

## Business Tendency Survey November 2022



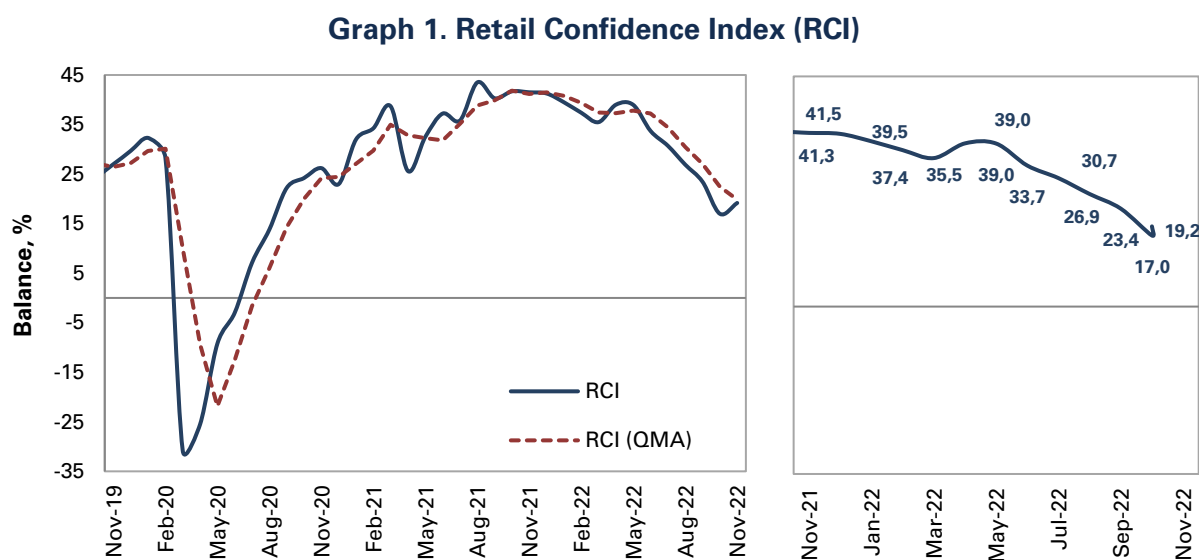
In November 2022, the **Retail Confidence Index (RCI) stood at 19,2%, which represents an improvement of 2.2 pp compared to the previous month (RCI October: 17.0%)**. The greater optimism of this index was mainly explained by an increase of 11.0 pp in business expectations for the next six months. However, it was a decrease of 1.5 pp in business current situation and, in the same way, the business level of stocks rise by 3.0 pp. This result is surprising after 6 consecutive months of negative variations in the indicator.

On the other hand, **the Industrial Confidence Index (ICI) stood at 0.1% in November 2022 (0.5 pp greater than the previous month) after standing in negative terrain in October 2022 (-0,4%)**. The index variation was given by the increase of 8.0 pp in the current volume of orders and the reduction of 4,9 pp in the business level of stocks. Nevertheless, and unlike the RCI, the expected production for the next three months and from companies in the sector was reduced by about 11.5 pp.

The industry installed capacity utilization was 78.6%, increasing 1.0 pp and 0.5 pp compared to August 2022 and November 2021, respectively. Additionally, business perception of the favorable economic and socio-political conditions to invest decreased compared to the previous measurement. On the other hand, the construction sector in general registered an increase in the perception of the current economic situation of companies, in the pace of construction and in the expectations of the sector for the next quarter compared to the third quarter of 2022. However, it should be noted that the building category presents a perception of less favorability to invest compared to the quarter and the previous year.

## Retail Confidence Index – RCI

In November 2022, the Retail Confidence Index (RCI) stood at 19.2%, which represents an increase of 2.2 pp compared to the previous month (RCI October 2022: 17.0%). This result is surprising after 6 consecutive months of negative variations in the indicator (May: 38,9% vs June: 33,7% vs July: 30,7% vs August: 26,9% vs September: 23,4% vs October: 17,0%). Nevertheless, the index fell by 22.3 pp compared to November 2021 (41,5%).



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 November 2021 and 2022 are presented in Table 1.

**Table 1. Retail Confidence Index Components**

Component (Balance, %)	2021	2022	
	November	October	November
Business current situation	68,3	56,9	55,4
Level of stocks	-8,0	7,5	10,5
Business expectations for the next 6 months	48,0	1,5	12,6
<b>Retail Confidence Index - RCI</b>	<b>41,5</b>	<b>17,0</b>	<b>19,2</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

According to the results of November, retailers' confidence increased compared to the previous month due to an increase of 11.0 pp in business expectations for the next six

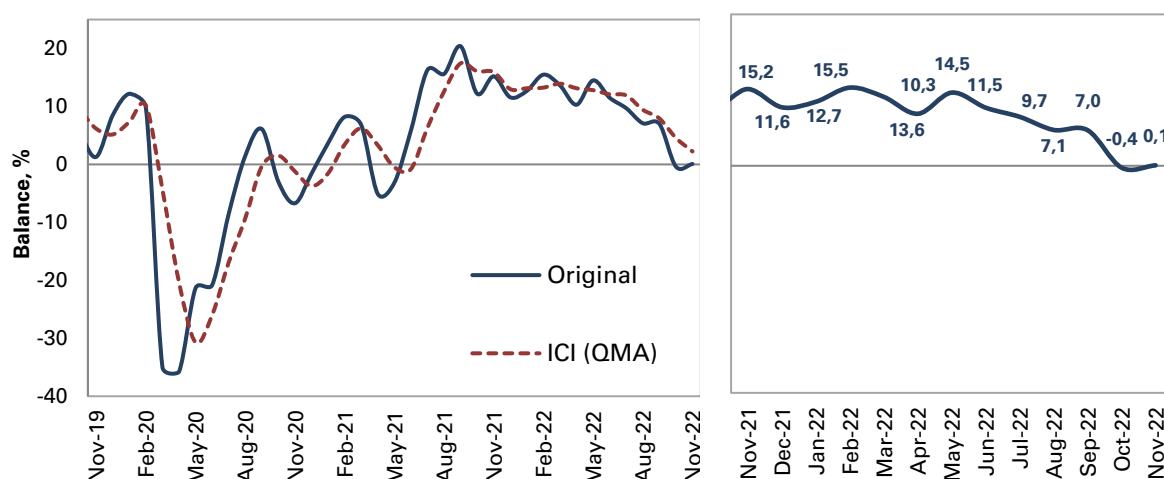
<sup>1</sup> Both industrial producers and retailers are asked if the level of stocks is high, low or normal. The balance corresponds to the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent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

months (12.6% vs 1.5% October 2022). The RCI value is also explained by a reduction of 1.5 pp in the perception about the business current economic situation of the companies in the sector and the growth of 3.0 pp in the level of stocks. In annual terms, the drop in retailers' confidence was explained by an increase of 18.5 pp in the level of stocks and the decrease of 12.9 pp and 35.4 pp in the perception about the business current economic situation and the business expectations for the next six months, respectively.

### Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at 0.1% in November 2022, after standing in negative terrain in October 2022 (-0.4%). The ICI grew 0.5 pp compared to the previous month and fell 15.1 pp compared to November 2021 (Graph 2). On the other hand, the quarterly moving average reached 2.2% and registered a deterioration of 2.4 pp compared to the same indicator for the previous month (4.6%). In this way, despite the improvement in the result of the indicator for November, it ranks as the second lowest value of the year after October (-0.4%).

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 November 2021 and 2022 are presented in Table 2.

Table 2. Evolution of ICI components

Component (Balance, %)	2021		2022
	November	September	November
Stocks of finished goods at end of this month	-12,6	3,7	-1,2
Current volume of orders	20,0	-10,9	-2,9
Expected production in the next three months	13,0	13,5	2,0
<b>Industrial Confidence Index – ICI</b>	<b>15,2</b>	<b>-0,4</b>	<b>0,1</b>

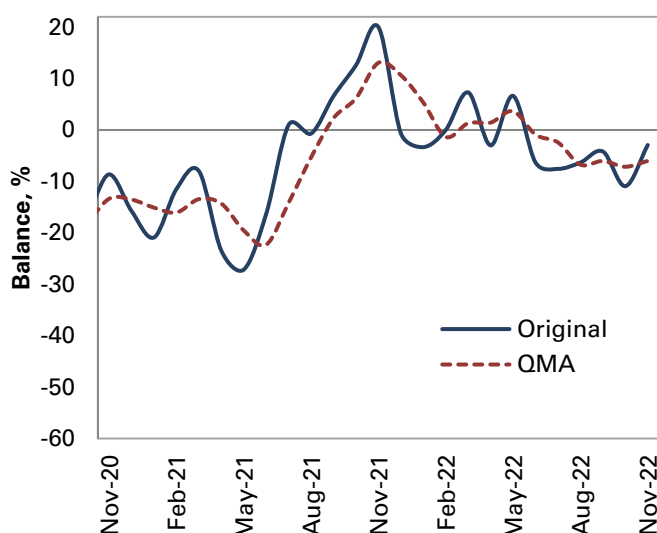
**Source:** Business Tendency Survey (BTS) – Fedesarrollo

The higher industrial confidence is explained by an important increasing of 8.0 pp in the current volume of orders and the decrease of 4.9 pp in the stocks of finished goods at end of this month. Nevertheless, and unlike the RCI, the expected production for the next three months and from companies in the sector was reduced by about 11.5 pp.

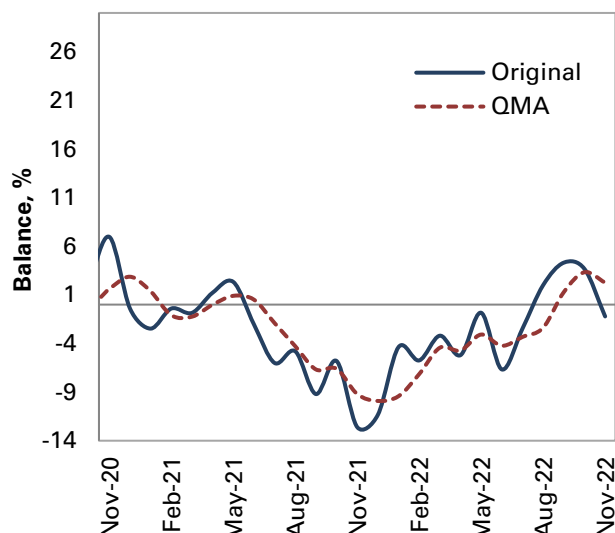
In annual terms, the decrease in industrial confidence was related to a reduction of 11.1 pp and 22.9 pp in expected production in the next three months and the current volume of orders, respectively. Likewise, the annual variation was explained by an increase of 11.3 pp in the stocks of finished goods at end of this month.

**Graph 3. ICI Components**

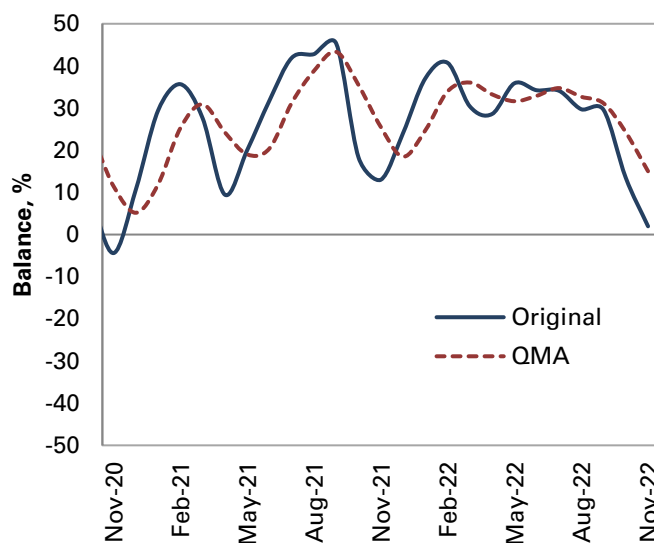
**A. Current volume of orders**



**B. Level of stocks**



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

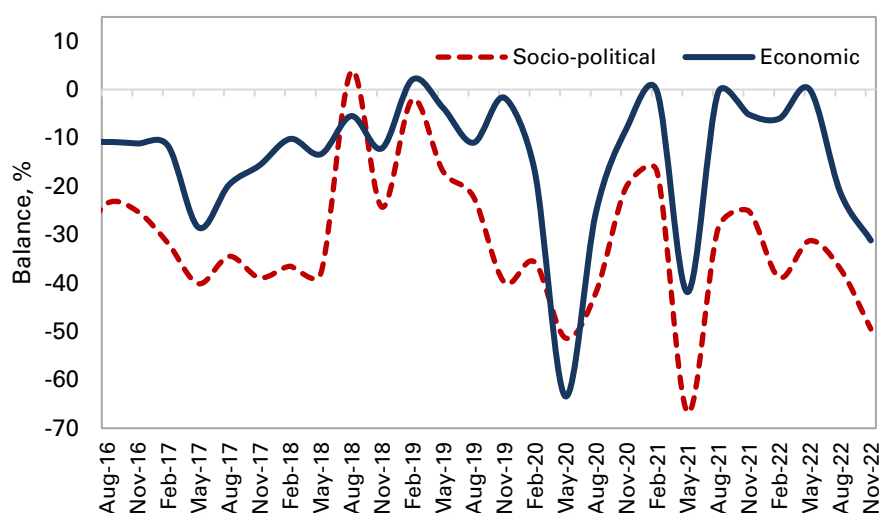


**Source:** Business Tendency Survey (BTS) – Fedesarrollo

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

In November, the balance of the industrial sector about the favorability of **economic conditions** for investing stood at -31.2%, which is equivalent to a decrease of 10.0 pp compared to the measurement of August 2022 (Graph 4). The results show that 45.4% of respondents believe that current economic conditions are unfavorable, compared to 39.4% in the previous measurement. On the other hand, 14.2% of businessmen believe that current conditions are favorable, compared to 18.2% in the previous measurement. Moreover, 40.3% affirm that they are neutral, compared to 42.5% in the previous measurement.

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



Source: Business Tendency Survey (BTS) – Fedesarrollo

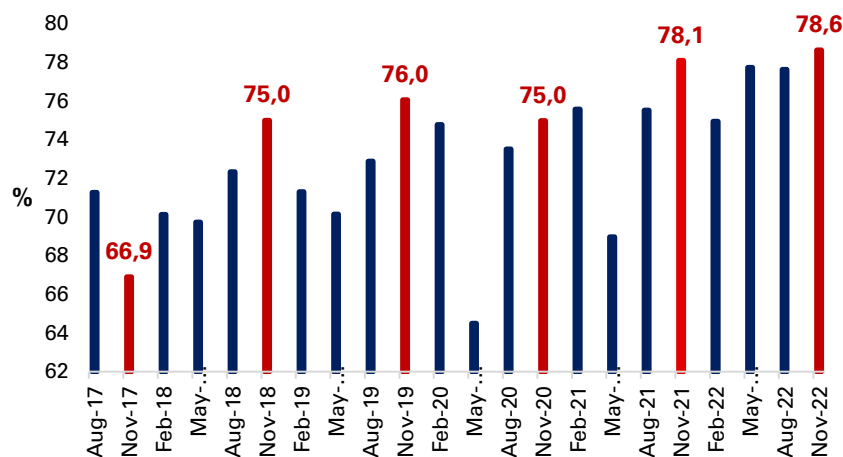
On the other hand, the balance on the favorability of **socio-political conditions** for investment was -49.5%, reflecting a decrease of 12.5 pp compared to the previous quarter. The results show that 4.4% of those surveyed believe that the socio-political conditions are favorable compared to 9.3% in the previous measurement. For their part, 53.9% of businessmen consider that current conditions are unfavorable compared to 46.4% in the previous measurement. Finally, 41.7% affirm that they are neutral, compared to 44.3% in the previous measurement.

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

## Quarterly Module: Industry Installed Capacity Utilization

In November, the industry installed capacity utilization was 78.6%, registering an increase of 1.0 pp and 0.5 pp compared to the measurement made in August 2022 and November 2021, respectively (Graph 5).

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



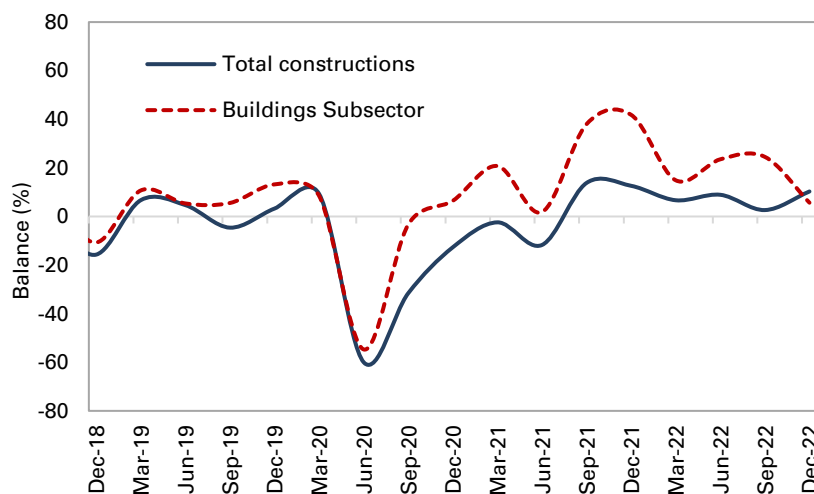
**Note:** The series of utilization of installed capacity was revised backwards.

**Source:** Business Tendency Survey (BTS) – Fedesarrollo

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

In the fourth quarter of 2022, the balance of the current economic situation of companies in the construction sector stood at 10.3%, equivalent to an increase of 7.6 pp compared to the previous quarter and a decrease of 2.3 pp compared to the same period of 2021. The building sector registered a balance 5.7%, a sharp drop of 18.9 pp and 36.2 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**

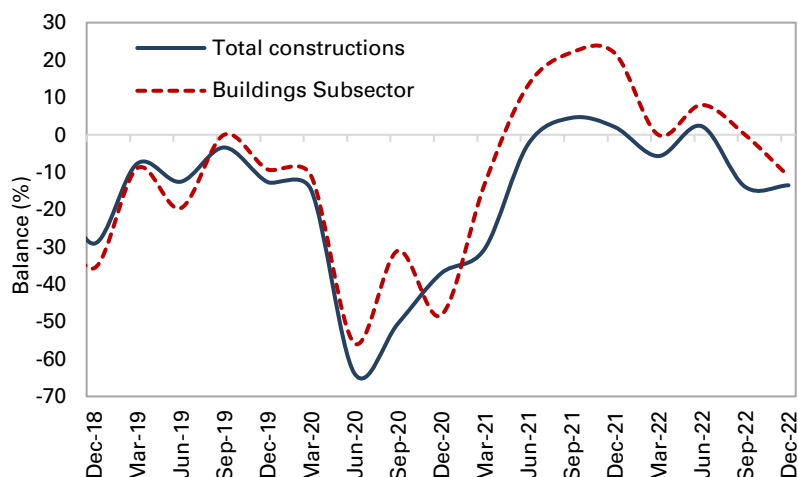


<sup>3</sup> On a quarterly basis, Fedesarrollo conducts a survey focused on businessmen in the construction sector, to know their perception of the current economic situation and their expectations for the future.

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

The construction rate indicator stood at -13.5%, showing an increase of 0.4 pp compared to the previous quarter and a decrease of 15.6 pp compared to the fourth quarter of 2021. For the building sector, this indicator registered a balance of -11.1%, which shows a decrease of 11.1 pp compared to the previous quarter and a decrease of 32.9 pp compared to a year ago (Graph 7).

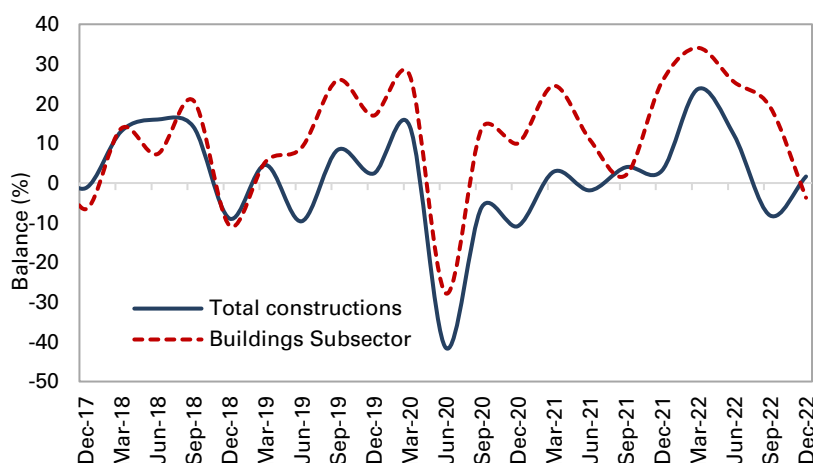
**Graph 7. Construction rate compared to the previous year**



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

The balance regarding construction expectations for the next quarter stood at 1.7%, showing a growth of 9.8 pp compared to the previous quarter and a decrease of 1.5 pp compared to the same quarter of 2021. For its part, in the building subsector, construction expectations registered a balance of -3.7%, which represents a decrease of 22.9 pp compared to the previous quarter and an a drop of 29.2 pp compared to the same quarter of last year (Graph 8).

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



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



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

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