

Business Tendency Survey March 2022



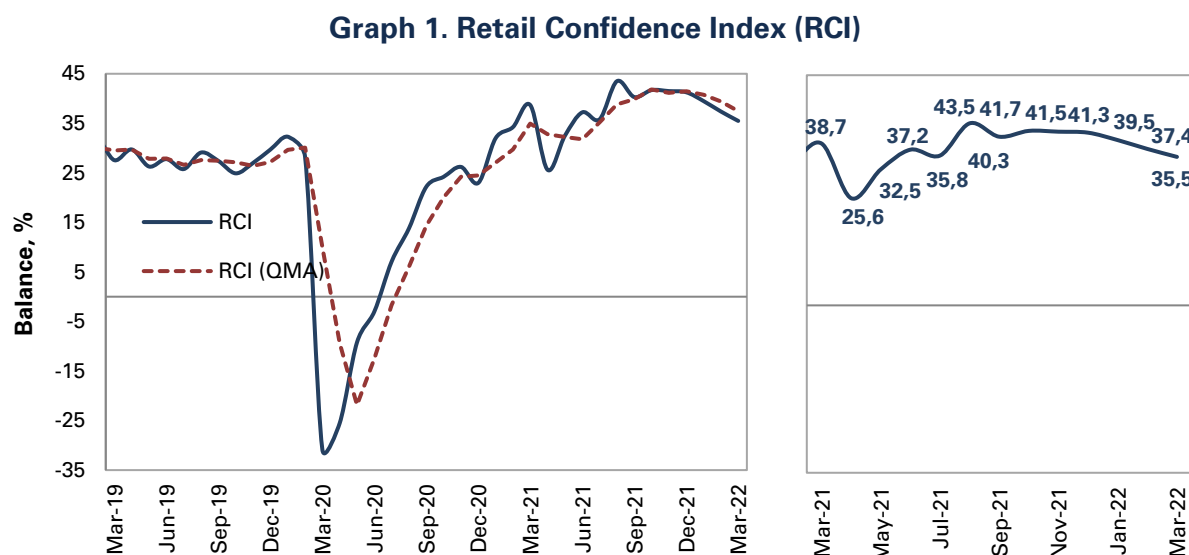
In March 2022, the Retail Confidence Index (RCI) stood at 35.5%, down 1.9 pp from the previous month. The decline in confidence was explained by a 3.5 pp increase in the level of inventories and a 3.2 pp decrease in the business current situation indicator. However, the business expectations indicator for the next six months showed an increase of 1.0 pp.

The Industrial Confidence Index (ICI) reached 13.6%, decreasing 1.9 pp from the previous month. Although the current volume of orders registered an increase of 7.4 pp, the 10.3 pp drop in production expectations for the next quarter and the 2.6 pp increase in the level of inventories explained the decline in industrial confidence.

Expectations of employment generation in the industrial sector for the next quarter reached 16.1% and increased by 4.3 pp compared with the previous quarter. Meanwhile, industrialists' perception of the presence of smuggling activities stood at -7.3%, down 10.3 pp from the previous quarter and representing the lowest level reached since March 2021.

Retail Confidence Index – RCI

In March 2022, the Retail Confidence Index (RCI) stood at 35.5%, down 1.9 percentage points (pp) from last month and up 6.8 pp from March 2021 (Graph 1).



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 March 2021 and 2022 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2021	2022	
	March	February	March
Business current situation	51,2	63,7	60,5
Level of stocks	-12,5	-2,0	1,5
Business expectations for the next 6 months	52,3	46,5	47,4
Retail Confidence Index - RCI	38,7	37,4	35,5

Source: Business Tendency Survey (BTS) – Fedesarrollo

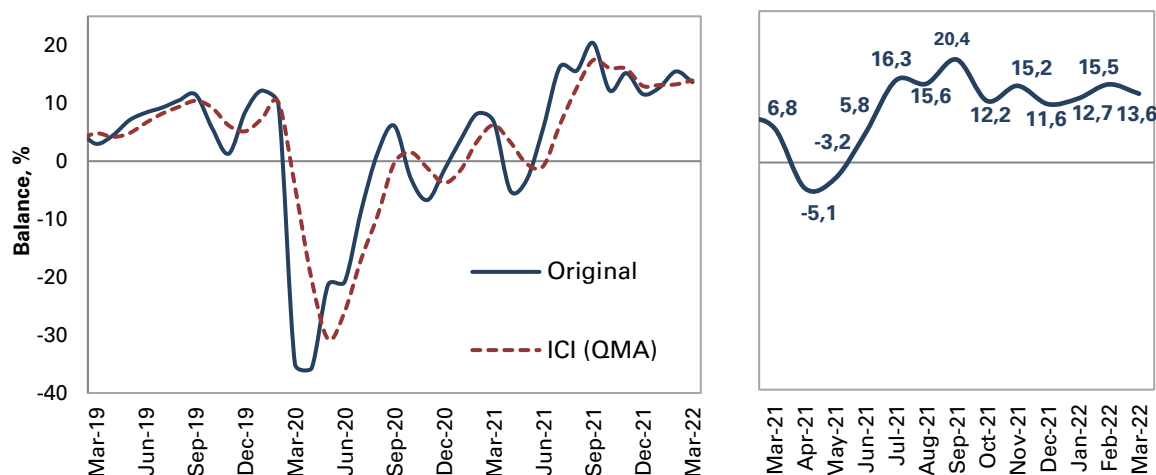
In March, the decline in retailers' confidence compared with the previous month was due to a 3.5 pp increase in the level of inventories and a 3.2 pp decrease in the business current situation. The latter result was contrary to a 1.0 pp improvement in the business expectations for the next six months. In annual terms, the fall in retailers' confidence was explained by a 14.0 pp increase in the level of inventories and a 4.8 pp decrease in the business expectations for the next half-year, despite a 9.3 pp increase in the business current situation indicator.

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 March 2022, the Industrial Confidence Index (ICI) stood at 13.6%, showing a decrease of 1.9 pp compared to the previous month and an increase of 6.8 pp compared to March 2021. Meanwhile, the quarterly moving average reached 13.9% and registered an increase of 0.7 pp versus the same indicator 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 March 2021 and 2022 are presented in Table 2.

Table 2. Evolution of ICI components

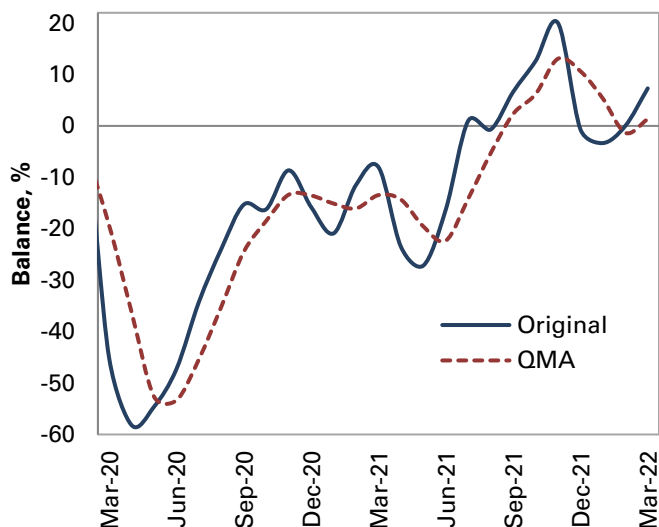
Component (Balance, %)	2021		2022
	March	February	March
Stocks of finished goods at end of this month	-0,9	-5,7	-3,2
Curren volume of orders	-8,0	0,0	7,3
Expected production in the next three months	27,6	40,7	30,4
Industrial Confidence Index – ICI	6,8	15,5	13,8

Source: Business Tendency Survey (BTS) – Fedesarrollo

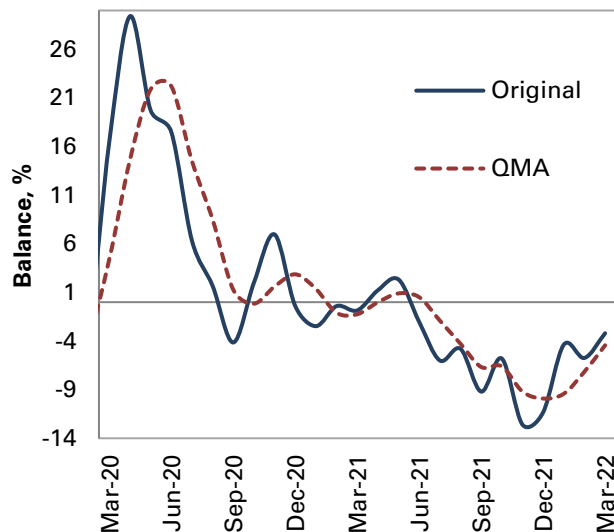
In the original series, the decline in industrial confidence from the previous month was due to a 10.3 pp decline in production expectations for the next quarter and a 2.6 pp increase in the level of inventories, despite a 7.3 pp increase in the current volume of orders (Graph 3). On an annual basis, the increase in industrial confidence was related to a 15.3 pp and 2.8 pp rise in the current volume of orders and in the production expectations for the next quarter, respectively, as well as to a 2.3 pp fall in the level of inventories.

Graph 3. ICI Components

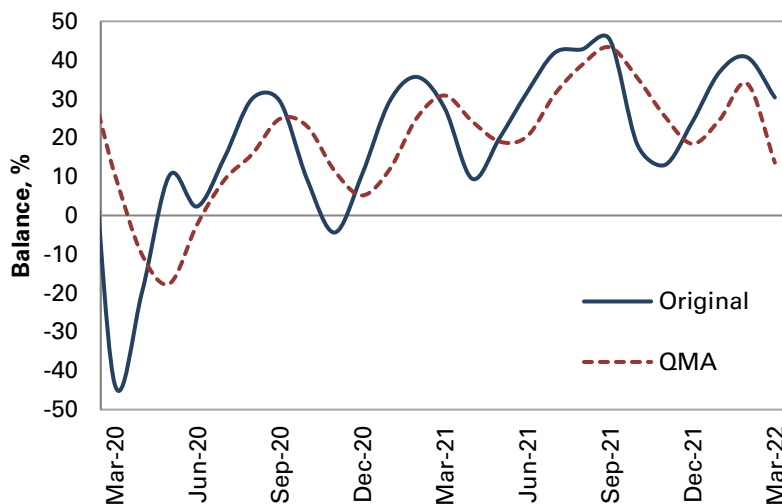
A. Current order volume



B. Level of stocks



C. Production expectations for the next three months



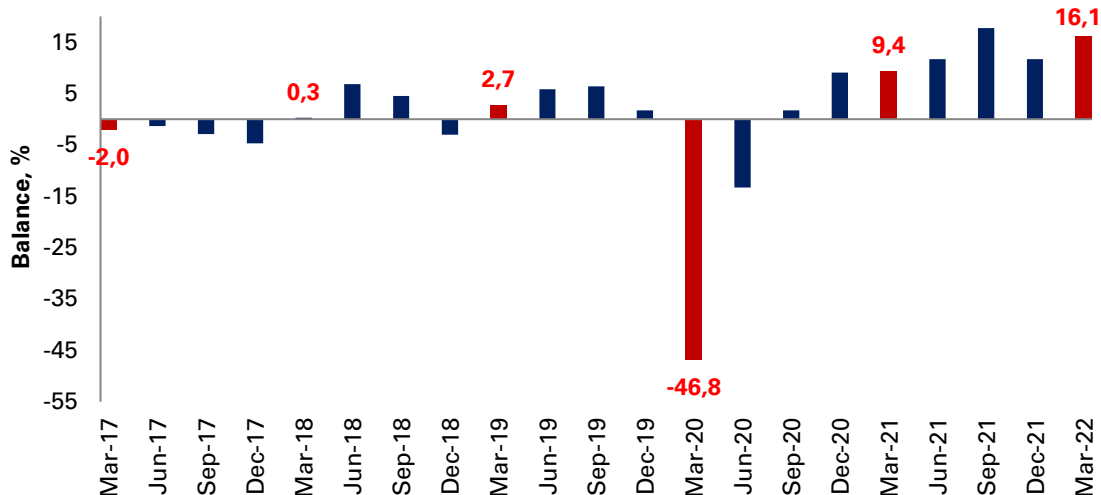
Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Module: Employment Expectations and Contraband Perception²

In March, the balance on employment expectations for the next quarter was 16.1%, which represents an increase of 4.3 pp and 6.7 pp compared to the previous quarter and the same quarter of 2021, respectively (Graph 4). The disaggregated results show that 18.1% of respondents believe that employment generation in the industry in the next quarter will increase, while 2.0% believe it will decrease and 79.9% say it will remain the same.

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

Graph 4. Employment expectations in the industry

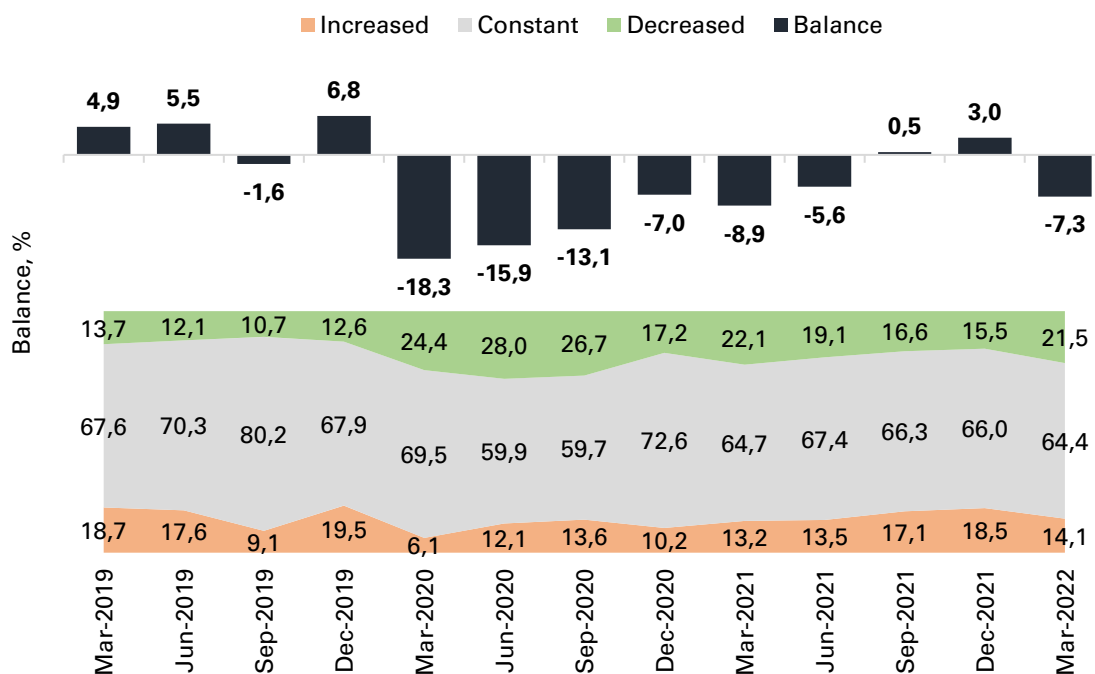


Note: Not seasonally adjusted.

Source: Business Tendency Survey – Fedesarrollo.

In March, the perception of entrepreneurs on the presence of smuggling in the industry had a balance of -7.3%, which represents a decrease of 10.3 pp compared to the previous quarter and an increase of 1.6 pp compared to March 2021. 14.1% of respondents said that smuggling in the January-March quarter increased compared to the previous quarter, 64.6% said it remained the same, while the remaining 21.5% thought it was lower (Graph 5).

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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