



ECONOMIC INDICATORS **CNI**

CNI Brazilian National
Confederation
of Industry

Financial conditions of companies worsen and concerns about high interest rates increase in the second quarter

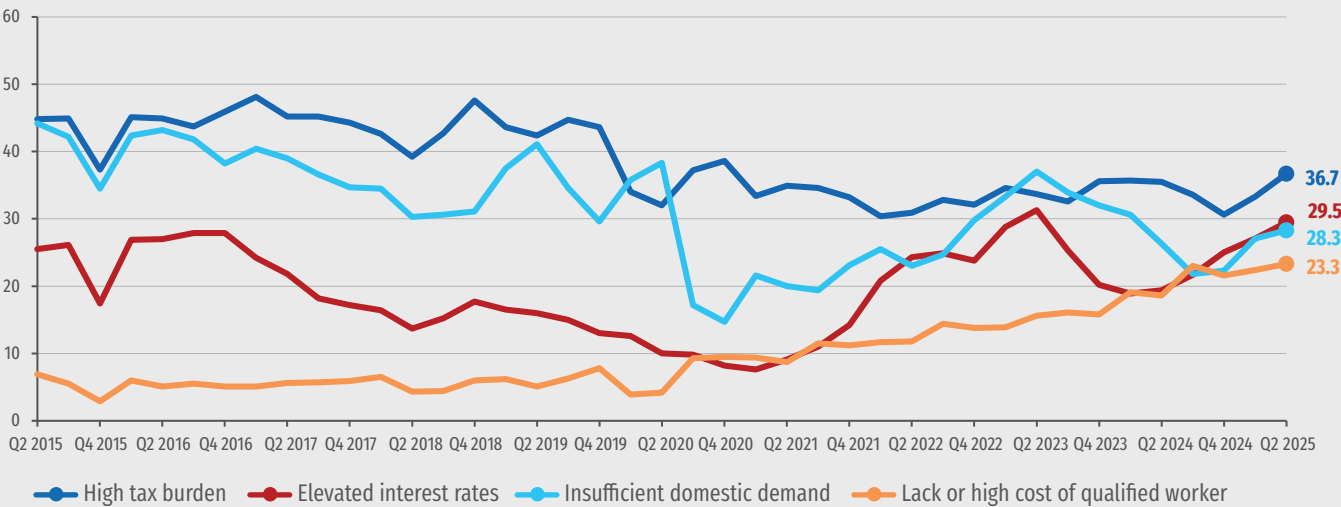
The Industry reports worsening financial conditions in the second quarter of 2025, compared to the first quarter, at the same time that elevated interest rates gained importance on the main problems list, rising from third place to second place, behind only increased tax burden.

In June 2025, the industry reports a decline in production and employment. However, Installed Capacity Utilization continues to surpass that recorded in the same period last year.

Industry expectations registered a slight decrease in July and the investment intention of the sector remains below that recorded at the end of last year.

Key issues faced by the industry in the second quarter of 2025

Percentage of total industrial companies that point to the issue as one of the three main challenges faced during the quarter (%)



PERFORMANCE OF THE INDUSTRY IN JUNE 2025

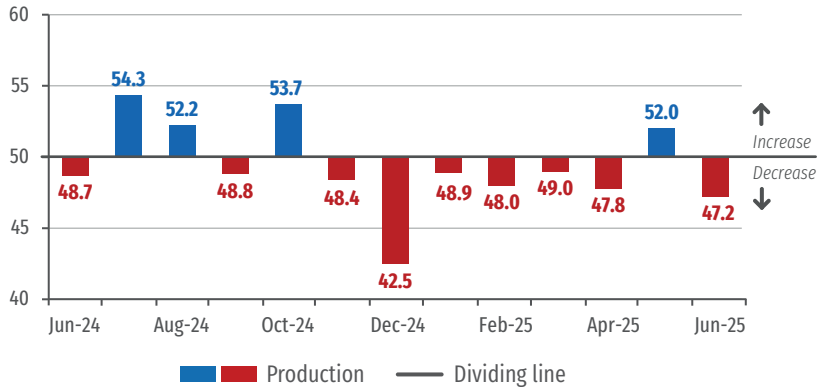
Industrial activity had a negative performance in June

The production index was at 47.2 points in June 2025, below the 50-point threshold, indicating a decrease in industrial production compared to May. This is a worse performance than that of June 2024, when the index stood at 48.7 points, indicating a less intense and widespread decline.

The labor market index was at 49.1 points in June 2025, below the 50-point threshold, indicating a decrease in the number of employed people compared to May. Although this movement is usual for the month, the decline appears more intense and widespread in June 2025 compared to June last year, when the index was 50 points, registering employment stability against May.

Production Evolution

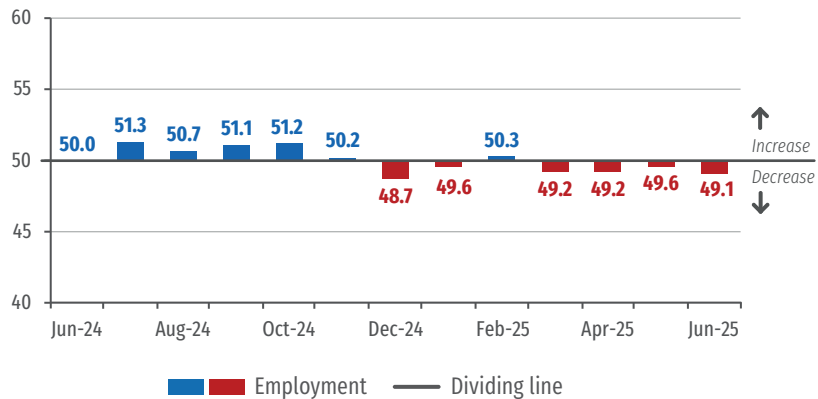
Diffusion index (0 to 100 points)*



*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.

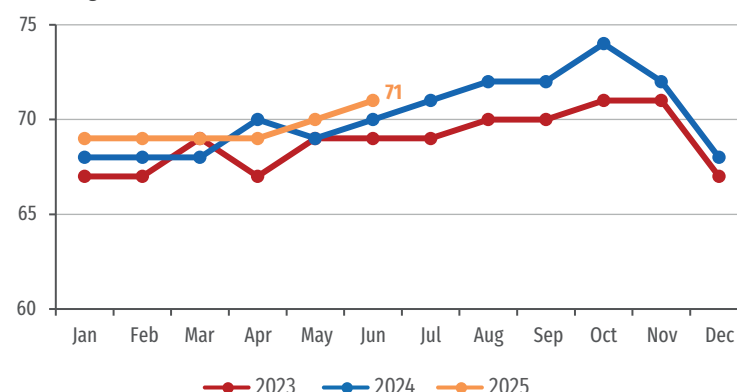


Utilization of Installed Capacity continued to advance in June

In June 2025, the Utilization of Installed Capacity (UCI) in the industry advanced by a percentage point compared to May, increasing from 70% to 71%. The level exceeded that recorded in June 2024 and June 2023 by one percentage point, showing that industrial activity is at a higher level in June this year compared to the two previous years' June comparisons, as previously occurred in May.

Capacity Utilization

Percentage (%)



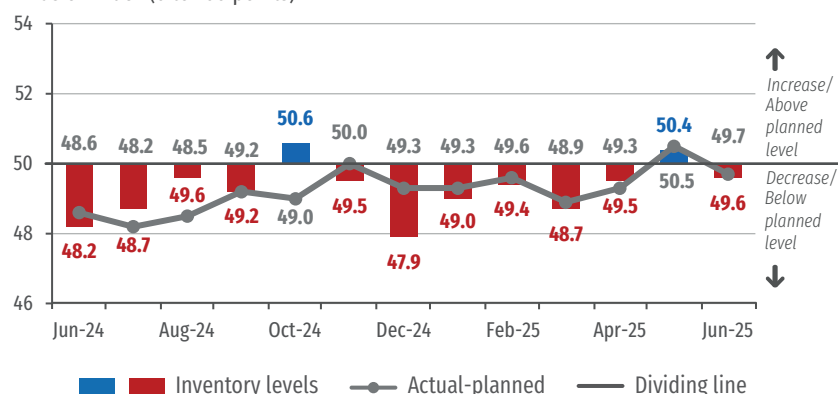
In June, industry inventories resumed falling

In June 2025, industrial finished goods inventory fell slightly compared to May: the evolution index of the stock level was at 49.6 points in June 2025, just below the 50-point threshold line.

As a result, the effective inventory index relative to the planned one receded, dropping from 50.5 points to 49.7 points. With this decrease, the index fell below the 50-point threshold, indicating that the stock level is below the planned level set by industrial entrepreneurs.

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.

FINANCIAL CONDITIONS OF THE INDUSTRY IN THE SECOND QUARTER OF 2025

The industry sees worsening financial conditions in the second quarter of 2025

In the second quarter of 2025, the satisfaction index with the financial situation of the industry fell by 0.4 points, from 48.8 points to 48.4 points. Below the 50-point threshold, the index shows dissatisfaction among industrial companies with their financial situation, which has become more intense and widespread in this second quarter of the year, compared to the first.

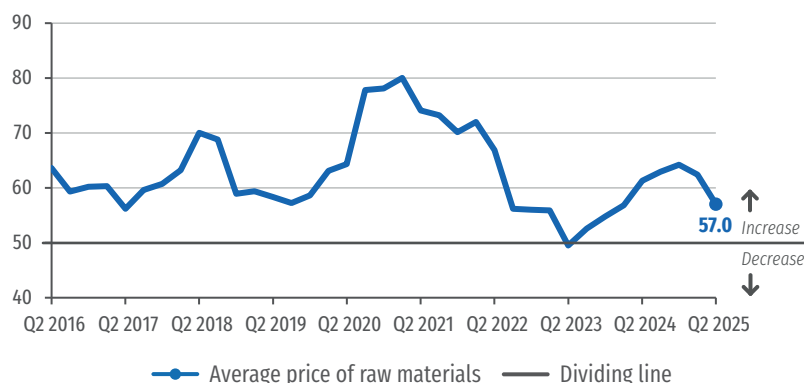
Meanwhile, the satisfaction index with operational profit fell by 1.0 point between the first and second quarters of 2025, from 43.8 points to 42.8 points. As it moves further below the 50-point threshold, the index reveals a deepening of dissatisfaction with operational profit.

In the same direction, the Industry reports greater difficulty in accessing credit. The index of ease of access to credit fell by 0.5 points, from 40.4 points to 39.9 points, moving further below the 50-point threshold, which demonstrates a greater challenge for the Industry in obtaining financing in the second quarter of 2025, compared to the first quarter of the year.

In contrast, the index of evolution of the average price of raw materials receded by 5.4 points, from 62.4 points to 57 points, in the second quarter of 2025. Since the index remains above the 50-point threshold, it indicates that business owners perceive high prices for inputs and raw materials, but the decrease in the index compared to the first quarter of 2025 shows a perception of less intense and widespread price increases than in the previous trimester.

Average price of raw materials

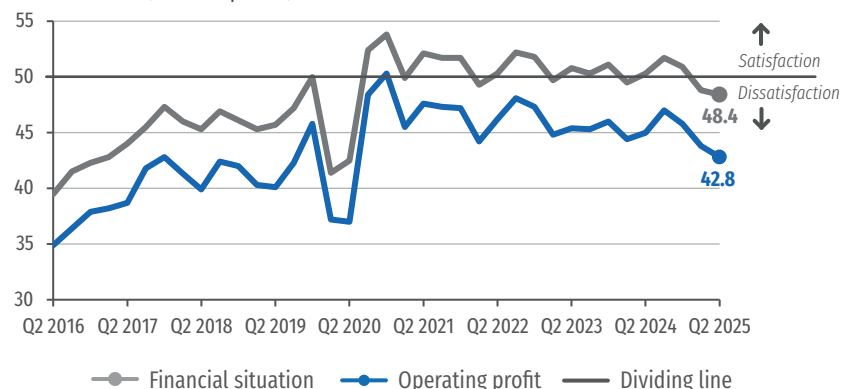
Diffusion index (0 to 100 points)*



*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

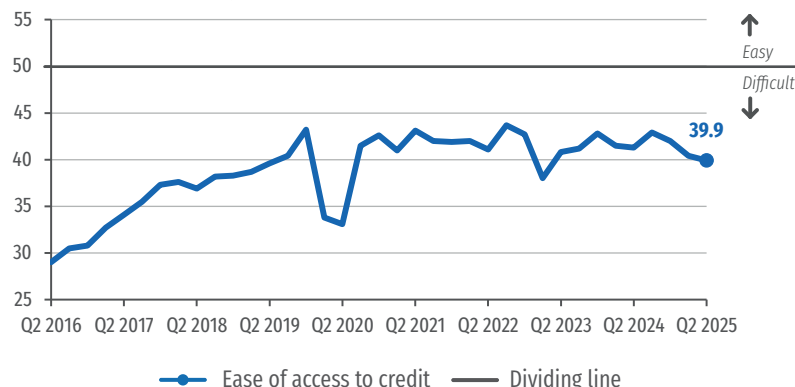
Diffusion index (0 to 100 points)*



*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 THE INDUSTRY IN THE 2ND QUARTER OF 2025

Tax rates rose to second place in the ranking of main industry problems

In the second quarter of 2025, the three biggest challenges faced by Brazilian industries were, first and foremost, an elevated tax burden, identified by 36.7% of the industries, followed by rising interest rates, identified by 29.5% of the industries, and, thirdly, a lack of domestic demand, identified by 28.3% of the industries.

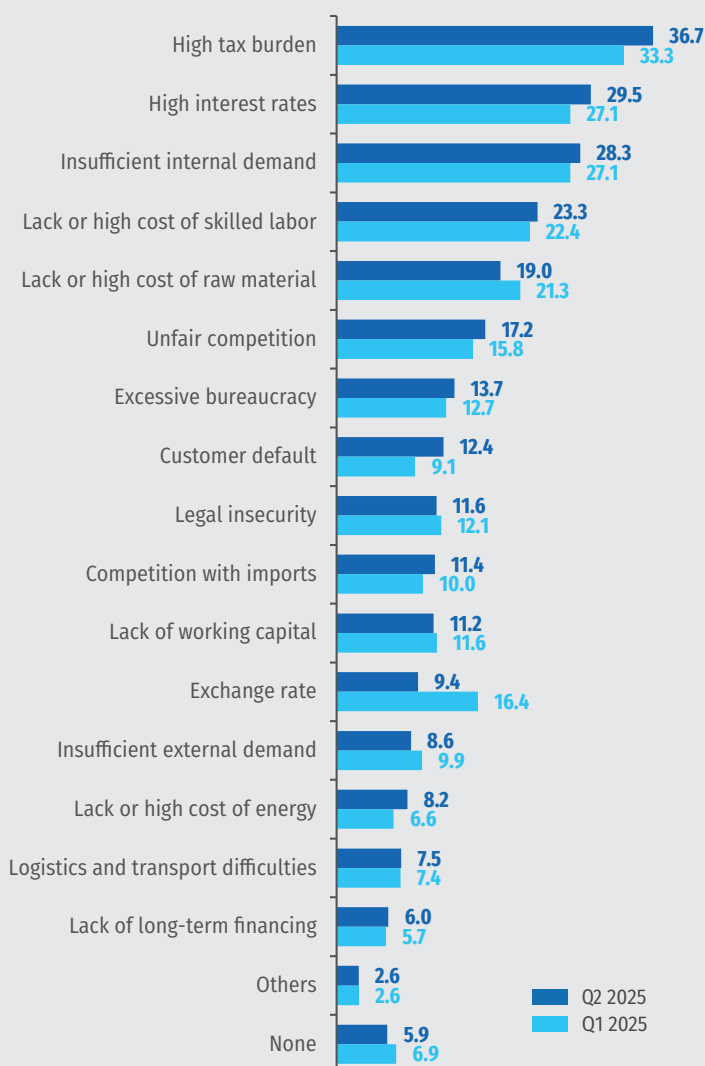
The fourth-ranked problem was the shortage or high cost of qualified workers, which was identified by 23.3% of companies. The percentage of mentions for this issue has been consistently increasing since 2020.

The problem with the most significant decrease in mentions between the first and second quarters of 2025 was exchange rates: it fell from 16.4% to 9.4% during that period, a drop of seven percentage points. Meanwhile, the problems with the most significant increase in mentions were an elevated tax burden (+3.4 percentage points), customer default (+3.3 percentage points), and rising interest rates (+2.4 percentage points).

The mention rate for rising interest rates surpassed that of domestic demand insufficiency when moving from the first quarter to the second quarter of 2025, jumping from third to second place.

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%.

EXPECTATIONS OF THE INDUSTRY IN JULY 2025

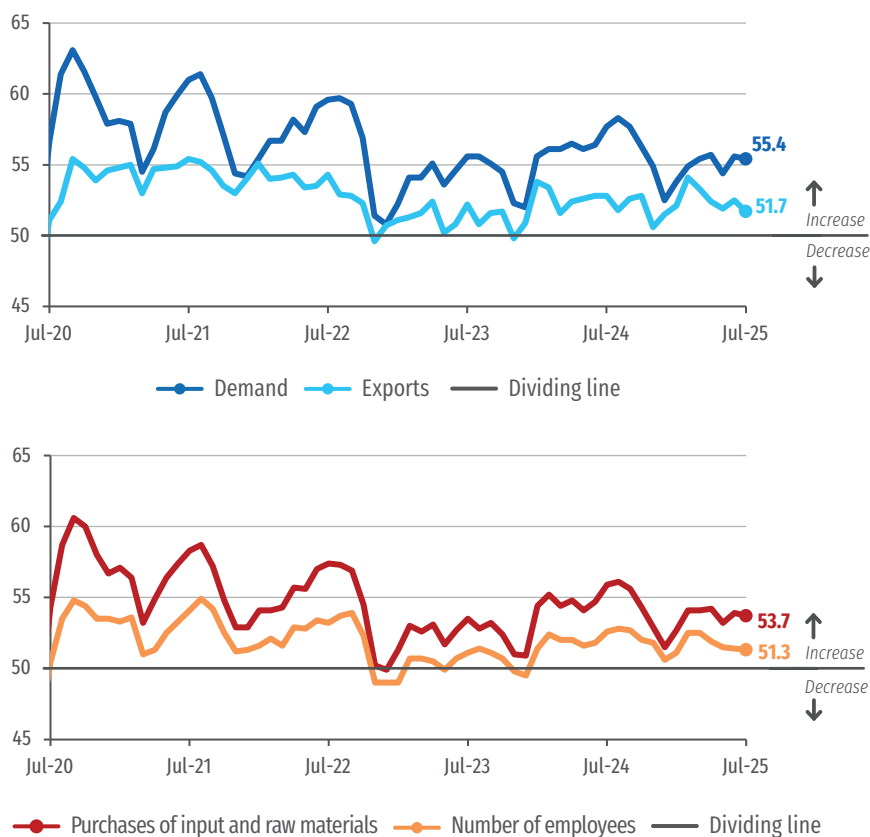
Expectations show a mild decline in July, but remain positive

In July 2025, industry expectation indices show a mild decrease, mainly in terms of exportation, which fell by 0.8 point. The demand expectation index also dropped 0.2 points, as well as the purchase of inputs and raw materials. On the other hand, the expectation index for employees remained close to stability, with a variation of -0.1 point.

All expectation indices are at a positive level. This means that the industry expects high demand, exportation, purchasing of raw materials, and the number of employees over the next six months.

Expectation indices

Diffusion index (0 to 100 points)*



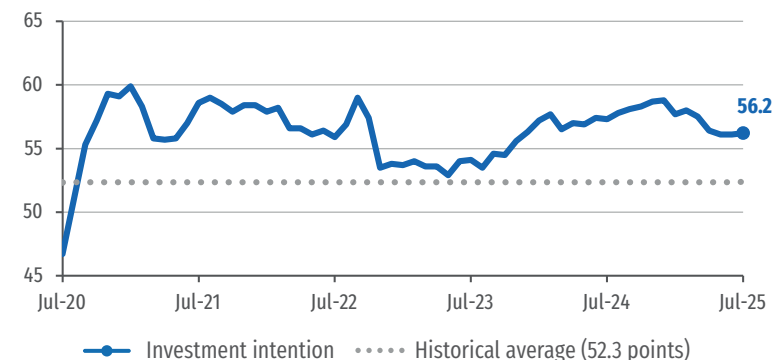
*A score above 50 points indicates expectations of growth, while a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Investment intent of the industry remains stable

The index of investment intention of the Industry showed relative stability in the passage from June to July 2025, varying from 56.1 points to 56.2 points. However, it's worth noting that after reaching a peak in December 2024, the industry's investment intention shows a decline throughout 2025, accumulating a decrease of 2.6 points by July 2025.

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 2024	Q1 2025	Q2 2025	Q2 2024	Q1 2025	Q2 2025	Q2 2024	Q1 2025	Q2 2025	Q2 2024	Q1 2025	Q2 2025
Total	45.0	43.8	42.8	61.3	62.4	57.0	50.3	48.8	48.4	41.3	40.4	39.9
BY INDUSTRIAL ACTIVITY												
Mining and quarrying	51.4	48.1	46.5	56.8	62.0	56.3	54.2	52.5	50.3	40.9	46.7	43.8
Manufacturing	44.8	43.6	42.6	61.5	62.4	57.0	50.2	48.6	48.3	41.2	40.2	39.7
BY COMPANY SIZE												
Small ¹	41.6	41.4	41.3	61.4	64.4	59.0	44.9	44.3	44.7	37.5	37.2	36.3
Medium ²	43.4	42.1	41.2	62.6	62.3	58.6	49.6	47.0	46.6	41.6	39.8	39.7
Large ³	47.5	45.8	44.4	60.6	61.5	55.1	53.4	51.9	51.1	43.0	42.4	41.8

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

	GENERAL			SMALL			AVERAGE			LARGE		
	Q1 2025	Q2 2025		Q1 2025	Q2 2025		Q1 2025	Q2 2025		Q1 2025	Q2 2025	
Items	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High tax burden	33.3	36.7	1	38.3	41.0	1	34.4	37.4	1	30.3	28.0	3
High interest rates	27.1	29.5	2	24.7	26.4	3	25.3	28.4	3	29.3	36.6	1
Insufficient internal demand	27.1	28.3	3	26.8	26.9	2	32.2	29.5	2	24.5	28.9	2
Lack or high cost of skilled labor	22.4	23.3	4	22.9	22.2	5	23.2	26.7	4	21.8	20.0	4
Lack or high cost of raw material	21.3	19.0	5	24.3	20.4	6	23.2	20.2	5	18.9	14.6	7
Unfair competition	15.8	17.2	6	22.4	22.6	4	13.9	14.9	6	13.6	11.4	11
Excessive bureaucracy	12.7	13.7	7	11.0	12.9	8	10.2	13.2	7	14.9	15.7	6
Customer default	9.1	12.4	8	14.6	16.3	7	8.9	9.6	12	6.4	9.7	13
Legal insecurity	12.1	11.6	9	6.6	8.7	12	11.9	11.7	9	14.9	16.3	5
Competition with imports	10.0	11.4	10	7.9	11.5	10	9.7	10.2	11	11.2	12.9	10
Lack of working capital	11.6	11.2	11	15.5	12.2	9	11.5	12.3	8	9.8	8.0	14
Exchange rate	16.4	9.4	12	8.2	5.8	13	13.2	10.6	10	22.1	14.0	9
Insufficient external demand	9.9	8.6	13	5.9	5.8	13	7.6	7.9	14	13.0	14.6	7
Lack or high cost of energy	6.6	8.2	14	10.4	11.2	11	8.6	7.0	15	3.7	4.9	16
Logistics and transport difficulties	7.4	7.5	15	4.4	5.4	15	7.6	8.1	13	8.8	10.0	12
Lack of long-term financing	5.7	6.0	16	4.9	5.3	16	5.2	5.5	16	6.4	8.0	14
Others	2.6	2.6	-	1.5	2.1	-	3.0	3.0	-	2.9	2.6	-
None	6.9	5.9	-	7.7	5.6	-	6.3	5.9	-	6.9	6.3	-

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 100 100%.

RESULTS

Industry Performance

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Jun-24	May-25	Jun-25	Jun-24	May-25	Jun-25	Jun-24	May-25	Jun-25	Jun-24	May-25	Jun-25	Jun-24	May-25	Jun-25	Jun-24	May-25	Jun-25
Total	48.7	52.0	47.2	50.0	49.6	49.1	70	70	71	44.3	44.3	43.0	48.2	50.4	49.6	48.6	50.5	49.7
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	47.8	52.3	47.9	51.3	52.8	49.7	71	66	73	41.5	46.7	43.5	45.6	44.2	48.3	48.9	53.9	52.0
Manufacturing	48.7	52.0	47.1	49.9	49.6	49.0	70	70	70	44.4	44.2	43.0	48.4	50.6	49.7	48.7	50.4	49.7
BY COMPANY SIZE																		
Small ¹	46,7	49,6	46,7	47,8	49,0	48,2	64	64	65	43,0	44,6	42,6	47,2	48,0	47,3	46,5	45,3	47,4
Medium ²	49,2	50,7	47,8	49,5	50,1	49,2	68	69	69	43,2	43,8	43,0	49,8	51,5	49,8	49,1	51,2	49,6
Large ³	49,4	53,9	47,1	51,4	49,7	49,4	74	73	76	45,6	44,4	43,3	47,8	51,1	50,7	49,4	52,7	51,0

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-24	Jun-25	Jul-25	Jul-24	Jun-25	Jul-25	Jul-24	Jun-25	Jul-25	Jul-24	Jun-25	Jul-25	Jul-24	Jun-25	Jul-25
Total	57.7	55.6	55.4	52.8	52.5	51.7	55.9	53.9	53.7	52.6	51.4	51.3	57.3	56.1	56.2
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	58.2	55.6	56.0	58.9	62.7	53.7	51.9	57.2	54.3	52.7	51.8	50.0	61.7	62.6	57.1
Manufacturing	57.7	55.5	55.4	52.5	52.0	51.6	56.0	53.8	53.7	52.5	51.4	51.4	57.1	55.9	56.0
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Medium ²	56.3	55.4	54.8	54.3	53.6	51.2	54.7	53.3	53.8	51.8	51.0	51.1	55.2	54.8	53.3
Large ³	59.3	55.9	56.1	52.6	53.6	51.4	57.1	54.7	53.9	53.2	51.7	51.5	65.6	63.9	64.8

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*Indicator 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

1,486 enterprises, including 607 small, 529 medium and 350 large companies.

Collection period

July 1 to 10, 2025.

Document completed on July 17, 2025.



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