

Business Tendency Survey September 2022



In September 2022, **the Retail Confidence Index (RCI) stood at 23.4%, which represents a drop of 3.5 pp compared to the previous month and it was the lowest rate in the year.** The decrease of this index was mainly explained by a decrease of 13.1 pp in business expectations for the next six months and a decrease of 1.6 pp in business current situation. However, the business level of stocks was reduced by about 4.3 pp.

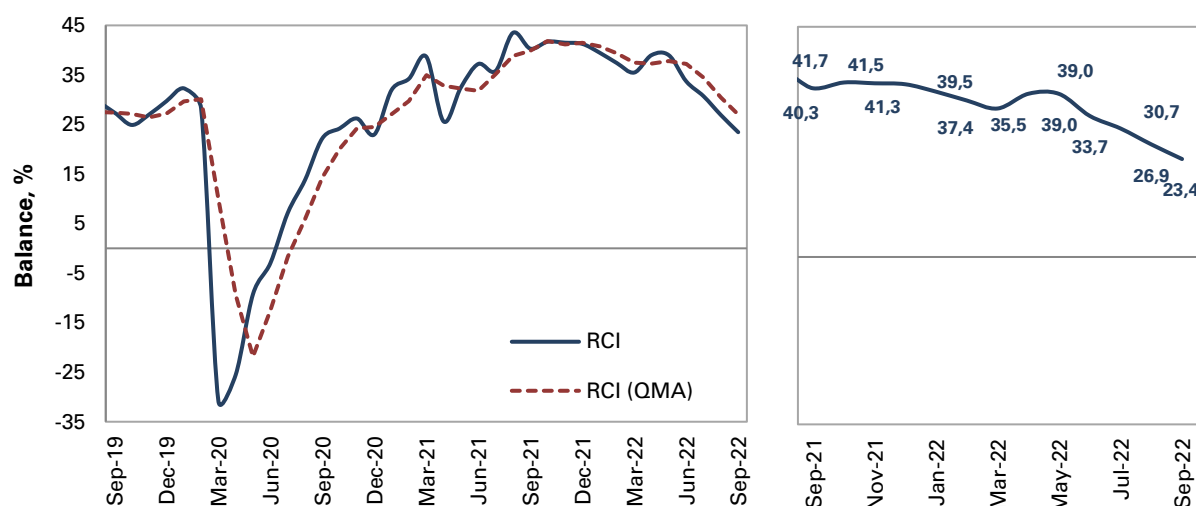
On the other hand, **the Industrial Confidence Index (ICI) stood at 7%, which represented a slightly decreasing of 0.1 pp compared to the previous month and it was also the lowest value of the year.** The index variation was given by the increase of 2.3 pp in the level of stock of finished goods at the end of this month and the decrease of 0.1 pp in expected production for the next three months. The above notwithstanding, the current volume of orders from companies in the sector raised 2.1 pp.

Expectations of employment generation in the industrial sector for the next quarter dropped in 1.8 pp compared to the April – June quarter (5.2% in September vs 7.0% in June 2022). Meanwhile, **industrialists' perception of the presence of contraband activities stood at 0.5%**, which represents an increase of 7,6 pp compared to the last quarter and it was the same result compared to the quarter of last year.

Retail Confidence Index – RCI

In September 2022, the Retail Confidence Index (RCI) stood at 23.4%, which represents a decrease of 3.5 pp compared to the previous month and a decline of 16.9 pp compared to September 2021. In this month, the lowest value of the RCI was presented so far this year.

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 September 2021 and 2022 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2021	2022	
	September	August	September
Business current situation	63,7	61,9	60,3
Level of stocks	-3,0	13,9	9,6
Business expectations for the next 6 months	54,2	32,7	19,6
Retail Confidence Index - RCI	40,3	26,9	23,4

Source: Business Tendency Survey (BTS) – Fedesarrollo

According to the results of September, retailers' confidence decreased compared to the previous month due to a decrease of 13.1 pp in business expectations for the next six months. The lower value in the RCI is also explained by a reduction of 1.6 pp in the perception about the business current economic situation of the companies in the sector.

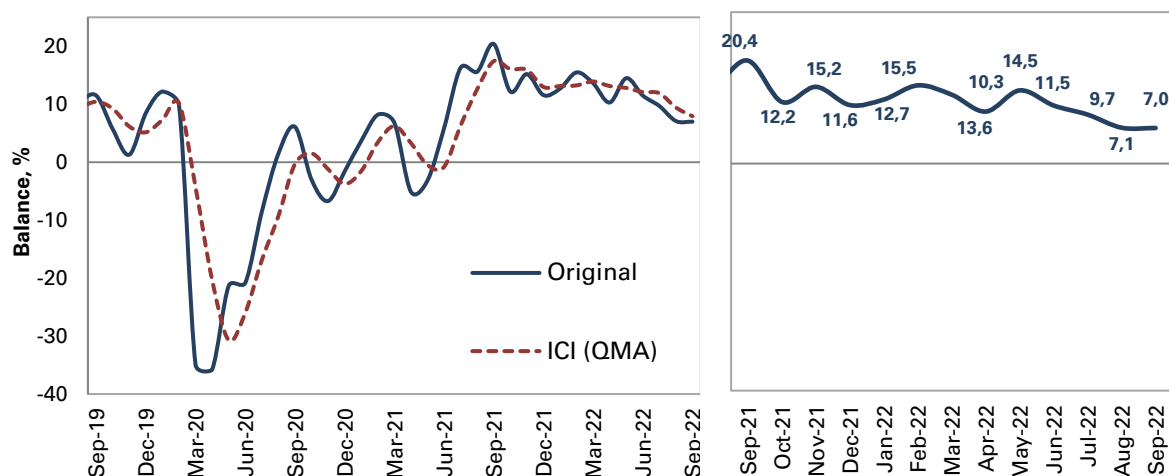
¹ Both industrial producers and retailers are asked if the level of stocks is high, low or normal. The balance corresponds to the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent to an improvement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

In annual terms, the drop in retailers' confidence was explained by an increase of 12.6 pp in the level of stocks and the decrease of 34.6 pp in business expectations for the next six months, respectively.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at 7% in September 2022, showing a decrease of 0.1 pp compared to the previous month and a decrease of 13.3 pp compared to September 2021 (Graph 2). On the other hand, the quarterly moving average reached 7.9% and registered a deterioration of 1.5 pp compared to the same indicator for the previous month. The ICI of the analyzed month is at the lowest levels presented so far this year.

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 September 2021 and 2022 are presented in Table 2.

Table 2. Evolution of ICI components

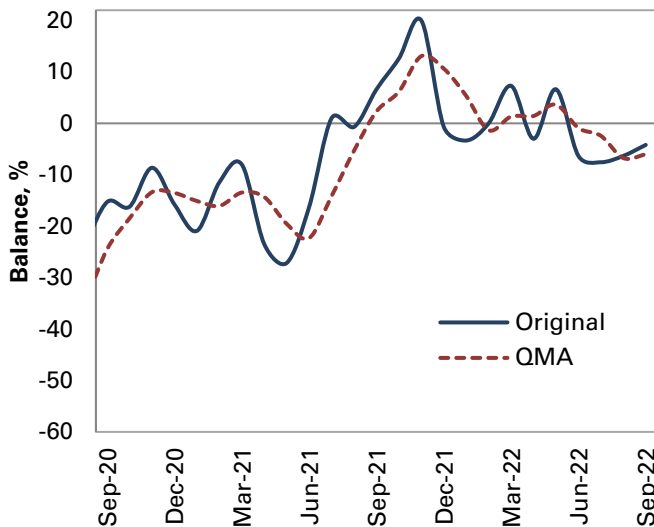
Component (Balance, %)	2021		2022
	September	August	September
Stocks of finished goods at end of this month	-9,2	2,0	4,3
Current volume of orders	6,6	-6,3	-4,2
Expected production in the next three months	45,3	29,7	29,6
Industrial Confidence Index – ICI	20,4	7,1	7,0

Source: Business Tendency Survey (BTS) – Fedesarrollo

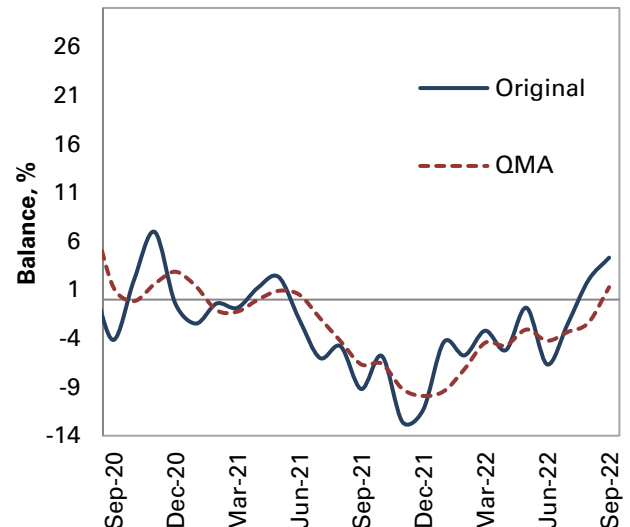
The lower industrial confidence is explained by a slightly decreasing in expected production for the next three months (0.1 pp compared to previous month) as well as the increase of 2.3 pps in the stocks of finished goods at end of this month (Graph 3). In annual terms, the decrease in industrial confidence was related to a reduction of 10.8 pp and 15.7 pp in the current volume of orders and in expected production in the next three months, respectively. Likewise, the annual variation was explained by an increase of 13.5 pp in the stocks of finished goods at end of this month.

Graph 3. ICI Components

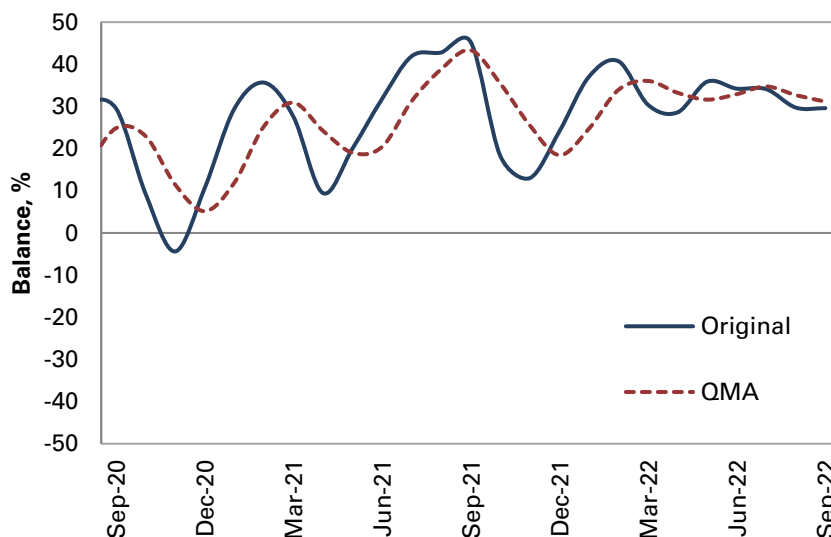
A. Current volume of orders



B. Level of stocks



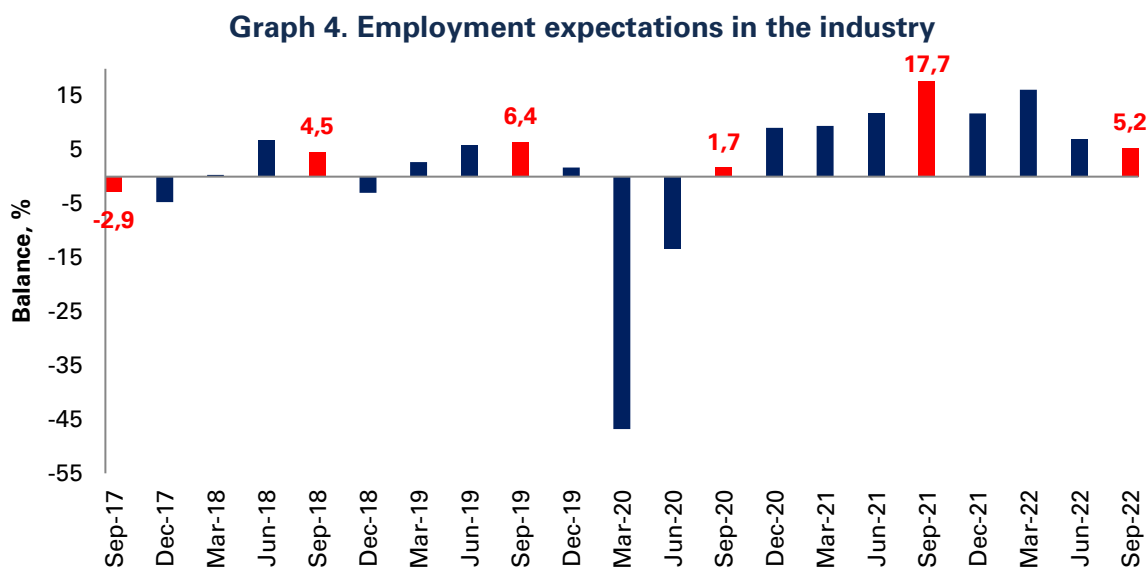
C. Production expectations for the next three months



Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Module: Employment Expectations and Contraband Perception²

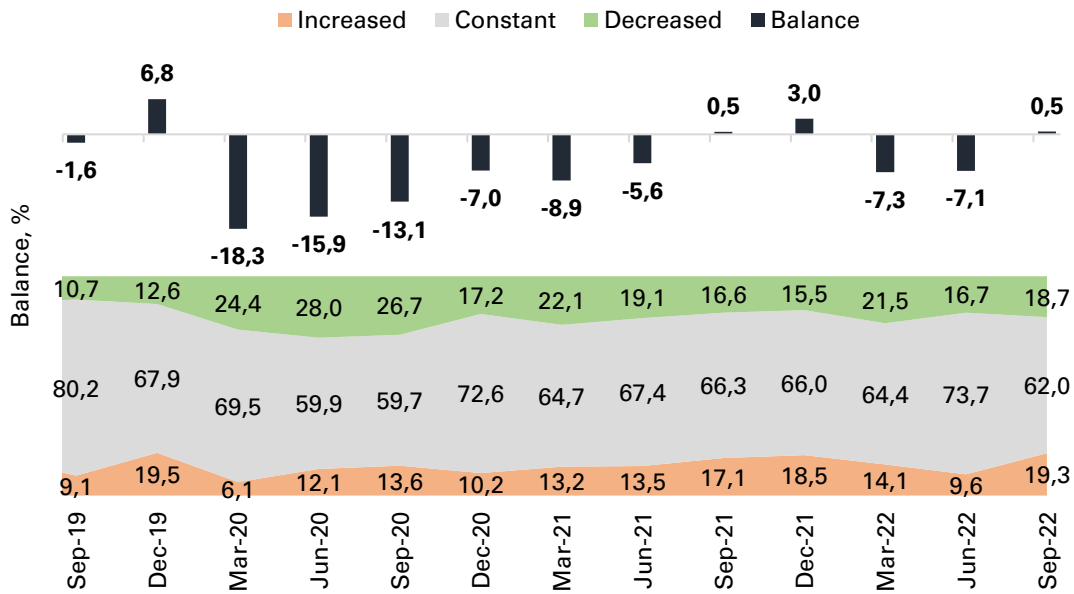
In September, the balance on expectations of employment generation in the industrial sector for next quarter was 5.2%, which represents a decrease of 1.8 pp and 12.5 pp compared to the previous quarter and the same quarter of 2021, respectively (Graph 4). The disaggregated results show that 16.1% of respondents believe that employment generation in the industry during the next quarter will increase, while 73% believe it will maintain and the remaining 10.8% believe that it will decrease.



Source: Business Tendency Survey – Fedesarrollo.

The perception of entrepreneurs on the presence of contraband in the industry presented a balance of 0.5 % in September, which represents an increase of 7.6 pp respect to the balance for June. Nevertheless, the result remained the same as the levels presented in September 2021. Particularly, 19.3% of respondents said that contraband in the June-September quarter increased compared to the previous quarter, 62% said it maintained, while the remaining 18.7% considered that 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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