

Business Tendency Survey March 2024



In March 2024, the **Retail Confidence Index (RCI) stood at 14.1%**, representing an increase of **3.2 percentage points (pps) compared to the previous month (RCI February 2024: 10.9%)**. The rise in commercial confidence was explained by an 8.5 pps decrease in stock levels and a 2.0 pps increase in the perception of the current economic situation, partially offset by a 1.1 pps drop in expectations for the economic situation for the next semester. Compared to the same month of the previous year, the RCI decreased by 3.1 pps (RCI March 2023: 17.2%).

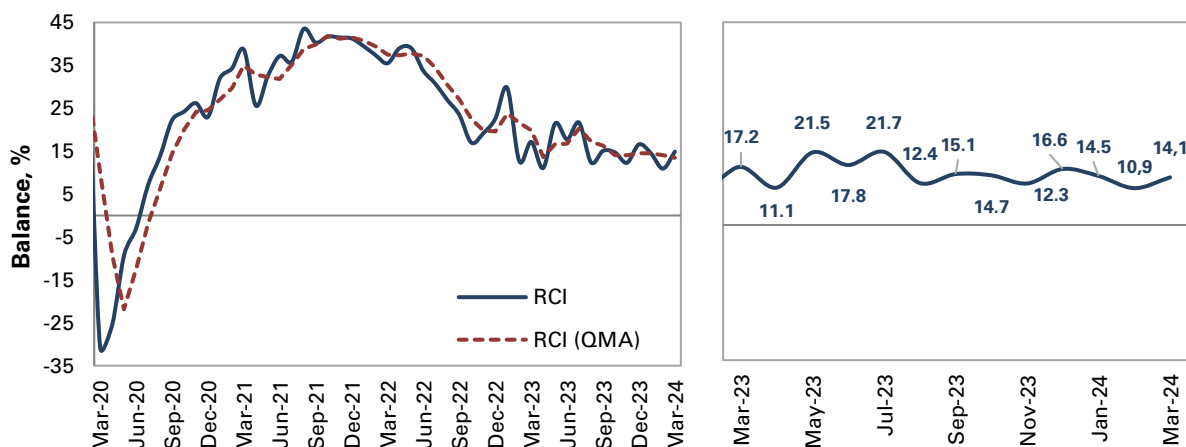
On the other hand, the **Industrial Confidence Index (ICI) stood at -2.6% for the month of March 2024, a decrease of 2.3 pps compared to the previous month (ICI February 2024: -0.3%)**. The negative monthly variation in industrial confidence in March was explained by a decrease of 8.4 pps in production expectations for the next quarter and a 2.8 pps drop in the current volume of orders. Meanwhile, the stock level experienced a reduction of 4.3 pps compared to the previous month. Compared to March 2023, the ICI decreased by 6.1 pps (ICI March 2023: 3.5%).

The expectations for job creation in the industrial sector for the next quarter increased by 3.4 pps compared to the October - December quarter (0.3% in March 2024 vs -3.1% in December 2023). Meanwhile, the perception of industrialists regarding **the presence of smuggling activities stood at -5.8%, constituting a reduction of 13.6 pps compared to the previous quarter** and a decrease of 1.4 pps compared to the same quarter analyzed for the year 2023.

Retail Confidence Index – RCI

In March 2024, the Retail Confidence Index (RCI) stood at 14.1%, representing an increase of 3.2 pps compared to the previous month (10.9%). Additionally, the RCI experienced a decrease of 3.1 pps compared to March 2023 (17.2%). On the other hand, the quarterly moving average stood at 13.2%, which represented a decrease of 0.8 pps compared to the same indicator for February 2024 (14.0%) and a decrease of 6.7 pps compared to the same indicator for March 2023 (19.9%).

Graph 1. Retail Confidence Index (RCI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

*QMA: 3 Month moving average.

The RCI comprises three elements: **the perception of the current economic situation of the company or business, the stock level, and the expectations for the economic situation for the next semester**. The results for March 2023, February 2024, and March 2024 are presented in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023	2024	
	March	February	March
Business current economic situation	42,4	29,6	31,6
Level of stocks	17,3	19,8	11,2
Expectations about the economic situation for the next semester	26,4	22,9	21,8
Retail Confidence Index - RCI	17,2	10,9	14,1

Source: Business Tendency Survey (BTS) – Fedesarrollo.

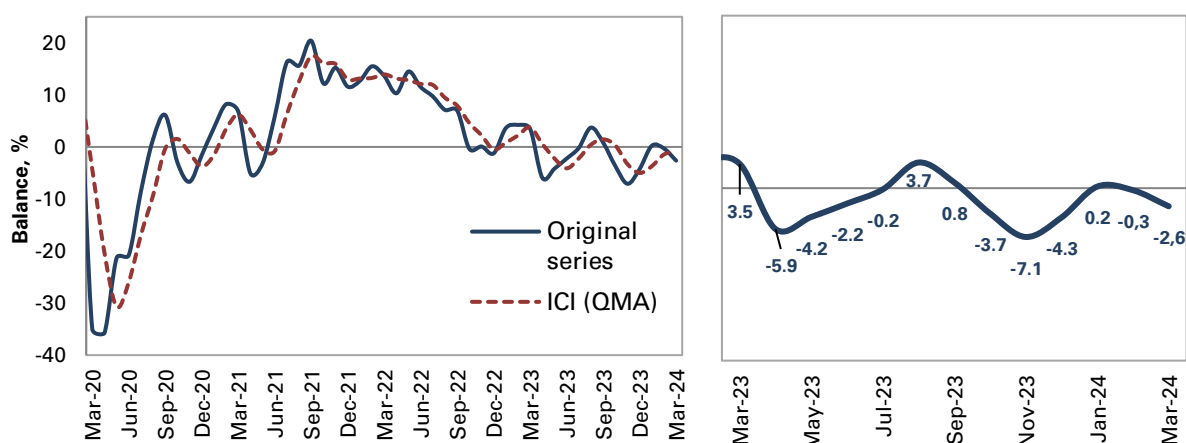
The increased confidence among traders compared to the previous month was mainly due to a reduction in the stock level by 8.5 pps. Additionally, there was a positive contribution from the perception of the current economic situation of the company or

business, which increased by 2.0 pps. However, expectations for the economic situation for the next semester decreased by 1.1 pps. In annual terms, the decline in traders' confidence was explained by a decrease of 10.8 pps in the perception of the current economic situation of the company or business, as well as a reduction in expectations for the economic situation for the next semester by 1.3 pps. Meanwhile, the stock level experienced an annual decrease of 6.1 pps.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -2.6% for March 2024. This represented a decrease of 2.3 pps compared to the previous month (ICI February 2024: -0.3%) and a decrease of 6.1 pps compared to the same month of the year 2023 (ICI March 2023: 3.5%) (Graph 2). Meanwhile, the quarterly moving average stood at -0.9%, which represented an increase of 0.5 pps compared to the same indicator for February 2024 (-1.5%), and a decrease of 4.7 pps compared to the same indicator for March 2023 (3.8%).

Graph 2. Industrial Confidence Index (ICI)



Source: Business Tendency Survey (BTS) – Fedesarrollo.

*QMA: 3 Month moving average.

The ICI is composed of three components: **stock level, current volume of orders, and production expectations for the next quarter**. The results for March 2023, February 2024, and March 2024 are presented in Table 2.

Table 2. Evolution of Industrial Confidence Index Components

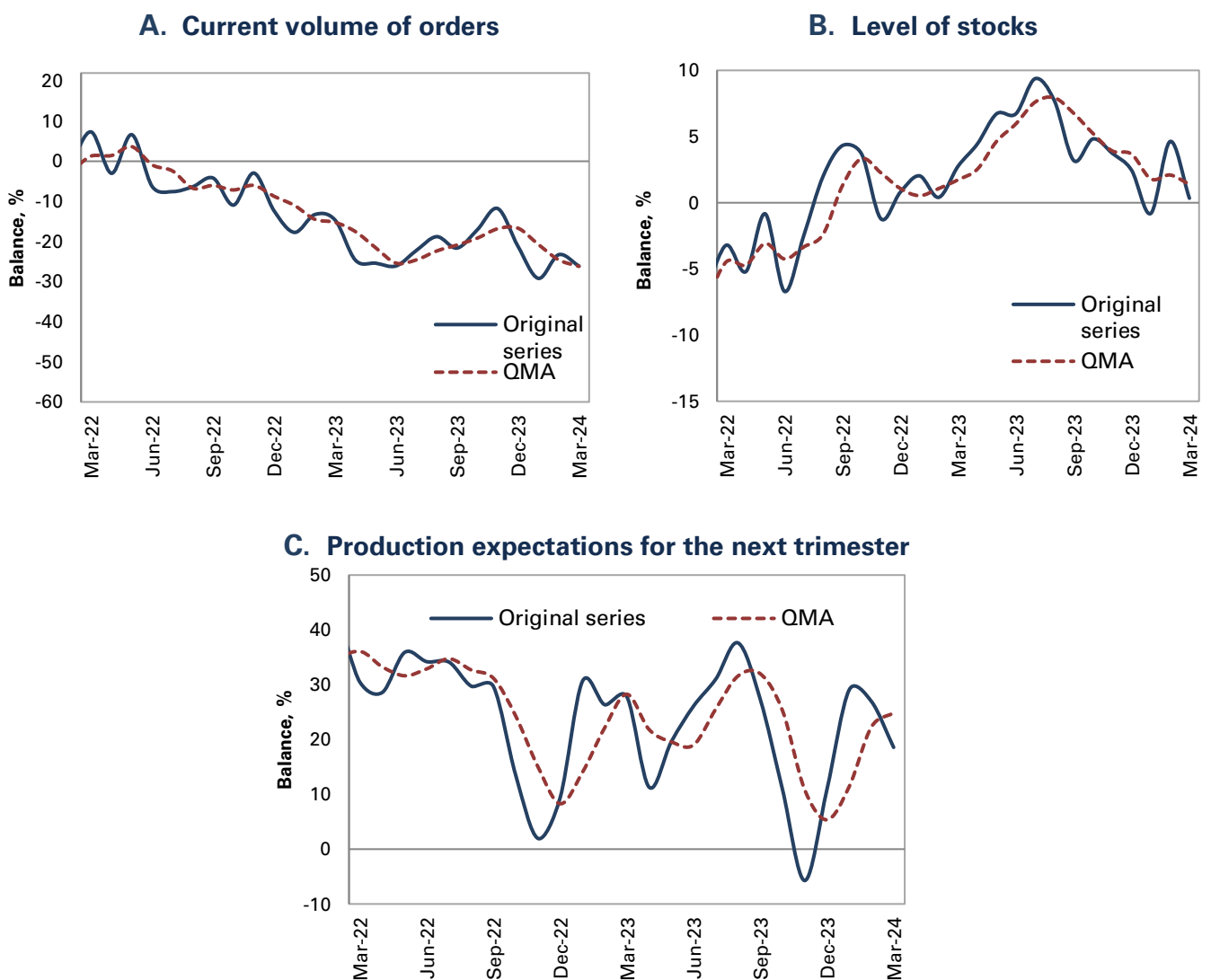
Component (Balance, %)	2023	2024	
	March	February	March
Level of stocks	2,8	4,6	0,3
Current volume of orders	-14,7	-23,3	-26,1
Production expectations for the next quarter	27,8	27,0	18,6
Industrial Confidence Index – ICI	3,5	-0,3	-2,6

Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in February was explained by a decrease in production expectations for the next quarter, which fell by 8.4 pps compared to the previous month, as well as a reduction in the current volume of orders by 2.8 pps. Meanwhile, the stock level experienced a decrease of 4.3 pps compared to February 2024.

In annual terms, the decline in industrial confidence was mainly explained by the reduction of 11.5 pps in the current volume of orders and 9.2 pps in production expectations for the next quarter. On the other hand, the stock level showed a reduction of 2.4 pps between March 2023 and 2024.

Graph 3. Industrial Confidence Index Components



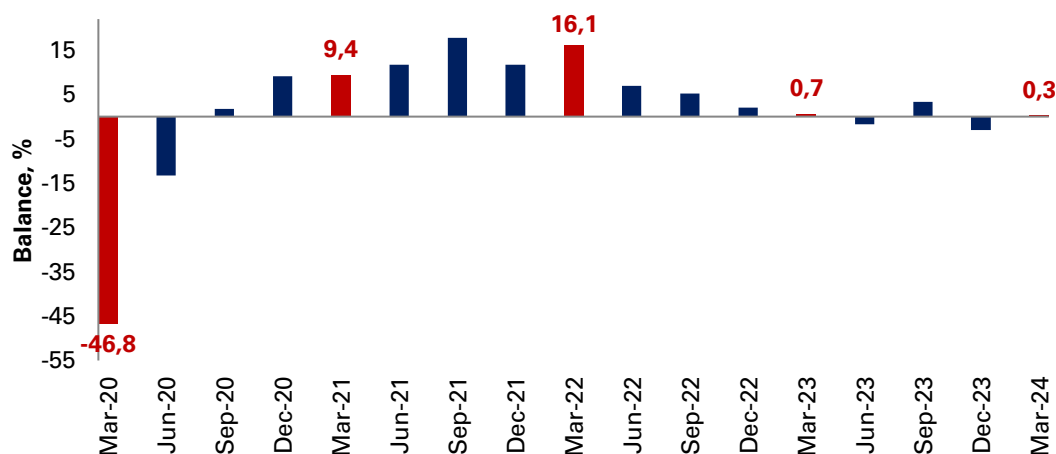
Source: Business Tendency Survey (BTS) – Fedesarrollo.
 *QMA: 3 Month moving average.

Quarterly Module:

Employment Expectations and Smuggling Activities Perception¹

In March, the balance of expectations regarding the number of people employed for the next quarter stood at 0.3%, representing an increase of 3.4 pps compared to the previous quarter and a decrease of 0.4 pps compared to the same quarter in 2022 (Graph 4). The disaggregated results show that 10.4% of respondents believe that employment generation in the industry during the next quarter will increase, about 79.6% state that it will remain the same, while 10.1% of respondents consider that employment will decrease (compared to increase: 12.0%, same: 72.9%, and decrease: 15.1% in December 2023).

Graph 4. Employment expectations in the industry

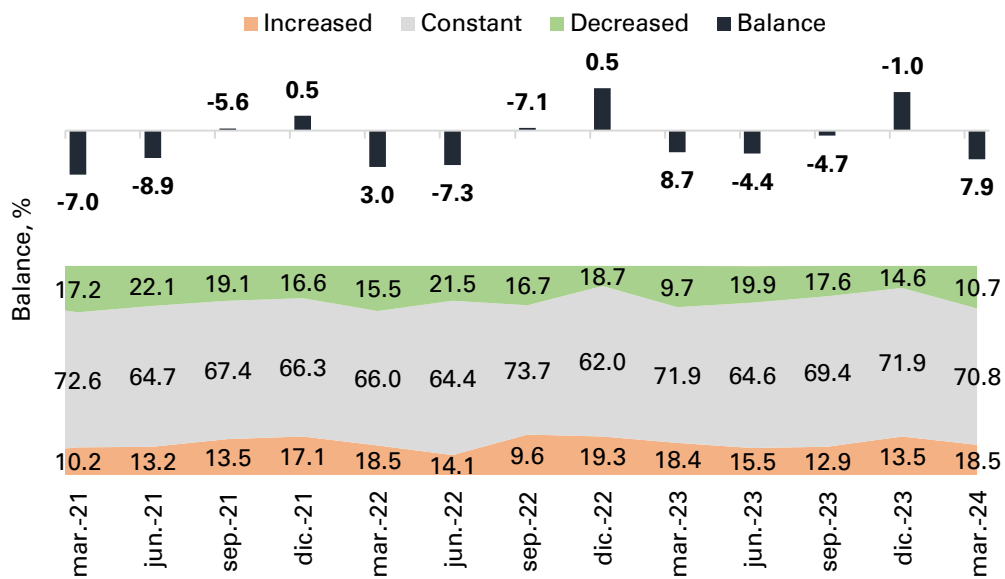


Source: Business Tendency Survey (BTS) – Fedesarrollo.

On the other hand, entrepreneurs' perception of the presence of smuggling in the industry showed a balance of -5.8% in March 2024, representing a decrease of 13.6 pps compared to the result of December 2023 and a decrease of 1.4 pps compared to the data from March 2023. Specifically, 20.2% of respondents stated that smuggling in the January - March quarter decreased compared to the previous quarter, 65.3% reported that it remained the same, while the remaining 14.5% considered it to be higher in similar economic activities (Graph 5).

¹ 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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