

Business Tendency Survey March 2023



In March 2023, the **Retail Confidence Index stood at 17.2%**, which represents **an increase of 4.4 percentage points compared to the previous month (February 2023 RCI: 12.7%)**. The indicator's result was explained by a 1.2 percentage point decrease in stock levels compared to the previous month. Similarly, the favorable perception of the economy for the next semester, which increased in 16,0 percentage points, positively affected the indicator. However, the sentiment about the current situation in the company decreased by 3.9 percentage points.

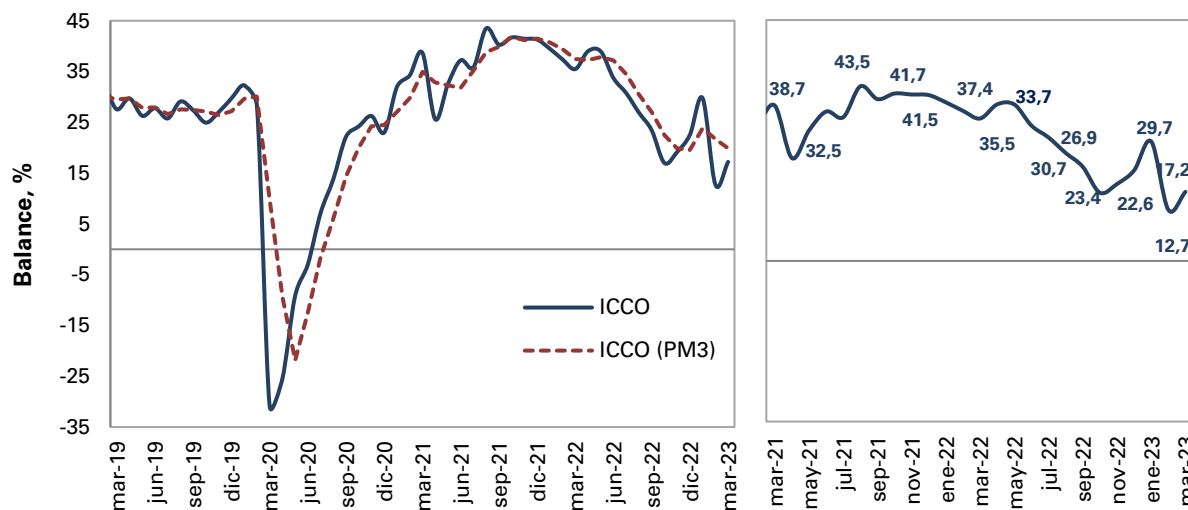
In addition, the Industrial Confidence Index (ICI) stood at 3.5% for the month of March 2023, a decrease in 0.8 percentage points compared to the previous month (February 2023 RCI: 4.2). The negative monthly variation in industrial confidence in March is explained by a 2.3 percentage point increase in stock levels, and a 1.4 percentage point decrease in the current volume of orders. However, there is more optimism in the production expectations for the next quarter, which increased by 1.4 percentage points.

The employment generation expectations of the industrial sector for the next quarter decreased by 1.3 percentage points compared to the October-December quarter (0.7% in March vs 2.0% in December 2022). On the other hand, the perception of industrialists regarding the presence of smuggling activities was -4.4%, which represents a 13.1 percentage points decrease compared to the previous quarter and an increase of 2.9 percentage points compared to the same quarter in 2022.

Retail Confidence Index – RCI

In March 2023, the Retail Confidence Index (RCI) was at 17.2%, which represents a 4.4 percentage points increase compared to the previous month (12.7%). However, the RCI showed a decrease of 18.3 percentage points compared to March of 2022 (35.5%).

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 March 2022 and 2023 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2022	2023	
	March	February	March
Business current situation	60,5	46,3	42,4
Level of stocks	1,5	18,5	17,3
Business expectations for the next 6 months	47,4	10,4	26,4
Retail Confidence Index - RCI	35,5	12,7	17,2

Source: Business Tendency Survey (BTS) – Fedesarrollo.

According to the results of March, the increased confidence of retailers compared to the previous month was mainly due to a 16.0 percentage points increase in the perception of the economy for the next semester. Similarly, the 1.2 pps percentage point decrease in the level of stocks, also had a positive impact. However, the unfavorable perception

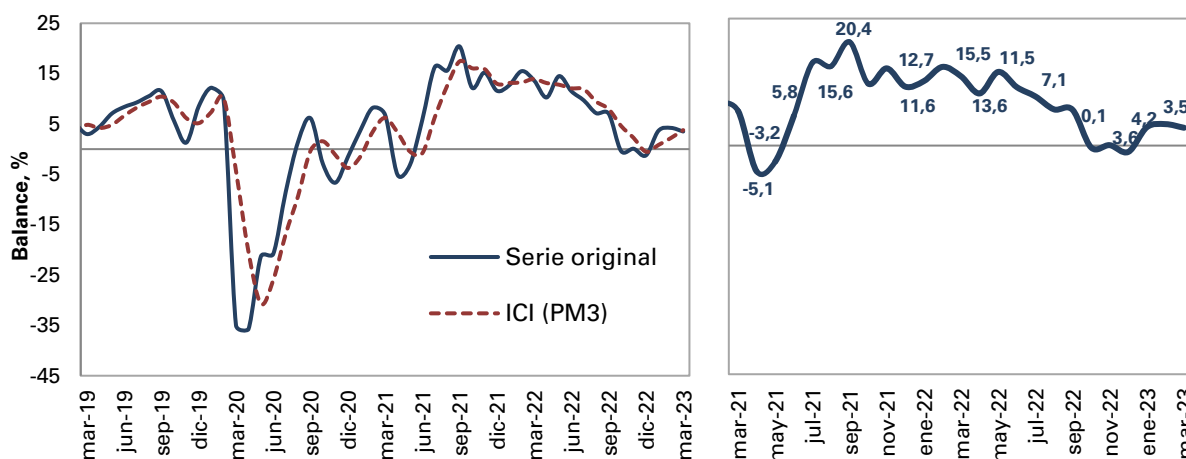
¹ Both industrial and commercial businesses are asked whether their inventory levels are high, low, or normal, and the balance is the difference between the percentage of respondents who answered "high" and those who indicated it is "low." A decrease in the balance indicates an improvement, as entrepreneurs perceive lower inventory levels.

about the current situation of the company remained, decreasing by 3.9 percentage points. In annual terms, the decline in retailers' confidence was explained by a 15.8 percentage points increase in stock levels, as well as a decrease of 18.1 and 21.1 percentage points about the current and future economic perception.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at 3.5% in March 2023. This represents a decrease of 0.8 pp compared to the previous month (ICI February 2023: 4.2%) and a decrease of 10.2 pp compared to the same month in 2022 (ICI March 2022: 13.6%) (Graph 2). Meanwhile, the quarterly moving average stood at 3.8%, which represents an improvement of 1.6 pp compared to the same indicator for the month of February 2023 (2.2%).

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 2022 and 2023 are presented in Table 2.

Table 2. Evolution of ICI components

Component (Balance, %)	2022	2023	
	February	January	February
Stocks of finished goods at end of this month	-3,2	0,4	2,8
Current volume of orders	7,3	-13,3	-14,7
Expected production in the next three months	30,4	26,4	27,8
Industrial Confidence Index – ICI	13,6	4,2	3,5

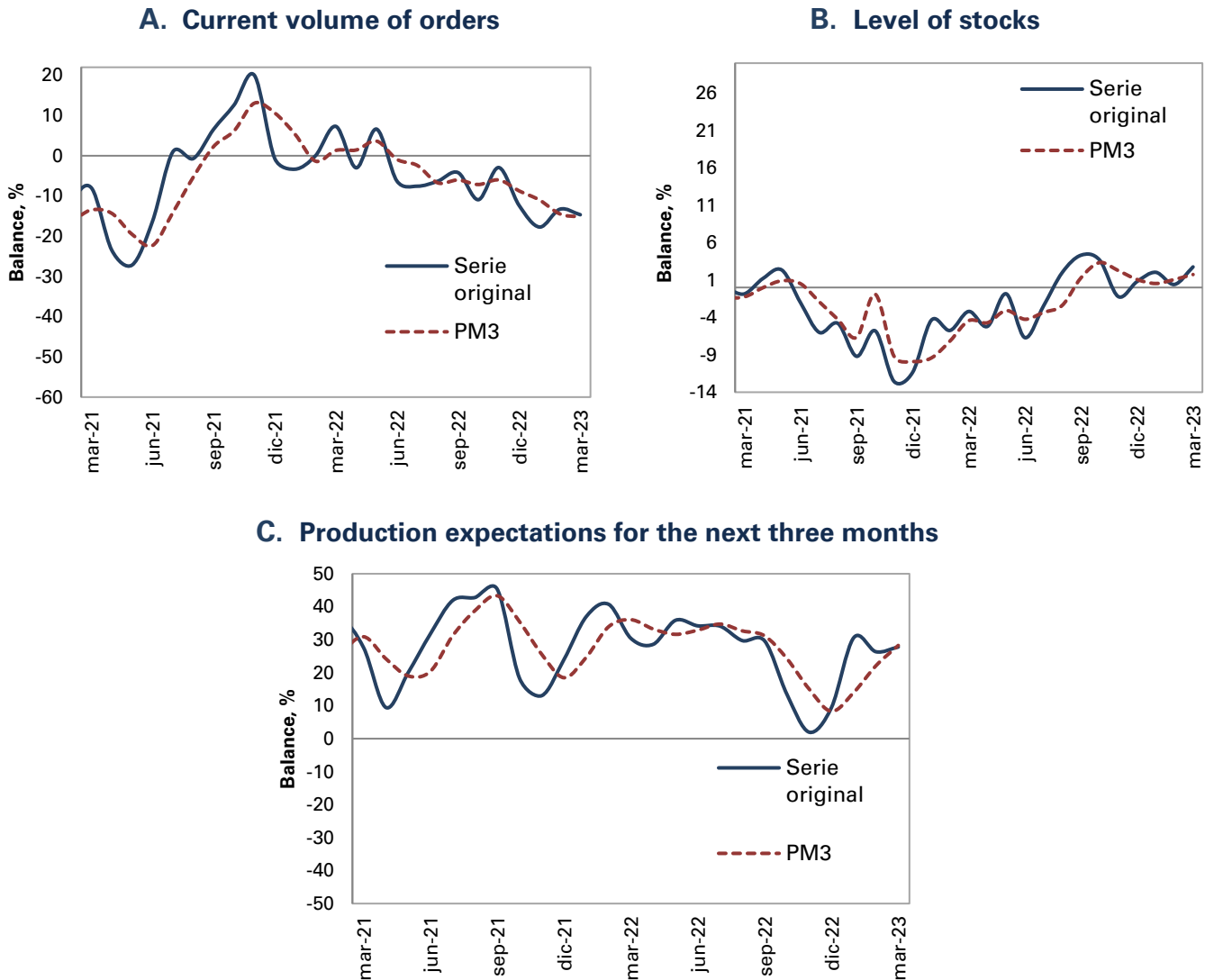
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The monthly decrease in industrial confidence in March is explained by the 2.3 percentage point increase in stock levels (2.8% vs. 0.4% in February 2023 and the 1.4 percentage point decrease in current orders (-14.7% vs. -13.3% in February 2023).

However, there was greater optimism in production expectations for the next quarter, which increased by 1.4 percentage points (27.8% vs. 26.4% in February 2023).

On an annual basis, the decrease in industrial confidence was mainly explained by the 22.0 percentage point decrease in current orders and the 2.6 percentage point decrease in production expectations for the next quarter. Additionally, the annual variation was explained by the 5.9 percentage point increase in the stock levels.

Graph 3. ICI Components

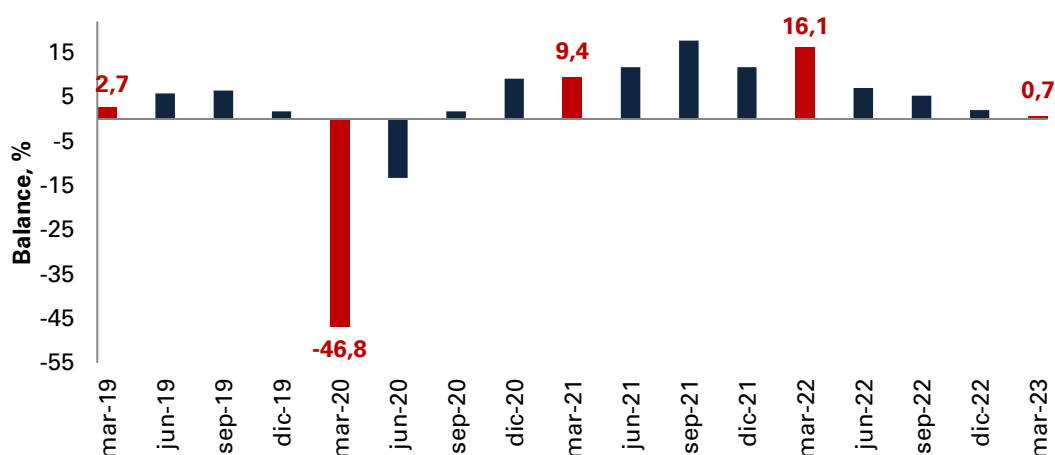


Source: Business Tendency Survey (BTS) – Fedesarrollo.

Quarterly Module: Employment Expectations and Smuggling Activities Perception²

In March, the expectations about the number of people employed for the next quarter were at 0.7%, representing a decrease of 1.3 pps and 15.4 pps compared to the previous quarter and the same quarter in 2022, respectively (Graph 4). The disaggregated results show that 12.1% of those surveyed believe that employment generation in the industry during the next quarter will increase, about 76.5% state that it will remain the same, while 11.4% of respondents believe that employment will decrease (vs: 14.0%, same: 73.9%, decrease: 12.0% in December 2022).

Graph 4. Employment expectations in the industry

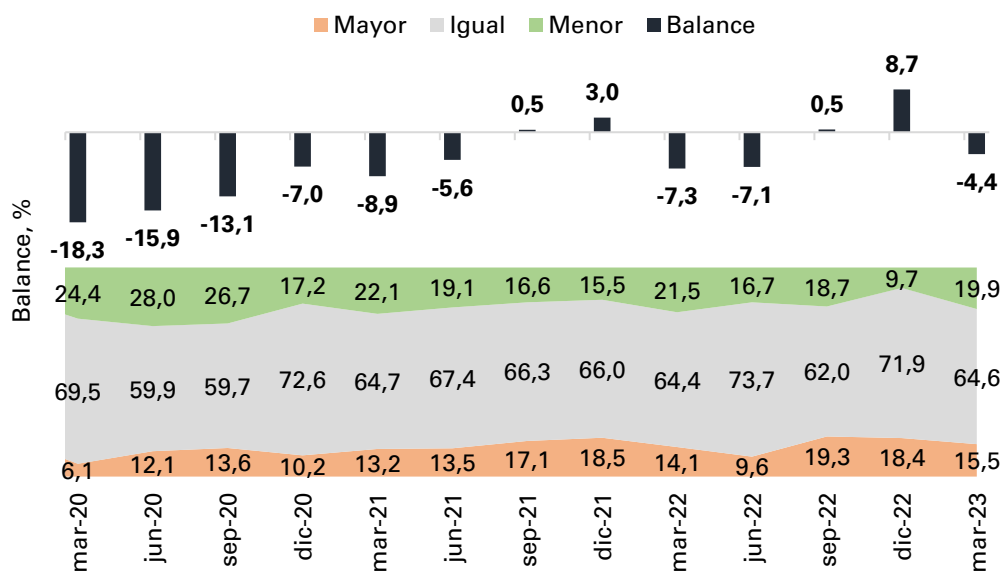


Source: Business Tendency Survey (BTS) – Fedesarrollo.

The perception of business owners about the presence of smuggling activities in the industry showed a balance of -4.4% in March 2023, which represents a decrease of 13.1 percentage points compared to the result of December 2022 and 2.9 percentage points compared to March 2022. Specifically, 19.9% of respondents stated that smuggling decreased in the January-March quarter compared to the previous quarter, 64.6% maintained that it remained the same, while the remaining 15.5% considered it to be higher in similar economic activities (Graph 5).

² The Business Opinion Survey contains a quarterly module that asks about entrepreneurs' perception of employment expectations and the perception of smuggling in the industry.

Graph 5. Perception about smuggling in similar activities



Source: Business Tendency Survey (BTS) – 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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