

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

CBIC

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

The Financial Conditions Worsen for the Construction Industry

The financial conditions of the Construction Industry worsened in the first quarter of 2024, with a decline in the Profit Margins Satisfaction, Financial Situation Satisfaction, and Credit Access Ease Indices.

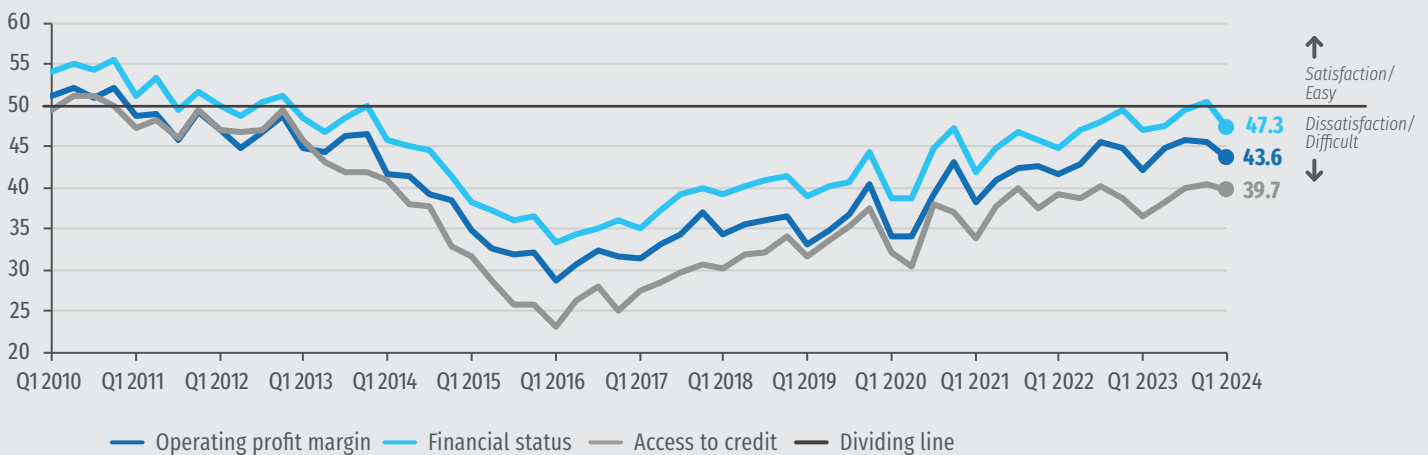
However, the performance of the construction sector in March 2024 can be considered relatively favorable. Although the Activity Level Evolution and Number of Employees Evolution Indices remain below 50 points, the results were above average for March compared to previous years.

In the first quarter of 2024, the lack or high cost of skilled workers was the main problem faced by entrepreneurs in the Construction Industry, reaching the highest percentage of mentions for this issue in the historical series. Tied for first place is also the high tax load. In addition to these problems, the issue of high interest rates stands out, ranking third among the main problems.

Finally, in April, construction entrepreneurs showed confidence, and expectations rose and became more widespread. The investment intention also increased during the period.

Financial Conditions Index for the Construction Industry

Indices (0 to 100 points)*



* The indices range from 0 to 100. Values above 50 indicate ease of access to credit, satisfaction with operational profit, or satisfaction with the financial situation. Values below 50 indicate difficulty in accessing credit, dissatisfaction with operational profit, or dissatisfaction with the financial situation.

PERFORMANCE OF THE CONSTRUCTION INDUSTRY IN MARCH 2024

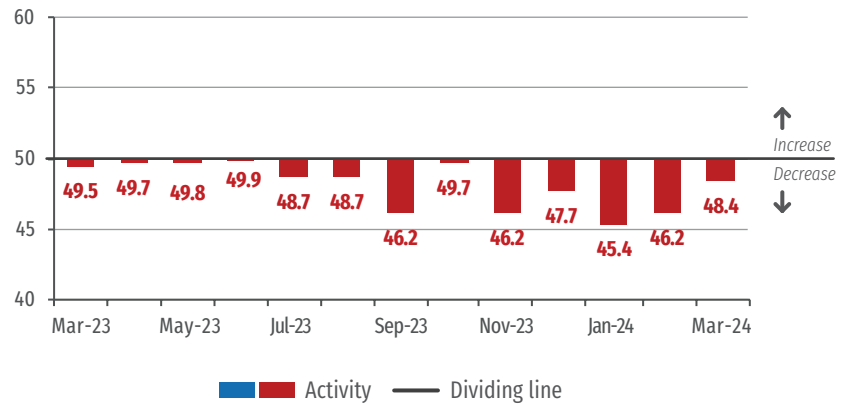
Activity Level and Number of Employees Indices Advance in March

The Activity Level Evolution Index stood at 48.4 points in March 2024. The index remained below the dividing line of 50 points but showed an increase of 2.2 points compared to February, indicating a less intense and widespread activity decline than the previous month. The index was well above the average for March in previous years, which is 45.8 points.

The Number of Employees Evolution Index reached 46.8 points in March 2024, an increase of 0.8 points compared to February. Like the activity level, the index value remained below the 50-point mark, indicating a decrease in employment. The index value also exceeded the average for March in previous years, which was 45.1 points.

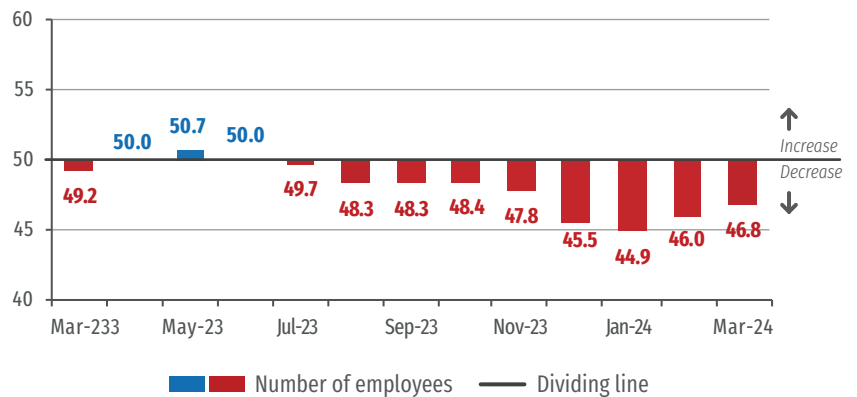
Activity level evolution

Indices (0 to 100 points)*



Number of employees evolution

Indices (0 to 100 points)*



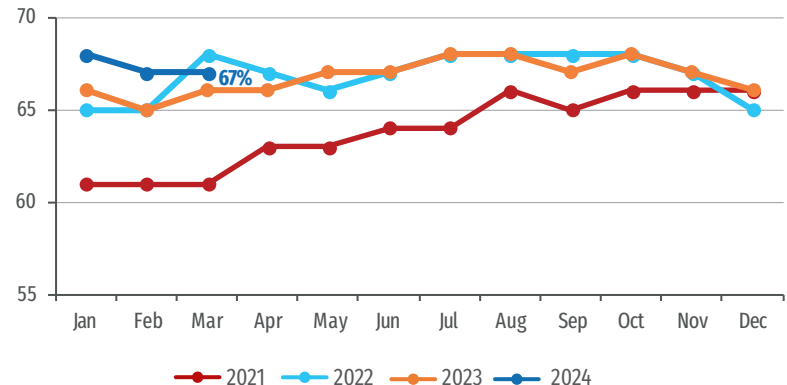
*Values above 50 indicate an increase in activity or employment compared to the previous month. Values below 50 points indicate a decrease in activity or employment compared to the previous month. The further away from 50 points, the greater and more widespread is the variation.

Utilization of Operational Capacity Remained Stable in March

In March 2024, the Utilization of Operational Capacity (UCO) did not change compared to February, remaining at 67%. The result exceeded the UCO recorded in March 2023, which was 66%.

Utilization of Operational Capacity

Percentage (%)



FINANCIAL CONDITIONS OF THE CONSTRUCTION INDUSTRY IN THE 1ST QUARTER OF 2024

The Financial Conditions Worsened in the Quarter

In the first quarter of 2024, the financial condition indices of the Construction Industry showed deterioration. The indices for profit margin satisfaction, financial situation satisfaction, and credit access ease all declined during the quarter.

The Profit Margin Satisfaction Index decreased by 2.0 points compared to the fourth quarter of 2023, reaching 43.6 points. This indicator remained below 50 points, indicating an increase in dissatisfaction with profit margin.

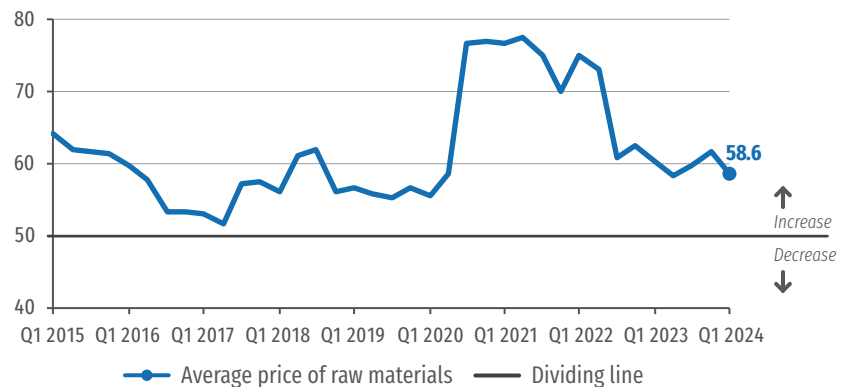
Similarly, the Financial Situation Satisfaction Index dropped by 3.0 points between the first quarter of 2024 and the fourth quarter of 2023, transitioning below the 50-point mark from satisfaction to dissatisfaction with the financial situation.

The Credit Access Ease Index decreased by 0.6 points to 39.7 points, indicating that construction entrepreneurs continue to face difficulty in accessing credit.

On the other hand, the price of inputs showed a deceleration in the first quarter of the year. The average input price index dropped by 3.2 points from 61.8 points to 58.6 points, indicating that the increase in input prices was less intense and more restricted.

Profit margins and financial situation satisfaction

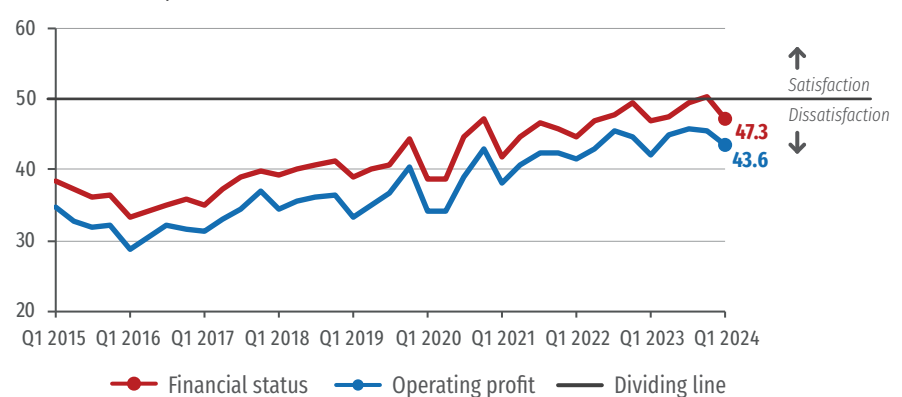
Indices (0 to 100 points)*



*Values above 50 indicate satisfaction with the operating profit margin and the financial situation. Values below 50 indicate dissatisfaction with the operating profit margin and the financial situation. The further away from 50 points, the greater and more widespread is the satisfaction or dissatisfaction.

Credit access ease

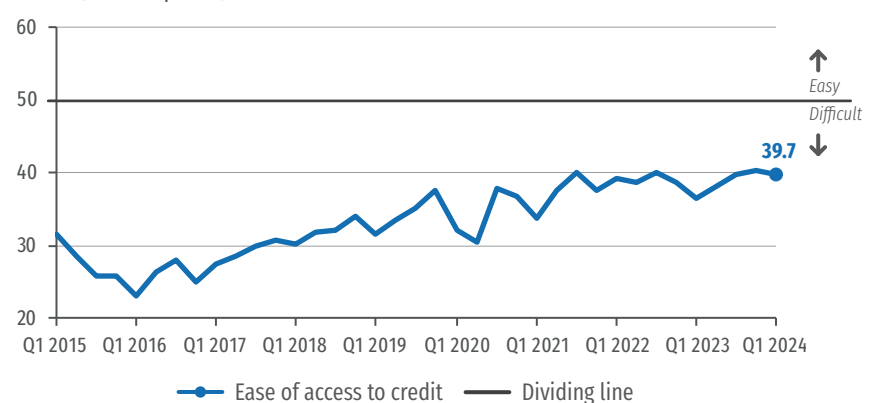
Indices (0 to 100 points)*



*Values above 50 indicate ease of access to credit. Values below 50 indicate difficulty in accessing credit. The further away from 50 points, the greater and more widespread is the difficulty or ease of access to credit.

Raw materials average price

Indices (0 to 100 points)*



*Values above 50 indicate an increase in the prices of inputs and raw materials compared to the previous quarter. Values below 50 points indicate a decrease in the prices of inputs and raw materials compared to the previous quarter. The further away from 50 points, the more intense and widespread is the variation.

MAIN PROBLEMS FACED BY THE CONSTRUCTION INDUSTRY IN THE 1ST QUARTER OF 2024

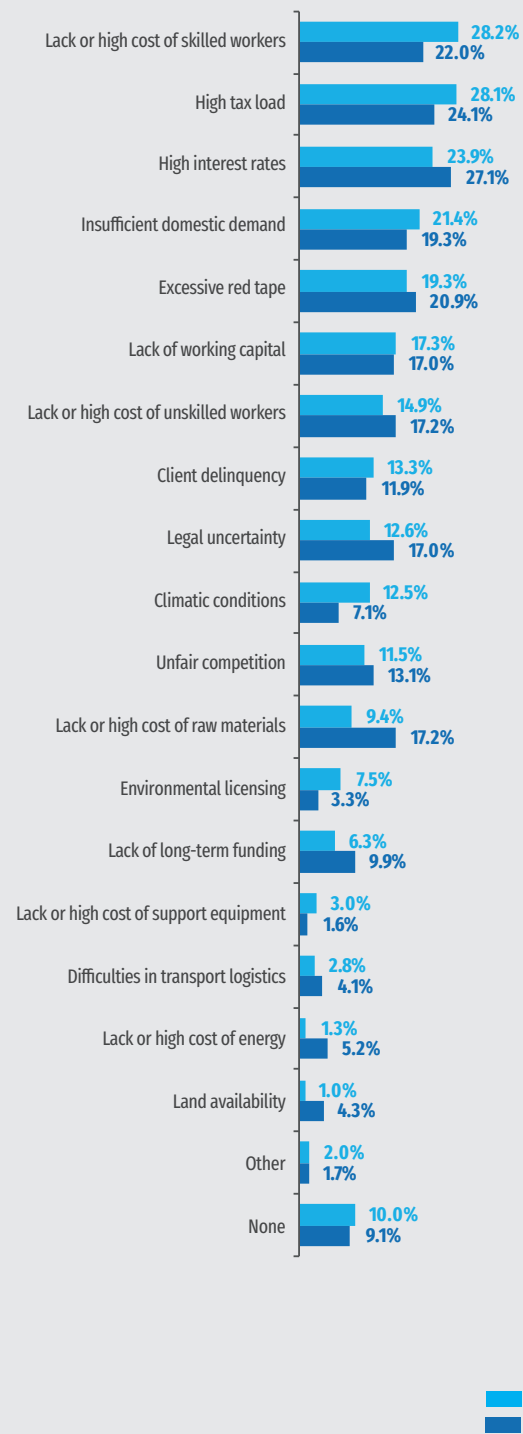
The Lack or High Cost of Skilled Workers Increases and Presents the Highest Percentage of Mentions in the Historical Series for the Quarter

In the first quarter of 2024, the lack or high cost of skilled workers presented the highest percentage of mentions in the historical series. The issue was mentioned by 28.2% of companies, after a significant increase of 6.2 percentage points (p.p.) compared to the fourth quarter of 2023. With this increase, the problem rose to the top of the list of major issues.

Tied for first place is also the high tax load, a matter that received 28.1% of mentions in the first quarter of 2024, after an increase of 4.1 p.p. compared to the previous quarter.

As the third biggest challenge of the quarter, entrepreneurs mentioned high interest rates. The problem was mentioned by 23.9% of companies, a decrease of 3.3 p.p. compared to the fourth quarter of 2023. Although the percentage of mentions for this issue is still high, due to the restrictive monetary policy, it is the third consecutive decrease in mentions, showing the sector's reaction to cuts in the basic interest rate.

Main problems faced by construction industry in 2024's 1st quarter
Percentage (%)*



*In the survey, the business owner is asked to mark up to three items that constituted real problems for their company. Therefore, the sum of the percentages exceeds 100%.

CONFIDENCE INDEX OF THE CONSTRUCTION INDUSTRY ENTREPRENEUR IN APRIL 2024

Confidence of Construction Industry Decreases

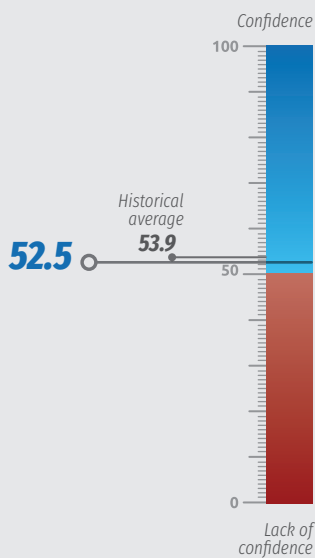
In April 2024, the Construction Industry Business Confidence Index (Construction ICEI) fell by 1.3 points to 52.5 points. Even with the decline, the index shows that construction entrepreneurs remain confident, as it continues to be above the 50-point threshold that separates confidence from lack of confidence.

Regarding the components of the ICEI, the Current Conditions Index, which measures perceptions of current conditions, remained stable at 47.4 points from March to April. Below the

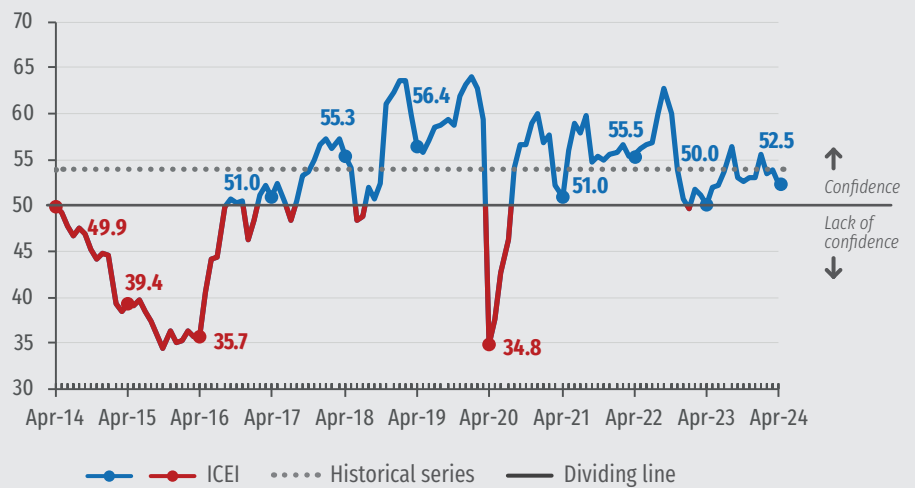
50-point mark, the result suggests that entrepreneurs perceive a worsening of current conditions compared to the last six months. The stability of the index in April is due to the slight deterioration in the evaluation of current conditions of the company, while there was an improvement in the assessment of the Brazilian economy.

Meanwhile, the Expectations Index, a component of the ICEI that measures entrepreneurs' prospects for the next few months, fell by 2.0 points to 55.0 points. Despite the decline, the index remains above the 50-point threshold, indicating continued positive expectations for the next six months. This result stems from a deterioration in both the company's and the Brazilian economy's expectations.

Construction ICEI
Indices (0 to 100 points)*



Historic Series
Indices (0 to 100 points)*



*Values above 50 points indicate business confidence and the higher above 50 points, the greater and more widespread is the confidence. Values below 50 points indicate a lack of business confidence and the lower below 50 points, the greater and more widespread is the lack of confidence.

CONSTRUCTION INDUSTRY EXPECTATIONS IN APRIL 2024

Optimism Increases and Becomes More Widespread

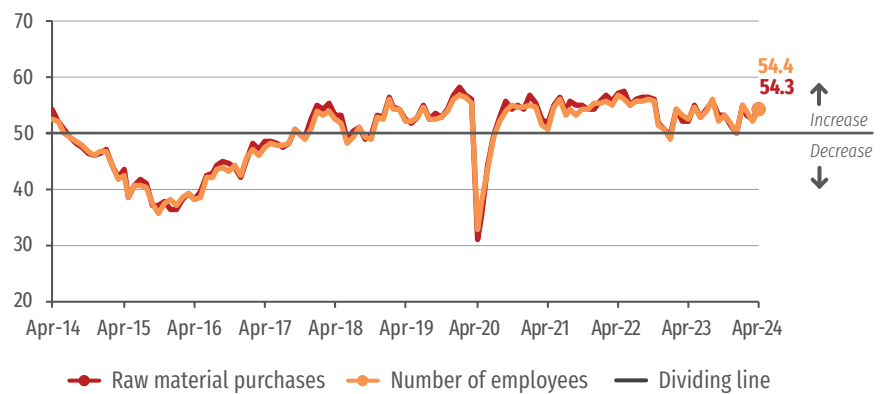
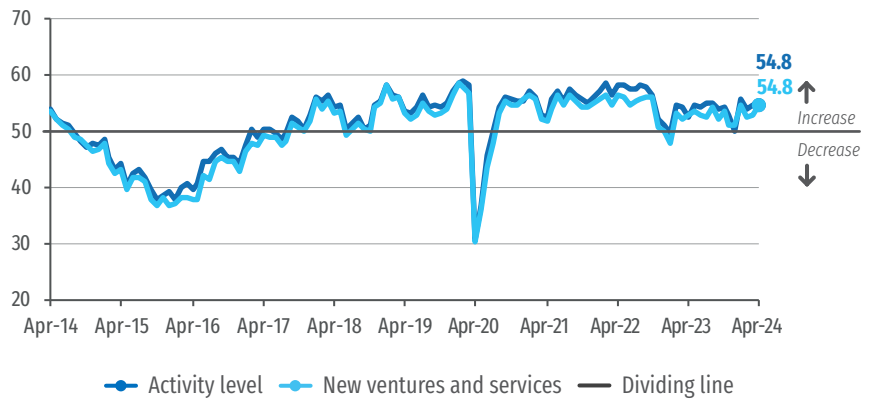
Construction entrepreneurs have positive expectations for all analyzed variables. The indices for expectations of new developments and services, purchases of inputs and raw materials, and number of employees increased and became more widespread compared to March.

Regarding the New Developments and Services Expectation Index, there was an increase of 1.8 points, reaching 54.8 points, while the Number of Employees Expectation Index expanded by 2.2 points to 54.4 points. The Purchases of Inputs and Raw Materials Expectation Index advanced by 1.6 points to 53.4 points.

Meanwhile, the Activity Level Expectation Index remained stable during the period at a high level, with a variation of +0.1 points, reaching 54.8 points.

Expectations indices

Indices (0 to 100 points)*



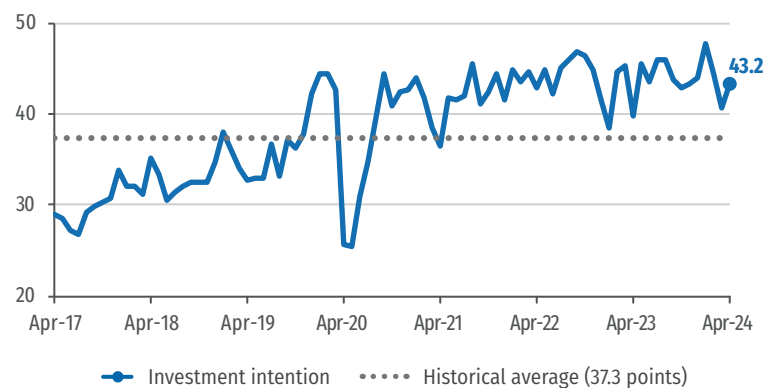
**Values above 50 points indicate an expectation of growth. Values below 50 points indicate an expectation of decline. The further away from 50 points, the greater and more widespread is the expected variation.

Investment Intention Rises in April

In April 2024, the investment intention index of the Construction Industry increased by 2.6 points, reaching 43.2 points. With this rise, the investment intention index moved away from the historical average of 37.3 points.

Investment intentions

Indices (0 to 100 points)*



*The higher the index, the greater the industry's propensity to invest.

RESULTS

Financial status in the quarter

	OPERATING PROFIT MARGIN			AVERAGE PRICE OF RAW MATERIALS			FINANCIAL STATUS			ACCESS TO CREDIT		
	Q1 2023	Q4 2023	Q1 2024	Q1 2023	Q4 2023	Q1 2024	Q1 2023	Q4 2023	Q1 2024	Q1 2023	Q4 2023	Q1 2024
SURVEY	42.2	45.6	43.6	60.3	61.8	58.6	47.0	50.3	47.3	36.5	40.3	39.7
BY SIZE												
Small ¹	42.5	42.4	41.6	62.1	57.1	57.0	44.9	45.4	45.4	34.2	38.8	38.1
Medium ²	42.5	44.8	41.1	60.6	60.5	58.9	47	49.2	44.4	38.6	38.8	38.1
Large ³	41.8	47.3	45.8	59.5	64.2	59.0	47.8	52.7	49.7	36.1	41.7	41.2

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 the construction industry

Items	GENERAL			SMALL			MEDIUM			LARGE		
	Q4 2023	Q1 2024		Q4 2023	Q1 2024		Q4 2023	Q1 2024		Q4 2023	Q1 2024	
	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High interest rates	22.0	28.2	1	24.4	25.6	2	13.0	24.8	2	29.7	33.3	1
High tax load	24.1	28.1	2	26.9	32.0	1	27.5	30.2	1	18.9	23.6	3
Lack or high cost of skilled workers	27.1	23.9	3	23.5	18.4	3	32.1	24.8	2	24.3	26.4	2
Excessive red tape	19.3	21.4	4	10.1	16.8	6	23.7	24.8	2	20.3	20.8	4
Insufficient domestic demand	20.9	19.3	5	21.0	18.4	3	22.9	22.5	5	18.9	16.7	6
Lack or high cost of raw materials	17.0	17.3	6	17.6	16.0	8	16.0	14.7	6	17.6	20.8	4
Lack or high cost of unskilled workers	17.2	14.9	7	14.3	16.0	8	19.8	12.4	9	16.2	16.7	6
Legal uncertainty	11.9	13.3	8	13.4	14.4	10	12.2	14.7	6	10.8	11.1	10
Lack of working capital	17.0	12.6	9	12.6	13.6	11	13.7	9.3	11	23.0	15.3	8
Unfair competition	7.1	12.5	10	9.2	17.6	5	6.1	9.3	11	6.8	12.5	9
Client delinquency	13.1	11.5	11	19.3	16.8	6	14.5	14.0	8	8.1	5.6	14
Lack of long-term funding	17.2	9.4	12	16.0	5.6	13	12.2	10.1	10	23.0	11.1	10
Climatic conditions	3.3	7.5	13	2.5	5.6	13	3.1	9.3	11	4.1	6.9	12
Lack or high cost of energy	9.9	6.3	14	5.0	8.0	12	9.2	4.7	14	13.5	6.9	12
Land availability	1.6	3.0	15	0.0	2.4	16	0.0	2.3	16	4.1	4.2	15
Difficulties in transport logistics	4.1	2.8	16	3.4	2.4	16	4.6	3.1	15	4.1	2.8	16
Environmental licensing	5.2	1.3	17	5.0	3.2	15	3.8	0.0	18	6.8	1.4	17
Lack or high cost of support equipment	4.3	1.0	18	3.4	1.6	18	3.8	1.6	17	5.4	0.0	18
Other	9.1	10.0	-	15.1	13.6	-	9.2	10.9	-	5.4	6.9	-
None	1.7	2.0	-	3.4	3.2	-	2.3	3.1	-	0.0	0.0	-

Note: In the survey, the entrepreneur is asked to mark up to three items that were real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

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		
	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24
SURVEY	66	67	67	49.5	46.2	48.4	43.6	43.1	43.0	49.2	46.0	46.8
Small	59	58	60	49.1	41.6	46.4	43.6	39.8	41.4	47.6	44.6	44.2
Medium	64	65	64	45.6	44.8	47.3	38.5	40.5	42.5	47.3	45.6	48.3
Large	70	71	71	51.9	48.6	49.7	46.5	45.8	43.8	50.9	46.8	46.9

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					
	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24
SURVEY	52.5	54.7	54.8	52.9	53.0	54.8	52.1	52.7	54.3	52.4	52.2	54.4	39.8	40.6	43.2
Small	54.0	55.8	56.7	52.6	53.8	56.7	51.7	53.6	54.0	51.5	53.4	55.0	36.6	37.6	39.7
Medium	53.7	56.7	54.4	52.7	53.4	55.4	53.4	53.8	54.7	53.2	53.4	53.9	39.2	38.5	42.6
Large	51.3	53.2	53.8	53.2	52.5	53.8	51.6	51.8	54.2	52.2	51.1	54.5	41.3	42.9	44.8

Construction Industry Business Confidence Index and its components

	ICEI – CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24
SURVEY	50.0	53.8	52.5	43.7	47.4	47.4	53.1	57.0	55.0
Small	48.4	54.2	51.8	41.9	46.9	43.9	51.7	57.8	55.7
Medium	49.2	52.5	51.1	42.3	47.6	47.1	52.6	54.9	53.1
Large	51.0	54.4	53.5	45.1	47.4	48.8	53.1	57.9	55.9

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

328 companies: 125 small, 130 medium and 73 large.

Collection period

1 to 9 April 2024.

Document completed on April 22, 2024.



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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