

# SMALL INDUSTRY OVERVIEW

ECONOMIC INDICATORS **CNI**

**CNI** Brazilian National Confederation of Industry

## Performance and confidence of small-scale industries hit their lowest level since 2020

The Performance and Confidence indices for small-scale industries recorded their lowest levels since 2020, when the economy was suffering the effects of the pandemic. The Performance Index stood at 43.7 points in the first quarter of 2026, following a downward trend since the third quarter of 2025. The Industrial Entrepreneur Confidence Index (ICEI) for small-sized businesses also followed a downward path over the course of 2026, reaching

44.6 points in April and marking 17 consecutive months of a lack of confidence among small-scale industry entrepreneurs.

Regarding the financial situation of small-scale industries, conditions have also deteriorated, as the indicator reached 39.0 points in the first quarter of 2026, its worst performance since the first quarter of 2021.

The Prospects Index, in turn, registered 47.4 points in April 2026, maintaining the level observed in January and oscillating around the historical average. The result shows moderate expectations among small-scale industries.

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

Diffusion indices (0-100 points)

	Q1 2025	Q1 2026	Historical average		Apr-2025	Apr-2026	Historical average
<b>Performance*</b> 	44.7	43.7	44.1	<b>Prospects*</b> 	47.6	47.4	47.2
<b>Financial situation*</b> 	40.6	39.0	38.8	<b>Confidence Index - ICEI**</b> 	45.6	44.6	52.2

\*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 first quarter of 2026 continued to be the high tax burden, both in manufacturing and construction industries.

However, the main change compared to the previous quarter was the perception of the lack or high cost of raw materials, which increased by 14 points in both segments, moving to second place in the manufacturing ranking and to fifth place in the construction ranking.

PERFORMANCE OF SMALL INDUSTRIES IN THE FIRST QUARTER OF 2026

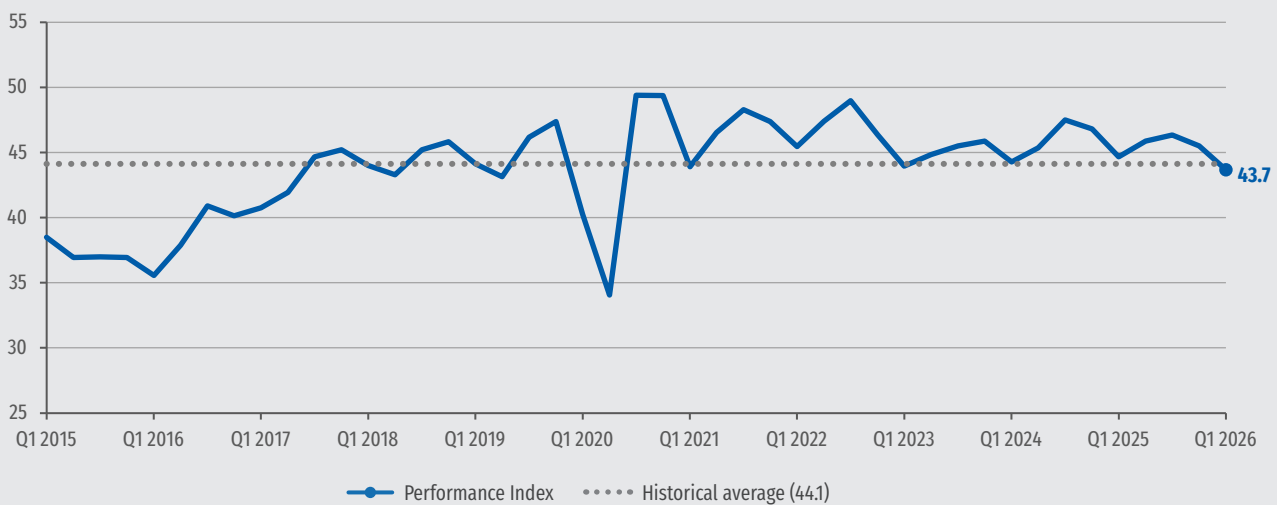
## Small-scale industries record lowest performance level since the first quarter of 2020

In the first quarter of 2026, the Small Industries Performance Index recorded an average of 43.7 points, a drop of 1.0 point compared to the same quarter of 2025 and 1.8 points compared to the previous quarter. The indicator has been on a downward trend since the third quarter of 2025 and reached, in the first quarter

of 2026, its lowest value since the second quarter of 2020, when it stood at 34.1 points, still amid the pandemic.

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 FIRST QUARTER OF 2026

## Reversal of the financial situation of small-scale industries in 2026

In the first quarter of 2026, the Financial Situation indicator for small-scale industries fell to 39.0 points, a drop of 2.5 points compared to the previous quarter. This decline reversed the improvement observed in the previous two quarters and led the index to its worst performance since the first quarter of 2021, when the indicator stood at 37.8 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 FIRST QUARTER OF 2026

# Lack or high cost of raw materials gains importance in the ranking of major problems

In the first quarter of 2026, the main problem faced by small-scale industries, both manufacturing and construction, continued to be the high tax burden. However, the issue lost importance compared to the previous quarter: mentions fell by 3.1 percentage points in manufacturing, to 39.6%, and by 2.5 percentage points in construction, to 42.2%.

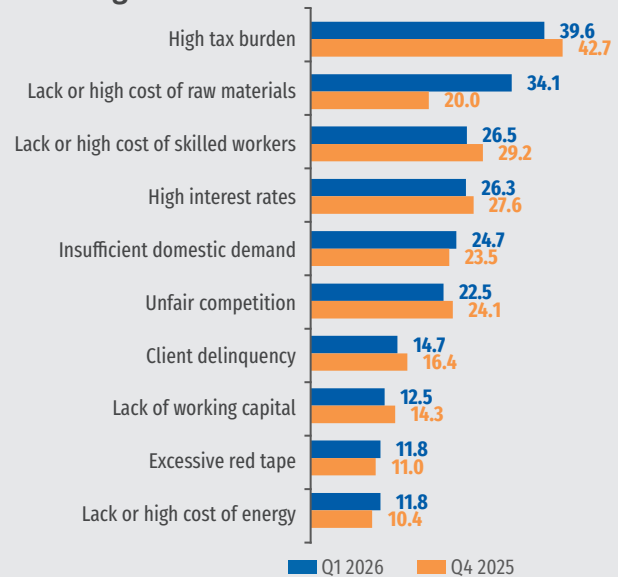
On the other hand, concern over the lack or high cost of raw materials gained relevance in both segments, especially in manufacturing, where the issue advanced by 14.1 points in the period, moving from sixth to second place in the ranking of major problems, with 34.1% of mentions. In construction, mentions of the issue also increased by 14 percentage points in the period, moving from thirteenth to fifth place, with 18.1% of responses.

The issue of high interest rates also gained prominence among small-sized construction companies, moving from third to second place in the ranking between the fourth quarter of 2025 and the first quarter of 2026, mentioned by 37.1% of companies. In manufacturing, high interest rates ranked fourth, mentioned by 26.3% of companies.

Labor-related issues also stood out. In manufacturing, small-sized companies cited the lack or high cost of skilled workers as the third item in the ranking, mentioned by 26.5% of entrepreneurs. In construction, third place was occupied by the lack or high cost of unskilled labor, mentioned

**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.

by 31.0% of entrepreneurs. This was followed, in fourth place, by the lack or high cost of skilled workers, cited by 19.8% of small-sized entrepreneurs in the sector.

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 APRIL 2026

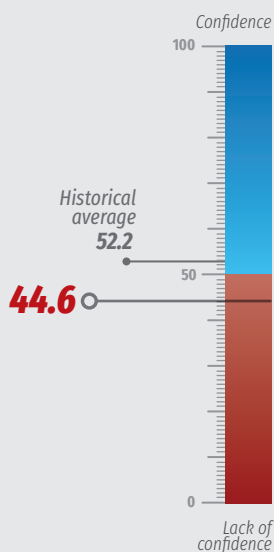
## Small-scale industries record lowest confidence level since June 2020

The ICEI for small-scale industries has followed a downward trend throughout 2026, reaching 44.6 points in April. This is the lowest level since June 2020, when the index registered 42.0 points amid the economic context of the pandemic. This result shows that the lack of confidence is intense and widespread among entrepreneurs. The persistent nature of this scenario

is also noteworthy, given that the index has remained below 50 points for 17 consecutive months.

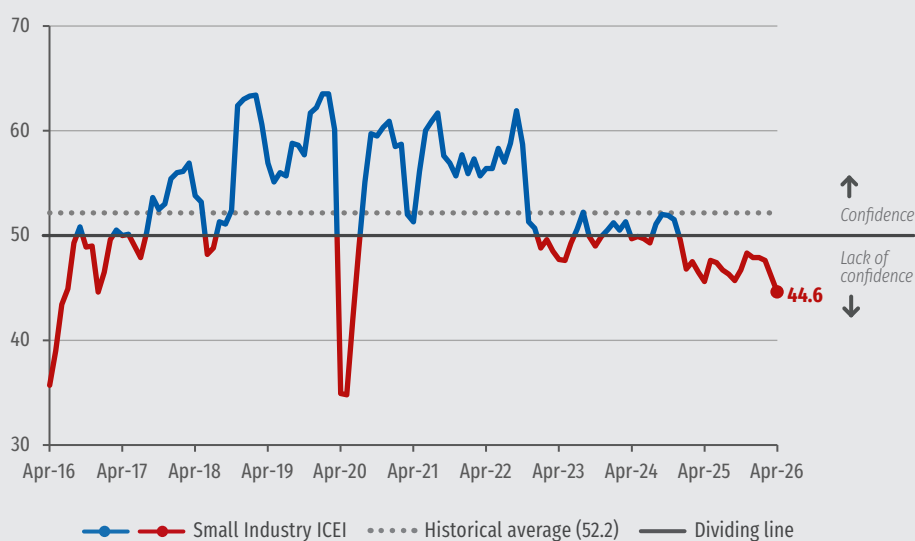
The index takes into account small-scale industry entrepreneurs' assessment of their companies and of the Brazilian economy, both in terms of current conditions and expectations for the next six months. Values above 50 points indicate business confidence. The further above 50 points the index is, the 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 first 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 47.4 points in April 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 in 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).

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### 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](http://www.cni.com.br/e_ppi)

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