

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

CBIC

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Impact of the pandemic is still strong, but the worst of it may be behind us

The impacts of the crisis brought about by the Covid-19 pandemic are still severe in the construction industry. But its impact in May was lower: the level of activity in the construction industry declined further, but in a more restricted way and less sharply than in April and

March. Capacity utilization also recovered in part from the drop recorded in the previous two months.

Entrepreneurs continue to forecast a decline in activity, new undertakings and services, purchases of raw materials and number of employees over the next six months. However, expectations were reassessed for the second month in a row, so pessimism is gradually being overturned. Investment intentions remain low.

Operating capacity utilization by company size

Percentage (%)



PERFORMANCE OF CONSTRUCTION INDUSTRY IN MAY 2020

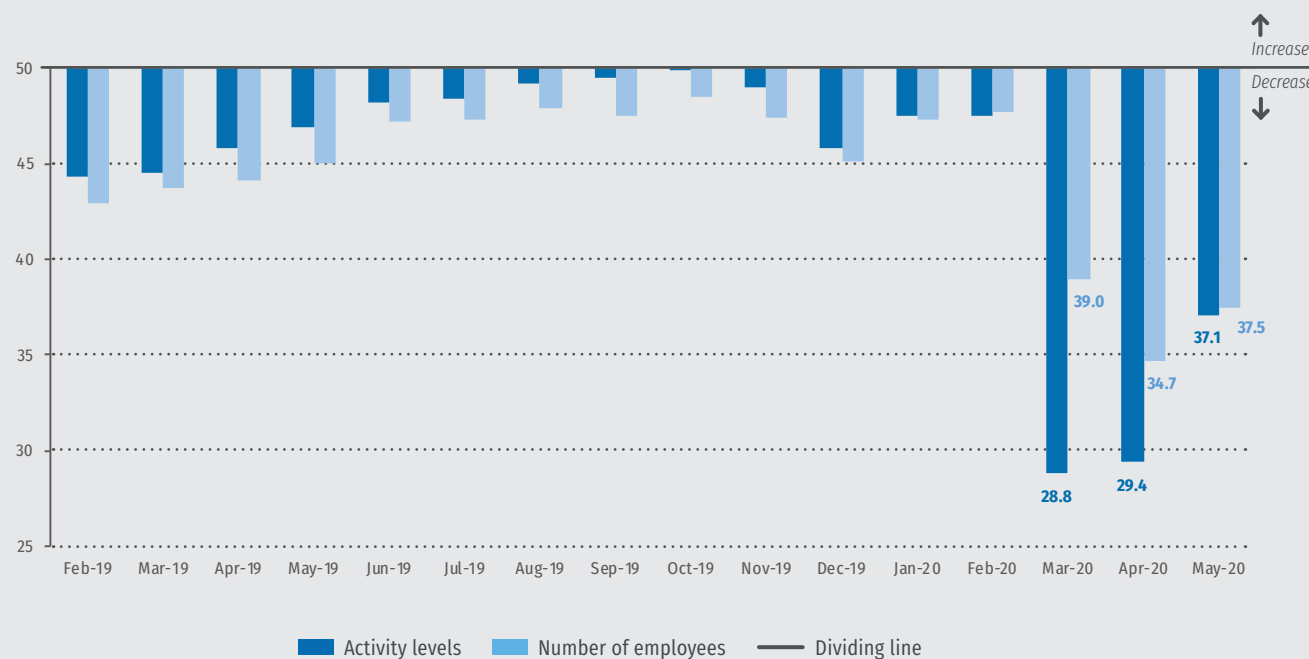
Economic activity and employment are still down, but less sharply

Activity levels and the number of employees in the construction industry dropped further in May, still reflecting the adverse effects of the Covid-19 pandemic. The indices are below the 50-point dividing line, meaning that both activity and employment are down in relation to the previous month.

The indicator measuring activity levels hit the mark of 37.1 points in May after increasing by 7.7 points in relation to the previous month. The increase recorded in the indicator – which is still below the 50-point line – means that its decline is less widespread among companies. The index measuring number of employees amounted to 37.5 points in the month after increasing by 2.8 points on the same comparison basis.

Activity and employment index

Index (0-100 points)*



*Figures below 50 points indicate a decline in activity and employment levels. Figures above 50 points indicate an increase in activity and employment levels. The further away from 50 points, larger and widespread the variation is.

Idleness remains high

Operational capacity utilization rose to 53% in May after increasing by 3 percentage points in relation to April. This means that just over half of the

operational capacity of construction industry is actually being used. Despite this slight improvement, the index is still low, reflecting the effects of the fall in activity. The percentage is 9 percentage points lower than its historical average.

CONSTRUCTION BUSINESS CONFIDENCE INDEX IN JUNE 2020

Confidence continues to recover

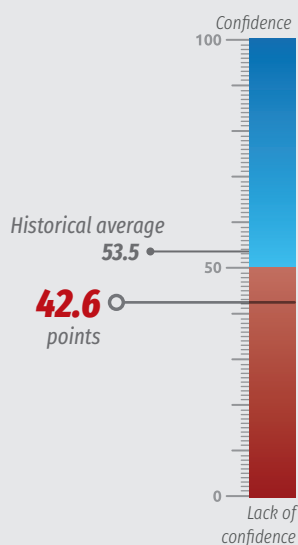
As in May, the confidence of entrepreneurs operating in the construction entrepreneur rose in June. However, despite two significant increases, entrepreneurs are still showing a lack of confidence.

The Construction Business Confidence Index (ICEI-Confiança) rose to 42.6 points in the month, an increase of 5.0 points in relation to May, after rising by 2.8 points in April compared to the previous month.

Nevertheless, the index remains relatively distant from the dividing line, suggesting lack of confidence on the part of entrepreneurs operating in this sector. The construction business confidence index is 7.4 points away from the dividing line and 14.4 points away from the level recorded over the same period in 2019.

The components of the construction business confidence index point to a less negative outlook for the next six months, considering that the expectation index increased by 6.3 points between May and June, and to a relatively less negative assessment of current conditions, as the current conditions index rose by 2.4 points.

ICEI Construction
Index (0-100 points)*



Historical series

Index (0-100 points)*



*Figures above 50 points indicate business confidence. The further above 50 points, the greater and more widespread is the confidence. Figures below 50 points indicate lack of business confidence. The further below 50 points, the greater and more widespread is the lack of confidence.

BUSINESS EXPECTATIONS IN JUNE 2020

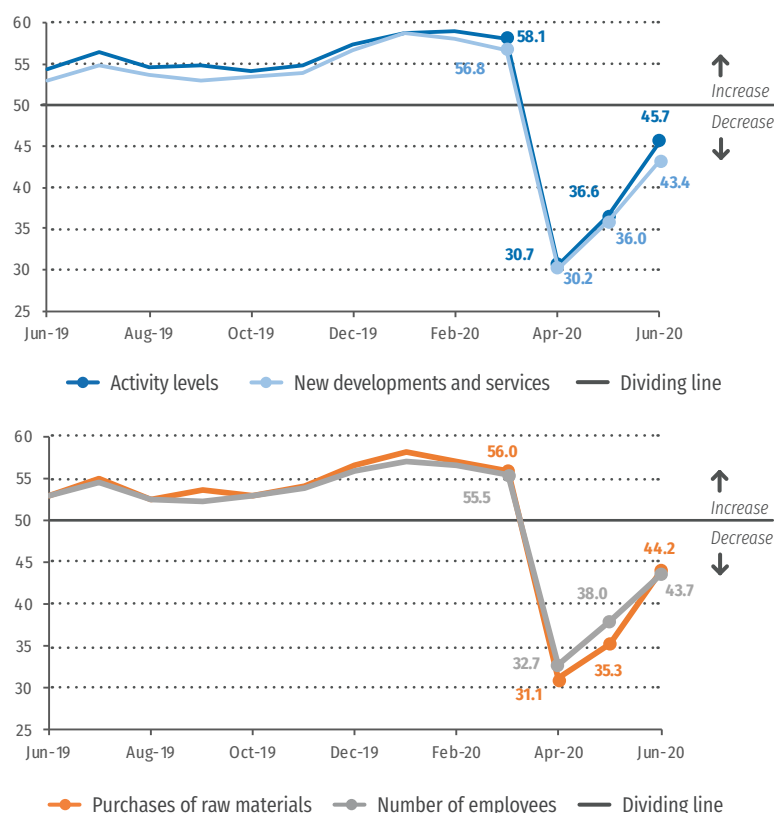
Expectations are still pessimistic

Pessimism among entrepreneurs of the construction industry remained on a downward path in June. As seen in May, expectations continued to be reassessed throughout June.

Expectation indices improved further in the month, for the second time in a row, after the sharp drop recorded in April. However, they remain below the dividing line, which indicates negative expectations (that is, prospects of a fall in activity, employment, purchases of inputs and raw materials and in new services and undertakings). In June, the indices are 6.0 points away from the dividing line, on average. In April, this distance was one of 18.8 points on average.

Expectation indices

Index (0-100 points)*



* Figures above 50 points indicate growth expectations. Figures below 50 points indicate shrinking expectations. The further away from 50 points, larger and widespread the expectations are.

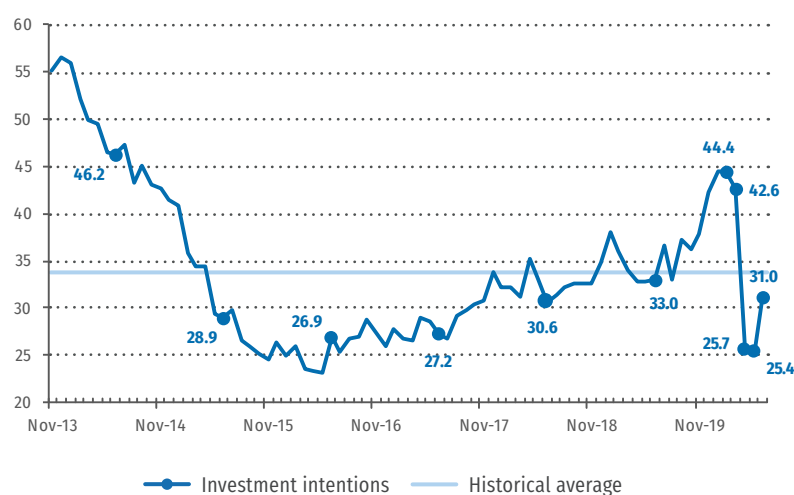
Investment intentions remain low

The investment intentions of entrepreneurs operating in the construction industry are still at a low level, despite having improved in relation to May; the current scenario of high uncertainty and lack of business confidence contributed to this result.

The investment intentions index (purchase of machinery and equipment, research and development, product or process innovation) increased by 5.6 points in the month, rising from 25.4 to 31.0 points. This upturn interrupted a sequence of three consecutive falls, as a result of which the index had dropped by 19 points. Thus, the index remains at a relatively low level, 3.1 points below its historical average.

Investment intentions

Index (0-100 points)*



* The higher the index, the more industry is likely to invest.

RESULTS BY COMPANY SIZE

Construction industry performance

	OPERATING CAPACITY UTILIZATION (%) ¹			ACTIVITY LEVEL INDEX ²			ACTUAL-USUAL ACTIVITY LEVEL INDEX ³			NUMBER OF EMPLOYEES INDEX ²		
	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20
CONSTRUCTION	56	50	53	46.9	29.4	37.1	34.2	24.1	26.6	45.0	34.7	37.5
SMALL	51	48	48	43.4	26.5	34.4	35.5	21.7	24.8	42.7	35.5	36.2
MEDIUM	53	47	50	44.2	27.2	33.0	33.1	21.5	22.5	43.8	33.2	36.1
LARGE	59	52	57	49.8	31.7	40.4	34.3	26.4	29.7	46.5	35.3	38.7

Expectations of construction industry

EXPECTATIONS INDEXES ⁴													INVESTMENT INTENTIONS INDEX ⁵		
ACTIVITY LEVEL			NEW DEVELOPMENTS AND SERVICES			PURCHASES OF INPUTS AND RAW MATERIALS			NUMBER OF EMPLOYEES						
	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20
CONSTRUCTION	54.4	36.6	45.7	52.9	36.0	43.4	52.9	35.3	44.2	52.9	38.0	43.7	33.0	25.4	31.0
SMALL	55.2	35.8	42.6	53.8	35.8	41.7	52.6	34.5	40.2	53.8	40.3	41.7	33.1	25.5	28.8
MEDIUM	51.6	36.2	45.1	50.0	33.5	41.0	50.1	34.5	42.6	50.1	36.3	42.4	31.8	23.7	30.6
LARGE	55.8	37.2	47.1	54.2	37.5	45.3	54.6	36.1	46.5	54.2	38.1	45.1	33.6	26.4	32.0

Construction Business Confidence Index (ICEI - Construction) and its components

	ICEI - CONSTRUCTION ⁶			CURRENT CONDITIONS ⁷			EXPECTATIONS ⁸		
	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20
CONSTRUCTION	57.0	37.6	42.6	46.0	27.7	30.1	62.5	42.6	48.9
SMALL	55.3	38.1	41.1	45.9	27.1	28.2	60.0	43.6	47.5
MEDIUM	56.1	36.7	42.7	45.4	26.1	28.4	61.4	42.0	49.8
LARGE	58.2	38.0	43.2	46.3	28.9	31.7	64.1	42.6	48.9

1 - The indicator varies in the 0%-100% interval. Series started in January 2012.

2 - The indicator varies in the 0-100 interval. Figures above 50 points indicate growth.

3 - The indicator varies in the 0-100 interval. Figures above 50 points indicate higher-than-usual activity levels.

4 - The indicator varies in the 0-100 interval. Figures above 50 points indicate positive expectations.

5 - The indicator varies in the 0-100 interval. The higher the index, the greater the willingness to invest.

6 - The ICEI varies in the 0-100 interval. Figures above 50 points indicate business confidence.

7 - The indicator varies in the 0-100 interval. Figures above 50 points values indicate a better situation as compared to the last six months.

8 - The indicator varies in the 0-100 interval. Figures above 50 points indicate optimistic expectations for the next six months.



Technical specifications

Sample profile

433 enterprises, including 154 small, 193 medium and 86 large companies.

Data collection period

June, 1-10, 2020.

Document closed by June 22, 2020.



Learn more

For more information on the survey, including sectoral results, previous editions, methodology and historical series, visit: www.cni.com.br/e_sondconstr

CONSTRUCTION INDUSTRY SURVEY English version of "Sondagem Indústria da Construção Maio 2020" | Monthly Publication of the National Confederation of Industry - CNI | www.cni.com.br | Industrial Development Board - DDI | Economics Department - ECON | Executive manager: Renato da Fonseca | Analysis: Dea Fioravante, Marcelo Souza Azevedo and Ieda Vasconcelos (CBIC) | Statistics Unit | Manager: Edson Velloso | Team: Aretha Silicia Lopez Soares and Roxana Rossy Campos | Editing Unit | Coordinator: Carla Gadelha | Graphic design: Simone Marcia Broch

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

This publication may be copied, provided that the source is mentioned.

