

## Business Tendency Survey September 2021



In September, the Retail Confidence Index (RCI) was 40.3%, compared to the previous month this represents a decrease of 3.2 pp, mainly due to the increase in the level of stocks and the decrease in the expectations about the economic situation for the next semester. The Industrial Confidence Index (ICI) registered a balance of 20.4%, compared to the previous month this represents an increase of 4.7 pp, mainly due to an increase in the current volume of orders.

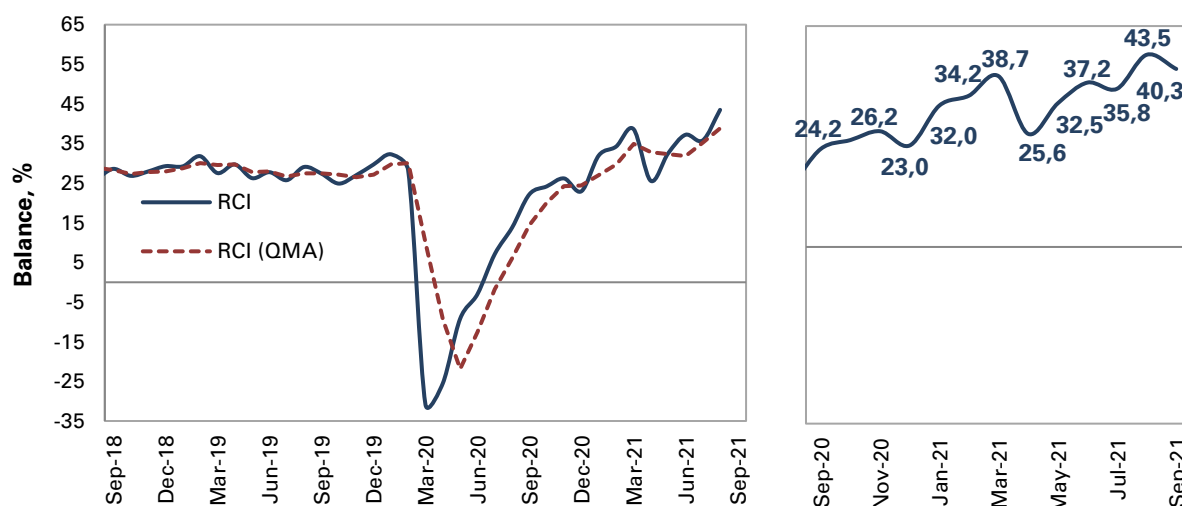
In this edition, the ICI reached a maximum never seen before, showing important levels of confidence from the industry. On the other hand, even though the RCI decreased slightly compared to the previous month, it continues around the higher levels registered since the beginning of the measurement.

Regarding the balance of employment expectations for the next quarter, it reached 17.7%, which represents an increase of 6.0 pp compared to the previous quarter. Additionally, in September industrial business perception of contraband had a balance of 0.5%, which represents an increase of 6.1 pp with respect to the previous quarter.

### **Retail Confidence Index – RCI**

In September, the Retail Confidence Index (RCI) was 40.3%, which represents a decrease of 3.2 percentage points (pp) compared to last month and a growth of 18.1 pp relative to September 2020 (Graph 1).

**Graph 1. Retail Confidence Index (RCI)**



Source: Business Tendency Survey (BTS) – Fedesarrollo.

The RCI brings together three elements: **perception about business current economic situation, level of stocks<sup>1</sup> and expectations about the economic situation for the next semester**. The results for September of the last two years are summarized in Table 1.

**Table 1. Retail Confidence Index Components**

Component (Balance, %)	2020		2021
	September	August	September
Business current situation	32,4	61,6	63,7
Level of stocks	-2,0	-9,5	-3,0
Business expectations for the next 6 months	32,2	59,5	54,2
<b>Retail Confidence Index - RCI</b>	<b>22,2</b>	<b>43,5</b>	<b>40,3</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

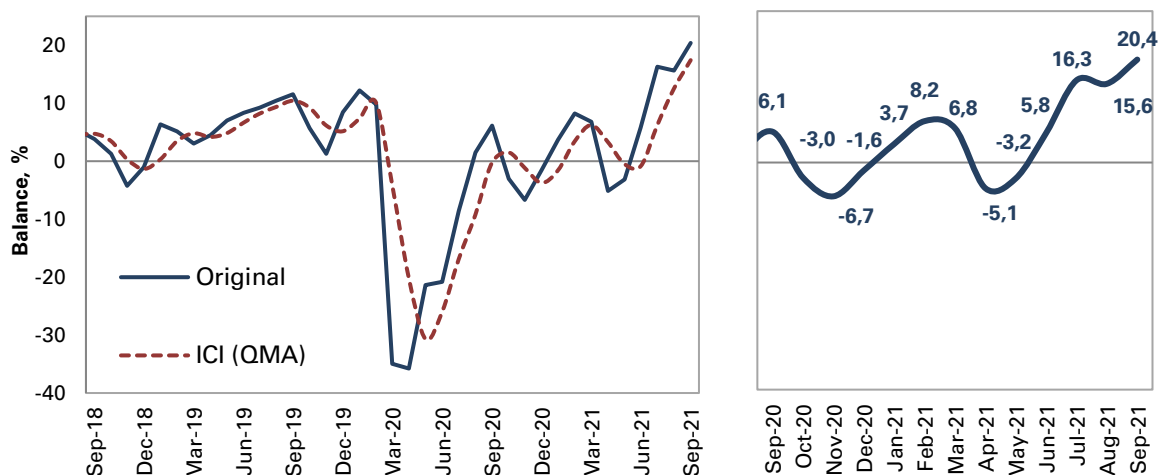
In September, the decrease in retailer’s confidence compared to the previous month was mainly due to an increase of 6.4 pp in the level of stocks and the decrease of 5.3 pp in the business expectation’s indicator for the next semester. On the other hand, there was an increase of 2.1 pp in the business current situation indicator. Compared to September 2020, the result was mainly due to an increase of 31.3 pp in the current economic situation, the increase of 22.1 pp in the expectation’s indicator for the next semester and the decrease of 1.1 pp in the level of stocks.

<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 inventories.

## Industrial Confidence Index – ICI

In September, the Industrial Confidence Index (ICI) stood at 20.4% in its original series, which represents an increase of 4.7 percentage points (pp) compared to last month and an increase of 14.3 pp relative to September 2020. Finally, its quarterly moving average was 17.4%, which is equivalent to an increase of 4.8 pp compared to last month (Graph 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**. In the original series, the rise of the ICI compared to the previous month was mainly due to an increase of 7.3 pp in the current volume of orders, as well as the reduction of 4.4 pp in the stock of finished goods at end of this month. In the same way, it is observed an increase of 2.5 pp in the expected production for the next three months (Graph 3).

Table 2. Evolution of ICI components

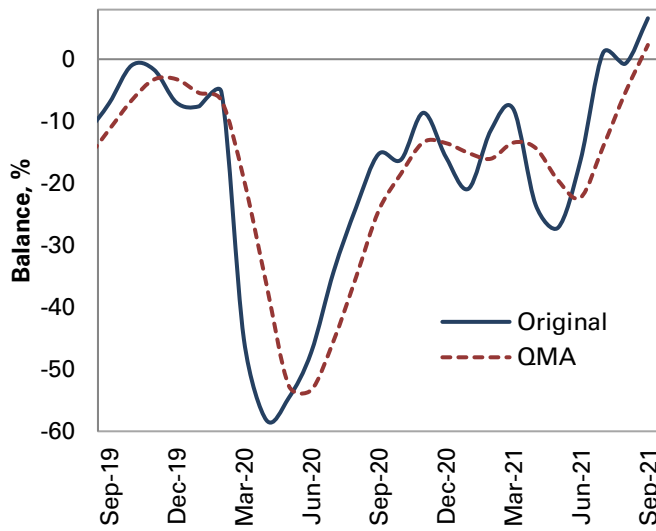
Component (Balance, %)	2020		2021
	September	August	September
Stocks of finished goods at end of this month	-4,1	-4,8	-9,2
Current volume of orders	-15,3	-0,7	6,6
Expected production in the next three months	29,5	42,8	45,3
<b>Industrial Confidence Index - ICI</b>	<b>6,1</b>	<b>15,6</b>	<b>20,4</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

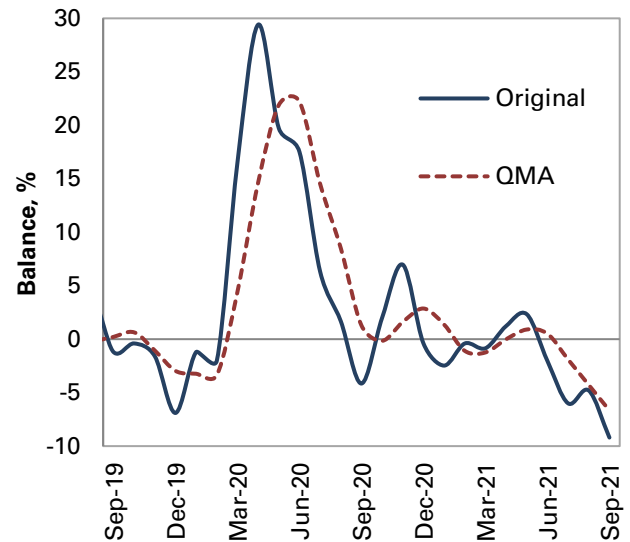
The growth in industrial confidence compared to September 2020 was due to an increase of 21.9 pp in the current volume of orders, an increase of 15.8 pp in the expected production in the next three months and a 5.1 pp reduction in the level of stocks (Table 2).

**Graph 3. ICI Components**

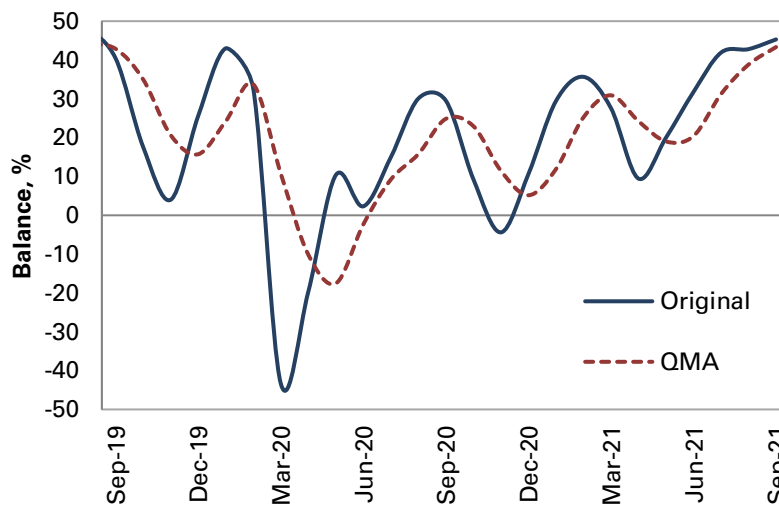
**A. Current order volume**



**B. Level of stocks**



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

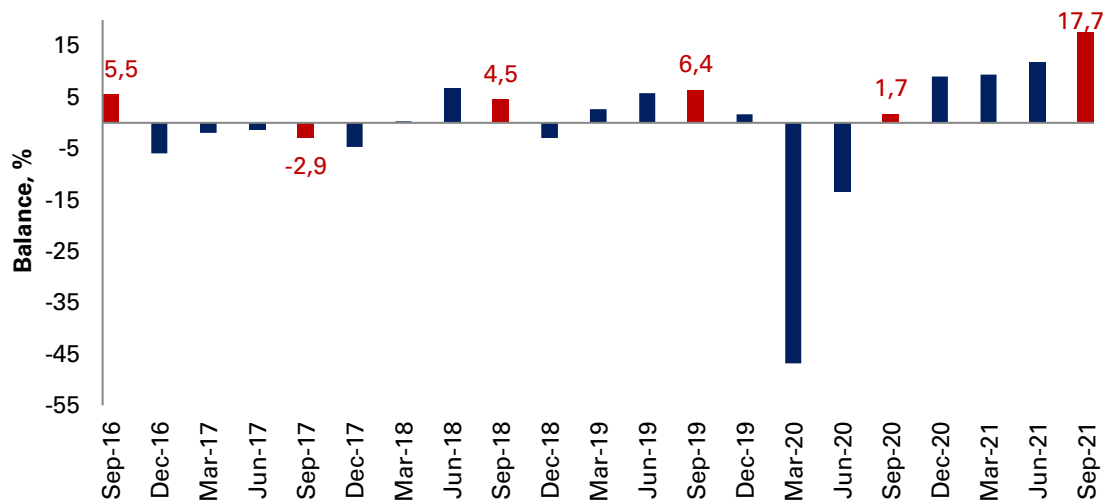


**Source:** Business Tendency Survey (BTS) – Fedesarrollo

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

In September, the balance of employment expectations for the next quarter was 17.7%, which represents an increase of 6.0 pp compared to the previous quarter and an increase of 16.0 pp relative to the same period of 2020 (Graph 4). Disaggregating by answers, 22.7% of respondents believe that employment in the industry in the next quarter will increase, 5.0% believe that it will decrease and 72.2% considers it will remain the same.

**Graph 4. Employment expectations in the industry**



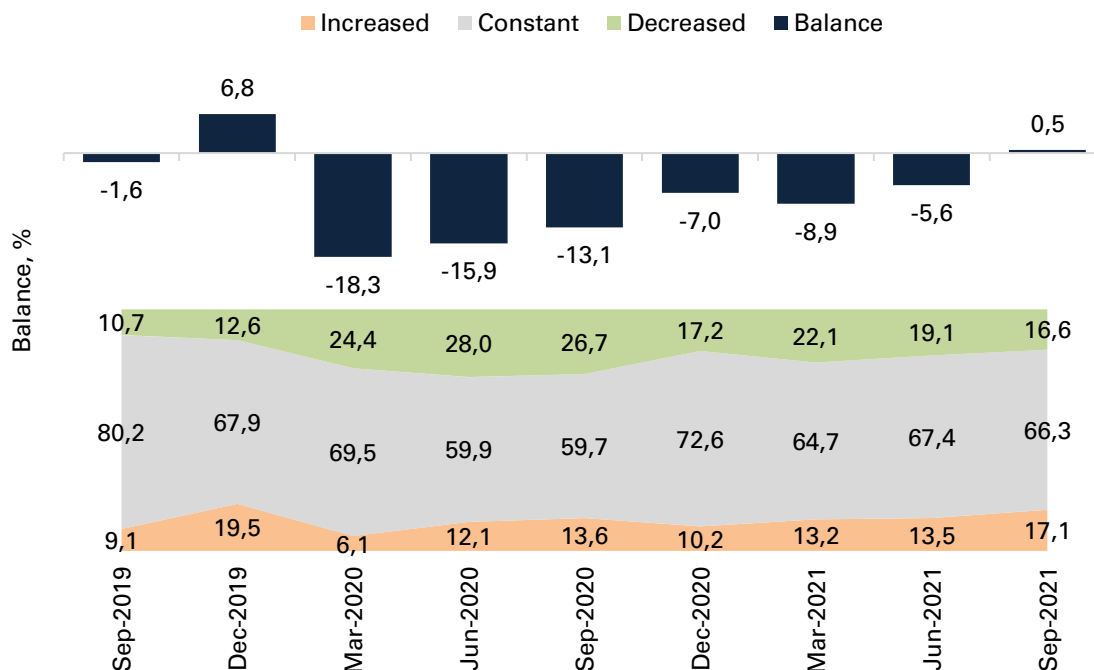
Note: Not seasonally adjusted.

Source: Business Tendency Survey – Fedesarrollo.

Furthermore, in September the industrial business perception of contraband had a balance of 0.5%, which represents an increase of 6.1 pp with respect to the data of the previous quarter and an increase of 13.6 pp relative to September 2020. Specifically, 17.1% of respondents stated that contraband in the July - September quarter increased in relation to the previous quarter, 66.3% stated it will remain the same, while 16.6% considered it to be lower (Graph 5).

<sup>2</sup> The Business Opinion Survey contains a quarterly module inquiring about employers' perception of employment expectations and the perception of contraband in the industry.

Graph 5. Contraband Perception



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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