

## Business Tendency Survey April 2022



In April 2022, the Retail Confidence Index (RCI) stood at 39.0%, up 3.5 pp from the previous month. The increase in confidence was explained by an increase in the business current situation indicator and in the business expectations indicator for the next six months of 6.5 pp and 6.1 pp, respectively. However, the level of inventories showed an increase of 2.0 pp.

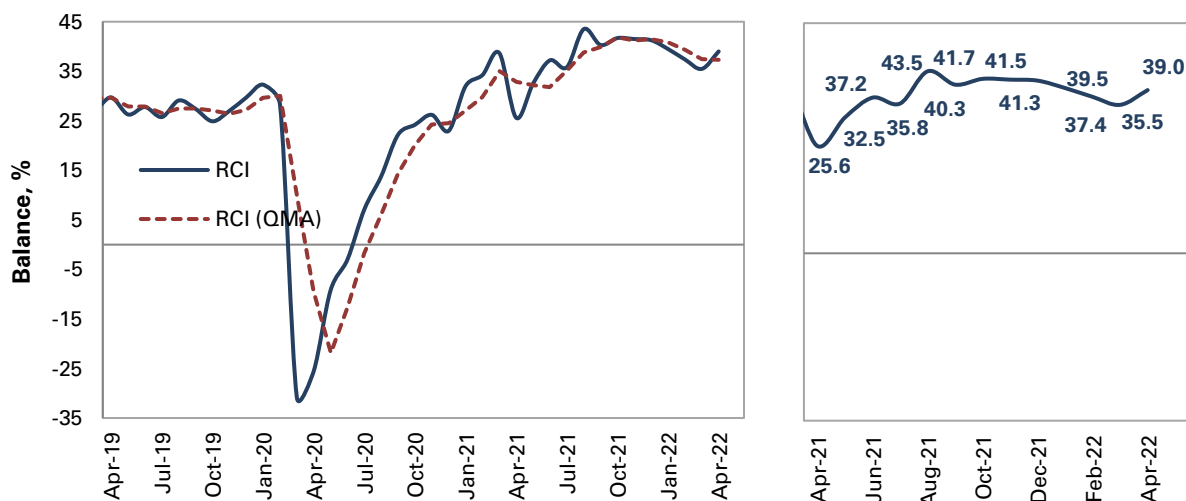
The Industrial Confidence Index (ICI) reached 10.3%, decreasing 3.4 pp from the previous month. This result is due to a drop of 10.3 pp in the current volume of orders together with a decrease of 1.8 pps in production expectations for the next quarter. However, the level of inventories registered a decrease of 2.1 pp.

In the first quarter of 2022, the profitability of export activity, export orders and the dollar value exported decreased compared to the previous quarter. Likewise, the three-month expectations of the dollar value exported decreased.

## Retail Confidence Index – RCI

In April 2022, the Retail Confidence Index (RCI) stood at 39.0%, up 3.5 percentage points (pp) from last month and up 13.4 pp from April 2021 (Graph 1).

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<sup>1</sup> and expectations about the economic situation for the next semester**. The results for April 2021 and 2022 are presented in Table 1.

Table 1. Retail Confidence Index Components

Component (Balance, %)	2021	2022	
	April	March	April
Business current situation	30.9	60.5	67.0
Level of stocks	-12.6	1.5	3.5
Business expectations for the next 6 months	33.3	47.4	53.5
<b>Retail Confidence Index - RCI</b>	<b>25.6</b>	<b>35.5</b>	<b>39.0</b>

Source: Business Tendency Survey (BTS) – Fedesarrollo

In March, the decline in retailers' confidence compared with the previous month was due to a 3.5 pp increase in the level of inventories and a 3.2 pp decrease in the business current situation. The latter result was contrary to a 1.0 pp improvement in the business expectations for the next six months. In annual terms, the fall in retailers' confidence was explained by a 14.0 pp increase in the level of inventories and a 4.8 pp decrease in the business expectations for the next half-year, despite a 9.3 pp increase in the business current situation indicator.

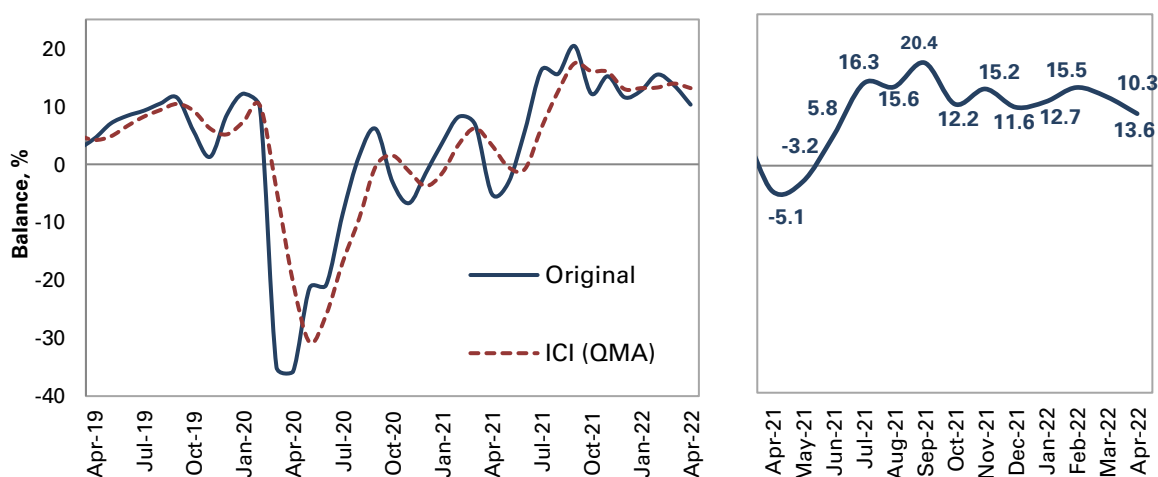
<sup>1</sup> Both industrial producers and retailers are asked if the level of stocks is high, low or normal. The balance corresponds to the difference between the percentage of respondents who answered that it is "high" and those who indicated that it is "low." A decrease in the balance is equivalent to an improvement since employers perceive lower levels of inventories.

In April, the increase in retailers' confidence compared to the previous month was due to an increase of 6.5 pp in the business current situation. The latter result is in line with the 6.1 pp improvement in the business expectations for the next semester, although the level of inventories increased 2.0 pp. In annual terms, the increase in retailers' confidence was explained by a 20.2 pp increase in the business expectations for the next half-year and an increase of 36.1 pp in the business current situation. However, the level of inventories registered an increase of 16.0 pp.

### Industrial Confidence Index – ICI

In April 2022, the Industrial Confidence Index (ICI) stood at 10.3%, showing a decrease of 3.4 pp compared to the previous month and an increase of 15.3 pp compared to April 2021. The quarterly moving average reached 13.1% and registered a fall of 0.8 pp compared to the same indicator of the previous month (Graph 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 April 2021 and 2022 are presented in Table 2.

Table 2. Evolution of ICI components

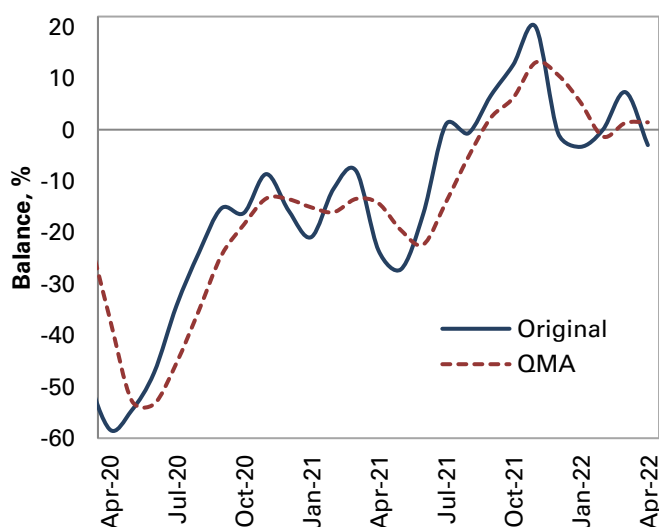
Component (Balance, %)	2021		2022
	April	March	April
Stocks of finished goods at end of this month	1.2	-3.2	-5.2
Curren volume of orders	-23.5	7.3	-3.0
Expected production in the next three months	9.5	30.4	28.6
<b>Industrial Confidence Index – ICI</b>	<b>-5.1</b>	<b>13.6</b>	<b>10.3</b>

**Source:** Business Tendency Survey (BTS) – Fedesarrollo

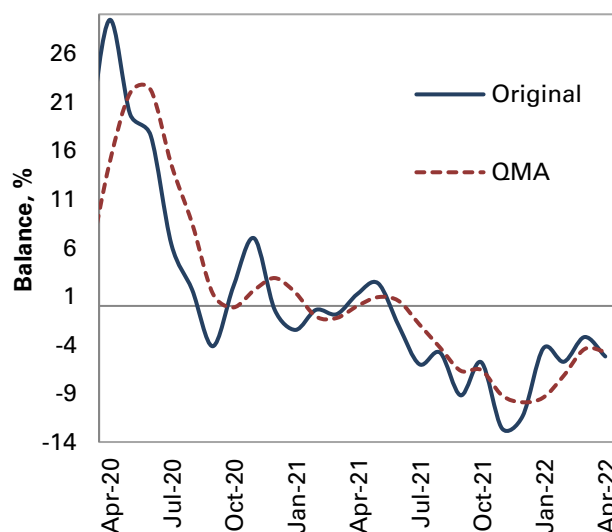
In the original series, the decline in industrial confidence from the previous month was due to a 1.8 pps drop in production expectations for the next quarter and the 10.3 pps drop in the current volume of orders, despite a 2.1 pp decrease in the level of inventories (Graph 3). On an annual basis, the increase in industrial confidence was related to a 20.5 pp and 19.1 pp rise in the current volume of orders and in production expectations for the next quarter, respectively, as well as a drop of 6.4 pps at the level of inventories.

**Graph 3. ICI Components**

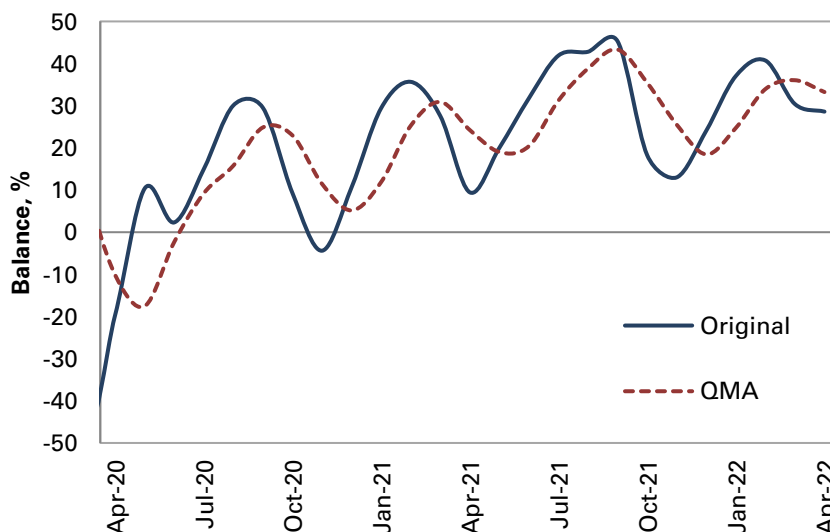
**A. Current order volume**



**B. Level of stocks**



**C. Production expectations for the next three months**



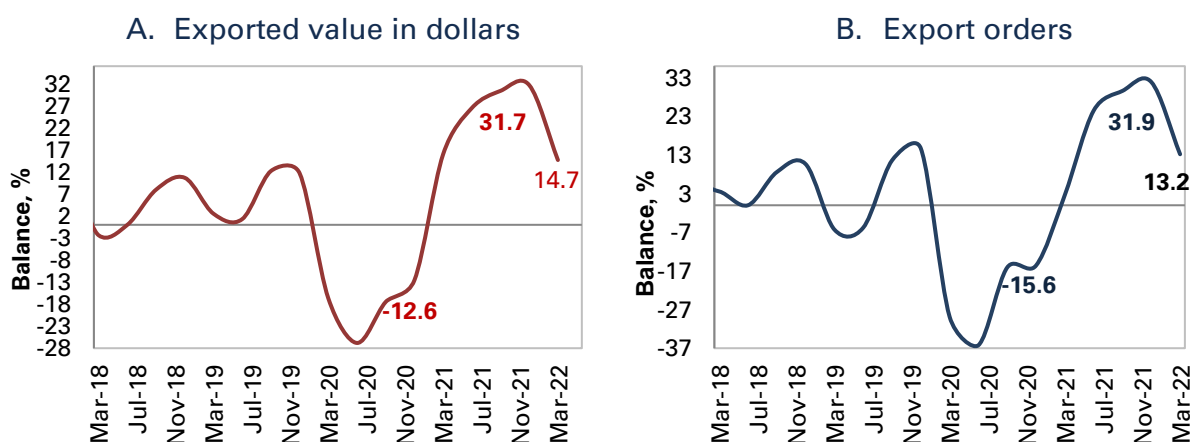
**Source:** Business Tendency Survey (BTS) – Fedesarrollo

Quarterly Module:

Exports<sup>2</sup>

In the fourth quarter of 2021, the balance on dollar value exported was 31,7%, indicating that the percentage of respondents who had an increase in exports was higher than those whose exports decreased (Graph 4). This result represents an increase of 1,3 pp and 44,3 pp versus the third quarter of 2021 and the fourth quarter of 2020, respectively. Meanwhile, the balance of export orders was 31,9%, representing an increase of 2,3 pp and 47,5 pp compared to the previous quarter and the same quarter of 2020, respectively.

**Graph 4. Exported value in dollars and export orders in the fourth quarter of 2021**

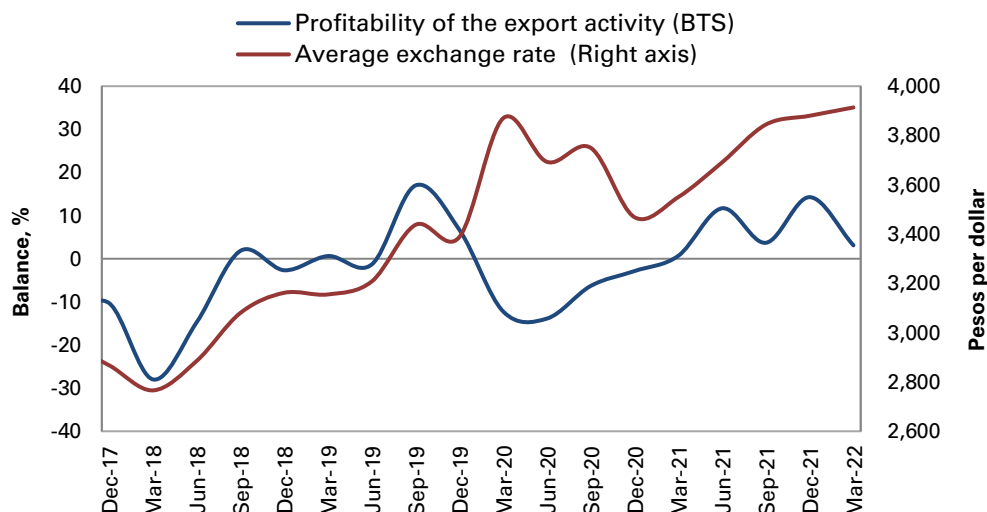


Source: Business Tendency Survey (BTS) – Exports module (Fedesarrollo).

Regarding the question that inquires about the perception of entrepreneurs regarding the profitability of the export activity, a balance of 3.1% was obtained, which means that the percentage of respondents who perceived an increase in profitability was slightly higher compared to who considered a decrease. This represented a decrease of 11.2 pp compared to the previous quarter and an increase of 2.4 pp compared to the first quarter of 2021. Additionally, the balance of the profitability of the export activity in the first quarter of 2022 was inconsistent with the behavior of the exchange rate (Graph 5).

**Graph 5. Profitability of the export activity and exchange rate**

<sup>2</sup>On a quarterly basis, the Business Tendency Survey includes a special module for the industrial sector, which inquires about the expectations and the perception of industrialists about the value exported in dollars and export orders.



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

For the first quarter of 2022, information and marketing services (5.5%), export procedures (5.5%) and the dollar exchange rate (4.7%) were the most favorable factors for export activity. On the other hand, the most unfavorable factors were international transportation (-48.4%), production costs (-43.8%), and internal transportation in Colombia (-31.5%). In contrast with the previous quarter, the factor that showed the greatest improvement was port services (-14.1%), increasing 28.9 pps. On the other hand, the factor that recorded the greatest decline was the Vallejo Plan system (4.3%), decreasing by 12.2 pps.

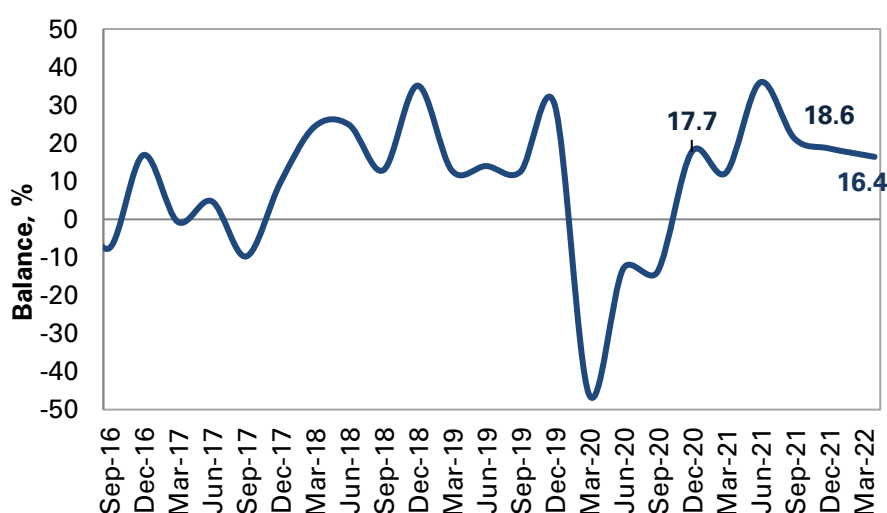
**Table 3. Main factors affecting export activity**

Factor (Balance, %)	2021-III	2021-VI	2022-I
International transport	-55.3	-60.2	-48.4
Production costs	-44.5	-50.8	-43.8
Internal transportation in Colombia	-22.9	-47.8	-31.5
Economic situation of the purchasing country	-24.0	-43.0	-14.1
Competitive position in the target markets	7.1	-0.9	-6.3
Port services in Colombia	2.4	1.7	-3.9
Dollar-currency exchange rate of the buyer country	11.6	5.3	-0.8
Colombian information and marketing services	-6.4	-3.5	2.4
Trade policies of the purchasing countries	14.3	2.7	3.9
Availability and cost of credit	14.9	16.5	4.3
Peso-dollar exchange rate	2.4	-3.4	4.7
Export procedures in Colombia	11.4	-1.8	5.5
Plan Vallejo System	-3.1	-0.9	5.5

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

The balance of the three-month expectation of export value in dollar months stood at **16.4%**, which is equivalent to a decrease of 2.2 pps compared to the fourth quarter of 2021 and an increase of 4.2 pps compared to the first quarter of 2021 (Graph 6). In this question, 30.5% of respondents stated that their exports will increase in the next three months, while 14.1% believe their exports will decrease, and the remaining 55.5% 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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