

Business Tendency Survey December 2019



In 2019, the Retail Confidence Index recorded an average balance of 28.0%, which represents an increase of 1.2 pps compared to the average balance in 2018 (26.8%). The Industrial Confidence Index recorded an average balance of 6.8%, which represents an increase of 5.3 pps compared to the average balance in 2018 (1.4%).

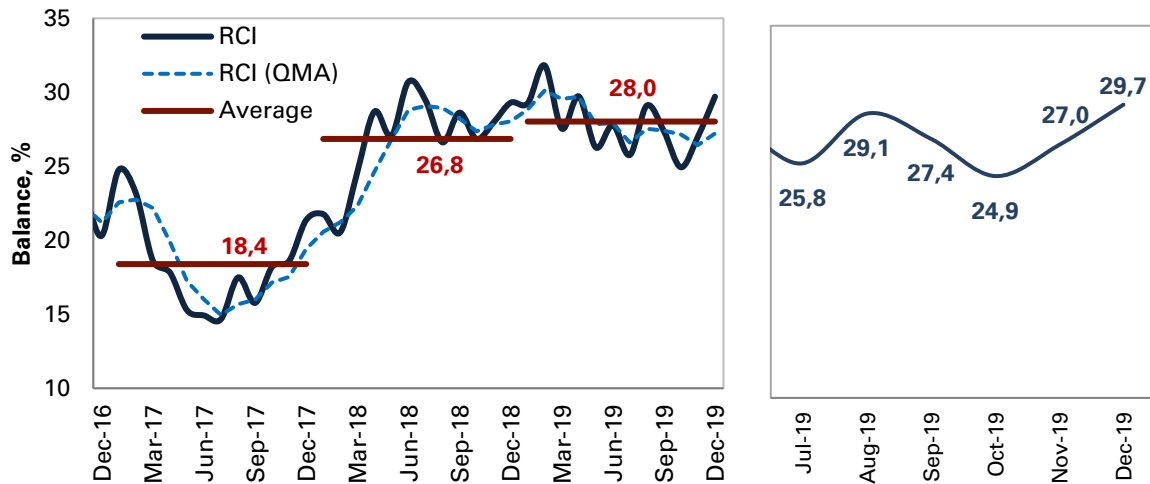
In December, the Retail Confidence Index stood at 29.7%, which represents an increase of 2.7 pps compared to the previous month, due to an increase in the business current situation and the business expectations for the next 6 months. The Industrial Confidence Index registered a balance of 8.5%, which represents an increase of 7.1 pps compared to the last month explained by an increase in the expected production in the next three months and a decrease in the level of stocks. The industrial employment expectations for the next quarter decreased compared to the previous quarter but increase compared to the same period of 2018. Meanwhile, the industrial business perception of contraband increase compared to last quarter but decrease compared to the same period of 2018.

Anual review

Retail Confidence Index – RCI

The Retail Confidence Index recorded an average balance of 28.0% in 2019, which represents an increase of 1.2 pps compared to the average balance in 2018 (26.8%). (Graph 1). The average balance of the RCI in 2019 was de highest since the average balance in 2006 (28.6%).

Graph 1. Retail Confidence Index (RCI)

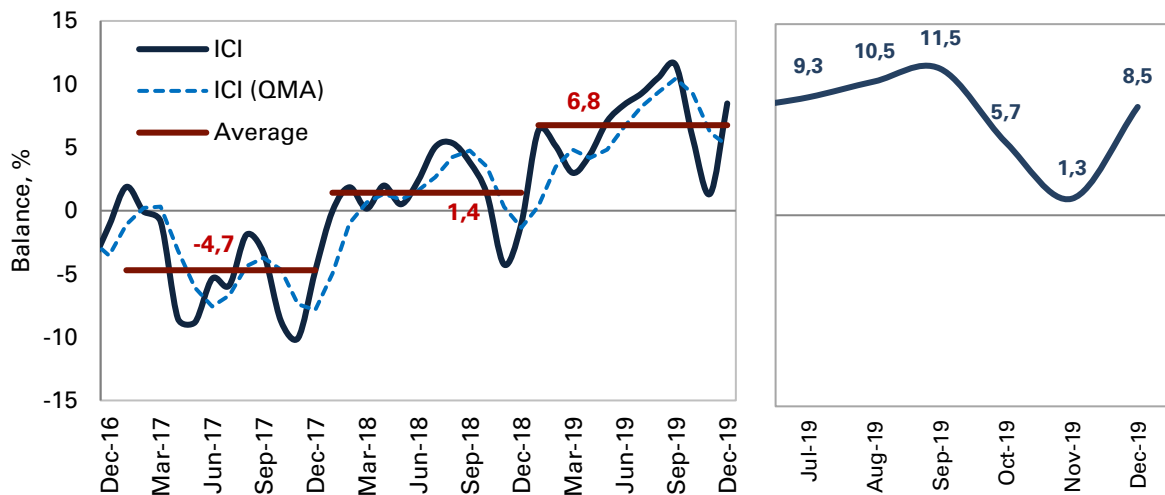


Source: Business Tendency Survey (BTS) – Fedesarrollo.

Industrial Confidence Index – ICI

The Industrial Confidence Index recorded an average balance of 6.8% in 2019, which represents an increase of 5.3 pps compared to the average balance in 2018 (1.4%). (Graph 2). The average balance of the ICI in 2019 was de highest since the average balance in 2011 (7.1%)

Graph 2. Industrial Confidence Index (ICI)



Source: Business Tendency Survey (BTS) – Fedesarrollo

December 2019 results

Retail Confidence Index – RCI

In December, the Retail Confidence Index (RCI) was 29.7%, which represents an increase of 2.7 percentage points (pps) compared to last month and 0.4 pps compared to December 2018.

The RCI brings together three elements: **perception about business current economic situation, level of stocks 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, %)	2018 December	Average 2018	2019 November	2019 December	Average 2019
Business current situation	48,5	40,4	45,5	55,4	45,6
Level of stocks	5,6	5,3	3,0	9,5	5,6
Business expectations for the next 6 months	45,0	45,4	38,6	43,2	44,1
Retail Confidence Index - RCI	29,3	26,8	27,0	29,7	28,0

Source: Business Tendency Survey (BTS) – Fedesarrollo

In December, the growth in retailer's confidence compared to the previous month was mainly due to an increase of 9.9 pps in the business current situation and 4.6 in the expectation's indicator for the next semester, while the level of stocks increases 6.5 pps. On the other hand, compared to December 2018, the result was due to an increase of 6.9 pps in the current economic situation indicator, while the level of stocks indicator grew 3.9 pps and the expectations indicator fell 1.8 pps.

Industrial Confidence Index – ICI

In December, the Industrial Confidence Index (ICI) stood at 8.5% in its original series, which represents an increase of 7.1 pps compared to November 2019 and an increase of 9.6 pps relative to December of 2018. On the other hand, its quarterly moving average was 5.2%, which is equivalent to a decrease of 1.0 pps compared to last month.

The ICI has three components: **level of stocks¹, current volume of orders and production expectations for the next three months**. In the original series, the decrease of the ICI compared to the previous month was due to an increase of 21.6 pps in the level of stocks, while the current volume of orders indicator decreases 5.3 pps. Isolating seasonal variations, there was a decrease in the level of stocks, an increase in expected production

¹ Both industrial producers and retailers are asked if the level of stocks is high, low or normal and the balance is 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.

for the next quarter and a decrease in the current volume of orders compared to November (Graph 3).

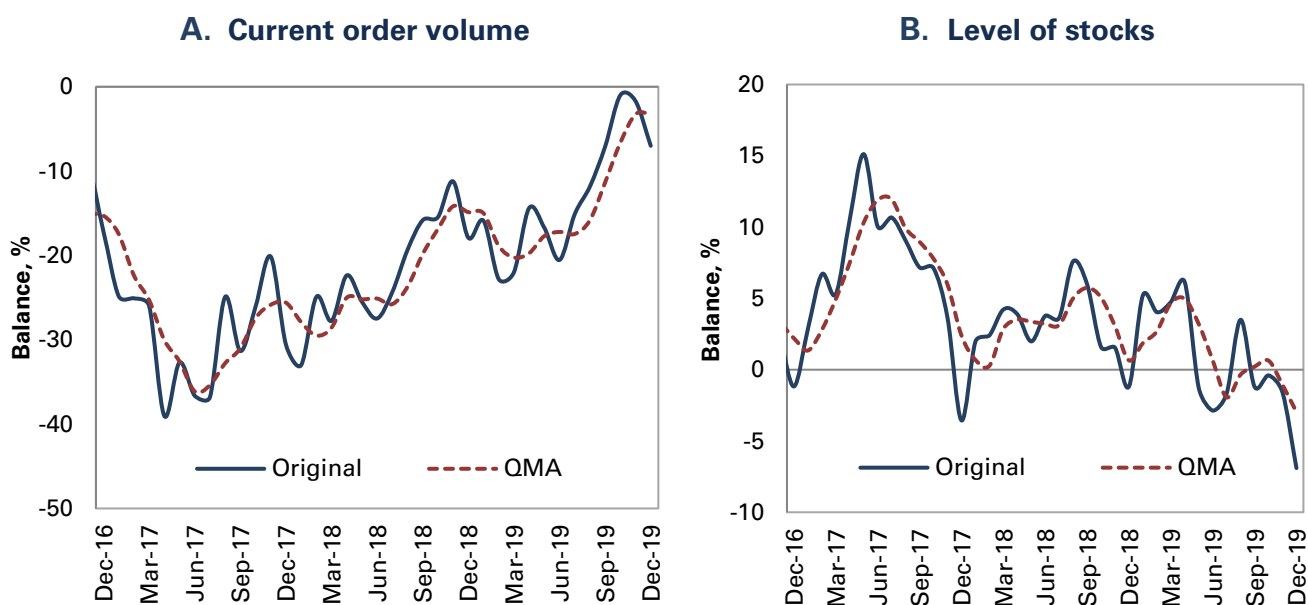
Table 2. Evolution of ICI components

Component (Balance, %)	2018	Average	2019		Average
	December	2018	November	December	2019
Stocks of finished goods at end of this month	-1,2	3,1	-1,6	-6,9	0,6
Current volume of orders	-17,9	-22,1	-1,7	-7,0	-13,0
Expected production in the next three months	13,5	29,5	4,0	25,6	33,9
Industrial Confidence Index - ICI	-1,1	1,4	1,3	8,5	6,8

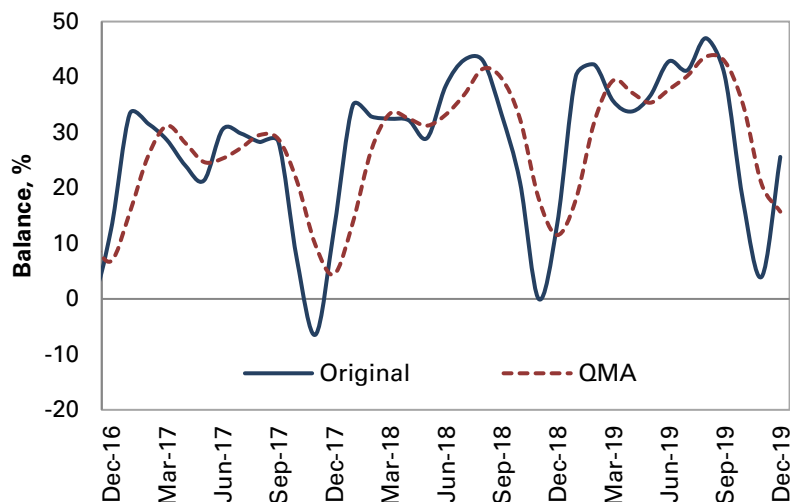
Source: Business Tendency Survey (BTS) – Fedesarrollo

The increase in industrial confidence compared to December 2018 was due to an increase of 12.1 pps in the expected production in the next three months and 10.9 pps in the current volume of orders indicator, while the level of stocks decreased 5.7 pps (Table 2).

Graph 3. ICI Components



C. Production expectations for the next three months

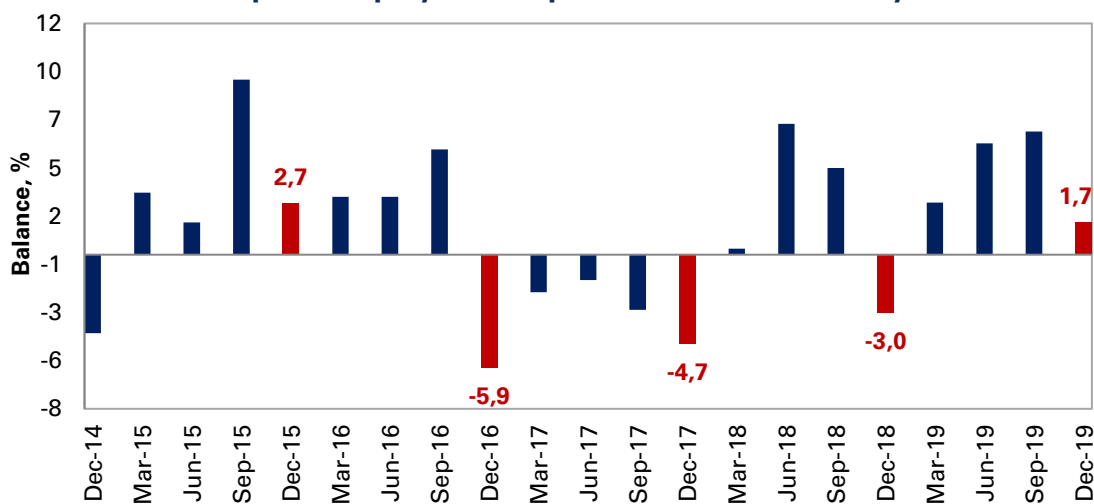


Source: Business Tendency Survey (BTS) – Fedesarrollo

Employment Expectations and Contraband Perception²

In December, the balance of employment expectations for the next quarter was 1.7%, which represents a decrease of 4.7 pps compared to the previous quarter and an increase of 4.7 pp compared to the same period of 2018 (Graph 4). Disaggregating by answer choice, 14.1% of respondents believe that employment in the industry in the next quarter will increase, 12.5% believe that it will decrease and 73.4% say it will remain the same.

Graph 4. Employment expectations in the industry



Note: Not seasonally adjusted.

Source: Business Tendency Survey – Fedesarrollo.

² The Business Opinion Survey contains a quarterly module inquiring about employers' perception of employment expectations and the perception of contraband in the industry.

On the other hand, in December industrial business perception of contraband had a balance of 6.8%, which represents an increase of 8.4 pps with respect to the data of the previous quarter and a decrease of 0.2 pps relative to December 2018. Specifically, 19.5% of respondents stated that contraband in the October - December quarter increased in relation to the previous quarter, 67.9% said they remained the same, while 12.5% considered it to be lower (Table 3).

Table 3. Contraband Perception

Answers (%)	2018		2019
	December	September	December
Higher	24,9	9,1	19,5
Equal	57,3	80,2	67,9
Lower	17,8	10,7	12,6
Balance	7,0	-1,6	6,8

Source: Business Tendency Survey – Fedesarrollo



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FEDESARROLLO
Centro de Investigación Económica y Social

Contact us if you would like to have access to disaggregated results by region, industrial sector and other survey questions

+57 1 3259777 ext. 340
comercial@fedesarrollo.org.co

Published January 22, 2019

Comments to Daiyan Andrea Correa Jiménez: dcorrea@fedesarrollo.org.co