

Business Tendency Survey January 2024



In January 2024, the **Retail Confidence Index (RCI)** stood at **14.5%**, representing a **decrease of 2.1 percentage points (pp)** compared to the previous month (**RCI December 2023: 16.6%**). The decline in commercial confidence was attributed to a 9.4 pp drop in expectations regarding the current economic situation, a 3.3 pp increase in stock levels, partially offset by a 6.4 pp rise in the economic outlook for the next semester. Compared to the same month of the previous year, the RCI decreased by 15.2 pp (RCI January 2022: 29.7%).

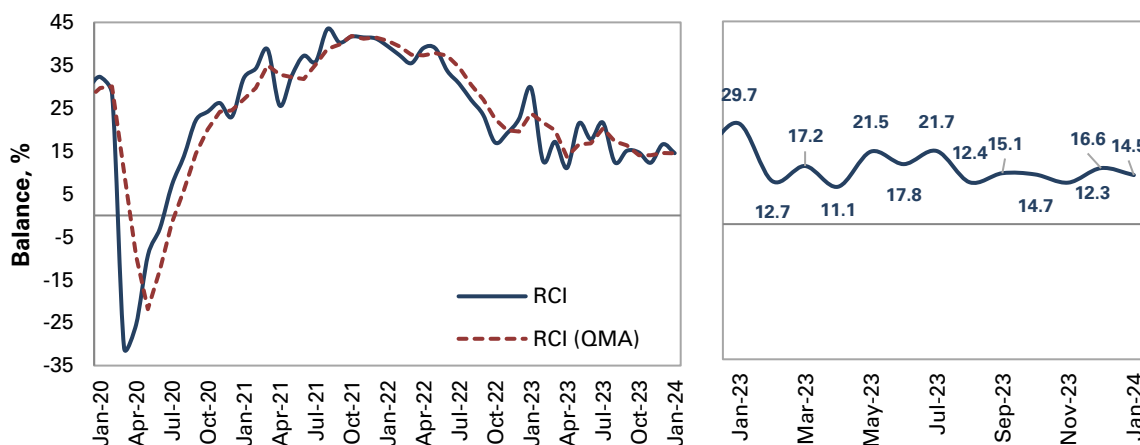
Meanwhile, the **Industrial Confidence Index (ICI)** reached **0.2%** for January 2024, marking an **increase of 4.5 pp** from the previous month (**ICI December 2023: -4.3%**). The positive monthly variation in industrial confidence in January is explained by an 18.2 pp increase in production expectations for the next quarter and a 3.3 pp decrease in stock levels. However, the current volume of orders experienced an 8.0 pp decrease compared to the previous month. Year-on-year, the ICI decreased by 3.4 pp (ICI January 2023: 3.6%).

In the fourth quarter of 2023, there was a positive quarterly variation in the three-month expectation for exported value in dollars (23.6%), export orders (20.2%), exported value in dollars (15.6%), and the profitability of export activity (14.7%).

Retail Confidence Index – RCI

In January 2024, the Retail Confidence Index (RCI) stood at 14.5%, representing a decrease of 2.1 pps compared to the previous month (16.6%). Additionally, the RCI experienced a decrease of 15.2 pps compared to January 2023 (29.7%).

Graph 1. Retail Confidence Index (RCI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

*QMA: 3 Month moving average.

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 January 2023, December 2023 and January 2024 are shown in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023		2024
	January	December	January
Business current economic situation	59,3	34,0	24,6
Level of stocks	2,6	5,4	8,7
Expectations about the economic situation for the next semester	32,5	21,2	27,6
Retail Confidence Index - RCI	29,7	16,6	14,5

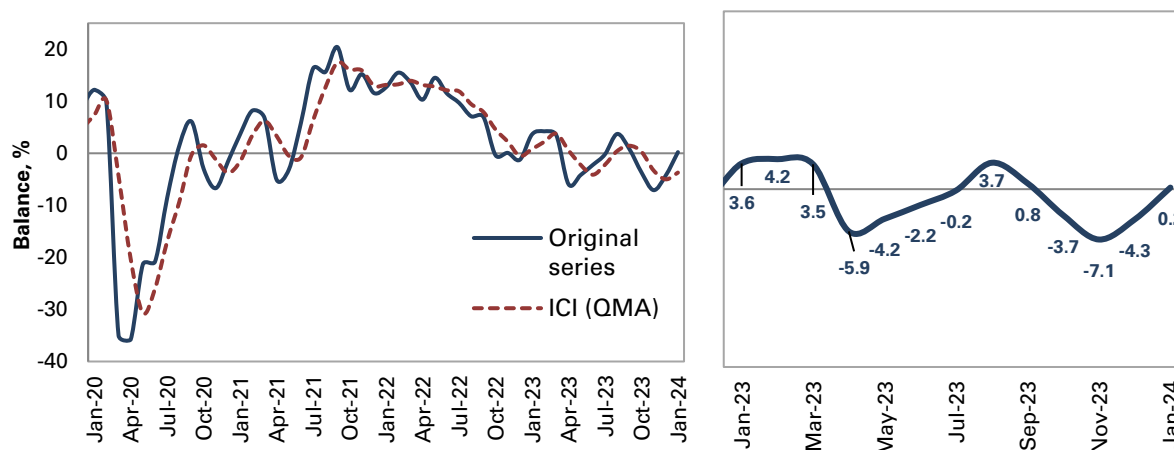
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The decreased confidence among traders compared to the previous month was primarily due to a reduction in expectations regarding the economic situation for the next semester, a category that decreased by 9.4 pps. Additionally, the increase in stock levels negatively contributed by 3.3 pps. On the other hand, expectations for the economic situation in the next quarter increased by 6.4 pps. In annual terms, the decline in traders' confidence was explained by a 34.7 pps decrease in the current economic perception of the company or business and an increase in stock levels by 6.1 pps. Furthermore, expectations for the economic situation in the next quarter experienced an annual decrease of 4.9 pps.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) reached 0.2% for January 2024. Consequently, the ICI saw an increase of 4.5 pps compared to the previous month (ICI December 2023: -4.3%) and a decrease of 3.4 pps compared to the same month in 2023 (ICI January 2023: 3.6%) (Graph 2). Meanwhile, the quarterly moving average stood at -3.7%, representing an increase of 1.3 pps compared to the same indicator for December 2023 (-5.0%) and a decrease of 4.5 pps compared to the same indicator for January 2023 (0.8%).

Graph 2. Industrial Confidence Index (ICI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

*QMA: 3 Month moving average.

The ICI has three components: **level of stocks, current volume of orders and production expectations for the next quarter**. The results for January 2022, December 2023 and January 2024 are presented in Table 2.

Table 2. Evolution of Industrial Confidence Index Components

Component (Balance, %)	2023		2024
	January	December	January
Level of stocks	2,0	2,5	-0,8
Current volume of orders	-17,7	-21,2	-29,2
Production expectations for the next quarter	30,6	10,9	29,1
Industrial Confidence Index – ICI	3,6	-4,3	0,2

Source: Business Tendency Survey (BTS) – Fedesarrollo.

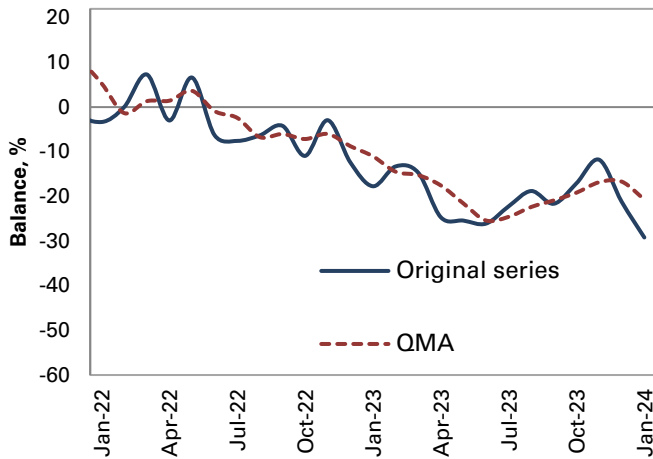
The positive monthly variation in industrial confidence in January is explained by an 18.2 pps increase in production expectations for the next quarter compared to the previous month and a 3.3 pps decrease in stock levels. On the other hand, the current volume of orders experienced an 8.0 pps decrease compared to the previous month.

In annual terms, the decline in industrial confidence was primarily explained by an 11.5 pps reduction in the current volume of orders and a 1.6 pps decrease in production

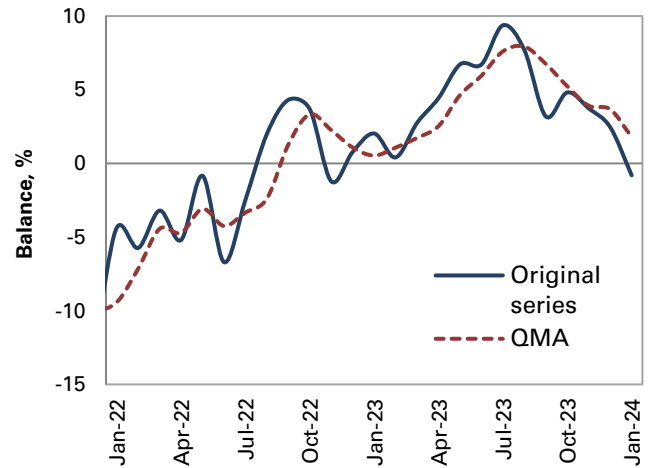
expectations for the next quarter. Additionally, the stock level experienced a decrease of 2.8 pps.

Graph 3. Industrial Confidence Index Components

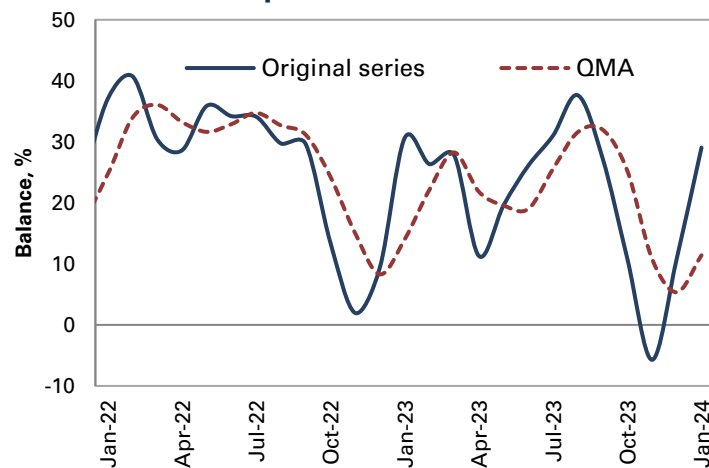
A. Current volume of orders



B. Level of stocks



C. Production expectations for the next trimester



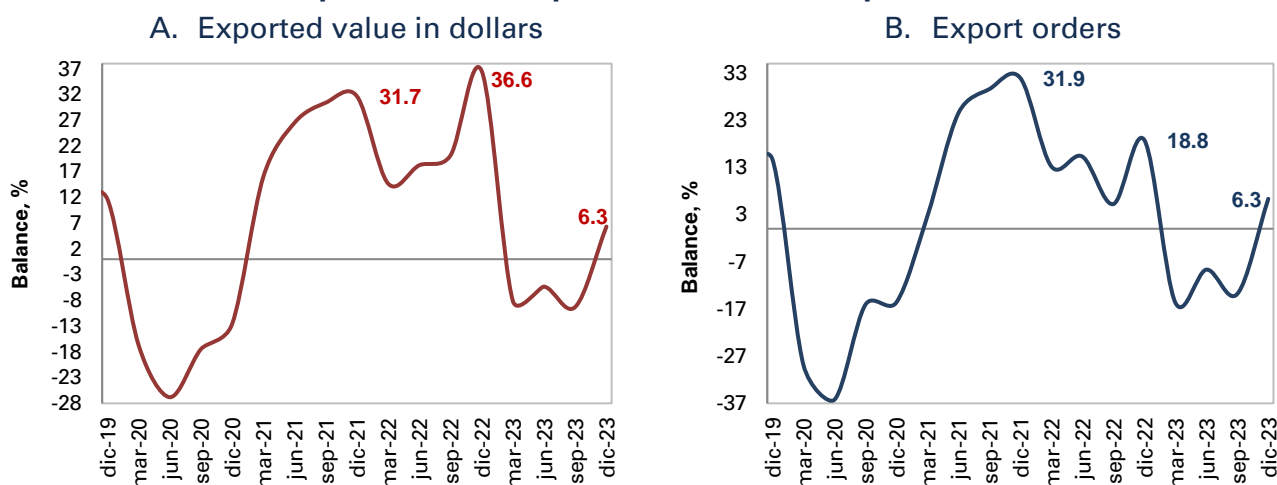
Source: Business Tendency Survey (BTS) – Fedesarrollo.

*QMA: 3 Month moving average.

Quarterly Module: Exports¹

In the fourth quarter of 2023, the balance on the exported value in dollars was 6.3%, indicating that the percentage of respondents who experienced an increase in their exports exceeded those whose exports decreased (Graph 4). This result represents an increase of 15.6 pps compared to the third quarter of 2023 (-9.3%) and a decrease of 30.3 pps compared to the fourth quarter of 2022 (36.6%). Similarly, the balance of export orders was 6.3%, reflecting an increase of 20.1 pps compared to the immediately preceding quarter (-13.8%) and a decrease of 12.5 pps compared to the same quarter in 2022 (18.8%).

Graph 4. Value of exports in dollars and export orders

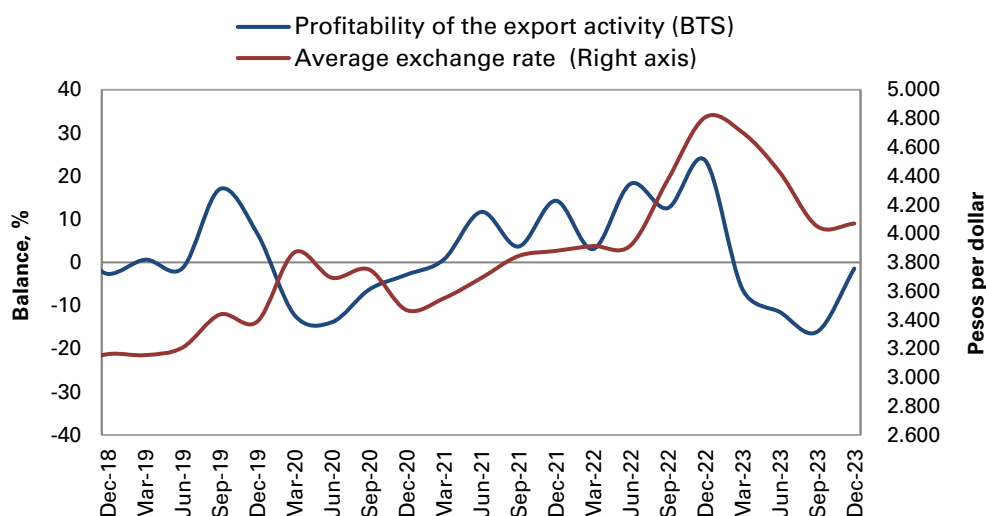


Source: Business Tendency Survey (BTS) – Fedesarrollo.

Regarding the question that explores entrepreneurs perception of the profitability of export activity, a balance of -1.4% was obtained. This implies that the percentage of respondents who perceived an increase in profitability was lower compared to those who considered a decrease. The balance results represented an increase of 14.7 pps compared to the previous quarter (-16.1%) and a decrease of 25.1 pps compared to the fourth quarter of 2022 (23.7%). Additionally, the balance of the profitability of export activity in the fourth quarter of 2023 was consistent with the behavior of the exchange rate (Graph 5).

¹ Quarterly, the Business Opinion Survey includes a special module for the industrial sector in which inquiries are made about the expectations and perception of industrialists regarding the value of exports in dollars and export orders.

Graph 5. Profitability of the export activity and exchange rate



Source: Business Tendency Survey (BTS) – Fedesarrollo and Central Bank of Colombia.

For the fourth quarter of 2023, the most favorable factors for export activity were the Vallejo Plan System (6.6%) and the export procedures in Colombia (5.8%). On the other hand, the peso-dollar exchange rate (-27.9%), the availability and cost of credit (-14.7%), and production costs (-12.9%) were identified as the most unfavorable factors for exportation. In contrast to the immediately preceding quarter, the factor that showed the greatest improvement was the dollar-exchange rate of the exporting country's currency, which increased by 14.7 pps. On the other hand, the factor that experienced the most significant setback was Colombian information and marketing services, decreasing by 6.6 pps.

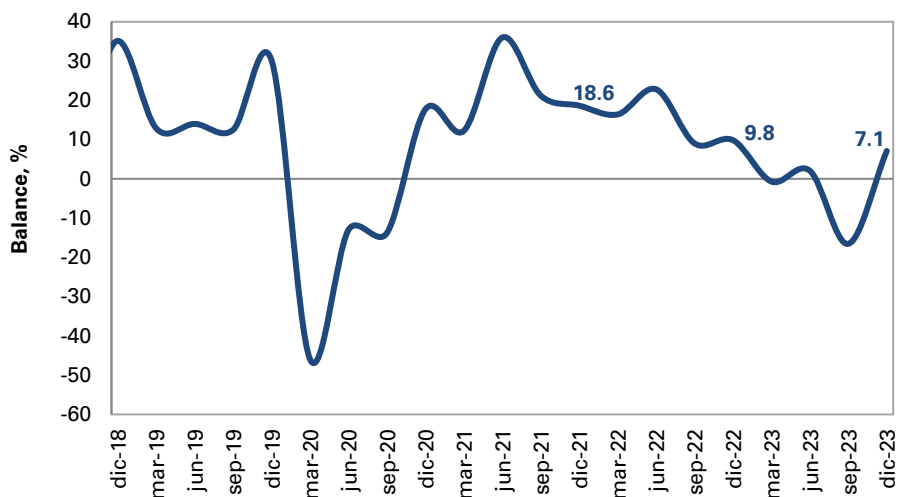
Table 3. Main factors affecting export activity

Factor (Balance, %)	2022-IV	2023-III	2023-IV
Production costs	-38,2	-19,6	-12,9
Availability and cost of credit	-18,3	-13,6	-14,7
Plan Vallejo System	7,6	7,2	6,6
Export procedures in Colombia	2,4	0,0	5,8
Internal transportation in Colombia	-30,7	-18,9	-12,4
International transportation	-25,8	-6,9	-6,4
Port services in Colombia	-12,6	-11,1	-9,6
Peso-dollar exchange rate	10,6	-23,1	-27,9
Dollar-currency exchange rate of the buyer country	0,0	-14,7	0,0
Colombian information and marketing services	-6,4	1,4	-5,2
Trade policies of the purchasing countries	-0,8	-5,6	-1,5
Economic situation of the buyer country	2,4	-13,4	-2,2
Competitive position in the target markets	-4,8	-7,0	-2,2

Source: Business Tendency Survey (BTS) – Exports module (Fedesarrollo).

For the fourth quarter of 2023, the balance of exporters' expectations regarding the performance of their activity in the next three months stood at 7.1%, representing an increase of 23.7 pps compared to 2023-Q3 and a decrease of 2.7 pps compared to the same quarter of 2022 (Graph 6). In response to this question, 25.5% of the respondents stated that their exports will increase in the next three months, while 18.4% believe that their exports will decrease, and the remaining 56.0% expect their exports to remain the same.

Graph 6. Three-month expectations of export value in dollars



Source: Business Tendency Survey (BTS) – Exports module (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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