TEPAV RETAIL CONFIDENCE INDEX (TEPE)

NEWS BULLETIN
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RETAIL CONFIDENCE STAGNANT

In November 2014, TEPE decreased year-on-year by 15.4 points despite a slight month-on-month recovery by 0.1. Sales expectations and anticipated business recovery declined both month-on-month and year-on-year. All retailing subsectors except motor vehicles performed worse than in November 2013. Retail confidence in the EU has been in decline for consecutive six months. Alike overall Turkey, retail sector is at standstill in Konya.

Retail confidence at standstill month-on-month:

TEPE which had declined in September and October had a value of -15.5 in November. The Index improved by a weak 0.1 points month-on-month but declined by 15.4 points year-on-year. The drop was triggered by the weakening of the level of business activities compared to the past 3 months and sales expectations for the next 3 months.

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

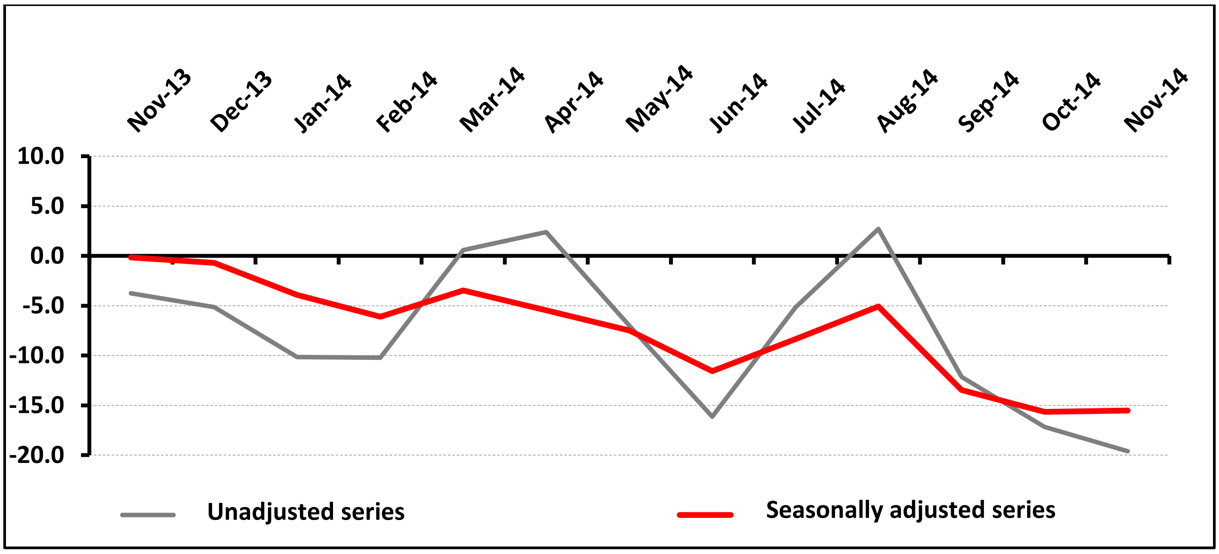


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-2.6	-0.9	-2.2	-6.8	-2.7	-5.8	-5.6	-7.2	-2.9	-1.7	-3.4	-3.5
2013	-2.2	-2.5	-2.4	1.9	-2.1	1.0	-0.3	-2.6	-3.6	-1.0	-0.1	-0.7
2014	-3.9	-6.1	-3.5	-5.5	-7.5	-11.6	-8.4	-5.1	-13.5	-15.6	-15.5	

Sales expectations still in decline:

Having turned down in September, the decline in sales expectations continued in November. The balance value of the expectations in the next 3 months was 6. Sales expectations for the next 3 months declined by 13.6 points compared to November 2013 and by 1.4 points compared to October 2014.

In November 2014, 23.5 percent of TEPE survey participants declared that they expected business activities to improve in the next 3 months while 45.9 percent expect business activities to decline. 30.5 percent of the participants do not expect business activities.

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

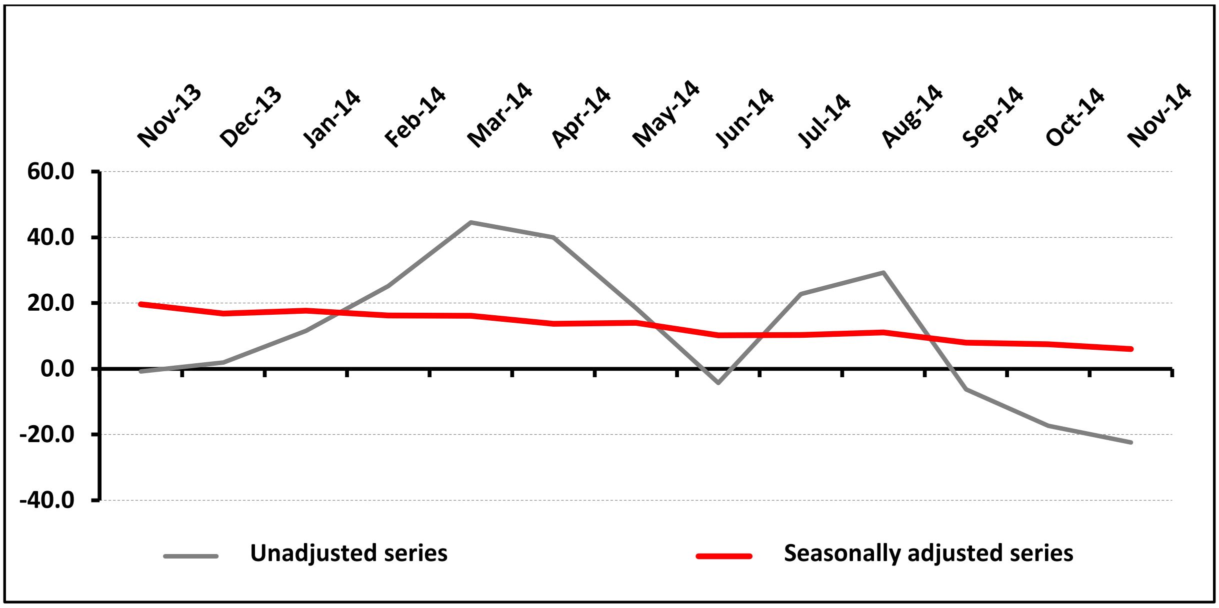


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	10.2	12.5	11.8	9.8	9.6	10.3	8.1	10.0	12.9	15.0	11.0	13.7
2013	13.2	12.8	14.0	17.3	15.6	18.4	20.3	17.3	16.4	16.5	19.6	16.8
2014	17.6	16.2	16.2	13.6	14.0	10.2	10.3	11.1	7.9	7.4	6.0	

Fifty-four percent of retailers declare that business level has declined year-on-year:

The balance value of the volume of business activities compared to the same month in the year before had a value of -43.6 in November 2014. Business volume compared to the year before decreased by 5.1 points compared to October 2014 and by 24.5 points compared to November 2013.

20.8 percent of TEPE survey participants declared an improvement in their business activities compared to the year before while 53.9 percent declared deterioration. 25.3 percent of the participants declared that business activities did not change compared to November 2013.

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

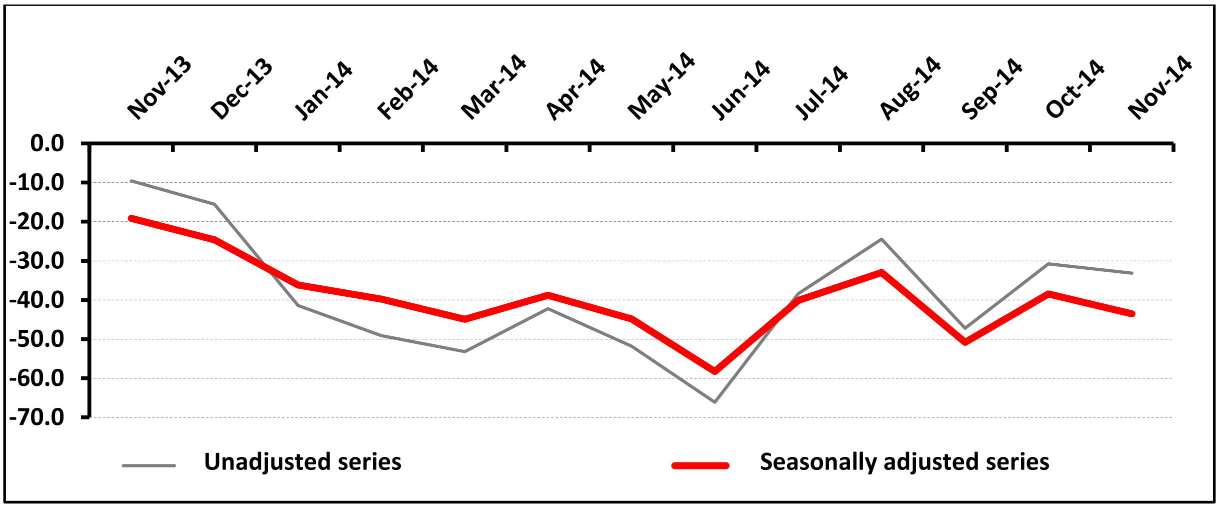


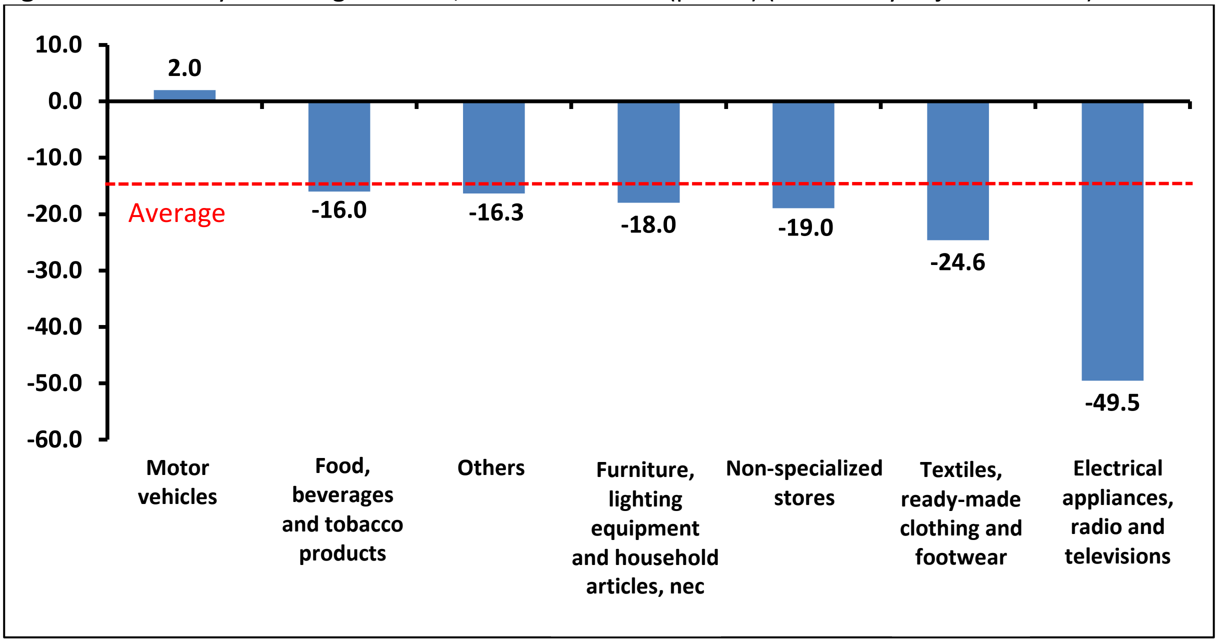
Table-3. Year-on-year change in business activities (%increase- %decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2012	-28.1	-27.4	-26.0	-23.9	-24.7	-27.4	-29.8	-36.7	-23.1	-29.1	-33.8	-26.3
2013	-21.0	-17.6	-16.2	-23.3	-20.0	-15.9	-29.8	-28.2	-25.0	-27.6	-19.1	-24.6
2014	-36.1	-39.8	-44.9	-38.8	-44.8	-58.3	-40.1	-33.0	-50.8	-38.5	-43.6	

Motor vehicles the only sector to rise in November:

Compared to November 2014, all retail sectors except motor vehicles declined at a level above the average. Sectors in decline in ascending order were food, beverages and tobacco products, “others” (gas station, pharmacy, perfumery, hardware, glassware, stationery etc), furniture, lighting equipment, and household articles sectors, non-specialized stores, textiles, readymade clothing and footwear, and electrical appliances, radio, and televisions.

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



Expectations for orders, sales, and employment down year-on-year:

Question-based assessment of the TEPE survey results indicate that compared to November 2013, all indicators declined except “the current volume of inventories” and “expectation for the number of stores next year.”

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

Questions	Index 11/2013	Index 10/2014	Index 11/2014	MoM Change 11/2014	YoY Change 11/2014
How has your business activity developed over the past three months?	-26.7	-59.1	**-59.3**	-0.2	-32.6
Do you consider the volume of inventories you currently hold to be...? [1]	7.9	11.8	**14.2**	2.4	6.3
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	7.9	-11.5	**-10.6**	0.9	-18.4
How do you expect your business activity (sales) to change over the next 3 months? It will...	19.6	7.4	**6.0**	-1.4	-13.6
How do you expect your firm’s total employment to change over the next 3 months? It will...	7.8	-1.4	**0.7**	2.1	-7.1
How do you expect the prices you charge to change over the next 3 months? They will...	19.6	15.0	**13.4**	-1.6	-6.2
How has your business activity developed this year compared to the same period in the last year? It has...	-19.1	-38.5	**-43.6**	-5.1	-24.5
Do you expect an increase in the number of your stores next year?	9.8	9.6	**10.5**	0.9	0.7

[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 down for 6 consecutive months:

The EU-28 retail confidence declined for the sixth consecutive month, and the Index had a value of -2.9 in November 2014. The Index therefore declined by 0.2 points month-on-month and increased by 2.7 points year-on-year. Turkey performed worse than the EU-28 and the Eurozone compared to October 2014 and November 2013 both. Turkey had the sharpest decline in retail confidence across EU-28.

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

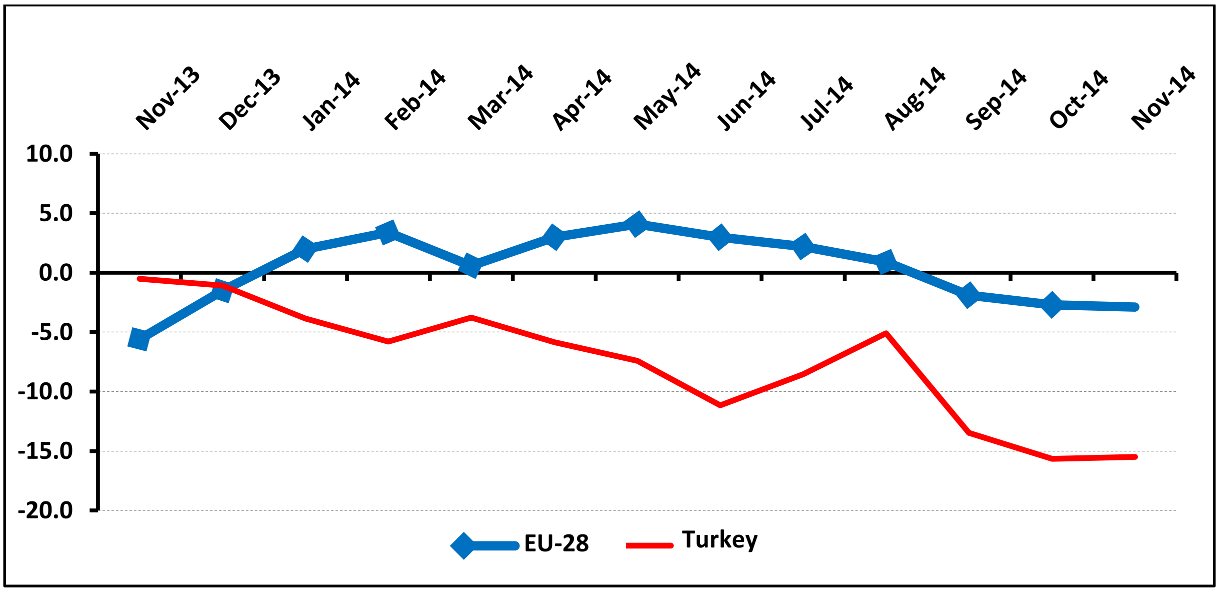


Table-5. EU-28 (Seasonally adjusted series)

%	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	4.1	3.0	2.2	0.9	-1.9	-2.7	-2.9	

Greece on top in retail confidence:

Greece had the highest year-on-year improvement in retail confidence across the EU-28 in November. The country was followed by Slovenia, Hungary, and Croatia. The worst performers of Europe were Turkey, Finland, Bulgaria, Belgium, and Germany. The highest month-on-month improvement was in Slovenia. The EU-28 Retail Confidence Index was stronger than the Eurozone compared both to November 2013 and October 2014.

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

Countries	Change in Retail Confidence Index Compared to November 2013 (points)*	Change in Retail Confidence Index Compared to October 2014 (points)
Greece	28.4	5.3
Slovenia	27.9	7.6
Hungary	15.7	3.9
Croatia	14.6	3.5
Southern Cyprus	12.5	1.7
Spain	9.5	0.6
The Netherlands	8.5	-4.1
Italy	7.4	3.0
Portugal	7.0	1.3
Poland	5.8	0.9
Estonia	5.6	2.3
Czech Republic	5.5	-4.7
The United Kingdom	5.0	-2.1
Sweden	4.9	-4.5
Lithuania	4.4	1.7
Slovakia	4.0	-3.7
EU-28	2.7	-0.2
Eurozone-17	1.7	0.5
France	1.0	2.5
Austria	0.2	-0.8
Latvia	-0.9	-1.5
Romania	-1.0	-4.0
Denmark	-3.2	-3.7
Germany	-5.0	-1.5
Belgium	-5.6	-2.5
Bulgaria	-6.3	0.9
Finland	-14.7	-2.1
Turkey	-15.4	0.1

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

Retail confidence stagnant also in Konya:

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 November, KOPE had a value of -3.6 compared to TEPE at -19.6. KOPE, which had gone down to negatives in September remained in the negatives in November. KOPE declined year-on-year by 1.2 points whereas TEPE declined by 15.9 points. Month-on-month, KOPE increased slightly by 0.2 points. Konya's retail sector outperformed Turkey and EU-28. The year-on-year decline was driven by the increase in the current volume of inventories and the decline in expectation for sales in the next 3 months.

Anticipated business recovery compared to past year decreased both month-on-month and year-on-year while expectations for sales prices and employment in the period ahead strengthened on both accounts.

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

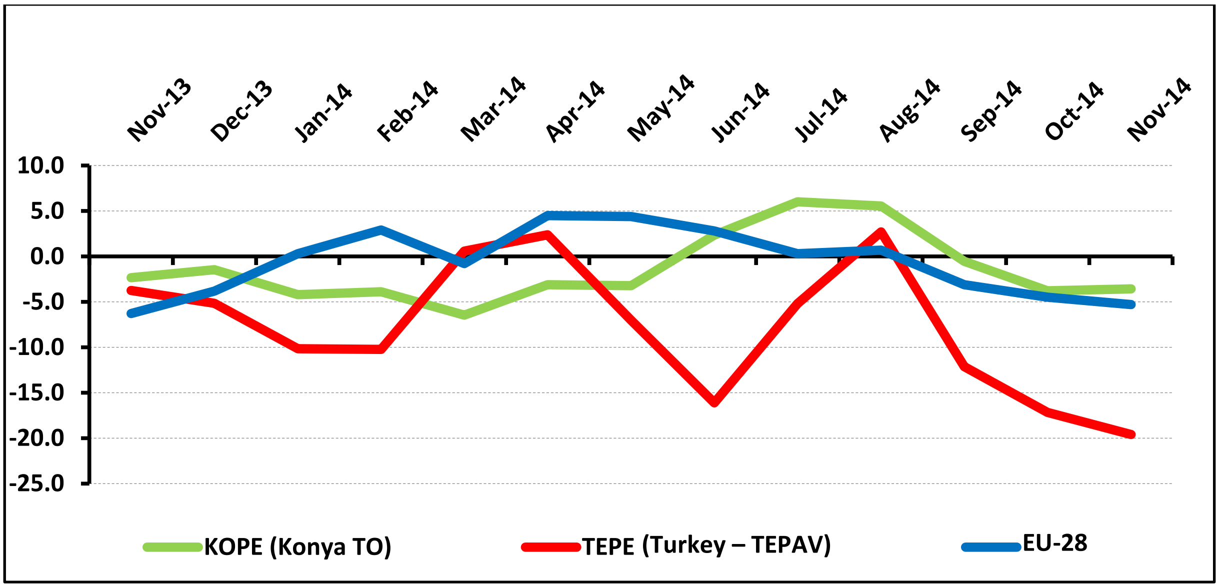


Table-7. Konya Retail Confidence Index (Unadjusted series)

%	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	-3.8	-3.6	