NEWS BULLETIN
05.05.2014 # 53

CONFIDENCE DOWN, EXPECTATIONS STAGNANT IN THE RETAIL SECTOR

In April 2014, TEPE declined month-on-month and year-on-year. Expectations for orders, sales, and sales prices in the next three months improved year-on-year whereas sales expectations have been stagnant over the last 6 months. The volume of business activities compared to previous year and past 3 months increased month-on-month. The perception for recovery hence moved up for the first time after 4 months. Retail confidence in the EU-28 increased both year-on-year and month-on-month. Turkey had the highest year-on-year decline in business confidence compared to the EU-28.

Retail confidence declined year-on-year and month-on-month:

TEPE which started the year with a downwards trend went down following the surge in March. TEPE had a value of -4.8 in April 2014, demonstrating a month-on-month decline by 2 points and a year-on-year decline by 7.2 points. The year-on-year decline was driven by the weakening of business activities compared to past 3 months and the rise in the current level of inventories.

Figure-1. TEPE (April 2013 – April 2014)

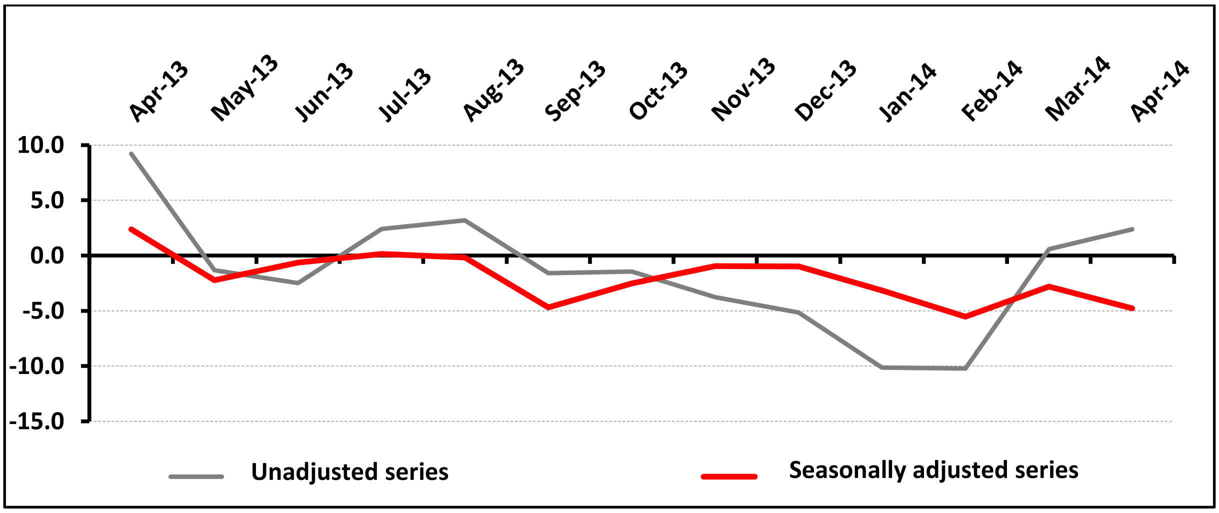


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-0.9	0.1	-1.5	-6.5	-2.7	-6.7	-5.6	-6.1	-3.6	-2.6	-4.1	-3.9
2013	-1.1	-1.9	-1.9	2.4	-2.2	-0.6	0.1	-0.2	-4.7	-2.5	-1.0	-1.0
2014	-3.1	-5.5	-2.8	-4.8								

Sales expectations stagnant for 6 months:

In April 2014, 55.7 percent of TEPE survey participants declared that they expected an improvement in their business activities in the next 3 months while 15.7 percent expected deterioration. 28.5 percent of the participants don't expect their business activities to change. The balance value of the expectations for the next three months was 21.1 points in April 2014. Expectations therefore decreased by 2.5 points year-on-year and increased by 1.2 points month-on-month. Sales expectations have been stagnant since November 2013.

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

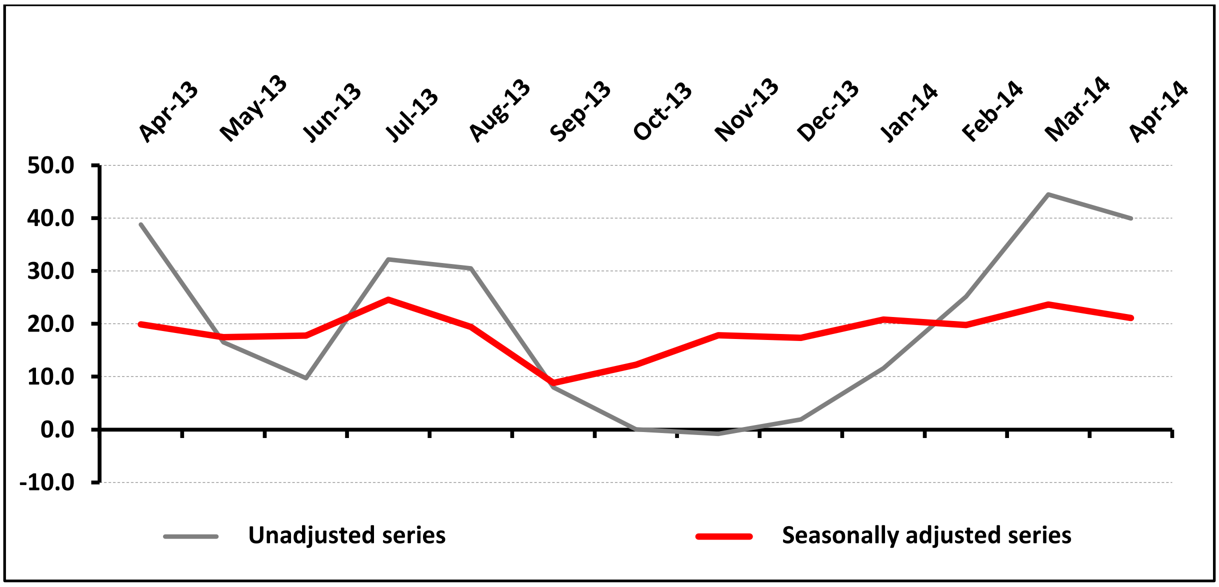


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	10.5	14.9	12.5	8.1	7.3	7.8	4.1	7.2	13.4	18.3	11.1	15.3
2013	11.9	11.2	14.8	19.9	17.5	17.8	24.6	19.4	8.8	12.3	17.8	17.4
2014	20.8	19.8	23.6	21.1								

Anticipation for recovery up first time in 4 months:

In April 2014, 10.7 percent of TEPE survey participants declared an improvement in their business activities compared to the year before while 52.9 percent declared deterioration. 36.5 percent of the participants declared that business activities did not change compared to March 2013. The balance value of the volume of business activities in April 2014 compared to the same period in the previous year was minus 37.5 points. The level of business activities compared to the previous year therefore increased by 6.1 points compared to March 2014 and decreased by 15 points compared to April 2013. Anticipated business recovery increased for the first time since November 2013.

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

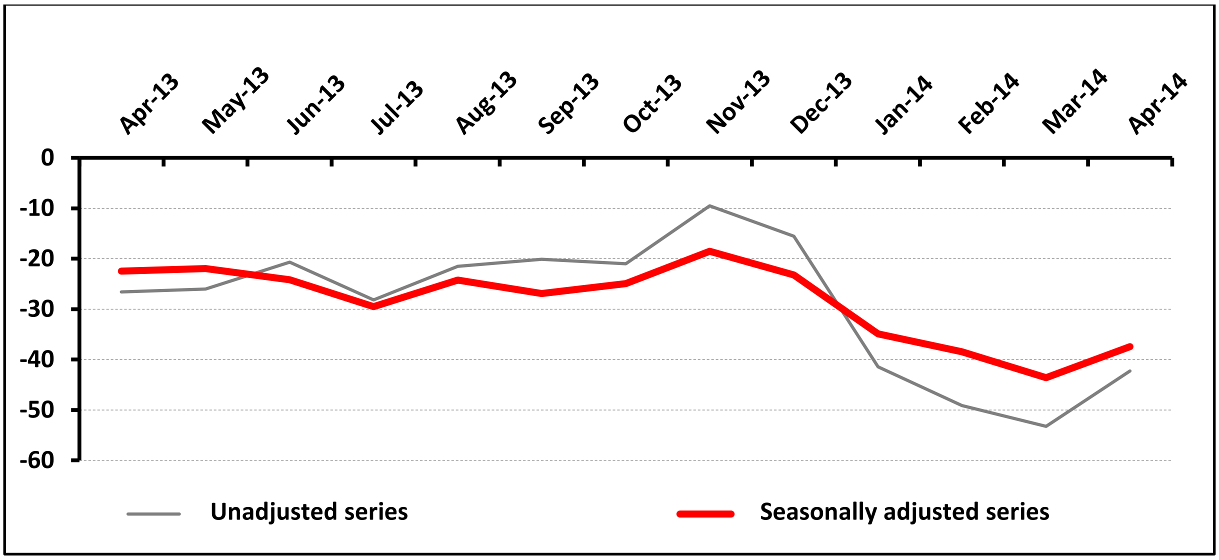


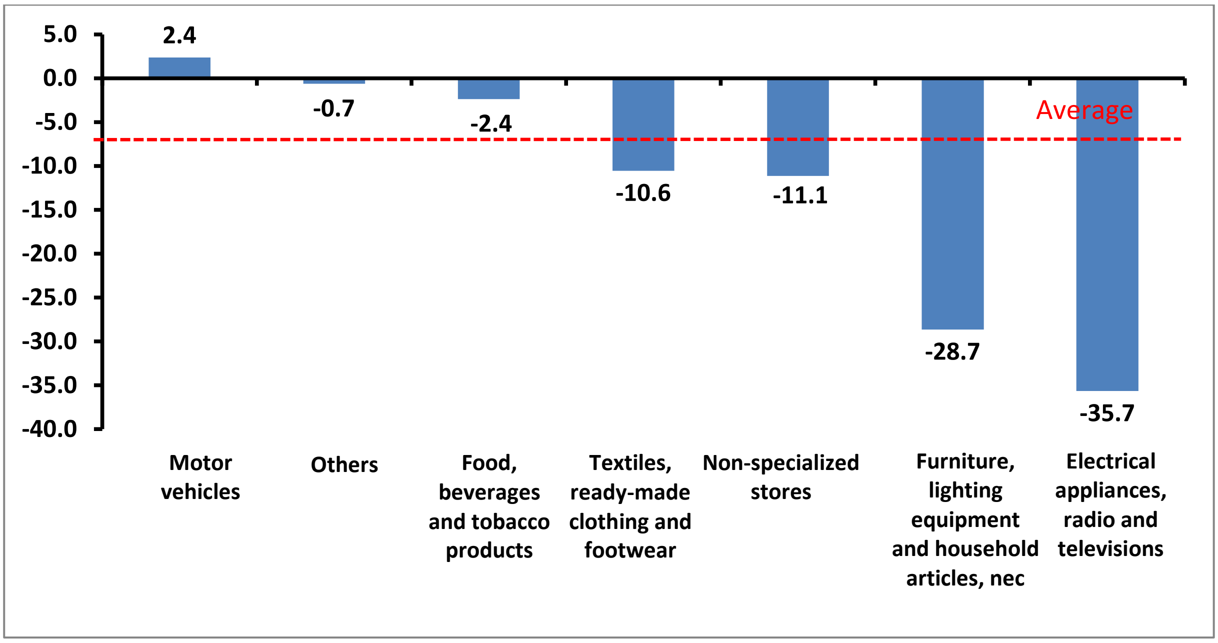
Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-27.4	-27.1	-26.0	-23.4	-26.2	-33.6	-30.3	-34.6	-23.5	-27.2	-32.6	-24.6
2013	-20.2	-17.1	-15.8	-22.5	-22.0	-24.2	-29.5	-24.3	-26.9	-24.9	-18.5	-23.2
2014	-34.9	-38.5	-43.6	-37.5								

Motor vehicles sector was the best performer in April:

Concerning sub-sectors, motor vehicles was the best performer in April compared to same period in 2013; all other sectors declined year-on-year. The decline was less than the average in “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc) and food, beverages, and tobacco products sectors and more than the average in textile, ready-made clothing, and footwear, non-specialized stores, furniture, lighting equipment, and household articles, and electrical appliances, radio, and televisions sectors. The sharpest year-on-year decline was in the electrical appliances, radio, and televisions sector.

Figure-4. Year-on-year change in TEPE, April 2014 (points) (Seasonally adjusted series)



Expectations for sales up:

Question-based assessment of the TEPE survey results indicate that compared to March 2014, expectations for sales and sales prices in the next 3 months declined while all other indicators increased. Compared to April 2013, the level of business activities compared to past 3 months and last year and expectations for employment in the next 3 months declined; expectations for orders placed with suppliers, current level of inventories, and the number of stores increased.

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

Questions	Index 04/2013	Index 03/2014	Index 04/2014	MoM Change 04/2014	YoY Change 04/2014
How has your business activity developed over the past three months?	-30.1	-52.7	**-41.5**	11.2	-11.4
Do you consider the volume of inventories you currently hold to be...? [1]	17.2	17.5	**6.6**	-10.9	-10.6
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	4.3	5.2	**14.1**	8.9	9.8
How do you expect your business activity (sales) to change over the next 3 months? It will...	19.9	23.6	**21.1**	-2.5	1.2
How do you expect your firm's total employment to change over the next 3 months? It will...	13.8	-1.1	**3.0**	4.1	-10.8
How do you expect the prices you charge to change over the next 3 months? They will...	13.8	56.8	**46.6**	-10.2	32.8
How has your business activity developed this year compared to the same period in the last year? It has...	-22.5	-43.6	**-37.5**	6.1	-15.0
Do you expect an increase in the number of your stores next year?	6.9	9.6	**12.4**	2.8	5.5

[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 both year-on-year and month-on-month:

The EU-28 Retail Confidence Index that led an upwards trend in 2014 but declined in March moved up again in April. The EU-28 Retail Confidence Index had a value of 3, with a month-on-month increase by 2.4 points and a year-on-year increase by 10.6 points. Turkey performed worse than the EU-28 and the Eurozone on both timeframes and compared to the previous year, Turkey had the sharpest fall in retail confidence among the EU-28.

Figure-5. TEPE and the Eu-28 Retail Confidence Index (April 2013 – April 2014)

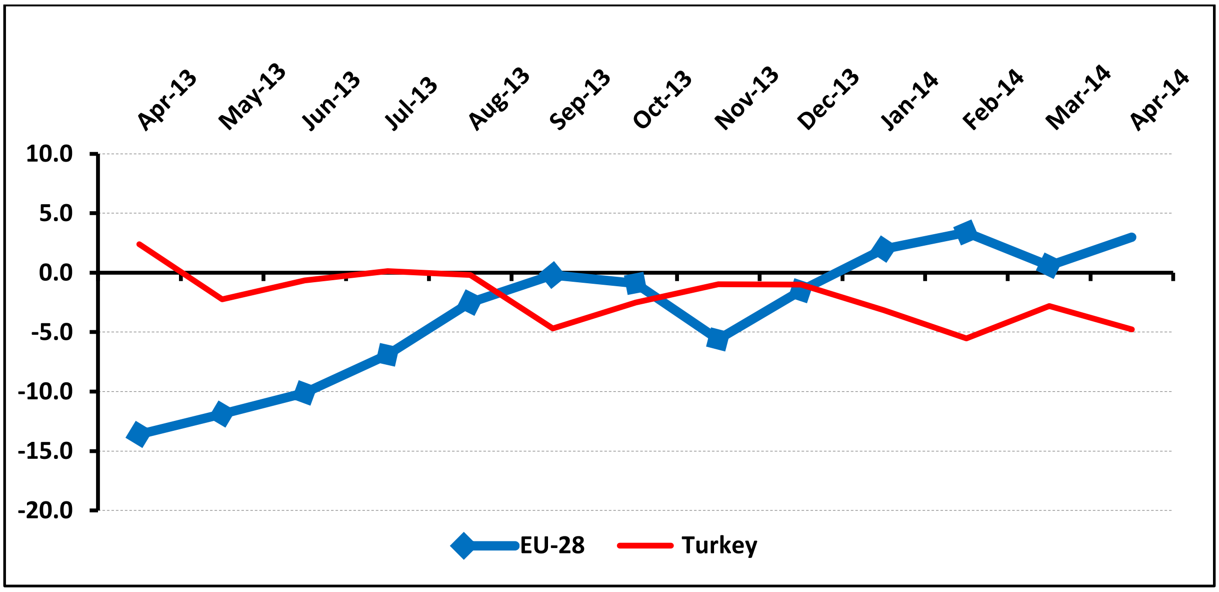


Table-5. EU-28 (Seasonally adjusted series)

%	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	0.6	3.0								

Southern Cyprus is the best performer across the EU:

Southern Cyprus had the highest year-on-year increase in retail confidence compared to EU-28 countries and Turkey. It was followed by Sweden, Belgium, the UK, and Italy. Retail confidence declined year-on-year only in Slovakia, Denmark, and Turkey. South Cyprus also had the highest month-on-month increase. The EU-28 Retail Confidence Index was stronger than the Eurozone compared to both the year before and the month before.

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

Countries/ (Points)	Change in Retail Confidence Index Compared to April 2013 *	Change in Retail Confidence Index Compared to March 2014
Southern Cyprus	39.4	13.2
Sweden	24.6	2.6
Belgium	24.4	-3.4
The United Kingdom	21.5	12.7
Italy	21.2	2.5
Portugal	20.9	-0.5
Spain	20.5	-0.6
Hungary	19.3	-1.6
Greece	17.0	0.3
EU-28	**16.6**	**2.4**
Croatia	16.1	11.2
Eurozone-17	**15.8**	**-0.1**
Czech Republic	14.8	2.5
Germany	14.5	-1.0
Finland	13.1	7.2
Poland	12.2	0.2
France	12.0	-0.5
Austria	11.3	0.7
Bulgaria	10.8	-0.8
The Netherlands	10.2	0.0
Slovenia	9.8	-3.0
Estonia	9.3	-0.7
Latvia	6.5	-1.0
Lithuania	3.6	-1.2
Romania	2.6	-3.9
Slovakia	-0.6	1.4
Denmark	-2.4	0.6
Turkey	**-7.2**	**-2.0**

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

Expectations down 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 March, KOPE had a value of -3.1 compared to TEPE at 2.4. Konya's retail sector which remains in the negatives since November remained in the negative zone in April although it improved slightly month-on-month. KOPE declined year-on-year by 9 points compared to TEPE by 6.8 points. Konya's retail sector performed worse than overall Turkey and the EU-28. Expectations for sales, orders, employment, and the number of stores declined year-on-year.

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

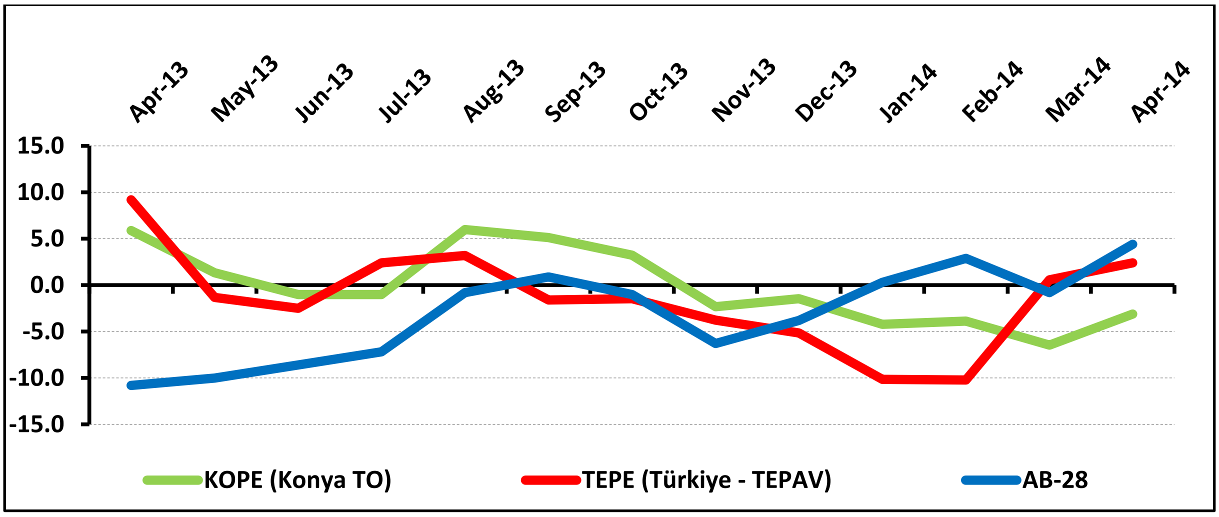


Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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								