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INDUSTRIAL SURVEY

ECONOMICINDICATORSCNI

CNI Brazilian National Confederation of Industry

Insufficient domestic demand gains importance among business leaders' main concerns

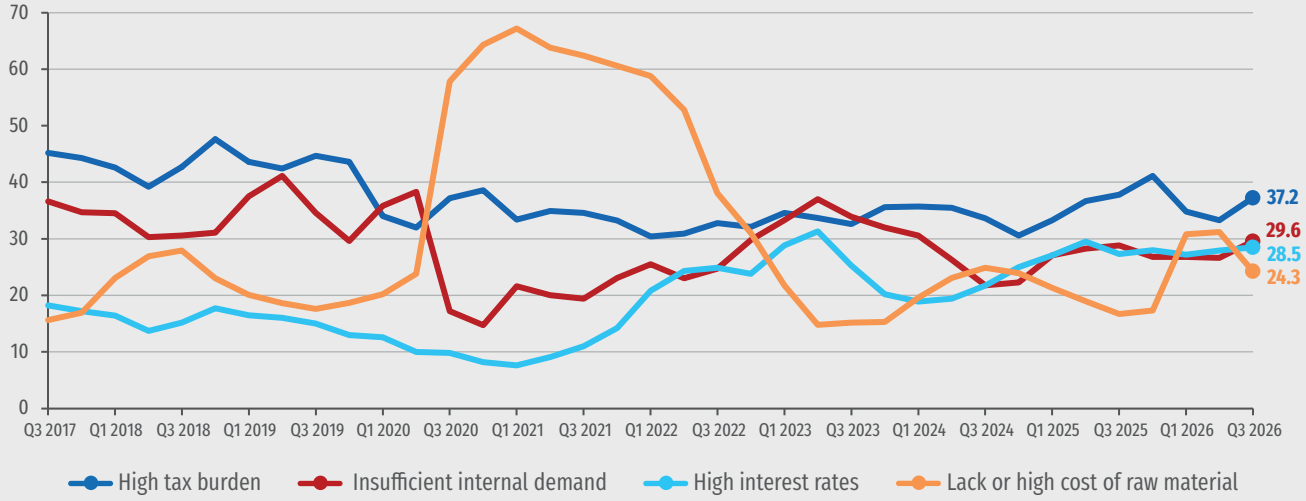
Insufficient domestic demand gained importance among the main problems faced by industrial business leaders between the 2nd and 3rd quarters of 2026, moving from fourth to second place in the ranking of main problems faced by industry, behind only high tax burden. It is also important to note that, at the same time, the share of firms citing competition with imports reached the highest level in the series, and the share citing customer default reached the highest level since the 2nd quarter of 2020.

This concern arises in the context of weak industrial activity and an undesired build-up of inventories. The September industrial production index shows that business leaders perceive a further weakening of industrial activity, following a particularly weak August. Meanwhile, the effective-to-planned inventory index reports a growing accumulation of undesired inventories throughout the 3rd quarter, reaching its highest level since October 2023.

In addition, the financial condition indicators reveal an adverse scenario that is not new but is getting worse. The clearest example is business leaders' assessment of their profit margin, which is the worst since the pandemic.

Main challenges facing Industry

Percentage of industrial fi rms reporting each item as one of the main challenges faced during the quarter (%)*



*In the survey, the entrepreneur is asked to mention up to three real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

Reflecting this scenario, industrial business leaders' expectations for the next six months show caution. The expectation indices changed little from September to October and convey the same message as in the previous month: moderate expectations, with business leaders expecting a decline in the number of employees and in export quantity, and a small increase in demand and in purchases of inputs and raw materials over the next six months.

Finally, investment intention rose from September to October. However, this movement should be viewed with caution: the increase comes after four months of decline, which brought investment intention to its lowest level since the pandemic. Even with this month's increase, investment intention has not yet recovered the cumulative losses since May and remains below the level recorded at the beginning of the year.

PERFORMANCE OF THE INDUSTRY IN SEPTEMBER 2026

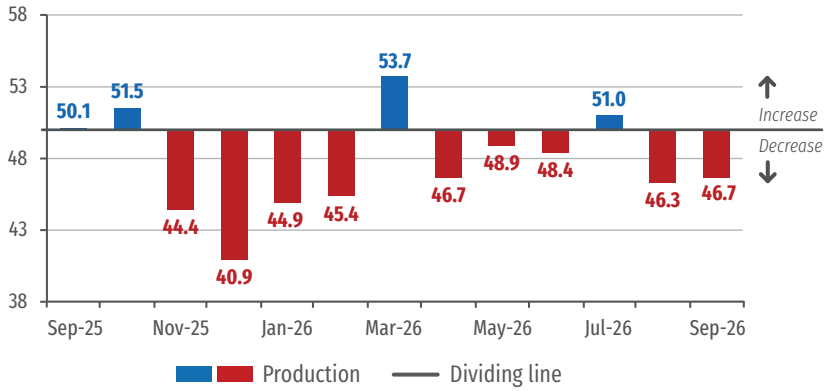
Business leaders report another month of weakening industrial activity

The industrial production index stood at 46.7 points in September 2026, virtually unchanged from August (46.3 points), and remains below 50 points, indicating a further decline in production. It is usual for the index to stay below 50 points in this month, that is, for business leaders to report a decline in production in September compared with the previous month. It should be noted, however, that the average of the index for the month is 48.9 points. The August index had also already been atypical, as it stood below 50 points, whereas it is usually above. In other words, the decline in activity perceived by business leaders in September was greater than usual, and it came after a month in which the decline in activity was already atypical for the period.

The number of employees index stood at 48.0 points in September 2026, down 0.2 point from August 2026. The index is also below its historical average for the month of 49.2 points. This shows that business leaders report a more negative trend in the number of employees than is usual for the month.

Production evolution

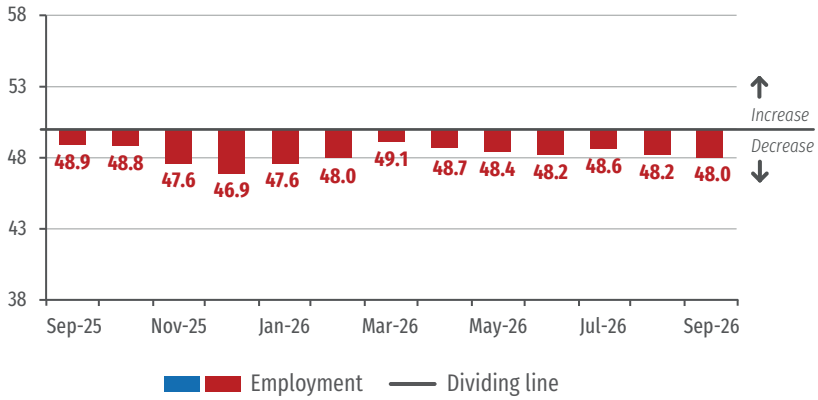
Diffusion index (0 to 100 points)*



*A score above 50 points indicates an increase in production compared to the previous month, while a score below 50 points indicates a decrease in production compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Number of employees evolution

Diffusion index (0 to 100 points)*



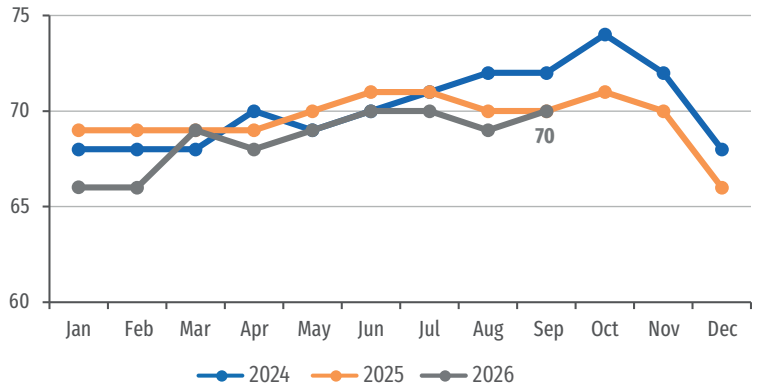
*A score above 50 points indicates an increase in employment compared to the previous month, while a score below 50 points indicates a decrease in employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Installed Capacity Utilization increases

Installed Capacity Utilization (UCI) stood at 70% in September 2026, up 1.0 percentage point from August. As a result, UCI matches the level observed in 2025 and is once again close to its historical average for the month of 70.5%.

Capacity Installed Utilization

Percentage (%)



Build-up of undesired inventories is the largest since October 2023

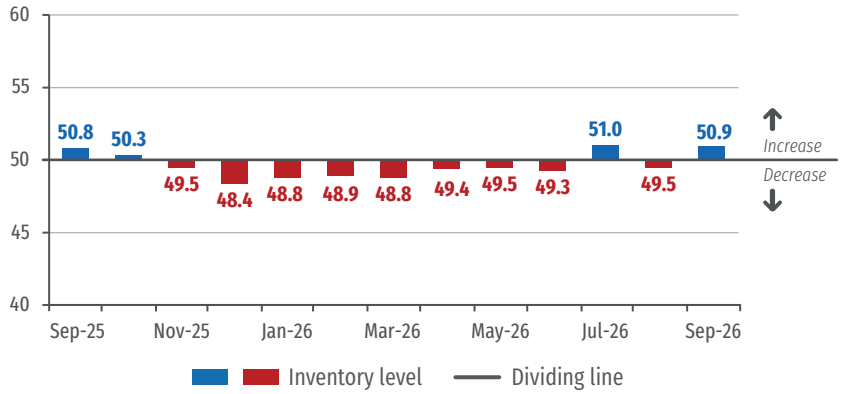
The industrial inventories index stood at 50.9 points in September 2026, signaling that business leaders perceived an increase in inventories from August to September.

At the same time, the effective-to-planned inventory index rose 0.4 point, from 50.4 points in August 2026 to 50.8 points in September 2026. This index compares the inventory level that industrial companies observed at the end of the month with the inventory level they planned (or desired). This is the third consecutive increase in the index. In other words, throughout the third quarter of 2026, business leaders have been signaling a growing, albeit gradual, gap between effective and planned inventory levels.

It is also worth noting that the index is at its highest since October 2023, when it registered 51.2 points. In other words, with the recent increases, the build-up of undesired inventories has become the largest since October 2023.

Inventory level evolution

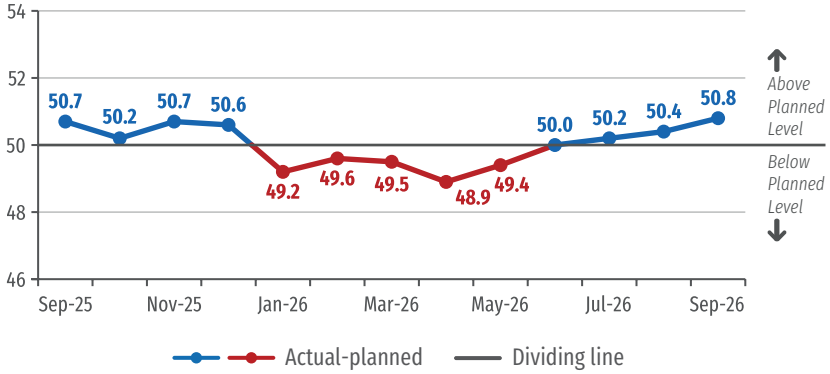
Diffusion index (0 to 100 points)*



*A score above 50 points indicates an increase in inventory levels. A score below 50 points indicates a decline in inventory levels. The further the point score is from 50 points, the greater the change from planned levels.

Evolution of actual inventory levels relative to planned levels

Diffusion index (0 to 100 points)*



*A score above 50 points indicates an increase in actual inventory is above planned levels. A score below 50 points indicates a decline in actual inventory is below planned levels. The further the point score is from 50 points, the greater the distance from planned levels.

FINANCIAL CONDITIONS OF INDUSTRY IN THE 3RD QUARTER OF 2026

Dissatisfaction with profitability is the highest since the pandemic

Taken together, the financial condition indices reveal an adverse scenario for industrial companies that are not new but have been showing a worsening trend.

The clearest example is business leaders' assessment of their companies' profitability. The satisfaction index with operational profit fell from 42.9 points in the 2nd quarter to 41.6 points in the 3rd quarter of 2026. The 1.3-point decline moved the index further from the 50-point dividing line, revealing an increase in business leaders' dissatisfaction with the financial conditions of their businesses. The index already reflected strong dissatisfaction among business leaders, and with this decline it fell to its lowest level since the 2nd quarter of 2020, during the pandemic.

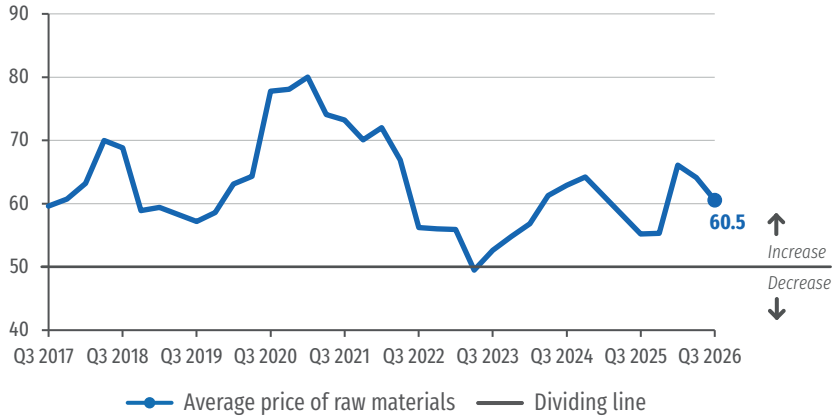
The satisfaction index with the industry's financial situation changed little, from 47.9 points in the 2nd quarter of 2026 to 47.7 points in the 3rd quarter of 2026. The index remains below the 50-point dividing line, showing business leaders' dissatisfaction with their financial situation. It is also below its historical average for the period of 48.8 points.

The ease of access to credit index, in turn, fell 0.5 point, from 39.9 points in the 2nd quarter of 2026 to 39.4 points in the 3rd quarter of 2026. The decline keeps the index well below the 50-point line, revealing that business leaders perceive a worsening difficulty in accessing credit.

Finally, the index of evolution of the average price of raw materials fell from 64.1 points to 60.5 points. Despite the decline, the index remains well above the 50-point dividing line. On the other hand, it is below its historical average for the quarter. In other words, prices are rising, but at a slower pace than in the same period of previous years.

Average price of raw materials

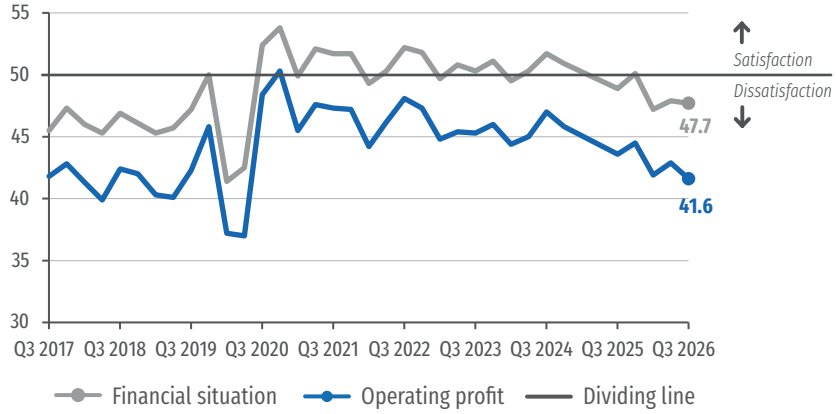
Diffusion index (0 to 100 points)*



*The index ranges from 0 to 100. A score above 50 points indicates an increase in the price of raw materials. A score below 50 points indicates a decrease in the price of raw materials.

Satisfaction with operating profit and financial situation

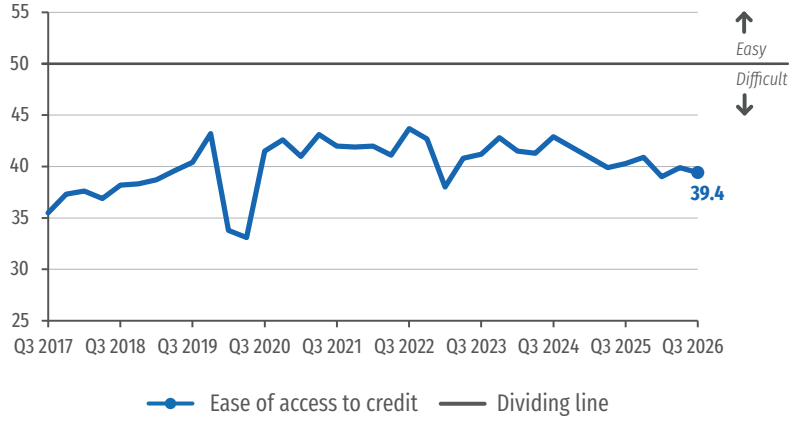
Diffusion index (0 to 100 points)*



*Satisfaction indices range from 0 to 100. A score above 50 points indicates satisfaction. A score below 50 indicates dissatisfaction.

Ease of access to credit

Diffusion index (0 to 100 points)*



*The index ranges from 0 to 100. A score above 50 points indicates easy access to credit. A score below 50 points indicates difficult access to credit.

PROBLEMS FACED BY INDUSTRY IN THE 3RD QUARTER OF 2026

Insufficient domestic demand moves up to second place in the ranking of main problems faced by industry

In the 3rd quarter of 2026, high tax burden remains in first place in the ranking of main problems faced by industry. The share of firms citing this problem rose 3.9 percentage points (p.p.), from 33.3% to 37.2%, the highest percentage so far this year.

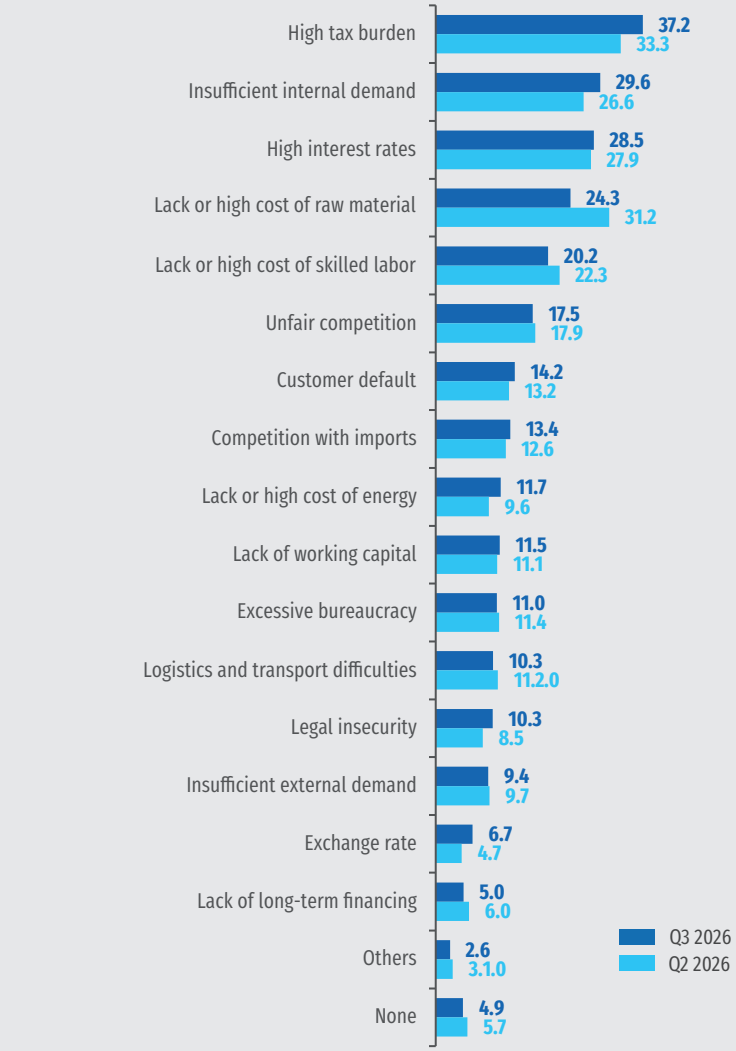
In second place in the ranking is insufficient domestic demand, cited by 29.6% of firms, 3.0 p.p. more than in the 2nd quarter. Insufficient domestic demand jumped from fourth to second place in the ranking in the period, and its share is the highest since the 1st quarter of 2024. The problem had not reached second place since the 3rd quarter of 2025.

In third place is high interest rates, cited by 28.5% of firms, 0.6 p.p. above the 2nd quarter. The share of firms citing this problem has been relatively stable, at around 28%, since the 1st quarter of 2025.

Finally, in fourth place, lack or high cost of raw materials was cited by 24.3% of firms, a decrease of 6.9 p.p. from the previous quarter. This was the largest decline from one quarter to the next among all problems. As a result, the problem dropped out of second place in the ranking of main problems faced by industry for the first time in 2026.

Two other problems also stand out. Competition with imports reached the highest share in the series, at 13.4%, and customer default reached 14.2%, the highest since the 2nd quarter of 2020.

Main problems faced by the Industry in the quarter
Percentage of total industries (%)*



*In the survey, the entrepreneur is asked to mention up to three real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

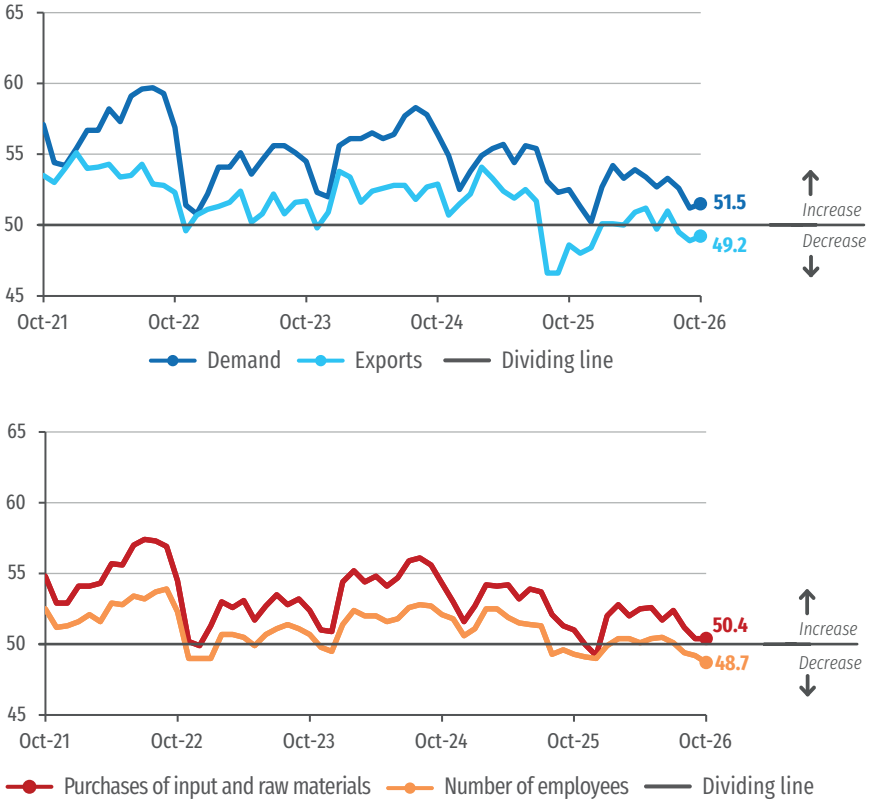
INDUSTRY EXPECTATIONS IN OCTOBER 2026

Expectations decline broadly

Overall, the expectation indices changed little from September to October 2026. As a result, no index crossed the 50-point dividing line, and all remain well below their respective historical averages for the month. In other words, the overall message is the same as in the previous month: moderate expectations, with business leaders expecting a decline in the number of employees and in export quantity, and a small increase in demand and in purchases of inputs and raw materials over the next six months.

The expectation index for the number of employees fell 0.5 point, from 49.2 points in September to 48.7 points in October 2026. With this decline, the index moved further from the 50-point dividing line. It now reflects a more widespread and intense intention among business leaders to reduce their number of employees. The monthly average for the index is 50.2 points, which means that a decline in the number of employees is not usually expected in this period.

Expectation indices
Diffusion index (0 to 100 points)*



*The indices vary from 0 to 100. Values above 50 indicate an expectation of growth. Values below 50 indicate an expectation of decline.

The index of expectation of demand rose 0.3 point, from 51.2 points in September to 51.5 points in October 2026. This reflects little change in business leaders' moderate expectations for future demand. The monthly average for the index is 55.4 points.

The expectation index for export quantity also increased 0.3 point, from 48.9 points to 49.2 points, but remains below the dividing line. The average of the index for October is 51.5 points. In other words, business leaders expect a decline in export quantity over the next six months, although an increase is usual for the period.

Finally, the expectation index for the purchase of inputs and raw materials remained stable at 50.4 points from September to October 2026. The average of the index for the month is 53.2 points. The index therefore indicates that business leaders expect a very moderate increase in their purchases of inputs and raw materials over the next six months, well below what is usual for the period.

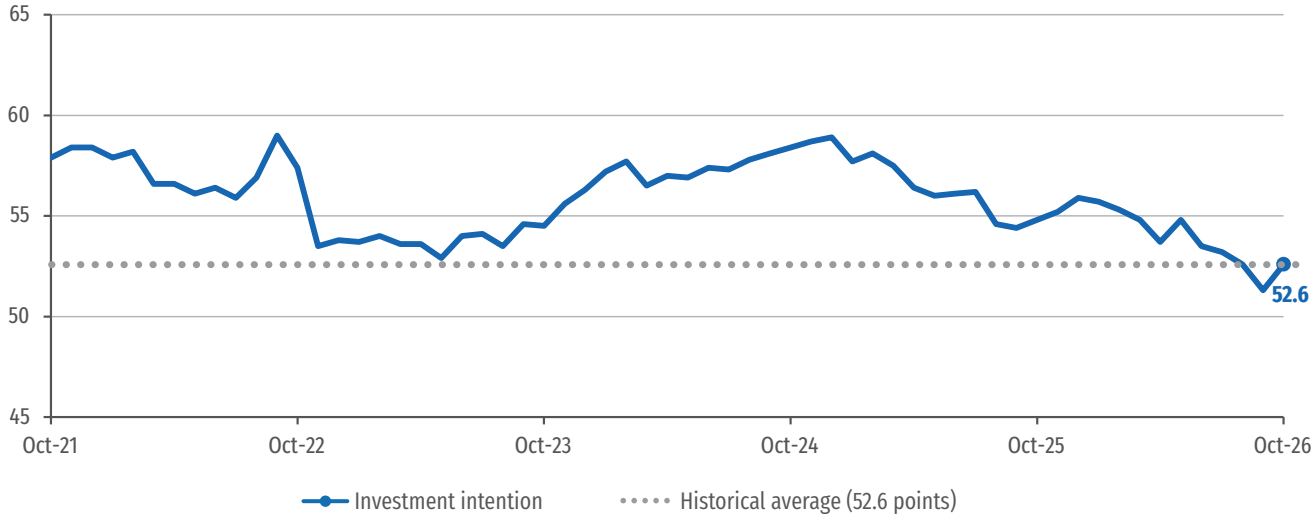
Investment intention in the industrial sector rises after its worst result since the pandemic

The investment intention index for the industrial sector had declined for four consecutive months, reaching its worst result since August 2020 at 51.0 points.

In October 2026 it increased 1.3 points to 52.6 points, reversing September's decline. Even with this increase, the index is still down 2.2 points from May, when the latest sequence of declines began, and 3.3 points from December 2025.

Investment intention

Diffusion index (0-100 points)*



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



RESULTS

Financial conditions in the quarter

	OPERATING PROFIT MARGIN			AVERAGE PRICE OF RAW MATERIALS			FINANCIAL SITUATION			ACCESS TO CREDIT		
	Q3 2025	Q2 2026	Q3 2026	Q3 2025	Q2 2026	Q3 2026	Q3 2025	Q2 2026	Q3 2026	Q3 2025	Q2 2026	Q3 2026
Total	**43.6**	**42.9**	**41.6**	**55.2**	**64.1**	**60.5**	**48.9**	**47.9**	**47.7**	**40.3**	**39.9**	**39.4**
BY INDUSTRIAL ACTIVITY												
Mining and quarrying	45.4	43.8	**43.3**	57.8	60.4	**61.3**	56.1	47.9	**46.3**	44.8	46.4	**44.3**
Manufacturing	43.6	42.8	**41.4**	55.2	64.3	**60.5**	48.6	47.8	**47.7**	40.1	39.6	**39.1**
BY COMPANY SIZE												
Small[1]	41.4	40.3	**39.1**	58.3	65.3	**60.7**	45.1	42.8	**42.8**	37.6	36.2	**34.9**
Medium[2]	43.2	41.6	**41.2**	56.1	65.9	**62.1**	48.5	46.7	**47.2**	39.8	38.1	**39.7**
Large[3]	45.0	44.9	**43.0**	53.2	62.6	**59.6**	51.0	51.1	**50.4**	42.0	42.8	**41.4**

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 Industry

	GENERAL			SMALL			AVERAGE			LARGE		
	Q2 2026	Q3 2026		Q2 2026	Q3 2026		Q2 2026	Q3 2026		Q2 2026	Q3 2026	
Items	**%**	**%**	**Position**	**%**	**%**	**Position**	**%**	**%**	**Position**	**%**	**%**	**Position**
High tax burden	33.3	37.2	**1**	37.2	40.9	**1**	35.7	37.8	**1**	23.3	29.7	**3**
Insufficient internal demand	26.6	29.6	**2**	23.3	26.4	**2**	26.5	29.1	**2**	32.3	36.1	**1**
High interest rates	27.9	28.5	**3**	26.4	25.5	**3**	30.0	28.8	**3**	27.3	33.2	**2**
Lack or high cost of raw material	31.2	24.3	**4**	33.3	24.6	**4**	31.3	26.1	**4**	27.3	21.0	**4**
Lack or high cost of skilled labor	22.3	20.2	**5**	23.6	22.8	**5**	22.5	20.1	**5**	19.9	15.8	**6**
Unfair competition	17.9	17.5	**6**	23.8	20.3	**6**	15.3	16.2	**6**	11.5	14.2	**7**
Customer default	13.2	14.2	**7**	16.3	16.3	**7**	12.0	14.7	**7**	9.6	9.7	**14**
Competition with imports	12.6	13.4	**8**	10.4	12.0	**10**	12.8	13.2	**8**	16.1	16.1	**5**
Lack or high cost of energy	9.6	11.7	**9**	11.0	14.2	**8**	9.2	12.0	**9**	7.8	6.8	**15**
Lack of working capital	11.1	11.5	**10**	12.3	12.2	**9**	10.7	10.7	**12**	9.6	11.6	**11**
Excessive bureaucracy	11.4	11.0	**11**	10.1	10.4	**11**	13.9	12.0	**9**	9.9	10.6	**12**
Logistics and transport difficulties	11.2	10.3	**12**	8.8	7.9	**14**	11.6	10.7	**12**	14.6	14.2	**7**
Legal insecurity	8.5	10.3	**13**	5.9	9.5	**12**	10.9	11.1	**11**	9.3	10.3	**13**
Insufficient external demand	9.7	9.4	**14**	7.1	9.3	**13**	9.0	7.3	**14**	14.9	12.9	**9**
Exchange rate	4.7	6.7	**15**	2.0	3.1	**16**	4.0	7.1	**15**	10.2	12.6	**10**
Lack of long-term fi nancing	6.0	5.0	**16**	6.2	4.7	**15**	6.1	4.3	**16**	5.3	6.8	**15**
Others	3.1	2.6	**-**	2.0	1.8	**-**	3.6	3.8	**-**	4.3	2.3	**-**
None	5.7	4.9	**-**	6.0	5.2	**-**	4.4	4.5	**-**	7.1	5.2	**-**

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

RESULTS

Industry Performance

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Sep-25	Aug-26	Sep-26	Sep-25	Aug-26	Sep-26	Sep-25	Aug-26	Sep-26	Sep-25	Aug-26	Sep-26	Sep-25	Aug-26	Sep-26	Sep-25	Aug-26	Sep-26
Total	**50.1**	**46.3**	**46.7**	**48.9**	**48.2**	**48.0**	**70**	**69**	**70**	**44.5**	**42.2**	**42.3**	**50.8**	**49.5**	**50.9**	**50.7**	**50.4**	**50.8**
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	52.8	49.6	**51.3**	51.5	48.6	**48.2**	71	69	**71**	47.1	45.0	**46.4**	49.0	48.9	**44.6**	49.6	48.4	**45.9**
Manufacturing	49.9	46.2	**46.6**	48.8	48.2	**48.0**	70	70	**70**	44.4	42.0	**42.2**	50.9	49.5	**51.1**	50.6	50.6	**50.9**
BY COMPANY SIZE																		
Small[1]	49.3	44.0	**45.3**	48.7	46.6	**47.6**	65	63	**62**	44.4	40.8	**41.3**	48.7	46.2	**45.2**	46.5	45.7	**45.4**
Medium[2]	50.1	45.7	**45.0**	49.1	47.5	**46.9**	69	67	**67**	43.9	42.4	**40.9**	51.3	51.0	**51.4**	50.4	51.0	**51.0**
Large[3]	50.6	47.8	**48.3**	48.8	49.4	**48.8**	75	75	**76**	44.9	42.7	**43.5**	51.6	50.3	**53.5**	52.9	52.5	**53.3**

Indicators range from 0 to 100 points. A score above 50 points indicates an increase, above-planned inventories, or capacity utilization higher than usual. On the other hand, a score below 50 points suggests a decrease, lower-than-planned inventories, or a capacity utilization lower than usual.
1 - Company with 10 to 49 employees. 2 - Company with 50 to 249 employees. 3 - Company with 250 or more employees.

Industrial Expectations

	DEMAND			EXPORTS VOLUMES			PURCHASES OF RAW MATERIALS			NUMBER OF EMPLOYEES			INVESTMENT INTENTIONS*		
	Oct-25	Sep-26	Oct-26	Oct-25	Sep-26	Oct-26	Oct-25	Sep-26	Oct-26	Oct-25	Sep-26	Oct-26	Oct-25	Sep-26	Oct-26
Total	**52.5**	**51.2**	**51.5**	**48.6**	**48.9**	**49.2**	**51.0**	**50.4**	**50.4**	**49.3**	**49.2**	**48.7**	**54.8**	**51.3**	**52.6**
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	58.9	52.1	**53.8**	59.6	54.1	**52.4**	54.1	50.9	**52.0**	49.3	49.0	**50.1**	57.9	51.6	**56.5**
Manufacturing	52.3	51.2	**51.5**	48.1	48.5	**49.0**	50.9	50.4	**50.3**	49.3	49.2	**48.7**	54.6	51.1	**52.3**
BY COMPANY SIZE															
Small[1]	52.7	51.2	**51.9**	49.2	47.4	**49.1**	51.7	50.7	**51.1**	50.1	49.1	**49.7**	40.8	39.3	**40.9**
Medium[2]	52.4	51.1	**51.9**	48.5	48.4	**49.0**	51.6	49.8	**50.4**	49.9	48.4	**48.5**	53.3	49.0	**49.3**
Large[3]	52.5	51.3	**51.1**	48.3	50.0	**49.3**	50.3	50.6	**50.0**	48.6	49.6	**48.4**	62.6	58.5	**60.1**

Indicators range from 0 to 100 points. A score above 50 points indicates expectations of growth, while a score below 50 points indicates an expected decrease.
*Indicator ranges from 0 to 100 points. The higher the index, the greater the industry's propensity to invest.
1 - Company with 10 to 49 employees. 2 - Company with 50 to 249 employees. 3 - Company with 250 or more employees.

Technical Specifications

Sample profile
1,348 enterprises, including 562 small, 474 medium and 312 large companies.

Collection period
October 1 to 13, 2026.

Document completed on October 21, 2026.

Learn more

For further information on sectorial and regional results, previous issues, methodology, and historical series, please visit: *www.cni.com.br/e_sondindustrial*

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