

INFORMATION NOTE ON THE BUSINESS TENDENCY SURVEY

The Central Bank of the Republic of Turkey (CBRT) has been conducting the Business Tendency Survey (BTS) since December 1987. The survey is designed to interact with the senior managers, who have accepted to be a respondent of the survey, from the private sector enterprises that are ranked among the “First 500 Industrial Enterprises of Turkey” and the “Next 500 Major Industrial Enterprises of Turkey” lists prepared by the Istanbul Industrial Chamber. The Business Tendency Survey aims to find out the senior managers’ tendencies and expectations of the recent past and the future course of the economy and the sectors. The sectoral breakdown of the BTS shows that machine-vehicle, textile, food and chemistry industries make up approximately 75 percent of the entire participation.

The monthly BTS comprises 34 questions regarding the tendencies and expectations about the general course of economy, investment, domestic and foreign demand, production, inventory and inflation (WPI). Out of these 34 questions, 25 are assigned to the past and the future trends; 5 are involved in ranking various factors listed in order of importance, and 4 are related to declaring the expected figures for the inflation and loan interest rate.

The BTS is a multiple-choice survey, and the choices are formulated as: “*more optimistic - the same - more pessimistic*”, “*up - the same - down*” or “*below normal – normal – above normal*”. In our monthly report of the aggregated results, trends and expectations are identified by subtracting “*pessimistic*” from “*optimistic*”, “*down*” from “*up*” or “*below normal*” from “*above normal*”. For the data pertaining to inflation and loan interest rate expectations descriptive statistics are used including the number of observations, minimum and maximum values, standard deviation, arithmetic mean, median, mode and appropriate mean. The appropriate mean is calculated through comparing arithmetic mean, median, mode, and alpha-trimmed mean and by doing outlier and extreme value analysis.

Besides evaluation of individual questions, the Real Sector Confidence Index, which is based on the questions related to production and demand from the BTS, is presented monthly, as an indicator for the general trend of the economy.

The number of respondents, which was 256 in 1987, has currently reached 500 firms and the response rate is generally above 50 percent. According to the analysis of consistency, the reliability coefficient of the BTS is 0.76. Given that the reliability coefficient can get values between zero and one, this level points to a high consistency.