

## Business Tendency Survey February 2024



In February 2024, the **Retail Confidence Index (RCI) stood at 10.9%**, representing a decrease of 3.6 percentage points (pp) compared to the previous month (RCI January 2024: 14.5%). The decrease in retail confidence was explained by an increase of 11.1 pp in stock levels and a decrease of 4.7 pp in expectations for the next semester, partially offset by a 5.0 pp increase in the perception of the current economic situation. Compared to the same month of the previous year, the RCI decreased by 1.8 pp (RCI February 2023: 12.7%).

Meanwhile, the **Industrial Confidence Index (ICI) stood at -0.3%** for the month of February 2024, a reduction of 0.5 pp compared to the previous month (ICI January 2024: 0.2%). The negative monthly variation in industrial confidence in February was explained by an increase of 5.4 pp in the stock level and a decrease of 2.1 pp in production expectations for the next quarter. Meanwhile, the current volume of orders experienced an increase of 5.9 pp compared to the previous month. Compared to the same month of the previous year, the ICI decreased by 4.5 pp (ICI February 2023: 4.2%).

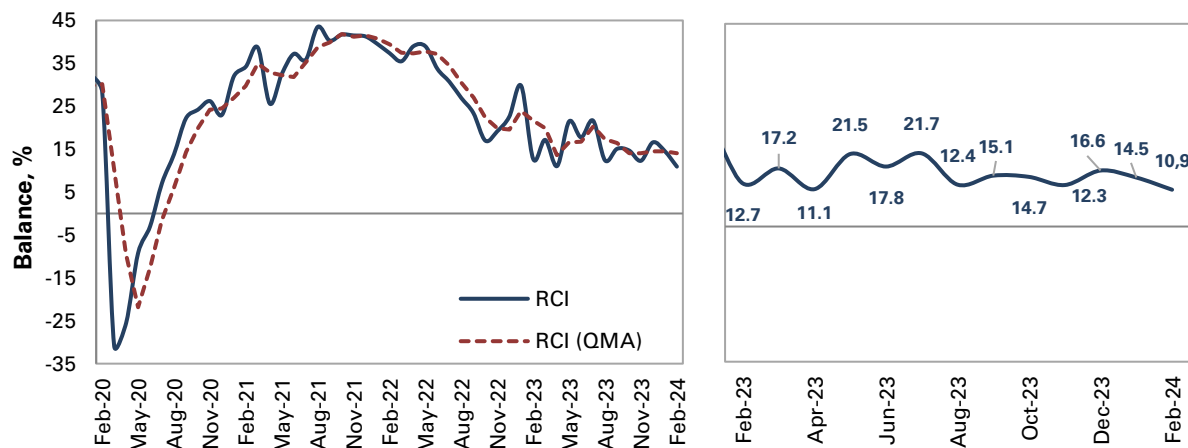
The utilization of installed capacity in the industry for the month of February was 72.4%, decreasing by 5.2 pp compared to November 2023. Meanwhile, there was an improvement in companies' perception of economic conditions (1.7 pp) and socio-political conditions (4.2 pp).

On the other hand, there was an increase in perception regarding the pace, situation, and expectations of construction activity compared to the fourth quarter of 2023.

## Retail Confidence Index – RCI

In February 2024, the Retail Confidence Index (RCI) stood at 10.9%, representing a decrease of 3.6 pp compared to the previous month (14.5%). Additionally, the RCI experienced a decrease of 1.8 pp compared to February of the immediately preceding year (12.7%). On the other hand, the quarterly moving average stood at 14.0%, indicating a decrease of 0.5 pp compared to the same indicator for January 2024 (14.5%) and a decrease of 7.7 pp compared to the same indicator for February 2023 (21.7%).

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

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023	2024	
	February	January	February
Business current economic situation	46,3	24,6	29,6
Level of stocks	18,5	8,7	19,8
Expectations about the economic situation for the next semester	10,4	27,6	22,9
<b>Retail Confidence Index - RCI</b>	<b>12,7</b>	<b>14,5</b>	<b>10,9</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo.

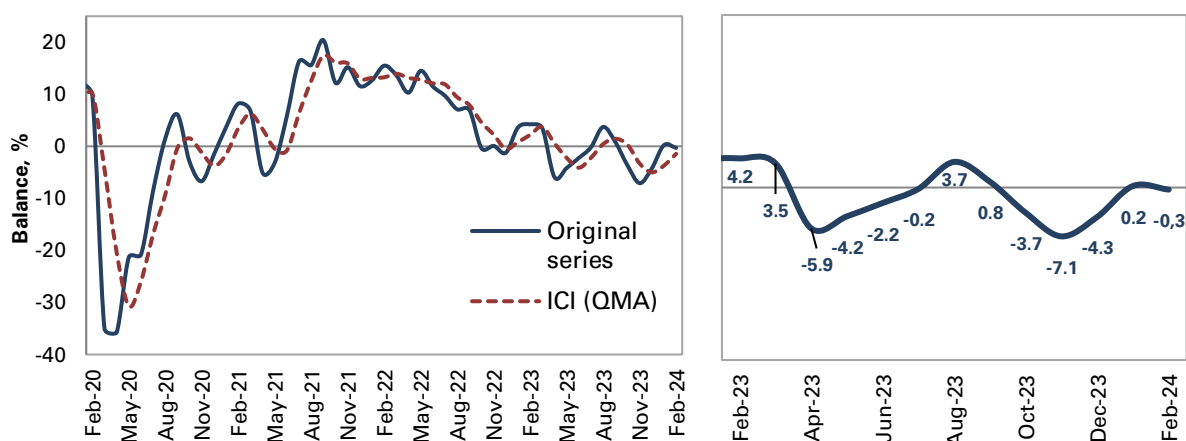
The decreased confidence among merchants compared to the previous month was primarily due to an 11.1 pp increase in stock levels. Additionally, there was a negative contribution from the 4.7 pp decrease in expectations for the economic situation in the next semester. On the other hand, there was a 5.0 pp increase in the perception of the

current economic situation. In annual terms, the decline in merchant confidence was driven by a 16.7 pp decrease in the perception of the current economic situation of the company or business, coupled with a 1.2 pp increase in stock levels. Conversely, expectations for the economic situation in the next semester saw an annual increase of 12.5 pp.

### Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -0.3% for February 2024. Consequently, the ICI experienced a decrease of 0.5 pp compared to the previous month (ICI January 2024: 0.2%) and a decrease of 4.5 pp compared to the same month in 2023 (ICI February 2023: 4.2%) (Graph 2). On the other hand, the quarterly moving average stood at -1.5%, indicating an increase of 2.2 pp compared to the same indicator for January 2024 (-3.7%), and a decrease of 3.7 pp compared to the same indicator for February 2023 (2.2%).

**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 February 2023, January 2024 and February 2024 are presented in Table 2.

**Table 2. Evolution of Industrial Confidence Index Components**

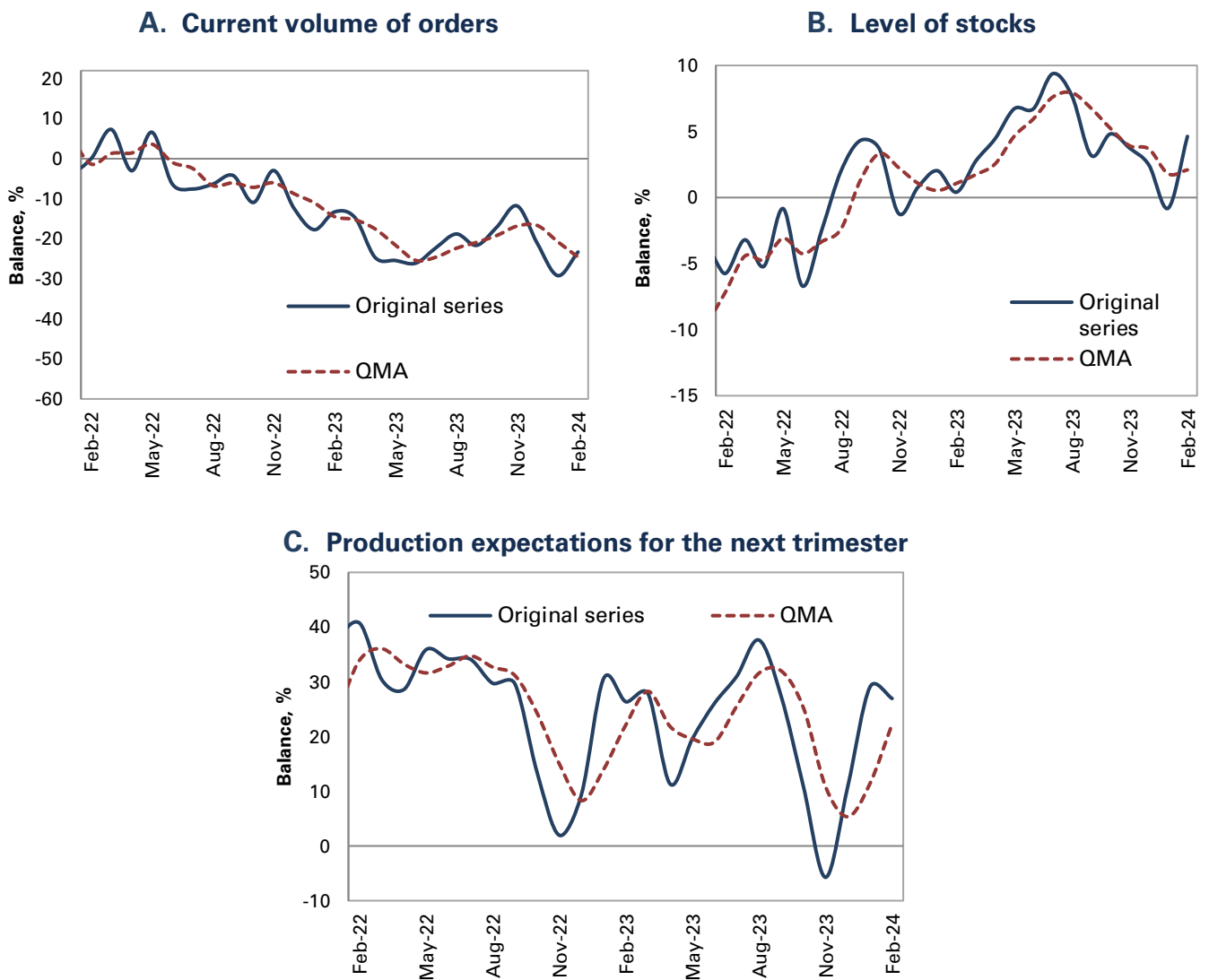
Component (Balance, %)	2023	2024	
	February	January	February
Level of stocks	0,4	-0,8	4,6
Current volume of orders	-13,3	-29,2	-23,3
Production expectations for the next quarter	26,4	29,1	27,0
<b>Industrial Confidence Index – ICI</b>	<b>4,2</b>	<b>0,2</b>	<b>-0,3</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in February was explained by a 5.4 pp increase in stock levels and a 2.1 pp decrease in production expectations for the next quarter compared to the previous month. Meanwhile, the current volume of orders experienced an increase of 5.9 pp compared to January 2024.

In annual terms, the decrease in industrial confidence was primarily explained by the 10.0 pp reduction in the current volume of orders and the 4.2 pp increase in stock levels. On the other hand, production expectations for the next quarter showed an increase of 0.6 pp.

**Graph 3. Industrial Confidence Index Components**



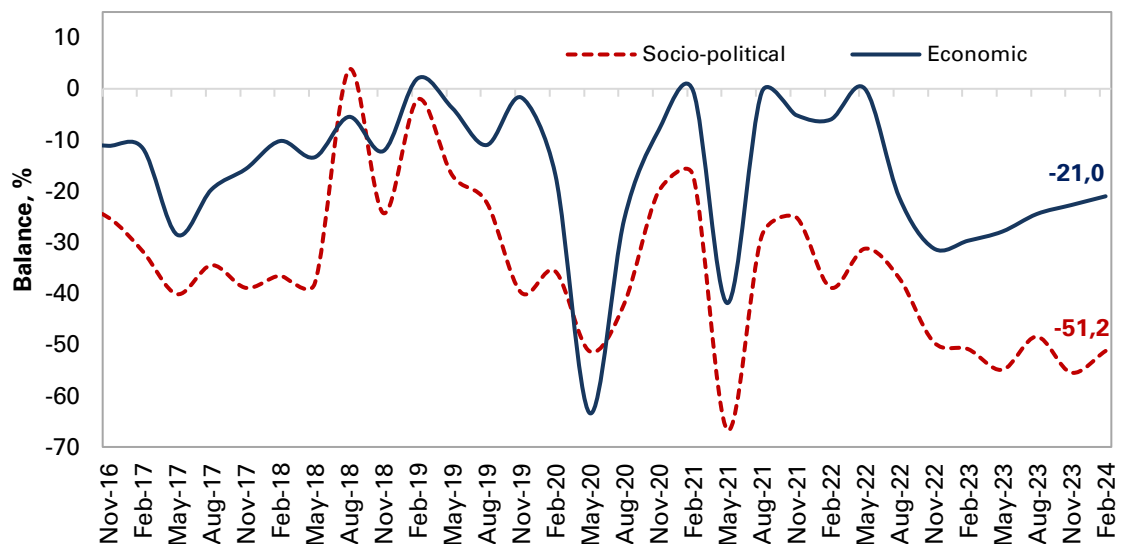
**Source:** Business Tendency Survey (BTS) – Fedesarrollo.  
\*QMA: 3 Month moving average.

**Quarterly Module:**

**Economic and Socio-political Conditions for Investment**

In February 2024, the industrial sector's balance regarding the favorability of economic conditions for investment stood at -21.0%, representing an improvement of 1.7 pp compared to the measurement in November 2023 (-22.7%) (Graph 4). The results show that 36.7% of respondents consider current economic conditions unfavorable (compared to 38.1% in the previous measurement). Similarly, 15.7% of entrepreneurs consider current conditions favorable (compared to 15.4% in the previous measurement), while 47.7% state they are neutral (compared to 46.5% in the previous measurement).

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



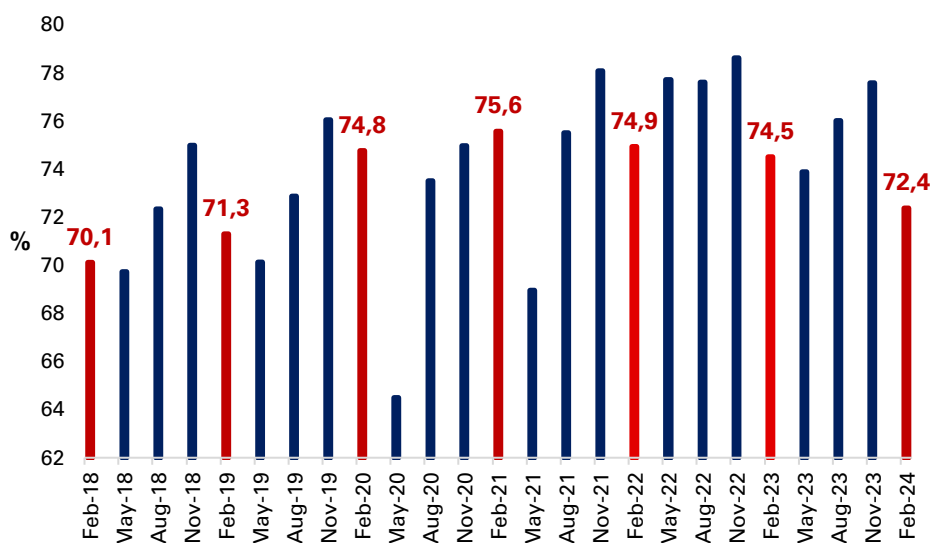
Source: Business Tendency Survey (BTS) – Fedesarrollo

On the other hand, the balance regarding the favorability of socio-political conditions for investment stood at -51.2%, reflecting an increase of 4.3 pp compared to the previous quarter (-55.5% in November 2023). The results show that 7.2% of respondents consider socio-political conditions favorable (compared to 3.5% in the previous measurement). Meanwhile, 58.4% of entrepreneurs consider current conditions unfavorable (compared to 59% in November 2023), while the other 34.4% state they are neutral (compared to 37.5% in the previous measurement).

**Industry Installed Capacity Utilization**

In February, the utilization of installed capacity in the industry (UCI) stood at 72.4%. Based on this result, the UCI decreased by 5.2 pp compared to the measurement in November 2023 (77.6%) and by 2.1 pp compared to February 2023 (74.5%) (Graph 5).

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



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

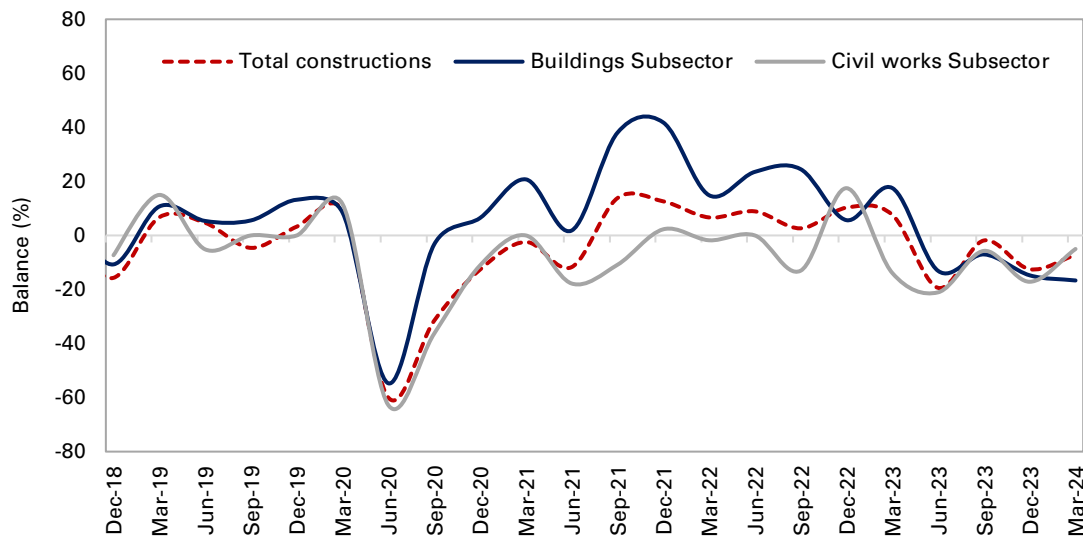
**Source:** Business Tendency Survey (BTS) – Fedesarrollo

### Quarterly Construction Survey<sup>1</sup>

In the first quarter of 2024, the balance of the current economic situation of companies in the construction sector stood at -7.2%, representing an increase of 5.3 pp compared to the previous quarter (-12.5%) and a decrease of 14.8 pp compared to the same period in 2023 (7.6%). The balance of the building subsector was -16.7%, showing a decrease of 1.9 pp compared to the previous quarter (-14.8%) and a decrease of 34.2 pp compared to the same quarter of 2023 (17.5%). On the other hand, the balance of the public works construction subsector showed a variation of -5.0% in the first quarter of 2024, which was 12.1 pp higher than the previous quarter's record (-17.1%) (Graph 6).

<sup>1</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.

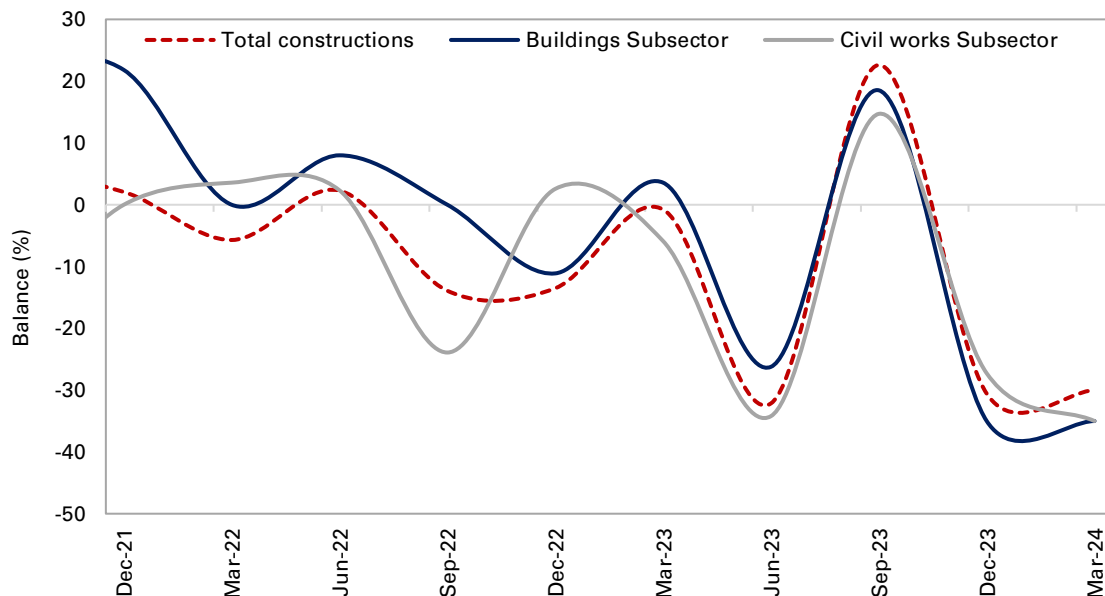
**Graph 6. Current situation of companies in the construction sector**



Source: Quarterly Construction Survey - Fedesarrollo.

The construction pace indicator stood at -30.0%, showing an increase of 0.6 pp compared to the previous quarter (-30.6%) and a variation of -29.2 pp compared to the first quarter of 2023 (-0.8%). Compared to the building subsector, it recorded a balance of -35.0%, remaining the same as the previous quarter and experiencing a decrease of 38.6 pp compared to a year ago (3.6%). As for the public works construction subsector, it recorded a balance of -35.0%, which is 7.7 pp lower than the previous quarter (-27.3%) and 29.1 pp lower than the figure from a year ago (-5.9%) (Graph 7).

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

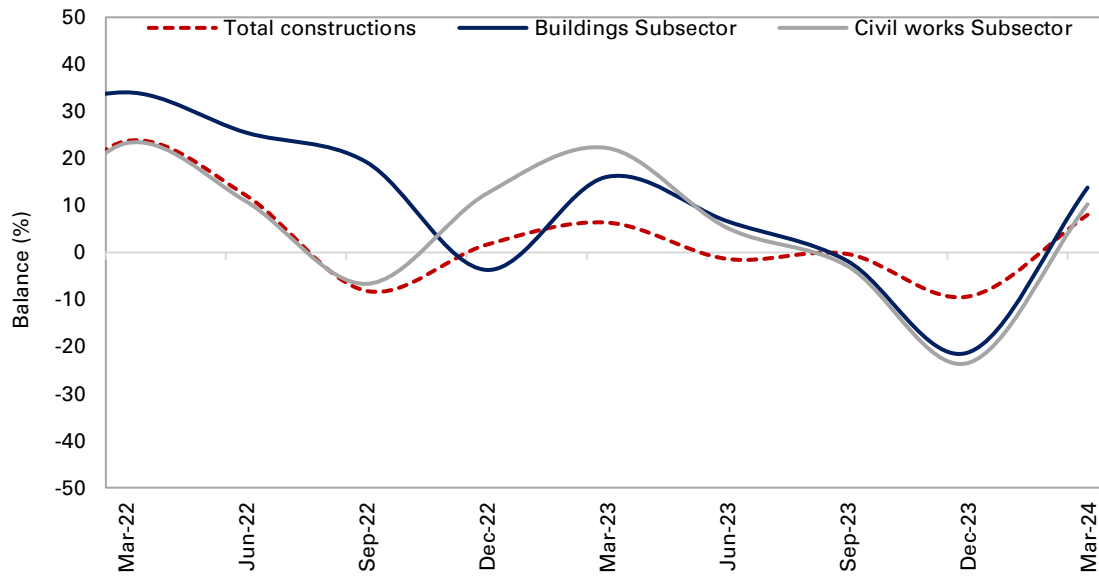


Source: Quarterly Construction Survey - Fedesarrollo.

The balance of construction expectations for the next quarter stood at 8.0%, showing an increase of 17.4 pp compared to the previous quarter (-9.4%) and an increase of 1.6 pp

compared to the same quarter of 2023 (6.4%). In the building subsector, expectations recorded a balance of 13.8%, representing an increase of 35.1 pp compared to the previous quarter (-21.3%) and a decrease of 2.3 compared to the same quarter of the previous year (16.1%). Regarding the public works construction subsector, it presented a balance of 10.3%, increasing by 33.8 pp compared to the previous quarter (-23.5%) and decreasing by 11.9 pp compared to the same quarter of the previous year (22.2%) (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**

+57 1 3259777 ext. 340  
[comercial@fedesarrollo.org.co](mailto:comercial@fedesarrollo.org.co)

**Published March 19, 2024**

Comments to **Nicolás Montoya González**: [nmontoya@fedesarrollo.org.co](mailto:nmontoya@fedesarrollo.org.co)