

Business Tendency Survey November 2021



In November, the Retail Confidence Index (RCI) was 41.5%, 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. However, this was offset by the increase of the business current situation indicator. With this result, the RCI remains in its highest levels and shows stability in the retail sector confidence.

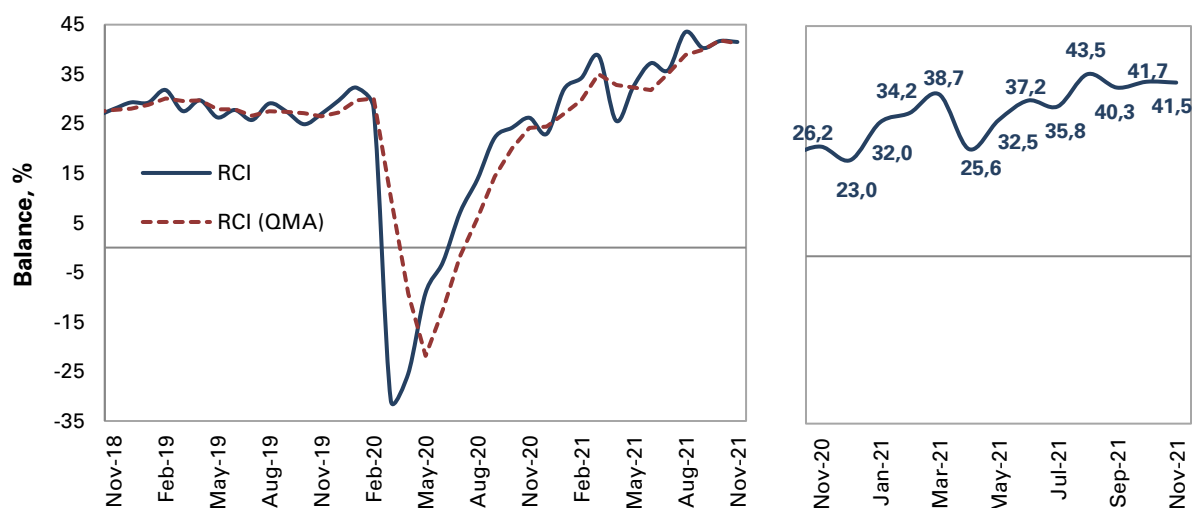
The Industrial Confidence Index (ICI) registered a balance of 15.2%, compared to the previous month this represents an increase of 3.0 pp, mainly due to an increase in the current volume of orders and a decrease in the stocks of finished goods.

In November, the industry installed capacity utilization was 78.1%, which represents an increase of 2.6 pp compared to the previous measurement and a growth of 3.1 pp related to the same period of 2020. In November, business perception of the favorable economic conditions to invest decreased compared to the previous quarter, meanwhile the related to socio-political conditions increased. In the construction sector, the current economic situation of companies in the sector, the construction rate, and the expectations about the economic situation for the next semester decreased compared to the previous quarter.

Retail Confidence Index – RCI

In November, the Retail Confidence Index (RCI) was 41.5%, which represents a decrease of 0.2 percentage points (pp) compared to last month and a growth of 15.2 pp relative to November 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 stocks¹ and expectations about the economic situation for the next semester**. The results for November of the last two years are summarized in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2020		2021
	November	October	November
Business current situation	38,7	66,3	68,3
Level of stocks	-4,0	-5,5	-8,0
Business expectations for the next 6 months	36,0	53,2	48,0
Retail Confidence Index - RCI	26,2	41,7	41,5

Source: Business Tendency Survey (BTS) – Fedesarrollo

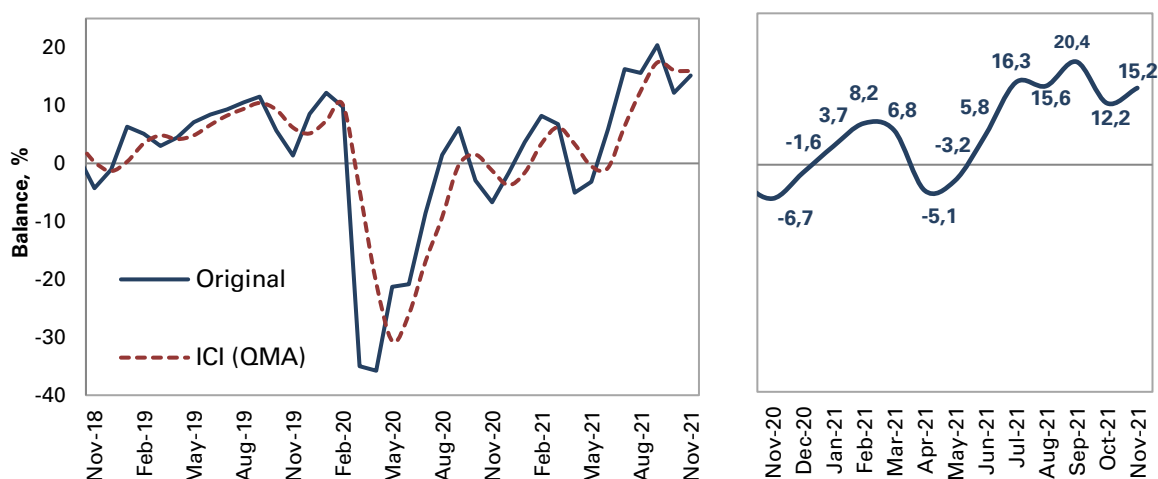
In November, the slight drop in retailer’s confidence compared to the previous month was mainly due to a decrease of 5.2 pp in the business expectation’s indicator for the next semester. However, this was offset by an increase of 2.0 pp in the business current situation indicator and the decrease of 2.6 pp in the level of stocks. Compared to November 2020, the result was mainly due to an increase of 29.6 pp in the current economic situation, an increase of 12.0 pp in the business expectation’s indicator for the next semester, and the 4.0 pp reduction in the level of stocks.

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.

Industrial Confidence Index – ICI

In November, the Industrial Confidence Index (ICI) stood at 15.2% in its original series, which represents an increase of 3.0 percentage points (pp) compared to last month and of 21.9 pp relative to November 2020. Its quarterly moving average was 15.9%, which is equivalent to a decrease of 0.1 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 rise of the ICI compared to the previous month was mainly due to the increase of 7.4 pp in the current volume of orders, as well as the 6.8 pp reduction in the stock of finished goods at the end of this month. On the other hand, there was a decrease of 5.2 pp in the expected production for the next three months (Graph 3).

Table 2. Evolution of ICI components

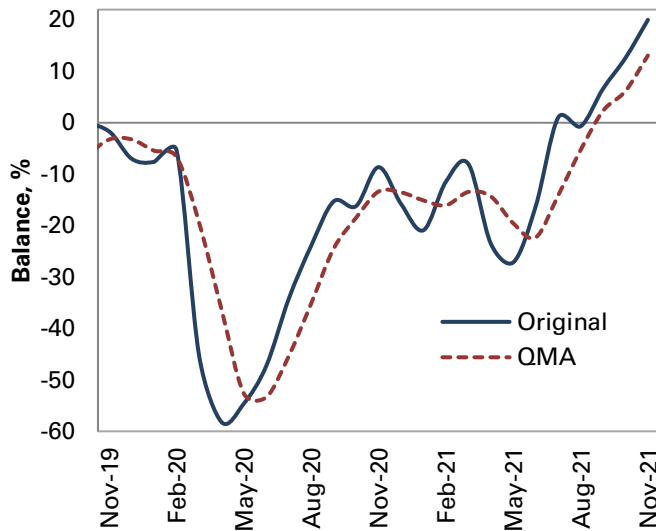
Component (Balance, %)	2020		2021
	November	October	November
Stocks of finished goods at end of this month	7,0	-5,8	-12,6
Current volume of orders	-8,6	12,6	20,0
Expected production in the next three months	-4,4	18,3	13,0
Industrial Confidence Index - ICI	-6,7	12,2	15,2

Source: Business Tendency Survey (BTS) – Fedesarrollo

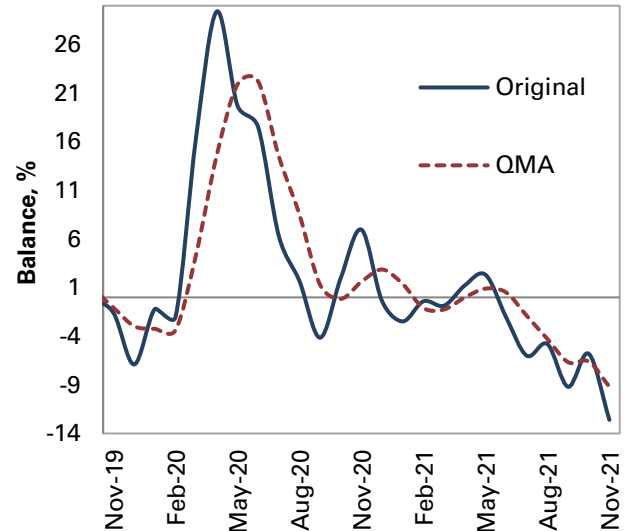
The growth in industrial confidence compared to November 2020 was due to an increase of 28.6 pp in the current volume of orders, an increase of 17.4 pp in the expected production in the next three months and a 19.5 pp reduction in the level of stocks (Table 2).

Graph 3. ICI Components

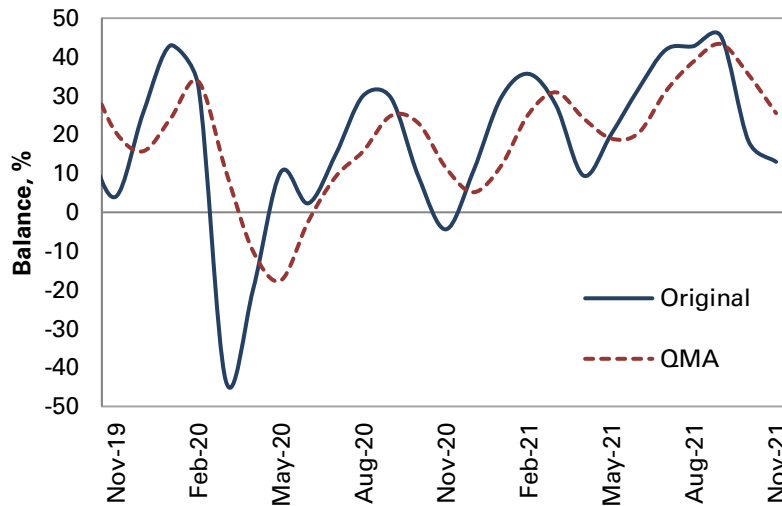
A. Current order volume



B. Level of stocks



C. Production expectations for the next three months

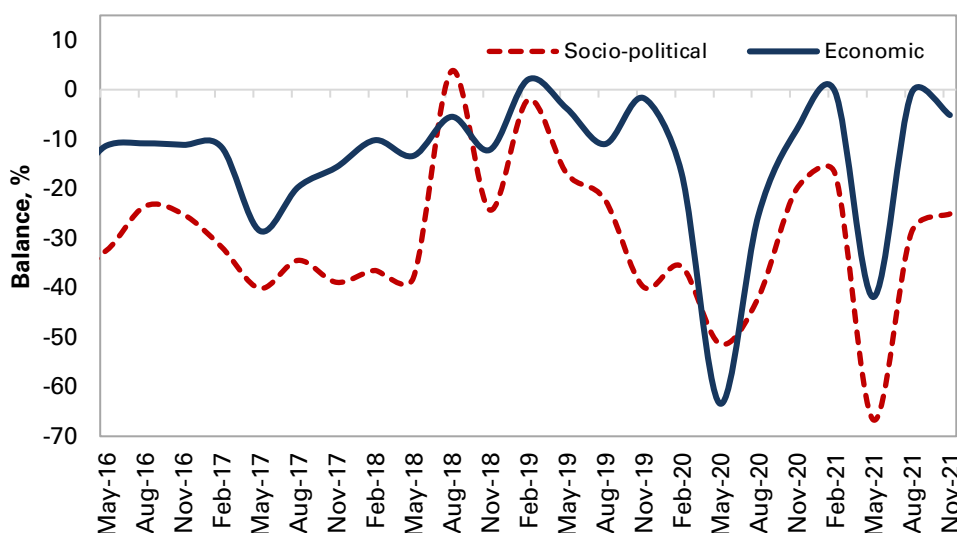


Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Module: Economic and sociopolitical conditions for investment ²

In November, the balance of the industrial sector about favorable **economic conditions** to invest was -5.1%, which is equivalent to a 4.4 pp decrease compared to the last measurement (August 2021). The results show that 26.7% of respondents believe that current economic conditions are unfavorable, compared to 27.1% of the previous measurement, while 21.6% of respondents considered that the current conditions are favorable compared to the 26.4% of the previous measurement. Moreover, 51.7% affirm they are neutral compared to the 46.3% of the previous measurement.

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



Source: Business Tendency Survey (BTS) – Fedesarrollo

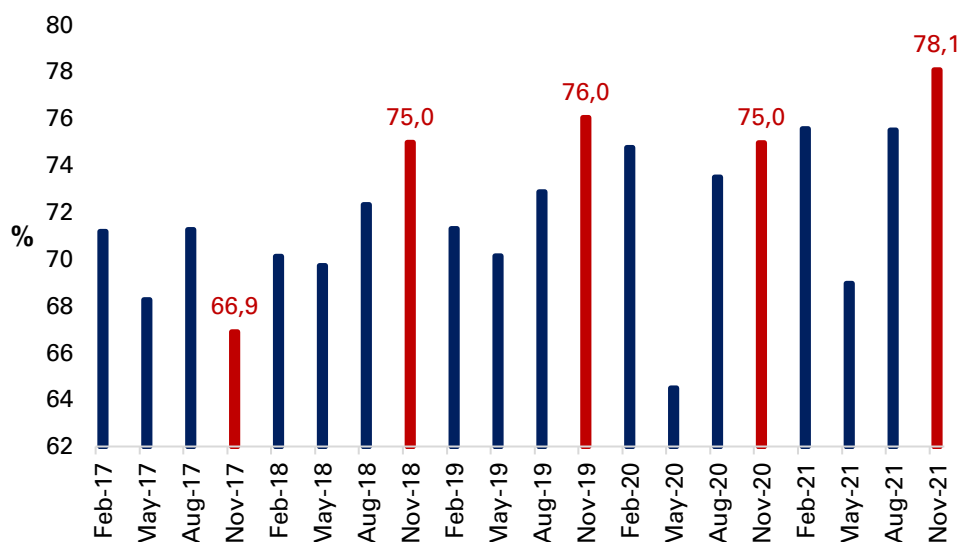
On the other hand, the balance for favorable **sociopolitical conditions** to invest was -25.1%, which means an increase of 3.7 pp compared to the previous quarter. The results show that 10.3% of the respondents believe that the sociopolitical conditions are favorable compared to 9.9% of the previous measurement, while 35.4% consider that they are unfavorable compared to 38.7% of the previous measurement. Finally, 54.3% consider that they are neutral compared to 51.4% 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 November, industry installed capacity utilization was 78.1%, which represents an increase of 2.6 pp compared to August 2021 measurement and a growth of 3.1 pp compared to the same month of the previous year (Graph 5).

Graph 5. Utilization of installed capacity in the industry



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

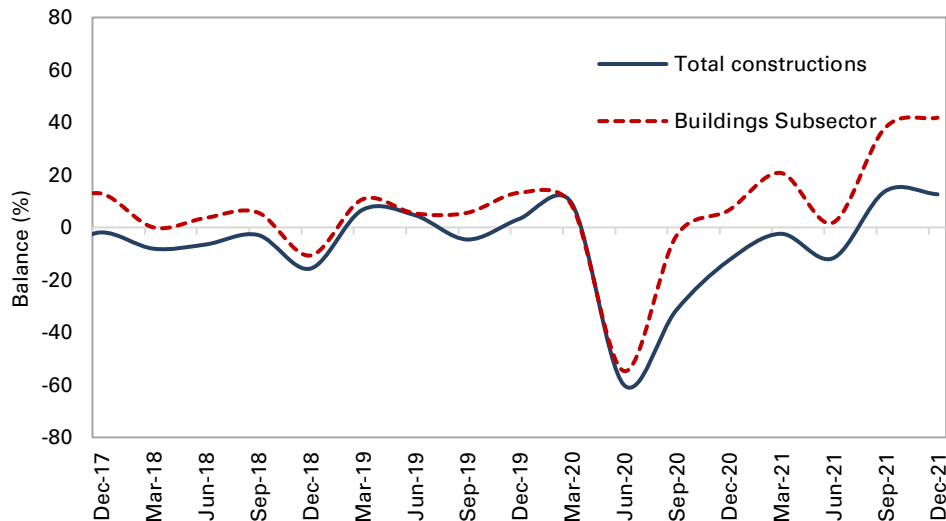
Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Construction Survey

Fedesarrollo conducts a quarterly survey focused on entrepreneurs in the construction sector to know their perception of the current economic situation and their future expectations.

For the fourth quarter of 2021, the balance of the current economic situation of companies in the construction sector stood at 12.6%, equivalent to a 1.2 pp decrease compared to the previous quarter and an increase of 25.3 pp compared to the same period of 2020. The **building subsector** registered a balance of 41.8%, this is 3.8 pp higher than the registered during the previous quarter and 35.4 pps higher compared to one year ago (Graph 6).

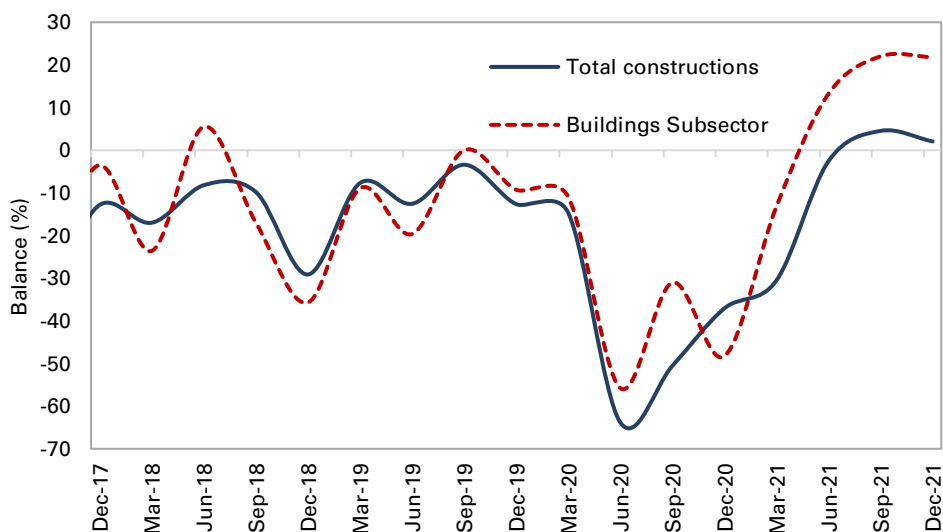
Graph 6. Current situation of companies in the construction sector



Source: Quarterly Construction Survey - Fedesarrollo.

The indicator of construction rate was 2.1%, showing a decrease of 2.5 pp compared to the previous quarter and an increase of 39.1 pp compared to the fourth quarter of 2020. For the building subsector, this indicator registered a balance of 21.8%, which shows a decrease of 0.2 pp compared to the previous quarter and is 70.1 pp higher than the fourth quarter of 2020 (Graph 11).

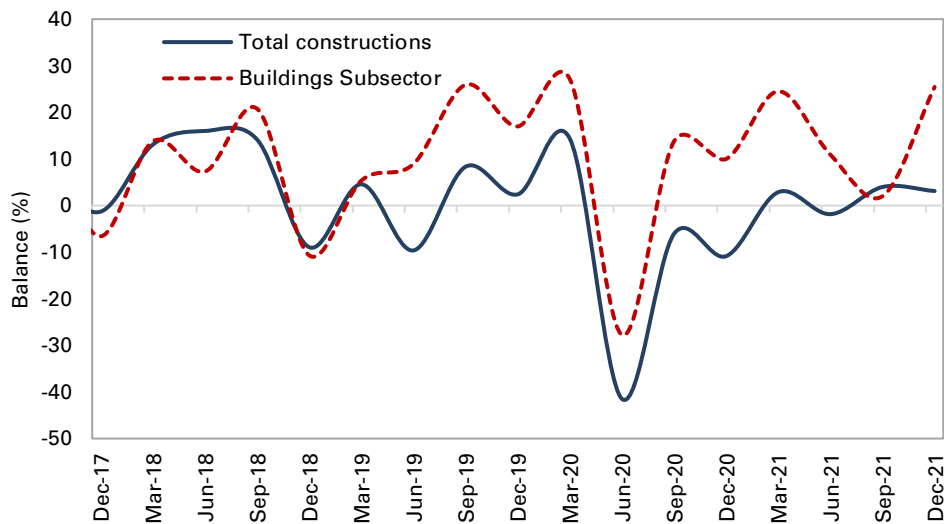
Graph 7. Construction rate compared to the previous year



Source: Quarterly Construction Survey - Fedesarrollo.

The balance of construction expectations for the next quarter was 3.1%, showing a 0.9 pp reduction compared to the previous measurement and a growth of 14.0 pp compared to the fourth quarter of 2020. In the building subsector, expectations recorded a balance of 25.5%, which represents an important increase of 23.5 pp compared to the previous quarter and of 15.5 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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