

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

CBIC

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

In January, Employment and Activity Levels Receded, but Expectations Improved

The Construction Industry's activity level and the number of employees declined for the third consecutive month at the beginning of 2023. This drop can be largely attributed to seasonal trends.

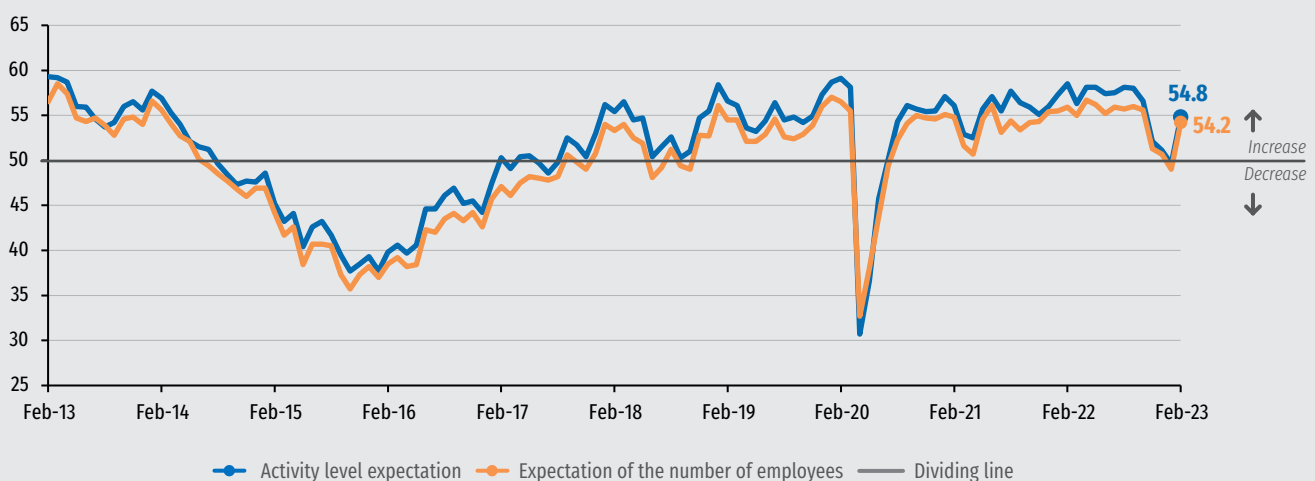
However, confidence saw a recovery due to improved expectations. In February, all expectations-related indicators

recovered from their January values. Additionally, the intention to invest, which had declined in the last few months of 2022, also rebounded.

Although entrepreneurs in the sector express concerns about the current state of the Brazilian economy, they perceive an improvement in their company's prospects for the coming months.

Expectations for the activity level and number of employees over the next six months

Expectation indices (0 to 100 points)*



*A score above 50 points indicates expectations of growth, and 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.

JANUARY 2023 CONSTRUCTION INDUSTRY PERFORMANCE

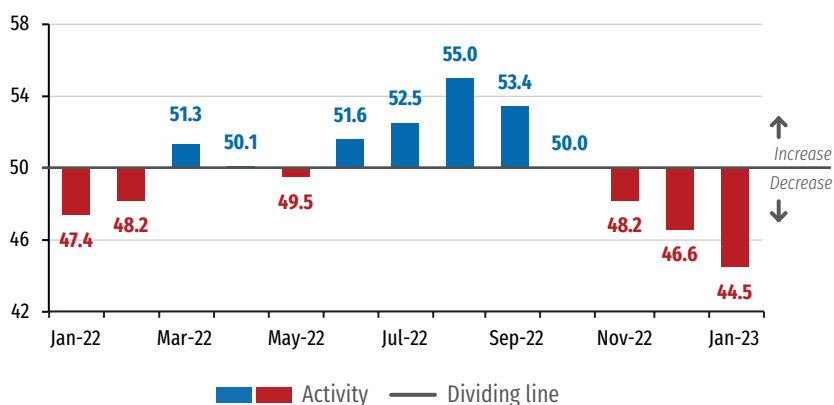
Activity and Industrial Employment Drop in January

The level of activity variation index for the construction industry dropped by 2.1 points from December 2022 to January 2023. The movement is typical of the sector and can be explained, in large part, by seasonality. Although 2.9 points lower than January 2022, the year with the strongest performance, the current result is close to the historical series' average for the first month of the year (44.4 points)

The construction industry's variation in the number of employees index fell the third consecutive month in January, reaching 45.9 points. The index dropped 1.0 point compared to December. Nonetheless, the index remained above the historical average for the period (44.0 points). Compared to the same month in 2022, which had a higher indicator, there was a 2.0-point decrease.

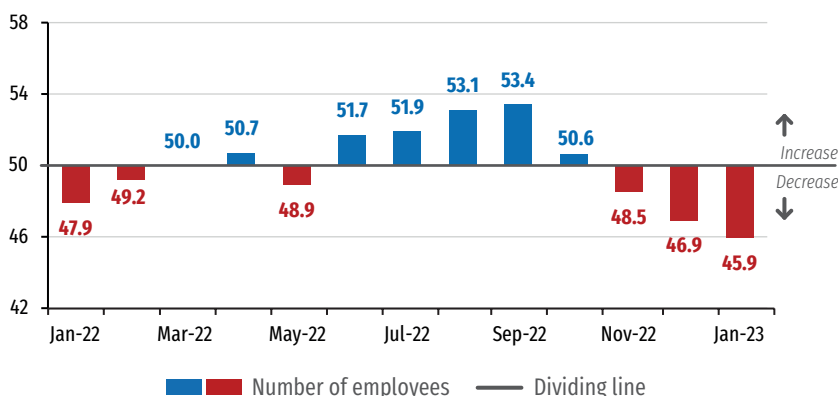
Evolution of activity level

Diffusion Indices (0 to 100 points)*



Evolution of the number of employees

Diffusion Indices (0 to 100 points)*



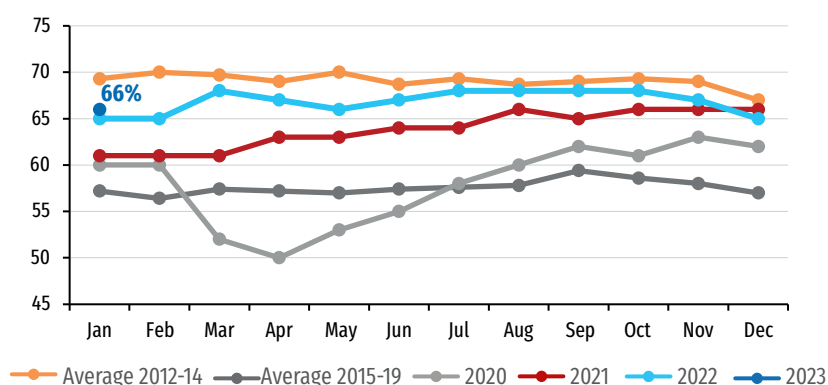
*A score above 50 points indicates an increase in activity or employment compared to the previous month. A score below 50 points indicates a decrease in activity or employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

The Use of Operating Capacity at the Start of 2023 Exceeded the Level from the Beginning of 2022

The Use of Operating Capacity rose 1.0 percentage point (p.p.) in January 2023, reaching 66% compared to December 2022. This increase was of the same magnitude (+1.0 p.p.) as in January 2022, indicating the highest utilization level for January since 2014.

Average utilization of operating capacity

Percentage (%)



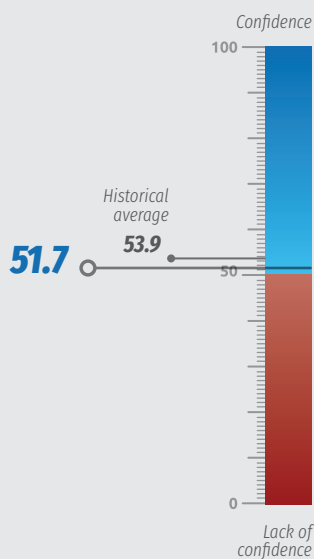
CONSTRUCTION INDUSTRY BUSINESS CONFIDENCE INDEX IN FEBRUARY 2023

Construction Confidence Rose in February, Breaking a Period of Decline

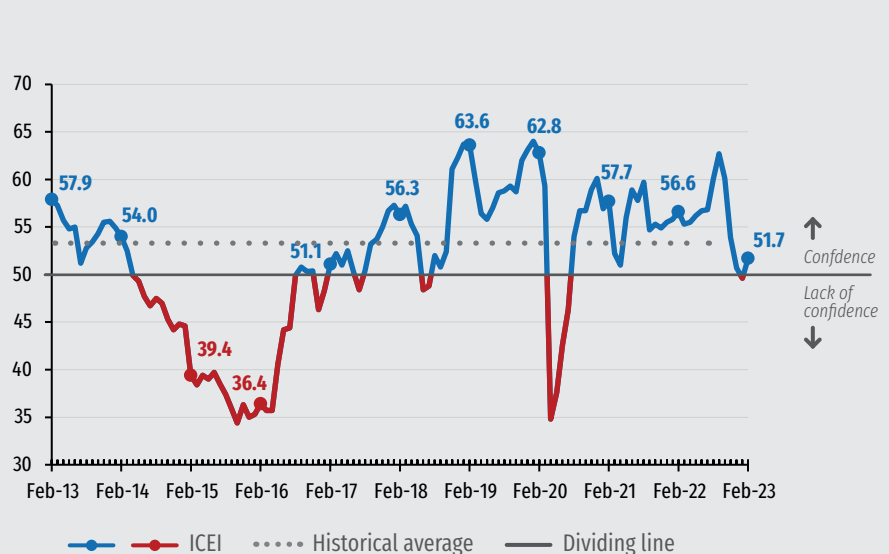
The Construction Industry Business Confidence Index (ICEI) increased by 2.1 points in February compared to January, reaching 51.7 points. With this advance, the index ended a sequence of four consecutive drops and once again exceeded the 50-point threshold, indicating confidence among entrepreneurs. Despite the advance, the index remains 4.9 points lower than in February 2022, indicating lower and less widespread confidence compared to last year.

Expectations were the primary factor behind the month's improvement, among the index's components. While remaining below the 50-point threshold, expectations for the company are now more optimistic, and expectations for the Brazilian economy are less pessimistic than in January. The entrepreneurs' assessment of the company's current conditions improved from January, while their assessment of the Brazilian economy's current conditions worsened compared to the previous month. Overall, entrepreneurs are still very concerned about the current economic situation, but they see possibilities for improvement in their business in the upcoming months.

Construction ICEI
Index (0 to 100 points)*



Historic Series
Index (0 to 100 points)*



*A score above 50 points indicates confident entrepreneurs. The further above the point score is from 50 points, the greater and more widespread is the confidence. A score below 50 points indicates a lack of confidence among entrepreneurs. The further below the point score is from 50 points, the greater and more widespread is the lack of confidence.

FEBRUARY 2023 CONSTRUCTION INDUSTRY EXPECTATIONS

Expectations for the Coming Months Show Recovery in February

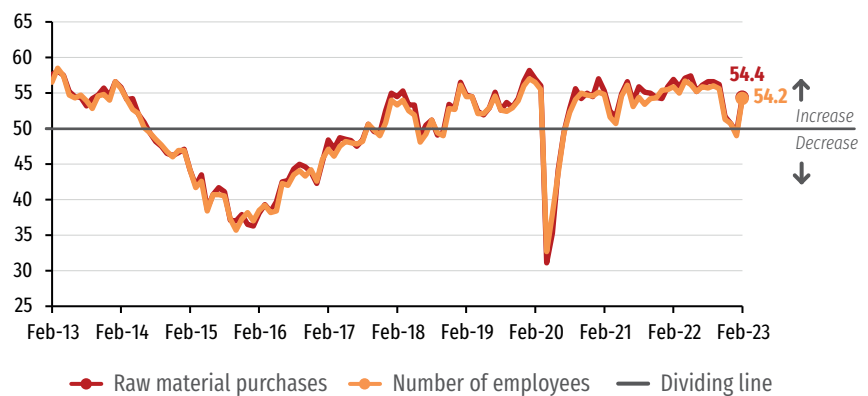
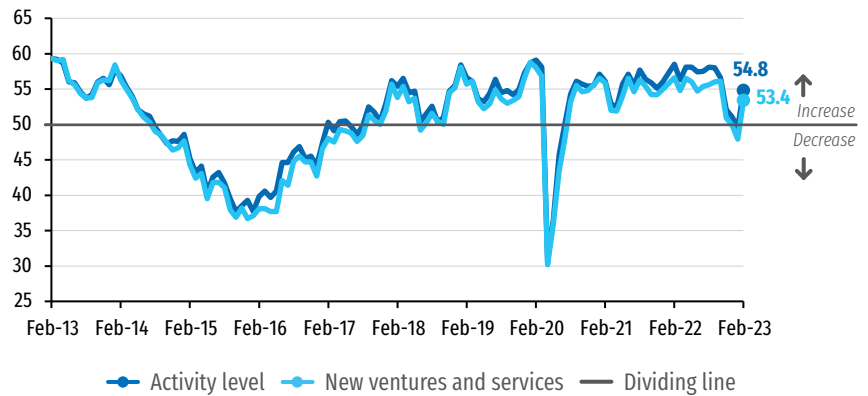
In February 2023, all of the expectations indices improved, suggesting a positive outlook for the future. It is important to note that these indices demonstrated high levels of optimism throughout 2022 before declining in the latter months of the year. However, in January, all of the indices were below 50 points, indicating a pessimistic outlook, and yet they rebounded strongly in February.

The index measuring entrepreneurs' expectations for activity levels rose by 5.2 points to reach 54.8 points in February, compared to January. The index measuring expectations for new ventures and services also rose by 5.5 points to reach 53.4 points in February. Despite the advances, both indices are still below their February 2022 levels, at -3.7 and -3.2 points respectively.

The expectation index for the purchase of inputs and raw materials increased by 4.9 points from January to February, reaching 54.4 points. However, the number of employees' expectation index, which increased 5.2 points in the same period, is still lower than to 54.2 points, is still lower than its February 2022 level, at -2.5 and -1.7 points respectively.

Expectation indices

Diffusion Indices (0 to 100 points)*



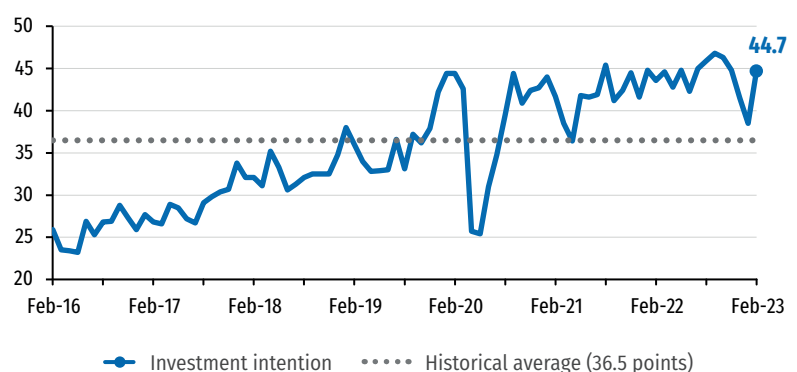
*A score above 50 points indicates expectations of growth, a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Intention to Invest Rises in February

Construction industry's intention to invest index advanced 6.2 points from January to February, reaching 44.7 points. Interrupting four consecutive drops, this advance returns the investment intention index to a level close to that of November 2022. Compared to February 2022, the intention to invest also increased, by 1.1 percentage points. This month, the investment intention index widened its distance from the historical average, which stands at 36.5 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 ²		
	Jan-22	Dec-22	Jan-23	Jan-22	Dec-22	Jan-23	Jan-22	Dec-22	Jan-23	Jan-22	Dec-22	Jan-23
SURVEY	65	65	66	47.4	46.6	44.5	42.7	43.4	42.8	47.9	46.9	45.9
Small	59	61	60	46.3	46.1	42.5	42.7	43.8	42.9	48.6	46.3	44.0
Medium	66	63	63	46.9	45.8	43.4	43.0	41.8	41.8	47.8	46.0	46.2
Large	66	68	70	48.0	47.3	45.8	42.6	44.2	43.4	47.7	47.6	46.5

Expectations of the construction industry

EXPECTATION INDICES ⁴													INDEX OF INTENTION TO INVEST ⁵		
ACTIVITY LEVEL			NEW ENTERPRISES AND SERVICES			INPUT AND RAW MATERIAL PURCHASE			NUMBER OF EMPLOYEES						
	Feb-22	Jan-23	Feb-23	Feb-22	Jan-23	Feb-23	Feb-22	Jan-23	Feb-23	Feb-22	Jan-23	Feb-23	Feb-22	Jan-23	Feb-23
SURVEY	58.5	49.6	54.8	56.6	47.9	53.4	56.9	49.5	54.4	55.9	49.0	54.2	43.6	38.5	44.7
Small	58.9	52.9	54.7	56.5	52.2	53.5	56.8	51.9	53.0	54.8	51.4	53.9	42.8	41.7	39.2
Medium	59.1	51.7	54.8	57.6	49.2	53.9	57.8	51.5	53.3	57.4	50.2	53.9	43.0	38.3	44.3
Large	58.0	47.2	54.9	56.0	45.6	53.1	56.5	47.5	55.6	55.4	47.5	54.5	44.3	37.5	46.9

Construction Industry Business Confidence Index and its components

	ICEI – CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	Feb-22	Jan-23	Feb-23	Feb-22	Jan-23	Feb-23	Feb-22	Jan-23	Feb-23
SURVEY	56.6	49.6	51.7	49.6	47.5	47.4	60.1	50.7	53.8
Small	54.9	50.4	50.1	49.6	46.7	44.8	57.6	52.3	52.7
Medium	58.2	50.8	51.5	51.5	49.3	47.2	61.6	51.6	53.7
Large	56.3	48.7	52.3	48.6	46.8	48.4	60.1	49.6	54.3

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

343 companies: 134 small, 137 medium and 72 large.

Collection period

1 to 9 February 2023.

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

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