

## Business Tendency Survey June 2022



In June 2022, the Retail Confidence Index (RCI) stood at 33.7%, which represents a drop of 5.3 pp compared to the previous month. The decrease in confidence is mainly explained by an increase of 1.5 pp in the level of stocks and a decrease of 16.0 pp in business expectations for the next six months. However, the business current situation of companies in this sector showed an increase of 1.7 pp.

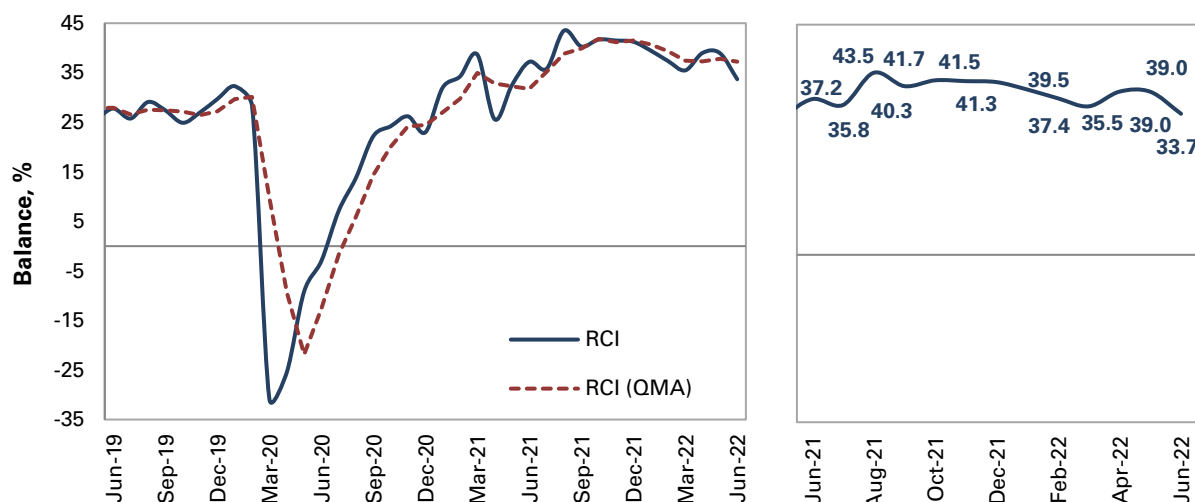
The Industrial Confidence Index stood at 11.5%, decreasing 3.0 pp compared to the previous month. Although the level of stocks at the end of this month decreased by 5.8 pp, the decrease in the industry confidence is explained by a drop of 12.9 pp in the current volume of orders and a decrease of 1.7 pp in the expected production for the next three months.

Expectations of employment generation in the industrial sector for the next quarter reached 7.0%, which means a decrease of 9.1 pp compared to the previous quarter. Meanwhile, industrialists' perception of the presence of contraband activities stood at -7.1%, which represents an increase of 0.2 pp compared to the last quarter and a decline of 1.5 pp compared to the same quarter of last year.

## Retail Confidence Index – RCI

In June 2022, the Retail Confidence Index (RCI) stood at 33.7%, which represents a decrease of 5.3 pp compared to the previous month and a decline of 3.5 pp compared to June 2021.

**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 stocks<sup>1</sup> and expectations about the economic situation for the next semester**. The results for June 2021 and 2022 are presented in Table 1.

**Table 1. Retail Confidence Index Components**

Component (Balance, %)	2021	2022	
	June	May	June
Business current situation	44.0	63.6	65.3
Level of stocks	-12.5	1.0	2.5
Business expectations for the next 6 months	55.2	54.3	38.3
<b>Retail Confidence Index - RCI</b>	<b>37.2</b>	<b>39.0</b>	<b>33.7</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

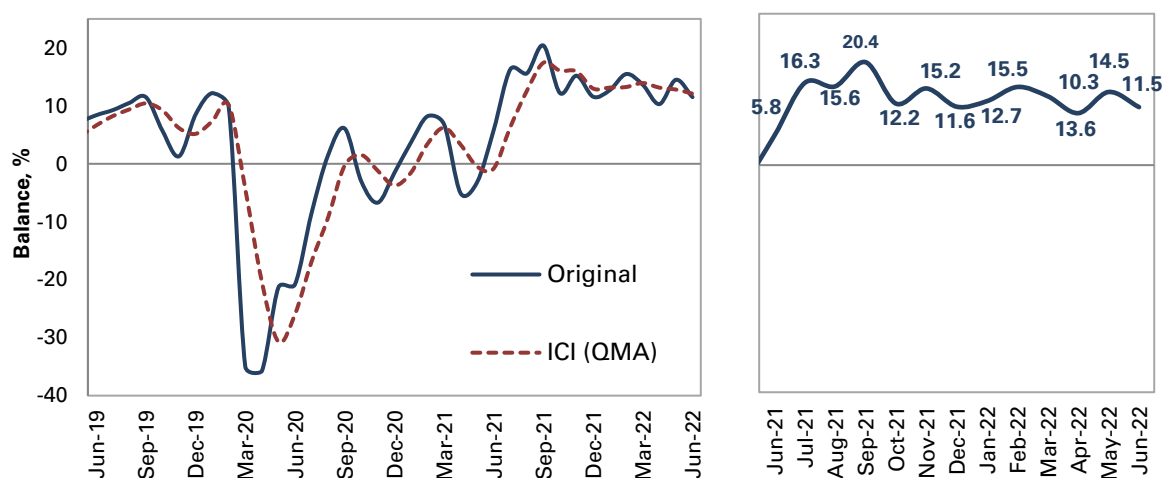
In June, retailers' confidence decreased compared to the previous month due to an increase of 1.5 pp in the level of stocks and a decrease of 16.0 pp in business expectations for the next 6 months. On the other hand, there was an improvement of 1.7 pp in the business current situation of companies in the sector. In annual terms, despite the increase of 21.3 pp in the business current situation indicator, the drop in retailers' confidence was explained by an increase of 15.0 pp in the level of stocks and by a decrease of 16.9 pp in business expectations for the next 6 months.

<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 stocks.

## Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at 11.5% in June 2022, showing a decrease of 3.0 pp compared to the previous month and an increase of 5.7 pp compared to June 2021 (Graph 2). On the other hand, the quarterly moving average reached 12.1% and registered a deterioration of 0.7 pp compared to the same indicator for the previous month.

**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 June 2021 and 2022 are presented in Table 2.

**Table 2. Evolution of ICI components**

Component (Balance, %)	2021		2022
	June	May	June
Stocks of finished goods at end of this month	-2.0	-0.8	-6.7
Current volume of orders	-16.3	6.6	-6.3
Expected production in the next three months	31.8	35.9	34.2
<b>Industrial Confidence Index – ICI</b>	<b>5.8</b>	<b>14.5</b>	<b>11.5</b>

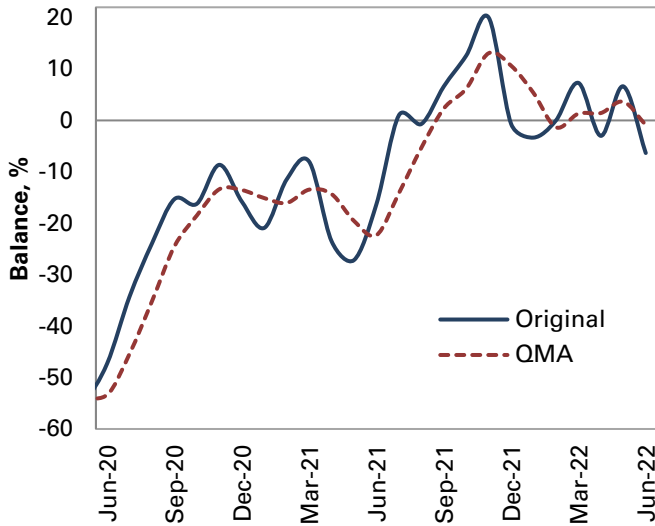
Source: Business Tendency Survey (BTS) – Fedesarrollo

In the same month, the decrease in industrial confidence compared to May is explained by a 12.9 pp reduction in the current volume of orders and a 1.7 pp decrease in expected production in the next three months. This contrasts with the contraction in the stocks of finished goods at end of this month of 5.9 pp (Graph 3). In annual terms, the increase in industrial confidence was related to an increase of 10.0 pp and 2.5 pp in the current

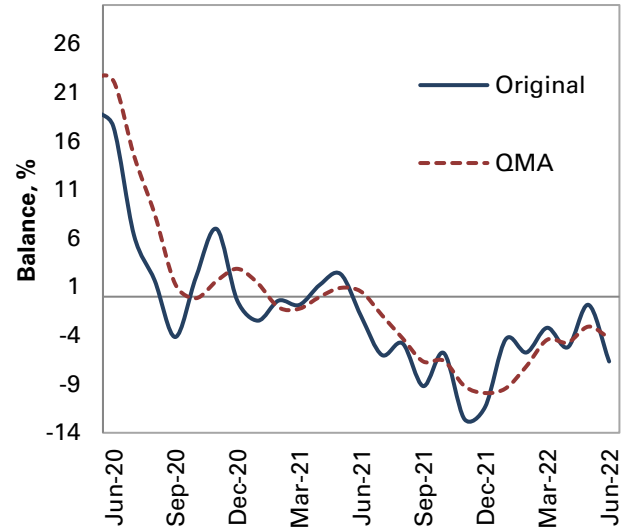
volume of orders and in expected production in the next three months, respectively, as well as a downturn of 4.7 pp in the stocks of finished goods at end of this month.

**Graph 3. ICI Components**

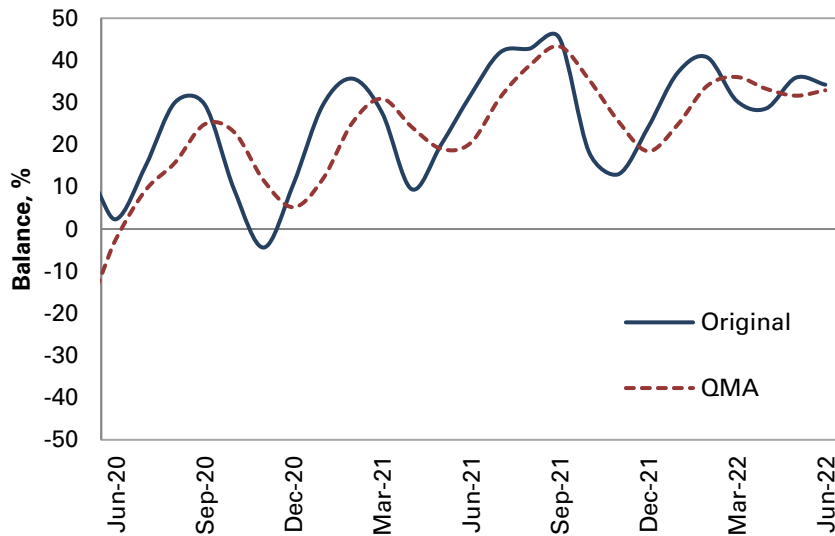
**A. Current volume of orders**



**B. Level of stocks**



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

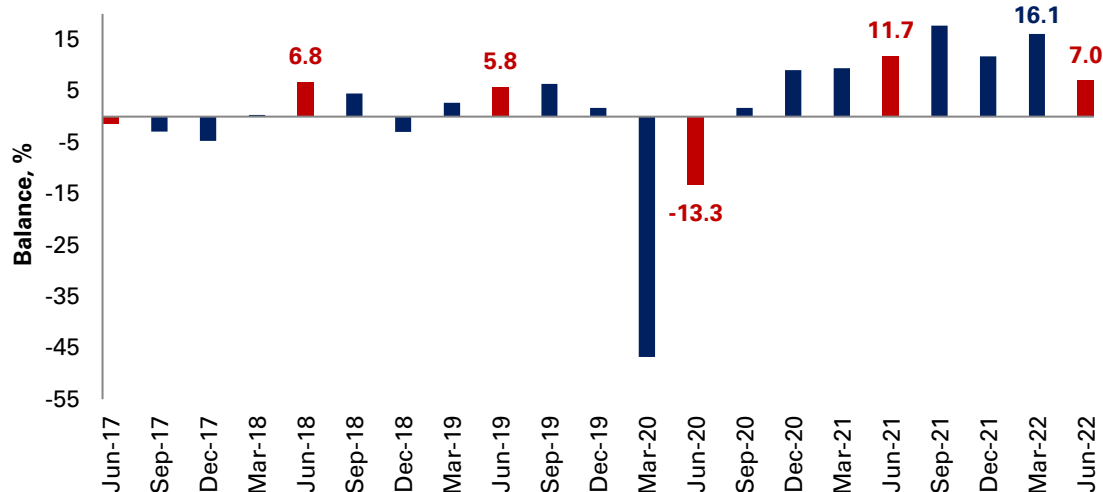


Source: Business Tendency Survey (BTS) – Fedesarrollo

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

In June, the balance on expectations of employment generation in the industrial sector for next quarter was 7.0%, which represents a decrease of 9.1 pp and 4.7 pp compared to the previous quarter and the same quarter of 2021, respectively (Graph 4). The disaggregated results show that 15.0% of respondents believe that employment generation in the industry during the next quarter will increase, while 76.9% believe it will maintain and the remaining 8.0% believe that it will decrease.

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

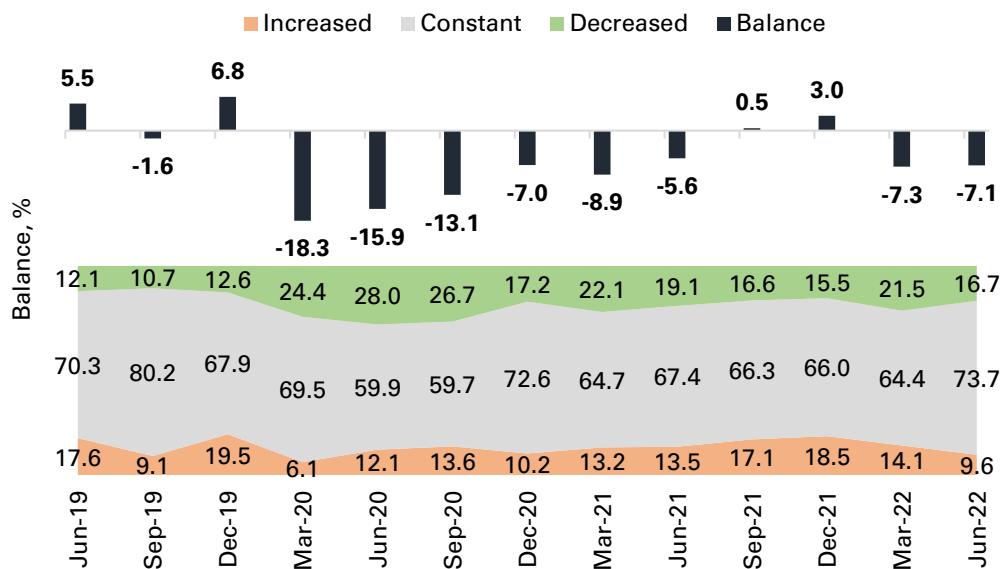


Source: Business Tendency Survey – Fedesarrollo.

The perception of entrepreneurs on the presence of contraband in the industry presented a balance of -7.1% in June, which represents an increase of 0.2 pp respect to the balance for March and a decrease of 1.5 pp compared to June 2021. Particularly, 9.6% of respondents said that contraband in the April-June quarter increased compared to the previous quarter, 73.7% said it maintained, while the remaining 16.7% considered that it was 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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