

METHODOLOGICAL DOCUMENT ON THE MAJOR REVISION MADE IN THE CONSUMER CONFIDENCE INDEX

Introduction

Consumer Confidence and question-based indices are calculated from monthly Consumer Tendency Survey results. The survey has been constructed in order to find out consumers' present situation assessments and future period expectations and tendencies concerning their personal financial standing and general economic course and to determine their expenditure and saving tendencies.

Consumer Confidence Index (CCI), calculated from survey results is a leading indicator reflecting general outlook of consumers' present situation and expectations in different areas. Index indicates consumers' confidence concerning economic activity.

Consumer confidence index, with in the framework cooperation Turkey Statistical Institute and Central Bank of the Republic of Turkey since 2004, is published in calculated according to the monthly consumer tendency survey results. The fact that the consumer tendency survey application applied between 2004-2011 differs from the Harmonised European Union Programme of Business and Consumer Surveys, making it necessary to conduct an independent research on this subject, and with the revision made in 2012, the implementation was fully harmonized with the European Commission Program. The consumer tendency survey has been conducted within the scope of Harmonised European Union Programme of Business and Consumer Surveys since 2015.

Reasons For Major Revision

Alternative index studies were carried out by the European Commission Directorate General for Economic and Financial Affairs (DG ECFIN) in 2018 to better measure consumer assessments and expectations, to better reflect the opinions of consumers, to increase the quality of the consumer confidence index and to create an index with a higher leading power. As a result of the studies, a revision was made by DG ECFIN as of January 2019. Within the scope of this revision, two sub-indexes included in the calculation of the consumer confidence index were changed.

Following the revision of DG ECFIN, after a certain monitoring progress, it has been decided to change the two of four sub-indices that are used the calculation of consumer confidence index as of September 2020, in order to ensure compliance with our stakeholder DC ECFIN, in order to better measure the evaluation and expectations of the consumer, to ensure better reflect the opinions of the consumer of index results and to increase the quality of the consumer confidence index.

Retrospective Calculation of Consumer Confidence Index Series

The results of the consumer tendency survey applied by TURKSTAT are used in the calculation of the consumer confidence index. In 2004 January-August 2020 period application, consumer confidence index was calculated as the simple arithmetic average of the four sub-indexes listed below:

1. Financial situation expectation of household over next the 12 months
2. General economic situation expectation over the next 12 months
3. Number of people unemployed expectation over the next 12 months

- The probability of saving over the next 12 months

After the revision, as of September 2020; consumer confidence index is calculated as the simple arithmetic average of the four sub-indexes listed below:

- Financial situation of household at present compared to the last 12 months
- Financial situation expectation of household over the next 12 months
- General economic situation expectation over the next 12 months
- Assessment on spending money on durable goods over next 12 months compared to the past 12 months

Length of Major Revision

The revision process was carried out starting from January 2004 until August 2020.

Depth of Major Revision

The revision has been made for the consumer confidence index series.

Effects Of The Major Revision

The table and graphic showing the effects of the revision made for the consumer confidence index series is presented below.

When Table 1 is evaluated, it is seen that there is an absolute revision of 19.36% in the new series values of the consumer confidence index compared to the old series values. Looking at Graphic 1, it is seen that there are differences in index series.

Table 1. Consumer Confidence Index Major Revision Effects

Year	Month	Old serial	New serial	Absolute revision (%)	Year	Month	Old serial	New serial	Absolute revision (%)
2004	January	98.2	106.1	7.45	2012	July	76.7	91.9	16.50
2004	February	98.7	105.4	6.41	2012	August	74.4	89.9	17.20
2004	March	97.8	104.9	6.76	2012	September	72.8	89.1	18.34
2004	April	97.8	104.6	6.57	2012	October	69.7	85.3	18.31
2004	May	94.0	101.0	6.94	2012	November	73.0	89.9	18.81
2004	June	93.4	100.7	7.21	2012	December	74.0	89.3	17.19
2004	July	92.2	99.1	6.99	2013	January	75.4	91.8	17.85
2004	August	88.0	96.1	8.44	2013	February	76.6	92.0	16.82
2004	September	89.6	97.5	8.07	2013	March	74.8	92.2	18.84
2004	October	90.5	98.5	8.13	2013	April	75.2	92.8	18.95
2004	November	89.5	97.2	7.97	2013	May	77.2	95.4	19.11
2004	December	91.9	98.4	6.60	2013	June	76.1	94.4	19.37
2005	January	92.2	98.6	6.44	2013	July	78.1	95.9	18.52
2005	February	92.0	98.5	6.57	2013	August	77.2	94.9	18.62
2005	March	88.8	96.2	7.64	2013	September	72.8	91.5	20.50
2005	April	87.1	95.3	8.61	2013	October	75.8	93.7	19.06
2005	May	87.1	95.5	8.76	2013	November	77.8	96.8	19.55
2005	June	85.8	95.3	9.97	2013	December	75.4	94.4	20.19
2005	July	86.0	96.0	10.40	2014	January	72.0	91.8	21.60
2005	August	84.2	95.0	11.36	2014	February	69.2	89.5	22.76
2005	September	82.3	93.6	12.07	2014	March	72.7	92.6	21.52
2005	October	84.8	96.1	11.73	2014	April	78.1	97.4	19.89
2005	November	86.3	97.3	11.25	2014	May	75.7	95.0	20.29
2005	December	86.2	97.1	11.16	2014	June	73.6	93.2	21.03
2006	January	88.5	98.9	10.54	2014	July	73.6	93.1	20.94
2006	February	87.9	98.5	10.77	2014	August	73.2	93.2	21.47
2006	March	88.5	99.3	10.93	2014	September	74.6	94.1	20.74
2006	April	89.0	100.7	11.59	2014	October	70.6	91.7	23.01
2006	May	86.8	99.3	12.56	2014	November	69.0	90.9	24.07

Graphic 1. Consumer Confidence Index Major Revision Effects

