

Business Tendency Survey May 2024



In May 2024, the **Retail Confidence Index (RCI) stood at 12.5%**, representing a **decrease of 2.8 percentage points (pp) compared to the previous month (RCI April 2024: 15.3%)**. The decline in retail confidence was explained by a reduction of 5.6 pp in expectations for the economic situation for the next six months and a 5.2 pp decrease in the perception of the current economic situation, partially offset by a 2.4 pp decline in the stock level. Compared to the same month the previous year, the RCI decreased by 9.0 pp (RCI May 2023: 21.5%).

Meanwhile, the **Industrial Confidence Index (ICI) stood at -5.4% for May 2024, showing a reduction of 2.0 pp compared to the previous month (ICI April 2024: -3.4%)**. The monthly negative variation in industrial confidence in May was explained by a 5.0 pp drop in the current volume of orders and a 4.2 pp decrease in production expectations for the next quarter. On the other hand, the stock level experienced a reduction of 3.2 pp compared to the previous month. Compared to May 2023, the ICI decreased by 1.2 pp (ICI May 2023: -4.2%).

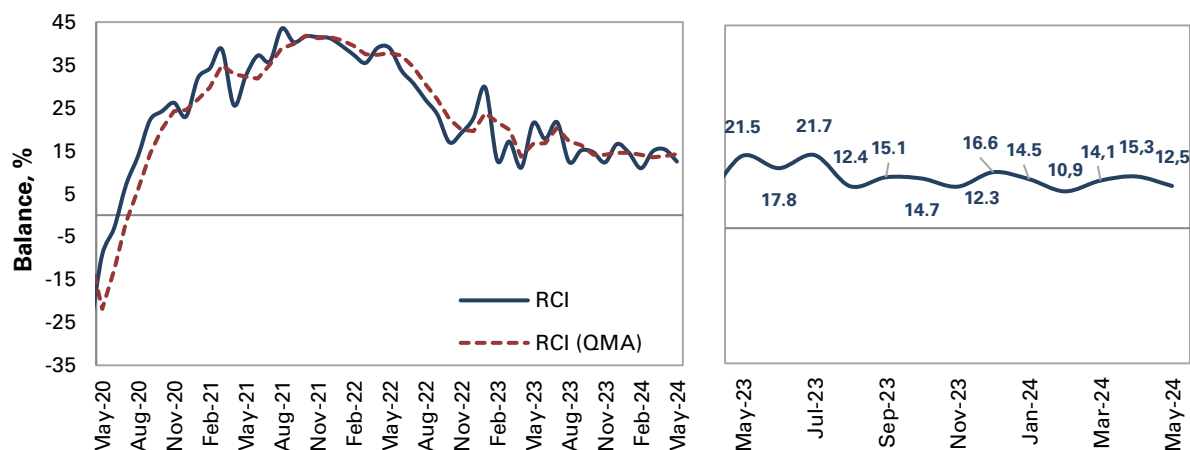
The capacity utilization in the industry for May was 72.8%, increasing by 0.4 pp compared to the measurement in February (72.4%). On the other hand, compared to the previous record, the perception of companies regarding economic conditions worsened (-12.0 pp) as did the sociopolitical conditions for investment (-7.7 pp).

In the May survey, the construction sector recorded a deterioration in the perception of the current state of economic activity (-25.1 pp), in construction expectations for the next quarter (-16.2 pp), as well as in the perception of the pace of construction (-13.5 pp), compared to the February measurement.

Retail Confidence Index – RCI

In May 2024, the Retail Confidence Index (RCI) stood at 12.5%, representing a decrease of 2.8 percentage points (pp) compared to the previous month (15.3%). Additionally, the RCI showed a decline of 9.0 pp compared to May 2023 (21.5%). Meanwhile, the quarterly moving average stood at 14.0%, which represented an increase of 0.6 pp compared to the same indicator for April 2024 (13.4%) and a decrease of 2.6 pp compared to the same indicator in May 2023 (16.6%).

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 May 2023, April 2024, and May 2024 are presented in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023		2024	
	May	April	April	May
Business current economic situation	30,8	31,6	31,6	24,3
Level of stocks	11,1	11,2	11,2	1,5
Expectations about the economic situation for the next semester	13,4	21,8	21,8	23,2
Retail Confidence Index - RCI	11,1	14,1	14,1	15,3

Source: Business Tendency Survey (BTS) – Fedesarrollo.

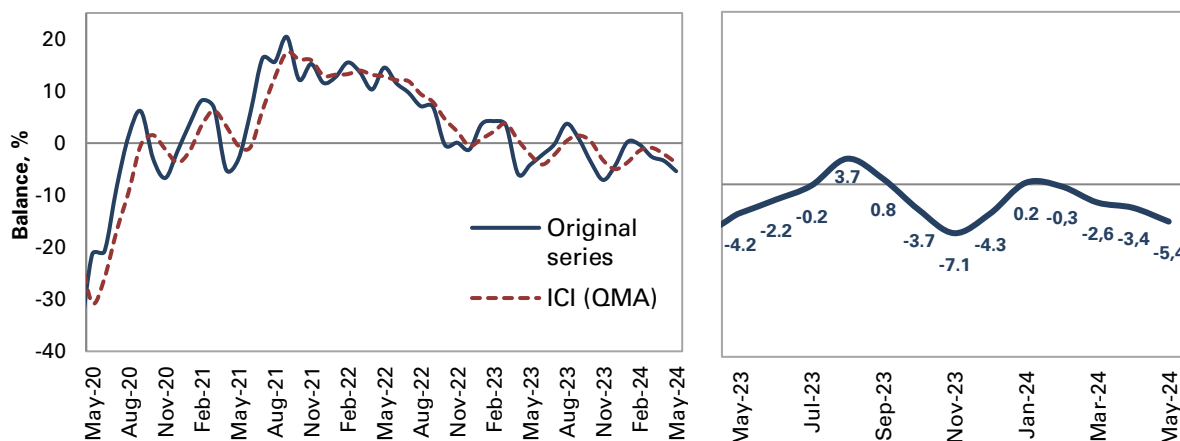
The lower confidence among retailers compared to the previous month was mainly due to a reduction in expectations for the economic situation over the next six months by 5.6 percentage points (pp). Additionally, the perception of the current economic situation of the company or business also contributed negatively, decreasing by 5.2 pp. Meanwhile,

the stock level showed a decline of 2.4 pp. On an annual basis, the reduction in retailer confidence was explained by a decrease of 20.9 pp in the perception of the current economic situation of the company or business and a 15.9 pp drop in expectations for the economic situation over the next six months. The stock level also experienced an annual decline of 10.0 pp.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -5.4% for May 2024. This reflects a reduction of 2.0 percentage points (pp) compared to the previous month (ICI April 2024: -3.4%) and a decrease of 1.2 pp compared to the same month of the previous year (ICI May 2023: -4.2%) (Graph 2). Meanwhile, the quarterly moving average was -3.8%, which represented a reduction of 1.7 pp compared to the same indicator for April 2024 (-2.1%), and a decrease of 1.6 pp compared to the same indicator in May 2023 (-2.2%).

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 May 2023, April 2024, and May 2024 are presented in Table 2.

Table 2. Evolution of Industrial Confidence Index Components

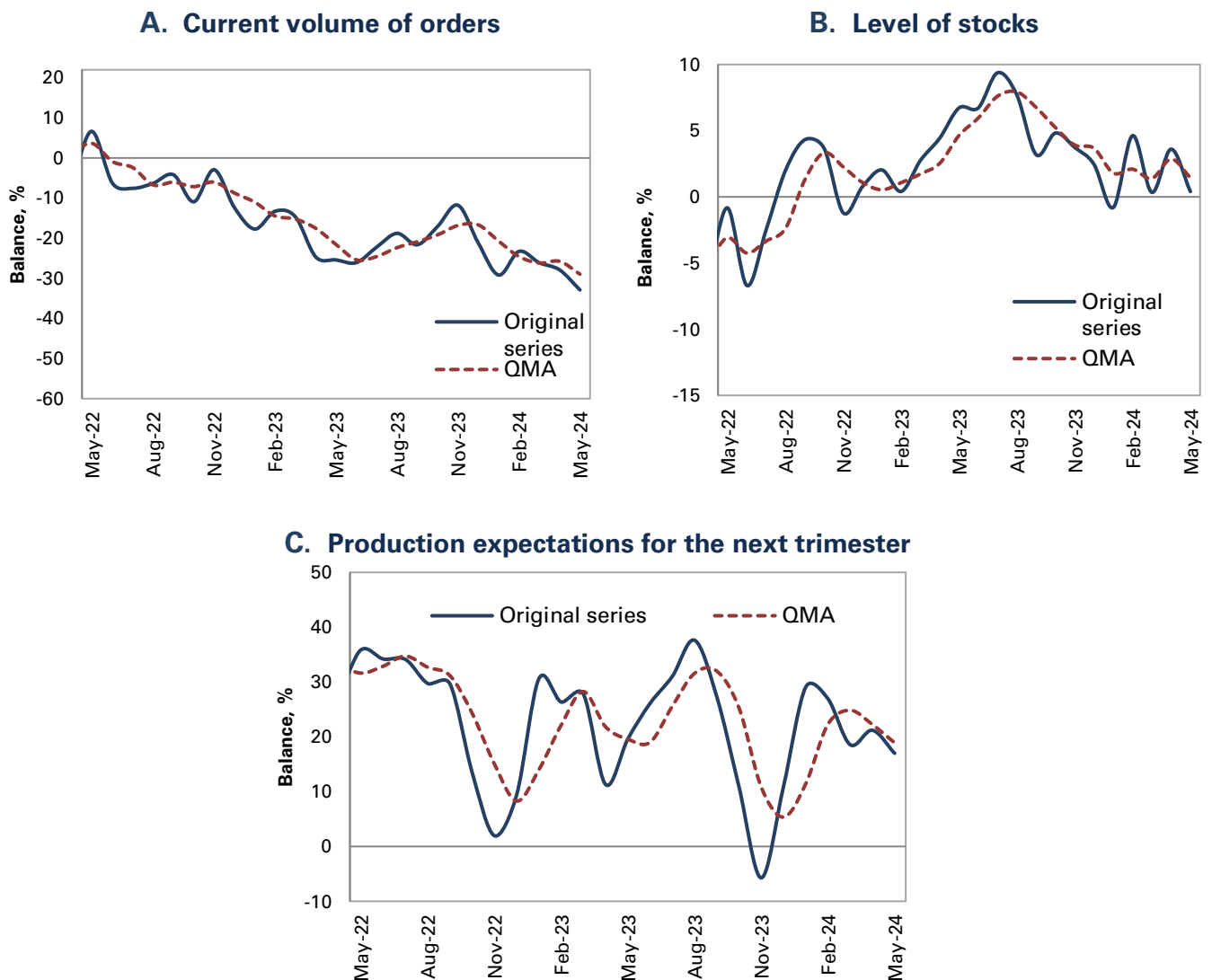
Component (Balance, %)	2023	2024	
	May	April	May
Level of stocks	4,4	0,3	3,6
Current volume of orders	-24,7	-26,1	-27,9
Production expectations for the next quarter	11,3	18,6	21,2
Industrial Confidence Index – ICI	-5,9	-2,6	-3,4

Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in May was explained by a decrease of 5.0 percentage points (pp) in the current volume of orders, as well as a reduction in production expectations for the next quarter by 4.2 pp. Meanwhile, the stock level showed a decline of 3.2 pp compared to April 2024.

On an annual basis, the decrease in industrial confidence was mainly explained by a drop of 7.5 pp in the current volume of orders, along with a decrease of 2.6 pp in production expectations for the next quarter. Additionally, the stock level showed a reduction of 6.3 pp between May 2023 and May 2024.

Graph 3. Industrial Confidence Index Components



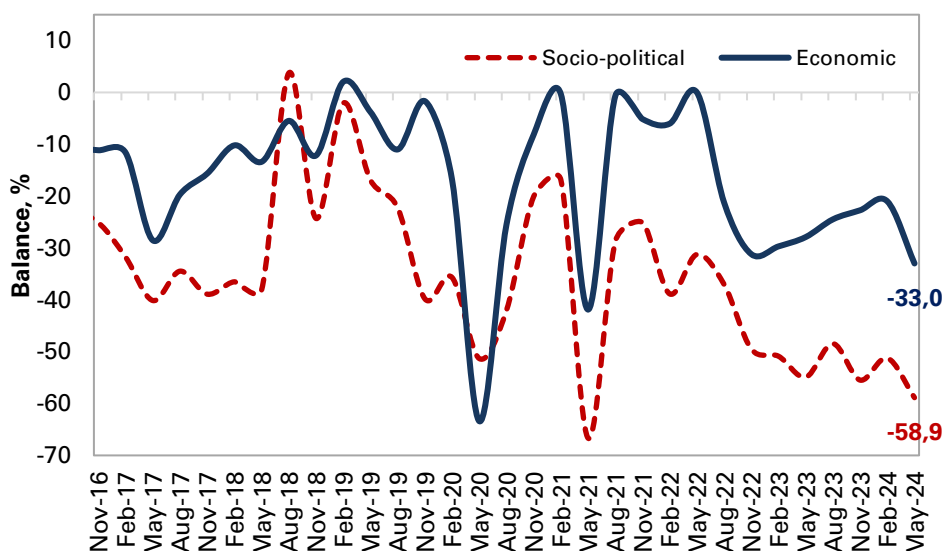
Source: Business Tendency Survey (BTS) – Fedesarrollo.
*QMA: 3 Month moving average.

Quarterly Module:

Economic and Socio-political Conditions for Investment

In May 2024, the balance of the industrial sector regarding the favorability of economic conditions for investment stood at -33.0%, representing a deterioration of 12.0 percentage points (pp) compared to the February 2024 measurement (-21.0%) (Graph 4). The results show that 45.2% of respondents consider the current economic conditions to be unfavorable (vs. 36.7% in the previous measurement). Similarly, 12.2% of business owners believe that the current conditions are favorable (vs. 15.7% in the previous measurement), while 42.6% state that they are neutral (vs. 47.6% in the previous measurement).

Graph 4. Favorability of Current Economic and Socio-political Conditions for Investment



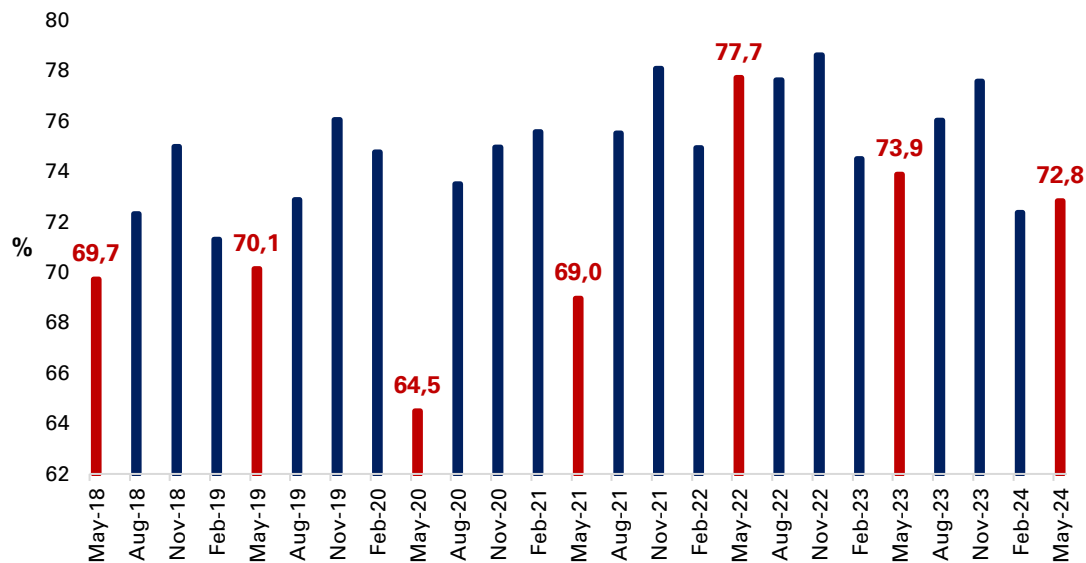
Source: Business Tendency Survey (BTS) – Fedesarrollo

Meanwhile, the balance on the favorability of sociopolitical conditions for investment stood at -58.9%, reflecting a decrease of 7.7 percentage points (pp) compared to the previous quarter (-51.2% in February). The results show that 4.3% of respondents consider the sociopolitical conditions to be favorable (vs. 7.2% in the previous measurement). On the other hand, 63.2% of business owners believe that the current conditions are unfavorable (compared to 58.4% in February), while the remaining 32.5% state that they are neutral (vs. 34.4% in the previous measurement).

Industry Installed Capacity Utilization

In May, the capacity utilization in the industry (UCI) was 72.8%. Based on this result, the UCI increased by 0.4 percentage points (pp) compared to the February 2024 measurement (72.4%) and decreased by 1.1 pp compared to May 2023 (73.9%) (Graph 5).

Graph 5. Utilization of installed capacity in the industry



Note: The series of utilization of installed capacity was revised backwards.

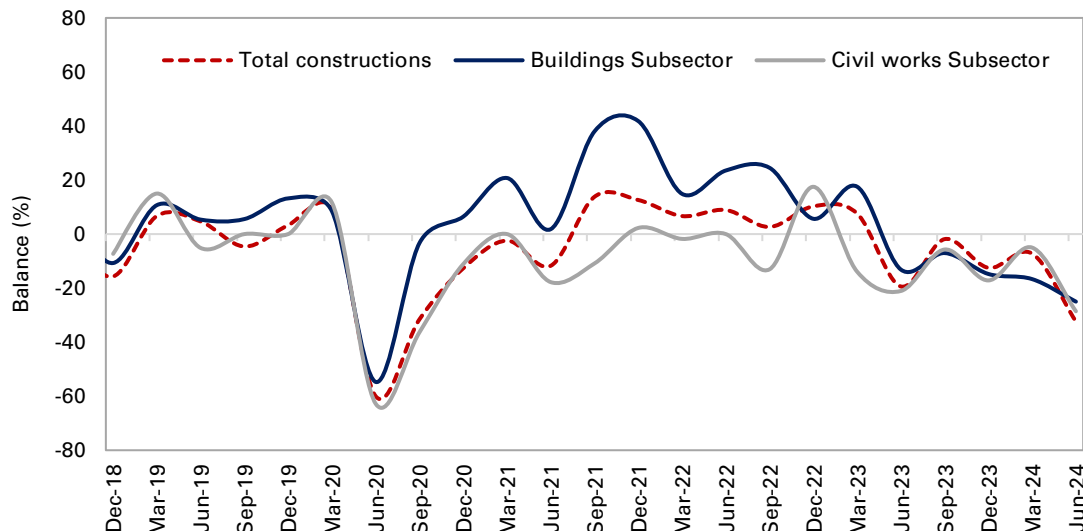
Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Construction Survey¹

In the second quarter of 2024, the balance of the current economic situation for companies in the construction sector stood at -32.3%, reflecting a decrease of 25.1 percentage points (pp) compared to the previous quarter (-7.2%) and a drop of 12.9 pp compared to the same period in 2023 (-19.4%). The balance for the buildings subsector was -25.0%, showing a decrease of 8.3 pp compared to the previous quarter (-16.7%) and a drop of 11.9 pp compared to the same quarter in 2023 (-13.1%). Meanwhile, the balance for the public works construction subsector registered a variation of -28.6% in the second quarter of 2024, which is 23.6 pp lower than the previous quarter's figure (-5.0%) and 7.5 pp below the value for the same quarter in 2023 (-21.1%) (Graph 6).

¹ On a quarterly basis, Fedesarrollo conducts a survey focused on businessmen in the construction sector, to know their perception of the current economic situation and their expectations for the future.

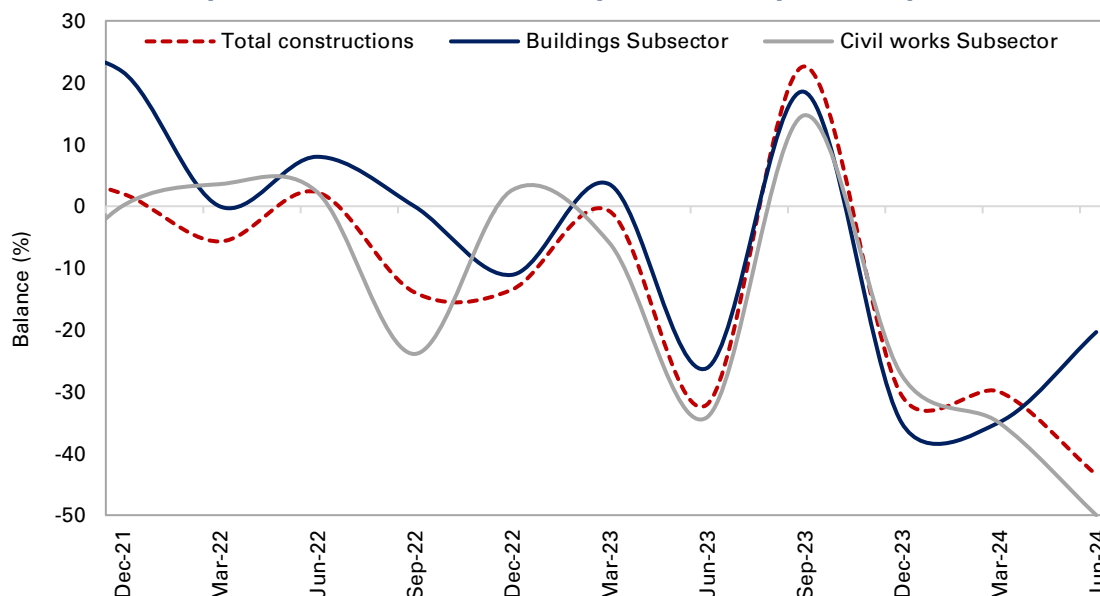
Graph 6. Current situation of companies in the construction sector



Source: Quarterly Construction Survey - Fedesarrollo.

The construction pace indicator was -43.5%, showing a reduction of 13.5 percentage points (pp) compared to the previous quarter (-30.0%) and a decrease of 11.4 pp compared to the second quarter of 2023 (-32.1%). In the buildings subsector, the balance was -20.4%, which is an increase of 14.6 pp compared to the previous quarter (-35.0%) and an improvement of 5.8 pp compared to a year ago (-26.2%). For the public works construction subsector, the balance was -50.0%, which is 15.0 pp lower than the previous quarter (-35.0%) and 15.8 pp below the figure from a year ago (-34.2%) (Graph 7).

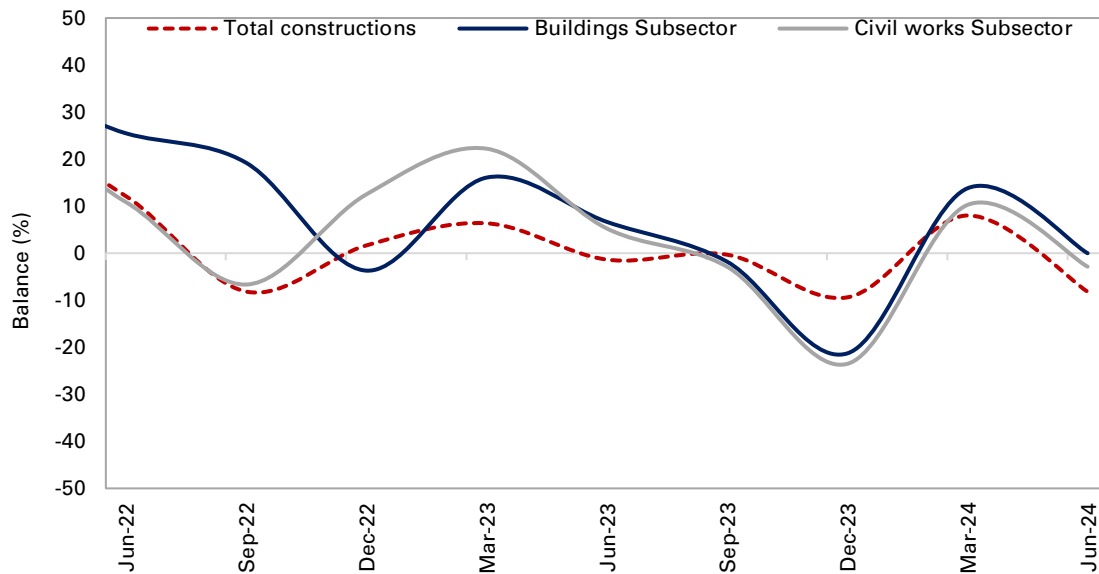
Graph 7. Construction rate compared to the previous year



Source: Quarterly Construction Survey - Fedesarrollo.

The balance of construction expectations for the next quarter was -8.2%, showing a decrease of 16.2 percentage points (pp) compared to the previous quarter (8.0%) and a drop of 6.8 pp compared to the same quarter in 2023 (-1.4%). In the buildings subsector, expectations recorded a balance of 0.0%, which represents a decrease of 13.8 pp compared to the previous quarter (13.8%) and a reduction of 6.7 pp compared to the same quarter last year (6.7%). For the public works construction subsector, the balance was -2.9%, reflecting a reduction of 13.2 pp compared to the previous quarter (10.3%) and a decrease of 8.2 pp compared to the same quarter in 2023 (5.3%) (Graph 8).

Graph 8. Construction expectations for the next quarter



Source: Quarterly Construction 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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Published June 24, 2024

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