

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Activity levels in the construction industry increase

The construction industry continues to record an increasingly favorable performance after the pronounced reduction in activity registered in April. The indices measuring activity levels and number of employees continued on a recovery path. In August, activity

levels edged up and operating capacity utilization approached pre-pandemic levels.

Construction entrepreneurs are showing increasing confidence and positive expectations for the next six months, while investment intentions also continued to trend upward.

Operating capacity utilization
Percentage (%)



PERFORMANCE OF CONSTRUCTION INDUSTRY IN AUGUST 2020

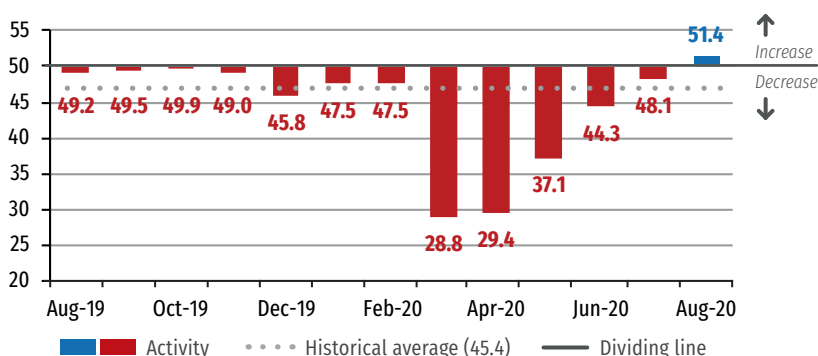
Activity and employment levels continue to grow

The indices measuring activity levels and number of employees show that the construction industry performance continues to recover. The indices have been growing since May, showing an increasingly favorable performance.

The indicator of activity levels hit the mark of 51.4 points in August, representing a 3.3-point increase from July. The index is at its highest point since June 2011, which shows a significant month-over-month improvement in activity levels. The fact that the indicator is above the 50-point dividing line points to an increase in activity in the month. The index measuring number of employees remained virtually on the dividing line as it grew by 2.7 points to 49.5 points.

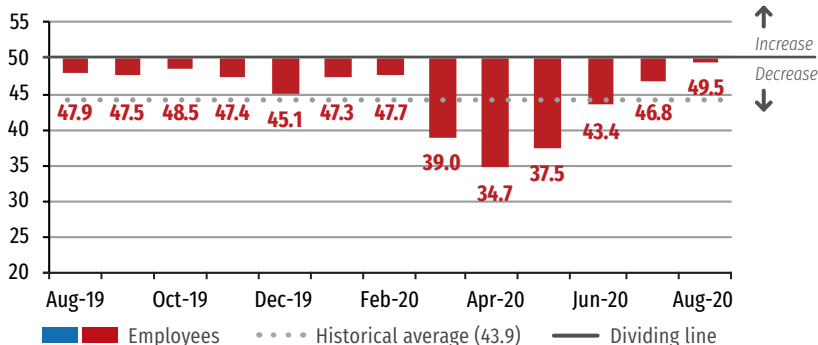
Evolution of activity levels

Diffusion index (0-100 points)*



Evolution of number of employees levels

Diffusion index (0-100 points)*



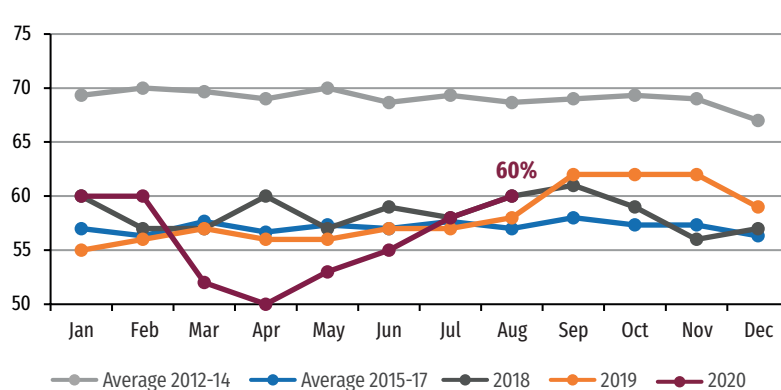
*Figures above 50 points indicate an increase in activity levels or number of employees. Figures below 50 points indicate a decline in activity and employment levels. The further away from 50 points, the greater and more widespread the change.

Operating capacity utilization back to pre-crisis levels

The operating capacity utilization rate grew again in August, with the indicator posting growth of 2 percentage points and hitting the mark of 60%. The figure for August 2020 is up by 2 percentage points from August 2019, at the same level as in August 2018, and above the reading for the month between 2015 and 2017.

Average operating capacity utilization

Percentage (%)



CONSTRUCTION BUSINESS CONFIDENCE INDEX IN SEPTEMBER 2020

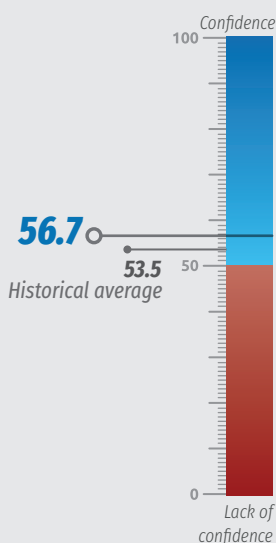
September sees increase in business confidence

The Construction Business Confidence Index (ICEI-Construction) rose by 2.7 points in August to 56.7 points. This marked the fifth consecutive increase in the indicator, which is up by 21.9 points in the period. With the increase, the ICEI-Construction has driven away from both its historical average and the 50-point dividing line between confidence and lack of confidence. The indicator thus

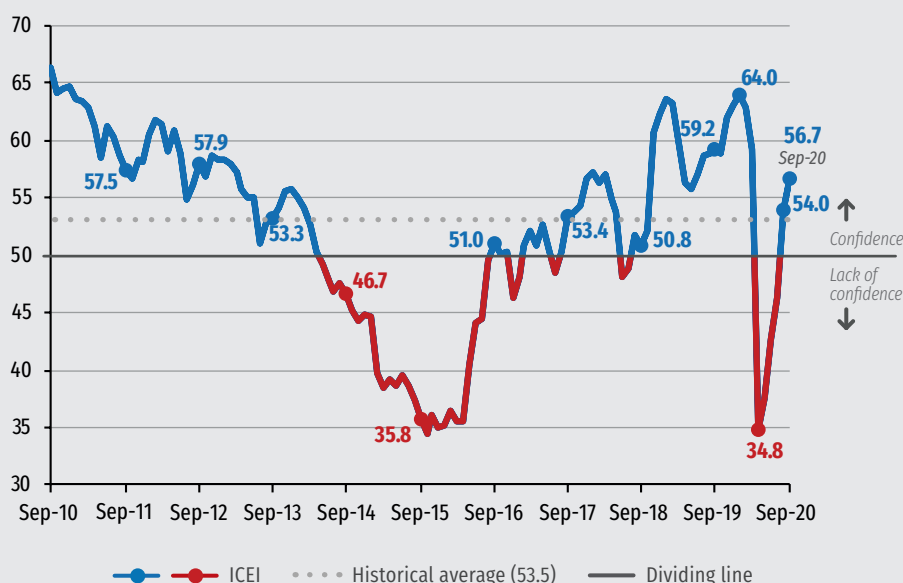
suggests that confidence is greater and more widespread among construction entrepreneurs.

Among the components making up the ICEI-Construction index, the indicator measuring expectations rose by 1.7 points, while the current conditions indicator edged up by 4.6 points. The current conditions index amounted to 46.1 points, meaning that entrepreneurs continue to notice the impact of the crisis on their business conditions. On the other hand, the expectations index reached 62.0 points, showing widespread optimism in the construction industry.

ICEI Construction
Index (0-100 points)*



Historical average
Index (0-100 points)*



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

INDUSTRY'S EXPECTATIONS IN SEPTEMBER 2020

Business optimism remains on the rise

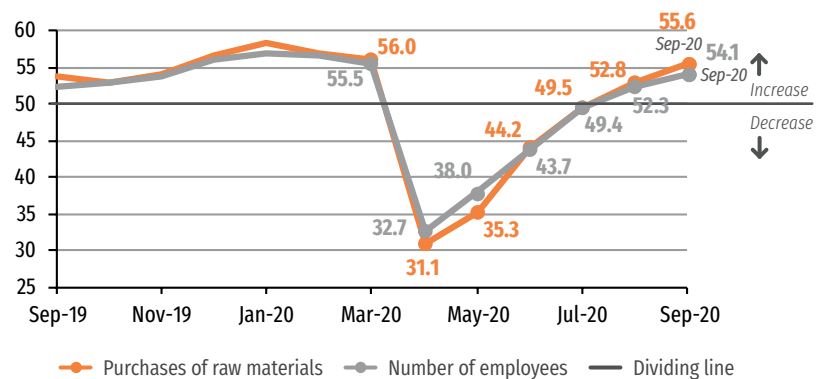
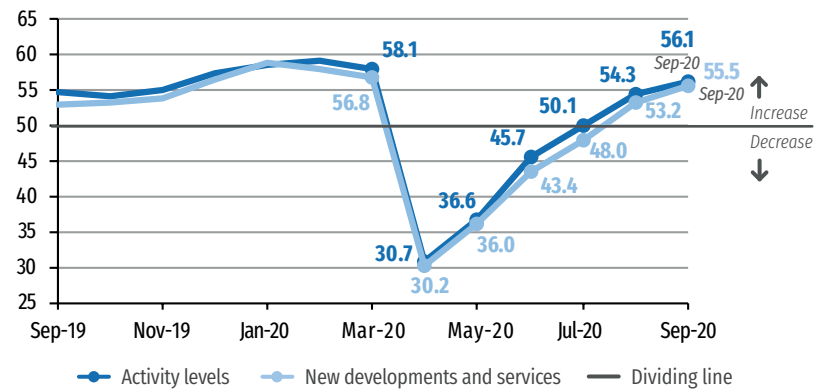
All expectation indices continued to trend upward in September. The expectation indices remain above to the 50-point mark between optimism and pessimism. Entrepreneurs' optimism has been driven by the economic recovery.

The indicators measuring expected activity levels and expected new developments and services rose respectively by 1.8 and 2.3 points to 56.1 and 55.5 points.

The indices of expected purchases of inputs and raw materials and of expected number of employees stood at 55.6 and 54.1 points after growing respectively by 2.8 and 1.8 points.

Expectation indices

Indices (0-100 points)*



* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

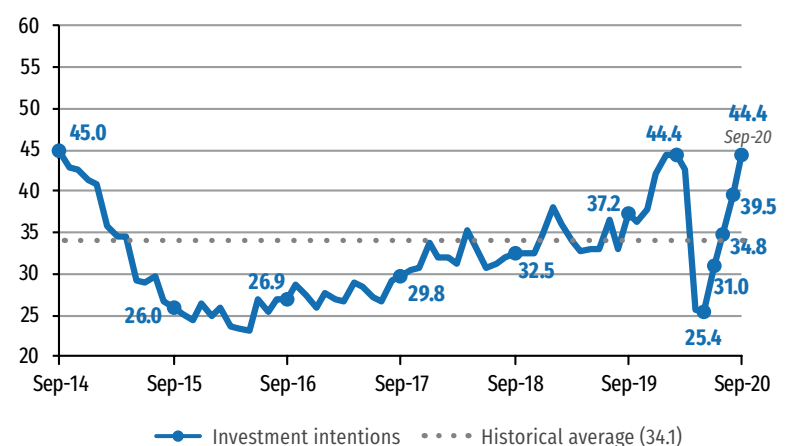
Investment intentions return to pre-pandemic levels

The index measuring investment intentions showed a new increase in construction entrepreneurs' willingness to invest.

Investment intentions hit the mark of 44.4 points in July after posting growth of 4.9 points. This marked the fourth consecutive increase in the indicator, which is now at the same level registered in February, before the pandemic struck.

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		
	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20
CONSTRUCTION	58	58	60	49.2	48.1	51.4	37.9	33.9	38.1	47.9	46.8	49.5
SMALL	52	52	54	47.4	47.0	48.7	39.4	37.0	37.1	48.5	45.5	47.8
MEDIUM	57	55	60	48.2	47.8	49.9	38.0	33.0	37.7	46.3	46.4	48.2
LARGE	60	61	63	50.4	48.7	53.2	37.3	33.3	38.7	48.5	47.6	50.8

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						
	Sep-19	Aug-20	Sep-20	Sep-19	Aug-20	Sep-20	Sep-19	Aug-20	Sep-20	Sep-19	Aug-20	Sep-20	Sep-19	Aug-20	Sep-20
CONSTRUCTION	54.8	54.3	56.1	53.0	53.2	55.5	53.7	52.8	55.6	52.4	52.3	54.1	37.2	39.5	44.4
SMALL	54.1	54.8	56.1	52.8	54.1	55.7	52.5	53.8	55.7	51.9	52.3	54.9	34.7	39.7	41.2
MEDIUM	53.8	53.4	54.9	52.4	50.6	53.2	53.0	51.9	53.6	51.2	50.3	53.4	36.9	36.1	38.8
LARGE	55.7	54.6	56.7	53.5	54.3	56.7	54.6	53.0	56.7	53.3	53.5	54.3	38.3	41.3	48.7

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

	ICEI - CONSTRUCTION ⁶			CURRENT CONDITIONS ⁷			EXPECTATIONS ⁸		
	Sep-19	Aug-20	Sep-20	Sep-19	Aug-20	Sep-20	Sep-19	Aug-20	Sep-20
CONSTRUCTION	59.2	54.0	56.7	51.7	41.5	46.1	62.8	60.3	62.0
SMALL	56.6	54.2	56.8	50.3	42.5	46.9	59.7	60.0	61.7
MEDIUM	60.0	52.6	57.6	52.0	40.1	47.7	63.9	58.8	62.5
LARGE	59.7	54.8	56.2	52.1	42.0	44.9	63.4	61.2	61.8

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

449 enterprises, including 159 small, 197 medium and 93 large companies.

Data collection period

September, 1-14, 2020.

Document closed by September 22, 2020.

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