

Business Tendency Survey November 2023



In November 2023, the Retail Confidence Index (RCI) stood at 12.3%, representing a decrease of 2.4 percentage points compared to the previous month (RCI October 2023: 14.7%). The decline in retail confidence was attributed to a 3.2 pp drop in expectations for the economic situation in the next semester, a 3.1 pp decrease in the perception of the current economic situation, and a 0.9 pp increase in stock levels.

Meanwhile, the Industrial Confidence Index (ICI) reached -7.1% for November 2023, a decrease of 3.4 pp from the previous month (ICI October 2023: -3.7%). The negative monthly variation in industrial confidence in November is explained by a 16.6 pp decrease in production expectations for the next quarter. However, the current volume of orders experienced a 5.3 pp increase, and stock levels decreased by 1.1 pp compared to the previous month.

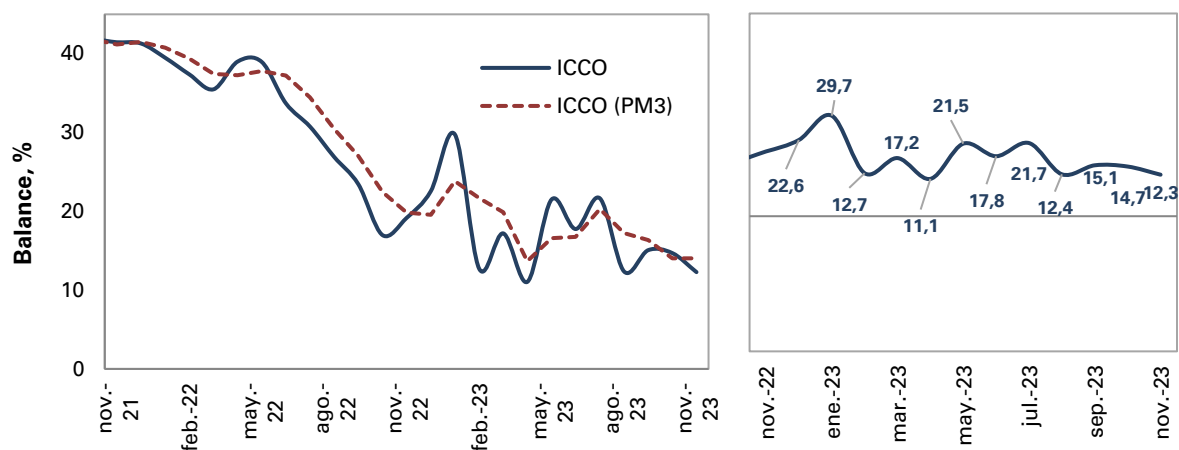
The capacity utilization rate in the industry for November was 77.6%, increasing by 1.6 pp compared to August 2023. Additionally, companies' perception of economic conditions improved by 1.7 pp. However, the perception of companies regarding socio-political conditions decreased by 7.0 pp.

On the other hand, there was a decline in the perception of the pace of construction activity and the current economic situation compared to the third quarter of 2023. This decline was mainly reflected in the pace of residential construction activity.

Retail Confidence Index – RCI

In November 2023, the Retail Confidence Index (RCI) stood at 12.3%, representing a decrease of 2.4 percentage points compared to the previous month (14.7%). Furthermore, the RCI experienced a decline of 6.9 pp compared to November of the immediately preceding year (19.2%).

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 and expectations about the economic situation for the next semester**. The results for November 2022 and 2023 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2022		2023
	November	October	November
Business current situation	55,4	33,8	30,7
Level of stocks	10,5	7,5	8,4
Business expectations for the next 6 months	12,6	17,8	14,6
Retail Confidence Index - RCI	19,2	14,7	12,3

Source: Business Tendency Survey (BTS) – Fedesarrollo.

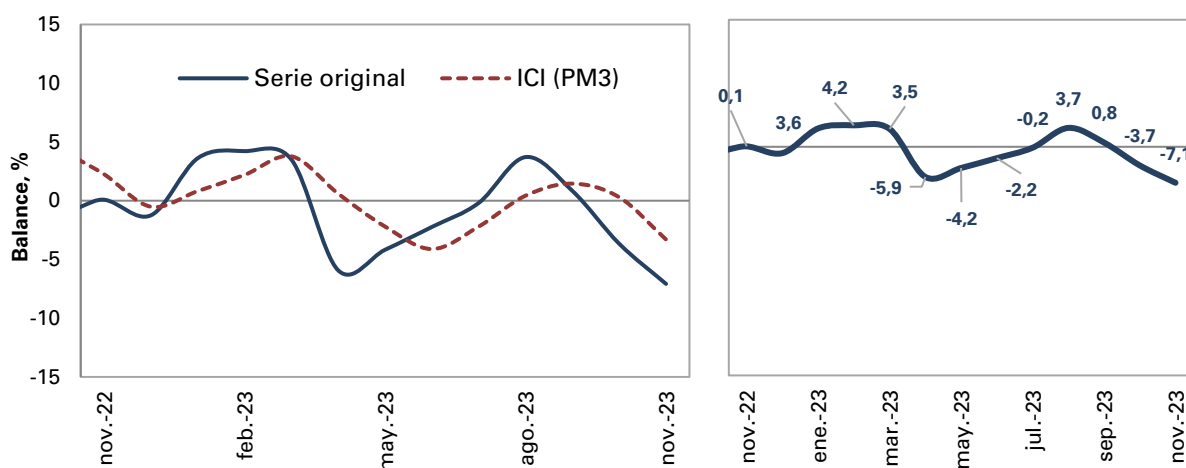
Primarily, the decrease in confidence among traders is attributed to a decline in expectations for the economic situation in the next semester, a category that decreased by 3.2 pp. Additionally, the perception of the current economic situation of the company decreased by 3.1 pp, while stock levels increased by 0.9 pp. On an annual basis, the decline in trader confidence was explained by a 24.7 pp drop in the current economic perception of the company. However, expectations for the economic situation in the next

quarter saw an annual increase of 2.0 pp, and stock levels experienced an annual decrease of 2.0 pp.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) reached -7.1% in November 2023. This indicates a decrease of 3.4 percentage points compared to the previous month (ICI October 2023: -3.7%) and a decline of 7.2 percentage points compared to the same month in 2022 (ICI November 2022: 0.1%) (Graph 2). Meanwhile, the quarterly moving average stood at -3.3%, representing a decrease of 3.6 percentage points compared to the same indicator for October 2023 (0.3%).

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 2022 and 2023 are presented in Table 2.

Table 2. Evolution of ICI components

Component (Balance, %)	2022	2023	
	November	October	November
Stocks of finished goods at end of this month	-1,2	4,8	3,7
Current volume of orders	-2,9	-17,1	-11,8
Expected production in the next three months	2,0	10,9	-5,7
Industrial Confidence Index – ICI	0,1	-3,7	-7,1

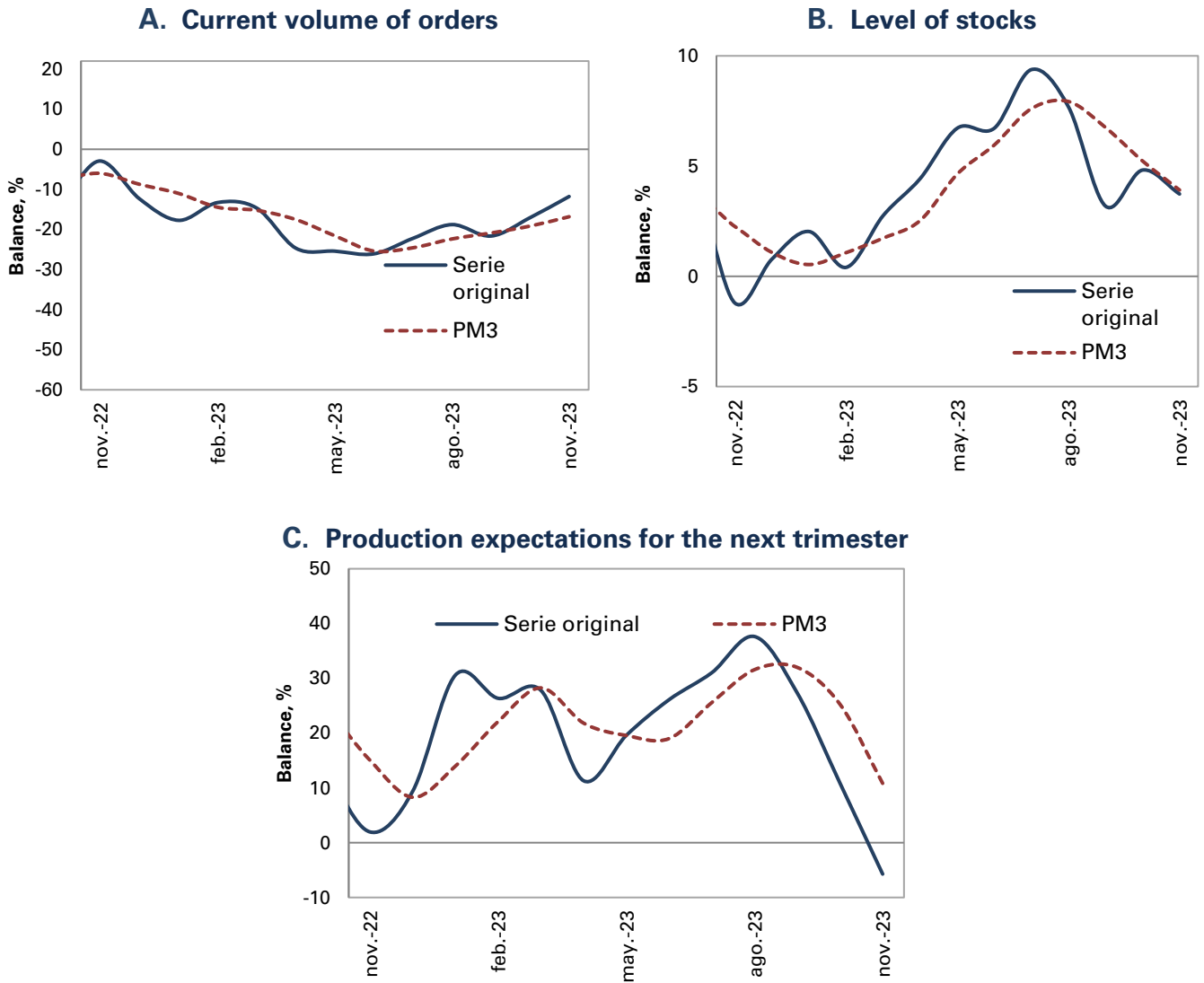
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in November is attributed to a 16.6 pp decrease in production expectations for the next quarter compared to the

previous month (-5.7% vs. 10.9% in October 2023). Meanwhile, the current volume of orders experienced an increase of 5.3 pp, and stock levels decreased by 1.1 pp compared to the previous month.

On an annual basis, the decline in industrial confidence was primarily explained by an 8.9 pp reduction in the current volume of orders and a decrease of 7.7 pp in production expectations for the next quarter. Additionally, stock levels increased by 4.9 pp.

Graph 3. ICI Components



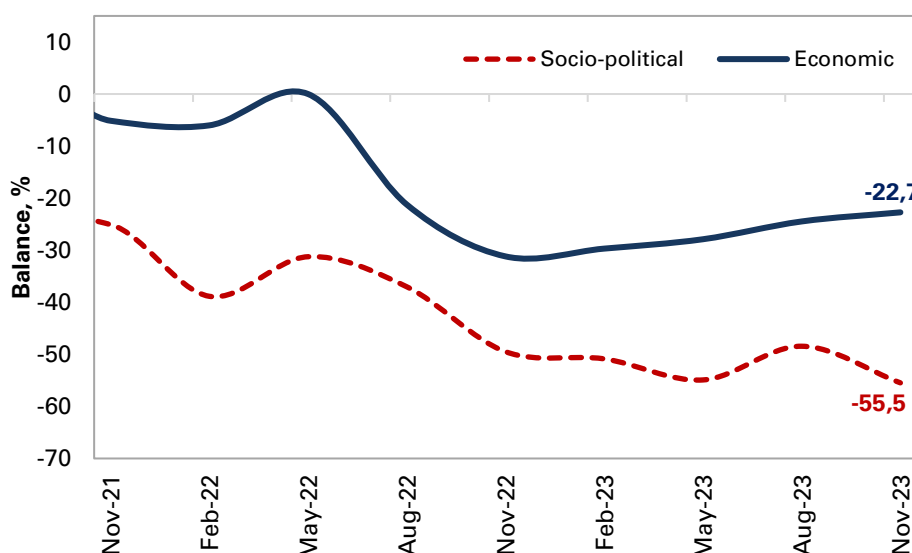
Source: Business Tendency Survey (BTS) – Fedesarrollo.

Quarterly Module:

Economic and Socio-political Conditions for Investment

In November 2023, the industrial sector's balance regarding the favorability of economic conditions for investment stood at -22.7%, showing an improvement of 1.7 pp compared to the measurement in August 2023 (-24.5%) (Graph 4). The results indicate that 38.1% of respondents consider current economic conditions unfavorable (compared to 38.5% in the previous measurement). Similarly, 15.4% of entrepreneurs believe that current conditions are favorable (compared to 14.0% in the previous measurement), while 46.5% state that they are neutral (compared to 47.6% in the previous measurement).

Graph 4. Favorability of Current Economic and Socio-political Conditions for Investment



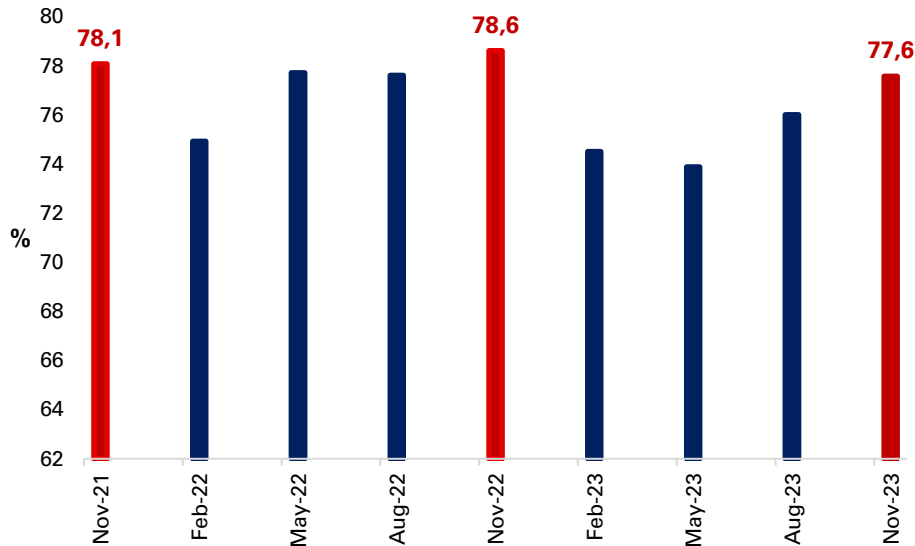
Source: Business Tendency Survey (BTS) – Fedesarrollo

On the other hand, the balance regarding the favorability of sociopolitical conditions for investment stood at -55.5% in November, reflecting a decrease of 7.0 pp compared to the previous quarter (-48.4% in August 2023). The results show that 3.5% of respondents consider sociopolitical conditions favorable (compared to 7.3% in the previous measurement). Additionally, 59.0% of entrepreneurs perceive current conditions as unfavorable, representing an increase of 3.3 pp from August 2023 (55.7%), while the remaining 37.5% state that conditions are neutral (compared to 37.0% in the previous measurement). Thus, it can be affirmed that there is a decreased perception of favorability regarding sociopolitical conditions.

Industry Installed Capacity Utilization

In November, the capacity utilization rate (UCI) in the industry reached 77.6%. Based on this result, the UCI increased by 1.6 pp compared to the measurement in August 2023 (76.0%) and decreased by 1.0 pp compared to November 2022 (78.6%) (Graph 5).

Graph 5. Utilization of installed capacity in the industry



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

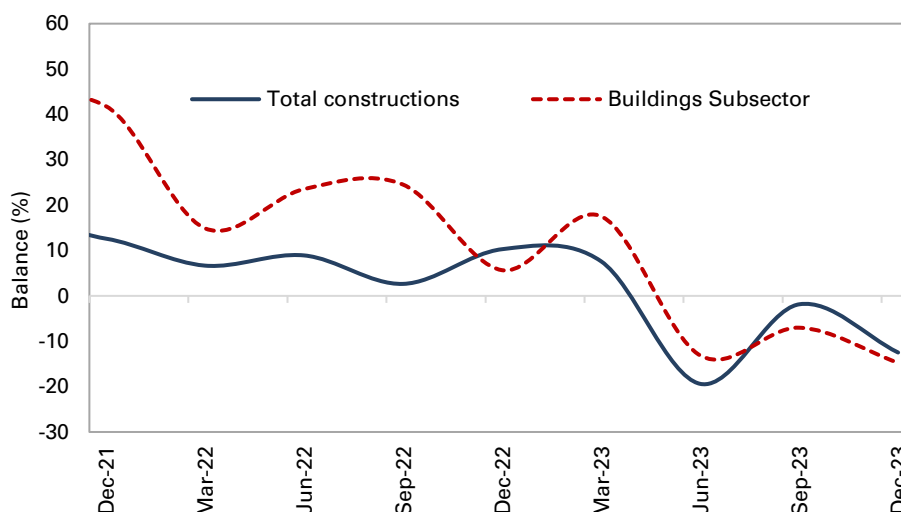
Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Construction Survey¹

In the fourth quarter of 2023, the balance of the current economic situation of companies in the construction sector stood at -12.5%. This represents a decrease of 10.6 pp compared to the previous quarter (-1.9%) and a decline of 22.8 pp compared to the same period in 2022 (10.3%). On the other hand, the balance for the subsector of buildings was -14.8%, showing a decrease of 7.7 pp compared to the previous quarter (-7.0%) and a decrease of 20.4 pp compared to the same quarter in 2022 (5.7%) (Graph 6).

¹ 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.

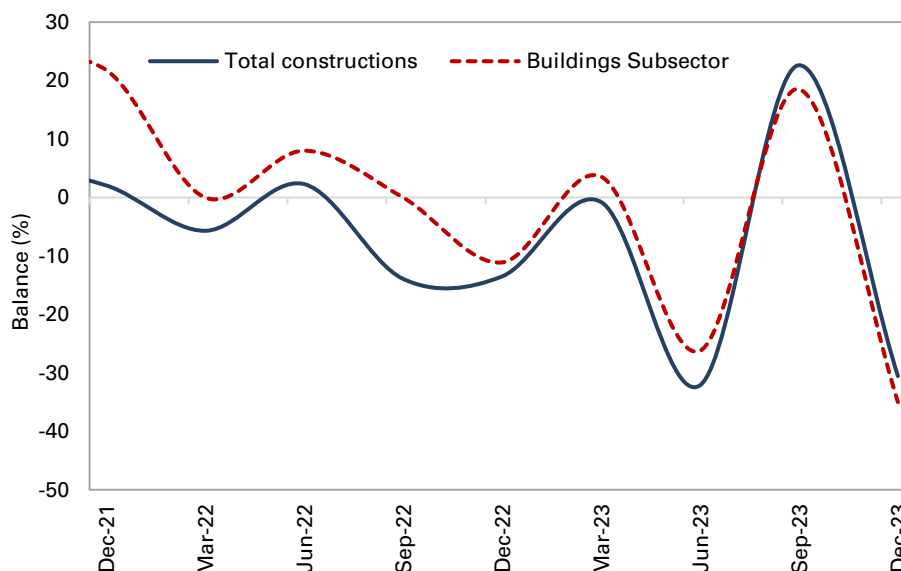
Graph 6. Current situation of companies in the construction sector



Source: Quarterly Construction Survey - Fedesarrollo.

The construction pace indicator stood at -30.6%, indicating a decrease of 53.2 pp compared to the previous quarter (22.6%) and -17.0 pp compared to the fourth quarter of 2022 (-13.5%). A similar trend was observed for the buildings subsector, which recorded a balance of -35.0%, representing a decrease of 53.5 pp compared to the previous quarter (18.2%) and a decline of 23.9 pp compared to a year ago (-11.1%) (Graph 7).

Graph 7. Construction rate compared to the previous year

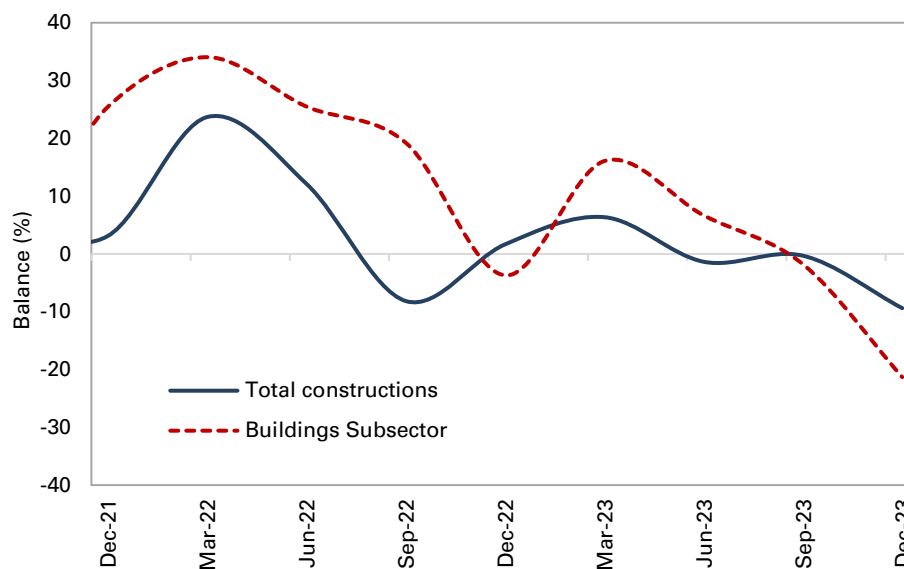


Source: Quarterly Construction Survey - Fedesarrollo.

The construction expectations balance for the next quarter stood at -9.4%, indicating a decrease of 9.1 pp compared to the previous quarter (-0.3%) and -11.0 pp compared to the same quarter in 2022 (1.7%). Meanwhile, in the buildings subsector, expectations recorded a balance of -21.3%, representing a decrease of 19.5 pp compared to the

previous quarter (-1.8%) and a decline of 17.6 pp compared to the same quarter last year (-3.7%) (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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