

Business Tendency Survey October 2023



In October 2023, the **Retail Confidence Index (RCI)** stood at **14.7%**, representing a decrease of **0.4 percentage points** compared to the previous month (**RCI September 2023: 15.1%**). The decline in retail confidence was explained by a 6.1 pp decrease in expectations for the economic situation in the next semester. On the other hand, stock levels experienced a decrease of 2.7 pp, while the perception of the current economic situation of the company saw an increase of 2.3 pp.

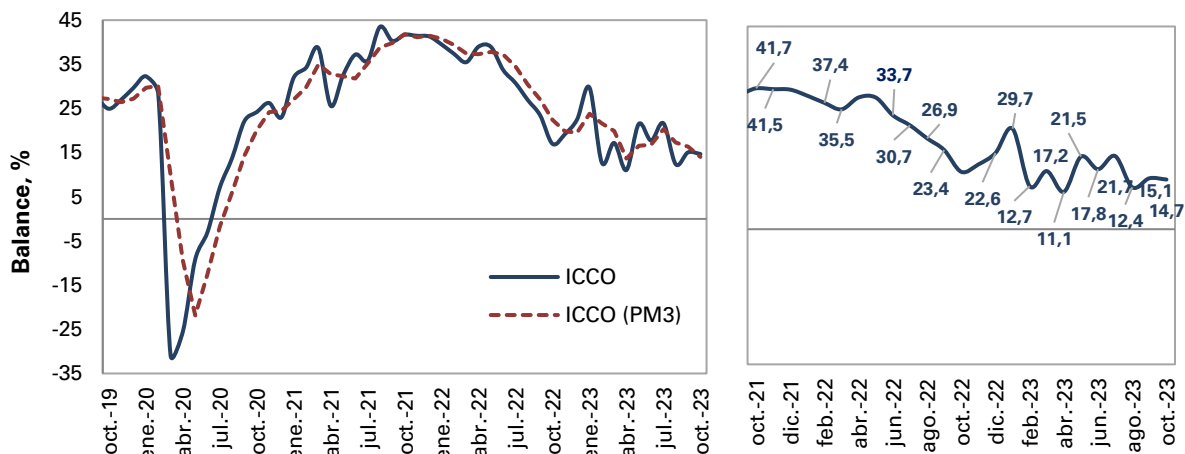
Meanwhile, the **Industrial Confidence Index (ICI)** reached **-3.7%** for **October 2023**, a decrease of **4.5 pp** compared to the previous month (**ICI September 2023: 0.8%**). The negative monthly variation in industrial confidence in October is attributed to a 16.5 pp decrease in production expectations for the next quarter, along with a 1.6 pp increase in stock levels. Additionally, the current volume of orders experienced a 4.6 pp increase compared to the previous month.

In the third quarter of 2023, there was a negative quarterly variation in the value of exports in dollars (-29.4%), the profitability of export activities (-28.7%), the three-month export value expectation in dollars (-25.6%), and export orders (-19.0%).

Retail Confidence Index – RCI

In October 2023, the Retail Confidence Index (RCI) stood at 14.7%, representing a decrease of 0.4 pp compared to the previous month (15.1%). Additionally, the RCI experienced a decrease of 2.3 pp compared to October of the immediately preceding year (17.0%).

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 and expectations about the economic situation for the next semester**. The results for October 2022 and 2023 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2022		2023
	October	September	October
Business current situation	56,9	31,6	33,8
Level of stocks	7,5	10,2	7,5
Business expectations for the next 6 months	1,5	23,9	17,8
Retail Confidence Index - RCI	17,0	15,1	14,7

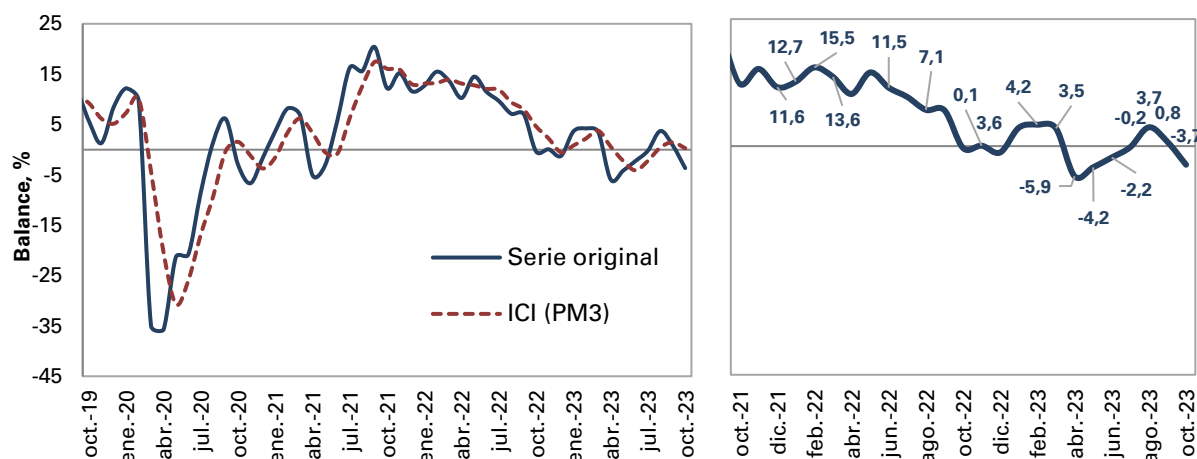
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The lower confidence among traders compared to the previous month was primarily due to a decrease in expectations regarding the economic situation for the next semester, a category that decreased by 6.1 pp. Additionally, stock levels decreased by 2.7 pp, while the perception of the current economic situation of the company increased by 2.3 pp. On an annual basis, the decline in trader confidence was explained by a 23.1 pp decrease in the current economic perception of the company. However, expectations for the economic situation in the next quarter experienced an annual increase of 16.3 pp.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -3.7% for October 2023. This represents a decrease of 4.5 pp compared to the previous month (ICI September 2023: 0.8%) and a decrease of 3.3 pp compared to the same month in 2022 (ICI October 2022: -0.4%) (Graph 2). Since July 2023, the ICI had not shown negative values. The quarterly moving average, on the other hand, was at 0.3%, indicating a decrease of 1.2 pp compared to the same indicator for September 2023 (1.5%).

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 October 2022 and 2023 are presented in Table 2.

Table 2. Evolution of ICI components

Component (Balance, %)	2022	2023	
	October	September	October
Stocks of finished goods at end of this month	3,7	3,2	4,8
Current volume of orders	-10,9	-21,6	-17,1
Expected production in the next three months	13,5	27,3	10,9
Industrial Confidence Index – ICI	-0,4	0,8	-3,7

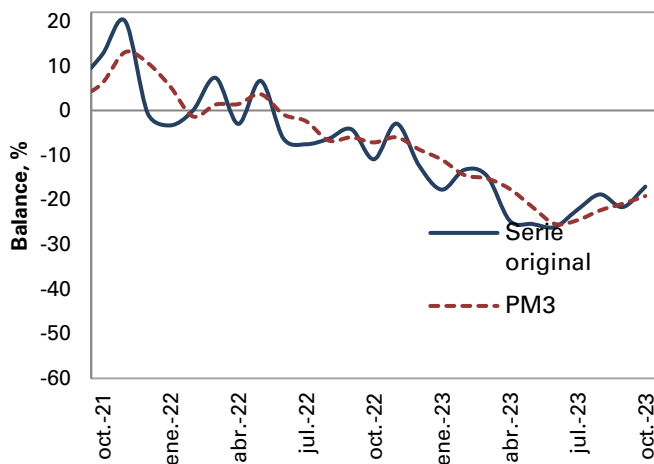
Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in October is explained by a 16.5 pp decrease in production expectations for the next quarter compared to the previous month (10.9% vs. 27.3% in September 2023) and a 1.6 pp increase in stock levels. Meanwhile, the current volume of orders experienced an increase of 4.6 pp compared to the previous month.

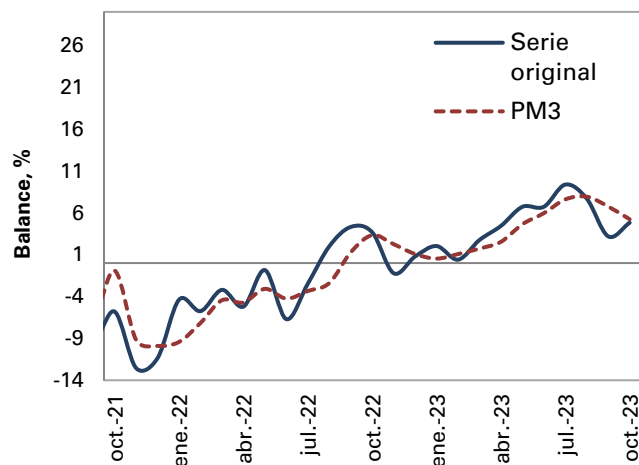
On an annual basis, the decline in industrial confidence was mainly attributed to a 6.1 pp reduction in the current volume of orders and a 2.6 pp decrease in production expectations for the next quarter. Additionally, stock levels saw an increase of 1.1 pp.

Graph 3. ICI Components

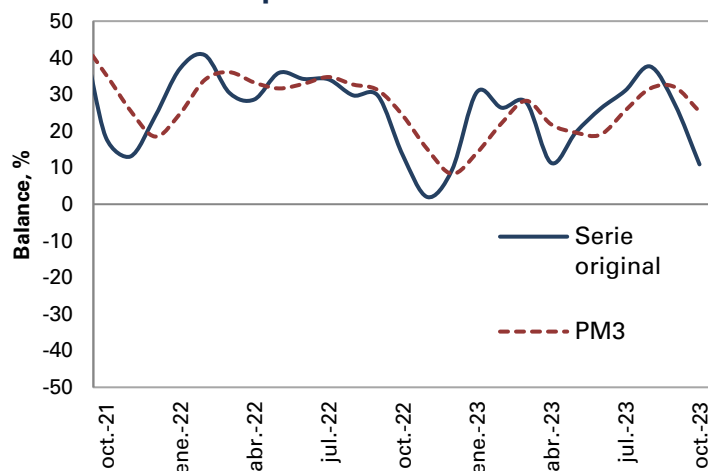
A. Current volume of orders



B. Level of stocks



C. Production expectations for the next trimester



Source: Business Tendency Survey (BTS) – Fedesarrollo.

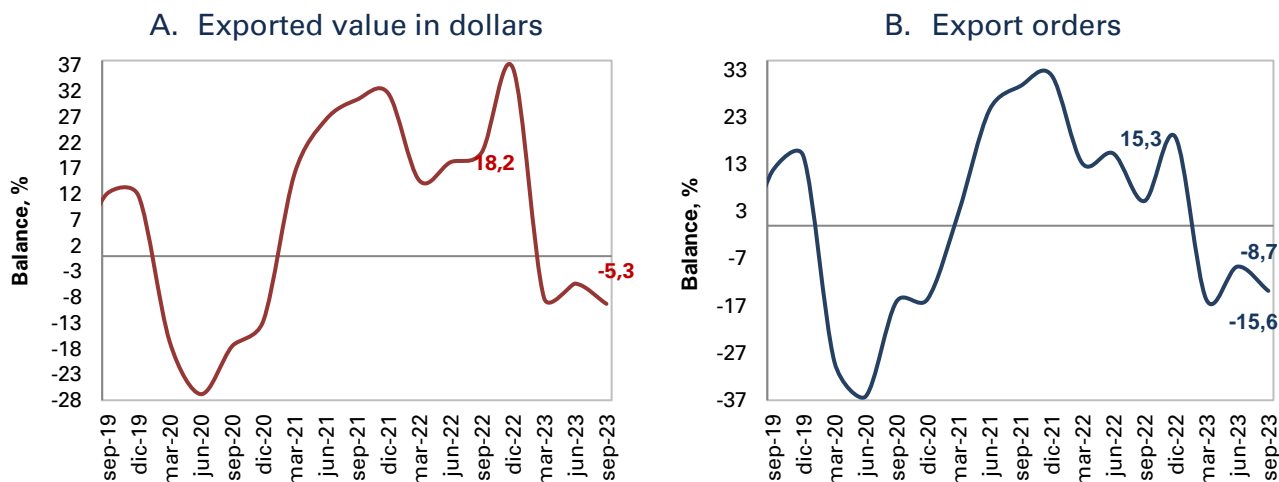
**Quarterly Module:
Exports¹**

In the third quarter of 2023, the balance on the value of exports in dollars was -9.3%, indicating that the percentage of respondents who experienced an increase in their exports was lower than those whose exports decreased (Graph 4). This result represents a decrease of 3.9 pp compared to the second quarter of 2023 (-5.3%) and a decrease of 29.4 pp compared to the third quarter of 2022 (20.1%). Meanwhile, the balance of export orders was -13.8%, reflecting a decrease of 5.1 pp and 19.0 pp compared to the

¹ Quarterly, the Business Opinion Survey includes a special module for the industrial sector in which inquiries are made about the expectations and perception of industrialists regarding the value of exports in dollars and export orders.

immediately preceding quarter (-8.7%) and the same quarter of 2022 (5.2%), respectively.

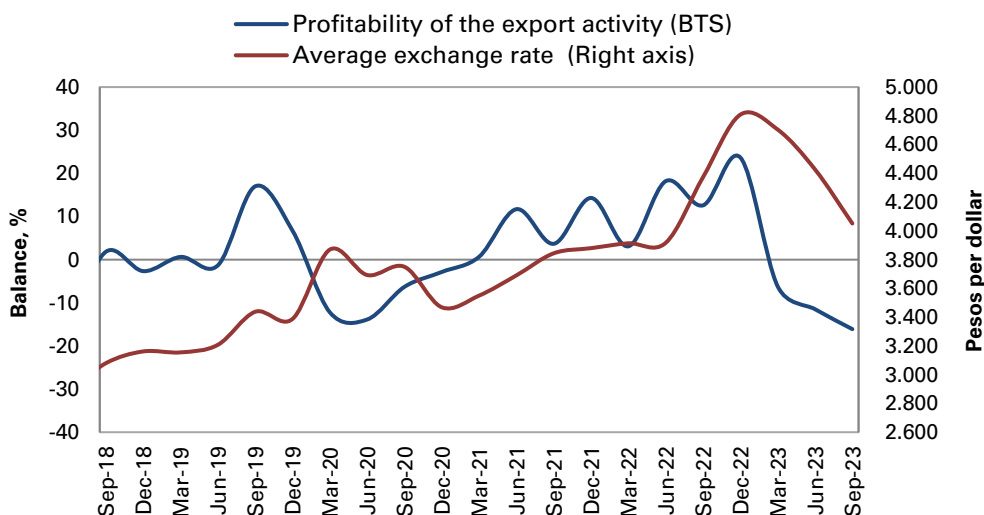
Graph 4. Value of exports in dollars and export orders



Source: Business Tendency Survey (BTS) – Fedesarrollo.

Regarding the question that inquires about entrepreneurs' perception of the profitability of export activities, a balance of -16.1% was obtained. This means that the percentage of respondents who perceived an increase in profitability was lower than those who considered a decrease. The balance results represented a decrease of 4.6 pp compared to the previous quarter (-11.5%) and a decrease of 28.7 pp compared to the third quarter of 2022 (12.6%). Additionally, the balance of the profitability of export activities in the third quarter of 2023 was consistent with the behavior of the exchange rate (Graph 5).

Graph 5. Profitability of the export activity and exchange rate



Source: Business Tendency Survey (BTS) – Fedesarrollo and Central Bank of Colombia.

For the third quarter of 2023, the most favorable factors for export activity were the Plan Vallejo System (7.2%) and Colombian information and marketing services (1.4%). On the other hand, the peso-dollar exchange rate (-23.1%), production costs (-19.6%), and

internal transportation in Colombia (-18.9%) were identified as the most unfavorable factors for exports. In contrast to the immediately preceding quarter, the factor that showed the greatest improvement was the peso-dollar exchange rate, which increased by 9.3 pp. On the other hand, the factor that experienced the greatest setback was Colombian port services, decreasing by 11.1 pp.

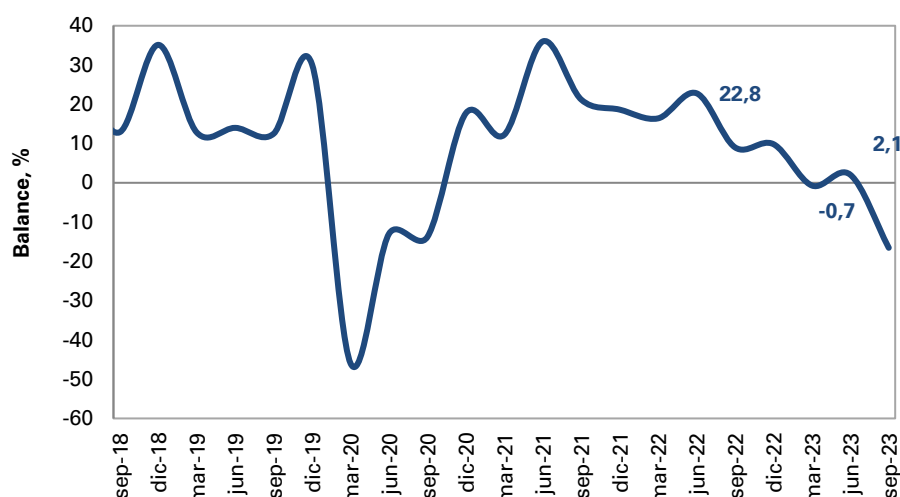
Table 3. Main factors affecting export activity

Factor (Balance, %)	2022-III	2023-II	2023-III
Production costs	-52,3	-20,5	-19,6
Availability and cost of credit	-10,3	-11,3	-13,6
Plan Vallejo System	7,8	9,8	7,2
Export procedures in Colombia	-2,3	8,3	0,0
Internal transportation in Colombia	-27,7	-17,9	-18,9
International transportation	-37,7	-11,7	-6,9
Port services in Colombia	-11,6	0,0	-11,1
Peso-dollar exchange rate	-7,6	-32,4	-23,1
Dollar-currency exchange rate of the buyer country	-0,8	-5,5	-14,7
Colombian information and marketing services	2,3	6,2	1,4
Trade policies of the purchasing countries	2,3	-1,4	-5,6
Economic situation of the buyer country	-6,9	-7,5	-13,4
Competitive position in the target markets	10,0	-11,0	-7,0

Source: Business Tendency Survey (BTS) – Exports module (Fedesarrollo).

For the third quarter of 2023, the balance of exporters' expectations regarding the performance of their activity in the next three months stood at -16.6%, representing a decrease of 18.6 pp compared to 2023-Q2 and a decrease of 25.6 pp compared to the same quarter of 2022 (Graph 6). In response to this question, 11.7% of respondents stated that their exports will increase in the next three months, while 28.3% believe their exports will decrease, and the remaining 60.0% expect their exports to remain the same.

Graph 6. Three-month expectations of export value in dollars



Source: Business Tendency Survey (BTS) – Exports module (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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