Business Tendency Survey
December 2023

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In December 2023, **the Retail Confidence Index (RCI) stood at 16.6%, representing an increase of 4.3 percentage points (pp) compared to the previous month (RCI November 2023: 12.3%).** The increase in retail confidence was explained by a 6.6 pp increase in expectations for the economic situation in the next semester, a 3.3 pp increase in the perception of the current economic situation, and a decrease in stock levels by 3.0 pp. Compared to the same month of the previous year, the Retail Confidence Index (RCI) decreased by 6.0 pp (RCI December 2022: 22.6%).

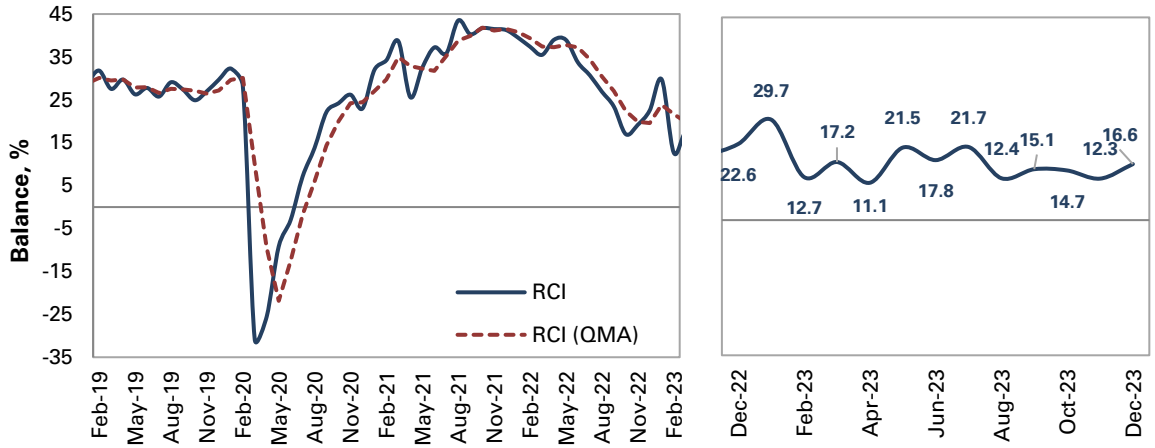
On the other hand, **the Industrial Confidence Index (ICI) reached -4.3% in December 2023, which shows an increase of 2.8 pp from the previous month (ICI November 2023: -7.1%).** The positive monthly variation in industrial confidence in December is attributed to a 16.6 pp increase in production expectations for the next quarter and a 1.3 pp decrease in stock levels. Meanwhile, the current volume of orders experienced a decline of 9.4 pp compared to the previous month. Compared to the same month of the previous year, the Industrial Confidence Index (ICI) decreased by 3.1 pp (ICI December 2022: -1.2%).

The industrial sector's expectations for job creation in October – December for the next quarter decreased by 6.4 pp compared to the July – September quarter (-3.1% in December 2023 vs. 3.3% in September 2023). Additionally, industrialists' perception of the presence of smuggling activities stood at 7.9%, representing an increase of 8.9 pp compared to the previous quarter and a decrease of 0.8 pp compared to the same quarter analyzed in the year 2022 (December 2022: 8.7%).

Retail Confidence Index – RCI

In December 2023, the Retail Confidence Index (RCI) stood at 16.6%, representing an increase of 4.3 pp compared to the previous month (12.3%). Additionally, the RCI showed a decrease of 6.0 pp compared to December of 2022 (22.6%).

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 December 2022 and November and December 2023 are shown in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2022	2023	
	December	November	December
Business current economic situation	62.2	30.7	34.0
Level of stocks	12.1	8.4	5.4
Expectations about the economic situation for the next semester	17.6	14.6	21.2
Retail Confidence Index - RCI	**22.6**	**12.3**	**16.6**

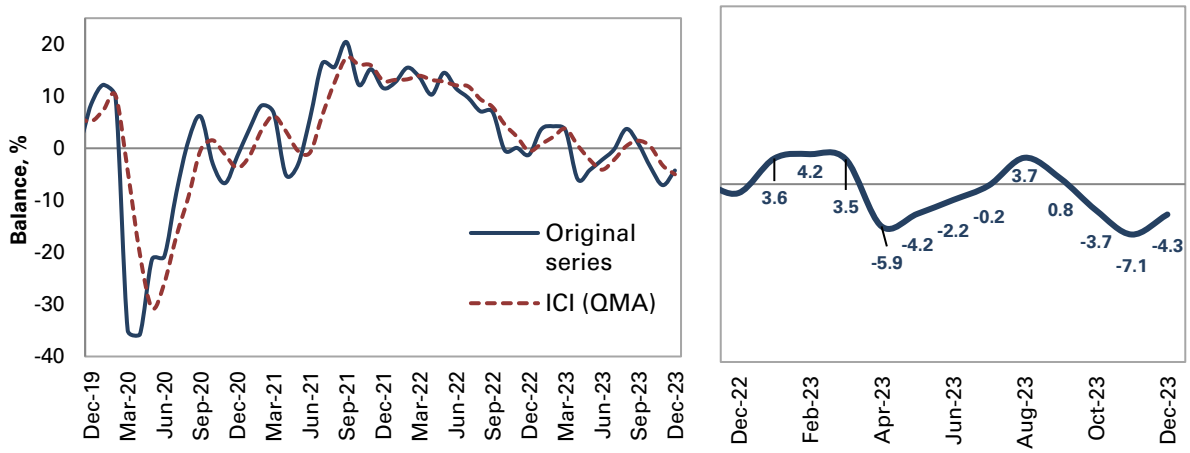
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The increased confidence among traders compared to the previous month was mainly due to the rise in expectations for the economic situation in the next semester, which increased by 6.6 pp. Additionally, a positive contribution came from the increase in the perception of the current economic situation of the company by 3.3 pp and a decrease in the stock level by 3.0 pp. On an annual basis, the decline in traders' confidence was explained by a 28.2 pp drop in the current economic perception of the company. However, expectations for the economic situation in the next quarter experienced an annual increase of 3.6 pp, and the stock level had an annual decrease of 6.7 pp.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -4.3% for December 2023. This represents an increase of 2.8 pp compared to the previous month (ICI November 2023: -7.1%) and a decrease of 3,1 pp compared to the same month of the year 2022 (ICI December 2022: -1.2%) (Graph 2). Meanwhile, the quarterly moving average was at -5.0%, indicating a decrease of 1.7 pp compared to the same indicator for the month of November 2023 (-3.3%) and by 4.5 pp compared to the same indicator in December 2022 (-0.5%).

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 December 2022 and November and December 2023 are presented in Table 2.

Table 2. Evolution of Industrial Confidence Index Components

Component (Balance, %)	2022	2023	
	December	November	December
Level of stocks	0.8	3.7	2.5
Current volume of orders	-12.4	-11.8	-21.2
Production expectations for the next quarter	9.4	-5.7	10.9
Industrial Confidence Index – ICI	**-1.2**	**-7.1**	**-4.3**

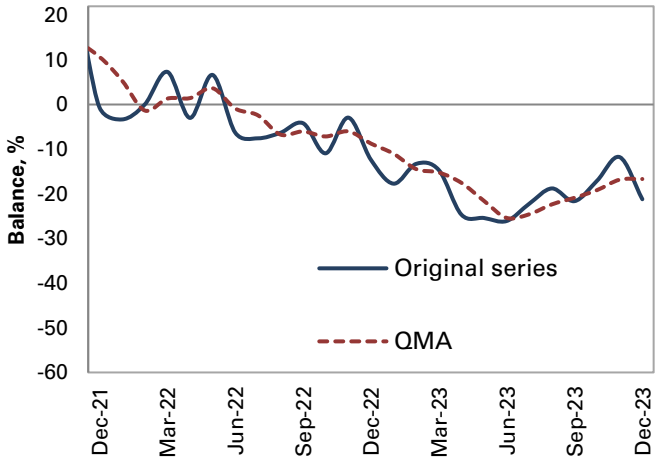
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The positive monthly variation in industrial confidence in December is explained by the expectations of production for the next quarter, which increased by 16.6 pp compared to the previous month, and by the decrease in stock levels by 1.2 pp. On the other hand, the current volume of orders experienced a decline of 9.4 compared to the previous month.

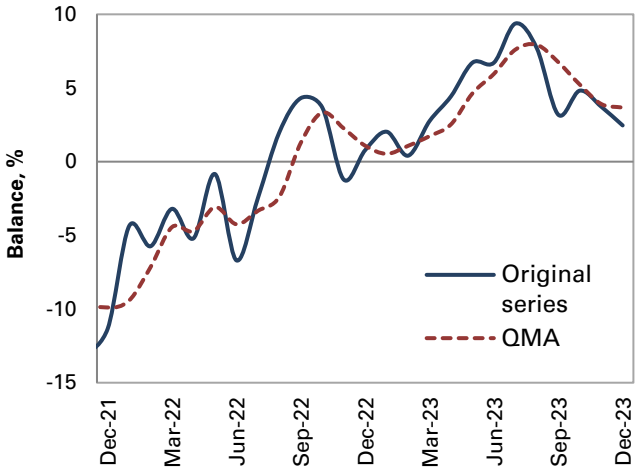
In annual terms, the decline in industrial confidence was mainly attributed to an 8.8 pp reduction in the current volume of orders and an increase of 1.7 pp in stock levels. Additionally, expectations of production for the next quarter showed an increase of 1.5 pp.

Graph 3. Industrial Confidence Index Components

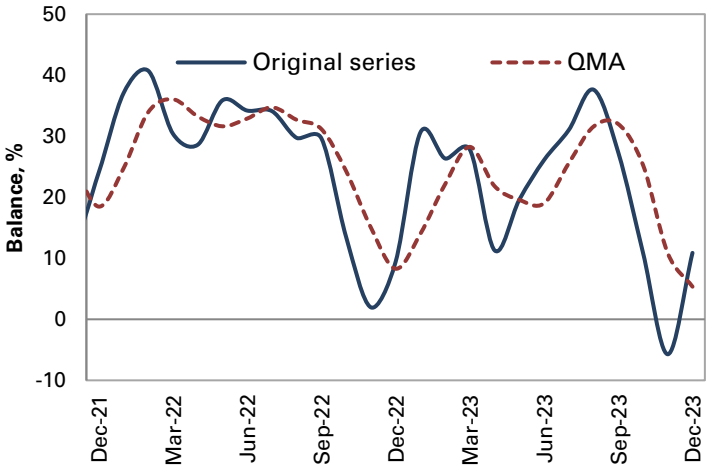
A. Current volume of orders



B. Level of stocks



C. Production expectations for the next trimester



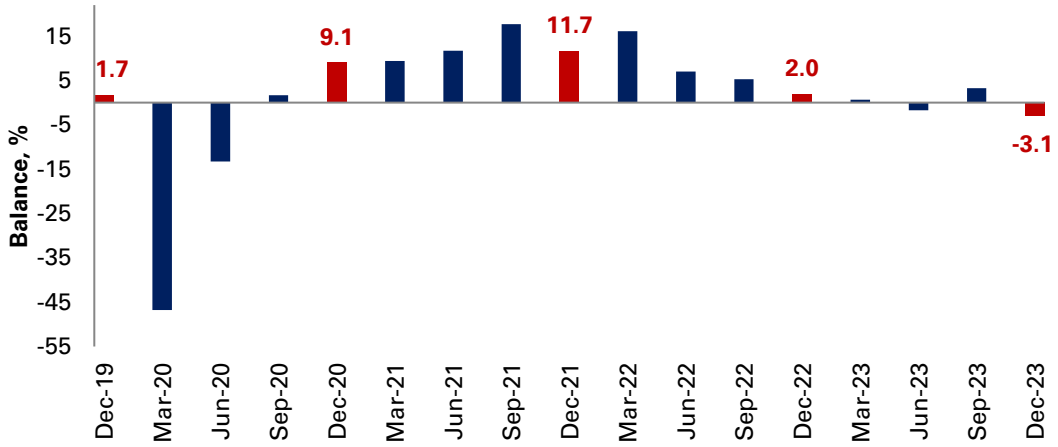
Source: Business Tendency Survey (BTS) – Fedesarrollo.
*QMA: 3 Month moving average.

Quarterly Module:

Employment Expectations and Smuggling Activities Perception[1]

In the October – December quarter, the balance of expectations regarding the number of people employed for the next quarter stood at -3.1%, representing a decrease of 6.4 pp compared to the previous quarter (July – September) and a decline of 5.1 pp compared to the same quarter in 2022 (Graph 4). The disaggregated results show that 12.0% of respondents in December believe that employment generation in the industry will increase in the next quarter, approximately 72.9% state that it will remain the same, while 15.1% of respondents anticipate a decrease in employment (compared to increase: 14.5%, same: 74.3%, decrease: 11.2% in September 2023).

Graph 4. Employment expectations in the industry

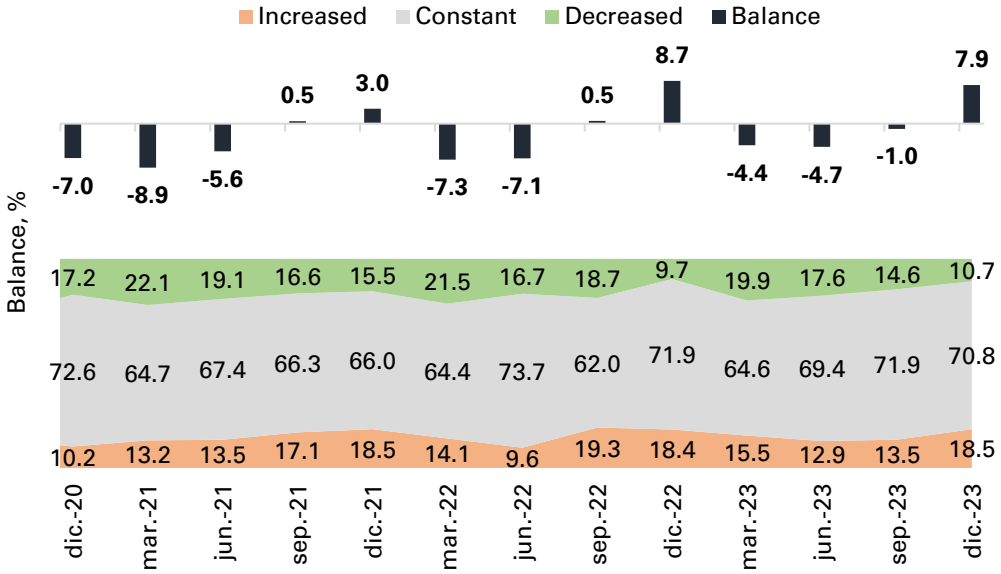


Source: Business Tendency Survey (BTS) – Fedesarrollo.

On the other hand, entrepreneurs' perception of the presence of smuggling in the industry showed a balance of 7.9% in December 2023. This represents an increase of 8.9 pp compared to the result in September 2023 and a decrease of 0.8 pp compared to the data from December 2022. Specifically, 10.7% of respondents stated that smuggling in the October – December quarter decreased compared to the previous quarter, 70.8% indicated it remained the same, while the remaining 18.5% considered it to be higher in similar economic activities (Graph 5).

[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 5. Perception about smuggling in similar activities



Source: Business Tendency Survey (BTS) – 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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Published January 24, 2024
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