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SMALL INDUSTRY OVERVIEW

ECONOMIC INDICATORS CNI

Brazilian National Confederation of Industry

Confidence among small-scale industries remains in negative territory for twenty consecutive months

The Industrial Business Confidence Index (ICEI) for small-sized businesses registered 46.2 points in July 2026, marking 20 consecutive months of a lack of confidence among small-scale industry entrepreneurs.

The Small Industry Prospects Index, in turn, registered 47.5 points in July 2026, continuing to fluctuate around its historical average. The result shows moderate expectations among small-scale industries.

The Small Industries Performance Index recorded a temporary improvement in the second quarter of 2026, with the scenario indicating performance better than the historical average for the second quarter.

Regarding the financial situation of small-scale industries, the indicator registered 39.4 points in the second quarter of 2026, its lowest level since the first quarter of 2023. Even so, the result stood 1.3 points above the historical average for the second quarter, indicating a financial situation that was less unfavorable than that typically observed for the period.

Performance, financial situation, prospects and confidence indices of the small industry

Diffusion indices (0-100 points)

	Q2 2025	Q2 2026	Historical average
Performance*	45.9	45.2	44.2
Financial situation*	40.3	39.4	38.8

	Jul-2025	Jul-2026	Historical average
Prospects*	48.0	47.5	47.2
Confidence Index - ICEI**	46.7	46.2	52.1

*The higher the index, the better the performance and the financial situation of the small industry in the quarter, or the more positive are the prospects of the small industry entrepreneur in the month.
**Values above 50 points indicate businessman's confidence and the higher the index, the more widespread is the confidence. Values below 50 points indicate lack of businessman's confidence and the lower the index, the greater and more widespread is the lack of confidence.

The main problem cited by small-sized companies in the second quarter of 2026 continued to be the high tax burden, both in manufacturing and construction industries. Among the main changes compared to the previous quarter were increased concern over excessive bureaucracy and the lack or high cost of skilled workers in the construction industry. In manufacturing, there was a greater perception of unfair competition (informality, smuggling, etc.). Conversely, the lack or high cost of raw materials lost relevance in construction, while remaining the second main problem faced by small-sized manufacturing companies.

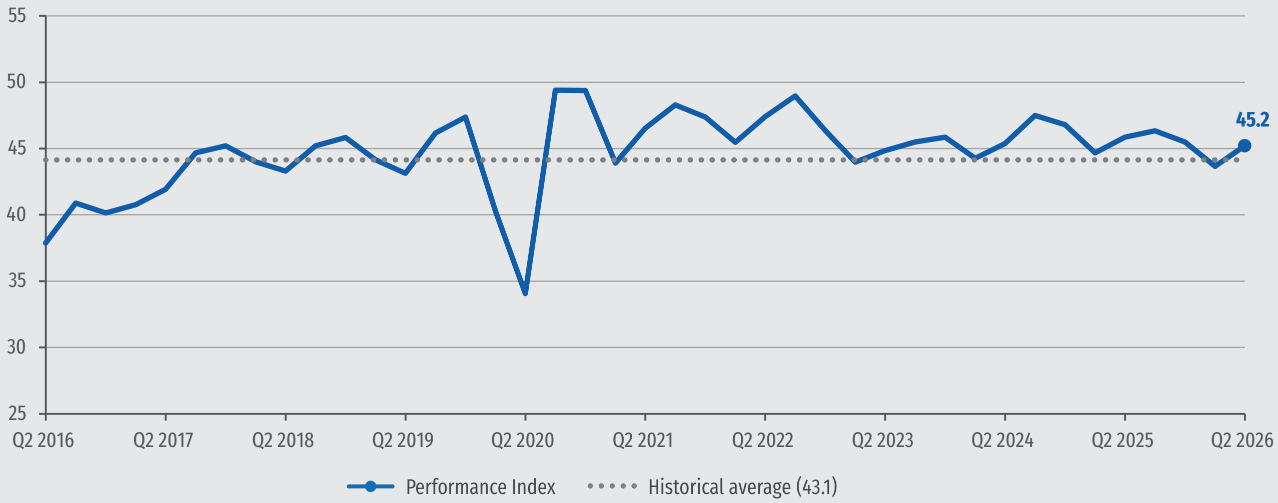
PERFORMANCE OF SMALL INDUSTRIES IN THE SECOND QUARTER OF 2026

Small-scale industries perform better than usual for the period in the second quarter

In the second quarter of 2026, the Small Industries Performance Index registered an average of 45.2 points, an increase of 1.5 points compared to the previous quarter, but 0.7 point lower than in the same quarter of 2025. Even so, the indicator stood 2.1 points above the historical average for the second quarter, which is 43.1 points. In other words, according to small-scale industry entrepreneurs, the performance of their businesses during the quarter was better than usual for the period.

The indicator is calculated using a weighted average of the production volume evolution index, or activity level in the case of the construction industry, effective installed capacity utilization relative to usual, or effective operational capacity utilization relative to usual in the case of the construction industry, and the employment evolution index. The higher the index, the better the performance in the period.

Small Industry Performance Index
Index (0 to 100 points)*



*The higher the index, the better the performance of the small industry in the quarter.
Note: The small industry performance index is a weighted average of the performance indices of the small extractive, manufacturing, and construction industries.

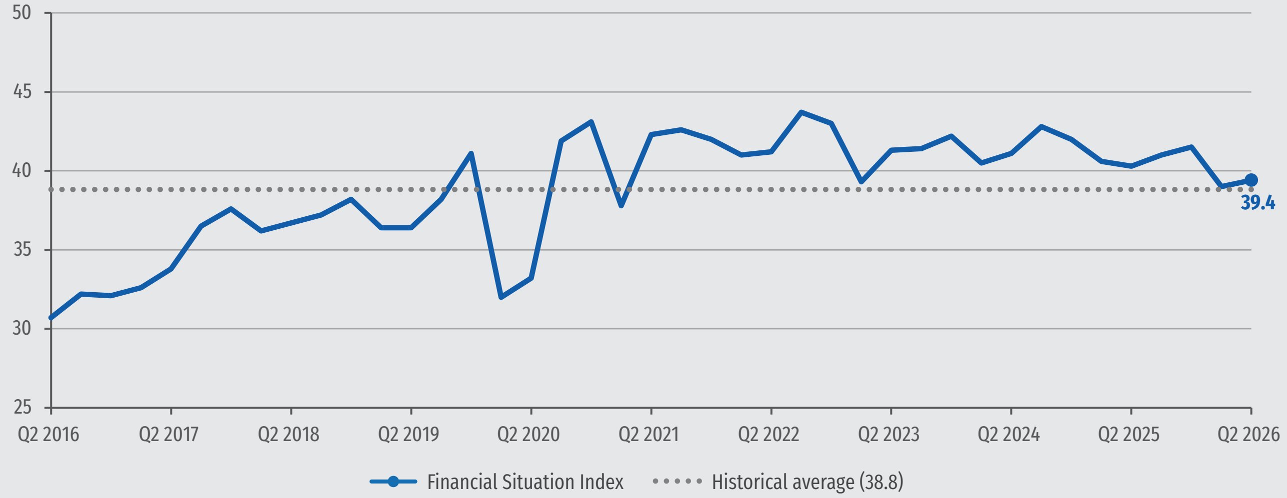
FINANCIAL SITUATION OF SMALL INDUSTRY IN THE SECOND QUARTER OF 2026

Financial situation of small-scale industries changes little in the second quarter

In the second quarter of 2026, the Financial Situation indicator for small-scale industries registered 39.4 points, a slight increase of 0.4 point compared to the previous quarter. In historical terms, the index stood 1.3 points above the historical average for the second quarter, which is 38.1 points, despite remaining close to its lowest level since the first quarter of 2023, when the indicator registered 39.3 points.

The index is calculated by combining the satisfaction indices for operating profit margin and financial situation, as well as the ease of access to credit index. The higher the index, the better the financial situation of small businesses.

Small Industry Financial Situation Index
Index (0 to 100 points)*



*The higher the index, the better the financial situation of the small industry in the quarter.

MAIN PROBLEMS FOR SMALL INDUSTRY IN THE SECOND QUARTER OF 2026

High tax burden remains the leading concern, while excessive bureaucracy gains importance in construction

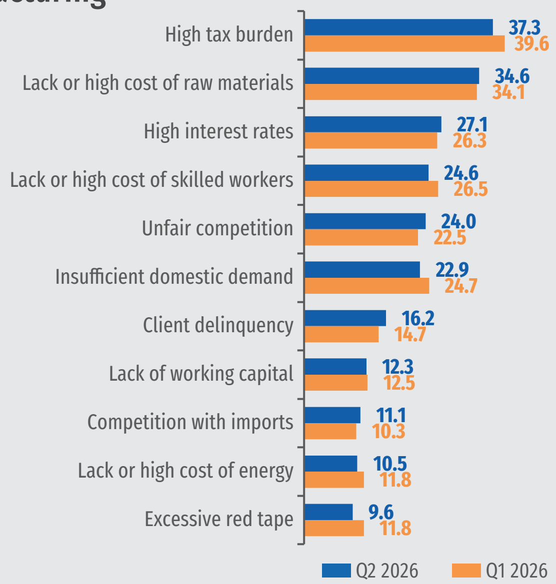
In the second quarter of 2026, the main problem faced by small-scale industries, both in manufacturing and construction, continued to be the high tax burden. However, the issue lost importance compared to the previous quarter among small-sized manufacturing companies, with mentions declining from 39.6% to 37.3%. In construction, by contrast, mentions increased slightly, from 42.2% to 42.9%.

In manufacturing, the lack or high cost of raw materials remained the second main problem faced by small-sized companies, with a slight increase in mentions, from 34.1% to 34.6%. This was followed by high interest rates, which remained in third place, mentioned by 27.1% of entrepreneurs, slightly above the 26.3% recorded in the previous quarter. In construction, high interest rates also remained in second place, with mentions increasing slightly from 37.1% to 37.8%.

Labor-related issues also remained among the main obstacles faced by small-sized companies. In manufacturing, the lack or high cost of skilled workers remained in fourth place, although it lost importance, with mentions declining from 26.5% to 24.6%. In construction, the lack or high cost of unskilled labor continued to rank as the third main problem, remaining virtually unchanged at 31.1%, compared to 31.0% in the previous quarter. Meanwhile, the lack or high cost of skilled workers gained relevance in the sector, with mentions increasing from 19.8% to 26.1%, moving up to fourth place in the ranking.

Main problems faced by Small Scale Industry*
Percentage (%)

Manufacturing



Construction

*For the question regarding the main problems, a list of answer options is presented to the businessman. The businessman can choose to indicate up to three answer options.

Other changes also stood out among the problems faced by small-sized companies. In manufacturing, unfair competition (informality, smuggling, etc.) has gained importance, with mentions increasing from 22.5% to 24.0%, making it the fifth most frequently cited problem. In construction, excessive bureaucracy recorded the largest increase among the main obstacles, with mentions rising from 13.8% to 20.2%, placing it in fifth position in the ranking. Conversely, the lack or high cost of raw materials became less relevant in the sector, with mentions falling from 18.1% to 11.8%, dropping from fourth to eighth place among the main problems.

To gather main issues, a list is presented to small industry entrepreneurs, from which they may indicate up to three items that represented the biggest problems faced by the company in the reference quarter. For this reason, the sum of percentages may exceed 100%.

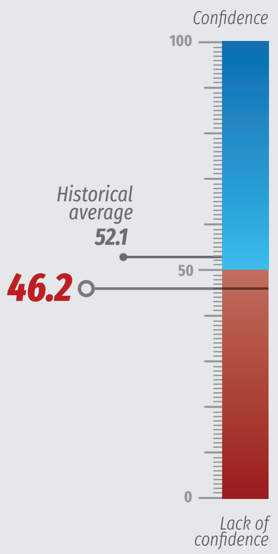
CONFIDENCE AND PROSPECTS OF SMALL INDUSTRY IN JULY 2026

Small-scale industries remain without confidence for 20 consecutive months

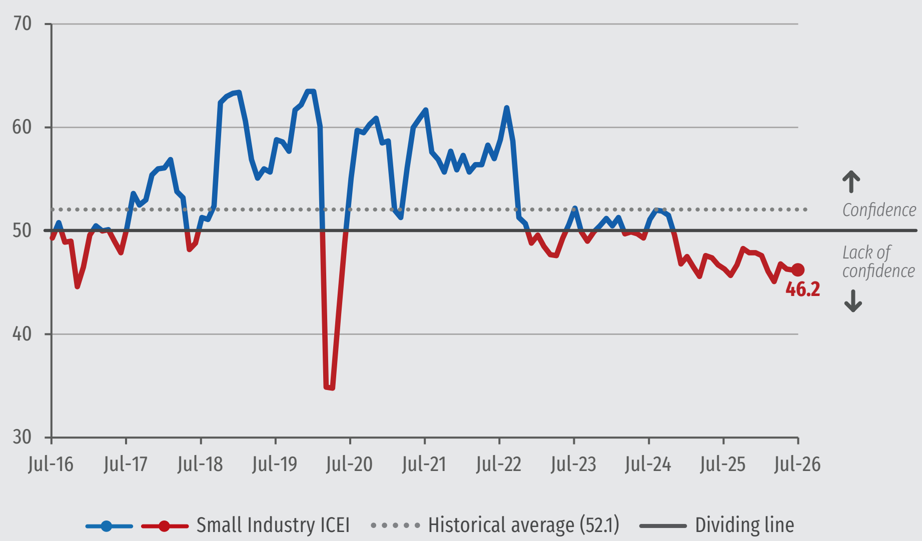
The Industrial Business Confidence Index (ICEI) for small-scale industries has followed a predominantly downward trend throughout 2026, registering 46.2 points in July. The lack of confidence remains persistent, as the index has stayed below the 50-point threshold for twenty consecutive months, and intense, given that it stands 4.5 points below the historical average for the month of July, which is 50.7 points.

The index takes into account small-scale industry entrepreneurs' assessment of their companies and of the Brazilian economy, both in terms of current conditions and expectations for the next six months. Values above 50 points indicate business confidence. The further above 50 points the index is, the greater and more widespread confidence is. The further below 50 points the index is, the greater and more widespread the lack of confidence is.

Small Industry ICEI
Index (0 to 100 points)*



Historic Series
Index (0 to 100 points)*



*Values above 50 points indicate businessman's confidence. The further above 50 points, the greater and more widespread is the confidence. The further below 50 points, the greater and more widespread is the lack of confidence.

Small-scale entrepreneurs close the second quarter of 2026 with moderate expectations

The Small Industry Prospects Index, which captures these companies' expectations regarding the performance of their own businesses over the next six months, registered 47.5 points in July 2026. The indicator has been oscillating around 47 points since September 2025. Therefore, small-scale industry entrepreneurs show moderate expectations, in line with the deterioration of confidence during the period.

The index is calculated using a weighted average of investment intention over the next six months and expectations regarding demand, or activity level in the case of the construction industry, and the number of employees for the same period. The higher the indicator, the more positive the prospects for small business entrepreneurs.

Small Industry Prospects Index

Index (0 to 100 points)*

*The higher the index, the more positive the prospects for the small business entrepreneur.

Technical specifications

The Small Industry Overview is a quarterly publication, generated from the results of CNI's Industrial Survey, Construction Industry Survey, and Business Confidence Index (ICEI), publications from the National Confederation of Industry (CNI).

Document completed on July 30, 2026.

Learn More

The research methodology and the historical series of the indices of Performance, Financial Conditions, Perspectives, the main problems, and the ICEI of small-scale industry are available at www.cni.com.br/e_ppi

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