



ECONOMIC INDICATORS **CNI**

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Evolution of the exchange rate in the second quarter worries the industry

In the second quarter of 2024, the exchange rate was one of the main problems faced by 19.6% of industrial companies. After an advance of 14 percentage points of markings compared to the first quarter of 2024, the exchange rate moved from the 17th to the 4th position among the main problems faced by the industry.

In line with the exchange rate, the industry reported that the average price of inputs increased more intensely and widespread in the second quarter of 2024. The index of evolution of the

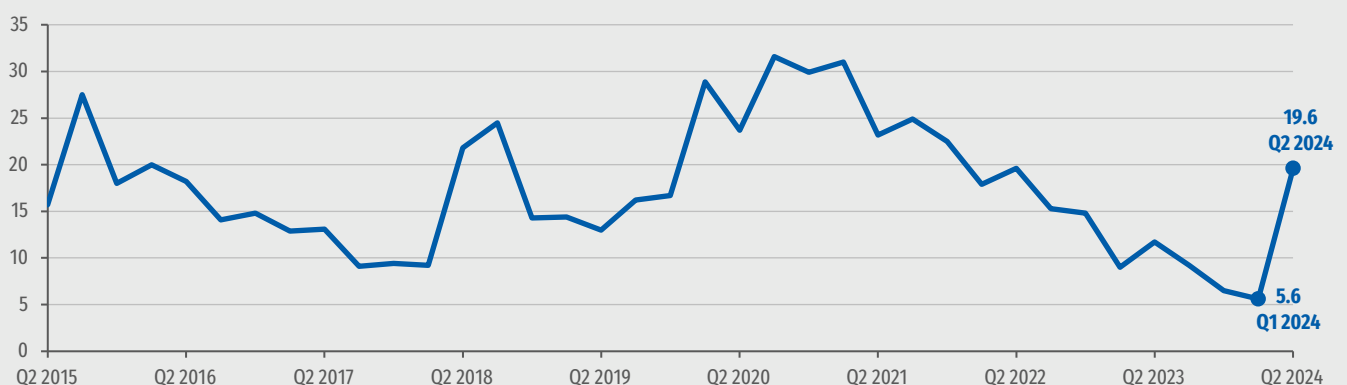
average price of inputs was the highest since the second quarter of 2022, a period when the industry was still facing a supply chain crisis caused by the COVID-19 pandemic.

Despite the growth of these problems, entrepreneurs have more widespread and more intense expectations of increased demand, input purchases, and hiring of new employees in July 2024 compared to June.

This expectation of increased activity is related to the level of stocks. The stocks of finished products of the industries fell in June 2024, compared to May, and are at the lowest level planned for the month of June since 2020, indicating that industries will have to increase production to replenish stocks soon.

Main problems faced by the industry in the quarter - Exchange rate

Percentage of companies (%)*



*Percentage that pointed out the exchange rate as one of the three main problems faced in the quarter over the total number of companies each quarter. In the survey, the entrepreneur is asked to mark up to three items that constituted real problems for his company.

INDUSTRIAL PERFORMANCE IN JUNE 2024

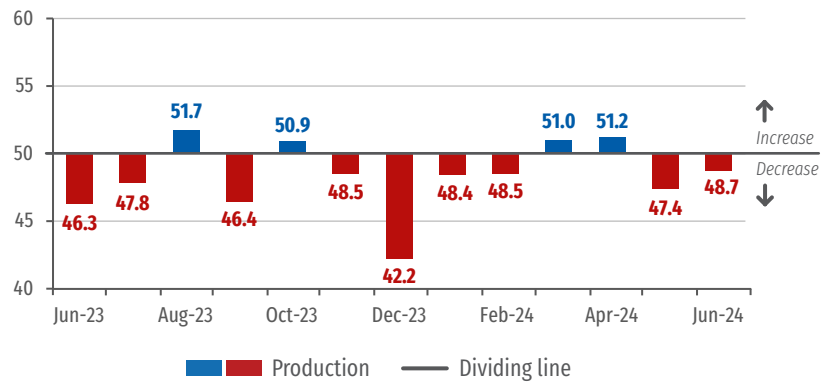
Industrial employment remains stable in June

Industrial production fell in June 2024 compared to May, as usual for June months, but this month's drop is smaller and less widespread than the one recorded in June 2023. The production evolution index was 48.7 points, below the 50-point line, which separates production increase from decrease. In June 2023, the index was 46.3 points.

The number of industry employees remained stable from May to June 2024, which deviates from the usual for the period, which usually records a drop in the number of employees. The evolution index of the number of employees was 50 points, indicating a better June for the industrial job market than in 2023, when the index was 48.6 points and indicated a decrease in the number of employees.

Production Evolution

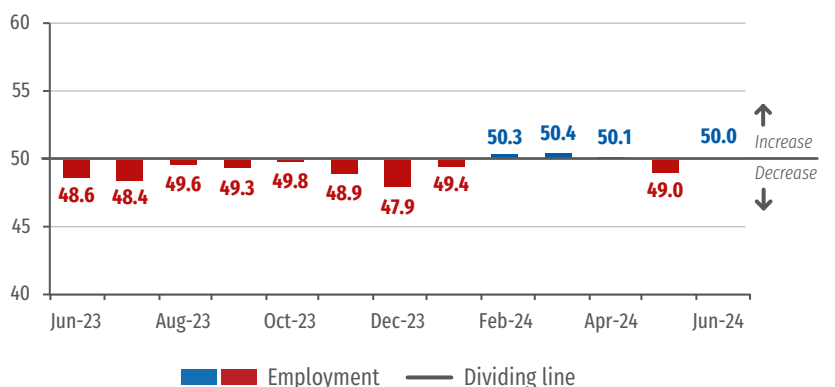
Diffusion index (0 to 100 points)*



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

Number of Employees Evolution

Diffusion index (0 to 100 points)*



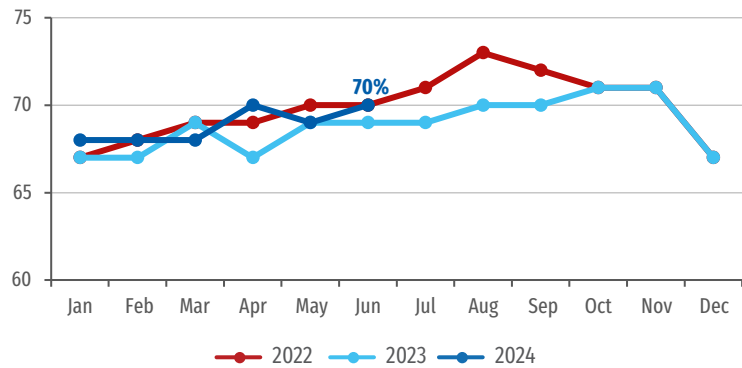
*A score above 50 points indicates an increase in employment compared to the previous month, while a score below 50 points indicates a decrease in employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Use of installed capacity indicates more heated industrial activity

The use of installed capacity (UCI) increased by one percentage point between May and June 2024, rising from 69% to 70%. The UCI in June 2024 is also one percentage point higher than that observed in June 2023, indicating more heated industrial activity this year.

Capacity Utilization

Percentage (%)

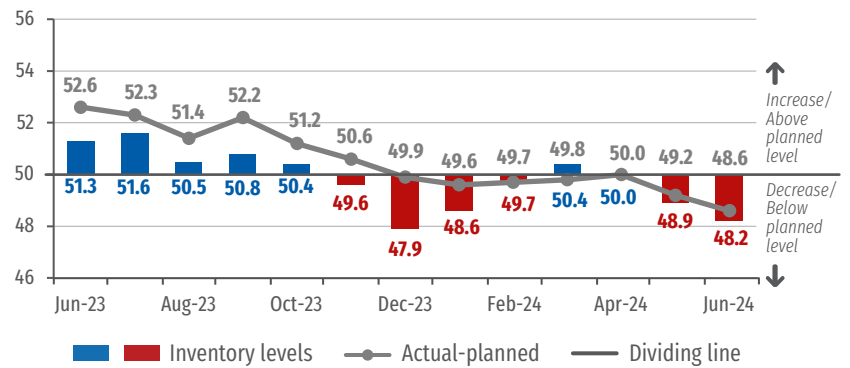


Stock level below planned indicates need to increase production soon

The evolution index of the stock level was 48.2 points in June 2024, indicating a contraction of the stock level compared to May. Additionally, the effective stock index in relation to the planned fell to 48.6 points, indicating that the stocks of finished products are well below what the companies planned. This indicates that industries will have to expand production to replenish stocks soon.

Inventory evolution and actual to planned inventory evolution

Diffusion index (0 to 100 points)*



*A score above 50 points indicates an increase in inventory levels or that actual inventory is above planned levels. A score below 50 points indicates a decline in inventory levels or that actual inventory is below planned levels. The further the point score is from 50 points, the greater the change or the distance from planned levels.

INDUSTRY FINANCIAL CONDITIONS IN THE 2nd QUARTER OF 2024

Average price of raw materials advances at a faster pace since the second quarter of 2022

The evolution index of the average price of raw materials advanced to 61.3 points in the second quarter of 2024. This is an increase of 4.5 points compared to the index recorded in the first quarter of the year and the highest index since the second quarter of 2022, when the index was 66.9 points. This result marks the end of the cycle of less intense and widespread advance of industrial input costs recorded in the last two years.

The other indices that evaluate the financial conditions of the industries varied little between the first and second quarters of 2024.

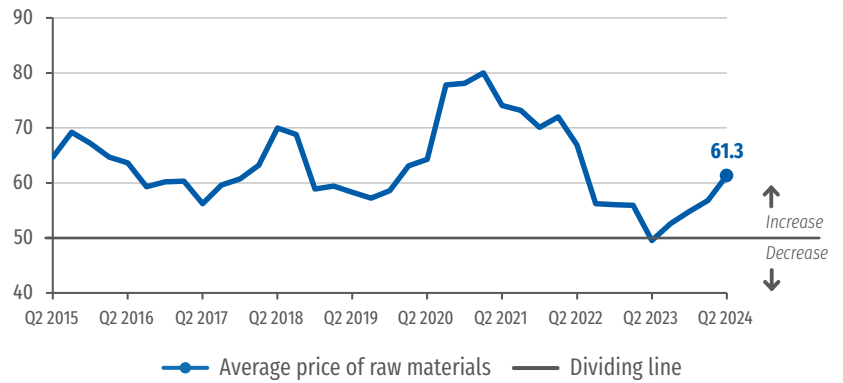
The satisfaction index with the financial situation advanced 0.8 points, to 50.3 points. Although the increase is modest, with it the satisfaction index with the financial situation crossed from a level below the dividing line of 50 points to a level above, indicating a transition from dissatisfaction to satisfaction with the financial situation on the part of the industries.

The satisfaction index with profit advanced 0.6 points, to 45.3 points, and the ease of access to credit index remained practically stable, with a variation of -0.2 points, at 41.3 points. The indices show dissatisfaction with the profit margin slightly lower than in the previous quarter and that the conditions of access to credit remained difficult in the period.

It is noteworthy that, in the southern region, the ease of access to credit index fell three points in the second quarter of 2024, deviating from the other regions, reflecting the difficulties encountered by companies after the floods that hit the state of Rio Grande do Sul. The ease of access to credit index for the southern region fell to 39.4 points, the lowest among the regions.

Average price of raw materials

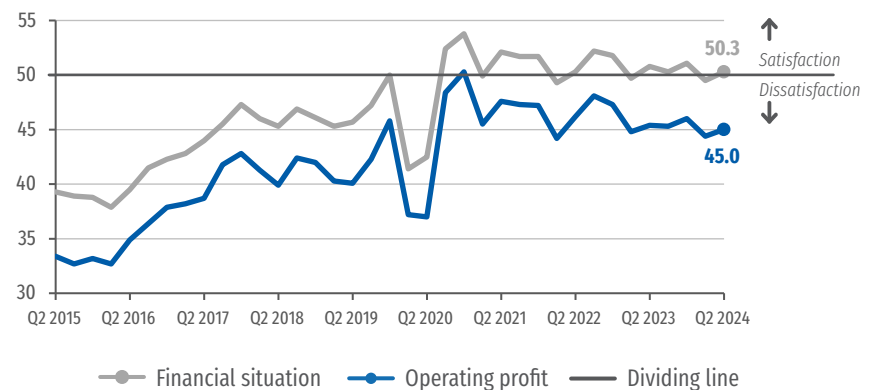
Diffusion index (0 to 100 points)*



* The index ranges from 0 to 100. A score above 50 points indicates an increase in the price of raw materials. A score below 50 points indicates a decrease in the price of raw materials.

Satisfaction with operating profit and financial situation

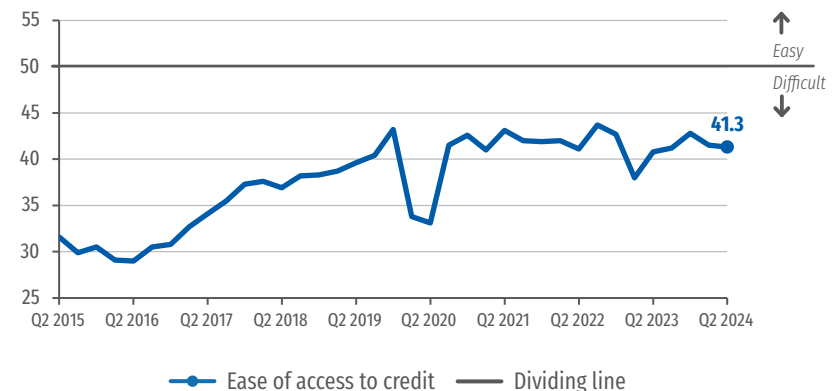
Diffusion index (0 to 100 points)*



* Satisfaction indices range from 0 to 100. A score above 50 points indicates satisfaction. A score below 50 indicates dissatisfaction.

Ease of access to credit

Diffusion index (0 to 100 points)*



* The index ranges from 0 to 100. A score above 50 points indicates easy access to credit. A score below 50 points indicates difficult access to credit.

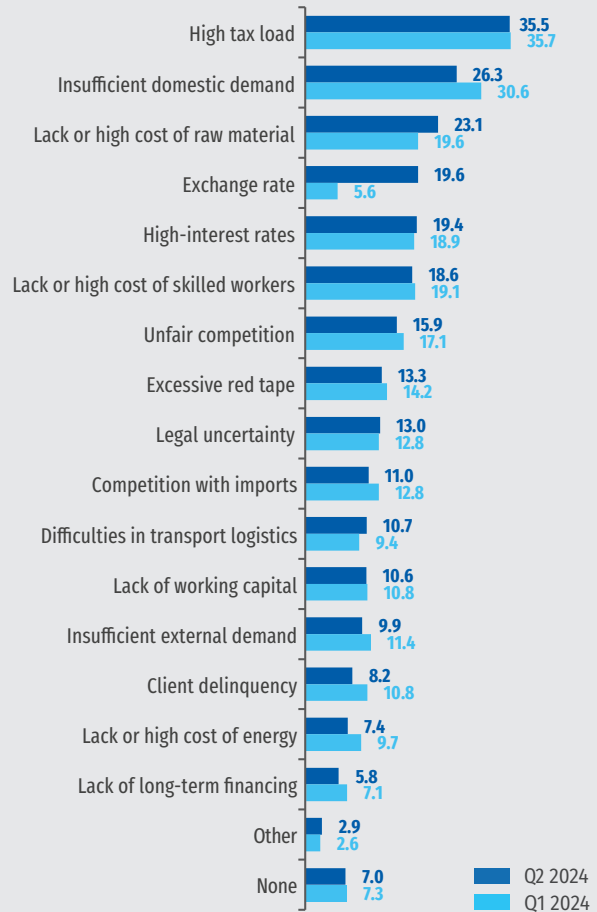
PROBLEMS FACED BY INDUSTRY IN THE 2nd QUARTER OF 2024

Exchange rate variation in the second quarter of 2024 worries the industry

The main problem faced by industrial companies continues to be the high tax burden. The most frequent problem faced by the industrial sector in the second quarter of 2024 remains the high tax burden. In the second quarter of 2024, the problem was highlighted among the top three for 35.5% of industries. Next, insufficient internal demand was pointed out, with 26.3% of markings, and the lack or high cost of raw material, with 23.1%.

One concern had a significant advance in the second quarter of 2024, moving from the 17th to the 4th position: the exchange rate. The percentage of industries that point to the exchange rate as one of the three main problems faced in the quarter rose from 5.6% to 19.6% between the first and second quarters of 2024.

Main problems faced by the Industry in the quarter
Percentage of total industries (%)*



*In the survey, the entrepreneur is asked to mention up to three real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

INDUSTRIAL EXPECTATIONS IN JULY 2024

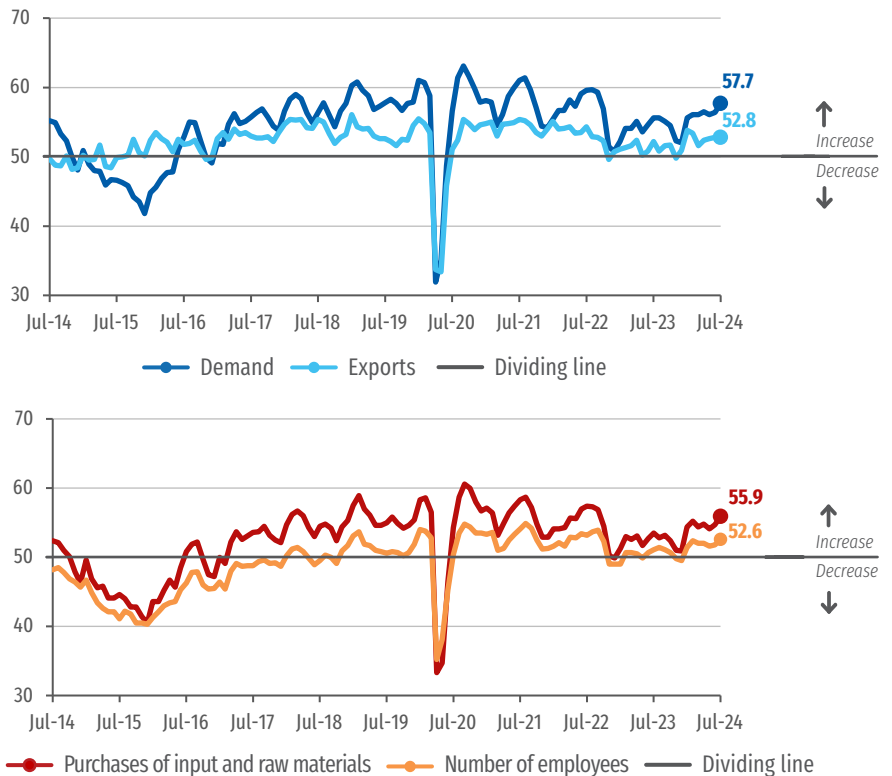
Industry begins the second half of 2024 with expectation of activity expansion

In July 2024, the industry shows improvement in demand expectations, input purchases, and number of employees, which have become more positive for the next six months. The expectation of the exported quantity did not change between June and July 2024 and remains positive.

The demand expectation index advanced 1.3 points, to 57.7 points, the expectation of input purchases advanced 1.2 points, to 55.9 points and the number of employees advanced 0.8 points, to 52.6 points. The export expectation index remained at 52.8 points.

Expectation indices

Diffusion index (0 to 100 points)*



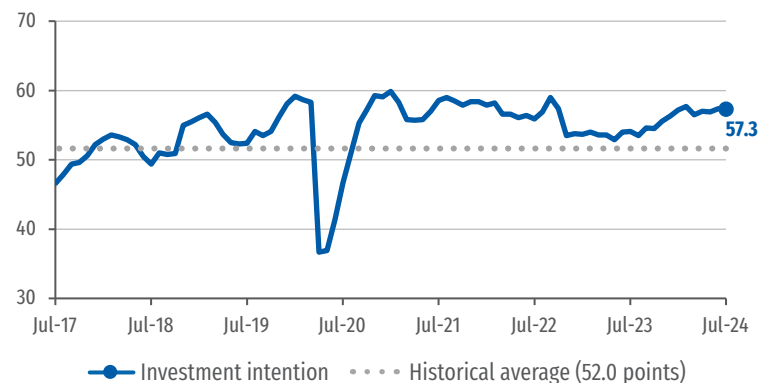
*A score above 50 points indicates expectations of growth, while a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Investment intention remains stable

The investment intention of the Brazilian industry remained stable between June and July, varying -0.1 points, to 57.3 points. The industry's intention to invest is at a high level compared to the historical average of 52 points and has remained stable around this level throughout 2024.

Investment intention

Diffusion index (0-100 points)*



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

RESULTS

Financial conditions in the quarter

	OPERATING PROFIT MARGIN			AVERAGE PRICE OF RAW MATERIALS			FINANCIAL SITUATION			ACCESS TO CREDIT		
	Q2 2023	Q1 2024	Q2 2024	Q2 2023	Q1 2024	Q2 2024	Q2 2023	Q1 2024	Q2 2024	Q2 2023	Q1 2024	Q2 2024
Total	45.4	44.4	45.0	49.5	56.8	61.3	50.8	49.5	50.3	40.8	41.5	41.3
BY INDUSTRIAL SEGMENT												
Mining and quarrying	52.9	47.1	51.4	57.5	55.2	56.8	59.5	50.8	54.2	50.5	45.0	40.9
Manufacturing	45.1	44.2	44.8	49.3	56.9	61.5	50.5	49.4	50.2	40.6	41.3	41.2
BY SIZE												
Small ¹	42.1	39.8	41.6	51.9	57.7	61.4	45.4	43.8	44.9	37.6	37.6	37.5
Medium ²	42.7	42.3	43.4	50.6	57.5	62.6	49.7	48.3	49.6	39.2	42.3	41.6
Large ³	48.4	47.7	47.5	47.8	56.0	60.6	54.0	52.9	53.4	43.3	43.0	43.0

Indicators range from 0 to 100 points. A score above 50 points indicates satisfaction with the operating profit margin and financial status, easy access to credit, or an increase in the average price of raw materials. A score below 50 points indicates dissatisfaction with the operating profit margin and financial status, difficult access to credit, or a decrease in the average price of raw materials.

1 - Company with 10 to 49 employees. 2 - Company with 50 to 249 employees. 3 - Company with 250 or more employees.

Main problems in Industry

Items	GENERAL			SMALL			AVERAGE			LARGE		
	Q1 2024	Q2 2024		Q1 2024	Q2 2024		Q1 2024	Q2 2024		Q1 2024	Q2 2024	
	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High tax load	35.7	35.5	1	38.9	43.7	1	40.7	37.8	1	31.6	30.2	1
Insufficient domestic demand	30.6	26.3	2	27.8	25.0	2	31.3	27.9	2	31.6	26.1	2
Lack or high cost of raw material	19.6	23.1	3	19.2	22.6	5	18.1	22.8	3	20.5	23.6	4
Exchange rate	5.6	19.6	4	4.3	11.8	10	2.9	18.9	5	7.7	23.9	3
High-interest rates	18.9	19.4	5	17.3	16.0	6	18.1	18.1	6	20.2	21.7	5
Lack or high cost of skilled workers	19.1	18.6	6	22.6	23.8	3	21.1	19.1	4	16.3	15.7	6
Unfair competition	17.1	15.9	7	23.5	23.6	4	17.9	16.3	7	13.6	11.8	11
Excessive red tape	14.2	13.3	8	12.0	12.8	9	14.5	13.5	9	15.1	13.5	8
Legal uncertainty	12.8	13.0	9	8.0	8.6	13	14.7	13.6	8	14.1	14.8	7
Competition with imports	12.8	11.0	10	8.5	9.1	12	13.0	11.8	10	14.8	11.5	12
Difficulties in transport logistics	9.4	10.7	11	7.2	6.2	15	7.5	11.2	11	11.4	12.6	9
Lack of working capital	10.8	10.6	12	14.4	13.5	7	9.9	10.5	12	9.4	9.3	13
Insufficient external demand	11.4	9.9	13	6.4	6.4	14	9.9	8.4	15	14.6	12.4	10
Client delinquency	10.8	8.2	14	15.7	11.5	11	8.8	8.8	14	9.4	6.3	14
Lack or high cost of energy	9.7	7.4	15	13.9	13.2	8	11.0	9.0	13	6.9	3.6	16
Lack of long-term financing	7.1	5.8	16	4.8	5.6	16	7.3	5.6	16	8.1	6.0	15
Other	2.6	2.9	-	1.6	1.3	-	3.5	3.6	-	2.7	3.3	-
None	7.3	7.0	-	8.0	7.3	-	7.3	6.0	-	6.9	7.4	-

Note: In the survey, the entrepreneur is asked to flag up to three real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

RESULTS

Industry Performance

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Jun-23	May-24	Jun-24	Jun-23	May-24	Jun-24	Jun-23	May-24	Jun-24	Jun-23	May-24	Jun-24	Jun-23	May-24	Jun-24	Jun-23	May-24	Jun-24
Total	46.3	47.4	48.7	48.6	49.0	50.0	69	69	70	42.6	43.2	44.3	51.3	48.9	48.2	52.6	49.2	48.6
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	50.1	49.1	47.8	53.0	52.2	51.3	78	76	71	46.6	45.0	41.5	47.5	47.3	45.6	54.7	47.7	48.9
Manufacturing	46.1	47.4	48.7	48.4	48.8	49.9	69	68	70	42.5	43.1	44.4	51.3	48.9	48.4	52.5	49.2	48.7
BY COMPANY SIZE																		
Small ¹	46.3	46.8	46.7	48.1	47.5	47.8	64	62	64	42.6	42.2	43.0	49.3	46.2	47.2	48.4	45.6	46.5
Medium ²	45.8	48.9	49.2	48.1	48.8	49.5	68	68	68	41.6	42.7	43.2	50.8	49.9	49.8	52.3	50.4	49.1
Large ³	46.5	46.9	49.4	49.1	49.8	51.4	72	72	74	43.2	44.0	45.6	52.6	49.8	47.8	54.8	50.4	49.4

Indicators range from 0 to 100 points. A score above 50 points indicates an increase, above-planned inventories, or capacity utilization higher than usual. On the other hand, a score below 50 points suggests a decrease, lower-than-planned inventories, or a capacity utilization lower than usual.

1 - Company with 10 to 49 employees. 2 - Company with 50 to 249 employees. 3 - Company with 250 or more employees.

Industrial Expectations

	DEMAND			EXPORTS VOLUMES			PURCHASES OF RAW MATERIALS			NUMBER OF EMPLOYEES			INVESTMENT INTENTIONS*		
	Jul-23	Jun-24	Jul-24	Jul-23	Jun-24	Jul-24	Jul-23	Jun-24	Jul-24	Jul-23	Jun-24	Jul-24	Jul-23	Jun-24	Jul-24
Total	55.6	56.4	57.7	52.2	52.8	52.8	53.5	54.7	55.9	51.1	51.8	52.6	54.1	57.4	57.3
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	51.4	54.4	58.2	55.7	54.8	58.9	52.5	50.4	51.9	53.7	51.3	52.7	66.3	64.2	61.7
Manufacturing	55.7	56.4	57.7	51.9	52.6	52.5	53.5	54.7	56.0	51.1	51.8	52.5	53.6	57.1	57.1
BY COMPANY SIZE															
Small ¹	55.6	54.1	56.0	51.2	53.4	51.7	53.6	52.9	54.6	50.5	50.5	52.1	43.4	41.7	42.7
Medium ²	55.3	55.8	56.3	52.3	53.1	54.3	52.8	54.3	54.7	50.7	51.6	51.8	53.4	56.1	55.2
Large ³	55.8	57.8	59.3	52.7	52.4	52.6	53.8	55.8	57.1	51.7	52.6	53.2	59.7	65.8	65.6

Indicators range from 0 to 100 points. A score above 50 points indicates expectations of growth, while a score below 50 points indicates an expected decrease.

*Index ranges from 0 to 100 points. The higher the index, the greater the industry's propensity to invest.

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Technical Specifications

Sample profile

1,192 enterprises, including 593 small, 535 medium and 364 large companies.

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