NEWS BULLETIN
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TURKEY CATCHES UP THE EU FOR THE FIRST TIME IN 14 MONTHS:

TEPE continued to rise in February. Expectations for orders placed with suppliers and employment advanced month-on-month and year-on-year. Volume of business activities compared to the past year increased in comparison with both February 2014 and January 2015. Retail confidence dropped across the EU-28 in June. For the first time since December 2013, TEPE has outperformed the EU-28 in retail confidence.

Retail confidence maintains the surge in February:

TEPE, which has inclined up with the start of 2015 had a value of -0.6 in February 2015. The index therefore increased both month-on-month and year-on-year by 7.5 points and 8.3 points, respectively. The surge was driven by the decline in the volume of inventories as well as the improvement in anticipated business recovery compared to past 3 months.

Figure-1. TEPE (February 2014 – February 2015)

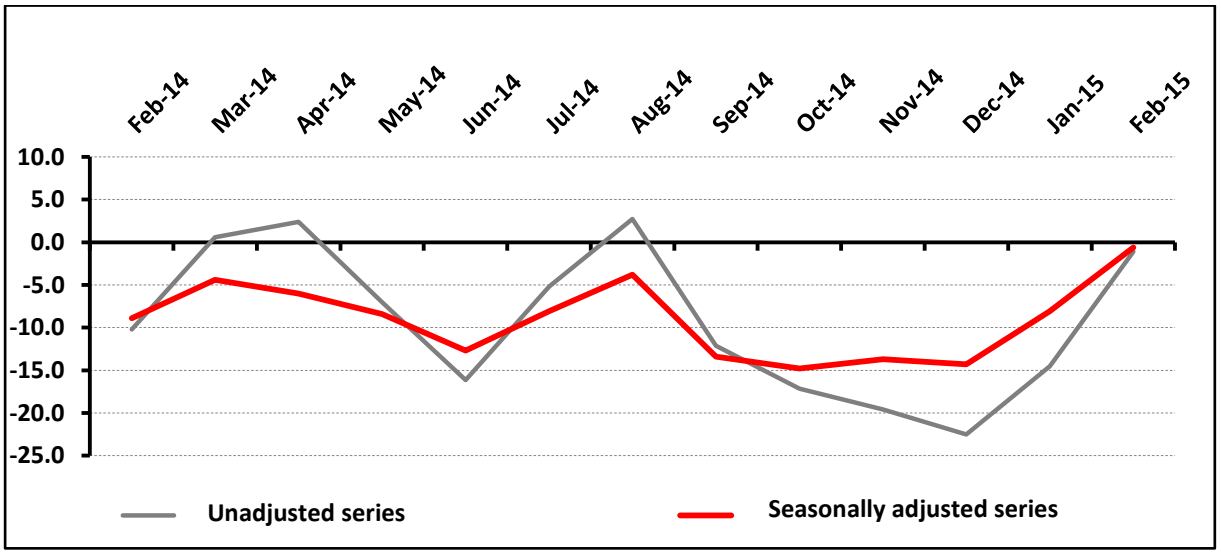


Table-1. TEPE (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2013	-2.0	-4.2	-3.0	1.6	-2.6	0.5	-0.2	-2.5	-3.7	-0.2	1.3	2.0
2014	-3.9	-8.9	-4.4	-6.0	-8.4	-12.7	-8.1	-3.8	-13.4	-14.8	-13.7	-14.3
2015	-8.1	-0.6										

Fifty-three percent of retailers expect sales to increase:

The balance value of the expectations in the next 3 months which opened 2015 with a surge reached 13 in February. Sales expectations for the next 3 months declined by 1.6 points compared to February 2014, but increased by 0.8 points compared to January 2015.

In February 2015, 52.9 percent of TEPE survey participants declared that they expected business activities to improve in the next 3 months while 20.1 percent expect business activities to decline. 27 percent of the participants do not expect business activities.

Figure-2. Expectations for the next three months (%increase-%decrease)
(February 2014 – February 2015)

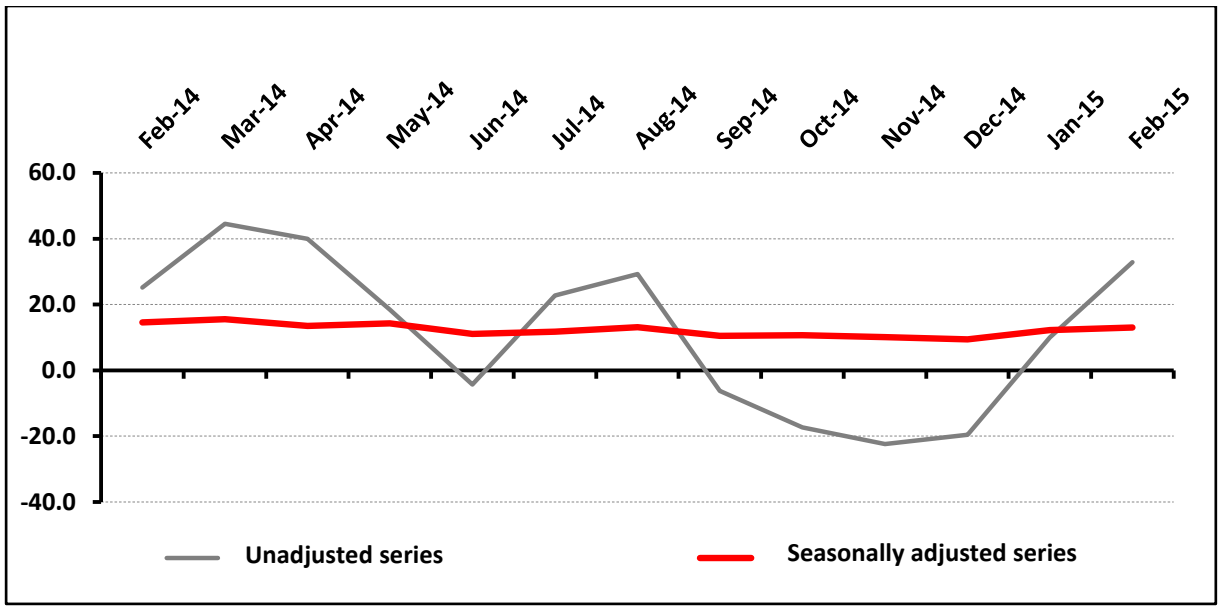


Table-2. Expectations for the next three months (%increase-%decrease) (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2013	13.2	12.8	14.0	17.3	15.6	18.3	20.2	17.3	16.4	16.5	19.3	18.0
2014	16.4	14.6	15.5	13.5	14.3	11.1	11.7	13.1	10.5	10.7	10.1	9.4
2015	12.2	13.0										

Anticipation for business recovery maintains the upwards trend month-on-month and 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 -22.4 in February 2015. Business volume compared to the year before increased by 11.1 points compared to January 2015 and by 22 points compared to February 2014.

21.9 percent of TEPE survey participants declared an improvement in their business activities compared to the year before while 48.6 percent declared deterioration. 29.5 percent of the participants declared that business activities did not change compared to February 2014.

Figure-3. Year-on-year change in business activities (%increase- %decrease)
(February 2014 – February 2015)

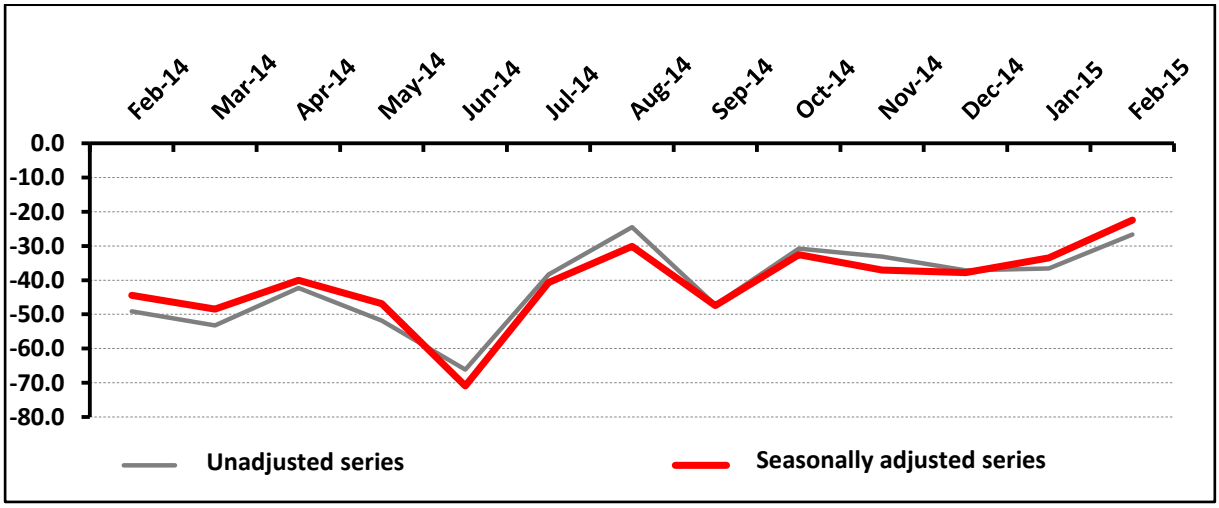


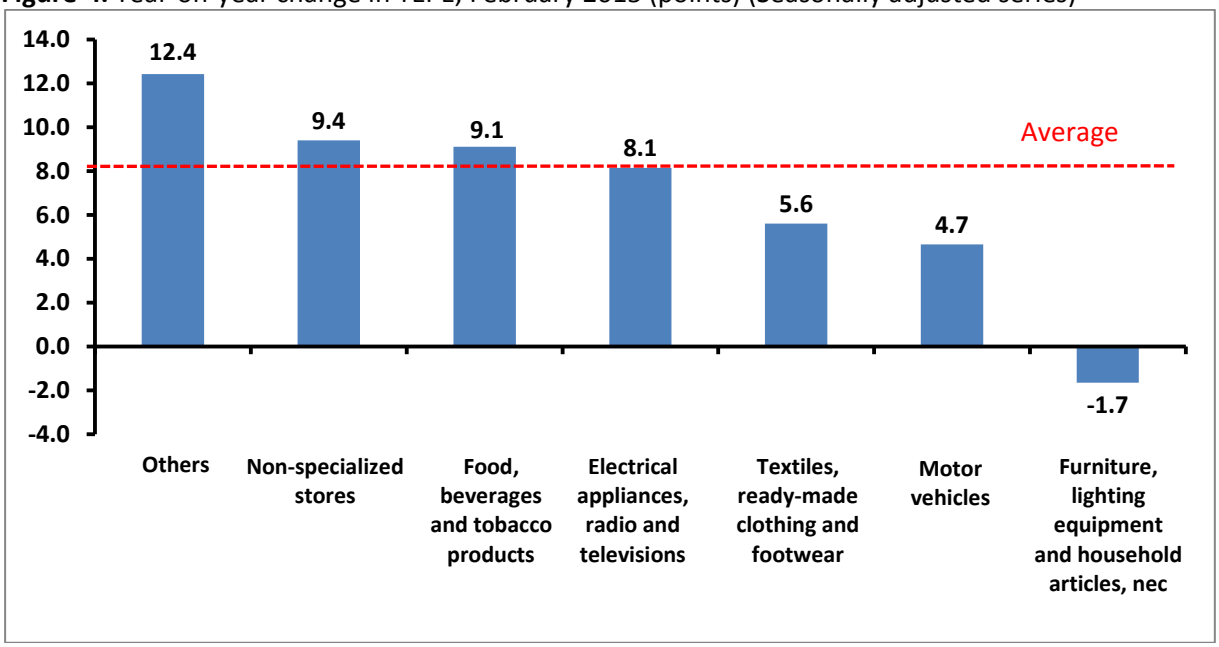
Table-3. Year-on-year change in business activities (%increase- %decrease)
(Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2013	-22.9	-21.0	-18.6	-24.1	-21.3	-25.5	-30.6	-26.7	-21.0	-22.6	-13.5	-16.6
2014	-38.4	-44.4	-48.5	-40.0	-46.9	-70.9	-40.7	-30.1	-47.4	-32.5	-37.0	-37.8
2015	-33.5	-22.4										

Furniture was the only sector that declined in February:

Concerning sub-sectors, the largest year-on-year improvement was in the "others" (gas station, pharmacy, perfumery, hardware, glassware, stationery etc) sector. This was followed by "non-specialized stores" and "food, beverages and tobacco products" sectors. The increase was above the sub-sector average in the mentioned sectors and below the average in the "electrical appliances, radio, and televisions, "textiles, readymade clothing and footwear" and "motor vehicles" sectors. The only sector that had a year-on-year decline was the "furniture, lighting equipment, and household articles" sector.

Figure-4. Year-on-year change in TEPE, February 2015 (points) (Seasonally adjusted series)



Expectations for employment improve month-on-month and year-on-year:

Question-based assessment of the TEPE survey results reveals that "the volume of inventories" declined while "the volume of business activities compared to the past year" and "expectations for orders placed with suppliers and for employment" increased compared to both February 2014 and January 2015. All indicators improved in comparison to January 2015.

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

Questions	Index 02/2014	Index 01/2015	Index 02/2015	MoM Change 02/2015	YoY Change 02/2015
How has your business activity developed over the past three months?	-43.6	-50.0	**-45.0**	5.0	-1.4
Do you consider the volume of inventories you currently hold to be...? [1]	8.1	7.5	**10.2**	2.7	2.1
How do you expect your orders placed with suppliers to change over the next 3 months? They will...	-0.3	-1.9	**7.6**	9.5	7.9
How do you expect your business activity (sales) to change over the next 3 months? It will...	14.6	12.2	**13.0**	0.8	-1.6
How do you expect your firm's total employment to change over the next 3 months? It will...	6.9	0.0	**19.4**	19.4	12.5
How do you expect the prices you charge to change over the next 3 months? They will...	45.9	23.5	**24.8**	1.3	-21.1
How has your business activity developed this year compared to the same period in the last year? It has...	-44.4	-33.5	**-22.4**	11.1	22.0
Do you expect an increase in the number of your stores next year?	13.0	9.4	**11.1**	1.7	-1.9

[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.

EU retail confidence down month-on-month and year-on-year:

The EU-28 Retail Confidence Index had a value of -1.0 in February 2015, declining by 2.2 points month-on-month and by 4.4 points year-on-year. Turkey outperformed both the EU-28 and the Eurozone in terms of month-on-month and year-on-year change. Turkey had the highest month-on-month and the third highest year-on-year increase in retail confidence across the EU-28.

Figure-5. TEPE and the EU-28 Retail Confidence Index (February 2014 – February 2015)

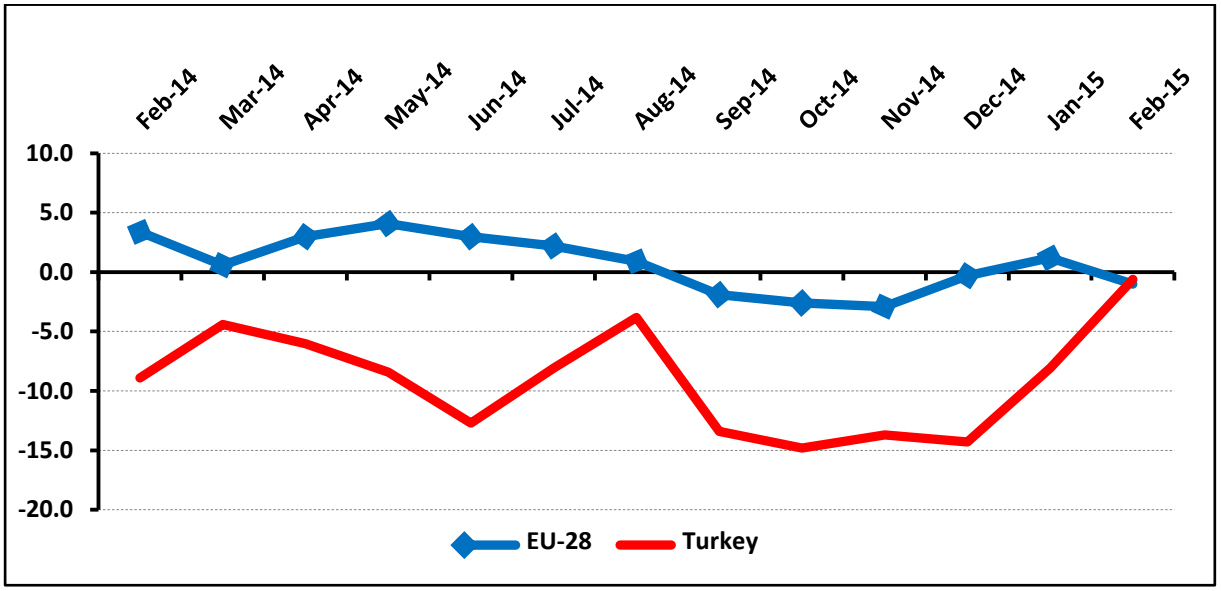


Table-5. EU-28 (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
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	-2.6	-2.9	-0.3
2015	1.2	-1.0										

Turkey the best performer in retail confidence in month-on-month change:

Slovenia had the highest year-on-year improvement in retail confidence in EU-28 and compared to Turkey. Slovenia was followed by Spain, Turkey, and Czech Republic. The sharpest year-on-year declines were in the United Kingdom, Finland, and Belgium. Compared to January 2015, Turkey had the largest improvement in retail confidence. EU-28 retail confidence was weaker than Eurozone in terms of both month-on-month and year-on-year figures.

Table-6. Retail Confidence Index for EU-28 Countries and Turkey
(Compared to February 2014 and January 2015) (Seasonally adjusted series)

Countries	Change in Retail Confidence Index Compared to February 2014 (points)*	Change in Retail Confidence Index Compared to January 2015 (points)
Slovenia	20.1	-1.1
Spain	11.8	2.4
Turkey	8.3	7.5
Czech Republic	8.1	0.7
Italy	7.4	4.8
Southern Cyprus	7.3	-0.4
The Netherlands	5.8	-1.4
Denmark	4.9	2.0
France	4.7	1.7
Slovakia	4.6	3.0
Greece	4.5	-2.9
Croatia	3.4	-4.4
Sweden	3.3	3.1
Romania	1.7	4.4
Poland	1.0	0.7
Eurozone-19	0.9	1.5
Bulgaria	0.6	2.5
Hungary	-0.1	-2.2
Portugal	-0.4	0.5
Lithuania	-3.8	-3.7
EU-28	-4.4	-2.2
Austria	-5.1	-1.4
Germany	-6.7	0.8
Latvia	-6.7	-1.8
Estonia	-9.3	-2.2
Belgium	-16.2	2.0
Finland	-23.6	-2.9
The United Kingdom	-27.2	-17.0

*** Countries were ranked by the change in their performance compared to February 2014.**

Retail confidence in Konya continues to rise:

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 February, TEPE had a value of -0.6 compared to KOPE at 5.8 points. KOPE increased year-on-year by 10.5 points while TEPE increased by 8.3 points. Month-on-month improvement in KOPE was 2.9 points. Konya's retail sector outperformed both overall Turkey and the EU-28.

Figure-6. Comparison of KOPE, TEPE and EU-28 Retail Confidence Index
(February 2014 – February 2015) (Seasonally adjusted series)

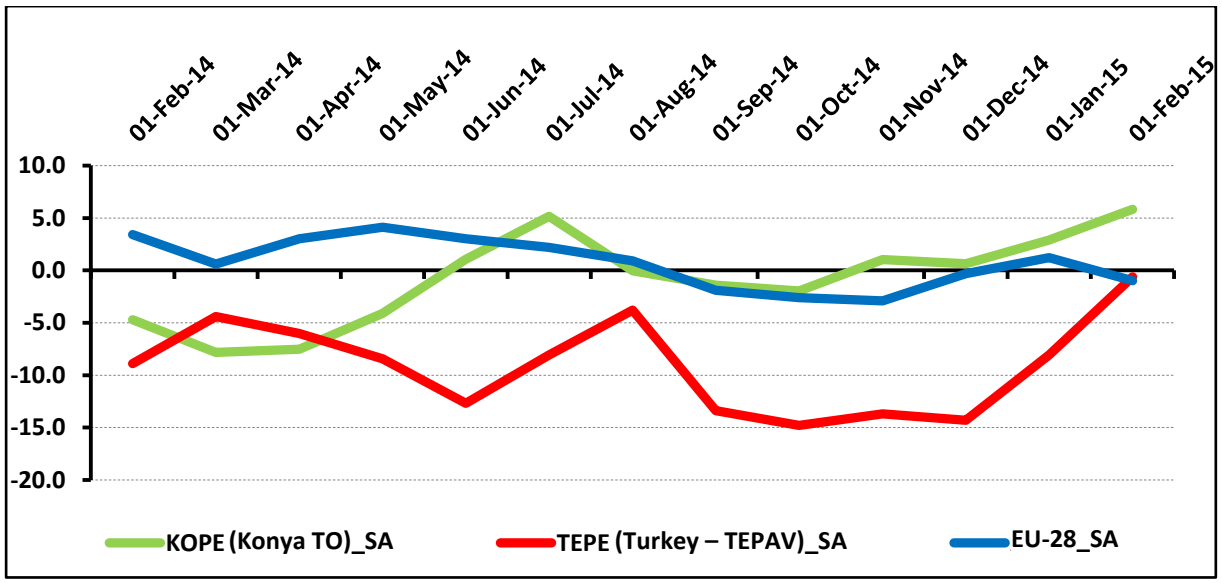


Table-7. Konya Retail Confidence Index (Seasonally adjusted series)

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2013	0.1	1.7	3.5	1.5	0.4	-2.3	-1.8	0.4	4.2	5.0	2.3	4.6
2014	-0.6	-4.7	-7.8	-7.5	-4.1	1.1	5.2	-0.1	-1.4	-2.0	1.0	0.6
2015	2.9	5.8										