

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Despite a Decline in Activity During July, the Construction Industry Continues to Exhibit Confidence

During July 2023, there was a decline in the activity level indicator within the construction industry, while the employee count indicator remained stable.

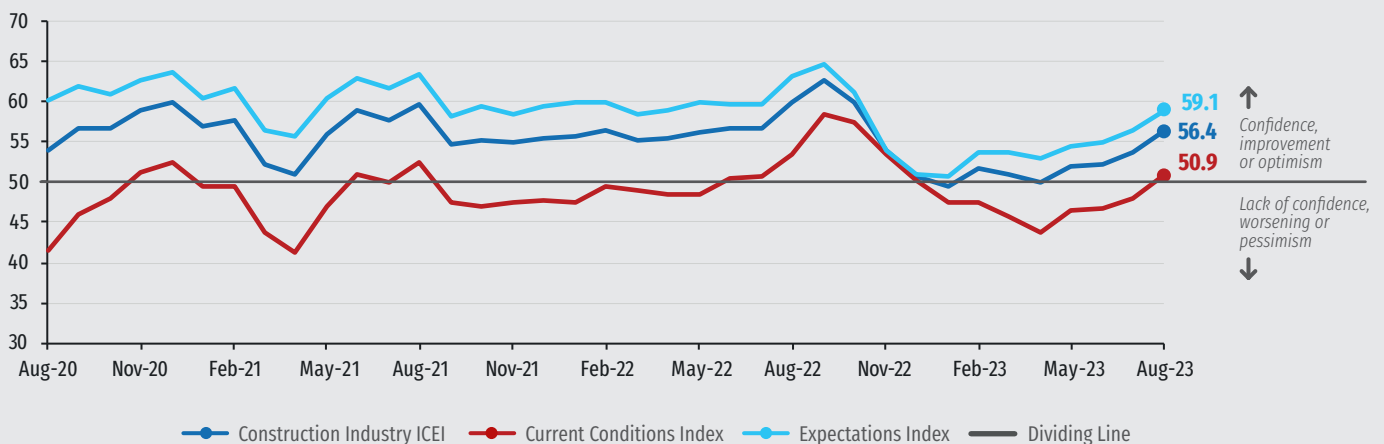
Despite the setback observed in July, optimism among construction entrepreneurs persists. In August, the Industrial Business Confidence Index

(ICEI) for the construction industry experienced further growth and maintained a robust position in comparison to historical data. The elevation in confidence primarily stems from an enhanced perception of current business conditions.

Notably, the indicators reflecting expectations for the Brazilian economy and businesses, as well as forecasts for activity levels, new initiatives, input and raw material acquisitions, and employee numbers in the sector, all remain optimistic for the next six months.

Industrial Business Confidence Index and its components

Diffusion index* (0 to 100 points)



* A score above 50 points indicates confidence within the sector's business community, denoting an improved perception of current conditions compared to the past six months or optimistic expectations for the upcoming six months. A score below 50 points indicates a lack of confidence among sector entrepreneurs, indicating a perception of deteriorating present conditions compared to the previous semester or pessimistic expectations for the forthcoming semester.

JULY 2023 CONSTRUCTION INDUSTRY PERFORMANCE

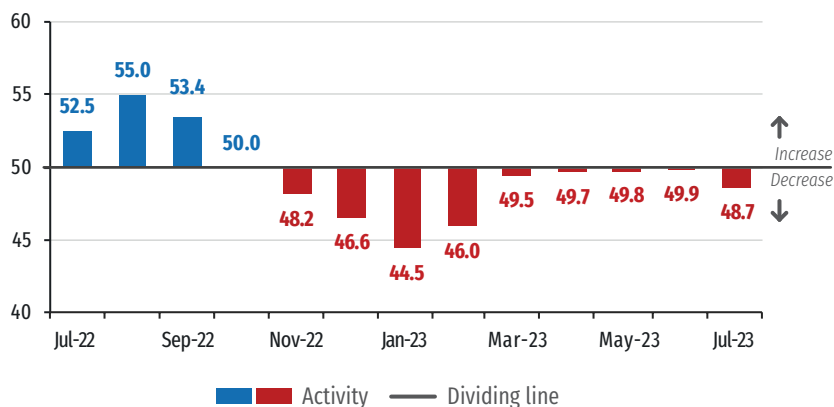
A Dip in Activity Levels During July 2023

In July 2023, the index reflecting changes in the level of activity within the construction industry reached 48.7 points. Between June and July, the indicator declined by 1.2 points, moving into negative territory after several months of stability: the index had been oscillating below the dividing line, albeit very near it, since March 2023, but has now distanced itself from that threshold. This shift signals a decline in the activity level. Noteworthy is that, although situated below the 50-point threshold, the indicator exceeds the historical series average for July by 1.1 points (47.6 points), and it surpasses the historical average of the indicator by 2.5 points (46.2 points).

In July, the indicator tracking the number of employees within the construction industry also experienced a decrease. The index registered 49.7 points, marking its first drop below the 50-point mark in four months. Despite its placement in the negative range, the July 2023 index remains closely aligned with the 50-point line denoting stability, and it maintains a 4.6-point margin above the historical series' average of 45.1 points. The value still maintains a 3.6-point margin over the historical average for July within the series, which stands at 46.1 points.

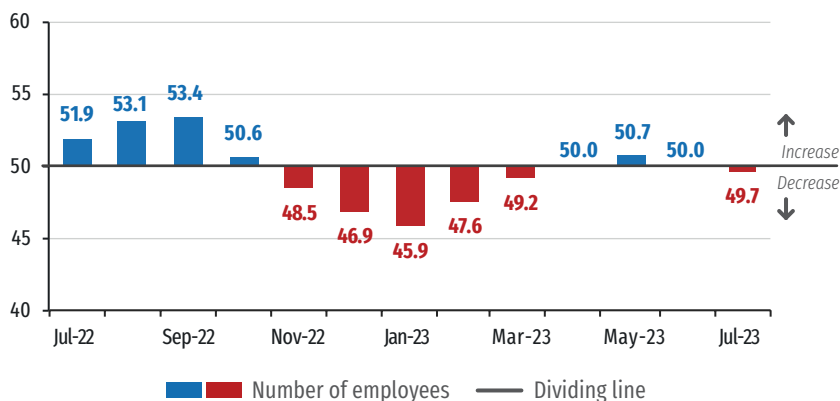
Evolution of activity level

Diffusion Indices (0 to 100 points)*



Evolution of the number of employees

Diffusion Indices (0 to 100 points)*



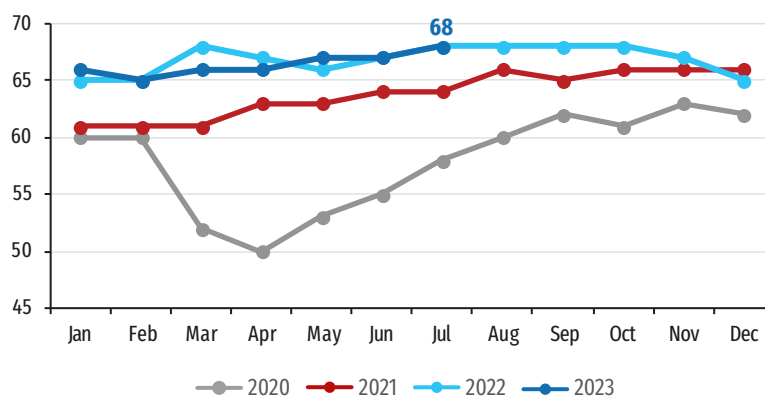
*A score above 50 points indicates an increase in activity or employment compared to the previous month. A score below 50 points indicates a decrease in activity or employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Progress in Operating Capacity Utilization in July 2023

During July 2023, Operating Capacity Utilization (OCU) reached 68%, following a 1 percentage point (p.p.) increase compared to June of the same year. In 2023, the trajectory of this indicator closely mirrors that of 2022, a period during which it consistently operated at elevated levels concerning the monthly averages of the historical series. The index for the current month aligns with the figure recorded in July of the preceding year, and notably surpasses the historical series' average for July, registering at 62%.

Average utilization of operating capacity

Percentage (%)



CONSTRUCTION INDUSTRY BUSINESS CONFIDENCE INDEX IN AUGUST 2023

Confidence Within the Construction Industry Continues Its Upward Trajectory in August 2023

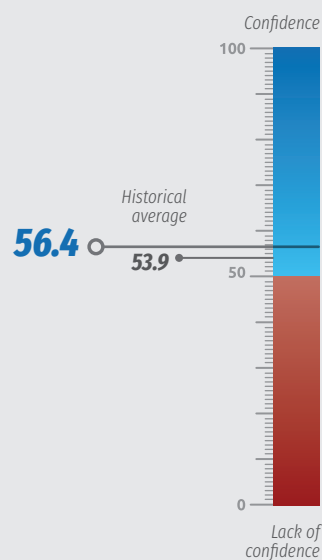
The construction industry Business Confidence Index reached 56.4 points in August 2023, increasing by 2.7 points compared to July. This marks the fourth consecutive advancement since April, with the index accumulating growth of 6.4 points during this period, positioning itself 2.4 points beyond the series' historical average.

The upsurge in industrial business confidence can be primarily attributed to the progress in the Current Conditions Index, which has entered the positive range for the first time since December 2022, reaching 50.9 points.

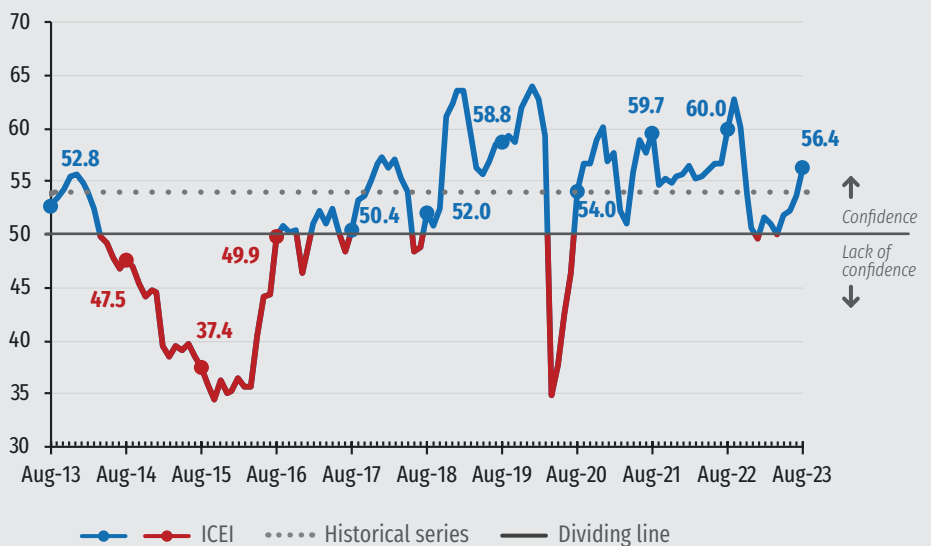
The Current Conditions Index, conversely, gained momentum through an enhancement in the assessment of current company conditions, achieving its initial positive outcome of the year in August. Notably, the Current Conditions Index for the Brazilian Economy has been on an ascending trajectory since May, yet it remains in the negative territory, positioned below the 50-point threshold.

The Expectations Index also increased compared to June, reaching 59.1 points. The expectations indices for both the Brazilian economy and companies, which constitute the components of this indicator, shifted into positive terrain.

Construction ICEI
Index (0 to 100 points)*



Historic Series
Index (0 to 100 points)*



*A score above 50 points indicates entrepreneur confidence. The more above 50 points, the greater and more widespread the confidence. A score below 50 points indicates entrepreneurs' lack of confidence. The more below 50 points, the greater and more widespread is the lack of confidence.

AUGUST 2023 CONSTRUCTION INDUSTRY EXPECTATIONS

The Expectations Indicators Present a Stance of Optimism for the Forthcoming Semester

From July to August 2023, the forecasts projections for the level of activity, new ventures, acquisitions of inputs and raw materials, and the count of employees within the construction industry continued to reside in positive territory, underlining a sustained optimistic outlook.

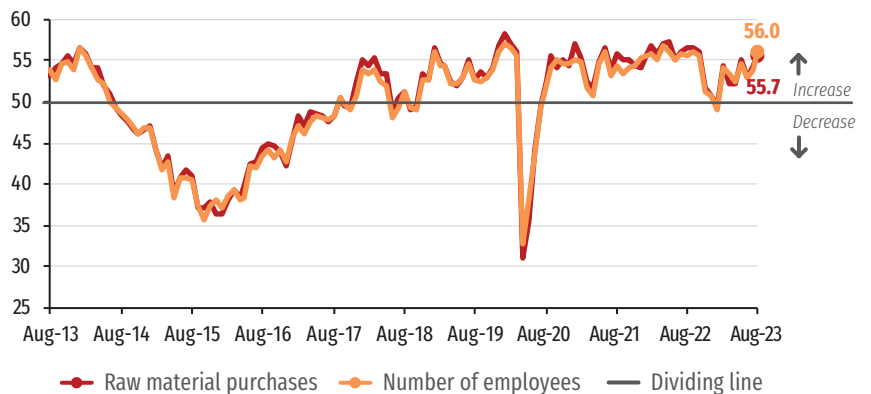
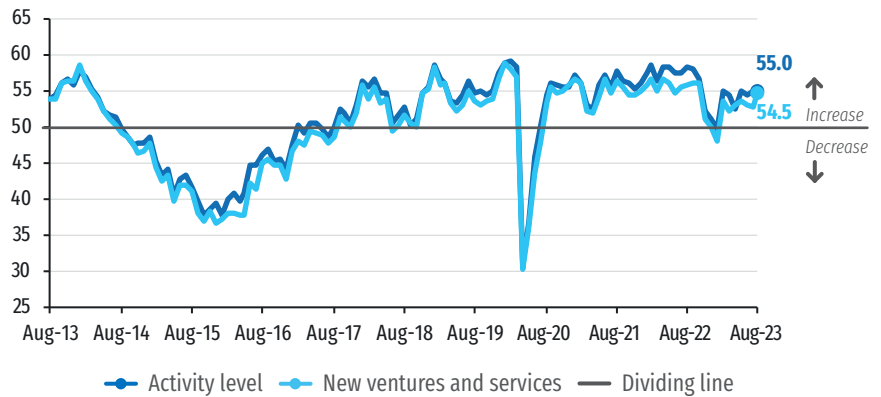
During this month, the expectations concerning the activity level in the construction industry remained steady at an elevated point, maintaining the 55-point threshold, which stands 1.3 points above the historical average.

Expectations for new businesses and services exhibited a rise of 1.8 points in comparison to July, elevating the indicator to 54.5 points, positioning it 1.5 points above its historical average.

Forecasts for purchases of inputs and raw materials and for the number of employees have reached higher levels, indicating a heightened and widespread sense of optimism among companies. The indicator for input purchases attained 55.7 points, while the number of employees indicator reached 56 points — exceeding their respective historical averages by 3.1 and 4.3 points.

Expectation indices

Diffusion Indices (0 to 100 points)*



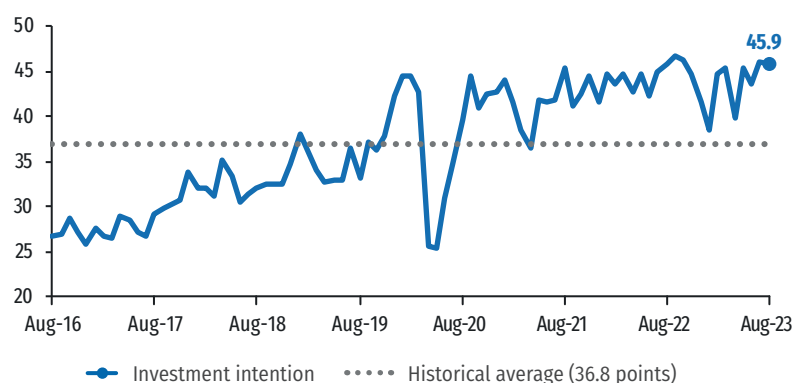
*A score above 50 points indicates expectations of growth, a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

The Intention to Invest Index Remained Stable Throughout August 2023

The investment intention indicator stood at 45.9 points, recording a slight decrement of 0.1 points from July to August 2023, denoting a state of stability. This figure aligns with the level noted in August 2022. The series maintain a robust position, resting 9 points above the historical average of 36.9 points.

Investment intention

Diffusion Index (0 to 100 points)*



* The higher the index, the greater the industry's intention to invest.

RESULTS

Construction industry performance

	CAPACITY UTILIZATION (%) ¹			ACTIVITY LEVEL VARIATION INDEX ²			EFFECTIVE ACTIVITY LEVEL INDEX COMPARED TO USUAL LEVELS ³			NUMBER OF EMPLOYEES VARIATION INDEX ⁴		
	Jul-22	Jun-23	Jul-23	Jul-22	Jun-23	Jul-23	Jul-22	Jun-23	Jul-23	Jul-22	Jun-23	Jul-23
SURVEY	68	67	68	52.5	49.9	48.7	46.7	47.2	46.5	51.9	50.0	49.7
Small	63	62	61	51.5	49.8	46.5	45.0	46.2	44.2	50.8	48.6	47.9
Medium	68	63	64	54.0	49.8	48.6	47.9	44.8	45.6	53.3	49.8	51.0
Large	70	71	73	52.1	50.0	49.6	46.6	49.0	47.9	51.5	50.7	49.6

Expectations of the construction industry

	EXPECTATION INDICES ⁵												INDEX OF INTENTION TO INVEST ⁶		
	ACTIVITY LEVEL			NEW ENTERPRISES AND SERVICES			INPUT AND RAW MATERIAL PURCHASE			NUMBER OF EMPLOYEES					
	Aug-22	Jul-22	Aug-23	Aug-22	Jul-22	Aug-23	Aug-22	Jul-22	Aug-23	Aug-22	Jul-22	Aug-23	Aug-22	Jul-22	Aug-23
SURVEY	58.1	55.0	55.0	55.6	52.7	54.5	56.6	54.5	55.7	55.7	53.9	56.0	45.9	46.0	45.9
Small	58.2	55.3	53.3	56.3	52.2	52.7	57.3	54.7	51.9	55.5	51.8	51.2	44.5	40.4	40.8
Medium	57.7	54.7	54.3	55.8	52.4	52.6	57.0	54.0	53.4	56.7	53.3	53.1	47.3	39.6	42.6
Large	58.2	55.1	56.0	55.2	53.1	56.3	56.1	54.8	58.5	55.2	55.1	59.5	45.7	51.7	49.6

Construction Industry Business Confidence Index and its components

	ICEI - CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	Aug-22	Jul-22	Aug-23	Aug-22	Jul-22	Aug-23	Aug-22	Jul-22	Aug-23
SURVEY	60.0	53.7	56.4	53.5	48.1	50.9	63.3	56.5	59.1
Small	58.9	52.5	54.7	53.6	46.0	47.6	61.6	55.8	58.2
Medium	60.1	51.9	53.8	54.8	47.2	48.9	62.8	54.2	56.2
Large	60.4	55.2	58.4	52.8	49.4	53.3	64.2	58.1	61.0

1 - The indicator varies within the range from 0% to 100%. The series started in January 2012.

2 - The indicator varies within the range from 0 to 100. Values above 50 show an increase.

3 - The indicator varies within the range from 0 to 100. Values above 50 show higher activity than usual.

4 - The indicator varies within the range from 0 to 100. A score above 50 points indicates positive expectations.

5 - The indicator varies within the range from 0 to 100. The higher the value, the greater the intention to invest.

6 - The ICEI - Construction varies within the range from 0 to 100. A score above 50 points indicates the entrepreneur is confident.

7 - The indicator varies within the range from 0 to 100. A score above 50 points indicates a better status when compared to the last six months.

8 - The indicator varies within the range from 0 to 100. A score above 50 points indicates optimistic expectations for the next six months.



Technical specifications

Sample profile

348 companies: 130 small, 147 medium and 71 large.

Collection period

1 to 9 August 2023.

Document completed on August 17, 2023.



Learn More

For further information on sectorial and regional results, previous issues, methodology, and historical series, please visit: www.cni.com.br/e_sondconstr

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Customer Service - Phone: +55 (61) 3317-9992 email: sac@cni.com.br

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