

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**



Activity and Employment Continue to Decrease in November

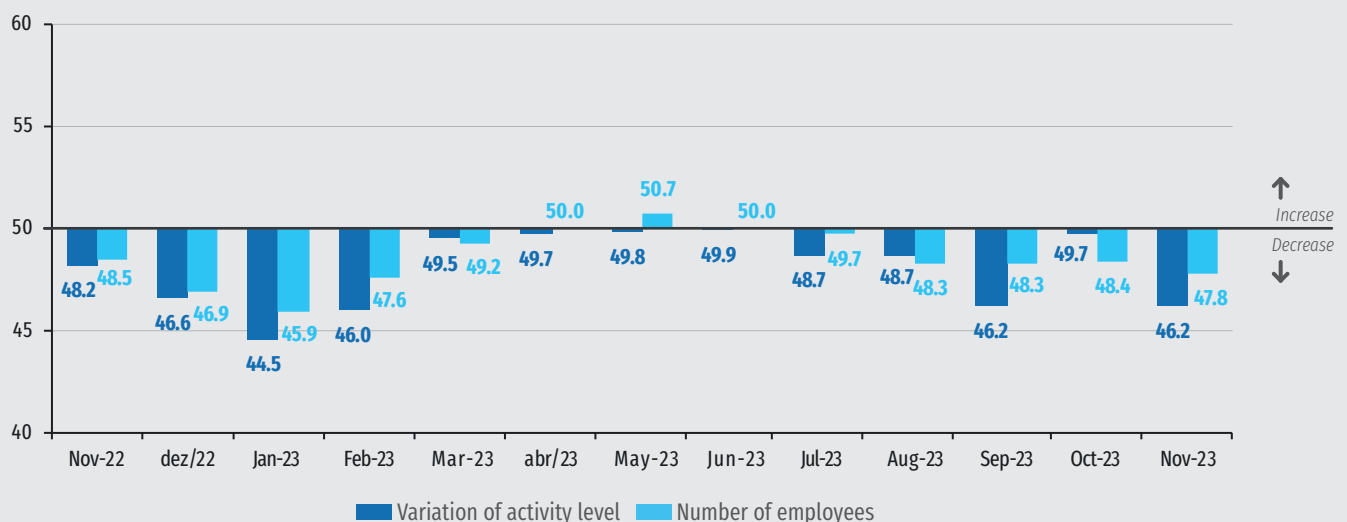
The activity level and the number of employees in the construction industry fell from October to November 2023. Both indices declined compared to the previous month and are still below the 50-point dividing line.

The indices for expectations of the activity level, the number of employees, purchases of inputs and raw materials, and new businesses and services declined

from November to December 2023, indicating a more moderate outlook for the coming months. Most indices transitioned from growth expectations to neutrality. Only the index of expectations for new ventures and services continues to reflect optimism.

Investment intentions increased, driven by the specialized services for the construction and infrastructure construction sectors. Confidence, as measured by the Construction Industry Business Confidence Index, remained stable in December, at a level close to, but still lower than, its historical average.

Variation of activity level and number of employees index
Indices (0 to 100 points)*



*A score above 50 indicates an increase in activity or employment compared to the previous month. A score below 50 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.

NOVEMBER 2023 CONSTRUCTION INDUSTRY PERFORMANCE

Industrial Activity and Employment Continue to Decrease in November

In November 2023, the index of changes in the activity level in the construction industry stood at 46.2 points, a 3.5-points decrease compared to October.

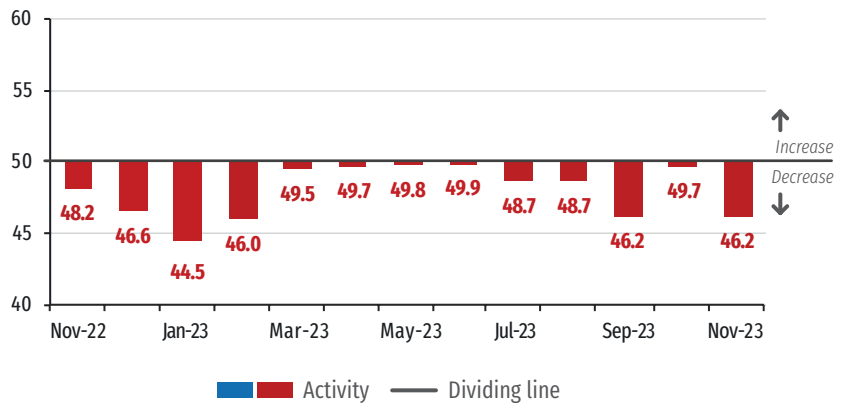
November's result indicates a more intense and widespread drop in activity than in the previous month. Additionally, the index is below the average for November, at 46.5 points, and below the indicator's historical average of 46.3 points.

The construction's number of employees variation index stood at 47.8 points compared to the previous month, marking a 0.6-point decrease. This indicates that employment remains at a negative level, moving further away from the 50-point dividing line that separates growth from a fall in employment.

Despite this, the employment development index is above the average observed for November in previous years, standing at 45.0 points, and remains above the historical average of 45.2 points. Consequently, employment is down, but less than expected for the period.

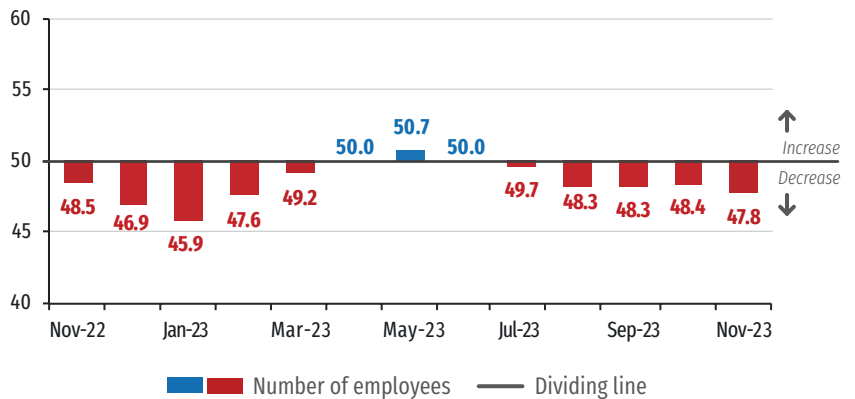
Evolution of activity level

Diffusion Indices (0 to 100 points)*



Variation in the number of employees

Diffusion Indices (0 to 100 points)*



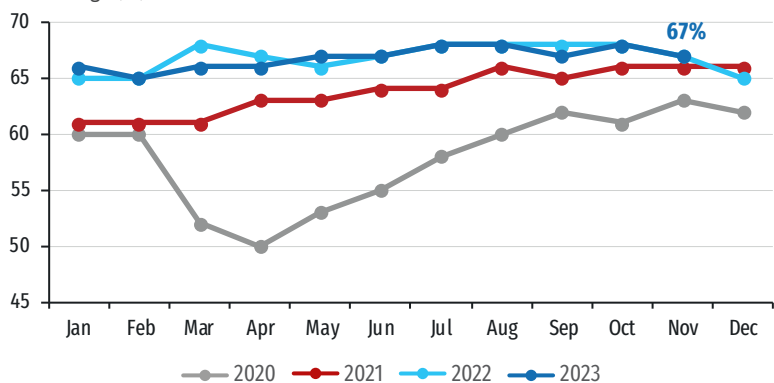
*A score above 50 points indicates an increase in activity or employment compared to the previous month. A score below 50 points indicates a decrease in activity or employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Use of Operating Capacity Decreases in November

From October to November, the Use of Operating Capacity decreased by one percentage point (pp), reaching 67%. This is the same percentage as November 2022 and an increase of 1.0 pp compared to the November 2021 indicator. During 2023, the Use of Operating Capacity has increased and decreased, fluctuating between 65% and 68%.

Average utilization of operating capacity

Percentage (%)



CONSTRUCTION INDUSTRY BUSINESS CONFIDENCE INDEX IN DECEMBER 2023

Construction Business Confidence Shows Stability in December

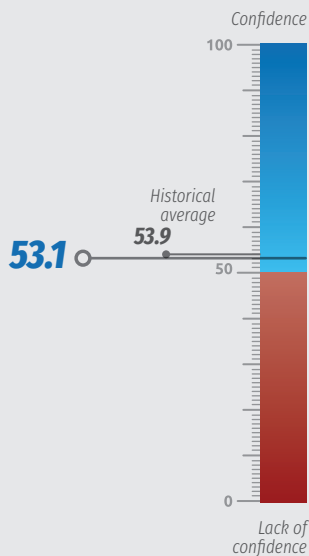
The Construction Industry Business Confidence Index (ICEI) remained at 53.1 points from November to December. With this result, the index stays above the 50-point dividing line, indicating confidence among construction entrepreneurs.

Examining the components of the construction ICEI, the Current Conditions Index, which assesses the current

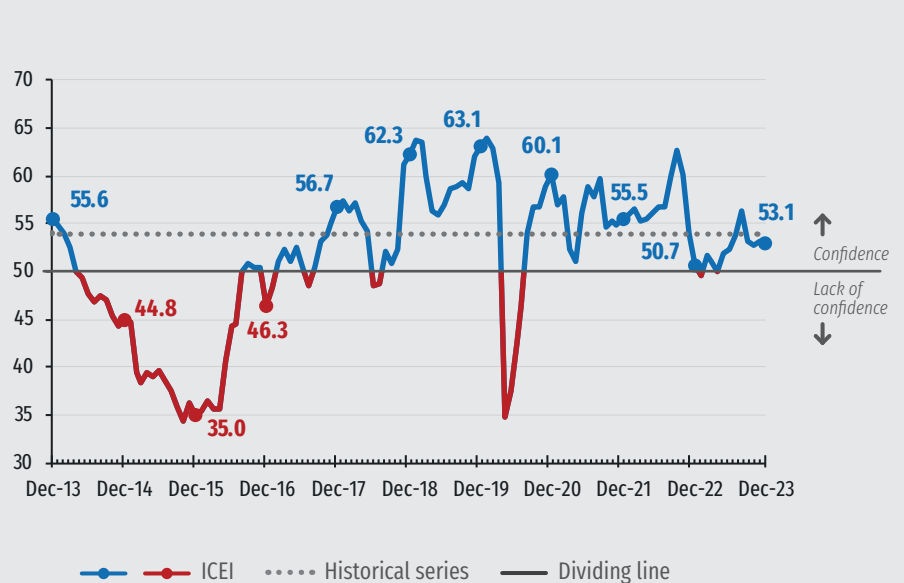
conditions of the Brazilian economy and the company, was at 47.8 points in December. The index is almost the same as the previous month (down 0.1 points) and, by remaining below 50 points, indicates a perception of worsening current business conditions.

The Expectations Index, measuring entrepreneurs' outlook for the coming months, reached 55.8 points in December. This result represents a marginal increase of 0.1 points, remaining practically stable compared to the previous month. The result is still above 50 points, signifying confidence for the coming months.

Construction ICEI
Index (0 to 100 points)*



Historic Series
Index (0 to 100 points)*



*A score above 50 points indicates entrepreneur confidence. The more above 50 points, the greater and more widespread the confidence. A score below 50 points indicates entrepreneurs' lack of confidence. The more below 50 points, the greater and more widespread the lack of confidence.

DECEMBER 2023 CONSTRUCTION INDUSTRY EXPECTATIONS

Expectations For the Coming Months Are More Moderate

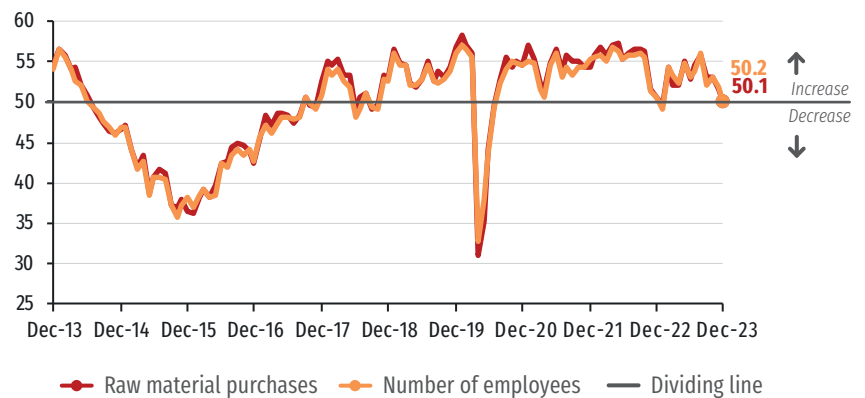
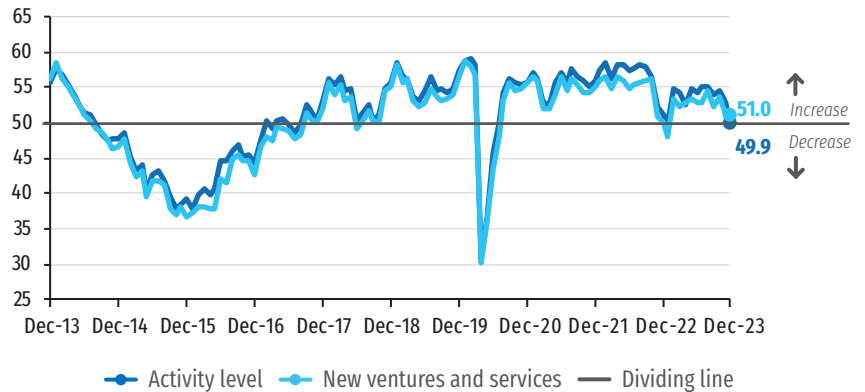
The index of expectations of the entrepreneur regarding the activity level was 49.9 points, marking a 2.9-point decrease from November. As the activity level approaches the 50-point dividing line, it indicates a shift from the expectation of an increase in the activity level to one of stability.

The index of expectations for the purchase of inputs and raw materials fell by 1.5 points to 50.1 points, and the index of expectations for the number of employees decreased by 1.5 points to 50.2 points over the same period. Both indices retreated close to the dividing line, suggesting they no longer anticipate growth and now expect stability in raw material purchases and the number of employees.

The expectation index for new projects and services dropped slightly by 0.1 point, to 51.0 points. By staying above 50 points, it indicates an expectation of growth.

Expectation indices

Diffusion Indices (0 to 100 points)*



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

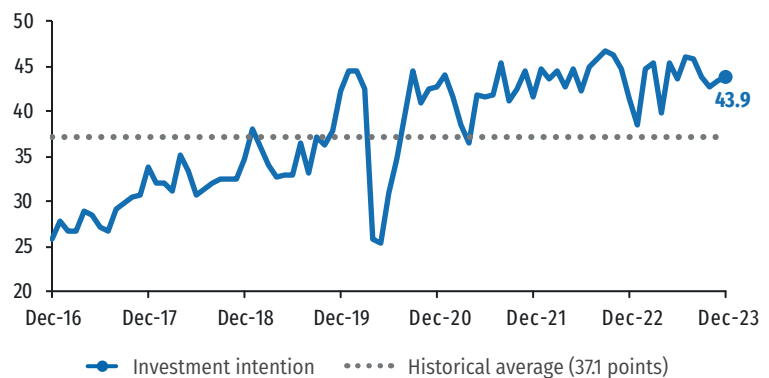
Intention to Invest Increases in December

The Construction industry's intention to invest index increased by 0.5 points, from November to December, to 43.9 points. Compared to the historical average of the indicator, the intention to invest rose by 6.8 points, surpassing the average of 37.1 points.

Among the construction industry sectors, the intention to invest varied. On one hand, the specialized services for the construction and infrastructure construction sectors increased by 4.5 points and 3.6 points, respectively, contributing to the overall increase in the indicator in December. On the other hand, investment intentions in the Construction of Buildings sector declined by 1.6 points during the same period.

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		
	Nov-22	Oct-23	Nov-23	Nov-22	Oct-23	Nov-23	Nov-22	Oct-23	Nov-23	Nov-22	Oct-23	Nov-23
Construção	67	68	67	48.2	49.7	46.2	43.9	46.5	45.0	48.5	48.4	47.8
Pequena	62	61	60	48.1	46.1	45.9	43.8	41.5	43.8	47.5	44.4	47.0
Média	66	65	67	48.0	50.3	46.2	45.5	45.4	43.5	49.5	49.5	47.5
Grande	69	72	70	48.3	50.7	46.3	43.1	49.0	46.3	48.3	49.3	48.3

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					
	Dec-22	Nov-23	Dec-23	Dec-22	Nov-23	Dec-23	Dec-22	Nov-23	Dec-23	Dec-22	Nov-23	Dec-23	Dec-22	Nov-23	Dec-23
Construção	51.1	52.8	49.9	49.9	51.1	51.0	50.7	51.6	50.1	50.7	51.8	50.2	41.5	43.4	43.9
Pequena	51.3	48.3	49.2	51.3	46.5	48.1	51.5	47.0	48.7	50.4	47.6	49.6	37.5	36.2	38.7
Média	49.2	51.7	51.3	47.2	49.1	52.2	49.0	50.9	51.3	49.8	49.5	51.4	41.1	39.4	39.9
Grande	52.1	55.0	49.3	51.0	54.0	52.1	51.4	53.7	50.0	51.4	54.7	49.7	43.1	48.3	48.0

Construction Industry Business Confidence Index and its components

	ICEI – CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	Dec-22	Nov-23	Dec-23	Dec-22	Nov-23	Dec-23	Dec-22	Nov-23	Dec-23
Construção	50.7	53.1	53.1	50.2	47.9	47.8	51.0	55.7	55.8
Pequena	49.7	50.1	53.6	49.3	46.1	47.0	49.9	52.1	56.9
Média	52.0	51.5	52.9	51.6	46.2	47.3	52.2	54.1	55.7
Grande	50.4	55.1	53.1	49.8	49.5	48.4	50.7	57.9	55.4

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

347 companies: 134 small, 138 medium and 75 large.

Collection period

1 to 11 December 2023.

Document completed on December 18, 2023.



Learn More

For further information on sectorial and regional results, previous issues, methodology, and historical series, please visit: www.cni.com.br/e_sondconst

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