

Business Tendency Survey February 2022



In February 2022, the Retail Confidence Index (RCI) stood at 37,4%, showing a drop of 1,8 pp compared to the previous month. The decrease in confidence was mainly explained by an increase of 6,5 pp in the level of inventories. Similarly, there was a slight drop of 0,2 pp in the business current situation indicator, which was offset by an increase of 0.4 pp in the business expectations indicator for the next six months.

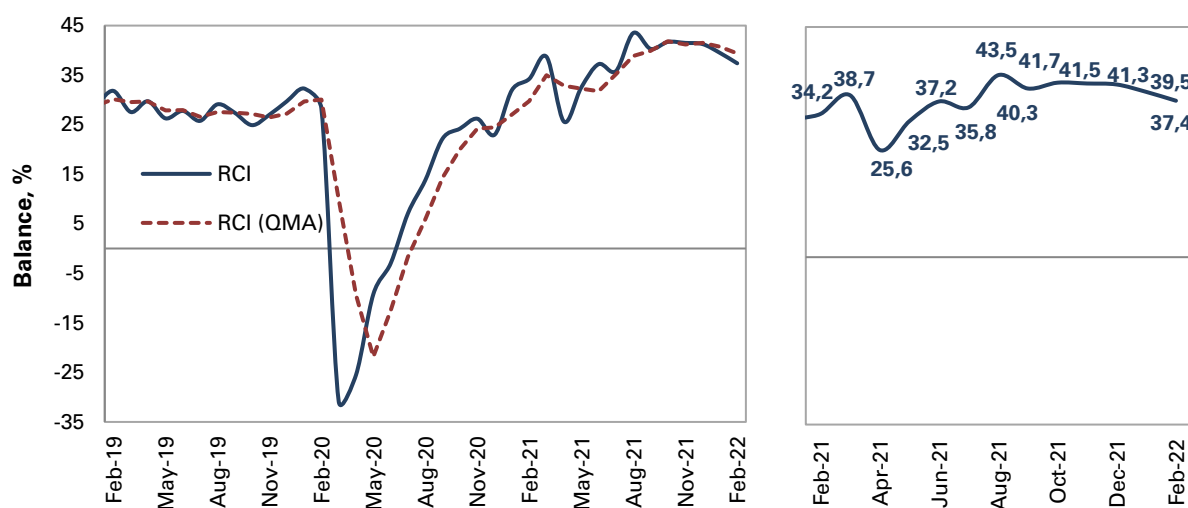
The Industrial Confidence Index (ICI) reached 15,5%, increasing 2,8 pp compared to the previous month. While all three components of the index contributed positively to this result, the 3,7 pp increase in production expectations for the next quarter was the main determinant. Similarly, the current volume of orders increased by 3,3 pp and the level of inventories decreased by 1,4 pp.

In February, the industry installed capacity utilization was 74,9%, decreasing by 3,1 pp and 0,6 pp compared to November and February 2021. For its part, business perception of the favorable economic and socio-political conditions to invest decreased compared to the previous measurement. On the other hand, the construction sector recorded a deterioration in the current economic situation of companies and in the pace of construction compared to the fourth quarter of 2021, while the sector's expectations for the next quarter enhanced.

Retail Confidence Index – RCI

In February 2022, the Retail Confidence Index (RCI) stood at 37,4%, showing a decrease of 2,1 percentage points (pp) compared to last month and an increase of 3,1 pp compared to February 2021 (Graph 1).

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 stocks¹ and expectations about the economic situation for the next semester**. The results for February 2021 and 2022 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2021	2022	
	February	January	February
Business current situation	47,3	63,9	63,7
Level of stocks	-5,4	-8,5	-2,0
Business expectations for the next 6 months	50,0	46,1	46,5
Retail Confidence Index - RCI	34,2	39,5	37,4

Source: Business Tendency Survey (BTS) – Fedesarrollo

In February, the decrease in retailers' confidence compared to the previous month is entirely due to a 6,5 pp increase in the level of inventories and a slight decrease of 0,2 pp in the business current situation. The latter result was offset by a 0,4 pp improvement

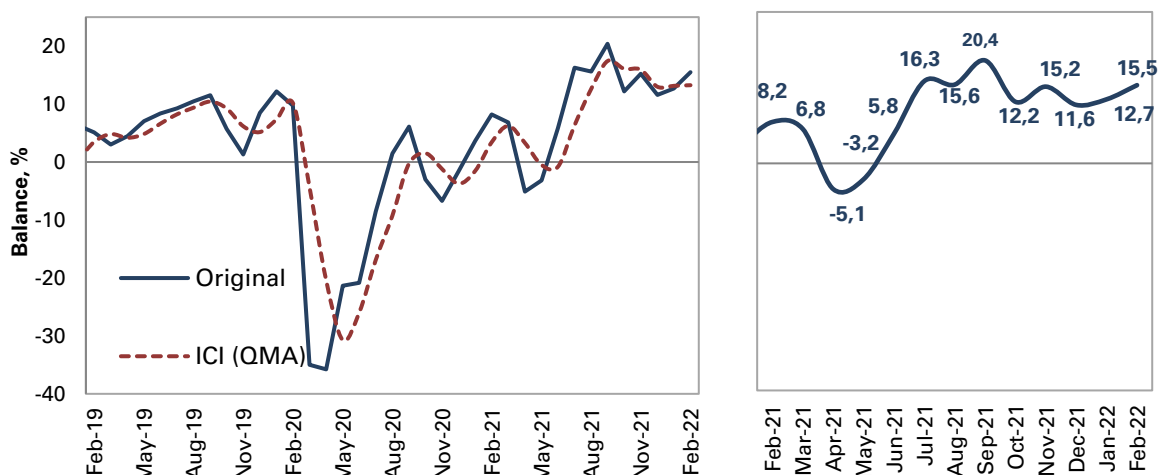
¹ Both industrial producers and retailers are asked if the level of stocks is high, low or normal. The balance corresponds to the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent to an improvement since employers perceive lower levels of inventories.

in business expectations for the next six months. On an annual basis, the increase in retailers' confidence was explained by a 16,4 pp rise in the business current situation. However, the 3,5 pp decrease in business expectations for the next six months and the 3,4 pp increase in inventories exerted downward pressure on the annual change in RCI.

Industrial Confidence Index – ICI

In February 2022, the Industrial Confidence Index (ICI) stood at 15,5%, showing an increase of 2,8 pp and 7,3 pp, compared to January 2022 and February 2021, respectively. On the other hand, the quarterly moving average reached 13,3% and registered a slight increase of 0,1 pp compared to the same measurement of the previous 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**. The results for February 2021 and 2022 are presented in Table 2.

Table 2. Evolution of ICI components

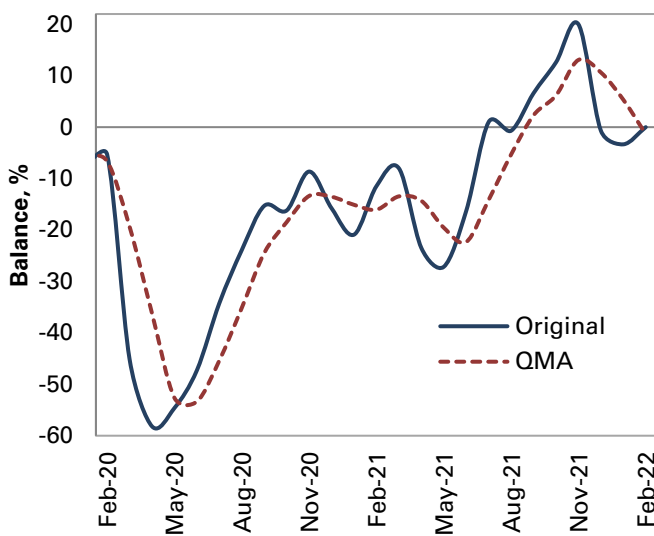
Component (Balance, %)	2021	2022	
	February	January	February
Stocks of finished goods at end of this month	-0,4	-4,4	-5,7
Curren volume of orders	-11,5	-3,3	0,0
Expected production in the next three months	35,7	37,0	40,7
Industrial Confidence Index – ICI	8,2	12,7	15,5

Source: Business Tendency Survey (BTS) – Fedesarrollo

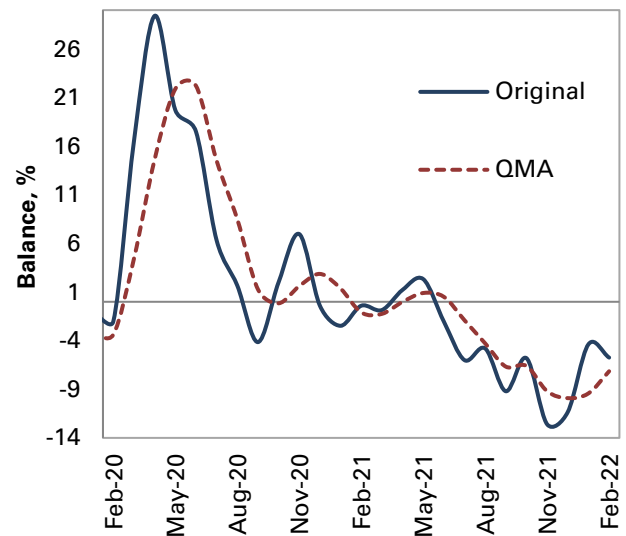
In the original series, the increase in industrial confidence compared to the previous month was due to an improvement in the three indicators that constitute it. On the one hand, production expectations for the next quarter and the current volume of orders increased by 3,7 pp and 3,3 pp, respectively (Graph 3). On the other hand, the level of inventories decreased by 1,4 pp. On an annual basis, the increase in industrial confidence was related to an 11,5 pp and 5,1 pp increase in the current volume of orders and production expectations for the next quarter, respectively, as well as a 5,3 pp decrease in the level of inventories.

Graph 3. ICI Components

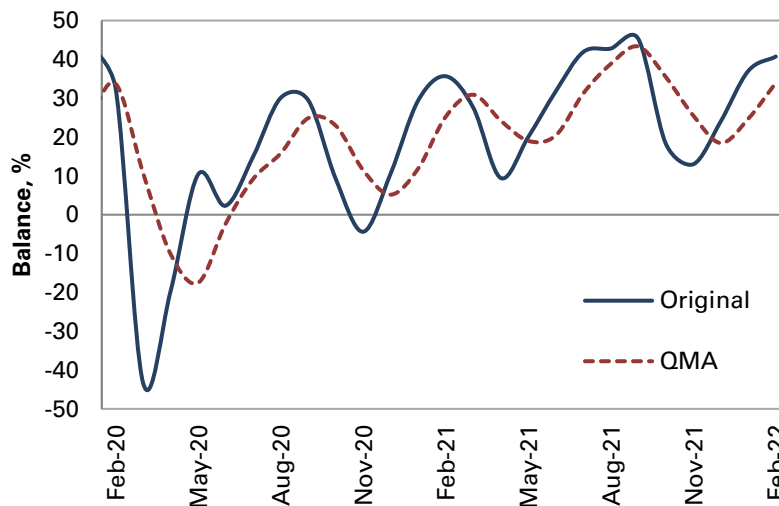
A. Current order volume



B. Level of stocks



C. Production expectations for the next three months

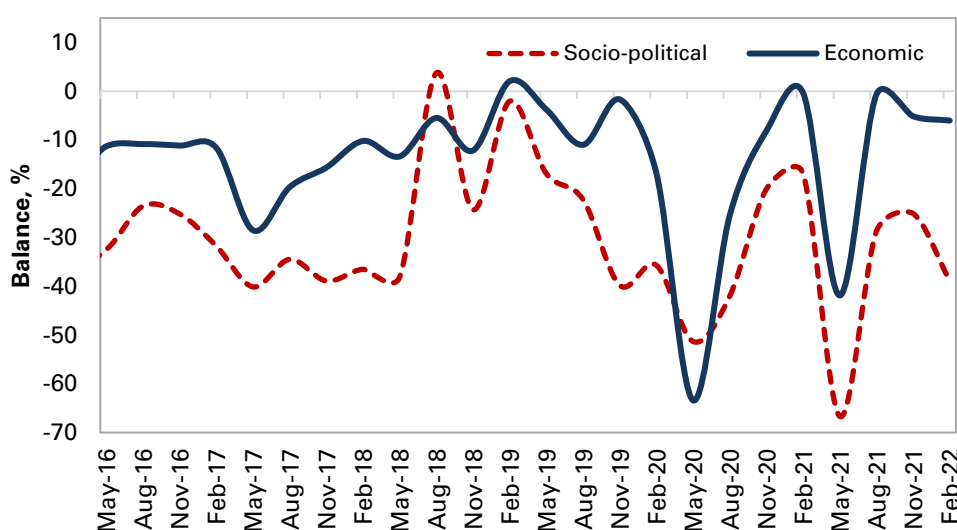


Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Module: Economic and sociopolitical conditions for investment ²

In February, the balance of the industrial sector about the favorability of **economic conditions** for investing stood at -6,1%, which is equivalent to a decrease of 0,9 pp compared to the November 2021 measurement (Graph 4). The results show that 24,4% of respondents believe that current economic conditions are unfavourable, compared to 26,7% in the previous measurement. On the other hand, 18,4% of businessmen believe that current conditions are favorable, compared to 21,6% in the previous measurement. Moreover, 57,2% affirm that they are neutral, compared to 51,7% in the previous measurement.

Graph 4. Favorability of current economic and socio-political conditions for investment



Source: Business Tendency Survey (BTS) – Fedesarrollo

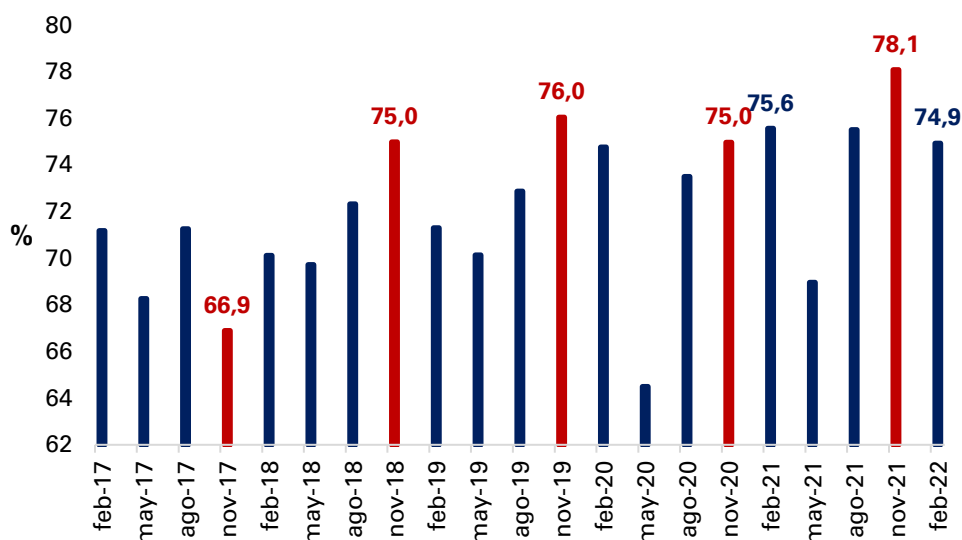
On the other hand, the balance on the favorability of **socio-political conditions** for investment was -38,9%, reflecting a decrease of -13,8 pp with respect to the previous quarter. The results show that 7,8% of those surveyed believe that socio-political conditions are favorable, compared to 10,3% in the previous measurement. On the other hand, 46,6% of businessmen consider that current conditions are unfavorable compared to 35,4% of the previous measurement. Finally, 45,6% affirm that they are neutral, compared to 54,3% of the previous measurement.

² Business Tendency Survey includes a special module asking industrial businesses about their perception of economic and socio-political conditions to invest.

Quarterly Module: Industry Installed Capacity Utilization

In February, the industry installed capacity utilization was 74,9%, registering a drop of 3,1 pp and 0,6 pp compared to the measurement made in November and February 2021, respectively (Graph 5).

Graph 5. Utilization of installed capacity in the industry



Note: The series of utilization of installed capacity was revised backwards.

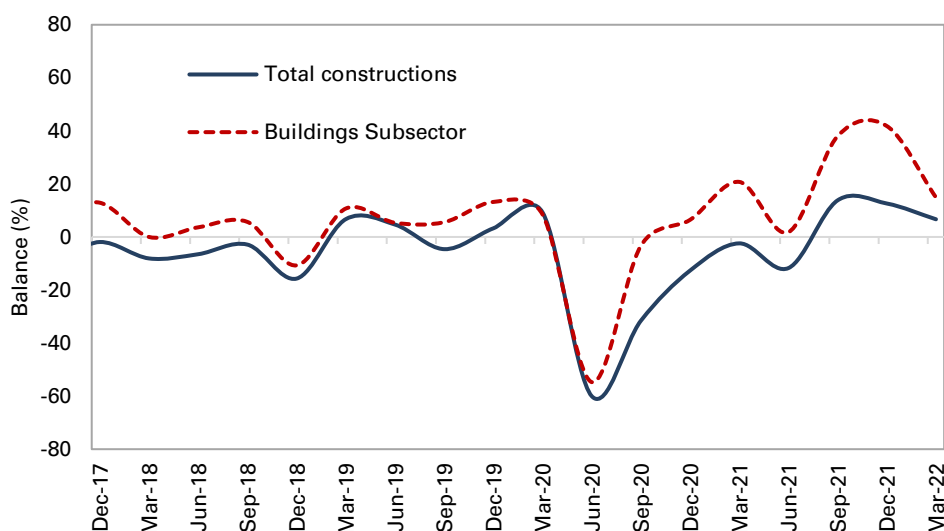
Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Construction Survey³

In the first quarter of 2022, the balance of the current economic situation of companies in the construction sector stood at 6,7%, equivalent to a decrease of 5,9 pp compared to the previous quarter and an increase of 9,1 pp compared to the same period of 2021. The building sector registered a balance of 14,9%, decreasing 26,9 pp and 5,9 pp versus the previous quarter and the same quarter of 2021, respectively (Graph 6).

³ On a quarterly basis, Fedesarrollo conducts a survey focused on businessmen in the construction sector, in order to know their perception of the current economic situation and their expectations for the future.

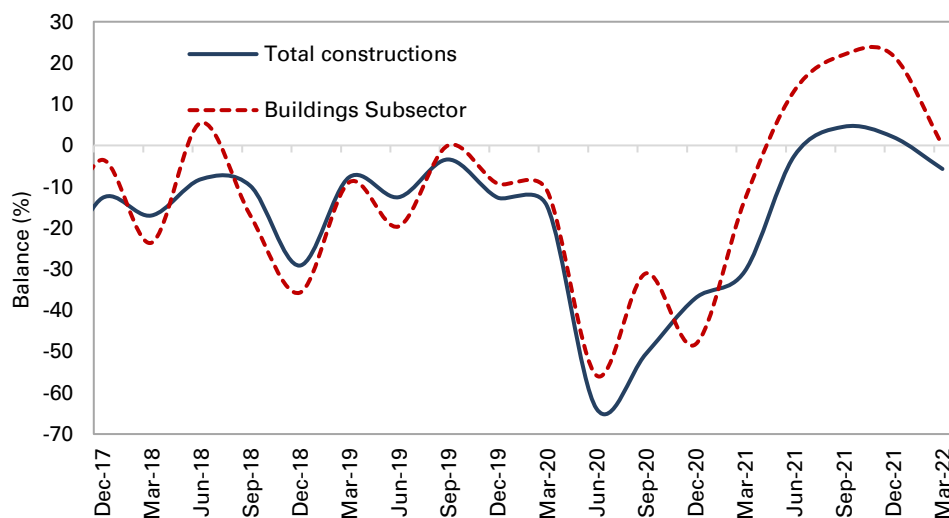
Graph 6. Current situation of companies in the construction sector



Source: Quarterly Construction Survey - Fedesarrollo.

The construction rate indicator was -5,7%, evidencing a decrease of 7,8 pp compared to the previous quarter and an increase of 24,8 pp compared to the first quarter of 2021. For the building sector, this indicator registered a balance of 0,0%, which shows a decrease of 21,8 pp compared to the previous quarter and an increase of 13,2 pp compared to one year ago (Graph 7).

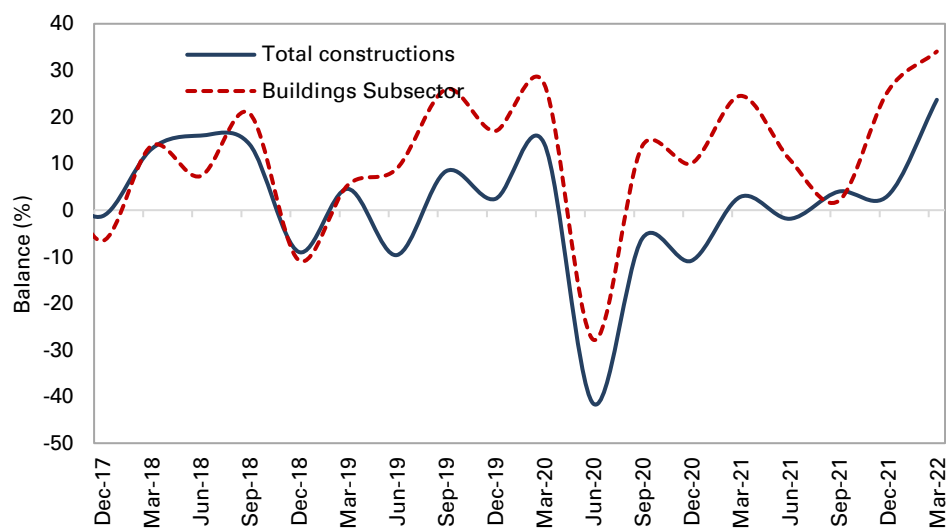
Graph 7. Construction rate compared to the previous year



Source: Quarterly Construction Survey - Fedesarrollo.

The balance regarding construction expectations for the next quarter stood at 23,7%, showing a significant increase of 20,6 pp and 20,8 pp compared to the fourth and first quarter of 2021, respectively. On the other hand, in the building sector, construction expectations registered a balance of 34,0%, which represents an increase of 8,6 pp compared to the previous quarter and 9,5 pp compared to the same quarter of last year (Graph 8).

Graph 8. Construction expectations for the next quarter



Source: Quarterly Construction 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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