

# INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

**CNI**  
Brazilian National Confederation of Industry  
THE FUTURE OF INDUSTRY

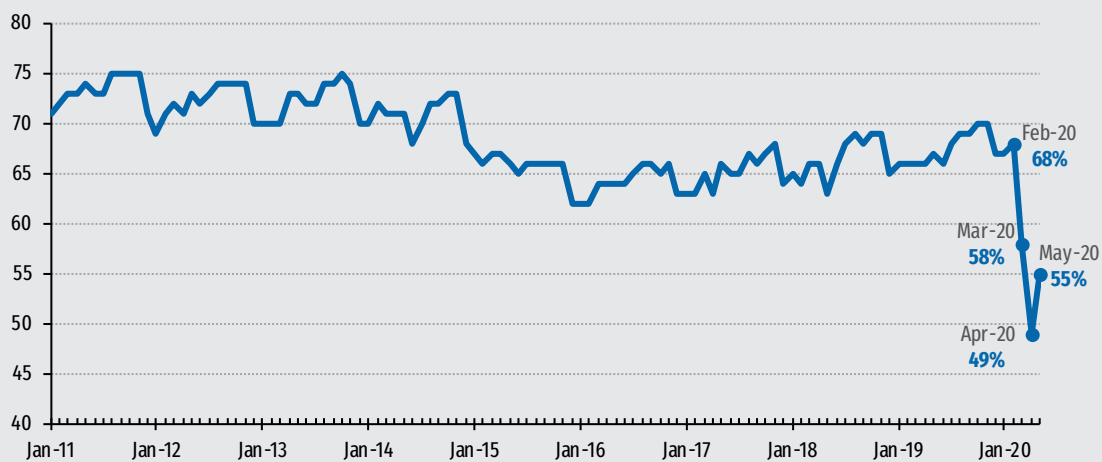
## Impact of the pandemic is still severe, but less intense than in April

The impacts of the crisis brought about by the pandemic on industrial activity were still severe in May. Industry's performance is still quite negative, but the downturn in production was less intense and capacity utilization took an upturn once again.

Entrepreneurs continue to forecast a drop in demand, exports, purchases of raw materials and number of employees over the next six months. However, pessimism declined significantly in June; it is now less intense and widespread than in recent months. Investment intentions remain low.

### Capacity Utilization

Percentage (%)



## PERFORMANCE OF INDUSTRY IN MAY 2020

### Production and employment on a continued downturn in May

Still under the effects of the Covid-19 pandemic, production and employment declined further in May compared to the previous month. It should be noted, however, that the performance of industrial activity was less negative in May than in the previous month.

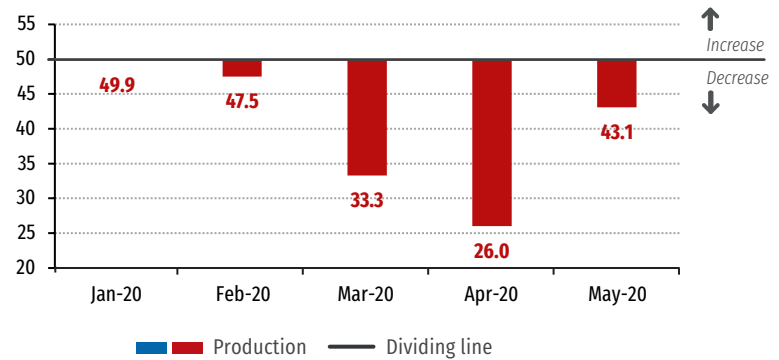
Declines were less widespread, i.e. they affected a smaller number of companies. This is confirmed by the indices measuring production evolution and number of employees. They remain below the 50-point dividing line (indicating that they dropped), but are higher than the indicators recorded in April.

The production evolution index stands at 43.1 points, 6.9 points below the 50-point dividing line separating decreased and increased production. In April, this distance was equivalent to 24 points.

The number of employees is in turn at 42.0 points in the month, 8 points below the dividing line. In April, this distance amounted to 11.8 points. It is noteworthy that it is the second sharpest variation recorded in the month of May, behind only the figure recorded in 2015, when the index hit the mark of 41.4 points.

#### Evolution of production

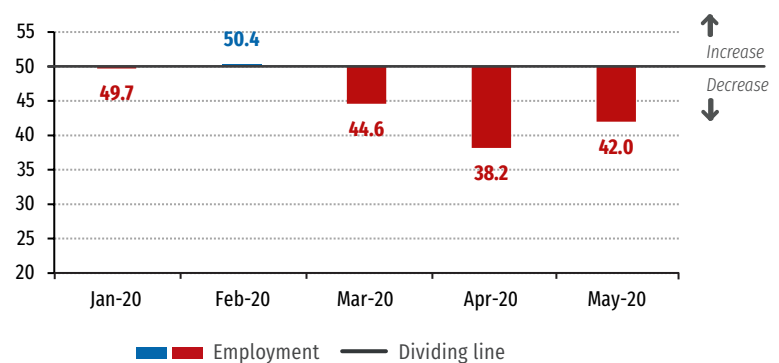
Diffusion index (0-100 points)\*



\*Figures above 50 points indicate a month-over-month increase in production. Figures below 50 points indicate a month-over-month decline in production. The further away from 50 points, the greater and more widespread the change.

#### Evolution of the number of employees

Diffusion index (0-100 points)\*



\*Figures above 50 points indicate a month-over-month increase in production. Figures below 50 points indicate a month-over-month decline in number of employees. The further away from 50 points, the greater and more widespread the change.



## Production capacity utilization remains low

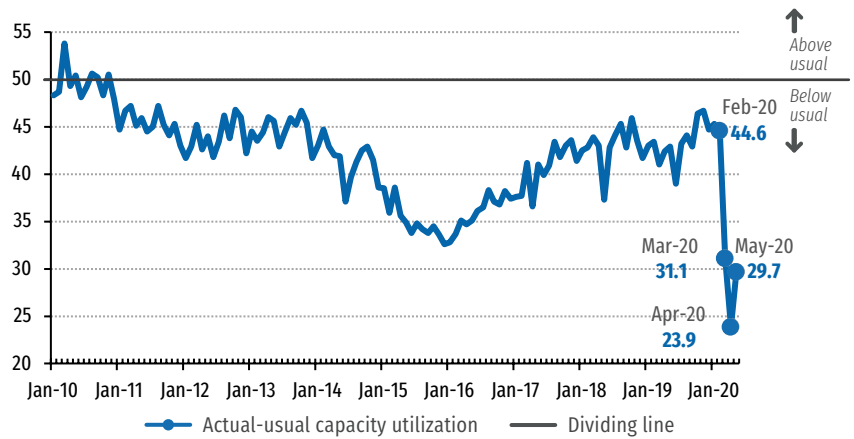
Capacity utilization indices show a relative improvement in industrial activity, even though they remain very far from the levels recorded before the pandemic broke out.

The index measuring actual-usual capacity utilization, which indicates whether industrial activity is up or down, rose by 5.8 points in May, to 29.7 points. Figures below 50 points indicate a slowdown in activity. Despite a recovery, activity remains very low: the index stands at 13.2 points below the level recorded in May 2019 and 20.3 points below the 50-point dividing line.

Capacity utilization increased in turn by 6 percentage points between April and May, rising to 55%. Despite this increase, this percentage is the second lowest in the entire historical series started in 2011, and is 12 percentage points below the level recorded in the same period in 2019.

### Actual-usual capacity utilization

Diffusion index (0-100 points)\*



\* Figures above 50 points indicate that capacity utilization is above usual levels for the month. Figures below 50 points indicate that capacity utilization is below usual levels for the month. The further away from 50 points, the greater and more widespread the distance from usual levels for the month.

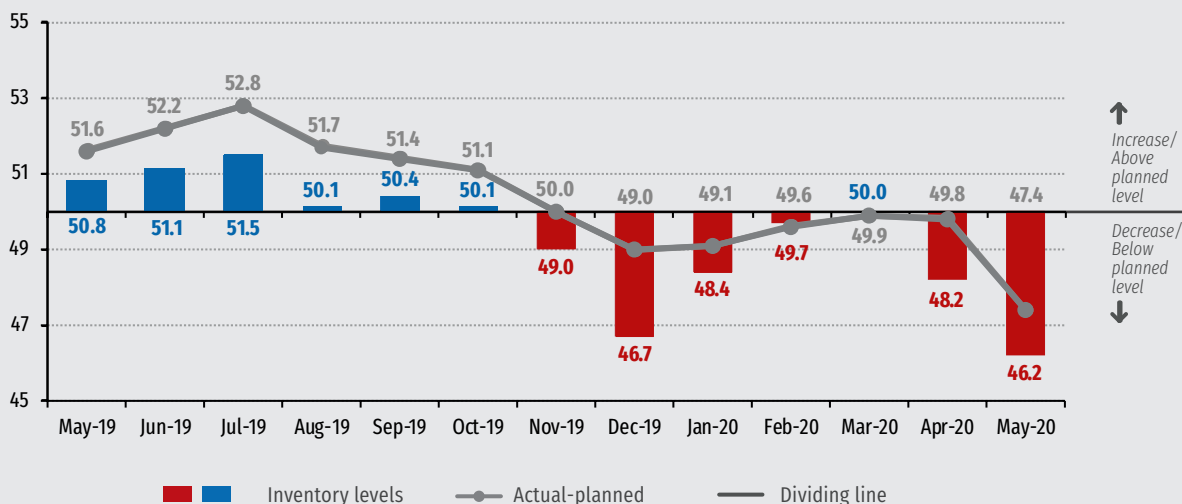
## Falling inventories

Inventories are down and below the level planned by industry. The interruption in production caused inventories to respond more strongly to any change in demand.

The index measuring the evolution of inventories stood at 46.2 points, suggesting a significant reduction in inventories, while the one measuring actual versus planned inventory levels amounted to 47.4 points, showing that inventories are below the levels anticipated by industry.

### Inventory levels and actual-planned inventory levels

Diffusion index (0-100 points)\*



\* Figures above 50 points indicate an increase in inventory levels or that actual inventory is above planned levels. Figures below 50 points indicate a decline in inventory levels or that actual inventory is below planned levels. The further away from 50 points, the greater the change or the distance from planned levels.

## INDUSTRY'S EXPECTATIONS IN JUNE 2020

### Significant fall in pessimism

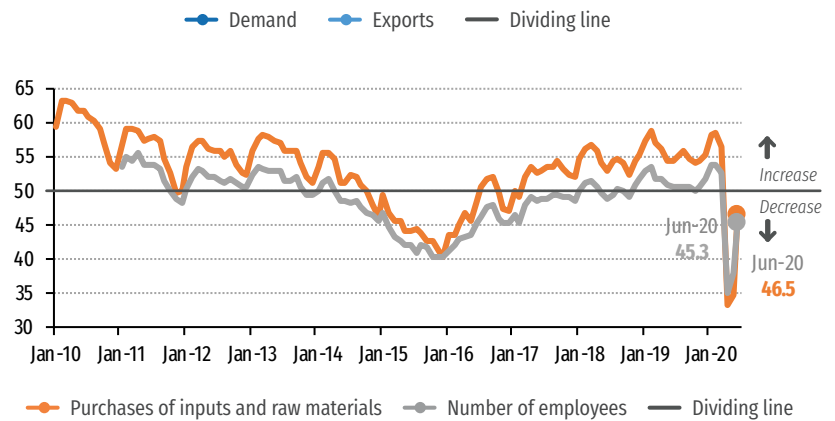
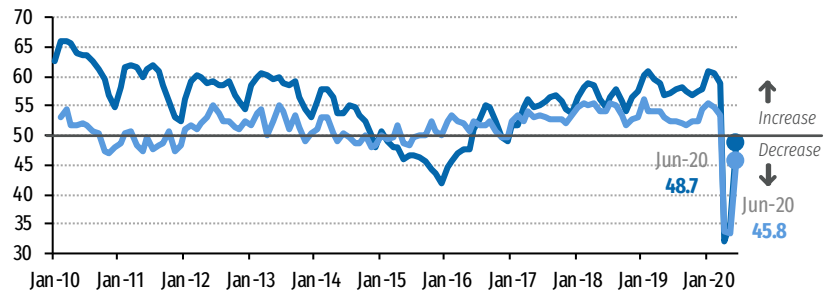
The strong pessimism observed in the previous two months decreased both in terms of scope and intensity. All expectation indexes are below the dividing line, but they improved significantly in June.

The expected demand index increased by 13.6 points in the monthly comparison, to 48.7 points, approaching the 50-point dividing line separating prospects of falling demand from rising demand over the next six months. The index measuring expected exported volumes increased by 12.4 points, to 45.8 points.

The index measuring expected number of employees grew in turn by 7.2 points between May and June, to 45.3 points, while the one measuring purchases of raw materials rose by 11.8 points, to 46.5 points.

### Expectation indices

Diffusion index (0-100 points)\*



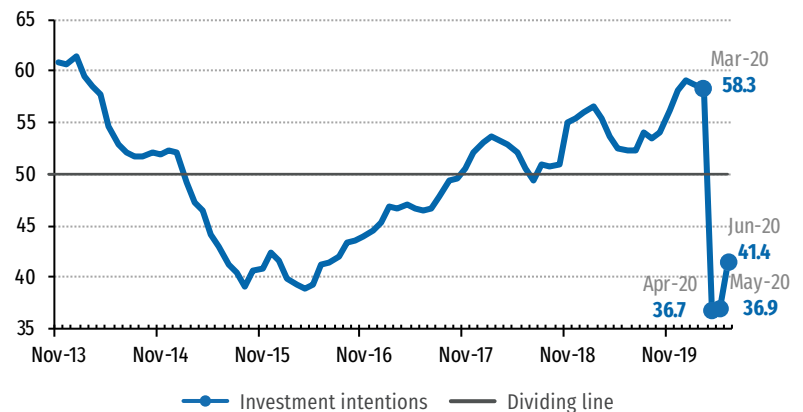
\* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

### Investment intentions remain low

The investment intention index remains low, reflecting pessimism on the part of industrial entrepreneurs. However, the index increased by 4.5 points between May and June, rising to 41.4 points. The index is 17.8 points below that recorded in January 2020, 10.9 points below the one recorded in June 2019, and 8 points below its historical average.

### Investment intentions

Diffusion indices (0-100 points)\*



\* The higher the index, the more industry is likely to invest.

## RESULTS BY SECTOR



### Performance in May

Production in the Biofuels; Soap and detergents, cleaning preparations and others; and Pharmaceutical chemicals and pharmaceuticals sectors was up in May. These are also the sectors that recorded the least negative evolution in number of employees in relation to other sectors and with actual capacity utilization closer to the usual. In the case of Pharmaceutical chemicals and pharmaceuticals, all indexes exceeded 50 points, i.e. in addition to recording increased production, the sector experienced an increase in number of employees and actual capacity utilization above the usual.

At the other end, the Printing and reproduction of recorded media; Leathers and related products; Footwear and parts; and Wearing apparel sectors are still recording the lowest performance levels, with the sharpest declines in production and number of employees, in addition to actual capacity utilization far from the usual.



### Expectations in June

Expectations have improved in all sectors. In nine sectors, entrepreneurs are once again optimistic and expecting to see an increase in demand for their products over the next six months, as shown in the table to the right. The expectations observed for the Pharmaceutical chemicals and pharmaceuticals sector deserve special mention, as their index rose to 64.5 points. No sector had recorded optimism in May.

Despite the improved expectations in the month, the indices for the Printing and reproduction of recorded media; Leathers and related products; Footwear and parts; and Wearing apparel remain below 40 points. These are the sectors for which the greatest pessimism was recorded.

### Results by industrial sectors (selected indexes)\*

Sectors	Production evolution index	Number of employees evolution	Actual-usual capacity utilization index	Demand expectations index
<b>MINING AND QUARRYING</b>	<b>48.4</b>	<b>47.4</b>	<b>42.0</b>	<b>47.4</b>
<b>MANUFACTURING</b>	<b>42.8</b>	<b>41.7</b>	<b>29.1</b>	<b>48.6</b>
Food products	45.2	44.2	39.2	54.5
Beverages	44.8	42.2	32.3	52.7
Textiles products	39.0	39.0	20.2	46.9
Wearing apparel	22.0	34.9	15.3	34.7
Leather and related products	26.4	37.1	21.4	32.9
Footwear and parts	28.3	35.5	15.1	33.8
Wood products	38.4	44.8	30.2	51.7
Pulp and Paper	39.9	44.0	26.9	48.9
Printing and reproduction of recorded media	22.6	34.9	11.1	39.3
Biofuel	61.9	48.8	48.8	56.0
Chemicals (except Soap and detergents, cleaning preparations and others)	43.8	44.1	34.9	45.9
Soap and detergents, cleaning preparations and others	55.2	46.6	43.1	50.0
Pharmaceutical chemicals and pharmaceuticals	53.9	52.6	52.6	64.5
Rubber products	46.6	42.6	27.7	52.7
Plastics products	41.8	40.5	28.9	47.5
Non-metallic mineral products	41.2	42.7	28.2	54.1
Basic metals	41.5	41.1	28.6	46.4
Metal products (except machinery and equipment)	40.0	40.8	27.0	43.2
Computers, electronics and optical products	34.8	37.1	19.7	52.3
Electrical equipment	36.1	37.8	30.6	44.4
Machinery and equipment	45.5	41.0	29.8	47.3
Motor vehicles, trailers and semi-trailers	49.2	40.7	27.1	45.8
Other transport equipment	42.6	41.2	25.0	41.2
Furniture	40.2	34.2	20.9	46.8
Other manufacturing	38.7	43.5	23.4	51.6
Repair and installation	44.3	40.9	28.4	43.2

Note: In the survey, entrepreneurs are asked to indicate up to three items representing the main problems faced by their companies, so the sum of percentages exceeds 100%.

\*The indicators vary in the 0-100 interval. Figures above 50 points indicate an increase in production or in number of employees, that capacity utilization is above usual levels for the month or an expected growth. Figures below 50 points indicate a decline in production or in number of employees, that capacity utilization is below usual levels for the month or an expected decline.

## RESULTS

### Performance of industry

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20
Total	50.9	26.0	43.1	48.5	38.2	42.0	67	49	55	42.9	23.9	29.7	50.8	48.2	46.2	51.6	49.8	47.4
<b>BY INDUSTRIAL ACTIVITY</b>																		
Mining and quarrying	54.2	43.0	48.4	51.3	46.0	47.4	70	67	67	46.6	40.5	42.0	43.6	50.7	48.2	47.7	50.4	48.4
Manufacturing	50.7	25.2	42.8	48.4	37.9	41.7	67	48	54	42.8	23.2	29.1	50.9	48.1	46.0	51.8	49.8	47.3
<b>BY COMPANY SIZE</b>																		
Small <sup>1</sup>	47.6	24.0	35.6	46.5	36.1	40.4	59	43	48	40.3	22.3	28.0	47.9	41.5	41.8	47.0	41.0	40.5
Medium <sup>2</sup>	49.4	26.9	42.4	48.3	37.7	41.2	66	50	54	42.3	24.6	29.6	50.4	46.7	45.7	50.7	47.6	45.4
Large <sup>3</sup>	53.4	26.6	47.2	49.6	39.5	43.2	71	51	58	44.6	24.3	30.5	52.4	52.3	48.6	54.3	55.4	51.8

The indicators vary in the 0-100 interval. Figures above 50 points indicate an increase in inventory levels, that actual inventory is above planned levels or that capacity utilization is above usual levels for the month. Figures below 50 points indicate a decline in inventory levels, that actual inventory is below planned levels or capacity utilization is below usual levels for the month.

1 - Company with 10 to 49 employees. 2 - Company with 50-249 employees. 3 - Company with 250-plus employees.

### Industrial expectations

	DEMAND			EXPORTS VOLUMES			PURCHASES OF RAW MATERIALS			NUMBER OF EMPLOYEES			INVESTMENT INTENTIONS*		
	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20	Jun-19	May-20	Jun-20
Total	57.3	35.1	48.7	52.6	33.4	45.8	54.6	34.7	46.5	50.8	38.1	45.3	52.3	36.9	41.4
<b>BY INDUSTRIAL ACTIVITY</b>															
Mining and quarrying	53.8	43.1	47.4	50.5	46.1	48.1	49.1	44.6	44.3	51.7	45.1	47.7	55.2	52.8	52.2
Manufacturing	57.4	34.6	48.6	52.6	32.8	45.7	54.7	34.2	46.6	50.7	37.7	45.2	52.2	36.2	40.9
<b>BY COMPANY SIZE</b>															
Small <sup>1</sup>	56.2	34.0	46.1	50.0	30.2	42.3	53.5	32.5	43.2	50.5	35.7	43.2	40.5	25.4	31.5
Medium <sup>2</sup>	56.8	36.3	48.3	53.0	33.9	44.4	54.7	35.7	46.0	50.6	37.6	44.9	49.8	35.2	39.3
Large <sup>3</sup>	58.1	35.0	50.2	53.7	34.8	48.2	55.0	35.3	48.5	51.1	39.5	46.6	59.5	43.5	47.4

The indicators vary in the 0-100 interval. Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline.

\* The indicator varies in the 0-100 interval. The higher the index, the more industry is likely to invest.

1 - Company with 10 to 49 employees. 2 - Company with 50-249 employees. 3 - Company with 250-plus employees.



### Technical specifications

#### Sample profile

1,859 enterprises, including 724 small, 663 medium and 472 large companies.

#### Data collection period

June 1-10, 2020.

Document closed by June 19, 2020.



### Learn more

For more information on the survey, including sectoral and regional results, previous editions, methodology and historical series, kindly visit: [www.cni.com.br/e\\_sondaindustrial](http://www.cni.com.br/e_sondaindustrial)

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