

GENERAL ANNOUNCEMENT

1. Introduction:

Consumer behavior plays a prominent role in providing economic decision-makers and economic forecasters with necessary information about future expectations. Optimistic consumer confidence may trigger desire for making large expenses and increase the tendency for borrowing, while pessimism may cause consumers to reduce their expenditures, to review their financial situations.

The State Institute of Statistics and the Central Bank of Turkey have jointly launched a study within the framework of "Consumer Survey" Protocol in 2003. The Consumer Tendency Survey, which is the source for the consumer confidence index, was annexed to Household Labour Force Survey in the form of a module. The pilot study of the survey was carried out with the aim of testing the questionnaire design and method implemented between April 2003-December 2003. During the pilot-test period, a number of modifications were made in the questionnaire design and some methods were tested in sample-selection. Following an eight-month pilot-test period, it was decided to announce the survey results on a monthly basis.

2. Purpose:

Consumer Tendency Survey aims at finding out consumer tendencies and expectations for general economic course, job opportunities, personal financial standing and market developments in order to assess their expenditure behaviour as well as their expectations, and hence determining monthly consumer tendencies in the short-run.

Consumer Tendency Survey covers four fields in measuring consumer tendencies and expectations:

- Personal Financial Standing: Purchasing power of consumers at present compared to the past 6 months, consumers' expectations for their own purchasing power over the next 6 months, their likely borrowing over the next three months, their expectations on setting aside savings over the next 6 months.
- General Economic Situation: Consumers' assessments on current general economic situation in Turkey compared to past 3 months and their expectations for the general economic situation in Turkey over the next 3 months, their expectations for job opportunities in Turkey over the next 6 months, their assessments on timing of setting aside savings and buying durable consumption goods.
- Expenditures: Consumers' expenditure plans for buying durable and semi-durable goods, car, house and spending on house renovation.
- Price Expectations: Consumers' expectations for the direction of changes in prices over the next 12 months.

3. Scope:

The survey covers all individuals at the age of 15 and above having a job in urban and rural areas of Turkey that provides income, who are employed as samples in Household Labour Force Survey.

Geographical area: The target area is the whole country.

Urban area: Settlements with a population of 20 001 and over are defined as urban.

Rural area: Settlements with a population of 20 000 or less are defined as rural.

Individual included: The survey covers resident Turkish citizens at the age of 15 and above, having an economic activity income.

4. Sampling Method:

2000 individuals at the age of 15 and above having income from an economic activity were selected from Household Labour Force Survey in December 2003, January and February 2004 to represent Turkey in general on the basis of age, income and status in employment groups. From March 2004 whole individuals at the age of 15 and above having income from an economic activity were interviewed at house as samples in Household Labour Force Survey. Numbers of individuals interviewed by months are taken part in Table-16. For this module, age, status in employment and income groups have been taken into consideration in addition to general weight of Household Labour Force Survey.

Monthly Household Labour Force Survey is carried out via a rotation system, in which 50% new respondents and 50% former respondents being interviewed for the second time after three months. The State Institute of Statistics field interviewers conducts computer-based, face-to-face interviews with individuals, who have been selected on basis of the above-mentioned criteria under this rotation system. Please see the publication "SIS Household Labour Force Survey Concepts and Definitions" for more information about Household Labor Force Survey.

5. Calculation Method:

Indices are compiled in accordance with the balance method of European Union. The balance is calculated as the difference between the percentages of positive and negative responses and 100 is added to this difference, thus forming a separate diffusion index for each question. Then, the general index is calculated by taking arithmetic means of diffusion indices of the questions included in consumer confidence index.

The index is evaluated between 0 and 200. If it is above 100, it means consumer confidence is optimistic. If it is below 100, consumer confidence is pessimistic. 100 refer to neutral opinion in consumer confidence.

6. Calendar:

The results of the previous month will be announced following the first working day of the 15th of each month.

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