

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

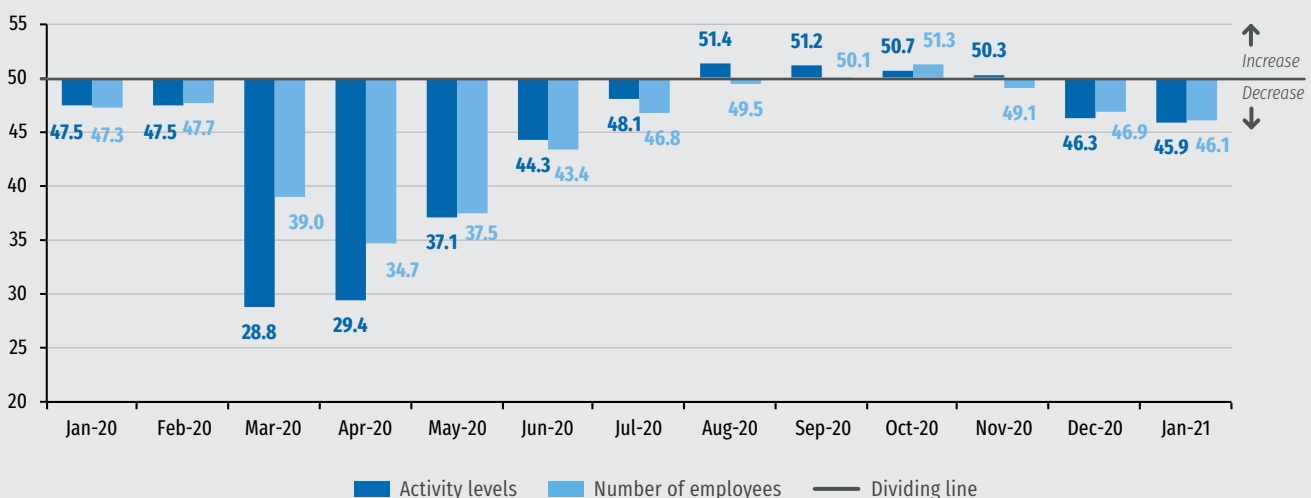
Construction activity starts 2021 with a drop

The activity levels and the number of employees in the construction industry dropped in January 2021 in relation to December 2020, which is normal for the period. Operating capacity utilization and the actual-usual activity level index also dropped. These results, which are lower than those recorded at the end of 2020, suggest that the activity in the industry has weakened.

Despite this, construction entrepreneurs remain confident, albeit more moderately than a year ago. Confidence improved in relation to January, especially driven by the expectations about the Brazilian economy as a whole. When surveying company-specific questions, such as expectations about activity levels or new developments and services, optimism is still high, despite the drop in the indices for the month.

Indices of activity and number of employees

Indices (0-100 points)*



*Figures above 50 points indicate an increase in activity or employment levels. 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.

PERFORMANCE OF THE CONSTRUCTION INDUSTRY IN JANUARY 2021

Activity levels and employment drop again

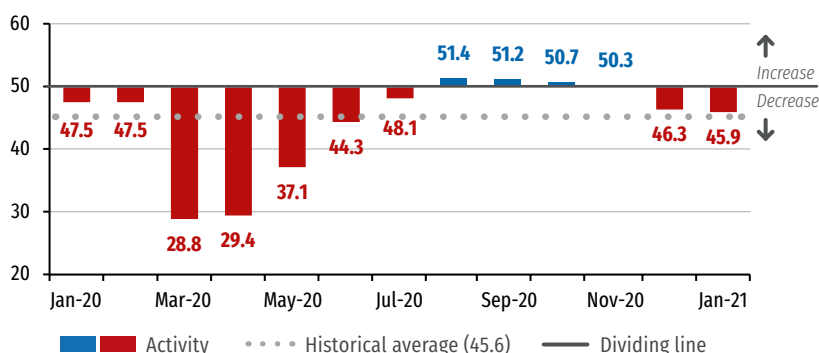
The indices measuring activity levels and the number of employees in the construction industry dropped in January 2021, which is normal for the period. These results also suggest a slowdown in the industry's activity after the recovery recorded in the second half of 2020.

The index measuring activity levels stood at 45.9 points in January 2021. Since it is below the 50-point dividing line, it shows a reduction in construction activity. When compared to December 2020, the index dropped by 0.4 points, while in the comparison with January 2020, the index dropped by 1.6 points. In the annual comparison, this is the first negative result since July.

The index measuring the number of employees hit 40.6 points in January 2021, below the 50-point dividing line. When compared to December 2020, the index dropped by 0.8 points, while in comparison with January 2020, it dropped by 1.2 points. Compared to the same month of 2020, the drop is the first recorded since August.

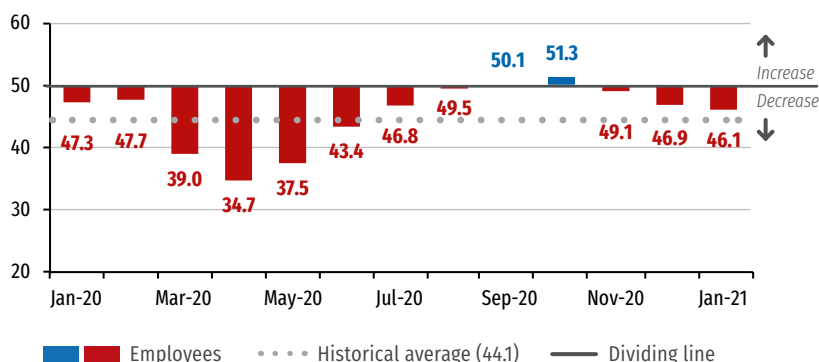
Evolution of activity levels

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.

Activity has slowed down

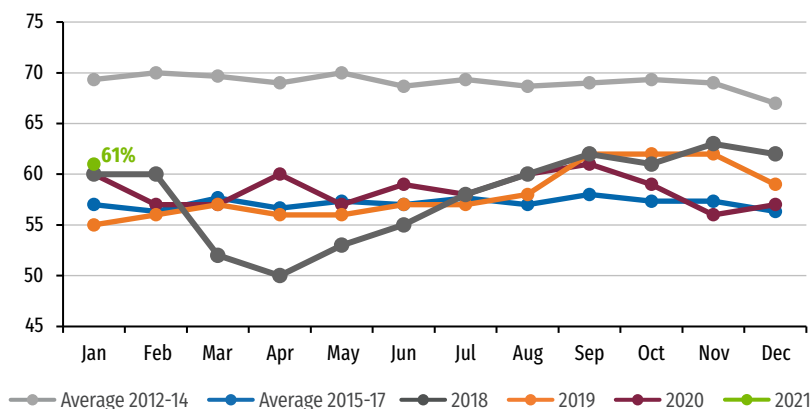
Operating Capacity Utilization dropped 1 percentage point, from 62% in December 2020 to 61% in January 2021.

The January 2021 figure is slightly higher than the best result recorded in recent years, but is still far from that recorded in 2014 and previous years, when it reached 70%.

The actual-usual activity level index reinforces the perception of lower activity in the sector. The index stood at 40.6 points, down 0.5 points in relation to December 2020 and 0.9 points in relation to January 2020. The index had been increasing in the year-on-year comparison (that is, actual activity level closer to the usual level) since August 2020.

Average operating capacity utilization

Percentage (%)



CONSTRUCTION BUSINESS CONFIDENCE INDEX IN FEBRUARY 2021

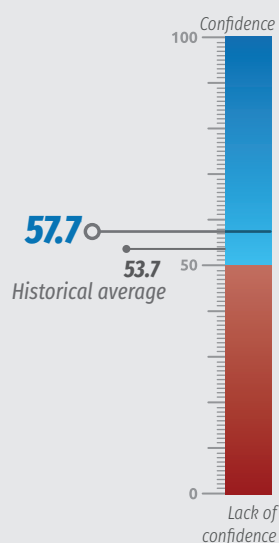
Confidence grows in February

The Construction Business Confidence Index (ICEI-Construction) edged up by 0.8 points in February 2021 to 57.7 points. The index is still above the 50-point dividing line and above its historical average of 53.7 points, which indicates that construction entrepreneurs remain significantly confident. When compared to January 2020, however, the ICEI dropped 5.2 points.

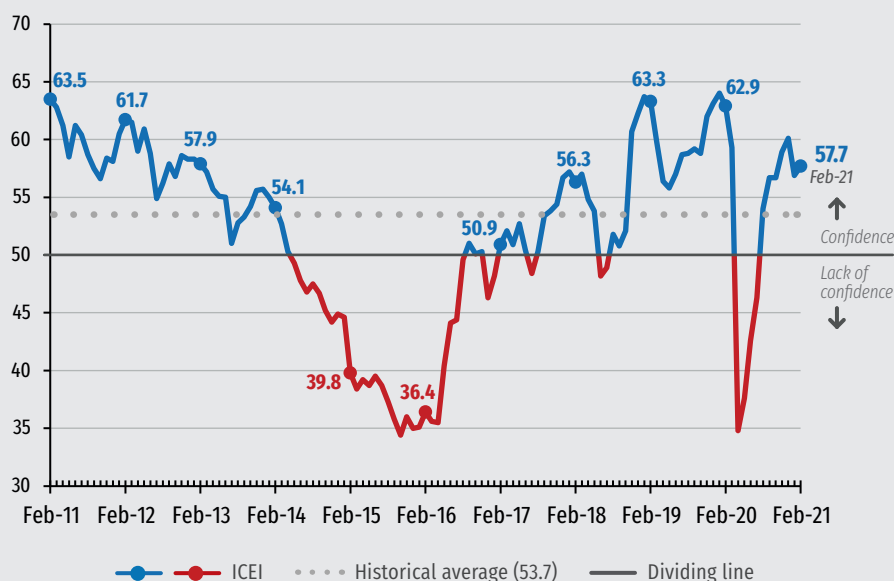
The growth in the ICEI was driven almost exclusively by expectations. The index measuring expectations rose 1.2 points to 61.8 points, which shows that entrepreneurs remain optimistic. The index reacted to an improvement in entrepreneur's expectations about the Brazilian economy.

The assessment of current conditions did not vary significantly. The current conditions index varied 0.2 point, to 49.6 points, practically on the dividing line.

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.

CONSTRUCTION INDUSTRY'S EXPECTATIONS IN FEBRUARY 2021

Construction expectations decline, but remain positive

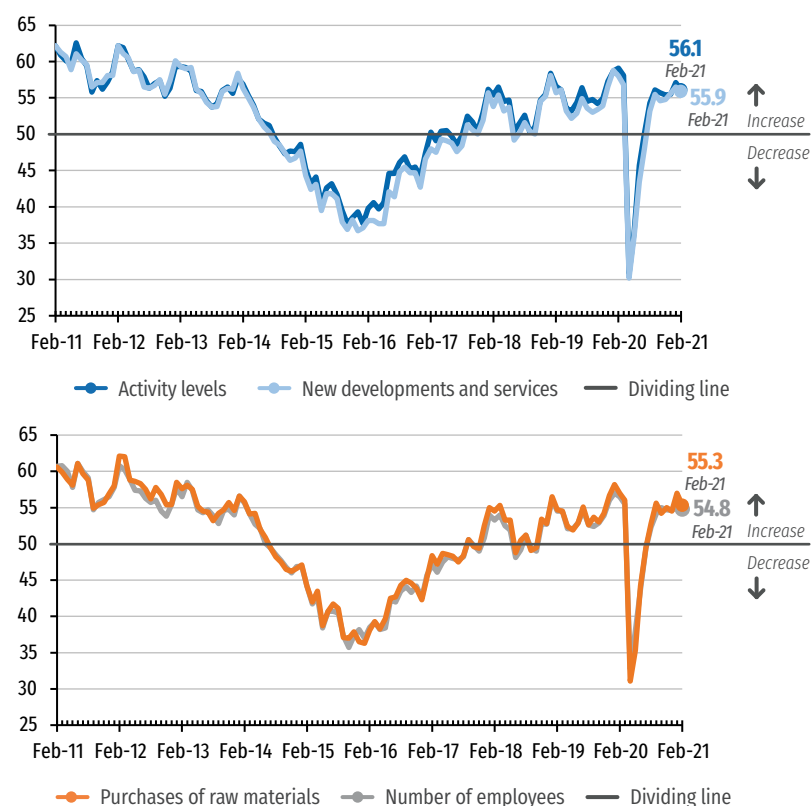
In general, expectation levels dropped in February 2021 in comparison to the previous month. Despite the drop, the expectation indices are still far from the 50-point dividing line and thus indicate optimism among construction entrepreneurs.

The index measuring expected purchases of raw materials, which had recorded the highest growth in January, now recorded the largest drop in February among the expectation indices: 1.7 points, to 55.3 points. The index measuring the expected activity level retreated 1.0 point to 56.1.

The indices measuring the expectations about new developments and services and the number of employees had more modest drops, of 0.6 points and 0.3 points, respectively.

Expectation indices

Indices (0-100 points)*



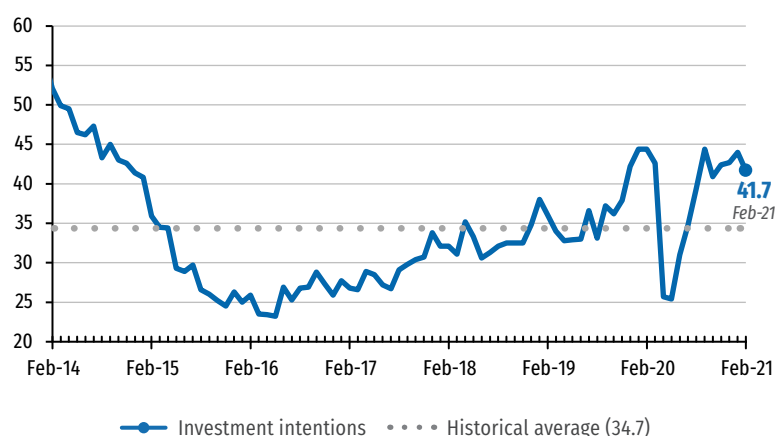
* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

Intention to invest dropped in February

The construction industry's intention to invest dropped 2.3 points in February 2021 to 41.7 points. The index is above its historical average of 34.7 points, but is 2.7 points below the level recorded in February 2020.

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		
	Jan-20	Dec-20	Jan-21	Jan-20	Dec-20	Jan-21	Jan-20	Dec-20	Jan-21	Jan-20	Dec-20	Jan-21
CONSTRUCTION	60	62	61	47.5	46.3	45.9	41.5	41.1	40.6	47.3	46.9	46.1
SMALL	56	57	55	46.2	44.6	41.8	42.3	40.9	40.0	45.0	46.3	43.3
MEDIUM	56	61	60	44.4	47.1	47.4	38.2	41.4	41.3	44.1	47.8	48.7
LARGE	64	65	64	49.8	46.4	46.6	43.0	41.0	40.5	50.0	46.6	45.6

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						
	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21
CONSTRUCTION	59.1	57.1	56.1	58.0	56.5	55.9	57.0	57.0	55.3	56.5	55.1	54.8	44.4	44.0	41.7
SMALL	60.6	56.0	56.6	59.2	55.7	55.8	57.3	54.9	53.5	57.2	55.2	54.6	41.4	45.4	40.4
MEDIUM	58.4	57.1	57.2	56.7	56.7	56.7	56.2	57.1	56.0	55.8	56.0	55.9	42.9	40.8	44.0
LARGE	59.0	57.5	55.2	58.3	56.7	55.5	57.4	57.7	55.5	56.7	54.6	54.2	46.4	45.4	40.9

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

	ICEI - CONSTRUCTION ⁶			CURRENT CONDITIONS ⁷			EXPECTATIONS ⁸		
	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21
CONSTRUCTION	62.9	56.9	57.7	56.6	49.4	49.6	66.0	60.6	61.8
SMALL	62.3	55.8	56.4	55.7	48.0	49.1	65.5	59.7	60.1
MEDIUM	62.4	57.2	59.5	55.9	49.1	50.4	65.5	61.2	64.1
LARGE	63.4	57.0	57.3	57.3	50.1	49.4	66.5	60.5	61.2

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 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

442 enterprises, including 153 small, 192 medium and 97 large companies.

Data collection period

February, 1-11, 2021.

Document closed by February 25, 2021.

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