

Business Tendency Survey August 2024



In August 2024, the **Retail Confidence Index (RCI) stood at 13.8%, representing a decrease of 3.2 percentage points (pp) compared to the previous month (RCI July 2024: 17.0%)**. The lower retail confidence was explained by a 7.9 pp increase in stock levels and a 4.0 pp decrease in expectations for the economic situation for the next semester. Meanwhile, the perception of the current economic situation increased by 2.2 pp. Compared to the same month of the previous year, the RCI increased by 1.4 pp (RCI August 2023: 12.4%).

Meanwhile, the **Industrial Confidence Index (ICI) stood at -1.4% for August 2024, showing a decrease of 0.2 pp compared to the previous month (ICI July 2024: -1.2%)**. The negative monthly variation in industrial confidence in August was explained by a 4.2 pp drop in production expectations for the next quarter. However, the current volume of orders registered a 2.0 pp increase, and stock levels recorded a 1.6 pp drop. Compared to August 2023, the ICI fell by 5.1 pp (ICI August 2023: -3.7%).

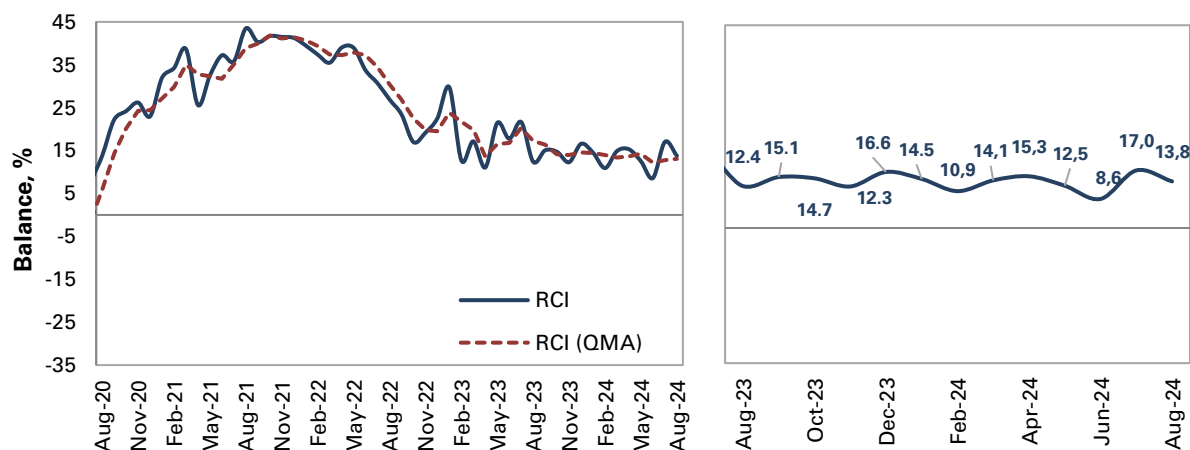
Regarding the **quarterly module**, the capacity utilization in the industry for August was 74.6%, increasing by 1.8 pp compared to May 2024. Likewise, concerning the economic and sociopolitical conditions for investment, in August, the companies' perception of economic conditions improved (1.2 pp), while the perception of sociopolitical conditions worsened (-1.1 pp), compared to May 2024.

Additionally, there was an improvement in the perception of the pace of **construction activity** and the current economic situation of the sector compared to the second quarter of 2024. In contrast, construction expectations for the next quarter showed a decrease during this period.

Retail Confidence Index – RCI

In August 2024, the Retail Confidence Index (RCI) stood at 13.8%, representing a decrease of 3.2 pp compared to the previous month (17.0%). However, the RCI showed an increase of 1.4 pp compared to August 2023 (12.4%). Meanwhile, the quarterly moving average stood at 13.1%, representing an increase of 0.4 pp compared to the same indicator for July 2024 (12.7%) and a decrease of 4.2 pp compared to the same indicator for August 2023 (17.3%).

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 level of stock, and the expectations for the economic situation for the next semester.** The results for August 2023, July 2024, and August 2024 are presented in Table 1.

Table 1. Evolution of Retail Confidence Index Components

Component (Balance, %)	2023	2024	
	August	July	August
Business current economic situation	33,0	23,2	25,4
Level of stocks	11,6	-5,4	2,5
Expectations about the economic situation for the next semester	15,7	22,5	18,5
Retail Confidence Index - RCI	12,4	17,0	13,8

Source: Business Tendency Survey (BTS) – Fedesarrollo.

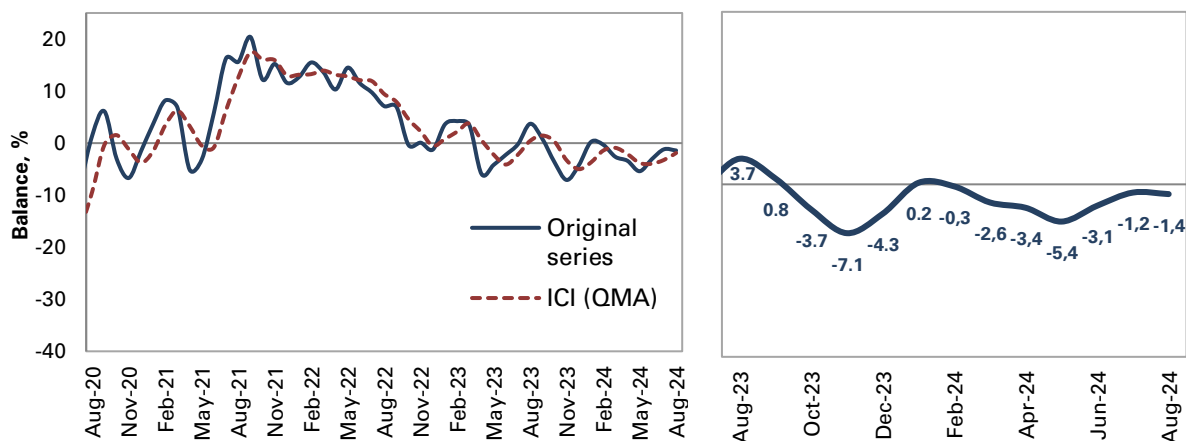
The lower confidence among retailers in August 2024 compared to the previous month was mainly due to a 7.9 pp increase in stock levels and a 4.0 pp decrease in expectations for the economic situation in the next semester. However, the perception of the current

economic situation of the company or business showed an increase of 2.2 pp compared to July 2024. On an annual basis, the increase in retailer confidence was explained by a 9.1 pp decrease in stock levels and a 2.8 pp increase in expectations for the economic situation in the next semester. In contrast, the perception of the current economic situation of the company or business dropped by 7.6 pp compared to August 2023.

Industrial Confidence Index – ICI

The Industrial Confidence Index (ICI) stood at -1.4% for August 2024. With this, the ICI showed a drop of 0.2 pp compared to the previous month (ICI July 2024: -1.2%) and a decrease of 5.1 pp compared to the same month in 2023 (ICI August 2023: 3.7%) (Graph 2). Meanwhile, the quarterly moving average stood at -1.9%, representing an increase of 1.3 pp compared to the same indicator for July 2024 (-3.2%) and a decrease of 2.3 pp compared to the same indicator for August 2023 (0.4%).

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 August 2023, July 2024, and August 2024 are presented in Table 2.

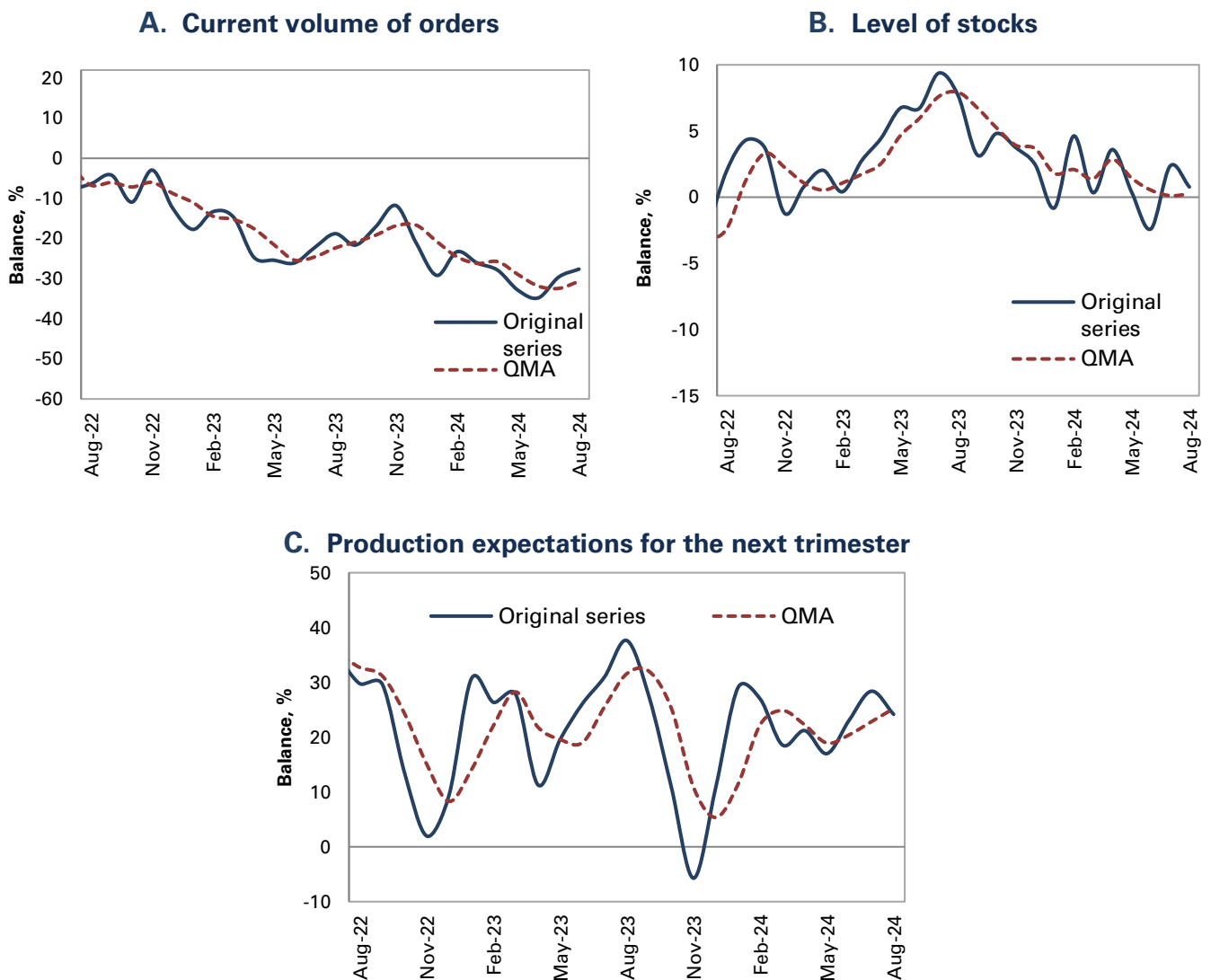
Table 2. Evolution of Industrial Confidence Index Components

Component (Balance, %)	2023	2024	
	August	July	August
Level of stocks	7,7	2,4	0,8
Current volume of orders	-18,8	-29,6	-27,6
Production expectations for the next quarter	37,6	28,4	24,2
Industrial Confidence Index – ICI	3,7	-1,2	-1,4

Source: Business Tendency Survey (BTS) – Fedesarrollo.

The negative monthly variation in industrial confidence in August was explained by a 4.2 pp drop in production expectations for the next quarter. However, the current volume of orders registered a 2.0 pp increase, and stock levels decreased by 1.6 pp. On an annual basis, the decrease in industrial confidence was mainly explained by a 13.4 pp drop in production expectations for the next quarter, as well as an 8.8 pp decrease in the current volume of orders. Meanwhile, stock levels showed a reduction of 6.9 pp compared to August 2023.

Graph 3. Industrial Confidence Index Components



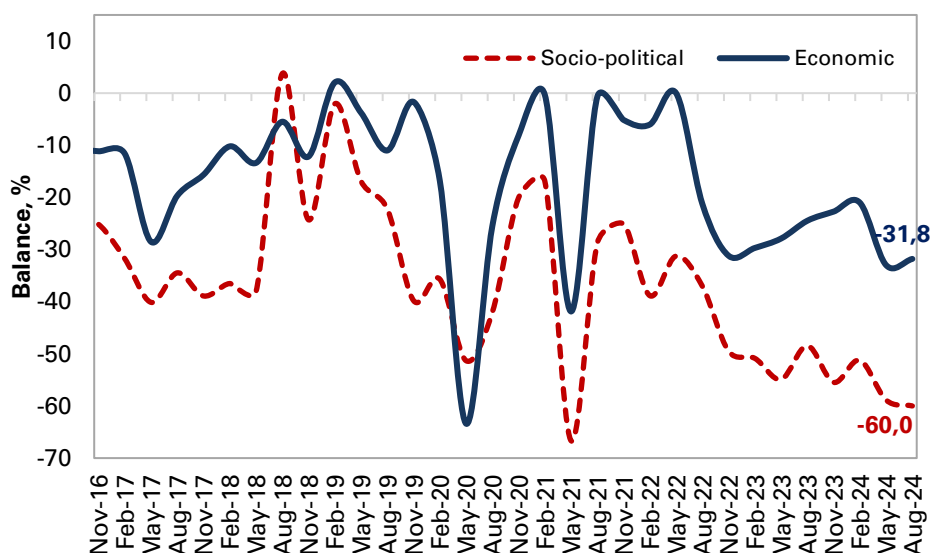
Source: Business Tendency Survey (BTS) – Fedesarrollo.
*QMA: 3 Month moving average.

Quarterly Module:

Economic and Socio-political Conditions for Investment

In August 2024, the industrial sector's balance regarding the favorability of economic conditions for investment stood at -31.8%, representing an improvement of 1.2 pp compared to the May 2024 measurement (-33.0%) and a deterioration of 7.3 pp compared to August 2023 (-24.5%) (Graph 4). The results show that 44.2% of respondents consider current economic conditions to be unfavorable (vs. 45.2% in the previous measurement). Meanwhile, 12.3% of business owners believe current conditions are favorable (vs. 12.2% in the previous measurement), while 43.5% state they are neutral (vs. 42.6% in the previous measurement).

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



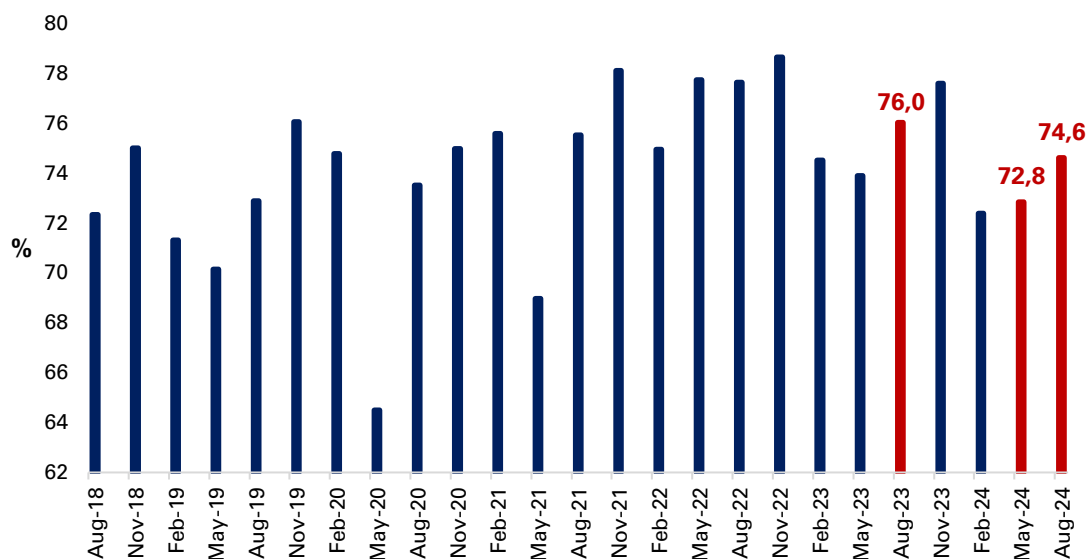
Source: Business Tendency Survey (BTS) – Fedesarrollo

Meanwhile, the balance regarding the favorability of sociopolitical conditions for investment stood at -60.0% in August, reflecting a deterioration of 1.1 pp compared to the previous quarter (-58.9% in May 2024) and 11.6 pp compared to the same quarter of the previous year (-48.4% in August 2023). The results show that only 3.8% of respondents consider sociopolitical conditions to be favorable (vs. 4.3% in the previous measurement). Likewise, 63.8% of business owners consider current conditions to be unfavorable (vs. 63.2% in May 2024), while the remaining 32.4% state they are neutral (vs. 32.5% in the previous measurement).

Industry Installed Capacity Utilization

In August, the capacity utilization (UCI) in the industry stood at 74.6%. Based on this result, the UCI increased by 1.8 pp compared to the May 2024 measurement (72.8%) and decreased by 1.4 pp compared to August 2023 (76.0%) (Graph 5).

Graph 5. Utilization of installed capacity in the industry



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

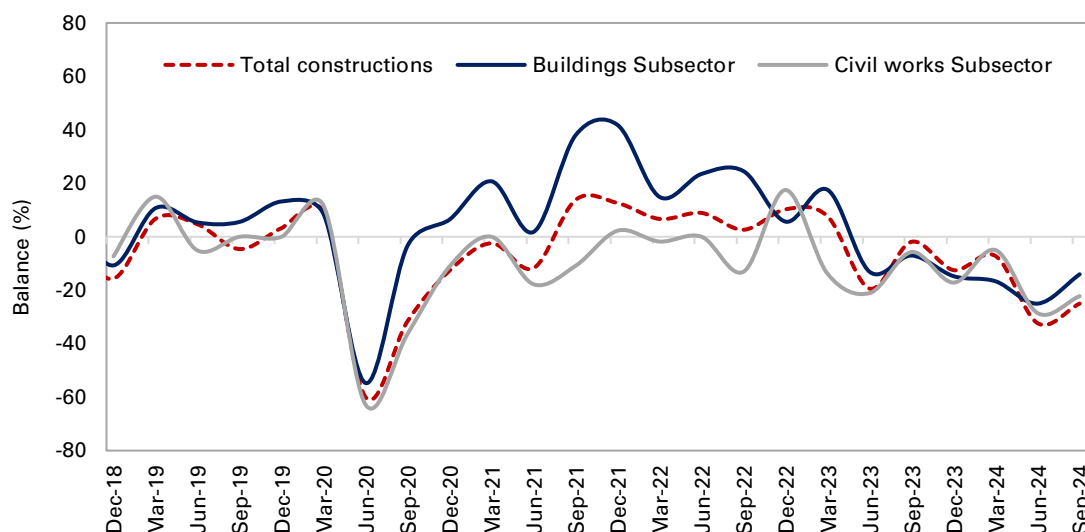
Source: Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Construction Survey¹

In the third quarter of 2024, the balance of the current economic situation of companies in the construction sector stood at -25.0%, which represents an increase of 7.3 pp compared to the previous quarter (-32.3%) and a decrease of 23.1 pp compared to the same period in 2023 (-1.9%). Meanwhile, the balance for the building subsector was -14.0%, increasing by 11.0 pp compared to the previous quarter (-25.0%) and decreasing by 7.0 pp compared to the same quarter in 2023 (-7.0%). In the case of the civil works subsector, the balance of the current economic perception was -22.2%, representing an increase of 6.4 pp compared to the previous quarter (-28.6%) and a decrease of 16.5 pp compared to the same quarter of last year (-5.7%) (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.

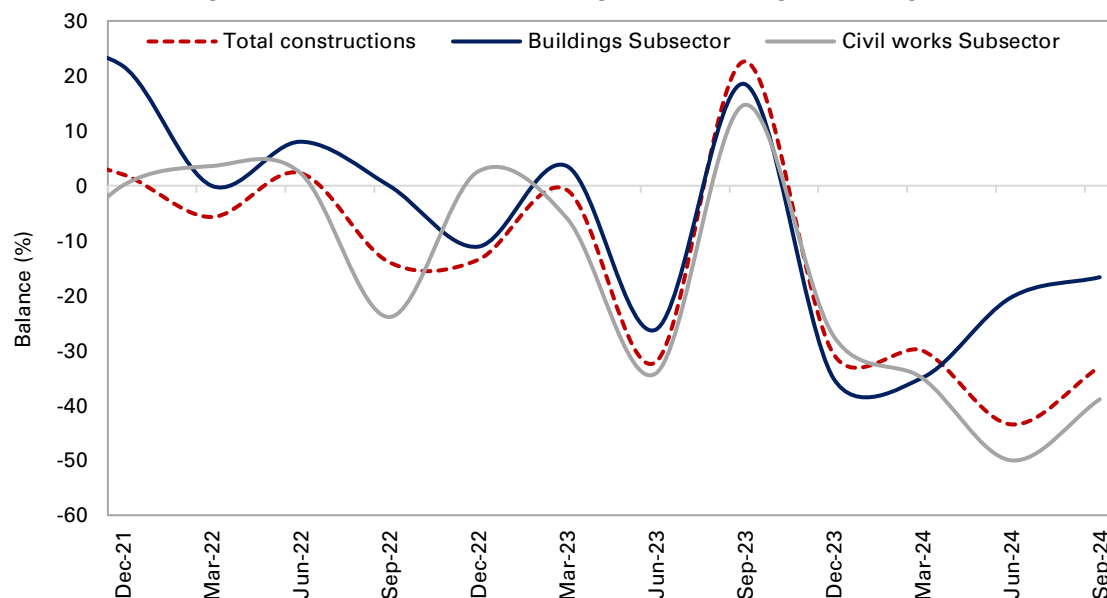
Graph 6. Current situation of companies in the construction sector



Source: Quarterly Construction Survey - Fedesarrollo.

The construction activity indicator stood at -33.0%, showing an increase of 10.5 pp compared to the previous quarter (-43.5%) and a decrease of 55.6 pp relative to the third quarter of 2023 (22.6%). A similar trend was observed for the building subsector, which recorded a balance of -16.7%, representing an increase of 3.7 pp compared to the previous quarter (-20.4%) and a decrease of 35.2 pp compared to the same quarter last year (18.5%). Regarding the civil works subsector, the perception of its activity recorded a balance of -38.9%, increasing by 11.1 pp compared to the previous quarter (-50.0%) and decreasing by 53.6 pp compared to the same quarter in 2023 (14.7%) (Graph 7).

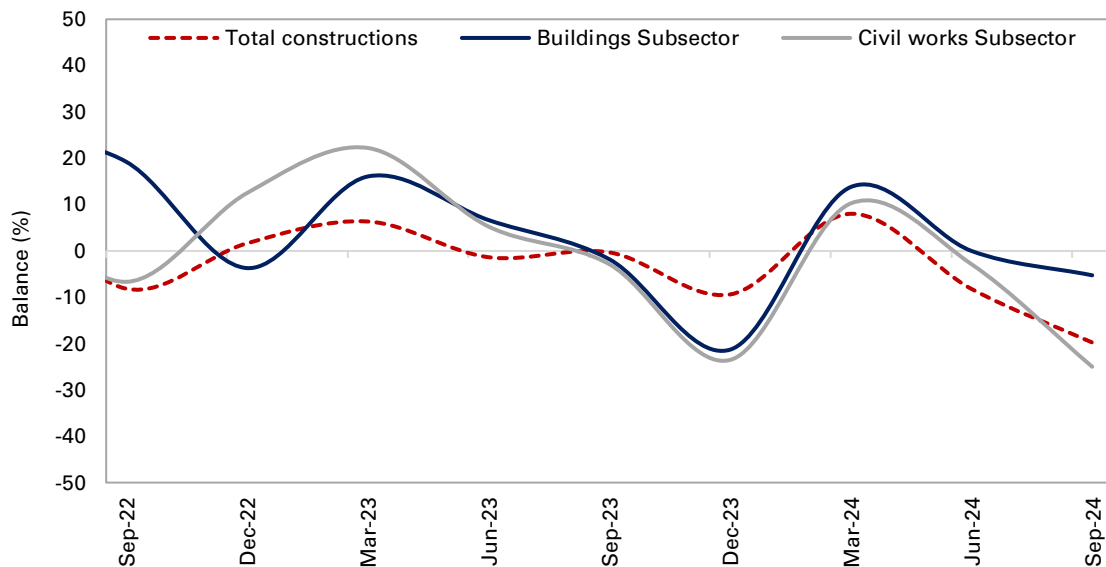
Graph 7. Construction rate compared to the previous year



Source: Quarterly Construction Survey - Fedesarrollo.

The balance of construction expectations for the next quarter stood at -19.8%, showing a decrease of 11.6 pp compared to the previous quarter (-8.2%) and a decrease of 19.5 pp compared to the same quarter in 2023 (-0.3%). Meanwhile, in the building subsector, expectations recorded a balance of -5.3%, representing a decrease of 5.3 pp compared to the previous quarter (0.0%) and a decrease of 3.5 pp compared to the same quarter last year (-1.8%). Regarding the civil works subsector, expectations presented a balance of -25.0%, reducing by 22.1 pp compared to both the previous quarter and the same quarter last year (-2.9%) (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 September 25, 2024

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