Business Tendency Survey
October 2024

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In October 2024, **the Retail Confidence Index (RCI) stood at 17.8%, reflecting an increase of 5.6 percentage points (pp) compared to the previous month (RCI September 2024: 12.2%)**. The rise in retail confidence was driven by a 7.8 pp decrease in stock levels, a 7.0 pp increase in expectations regarding the economic situation for the next semester, and a 2.2 pp improvement in the perception of the current economic situation of businesses. Compared to the same month of the previous year, the RCI increased by 3.1 pp (RCI October 2023: 14.7%).

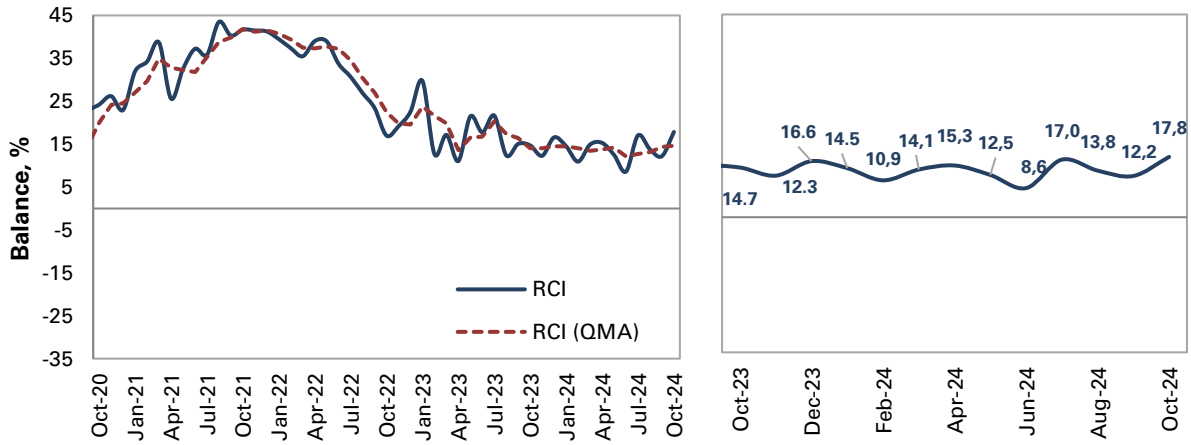
Meanwhile, **the Industrial Confidence Index (ICI) was -0.4% in October 2024, showing a 1.7 pp decline from the previous month (ICI September 2024: 1.3%)**. The monthly decrease in industrial confidence in October was explained by a 12.2 pp drop in production expectations for the next quarter and a 1.6 pp increase in stock levels. However, the current volume of orders increased by 8.4 pp. Compared to October of the previous year, the ICI rose by 3.3 pp (ICI October 2023: -3.7%).

Regarding the **quarterly module**, the third quarter of 2024 saw a positive quarterly variation in the value of exports in dollars (18.3 pp), in the perception of export orders (8.9 pp), and in the profitability of export activity (6.4 pp). On the other hand, three-month expectations for the value of exports in dollars fell by 0.1 pp compared to the second quarter of 2024. Additionally, in the third quarter of 2024, the most favorable factor for export activity was the exchange rate (peso-dollar), while internal transportation in Colombia was identified as the most unfavorable factor.

Retail Confidence Index – RCI

In October 2024, the Retail Confidence Index (RCI) stood at 17.8%, representing an increase of 5.6 pp compared to the previous month (12.2%). Additionally, the RCI showed a rise of 3.1 pp compared to October 2023 (14.7%). Meanwhile, the quarterly moving average stood at 14.6%, reflecting an increase of 0.3 pp compared to the same indicator for September 2024 (14.3%) and 0.6 pp compared to October 2023 (14.0%).

Graph 1. Retail Confidence Index (RCI)



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

The RCI comprises three elements: **the perception of the current economic situation of the company or business, the level of stock, and the expectations for the economic situation for the next semester**. The results for October 2023, September 2024, and October 2024 are presented in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023	2024	
	October	September	October
Business current economic situation	33,8	26,8	29,0
Level of stocks	7,5	8,8	1,0
Expectations about the economic situation for the next semester	17,8	18,5	25,5
Retail Confidence Index - RCI	**14,7**	**12,2**	**17,8**

Source: Business Tendency Survey (BTS) – Fedesarrollo.

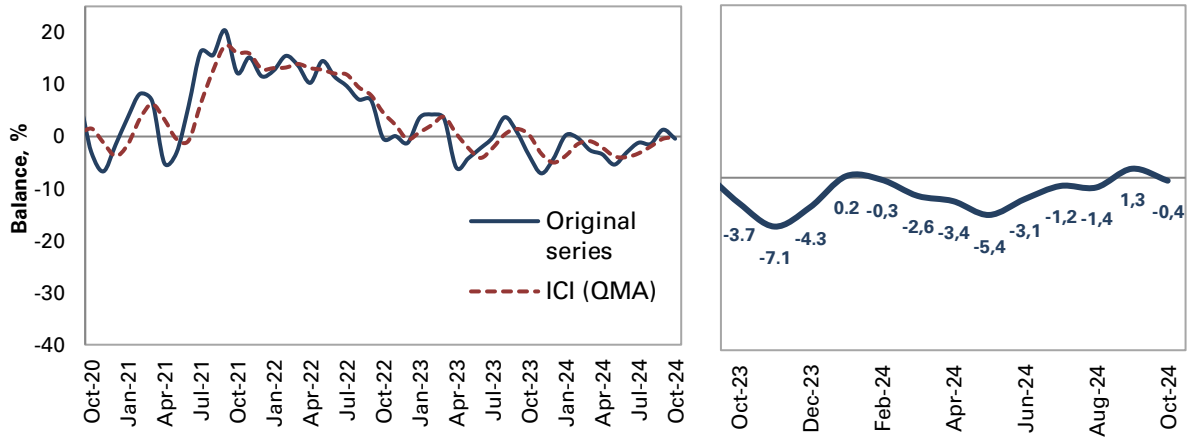
The higher confidence among retailers in October 2024 compared to the previous month was driven by a 7.8 pp reduction in stock levels, a 7.0 pp increase in expectations regarding the economic situation for the next semester, and a 2.2 pp improvement in the perception of the current economic situation of their business. On an annual basis, the increased confidence was explained by a 7.7 pp rise in expectations for the economic

situation in the next semester and a 6.5 pp reduction in stock levels. Meanwhile, the perception of the current economic situation of businesses declined by 4.8 pp compared to October 2023.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -0.4% in October 2024. This represents a 1.7 pp decrease compared to the previous month (ICI September 2024: 1.3%) and a 3.3 pp increase compared to the same month in 2023 (ICI October 2023: -3.7%) (Graph 2). Meanwhile, the quarterly moving average was -0.2%, reflecting an increase of 0.2 pp compared to the same indicator in September 2024 (-0.4%) and a decline of 0.5 pp compared to October 2023 (0.3%).

Graph 2. Industrial Confidence Index (ICI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

*QMA: 3 Month moving average.

The ICI is composed of three components: **stock level, current volume of orders, and production expectations for the next quarter.** The results for October 2023, September 2024, and October 2024 are presented in Table 2.

Table 2. Evolution of Industrial Confidence Index Components

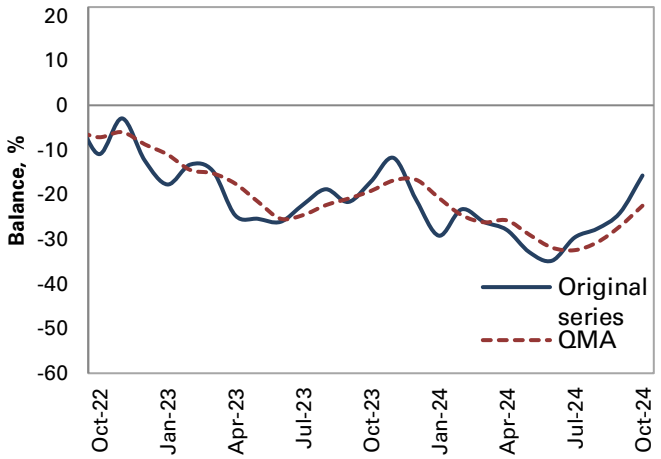
Component (Balance, %)	2023	2024	
	October	September	October
Level of stocks	4,8	-1,6	0,0
Current volume of orders	-17,1	-24,1	-15,7
Production expectations for the next quarter	10,9	26,6	14,4
Industrial Confidence Index – ICI	**-3,7**	**1,3**	**-0,4**

Source: Business Tendency Survey (BTS) – Fedesarrollo.

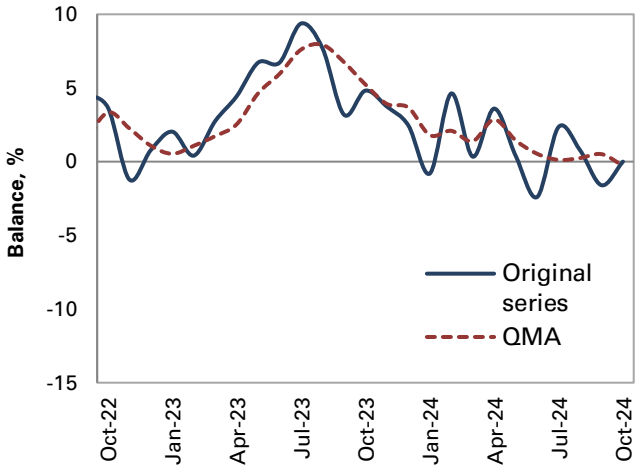
The monthly negative variation in industrial confidence in October was driven by a 12.2 pp drop in production expectations for the next quarter and a 1.6 pp increase in stock levels. Meanwhile, the current volume of orders increased by 8.4 pp. On an annual basis, the rise in industrial confidence was explained by a 4.8 pp reduction in stock levels, a 3.5 pp increase in production expectations for the next quarter, and a 1.4 pp increase in the current volume of orders compared to October 2023.

Graph 3. Industrial Confidence Index Components

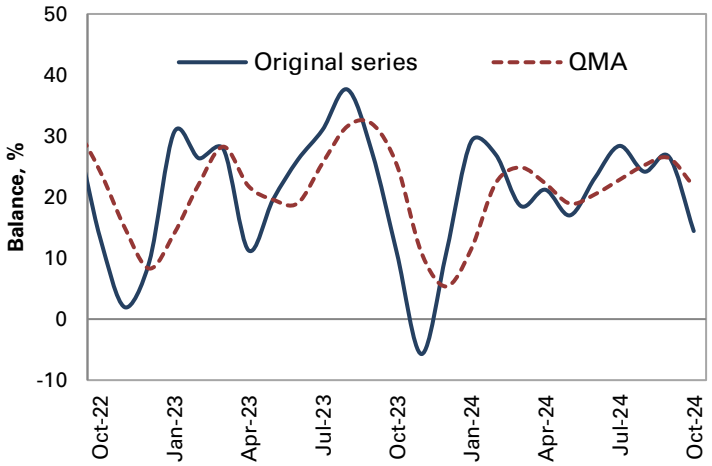
A. Current volume of orders



B. Level of stocks



C. Production expectations for the next trimester



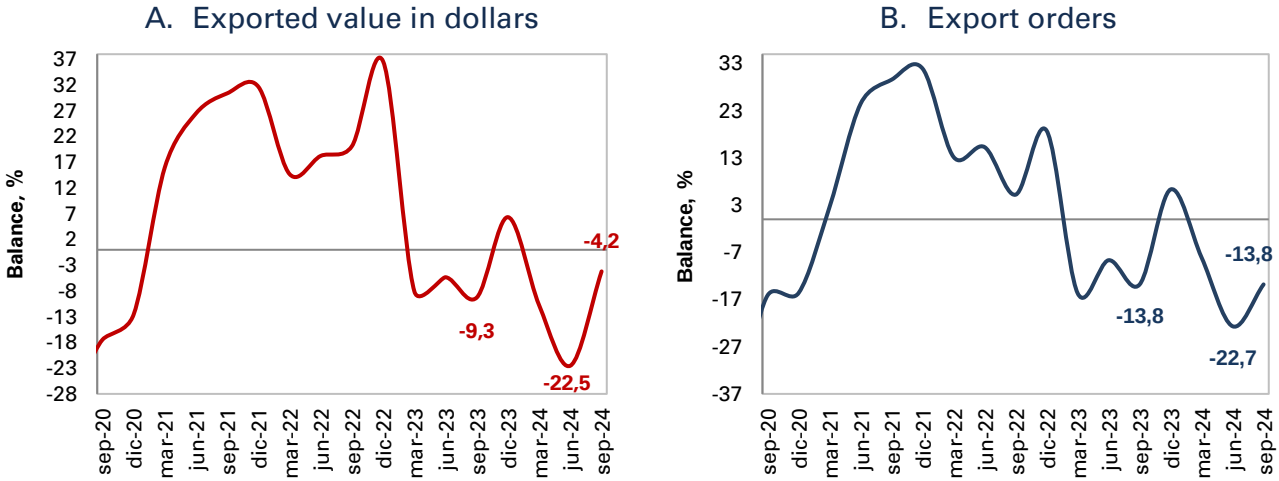
Source: Business Tendency Survey (BTS) – Fedesarrollo.
*QMA: 3 Month moving average.

Quarterly Module:

Exports[1]

In the third quarter of 2024, the balance of the value of exports in dollars stood at -4.2%, indicating that the percentage of respondents reporting a decrease in exports exceeded those reporting an increase (Graph 4). This result represented an 18.3 pp increase compared to the second quarter of 2024 (-22.5%) and a 5.1 pp rise compared to the third quarter of 2023 (-9.3%). Meanwhile, the balance of export orders was -13.8%, reflecting an 8.9 pp increase compared to the previous quarter (-22.7%), while remaining unchanged compared to the same quarter in 2023 (-13.8%).

Graph 4. Value of exports in dollars and export orders

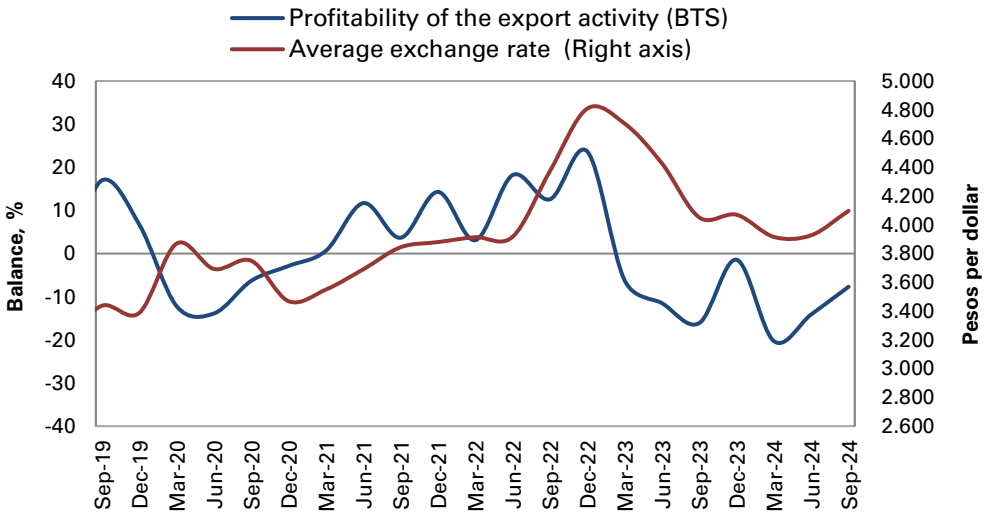


Source: Business Tendency Survey (BTS) – Fedesarrollo.

Regarding the question about business owners' perception of the profitability of export activity, the balance stood at -7.7%. This indicates that the percentage of respondents perceiving an increase in profitability was lower than those reporting a decrease. The balance results showed an increase of 6.4 pp compared to the previous quarter (-14.1%) and an 8.4 pp rise compared to the third quarter of 2023 (-16.1%). Additionally, the balance of export activity profitability in the third quarter of 2024 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 third quarter of 2024, the most favorable factors for export activity were the peso-dollar exchange rate (15.5%) and the Plan Vallejo system (12.2%). On the other hand, internal transportation in Colombia (-17.5%) and international transportation (-17.4%) were identified as the most unfavorable factors for exports. Compared to the previous quarter, the factor showing the most improvement was the peso-dollar exchange rate, which increased by 20.4 pp. Conversely, the factor that registered the greatest decline was the Plan Vallejo system, which decreased by 3.0 pp.

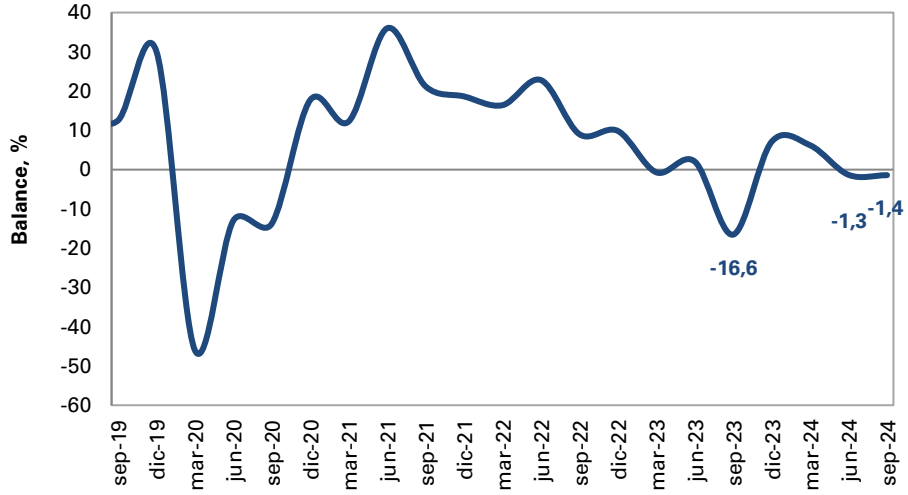
Table 3. Main factors affecting export activity

Factor (Balance, %)	2023-III	2024-II	2024-III
Production costs	-19,6	-21,2	-13,2
Availability and cost of credit	-13,6	0,0	0,0
Plan Vallejo System	7,2	15,2	12,2
Export procedures in Colombia	0,0	-0,7	-2,1
Internal transportation in Colombia	-18,9	-17,0	-17,5
International transportation	-6,9	-30,8	-17,4
Port services in Colombia	-11,1	-4,9	-5,8
Peso-dollar exchange rate	-23,1	-4,9	15,5
Dollar-currency exchange rate of the buyer country	-14,7	-5,8	5,0
Colombian information and marketing services	1,4	1,4	4,4
Trade policies of the purchasing countries	-5,6	-7,9	-5,7
Economic situation of the buyer country	-13,4	-6,3	-7,0
Competitive position in the target markets	-7,0	-13,6	-16,4

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

For the third quarter of 2024, the balance of exporters' expectations regarding the performance of their activity in the next three months stood at -1.4%, which represents a decrease of 0.1 pp compared to the previous quarter (-1.3%) and an increase of 15.2 pp compared to the same quarter in 2023 (-16.6%) (Graph 6). In this question, 18.4% of respondents stated that their exports will increase in the next three months, while 19.9% believe their exports will decrease, and the remaining 61.7% 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)

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Contact us if you would like to have access to disaggregated results by region, industrial sector and other survey questions

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