

## Business Tendency Survey December 2021



In December, the Retail Confidence Index (RCI) was 41.3%, compared to the previous month this represents a decrease of 0.2 pp, mainly due to the decrease of the business expectations for the next semester. In addition, it was observed an increase in the level of stocks. However, this was offset by the increase of the business current situation indicator. Thus, during the last quarter the RCI remained stable over 41%.

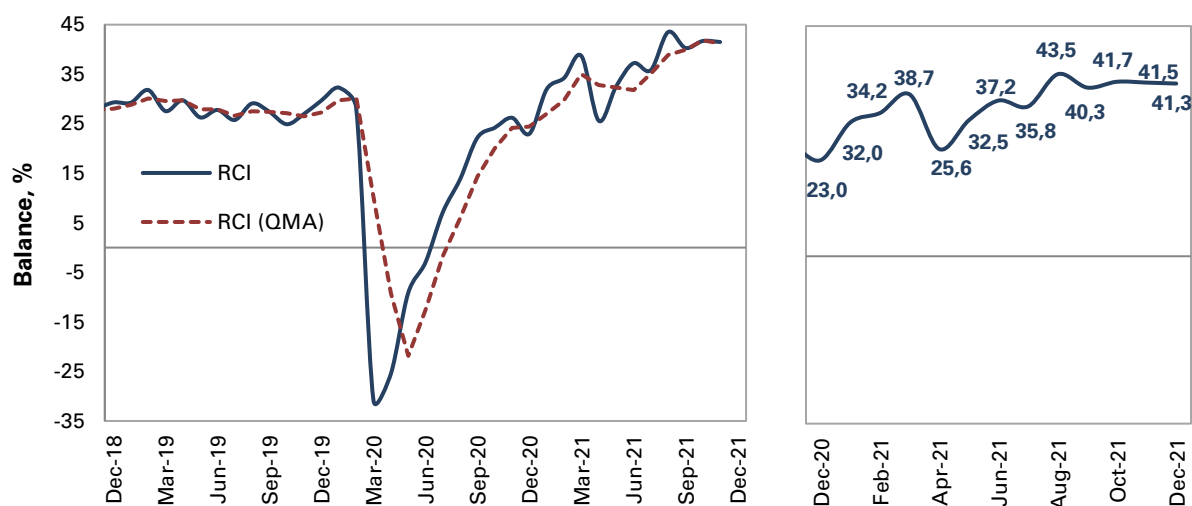
The Industrial Confidence Index (ICI) registered a balance of 11.6%, compared to the previous month this represents a decrease of 3.6 pp, mainly due to a reduction in the current volume of orders and an increase in the stocks of finished goods.

Regarding the balance of employment expectations for the next quarter, it reached 11.7%, which represents a decrease of 6.0 pp compared to the previous quarter. Additionally, in December industrial business perception of contraband had a balance of 3.0%, which represents an increase of 2.5 pp with respect to the previous quarter.

### **Retail Confidence Index – RCI**

In December, the Retail Confidence Index (RCI) was 41.3%, which represents a decrease of 0.2 percentage points (pp) compared to last month and a growth of 18.3 pp relative to December 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 December of the last two years are summarized in Table 1.

**Table 1. Retail Confidence Index Components**

Component (Balance, %)	2020	2021	
	December	November	December
Business current situation	36,9	68,3	74,1
Level of stocks	-8,9	-8,0	-7,6
Business expectations for the next 6 months	23,1	48,0	42,1
<b>Retail Confidence Index - RCI</b>	<b>23,0</b>	<b>41,5</b>	<b>41,3</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

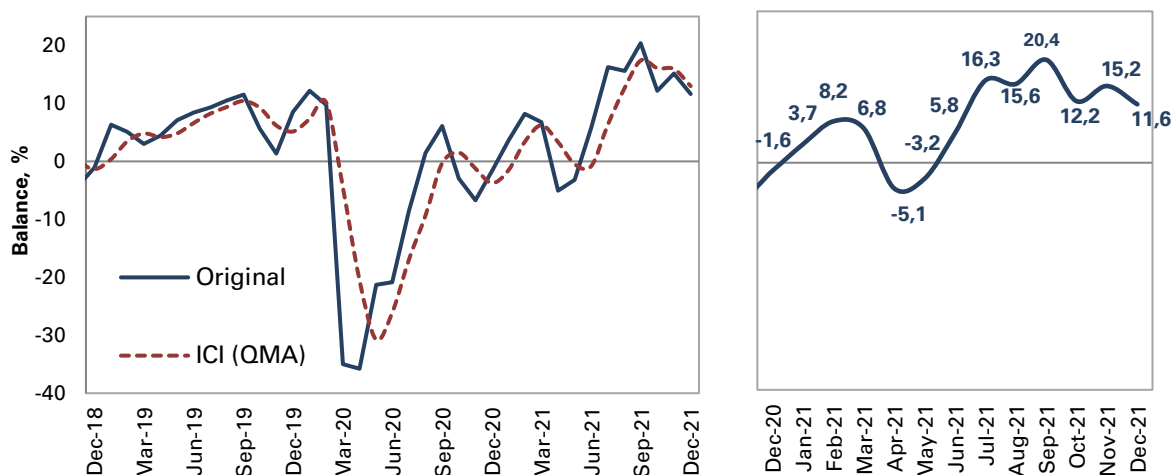
In December, the slight drop in retailer’s confidence compared to the previous month was mainly due to a decrease of 5.9 pp in the business expectation’s indicator for the next semester. However, this was offset by an increase of 5.8 pp in the business current situation indicator. Additionally, the level of stocks increased 0.4 pp. Compared to December 2020, the result was mainly due to an increase of 37.2 pp in the current economic situation and to an increase of 18.9 pp in the business expectation’s indicator for the next semester; meanwhile, it was observed a 1.3 pp increase 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 December, the Industrial Confidence Index (ICI) stood at 11.6% in its original series, which represents a decrease of 3.6 percentage points (pp) compared to last month and of 13.2 pp relative to December 2020. Its quarterly moving average was 13.0%, which is equivalent to a decrease of 2.9 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 fall of the ICI compared to the previous month was mainly due to the decrease of 20.7 pp in the current volume of orders, as well as the 1.2 pp growth in the stock of finished goods at the end of this month. On the other hand, there was an increase of 11.0 pp in the expected production for the next three months (Graph 3).

**Table 2. Evolution of ICI components**

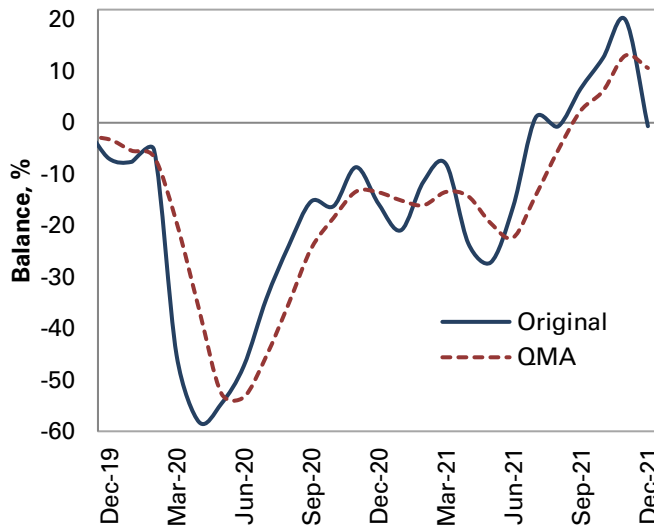
Component (Balance, %)	2020		2021
	November	October	November
Stocks of finished goods at end of this month	-0,4	-12,6	-11,3
Current volume of orders	-15,8	20,0	-0,7
Expected production in the next three months	10,6	13,0	24,1
<b>Industrial Confidence Index - ICI</b>	<b>-1,6</b>	<b>15,2</b>	<b>11,6</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

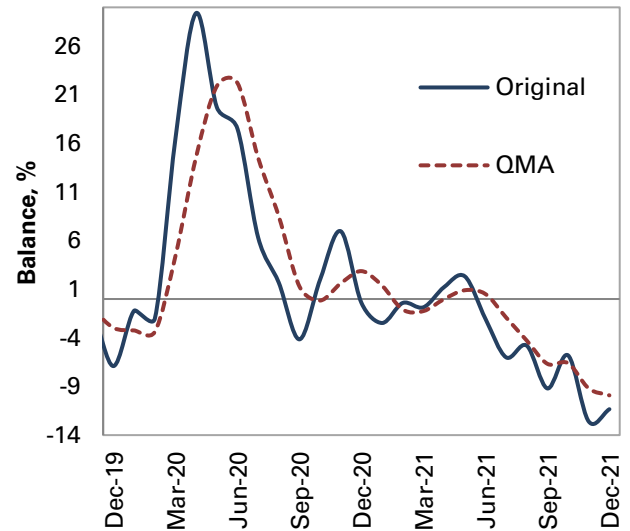
The growth in industrial confidence compared to December 2020 was due to an increase of 15.1 pp in the current volume of orders, an increase of 13.5 pp in the expected production in the next three months and a 10.9 pp reduction in the level of stocks (Table 2).

**Graph 3. ICI Components**

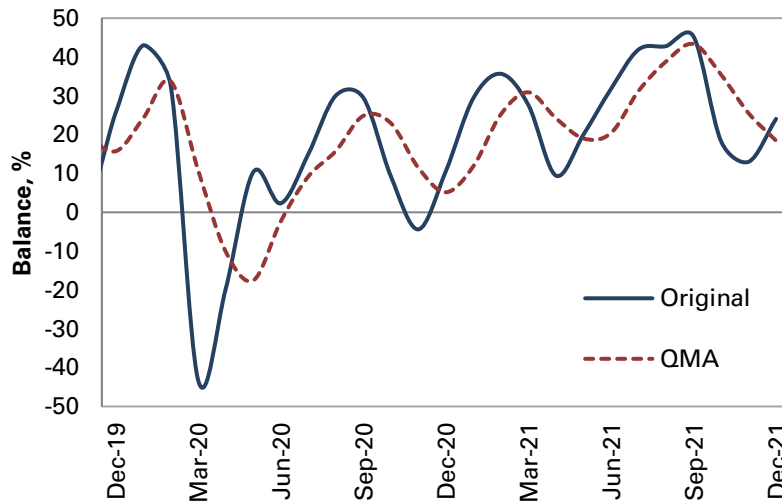
**A. Current order volume**



**B. Level of stocks**



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

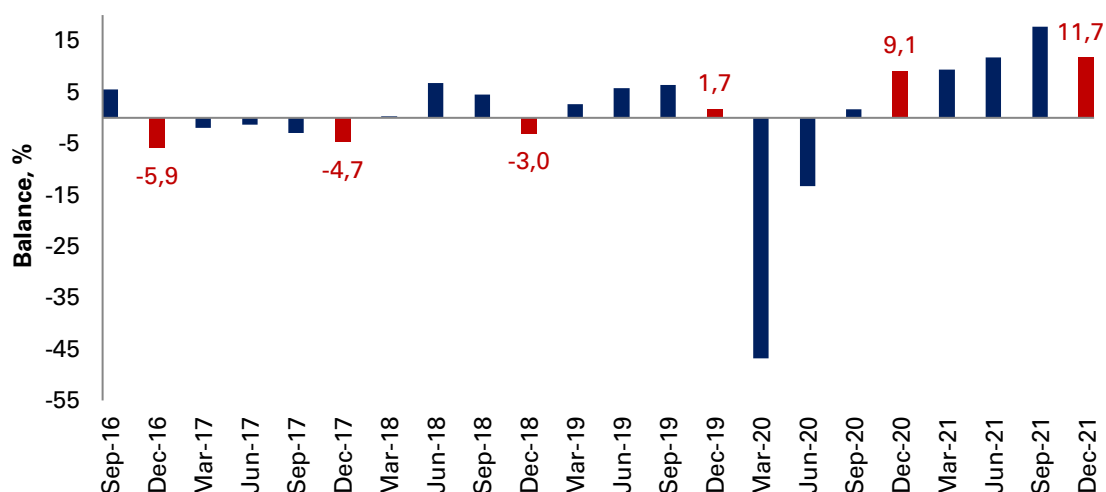


Source: Business Tendency Survey (BTS) – Fedesarrollo

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

In December, the balance of employment expectations for the next quarter was 11.7%, which represents a decrease of 6.0 pp compared to the previous quarter and an increase of 2.6 pp relative to the same period of 2020 (Graph 4). Disaggregating by answers, 17.4% of respondents believe that employment in the industry in the next quarter will increase, 5.7% believe that it will decrease and 76.9% considers it will remain the same.

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



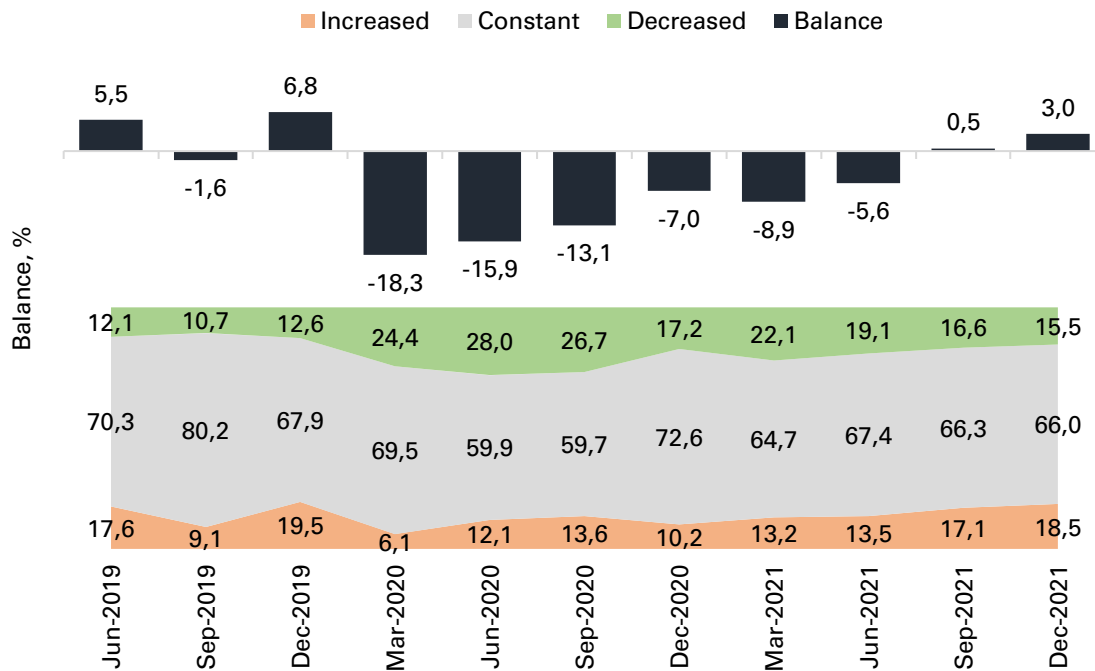
Note: Not seasonally adjusted.

Source: Business Tendency Survey – Fedesarrollo.

Furthermore, in December the industrial business perception of contraband had a balance of 3.0%, which represents an increase of 2.5 pp with respect to the data of the previous quarter and an increase of 10.0 pp relative to December 2020. Specifically, 18.5% of respondents stated that contraband in the October - December quarter increased in relation to the previous quarter, 66.0% stated it will remain the same, while 15.5% 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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