

Business Tendency Survey September 2019

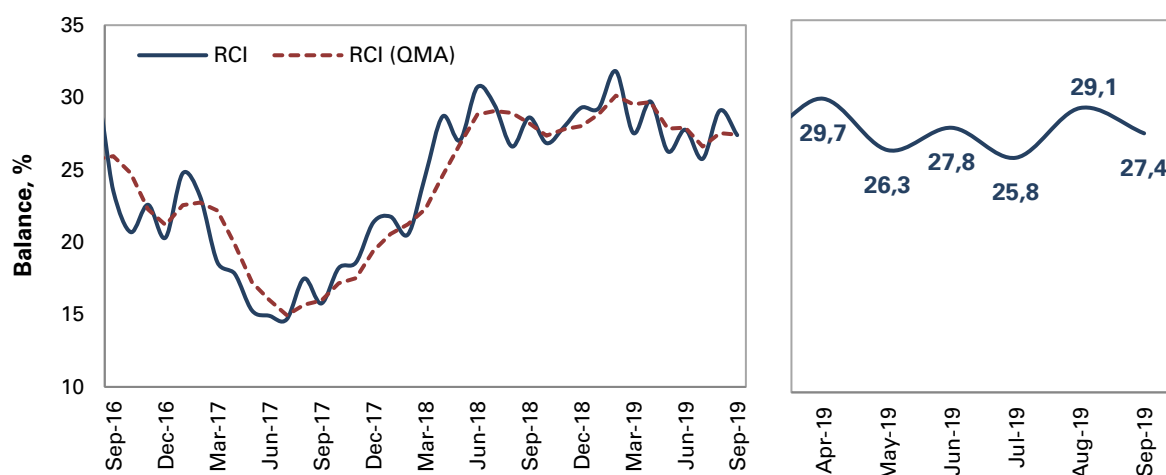


In September, the Retail Confidence Index stood at 27.4%, which represents a decrease of 1.7 pps compared to the previous month and a decrease of 1.2 pps compared to the same period one year ago, due to an increase in the level of stocks. The Industrial Confidence Index registered a balance of 11.5%, which represents an increase of 1.0 pps compared to the last month and an increase of 7.7 pps compared to september 2018, explained by a decrease in the level of stocks and an increase in the current volume of orders. The industrial employment expectations for the next quarter increased 0.6 pps compared to the previous quarter, while there was a 7.1 pps decrease in the industrial business perception of contraband compared to last quarter.

Retail Confidence Index – RCI

In September, the Retail Confidence Index (RCI) was 27.4%, which represents a decrease of 1.7 percentage points (pps) compared to last month and a decrease of 1.2 pps compared to September 2018 (Graph 1).

Graph 1. Retail Confidence Index (RCI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

The RCI brings together three elements: **perception about business current economic situation, level of stocks and expectations about the economic situation for the next semester**. The results for September of the last two years are summarized in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2018		2019
	September	August	September
Business current situation	40.3	45.0	51.0
Level of stocks	2.5	1.5	6.2
Business expectations for the next 6 months	48.0	43.8	37.3
Retail Confidence Index - RCI	28.6	29.1	27.4

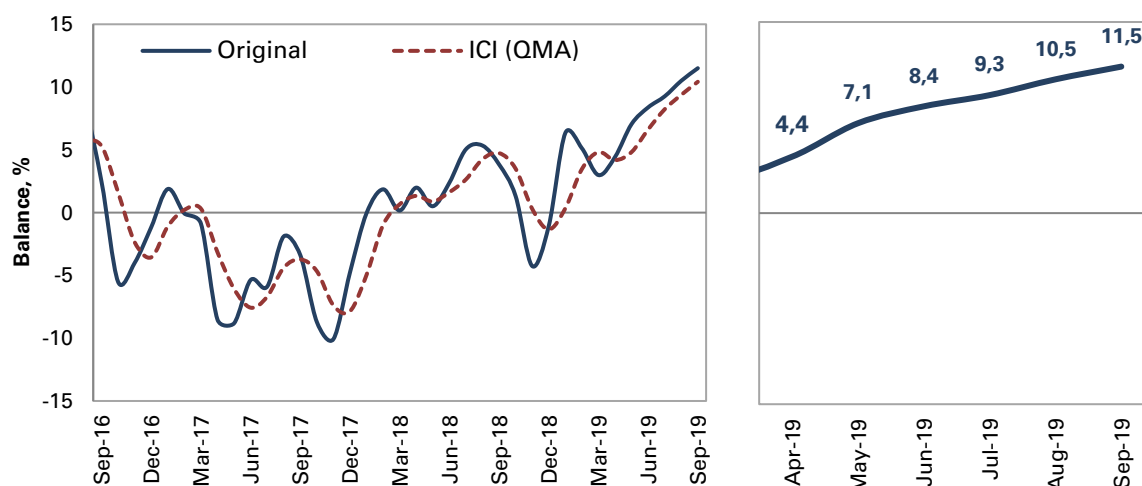
Source: Business Tendency Survey (BTS) – Fedesarrollo

In September, the reduction in retailer’s confidence compared to the previous month was mainly due to an increase of 4.7 pps in the level of stocks indicator, while the expectation’s indicator for the next semester decrease 6.5 pps and the business current economic situation component increased 6.0 pps. On the other hand, compared to September 2018, the result was due to an increase of 3.7 pps in the level of stocks, while the expectations indicator presents a reduction of 10.7 pps and the current economic situation indicator increase 10.7 pps.

Industrial Confidence Index – ICI

In September, the Industrial Confidence Index (ICI) stood at 11.5% in its original series, which represents an increase of 1.0 pps compared to August 2019 and an increase of 7.7 pps relative to September of 2018. On the other hand, its quarterly moving average was 10.4%, which is equivalent to an increase of 1.0 pps compared to last month (Graph 2).

Graph 2. Industrial Confidence Index (ICI)



Source: Business Tendency Survey (BTS) – Fedesarrollo

The ICI has three components: **level of stocks¹, current volume of orders and production expectations for the next three months**. The increase in industrial confidence compared to September 2018 was due to an increase of 8.7 pps in the current volume of orders indicator and an increased of 7.7 pps in the expected production in the next three months, while the level of stocks decrease 7.2 pps in (Table 2).

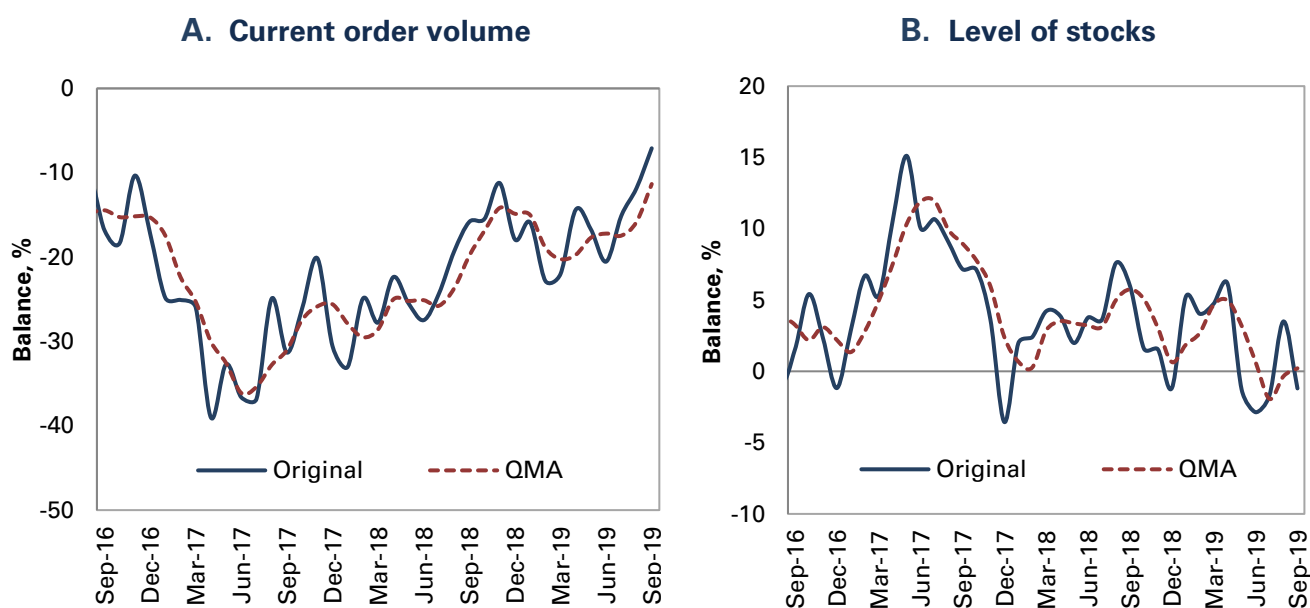
Table 2. Evolution of ICI components

Component (Balance, %)	2018		2019
	September	August	September
Stocks of finished goods at end of this month	6.0	3.5	-1.2
Current volume of orders	-15.8	-11.8	-7.1
Expected production in the next three months	33.3	47.0	40.4
Industrial Confidence Index - ICI	3.8	10.5	11.5

Source: Business Tendency Survey (BTS) – Fedesarrollo

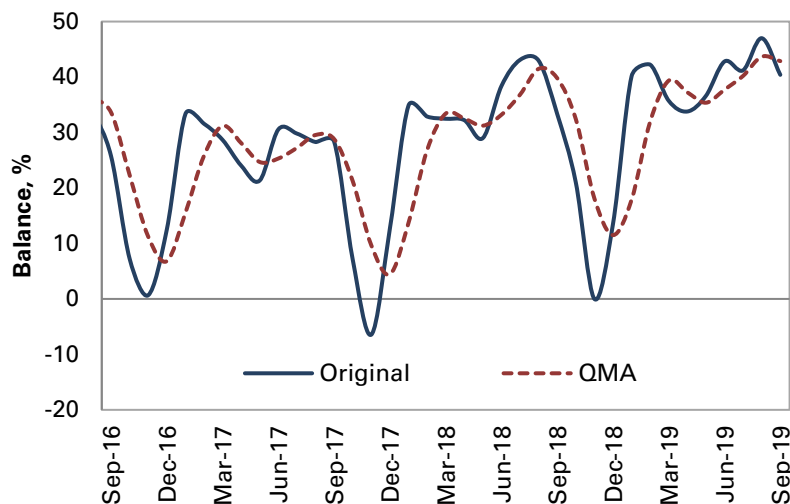
In the original series, the increase of the ICI compared to the previous month was mainly due to the 4.7 pps decrease in the the level of stocks and to the 4.7 increase in the current volume of orders indicator , while the expected production for the next quarter decrease 6.6 pps. Isolating seasonal variations, there was a decrease in the level of stocks, a decrease in the expected production for the next quarter and an increase in the current volume of orders compared to August (Graph 3).

Graph 3. ICI Components



¹ Both industrial producers and retailers are asked if the level of stocks is high, low or normal and the balance is the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent to an improvement, since employers perceive lower levels of inventories.

C. Production expectations for the next three months

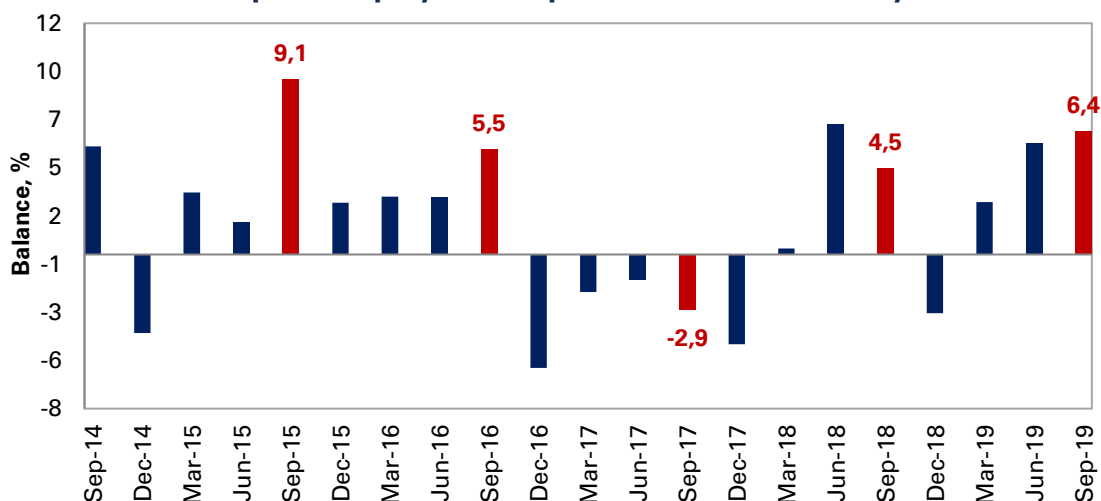


Source: Business Tendency Survey (BTS) – Fedesarrollo

Employment Expectations and Contraband Perception²

In September, the balance of employment expectations for the next quarter was 6.4%, which represents an increase of 0.6 pps compared to the previous quarter and an increase of 1.9 pp compared to the same period of 2018 (Graph 4). Disaggregating by answer choice, 13.1% of respondents believe that employment in the industry in the next quarter will increase, 8.6% believe that it will decrease and 78.3% say it will remain the same.

Graph 4. Employment expectations in the industry



Note: Not seasonally adjusted.

Source: Business Tendency Survey – Fedesarrollo.

² The Business Opinion Survey contains a quarterly module inquiring about employers' perception of employment expectations and the perception of contraband in the industry.

On the other hand, in September industrial business perception of contraband had a balance of -1.6%, which represents a decrease of 7.1 pps with respect to the data of the previous quarter and a decrease of 12.2 pps relative to September 2018. Specifically, 9.1% of respondents stated that contraband in the July - September quarter increased in relation to the previous quarter, 80.2% said they remained the same, while 10.7% considered it to be lower (Table 3).

Table 3. Contraband Perception

Answers (%)	2018	2019	
	September	June	September
Higher	19.6	17.6	9.1
Equal	71.4	70.3	80.2
Lower	9.0	12.1	10.7
Balance	10.6	5.5	-1.6

Source: Business Tendency Survey – Fedesarrollo



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Contact us if you would like to have access to disaggregated results by region, industrial sector and other survey questions

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