-38.2	<b>-46.4</b>	-8.2	-18.2
Do you consider the volume of inventories you currently hold to be...? <sup>1</sup>	9.1	12.8	<b>10.9</b>	-1.9	1.8
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	4.2	-1.3	<b>-9.5</b>	-8.2	-13.7
How do you expect your business activity (sales) to change over the next 3 months? It will...	16.7	13.9	<b>11.0</b>	-2.9	-5.7
How do you expect your firm's total employment to change over the next 3 months? It will...	5.3	2.4	<b>-0.3</b>	-2.7	-5.6
How do you expect the prices you charge to change over the next 3 months? They will...	19.2	28.4	<b>35.4</b>	7.0	16.2
How has your business activity developed this year compared to the same period in the last year? It has...	-27.0	-31.6	<b>-54.1</b>	-22.5	-27.1
Do you expect an increase in the number of your stores next year?	5.2	6.1	<b>4.5</b>	-1.6	-0.8

<sup>1</sup> 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 down for the fourth consecutive month:**

The EU-28 Retail Confidence Index had a value of 1.8 in September 2014, declining month-on-month by 2.8 points and year-on-year by 1.6 points. Turkey performed worse than the EU-28 and the Eurozone in terms of both month-on-month and year-on-year change. Turkey was the one of the two countries amongst the EU-28 with the sharpest decline in retail confidence.

**Figure-6.** TEPE and the EU-28 Retail Confidence Index (September 2013 – September 2014)



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

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
<b>2012</b>	-13.8	-11.6	-11.0	-8.1	-14.2	-9.6	-9.9	-13.1	-14.9	-12.6	-8.7	-10.1
<b>2013</b>	-9.1	-10.0	-12.6	-13.6	-11.9	-10.1	-6.9	-2.5	-0.2	-0.9	-5.6	-1.5
<b>2014</b>	2.0	3.4	0.6	3.0	4.1	3.0	2.2	1.0	-1.8			

### The Eurozone outperforms the EU in retail confidence:

As was in August, Greece had the highest year-on-year improvement in retail confidence across the EU-28. It was followed by Southern Cyprus, Hungary, and Sweden. The United Kingdom, Turkey, France, and Bulgaria declined year-on-year. Denmark had the highest month-on-month improvement. The EU-28 Retail Confidence index was weaker than the Eurozone index both year-on-year and month-on-month.

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

Countries	Change in Retail Confidence Index Compared to September 2013 (points)*	Change in Retail Confidence Index Compared to August 2014 (points)
Greece	20.0	-9.1
Southern Cyprus	19.3	1.9
Hungary	18.5	3.2
Sweden	17.8	3.9
Portugal	12.7	0.8
Spain	12.2	-2.1
Croatia	10.0	1.5
Lithuania	9.5	-3.7
Slovakia	9.1	0.3
Denmark	5.7	6.2
Romania	5.5	-5.1
The Netherlands	5.4	-0.5
Slovenia	5.2	-3.0
Czech Republic	4.8	1.1
Poland	4.3	-1.2
Italy	3.0	-5.5
Latvia	1.5	-0.8
Estonia	1.3	-3.8
<b>Eurozone-18</b>	<b>-0.4</b>	<b>-2.6</b>
Austria	-1.4	0.6
<b>EU-28</b>	<b>-1.6</b>	<b>-2.8</b>
Finland	-1.9	-7.8
Belgium	-4.3	0.5
Germany	-4.7	-2.8
Bulgaria	-5.4	-0.5
France	-7.2	-0.8
<b>Turkey</b>	<b>-9.0</b>	<b>-6.7</b>
The United Kingdom	-12.4	-5.9

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



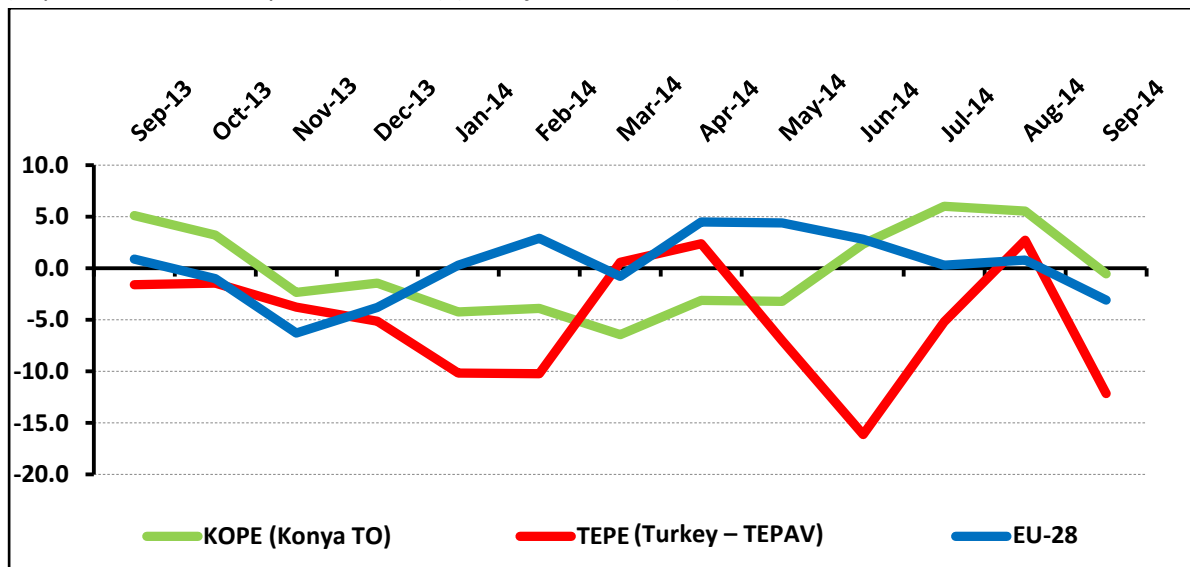
**Expectations in Konya retail sector down month-on-month and year-on-year:**

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 August, TEPE had a value of -12.1 compared to KOPE at -0.6. Having maintained positive values since June 2014, Konya’s retail sector moved down to the negatives in September. Year-on-year, KOPE declined by 5.7 points while TEPE declined by 10.5 points. Month-on-month, KOPE declined by 6.1 points. Konya’s retail sector had a higher value than the EU-28 Index and overall TEPE index. The decline was driven by the weak expectations for sales in the next 3 months, and the rise in the level of inventories.

The anticipation for business recovery in Konya’s retail sector declined year-on-year; expectations for orders, sales, employment, and sales prices weakened both month-on-month and year-on-year.

**Figure-7.** Comparison of KOPE, TEPE and EU-28 Retail Confidence Index (September 2013 – September 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	-3.1	-3.2	2.3	6.0	5.6	-0.6			