

## Business Tendency Survey May 2022



In May 2022, the Retail Confidence Index (RCI) stood at 39.0%, which represented the same value of the index compared to the previous month. This behavior was due to the drop of 3.4 pp in business current situation of companies in the sector, which was offset by an increase of 0.7 pp in business expectations for the next 6 months, as well as by a decrease of 2.6 pp in the level of stock.

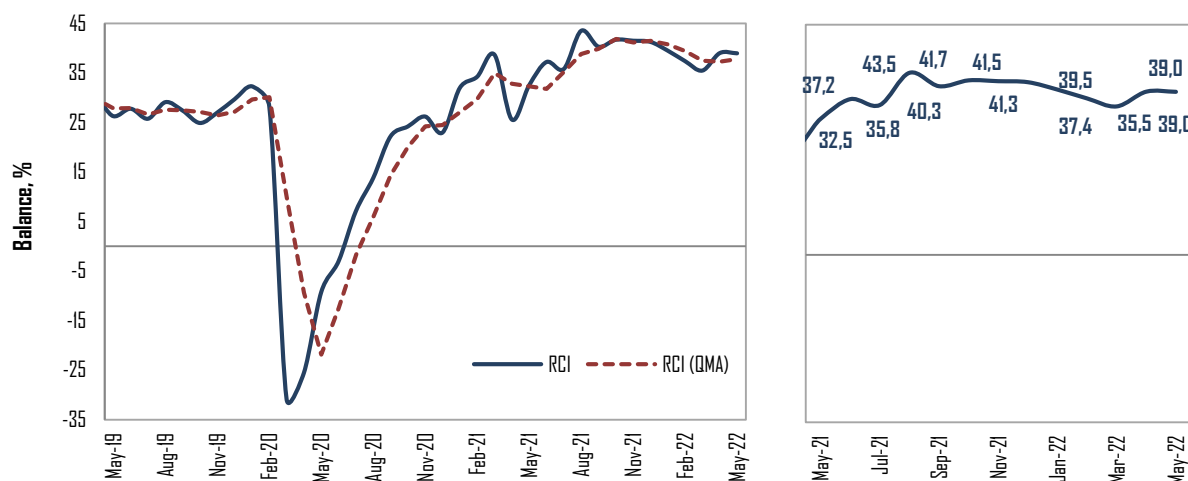
The Industrial Confidence Index reached 14.5%, increasing 4.2 pp compared to the previous month. This result is due to an increase of 9.6 pp in the current volume of orders added to an increase of 7.3 pp in expected production in the next 3 months. On the other hand, the stock of finished goods at the end of this month registered an increase of 4.4 pp.

The industry installed capacity utilization was 77.7%, increasing 2.8 pp and 8.7 pp compared to February 2022 and May 2021, respectively. Additionally, business perception of the favorable economic and socio-political conditions to invest increased compared to the previous measurement. On the other hand, the construction sector in general registered an improvement in the current economic situation of companies and in the pace of construction compared to the first quarter of 2022, while the expectations of the sector for the next quarter decreased.

## Retail Confidence Index – RCI

In May 2022, the Retail Confidence Index (RCI) stood at 39.0%, which represents the same value of the index compared to last month and an increase of 6.5 percentage points (pp) compared to May 2021 (Graph 1).

Graph 1. Retail Confidence Index (RCI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

The RCI brings together three elements: **perception about the business current economic situation, level of stocks<sup>1</sup> and expectations about the economic situation for the next semester.** The results for May 2021 and 2022 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2021	2022	
	May	April	May
Business current situation	27.3	67.0	63.6
Level of stocks	-31.0	3.5	1.0
Business expectations for the next 6 months	39.2	53.5	54.3
<b>Retail Confidence Index - RCI</b>	<b>32.5</b>	<b>39.0</b>	<b>39.0</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

In May, retailers' confidence remained the same compared to previous month. This behavior was explained by a drop of 3.4 pp in the business current situation of companies in the sector, which was offset by an increase of 0.7 pp in business expectations for next 6 months, as well as by a decrease of 2.6 pp in the level of stocks. On an annual basis, the increase in retailers' confidence was explained by the 36.3 pp rise in the business current situation, as well as a 15.1 pp increase in business expectations for the next 6 months. However, the 32 pp increase in the level of stock exerted a downward pressure on the annual change in the RCI.

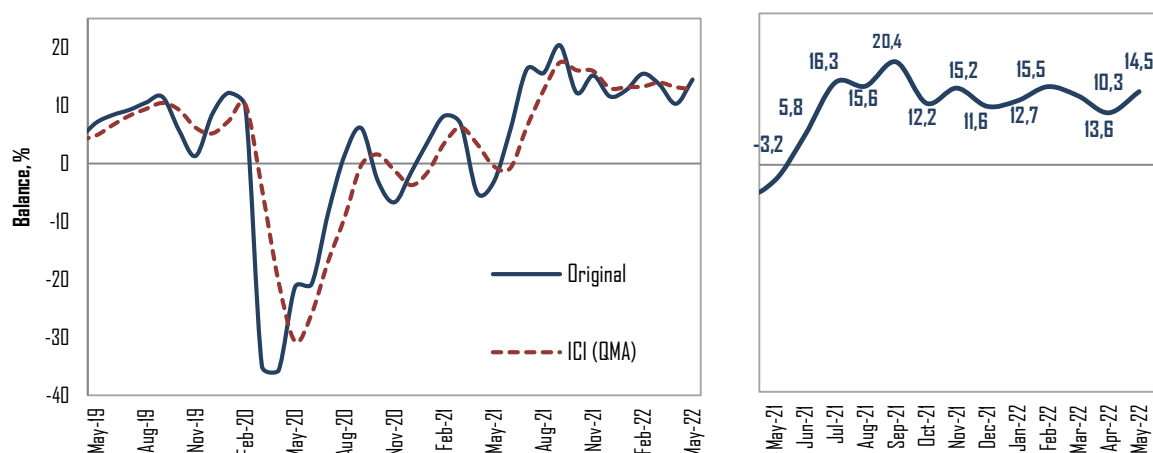
<sup>1</sup> Both industrial producers and retailers are asked if the level of stocks is high, low or normal. The balance corresponds to the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent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

## Industrial Confidence Index – ICI

In April 2022, the Industrial Confidence Index (ICI) stood at 10.3%, showing a decrease of 3.4 pp compared to the previous month and an increase of 15.3 pp compared to April 2021. The quarterly moving average reached 13.1% and registered a fall of 0.8 pp compared to the same indicator of the previous month (Graph 2).

In May 2022, the Industrial Confidence Index (ICI) stood at 14.5%, showing an increase of 4.2 pp compared to the previous month and an increase of 17.7 pp compared to May 2021. On the other hand, the quarterly moving average reached 12.8% and registered a slight fall of 0.3 pp compared to the same measurement of the previous month (Graph 2).

**Graph 2. Industrial Confidence Index (ICI)**



Source: Business Tendency Survey (BTS) – Fedesarrollo

The ICI has three components: **level of stocks, current volume of orders and production expectations for the next three months**. The results for May 2021 and 2022 are presented in Table 2.

**Table 2. Evolution of ICI components**

Component (Balance, %)	2021		2022
	May	April	May
Stocks of finished goods at end of this month	2.3	-5.2	-0.8
Current volume of orders	-27.2	-3.0	6.6
Expected production in the next three months	20.0	28.6	35.9
<b>Industrial Confidence Index – ICI</b>	<b>-3.2</b>	<b>10.3</b>	<b>14.4</b>

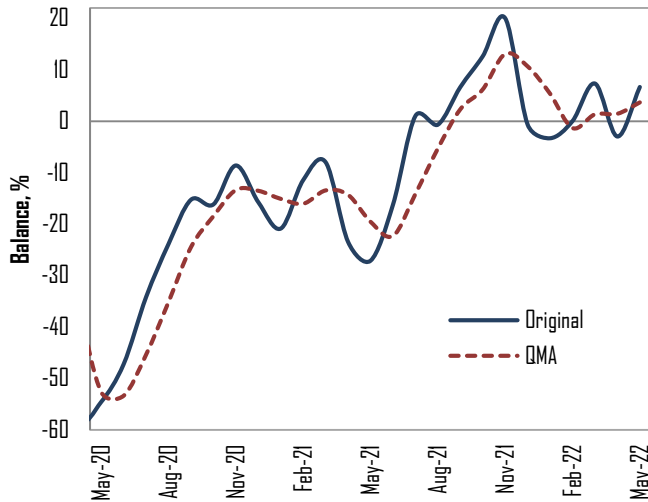
Source: Business Tendency Survey (BTS) – Fedesarrollo

In the original series, the increase in industrial confidence compared to the previous month was due to the 9.3 pp increase in the current volume of orders and the 7.3 pp increase in expected production in the next three months, despite that the stocks of finished good at end of this month increased 4.4 pp (Graph 3). On annual basis, the increase in industrial confidence was related to the strong rise in the current volume of orders of 33.8 pp, despite a decrease of

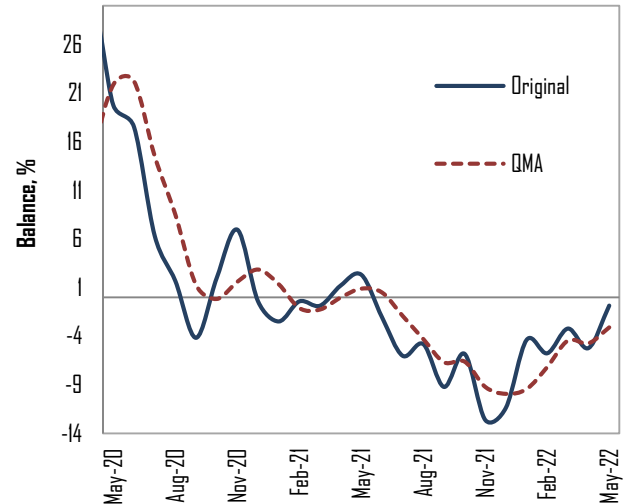
3.1 pp expected production in the next three months and a rise of 15.9 pp in the stocks of finished goods at end of this month.

**Graph 3. ICI Components**

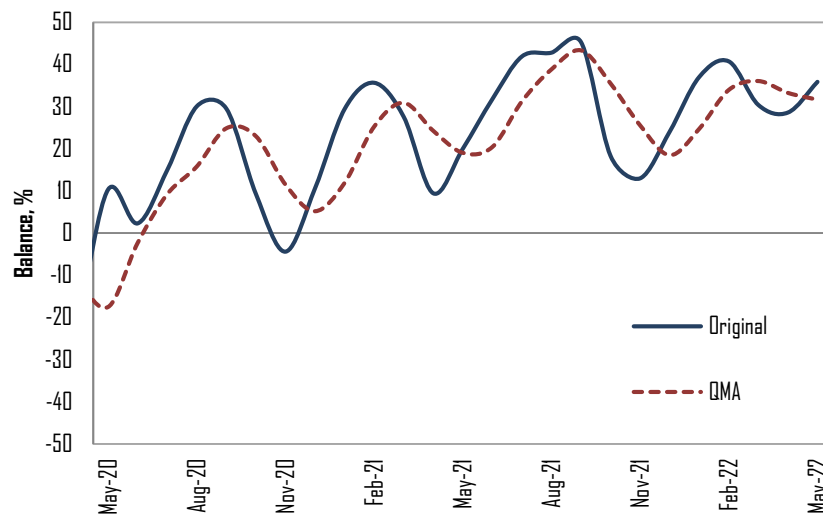
**A. Current volume of orders**



**B. Level of stocks**



**C. Production expectations for the next three months**



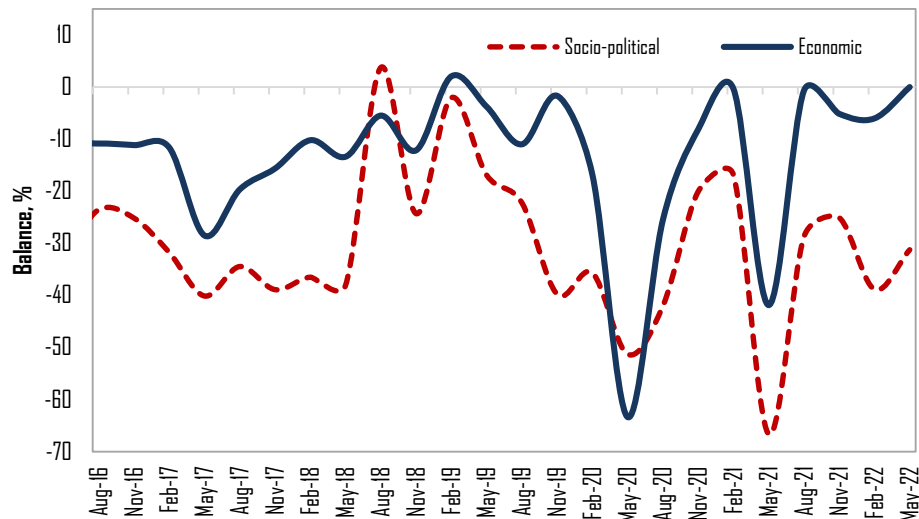
Source: Business Tendency Survey (BTS) – Fedesarrollo

## Quarterly Module: Economic and sociopolitical conditions for investment <sup>2</sup>

<sup>2</sup> Business Tendency Survey includes a special module asking industrial businesses about their perception of economic and socio-political conditions to invest.

In May, the balance of the industrial sector about the favorability of **economic conditions** for investing stood at 0%, which is equivalent to an increase of 6.0 pp compared to the measurement of February 2022 (Graph 4). The results show that 23.8% of respondents believe that current economic conditions are unfavorable, compared to 24.4% in the previous measurement. On the other hand, 23.8% of businessmen believe that current conditions are favorable, compared to 18.4% in the previous measurement. Moreover, 52.4% affirm that they are neutral, compared to 57.2% in the previous measurement.

**Graph 4. Favorability of current economic and socio-political conditions for investment**



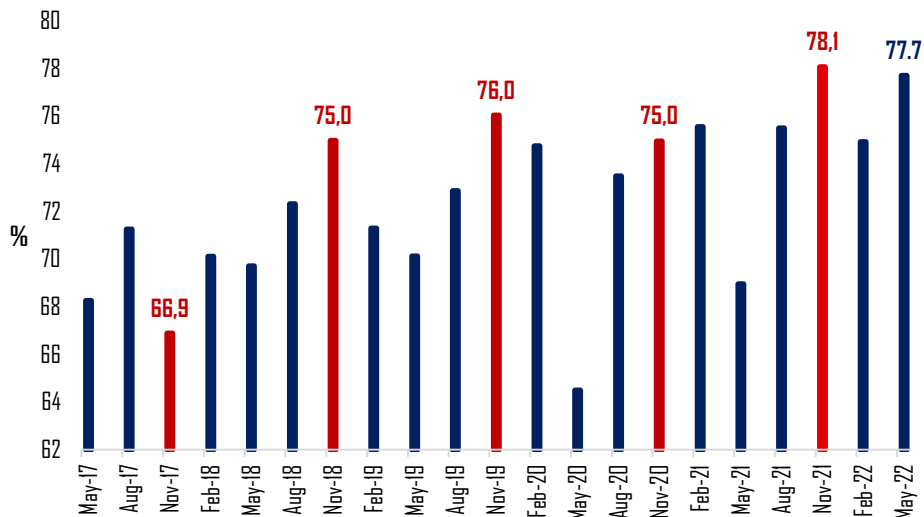
Source: Business Tendency Survey (BTS) – Fedesarrollo

On the other hand, the balance on the favorability of **socio-political conditions** for investment was -31.3%, reflecting an increase of 7.6 pp compared to the previous quarter. The results show that 11.5% of those surveyed believe that the socio-political conditions are favorable compared to 7.8% in the previous measurement. For their part, 42.7% of businessmen consider that current conditions are unfavorable compared to 46.6% in the previous measurement. Finally, 45.8% affirm that they are neutral, compared to 45.6% in the previous measurement.

### Quarterly Module: Industry Installed Capacity Utilization

In May, the industry installed capacity utilization was 77.7%, registering an increase of 2.8 pp and 8.7 pp compared to the measurement made in February 2022 and May 2021, respectively (Graph 5).

**Graph 5. Utilization of installed capacity in the industry**



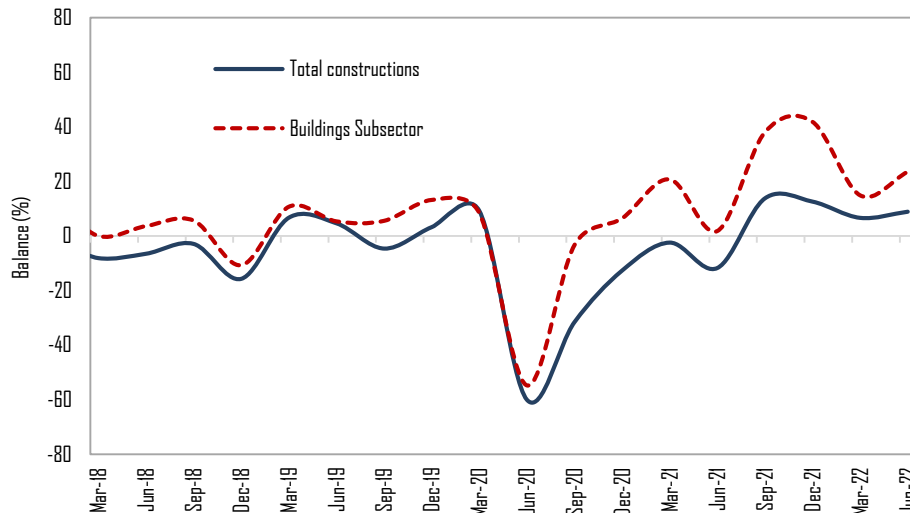
**Note:** The series of utilization of installed capacity was revised backwards.  
**Source:** Business Tendency Survey (BTS) – Fedesarrollo

### Quarterly Construction Survey<sup>3</sup>

In the second quarter of 2022, the balance of the current economic situation of companies in the construction sector stood at 8.9%, equivalent to an increase of 2.2 pp compared to the previous quarter and an increase of 20 .6 pp compared to the same period of 2021. The building sector registered a balance 23.5%, increasing 8.6 pp and 21.7 pp compared to the previous quarter and the same quarter of 2021, respectively (Graph 6).

**Graph 6. Current situation of companies in the construction sector**

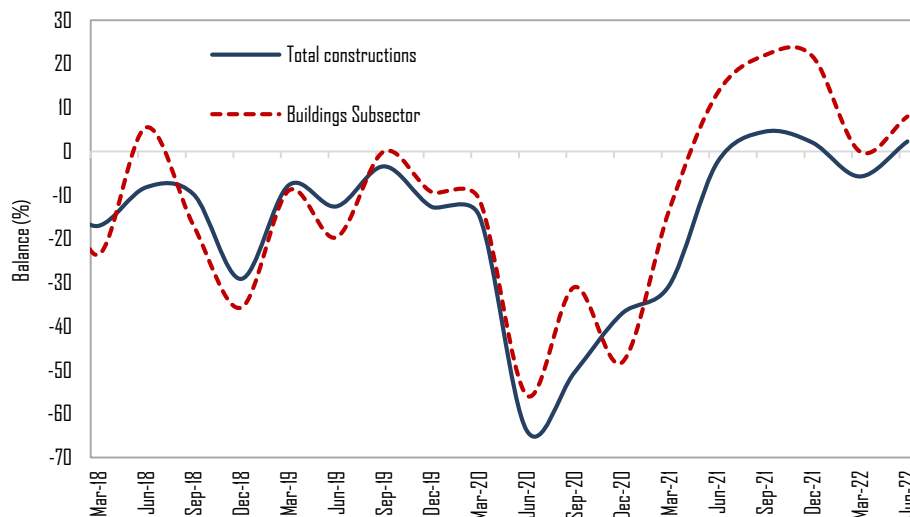
<sup>3</sup> On a quarterly basis, Fedesarrollo conducts a survey focused on businessmen in the construction sector, in order to know their perception of the current economic situation and their expectations for the future.



**Source:** Quarterly Construction Survey - Fedesarrollo.

The construction rate indicator stood at 2.3%, showing an increase of 2.8 pp compared to the previous quarter and an increase of 8.7 pp compared to the second quarter of 2021. For the building sector, this indicator registered a balance of 8.0%, which shows an increase of 8.0 pp compared to the previous quarter and a decrease of 5.2 pp compared to a year ago (Graph 7).

**Graph 7. Construction rate compared to the previous year**

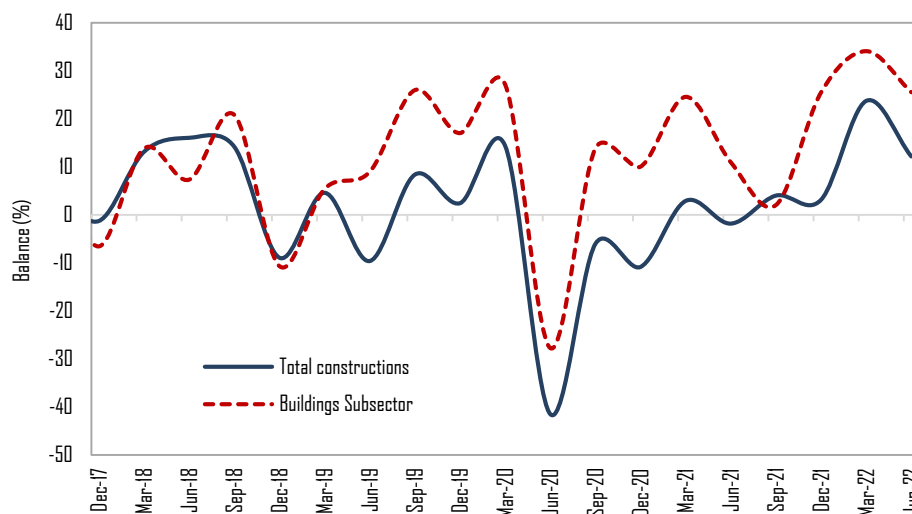


**Source:** Quarterly Construction Survey - Fedesarrollo.

The balance regarding construction expectations for the next quarter stood at 12.1%, showing a drop of 11.6 pp compared to the previous quarter and an increase of 10.3 pp compared to the same quarter of 2021. For its part, in the building subsector, construction expectations registered a balance of 25.5%, which represents a decrease of 8.5 pp compared to the

previous quarter and an increase of 14.6 pp compared to the same quarter of last year (Graph 8).

**Graph 8. Construction expectations for the next quarter**



**Source:** Quarterly Construction 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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