

## Business Tendency Survey December 2022



In December 2022, the **Retail Confidence Index (RCI)** stood at **22,6%**, which represents an improvement of **3.4 pp** compared to the previous month (**RCI November 2022: 19.2%**). The greater optimism of this index was mainly explained by the optimism in business current situation and business expectations for the next six months (monthly variation of 6.7 pp and 5.0 pp, respectively). However, the business level of stocks rises by 1.6 pp. With this result, RCI continue with the positive trend registered since November 2022.

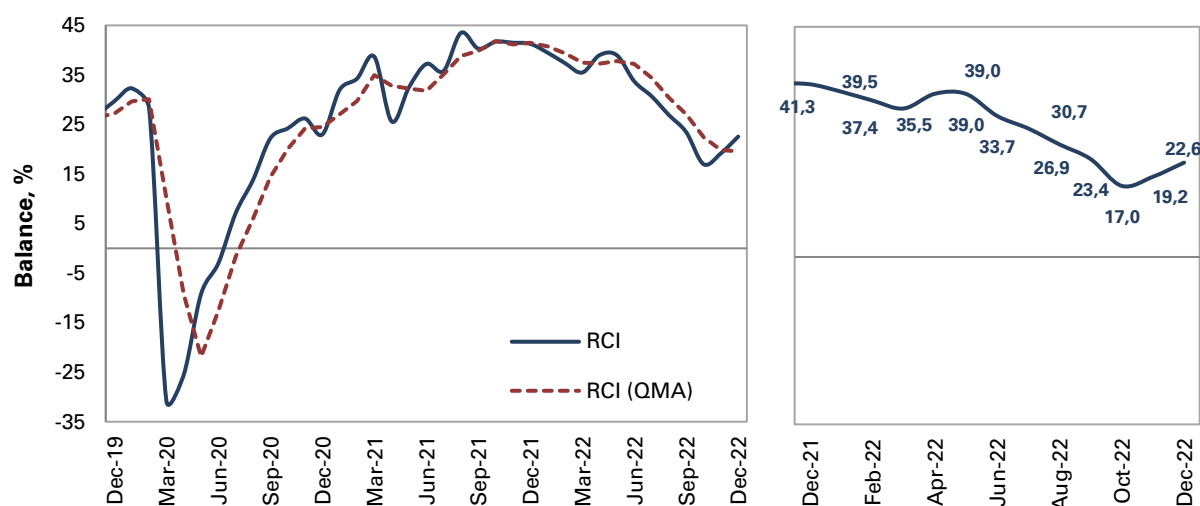
On the other hand, the **Industrial Confidence Index (ICI)** stood at **-1.2%** in **December 2022 (1.3 pp lower than the previous month)** after standing in **positive terrain in November 2022 (1,0%)**. The index variation was given by the decrease of 9.4 pp in the current volume of orders and the increase of 2,0 pp in the business level of stocks. Nevertheless, and like the RCI, the expected production for the next three months and from companies in the sector growth by about 7.5 pp.

**Expectations of employment generation in the industrial sector for the next quarter dropped in 3.2 pp** compared to the June – September quarter (2.0% in December vs 5.2% in September 2022). Meanwhile, **industrialists' perception of the presence of contraband activities stood at 8.7%**, which represents an increase of 8,1 pp compared to the last quarter and by about 5.7 pp compared to the same quarter of last year.

## Retail Confidence Index – RCI

In December 2022, the Retail Confidence Index (RCI) stood at 22.6%, which represents an increase of 3.4 pp compared to the previous month (RCI November 2022: 19.2%), continuing with the positive trend registered since November 2022. Nevertheless, the index fell by 18.7 pp compared to December 2021 (41,3%).

**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 December 2021 and 2022 are presented in Table 1.

**Table 1. Retail Confidence Index Components**

Component (Balance, %)	2021	2022	
	December	November	December
Business current situation	74,1	55,4	62,2
Level of stocks	-7,6	10,5	12,1
Business expectations for the next 6 months	42,1	12,6	17,6
<b>Retail Confidence Index - RCI</b>	<b>41,3</b>	<b>19,2</b>	<b>22,6</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

According to the results of December, retailers' confidence increased compared to the previous month due to a better perception about the business current economic situation of the companies in the sector and the business expectations for the next six months (the monthly variation was by about of 6.7 pp and 5.0 pp, respectively). The RCI

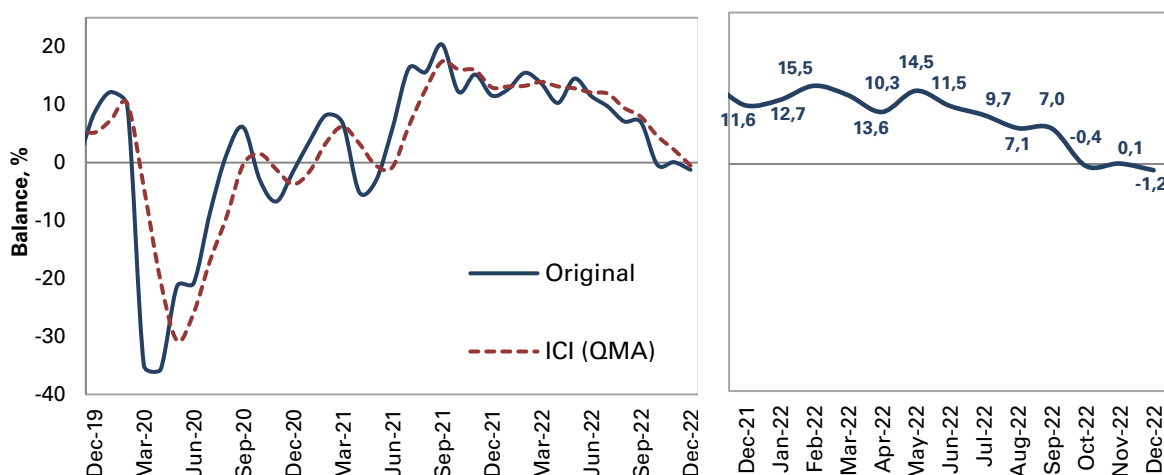
<sup>1</sup> Both industrial producers and retailers are asked if the level of stocks is high, low or normal. The balance corresponds to the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent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

value is also explained by the growth of 1.6 pp in the level of stocks. In annual terms, the drop in retailers' confidence was explained by an increase of 19.7 pp in the level of stocks and the decrease of 11.9 pp and 24.5 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 -1.2% in December 2022, after standing in positive terrain in November 2022 (0,1%). The ICI fell 1.3 pp compared to the previous month and fell 12.8 pp compared to December 2021 (Graph 2). On the other hand, the quarterly moving average decrease to -0.5% and registered a deterioration of 2.8 pp compared to the same indicator for the previous month (2.2%). In this way, the ICI ranks as the lowest value of the year 2022 and it positioned as the most negative indicator since May 2021 (-3.2%).

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 December 2021 and 2022 are presented in Table 2.

Table 2. Evolution of ICI components

Component (Balance, %)	2021		2022
	December	November	December
Stocks of finished goods at end of this month	-11,3	-1,2	0,8
Current volume of orders	-0,7	-2,9	-12,4
Expected production in the next three months	24,1	2,0	9,4
<b>Industrial Confidence Index – ICI</b>	<b>11,6</b>	<b>0,1</b>	<b>-1,2</b>

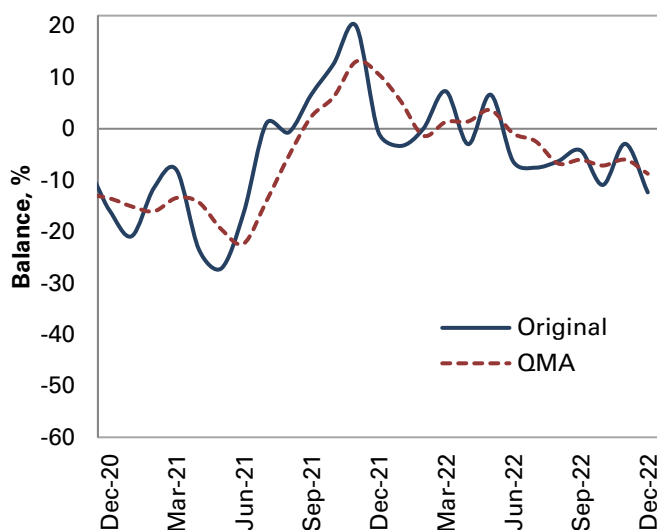
Source: Business Tendency Survey (BTS) – Fedesarrollo

The negative monthly variation of industrial confidence is explained by an important decreasing of 9.4 pp in the current volume of orders (-12,4% vs -2,9 in November 2022) and the increase of 2.0 pp in the stocks of finished goods at end of this month. Nevertheless, and like the RCI, the expected production for the next three months and from companies in the sector was improve by about 7.5 pp.

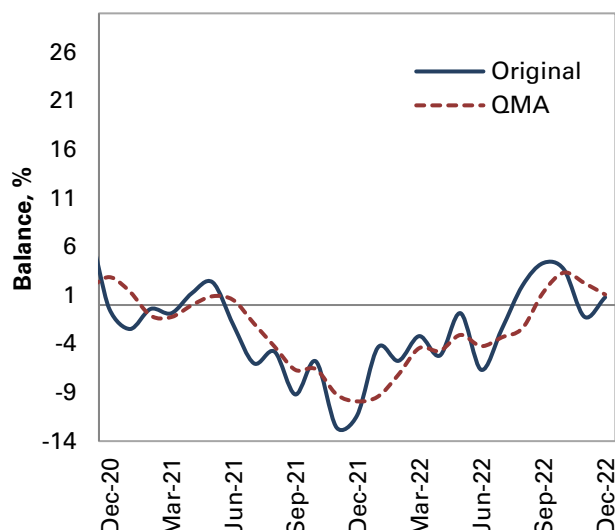
In annual terms, the decrease in industrial confidence was related to a reduction of 14.6 pp and 11.7 pp in expected production in the next three months and the current volume of orders, respectively. Likewise, the annual variation was explained by an increase of 12.1 pp in the stocks of finished goods at end of this month.

**Graph 3. ICI Components**

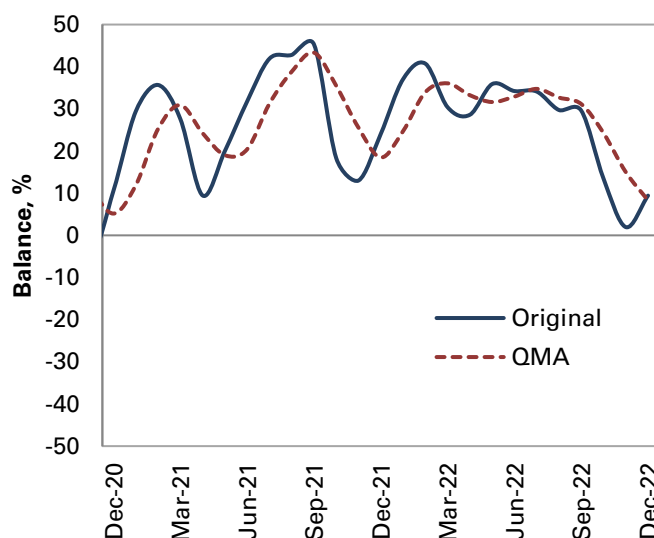
**A. Current volume of orders**



**B. Level of stocks**



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



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

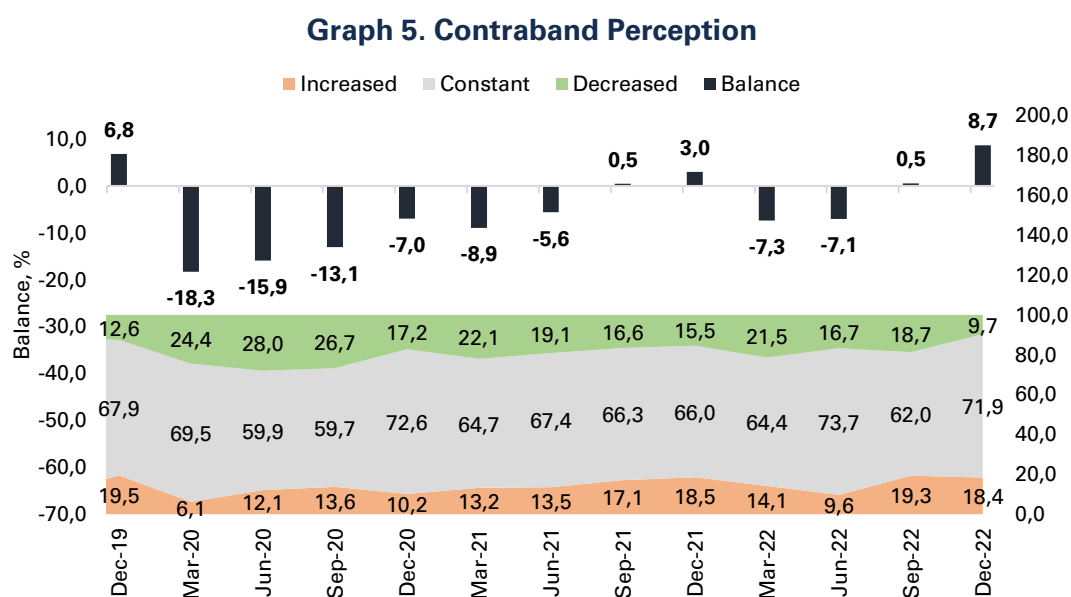
### Quarterly Module: Employment Expectations and Contraband Perception<sup>2</sup>

In December, the balance on expectations of employment generation in the industrial sector for next quarter was 2.0%, which represents a decrease of 3.2 pp and 9.7 pp compared to the previous quarter and the same quarter of 2021, respectively (Graph 4). The disaggregated results show that 14.0% of respondents believe that employment generation in the industry during the next quarter will increase, while 73.9% believe it will maintain and the remaining 12.0% believe that it will decrease.



Source: Business Tendency Survey – Fedesarrollo.

On the other hand, the perception of entrepreneurs on the presence of contraband in the industry presented a balance of 8.7 % in December 2022, which represents an increase of 8.1 pp respect to the balance for September and by about of 5.7 pp compared to December 2021. Particularly, 18.4% of respondents said that contraband in the September-December quarter increased compared to the previous quarter, 71.9% said it maintained, while the remaining 9.7% considered that it was lower (Graph 5).



Source: Business Tendency 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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**Published January 25, 2023**

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