

# SMALL INDUSTRY OVERVIEW

ECONOMIC INDICATORS **CNI**



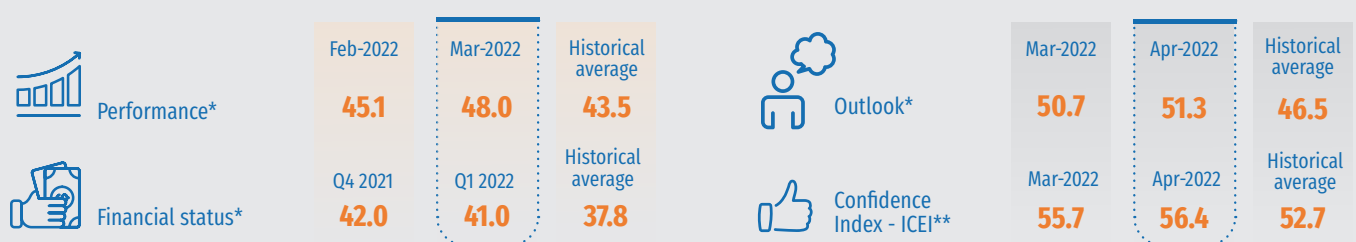
## Small industries show positive performance and widespread optimism

The small industry entrepreneur had a positive Q1 in 2022. The Performance Index showed successive increases in the first months of the year and improved in comparison to March 2021. Optimism has increased and the outlook for small industry remains on a positive trajectory.

However, the financial conditions of small industry worsened in the quarter. It is also worth noting that the concern with the lack or high cost of raw materials rose again in the period and continues to occupy the first place in the ranking of main problems for the mining and quarrying, manufacturing and construction sectors. In addition, the high tax burden remains in second place.

### Small Industry Performance indices, Financial Status, Outlook and Confidence

Diffusion indices (0-100 points)



\* The higher the index, the better the performance of the small industry in the quarter, the better the financial situation of the small industry in the quarter, or the more positive is the outlook of the small industry entrepreneur for the month.

\*\* Figures above 50 points show entrepreneur confidence. The more above 50 points, the greater and more widespread the confidence. Figures below 50 points show entrepreneur lack of confidence. The more below 50 points, the greater and more widespread the lack of confidence.

PERFORMANCE OF SMALL INDUSTRIES IN THE FIRST QUARTER OF 2022

## Performance of small industries shows improvement

The Small Industries Performance Index shows good performance by these companies in the 1st quarter of 2022. The index started the year practically over the historical average, reaching 43.3 points in January 2022, compared to the historical average of 43.5 points. In the subsequent months, the performance improved: in the transition to February, the index increased

by 1.8 point and, in March, it increased by another 2.9 points. Thus, in March, the index reached 48.0 points, which can be considered a positive performance, especially in comparison with March of previous years.

The average for the first quarter of the year was 45.5 points, which is the highest result for the quarter since the start of the series in 2012. In the first quarter of 2021, the index stood at 43.9 points.

**Small Industry Performance Index**  
 Index (0 to 100 points)\*



\*The higher the index, the better the performance of small industry in the month.  
 Note: The Small Industry Performance Index is a weighted average of the Extractive, Manufacturing and Construction small industry performance indices.

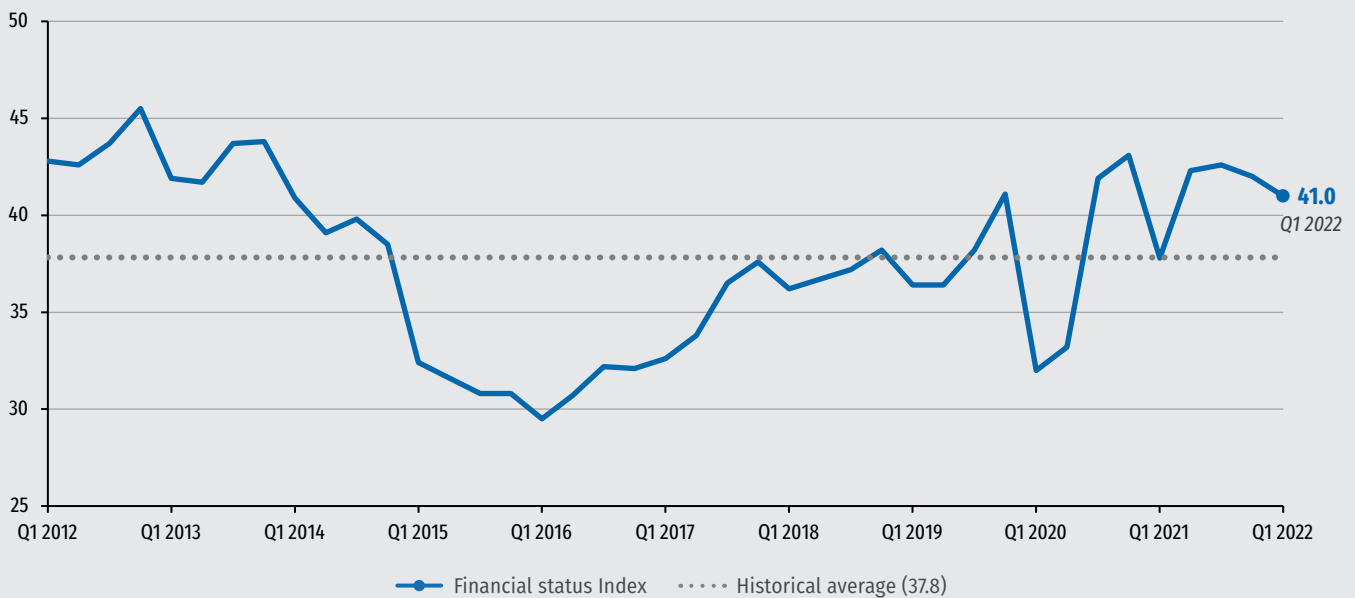
## SMALL INDUSTRY FINANCIAL STATUS IN Q1 2022

# Financial conditions of small industry worsened

The Financial Status Index for small industries dropped to 41.0 points in Q1 2022. Compared to Q4 2021, the index dropped 1.0 point, that is, it reveals a worsening of the financial situation in Q1 2022.

It is noteworthy that, despite the drop, the index remains above its historical average (37.8 points). In other words, this quarter's financial status showed a relatively more favorable result than that of other quarters.

**Small Industry Financial Status Index**  
Index (0 to 100 points)\*



\*The higher the index, the better the financial status of small industry in the quarter.  
Note: The Financial Status Index is a weighted average of the Extractive, Manufacturing and Construction small industry performance indices.

## SMALL INDUSTRY MAIN PROBLEMS IN Q1 2022

# Concern about lack or high cost of raw materials grows again

The lack or high cost of raw materials remained in the first place in the ranking of the main problems faced by small companies in the mining and quarrying, manufacturing and construction industries.

Differently from what happened with the industry as a whole, the percentage of small companies affected by the problem in the three industrial segments increased in Q1 2022 compared to Q4 2021. The percentage reached 45.1% in the mining and quarrying industry (+14.9 percentage points), 58.7% in the manufacturing industry (+1.7 pp) and 44.6% in construction (+3.9 pp).

The high tax burden remained in the second position of the ranking also for the three industrial segments. In the mining and quarrying industry, 29.4% of the companies were affected, which corresponds to an increase of 10.5 pp compared to the previous quarter. In the manufacturing and construction industry, there was a drop in the percentage of companies affected, 3.4 pp and 2.9 pp, respectively.

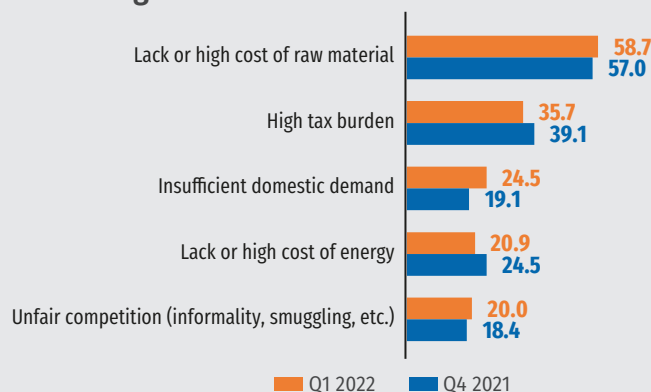
Despite the reduction in the number of mentions, the lack or high cost of energy ranked third in the mining and quarrying industry, affecting 23.5% of companies, and fourth in the manufacturing industry, affecting 20.9% of companies. The results indicate that the energy issue is still an attention point.

The issue of insufficient domestic demand remains among the main problems, showing increases in the quarter, in fourth place for the mining and quarrying industry (21.6%) and third place for manufacturing (24.5%).

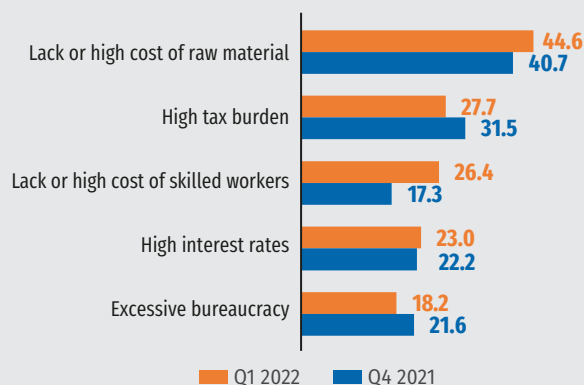
### Main problems faced by Small Industry

Percentage (%)

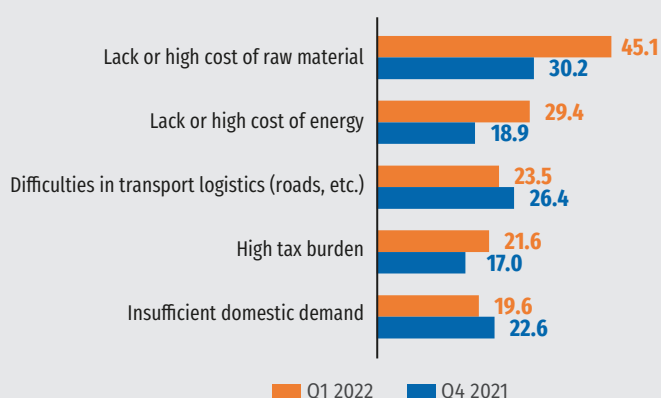
#### Manufacturing



#### Construction



#### Extractive



Note: For the main problem question, the entrepreneur is presented with a list of options. The entrepreneur may choose to indicate up to three options.

Fifth place was taken by the difficulties in transport logistics for the mining and quarrying industry, affecting 19.6% of companies, and unfair competition (informality, smuggling, etc.) for the manufacturing industry, affecting 20.0% of companies.

The construction industry also listed: the lack or high cost of skilled workers in third place (26.4%); the high interest rates, as a result of successive increases in the Selic rate, in fourth place with 23.0%; and excessive bureaucracy, in fifth place, with 18.2% of companies.

SMALL INDUSTRY CONFIDENCE AND OUTLOOK IN APRIL 2022

## Small industry optimism rises in April

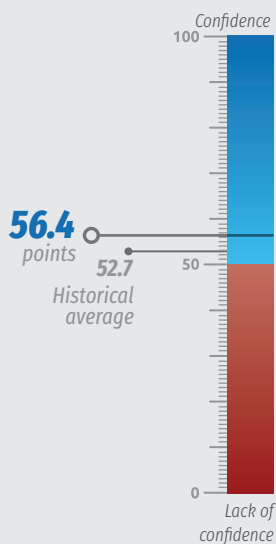
The Business Confidence Index (ICEI) for small industries reached 56.4 points in April 2022, an increase of 0.7 point compared to March 2022.

The ICEI remains above the 50.0 point dividing line, which separates

confidence from lack of confidence, and also above the 52.7 points historical average. Therefore, the entrepreneur remains optimistic and their confidence widespread.

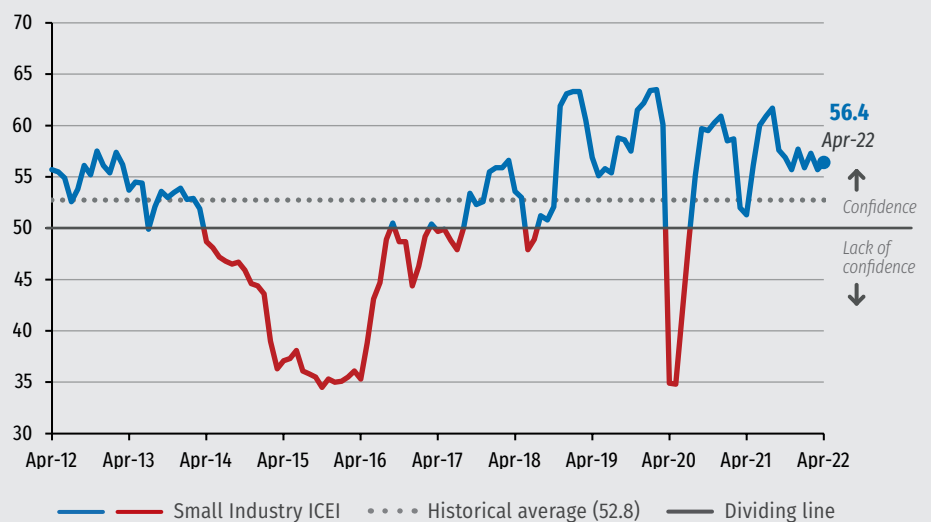
Since September 2021, confidence has been oscillating between 55.7 points and 57.7 points.

**Small industry ICEI**  
Index (0 to 100 points)\*



**Historic Series**

Index (0 to 100 points)\*



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# Outlook for small industry remains on a positive trajectory

The Small Industry Outlook Index indicated a favorable outlook for small industry entrepreneurs in 2022.

January, February and March were, respectively, 50.9 points, 52.1 points and 50.7 points. The average for this quarter was about 1 point higher than the average for the previous quarter.

The index inched up 0.6 point in April 2022, reaching 51.3 points. The index figures for

It is noteworthy that the outlook index remained above the 46.5 points historical average throughout the quarter.

## Small Industry Outlook Index

Index (0 to 100 points)\*



\*The higher the index, the more positive is the outlook for the small business entrepreneur.



### Technical specifications

The Small Industry Outlook (SIO) is a quarterly publication, generated from the results of CNI's Industrial Survey, Construction Industry Survey and Business Confidence Index (ICEI).

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### Learn More

The research methodology and the historical series of the indices of Performance, Financial Conditions, Perspectives, the main problems and the ICEI of small industry are available at [www.cni.com.br/e\\_ppi](http://www.cni.com.br/e_ppi)

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