Business Tendency Survey
June 2023

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In June 2023**, the Retail Confidence Index (RCI) stood at 17.8%, representing a decrease of 3.7 percentage points compared to the previous month (RCI May 2023: 21.5%)**. The decline in retail confidence was attributed to an unfavorable perception of the economy for the upcoming semester, which decreased by 7.8 pp. Similarly, a negative perception of the current business situation also contributed to this decline, experiencing a decrease of 3.1 pp. Additionally, the stock level increased by 0.3 pp.

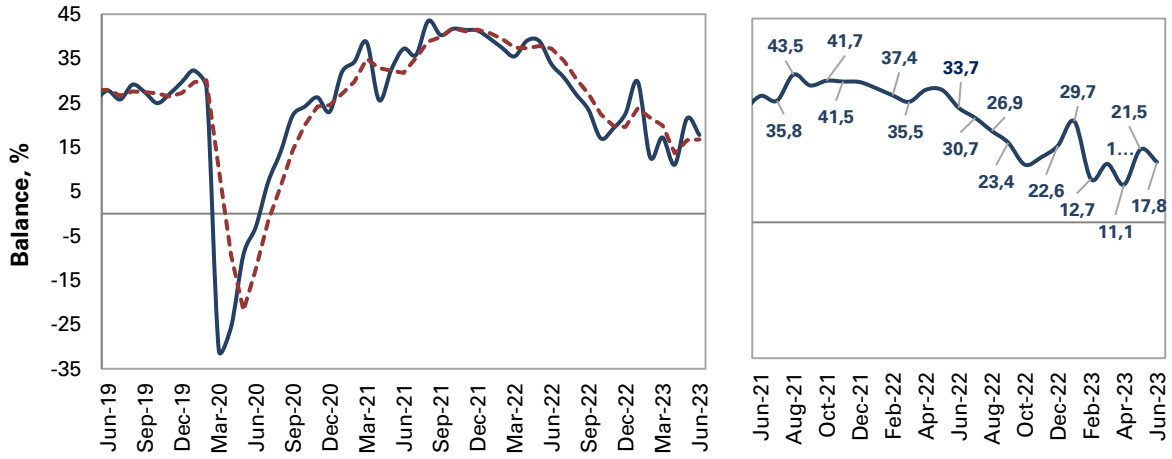
On the other hand, **the Industrial Confidence Index (ICI) reached -2.2% for the month of June 2023, showing an increase of 1.9 pp compared to the previous month (ICI May 2023: -4.2%)**. The positive monthly variation in industrial confidence in June was driven by a 6.5 pp increase in production expectations for the next quarter. However, it was negatively affected by a 0.7 pp decline in the current volume of orders. Additionally, the stock level showed no change from the previous month, remaining at 0.0 pp variation annually.

The employment generation expectations for the industrial sector in the next quarter decreased by 2.4 pp compared to the January - March quarter (-1.7% in June 2023 vs. 0.7% in March 2023). On the other hand, the perception of industrialists regarding the presence of **smuggling activities stood at -4.7%, which represents a decrease of 0.3 pp compared to the previous quarter** and an increase of 2.3 pp compared to the same quarter analyzed in the year 2022.

Retail Confidence Index – RCI

In June 2023, the Retail Confidence Index (RCI) stood at 17.8%, representing a decrease of 3.7 pp compared to the previous month (21.5%). Additionally, the RCI experienced a significant decline of 15.9 pp compared to June of the previous year (33.7%).

Graph 1. Retail Confidence Index (RCI)



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 June 2022 and 2023 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2022	2023	
	June	May	June
Business current situation	65,3	40,0	36,9
Level of stocks	2,5	9,1	9,4
Business expectations for the next 6 months	38,3	33,5	25,7
Retail Confidence Index - RCI	**33,7**	**21,5**	**17,8**

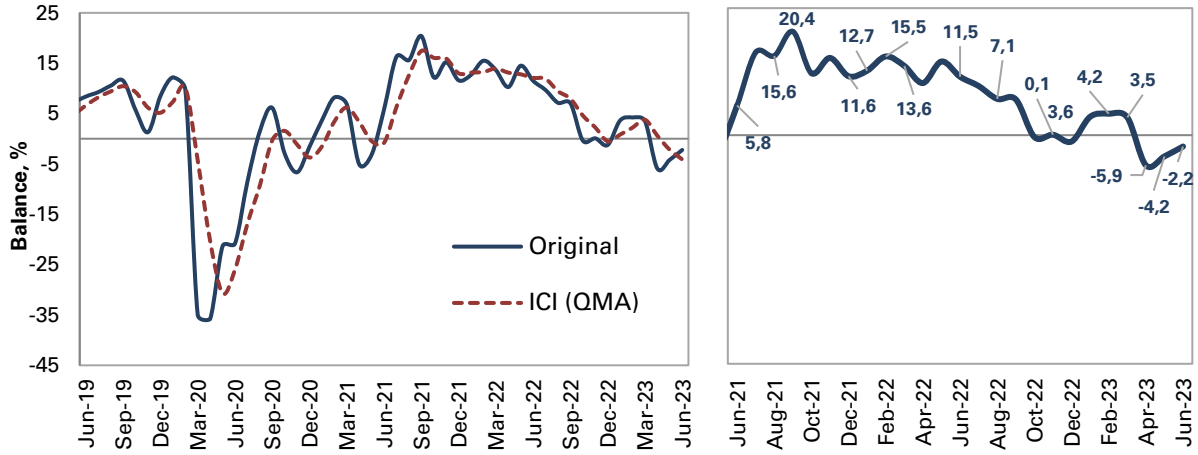
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The decrease in retailers' confidence compared to the previous month was mainly due to unfavorable expectations about the economic situation for the upcoming semester, which decreased by 7.8 pp. Similarly, a negative impact was seen from the 3.1 pp decrease in the perception of the current economic situation. Additionally, the stock level increased by 0.3 pp. In annual terms, the decline in retailers' confidence can be attributed to a 28.5 pp decrease in the perception of the current economic situation of the company, along with a decrease of 12.5 pp in economic expectations for the next semester, and an increase of 6.8 pp in the stock level.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) reached -2.2% in June 2023. This indicates an increase of 1.9 pp compared to the previous month (ICI May 2023: -4.2%) and a decrease of 13.8 pp compared to the same month in the year 2022 (ICI June 2022: 11.5%) (Graph 2). On the other hand, the quarterly moving average stood at -4.1%, representing a decline of 1.9 pp compared to the same indicator for May 2023 (-2.2%). This is the lowest quarterly moving average since December 2020 (-3.7%).

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 June 2022 and 2023 are presented in Table 2.

Table 2. Evolution of ICI components

Component (Balance, %)	2022	2023	
	May	April	May
Stocks of finished goods at end of this month	-6,7	6,7	6,7
Current volume of orders	-6,3	-25,4	-26,1
Expected production in the next three months	34,2	19,6	26,1
Industrial Confidence Index – ICI	**11,5**	**-4,2**	**-2,2**

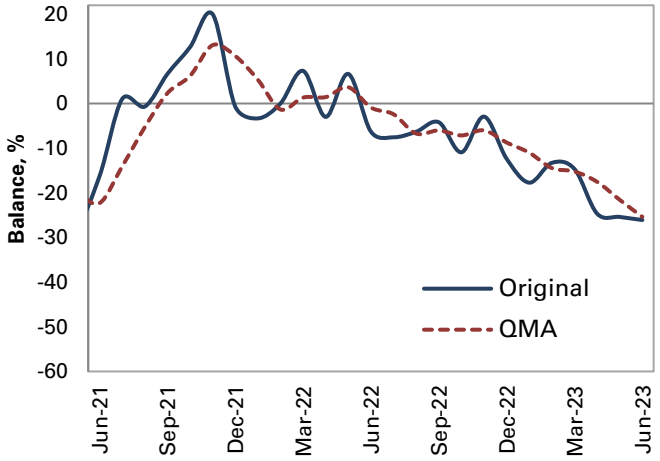
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The positive monthly variation in industrial confidence in June is explained by the increased optimism in production expectations for the next quarter, which rose by 6.5 pp (26.1% vs. 19.6% in May 2023). However, there was a decrease of 0.7 pp in the current volume of orders (-26.1% vs. -25.4% in May 2023), and the stock level remained constant.

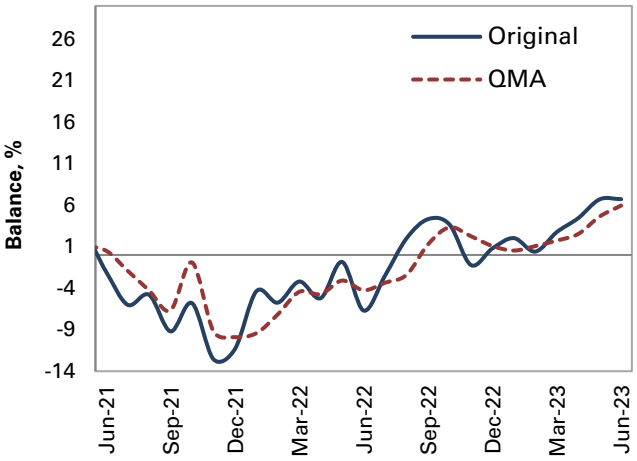
In annual terms, the decline in industrial confidence was primarily attributed to a reduction of 19.8 pp in the current volume of orders and a decrease of 8.1 pp in production expectations for the next quarter. Additionally, the annual variation was influenced by a 13.4 pp increase in the stock level.

Graph 3. ICI Components

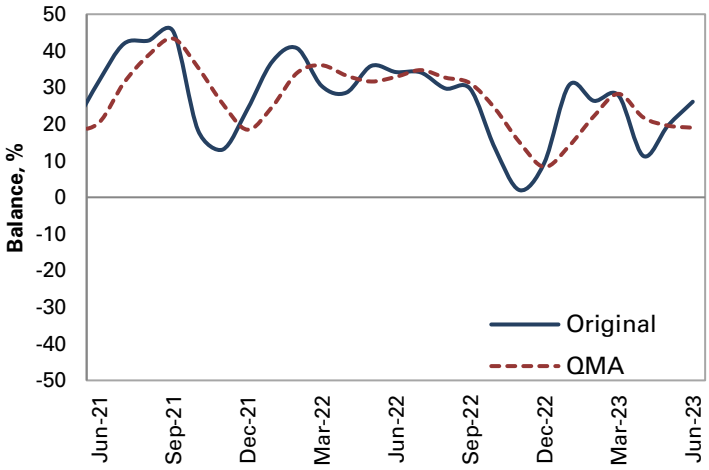
A. Current volume of orders



B. Level of stocks



C. Production expectations for the next trimester

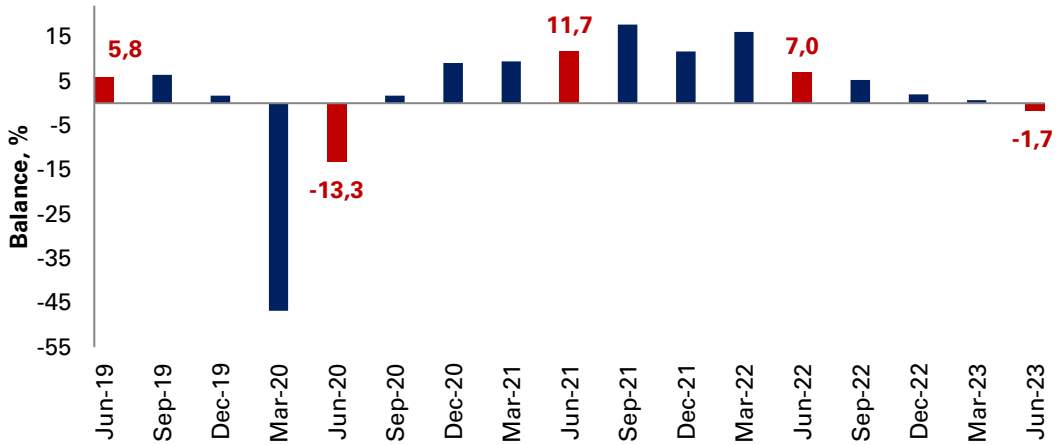


Source: Business Tendency Survey (BTS) – Fedesarrollo.

Quarterly Module:
Employment Expectations and Smuggling Activities Perception[1]

In June, the balance of expectations regarding the number of people employed for the next quarter stood at -1.7%, representing a decrease of 2.4 pp and 8.7 pp compared to the previous quarter and the same quarter in 2022, respectively (Graph 4). The disaggregated results show that 10.1% of the respondents believe that employment generation in the industry will increase during the next quarter, approximately 78.0% expect it to remain the same, while 11.8% of the respondents anticipate a decrease in employment (compared to increase: 12.1%, same: 76.5%, and decrease: 11.4% in March 2023).

Graph 4. Employment expectations in the industry

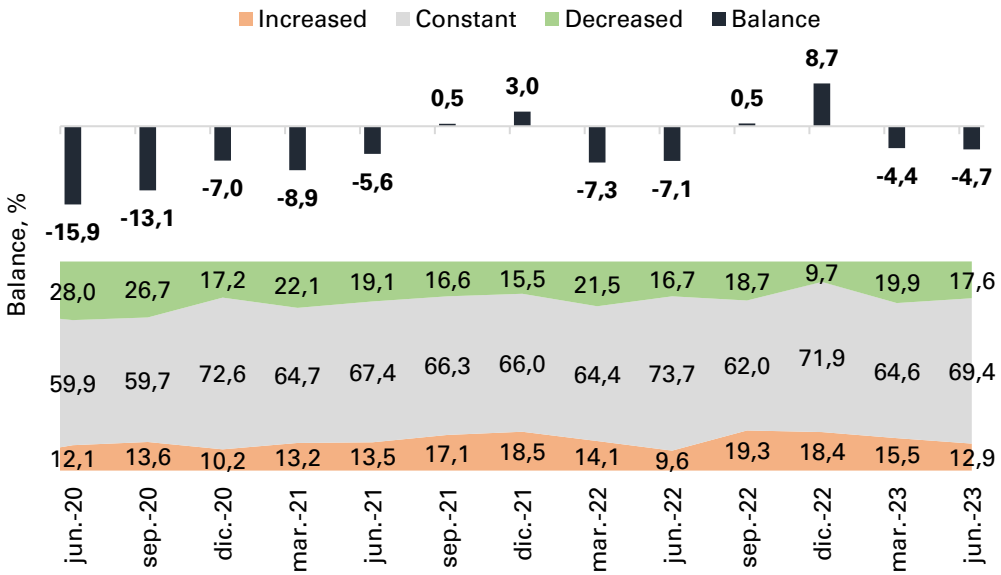


Source: Business Tendency Survey (BTS) – Fedesarrollo.

On the other hand, the perception of business owners regarding the presence of smuggling in the industry showed a balance of -4.7% in June 2023. This represents a decrease of 0.3 pp compared to the result in March 2023 and an increase of 2.3 pp compared to the data from June 2022. Specifically, 17.6% of the respondents stated that smuggling during the February - June quarter decreased compared to the previous quarter, 69.4% said it remained the same, while the remaining 17.6% considered it increased 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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