Business Tendency Survey
July 2024

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In July 2024, **the Retail Confidence Index (RCI) stood at 17.0%, representing an increase of 8.4 pp compared to the previous month (RCI June 2024: 8.6%)**. The higher commercial confidence was explained by a 10.6 pp increase in expectations for the economic situation in the next semester and a 7.5 pp increase in the perception of the current economic situation, as well as a 7.3 pp decrease in the stock level. Compared to the same month of the previous year, the RCI decreased by 4.7 pp (RCI July 2023: 21.7%).

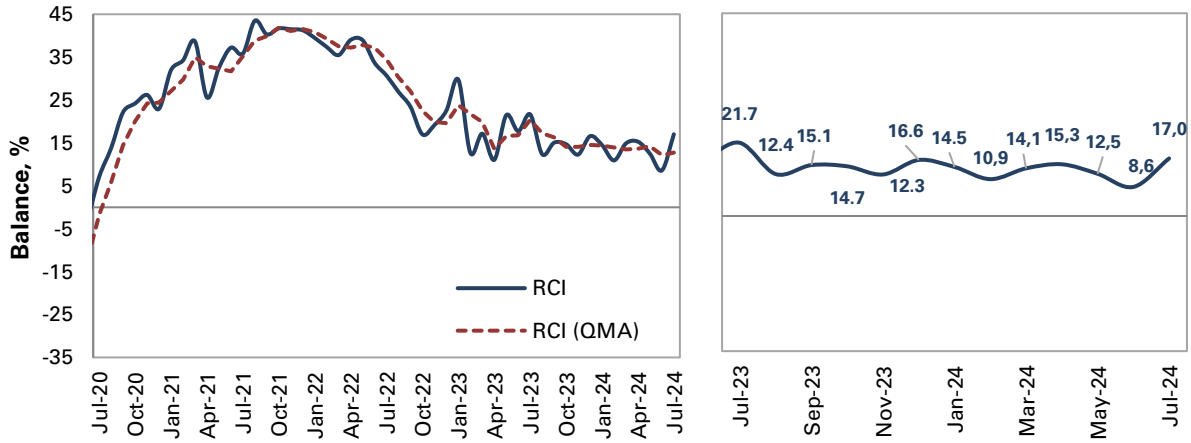
Meanwhile, **the Industrial Confidence Index (ICI) stood at -1.2% for July 2024, showing an increase of 1.9 pp compared to the previous month (ICI June 2024: -3.1%)**. The positive monthly variation in industrial confidence in July was explained by a 5.3 pp increase in production expectations for the next quarter and a 5.2 pp increase in the current volume of orders. However, the stock level increased by 4.8 pp. Compared to July 2023, the ICI decreased by 1.0 pp (ICI July 2023: -0.2%).

Regarding the **quarterly module**, in the second quarter of 2024, there was a negative quarterly variation in the perception of export orders (-14.6 pp) and the value exported in dollars (-11.7 pp), while the profitability of export activity showed a positive quarterly variation (6.2 pp). Additionally, expectations for the value exported in dollars over the next three months fell by 7.5 pp compared to the first quarter of 2024. Moreover, in the second quarter of 2024, the most favorable factor for export activity was the Plan Vallejo System, while international transportation was the most unfavorable factor.

Retail Confidence Index – RCI

In July 2024, the Retail Confidence Index (RCI) stood at 17.0%, representing an increase of 8.4 pp compared to the previous month (8.6%). However, the RCI showed a decrease of 4.7 pp compared to July 2023 (21.7%). Meanwhile, the quarterly moving average stood at 12.7%, representing an increase of 0.6 pp compared to the same indicator for June 2024 (12.1%) and a decrease of 7.6 pp compared to the same indicator for July 2023 (20.3%).

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 July 2023, June 2024, and July 2024 are presented in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023	2024	
	July	June	July
Business current economic situation	37,1	15,7	23,2
Level of stocks	5,0	1,9	-5,4
Expectations about the economic situation for the next semester	32,8	11,9	22,5
Retail Confidence Index - RCI	**21,7**	**8,6**	**17,0**

Source: Business Tendency Survey (BTS) – Fedesarrollo.

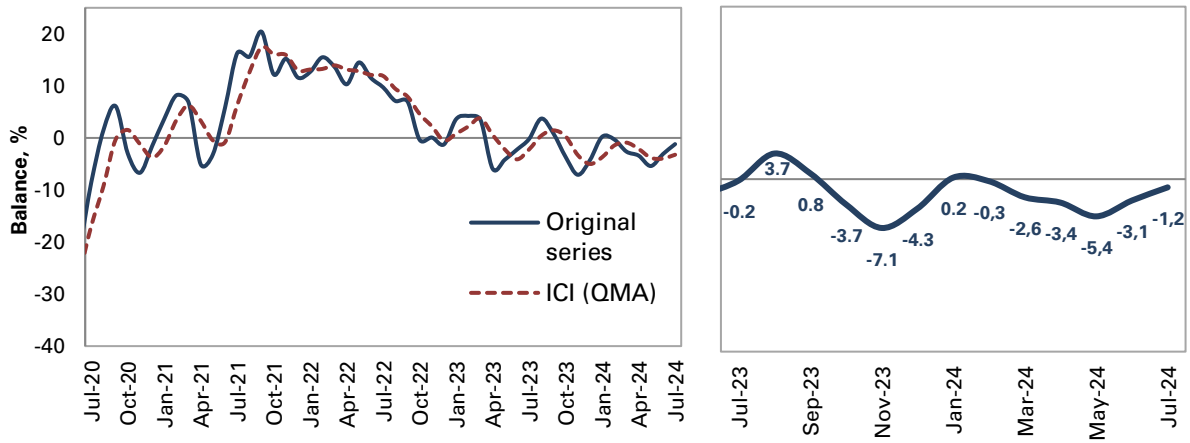
The higher confidence of retailers compared to the previous month was mainly due to a 10.6 pp increase in expectations for the economic situation in the next semester, as well as a 7.5 pp increase in the perception of the current economic situation of the company

or business. Additionally, the stock level showed a decrease of 7.3 pp compared to June 2024. On an annual basis, the reduction in retailer confidence was explained by a 13.9 pp decrease in the perception of the current economic situation of the company or business and a 10.3 pp decrease in expectations for the economic situation in the next semester compared to July 2023. Meanwhile, the stock level experienced an annual decline of 10.4 pp.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -1.2% for July 2024. With this, the ICI showed an increase of 1.9 pp compared to the previous month (ICI June 2024: -3.1%) and a decrease of 1.0 pp compared to the same month in 2023 (ICI July 2023: -0.2%) (Figure 2). Meanwhile, the quarterly moving average stood at -3.2%, representing an increase of 0.8 pp compared to the same indicator for June 2024 (-4.0%) and a decrease of 1.0 pp compared to the same indicator for July 2023 (-2.2%).

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 July 2023, June 2024, and July 2024 are presented in Table 2.

Table 2. Evolution of Industrial Confidence Index Components

Component (Balance, %)	2023	2024	
	July	June	July
Level of stocks	9,4	-2,4	2,4
Current volume of orders	-22,2	-34,8	-29,6
Production expectations for the next quarter	31,0	23,1	28,4
Industrial Confidence Index – ICI	**-0,2**	**-3,1**	**-1,2**

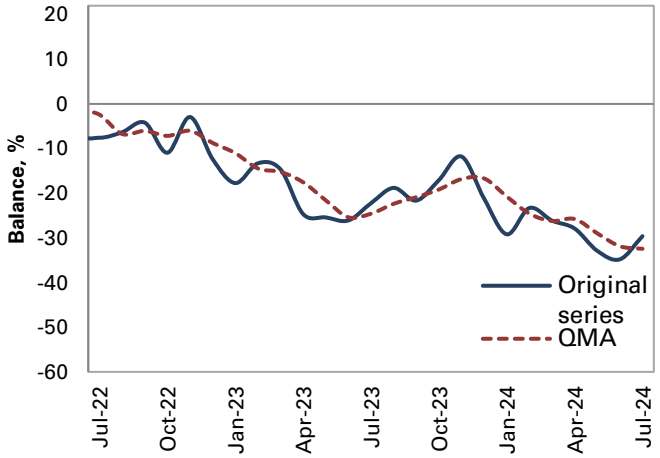
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The positive monthly variation in industrial confidence in July was explained by a 5.3 pp increase in production expectations for the next quarter and a 5.2 pp increase in the current volume of orders. However, the stock level increased by 4.8 pp.

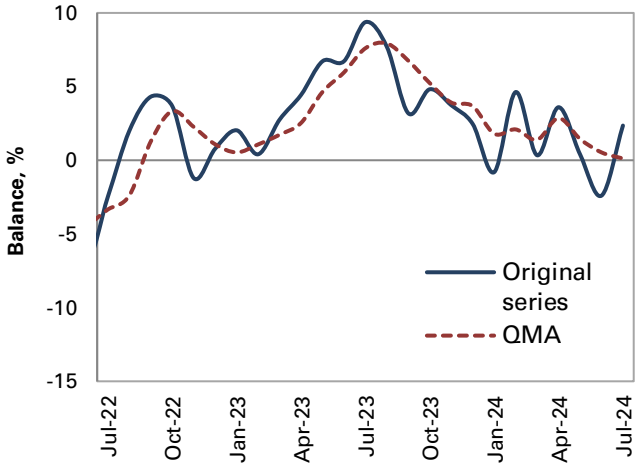
On an annual basis, the decrease in industrial confidence was mainly explained by a 7.4 pp drop in the current volume of orders and a 2.6 pp decrease in production expectations for the next quarter compared to July 2023. Additionally, the stock level showed a reduction of 7.0 pp between July 2023 and July 2024.

Graph 3. Industrial Confidence Index Components

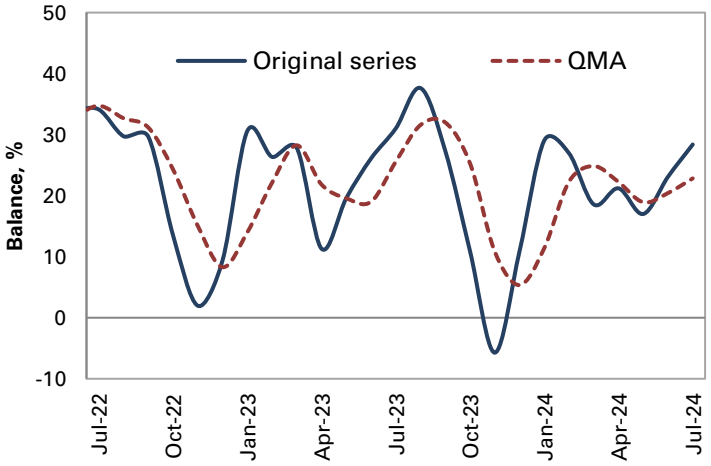
A. Current volume of orders



B. Level of stocks



C. Production expectations for the next trimester



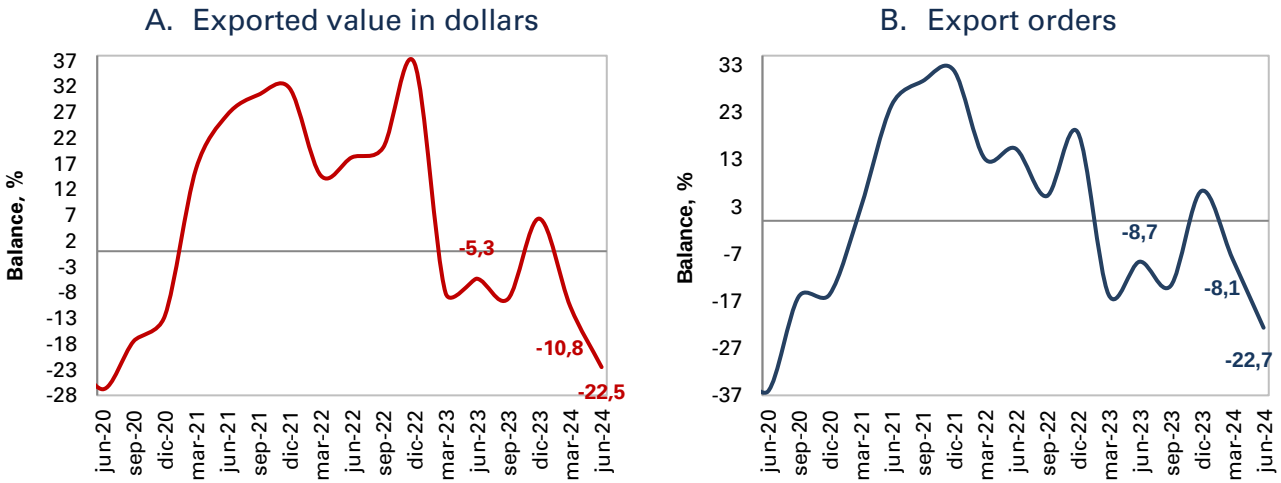
Source: Business Tendency Survey (BTS) – Fedesarrollo.
*QMA: 3 Month moving average.

Quarterly Module:

Exports[1]

In the second quarter of 2024, the balance on the value exported in dollars was -22.5%, meaning that the percentage of respondents whose exports decreased was higher than those who perceived an increase in their exports (Figure 4). This result represented a decrease of 11.7 pp compared to the first quarter of 2024 (-10.8%) and a decline of 17.2 pp compared to the second quarter of 2023 (-5.3%). Meanwhile, the balance of export orders was -22.7%, representing a drop of 14.6 pp compared to the previous quarter (-8.1%) and a decrease of 14.0 pp compared to the same quarter of 2023 (-8.7%).

Graph 4. Value of exports in dollars and export orders

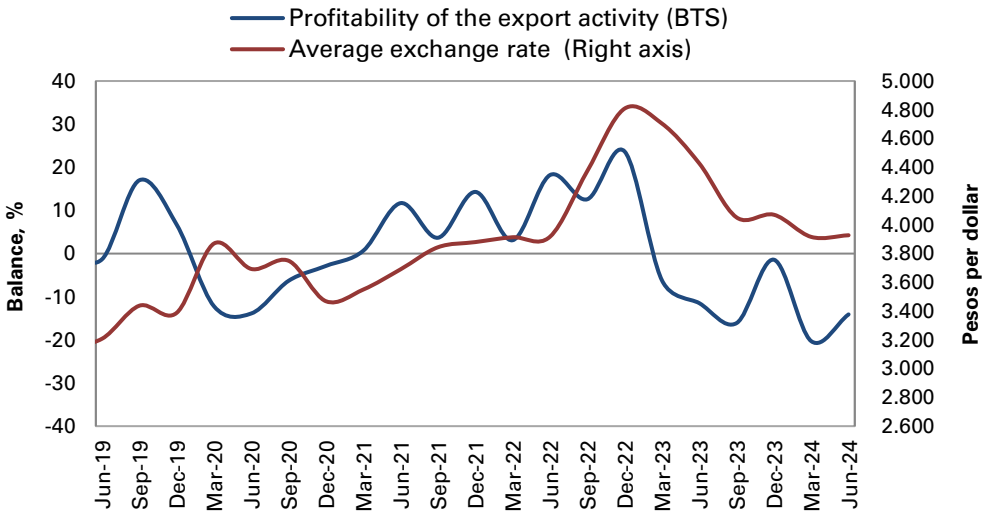


Source: Business Tendency Survey (BTS) – Fedesarrollo.

Regarding the question that inquires about the perception of entrepreneurs on the profitability of export activity, a balance of -14.1% was obtained. This means that the percentage of respondents who perceived an increase in profitability was lower than those who considered a decrease. The balance results represented an increase of 6.2 pp compared to the previous quarter (-20.3%) and a decrease of 2.6 pp compared to the second quarter of 2023 (-11.5%). Additionally, the balance of export activity profitability in the second quarter of 2024 was consistent with the behavior of the exchange rate (Figure 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 second quarter of 2024, the most favorable factors for export activity were the Plan Vallejo System (15.2%) and Colombian information and marketing services (1.4%). On the other hand, international transportation (-30.8%) and domestic transportation within Colombia (-17.0%) were identified as the most unfavorable factors for exports. Compared to the previous quarter, the factor that showed the greatest improvement was the peso-dollar exchange rate, which increased by 24.8 pp. Conversely, the factor that recorded the largest decline was international transportation, decreasing by 11.9 pp.

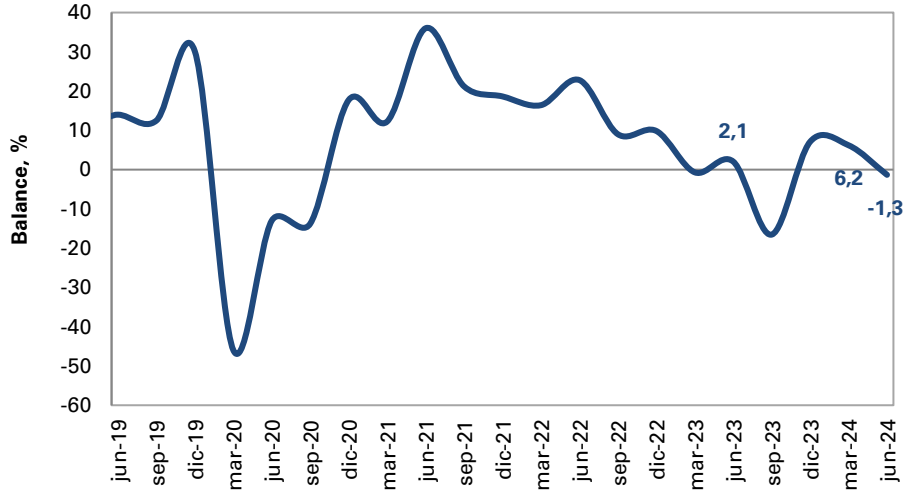
Table 3. Main factors affecting export activity

Factor (Balance, %)	2023-II	2024-I	2024-II
Production costs	-20,5	-19,6	-21,2
Availability and cost of credit	-11,3	-7,2	0,0
Plan Vallejo System	9,8	11,1	15,2
Export procedures in Colombia	8,3	4,2	-0,7
Internal transportation in Colombia	-17,9	-16,6	-17,0
International transportation	-11,7	-18,9	-30,8
Port services in Colombia	0,0	-12,7	-4,9
Peso-dollar exchange rate	-32,4	-29,7	-4,9
Dollar-currency exchange rate of the buyer country	-5,5	-8,6	-5,8
Colombian information and marketing services	6,2	5,0	1,4
Trade policies of the purchasing countries	-1,4	1,4	-7,9
Economic situation of the buyer country	-7,5	-3,5	-6,3
Competitive position in the target markets	-11,0	-7,7	-13,6

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

For the second quarter of 2024, the balance of exporters' expectations regarding the performance of their activity over the next three months stood at -1.3%, which represents a decline of 7.5 pp compared to the previous quarter (6.2%) and a reduction of 3.4 pp compared to the same quarter in 2023 (2.1%) (Figure 6). In this question, 22.5% of respondents stated that their exports will increase in the next three months, while 23.8% believe their exports will decrease, and the remaining 53.7% 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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