

Business Tendency Survey September 2023



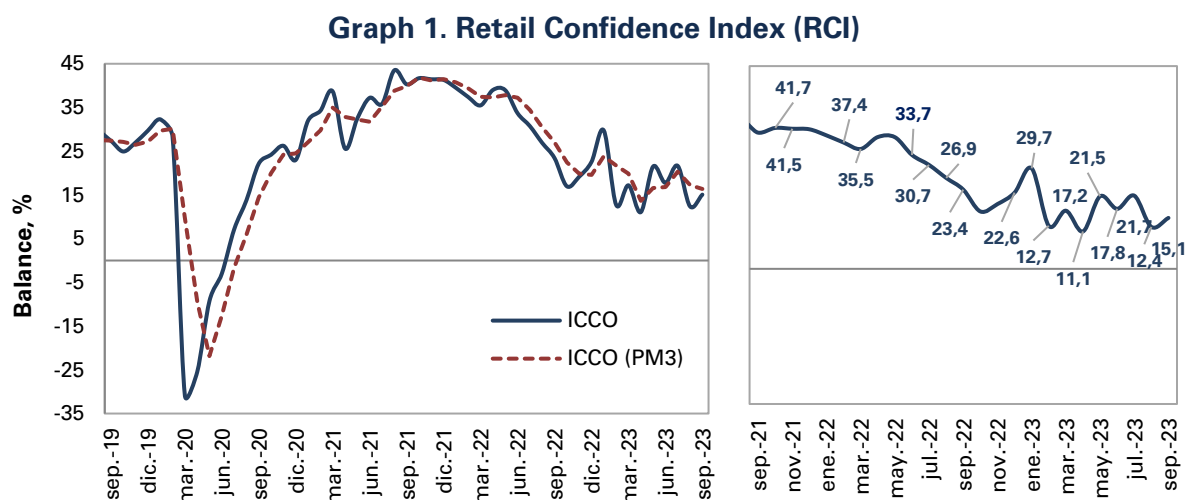
In September 2023, the Retail Confidence Index (ICCO) stood at 15.1%, representing an increase of 2.7 percentage points compared to the previous month (ICCO August 2023: 12.4%). The rise in retail confidence was explained by an 8.2 pp increase in expectations regarding the economic situation for the next semester, as well as a 1.4 pp decrease in stock levels. On the other hand, the current economic situation of the companies decreased by 1.4 pp.

Meanwhile, the Industrial Confidence Index (ICI) was 0.8% for the month of September 2023, a decrease of 2.9 pp compared to the previous month (ICI August 2023: 3.7%). The negative monthly variation in industrial confidence in August is explained by a 10.3 pp decrease in production expectations for the next quarter. Additionally, the current volume of orders decreased by 2.8 pp. Moreover, stock levels experienced a 4.5 pp decrease compared to the previous month.

Expectations regarding job creation in the industrial sector for the next quarter increased by 5.0 pp compared to the April - June quarter (3.3% in September 2023 vs -1.7% in June 2023). Furthermore, industrialists' perception of the presence of smuggling activities stood at -1.0%, indicating an increase of 3.7 pp compared to the previous quarter and a decrease of 1.6 pp compared to the same quarter analyzed in 2022.

Retail Confidence Index – RCI

In September 2023, the Retail Confidence Index (ICCO) stood at 15.1%, indicating an increase of 2.7 pp compared to the previous month (12.4%). Additionally, the ICCO showed a decrease of 8.4 pp compared to September of the immediately preceding year (23.4%).



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 September 2022 and 2023 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2022	2023	
	September	August	September
Business current situation	60,3	33,0	31,6
Level of stocks	9,6	11,6	10,2
Business expectations for the next 6 months	19,6	15,7	23,9
Retail Confidence Index - RCI	23,4	12,4	15,1

Source: Business Tendency Survey (BTS) – Fedesarrollo.

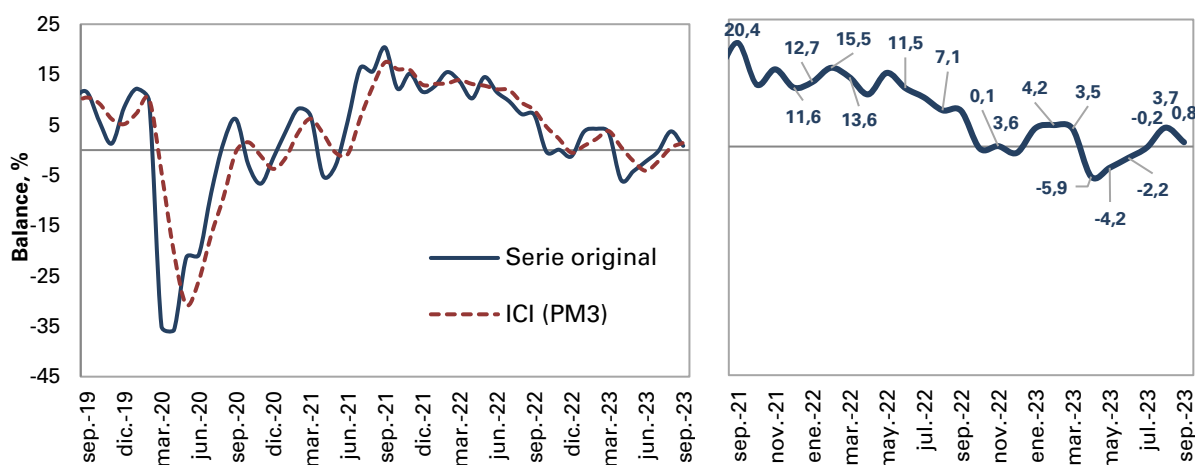
The increased confidence among traders compared to the previous month was mainly due to the rise in expectations regarding the economic situation for the next semester, which increased by 8.2 pp. Additionally, the stock level decreased by 1.4 pp. On the other hand, the perception of the current economic situation of the company decreased by 1.4 pp. In annual terms, the decline in trader confidence was explained by a decrease of 28.7 pp in the current economic perception of the company, coupled with an increase in stock levels by 0.6 pp. However, expectations regarding the economic situation for the next quarter experienced an annual increase of 4.3 pp.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) was at 0.8% for September 2023. This indicates a decrease of 2.9 pp compared to the previous month (ICI August 2023: 3.7%) and a decrease of 6.2 pp compared to the same month in 2022 (ICI September 2022: 7.0%)

(Graph 2). On the other hand, the quarterly moving average stood at 1.5%, representing an increase of 1.0 pp compared to the same indicator for the month of August 2023 (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 September 2022 and 2023 are presented in Table 2.

Table 2. Evolution of ICI components

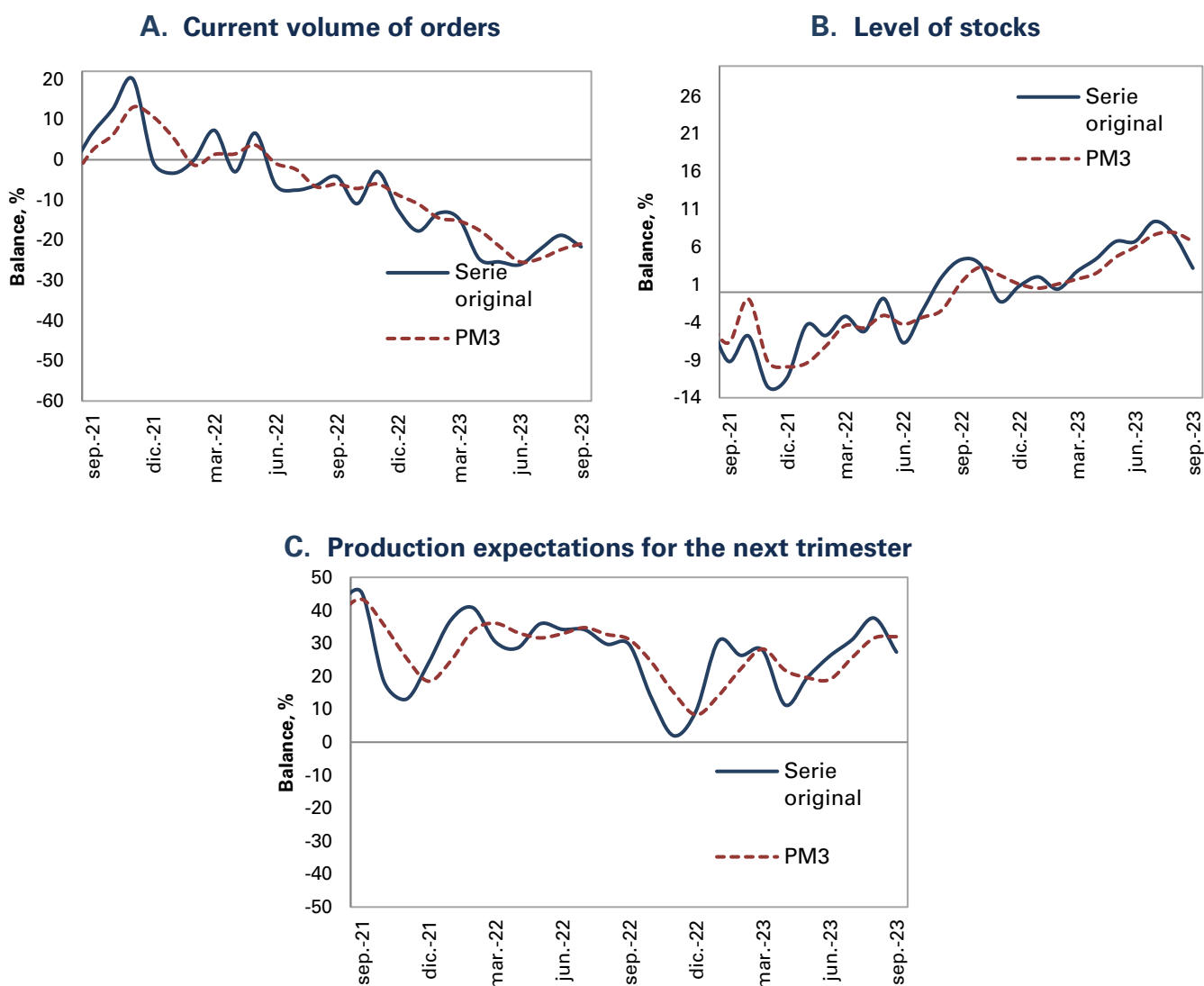
Component (Balance, %)	2022		2023
	September	August	September
Stocks of finished goods at end of this month	4,3	7,7	3,2
Current volume of orders	-4,2	-18,8	-21,6
Expected production in the next three months	29,6	37,6	27,3
Industrial Confidence Index – ICI	7,0	3,7	0,8

Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in September is explained by a 10.3 pp decrease in production expectations for the next quarter compared to the previous month (27.3% vs. 37.6% in August 2023), a 2.8 pp decrease in the current volume of orders, and a 4.5 pp decrease in stock levels.

In annual terms, the decline in industrial confidence was primarily attributed to a 17.4 pp reduction in the current volume of orders and a 2.3 pp decrease in production expectations for the next quarter. Additionally, stock levels experienced a decrease of 1.1 pp.

Graph 3. ICI Components



Source: Business Tendency Survey (BTS) – Fedesarrollo.

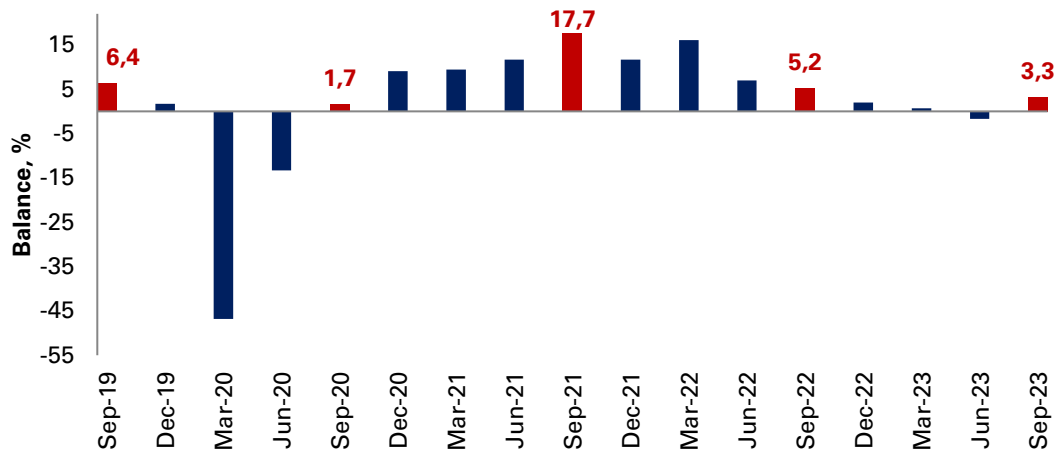
Quarterly Module:

Employment Expectations and Smuggling Activities Perception¹

In September, the balance of expectations regarding the number of people employed for the next quarter stood at 3.3%, representing an increase of 5.0 pp compared to the previous quarter and a decrease of 2.0 pp compared to the same quarter in 2022 (Graph 4). The disaggregated results show that 14.5% of respondents believe that employment generation in the industry will increase during the next quarter, nearly 74.3% state that it will remain the same, while 11.2% of respondents consider that employment will decrease (compared to increase: 10.1%, same: 78.0%, and decrease: 11.8% in June 2023).

¹ The Business Opinion Survey contains a quarterly module that asks about entrepreneurs' perception of employment expectations and the perception of smuggling in the industry.

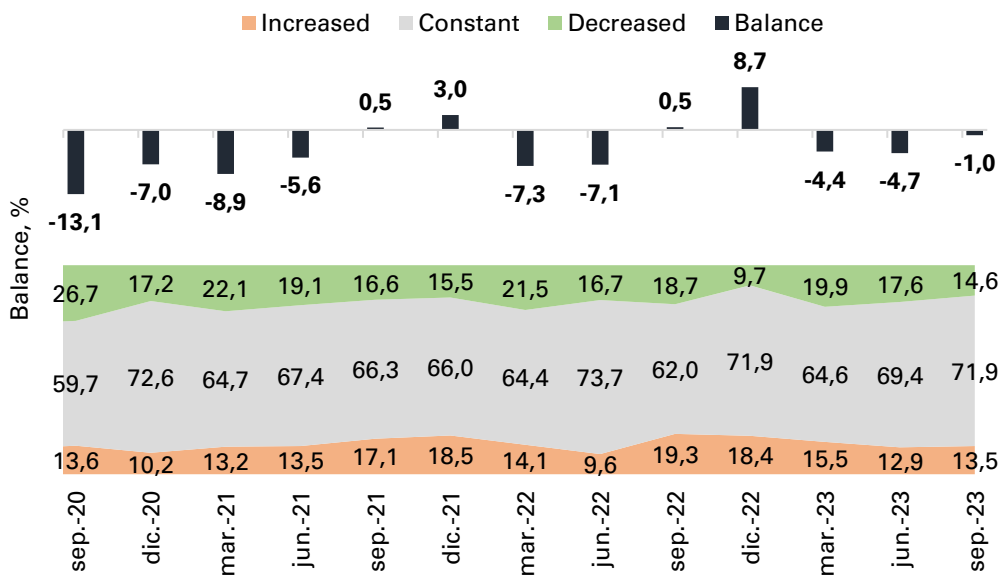
Graph 4. Employment expectations in the industry



Source: Business Tendency Survey (BTS) – Fedesarrollo.

On the other hand, entrepreneurs' perception of smuggling presence in the industry showed a balance of -1.0% in September 2023. This represents an increase of 3.7 pp compared to the result in June 2023 and a decrease of 1.6 pp compared to the data from September 2022. Specifically, 14.6% of respondents stated that smuggling in the July - September quarter decreased compared to the previous quarter, 71.9% claimed it remained the same, while the remaining 13.5% believed it increased in similar economic activities (Graph 5).

Graph 5. Perception about smuggling in similar activities



Source: Business Tendency Survey (BTS) – 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

Published October 25, 2023

Comments to **Alejandra Gacha Mendoza**: agacha@fedesarrollo.org.co