

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Construction Industry Employment Increases Despite Declining Expectations

The activity level index in the construction industry remained stable in May, while the variation in the number of employees index increased. The Operating Capacity Utilization exceeds the average for May, indicating positive performance.

The construction industry Business Confidence Index shows moderate improvement in entrepreneur confidence in June 2023. The expectation indices for activity level, input and raw material purchases, new ventures, and employment display cautious optimism, albeit at a more moderate pace, compared to May. Construction entrepreneurs' investment intentions decline during the period.

Evolution of the number of employees
Index (0 to 100 points)*



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

MAY 2023 CONSTRUCTION INDUSTRY PERFORMANCE

Construction Industry Activity Remains Stable in May, Accompanied by an Increase in Employment

The activity level index for the construction industry shows stability from April to May 2023, reaching 49.8 points with a slight 0.1-point increase, very close to the 50-point dividing line.

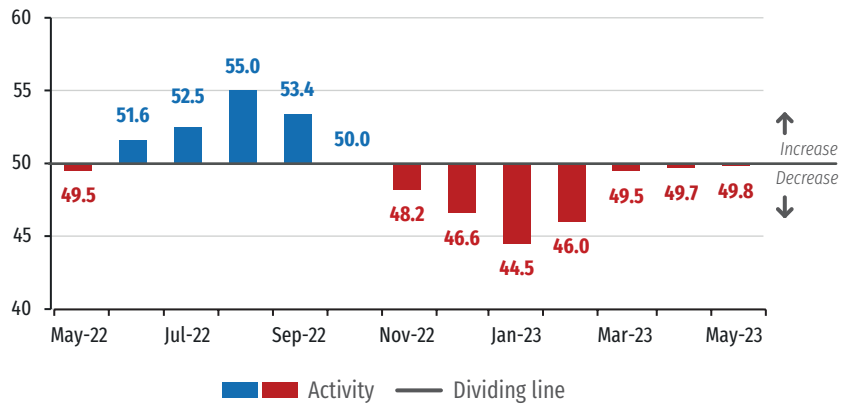
May's indicator is the highest since October 2022, when it reached 50.0 points. This result surpasses the historical average for the month, which stands at 46.3 points. The near-stability of activity in May 2023 is an exception, as there is typically a decline during this period. It is worth noting that the sector's activity level index has remained below the 50-point dividing line for seven consecutive months.

The variation in the number of employees index for the construction industry stood at 50.7 points in May 2023. The index being above the 50-point dividing line suggests employment growth during the period.

This outcome is positive since the indicator is typically below 50 points for May. This result is above the average for the same month in previous years (45.1 points).

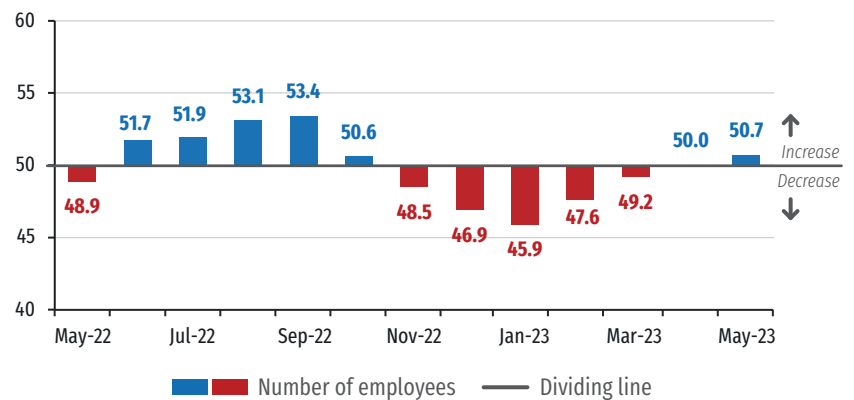
Evolution of activity level

Diffusion Indices (0 to 100 points)*



Evolution of the number of employees

Diffusion Indices (0 to 100 points)*



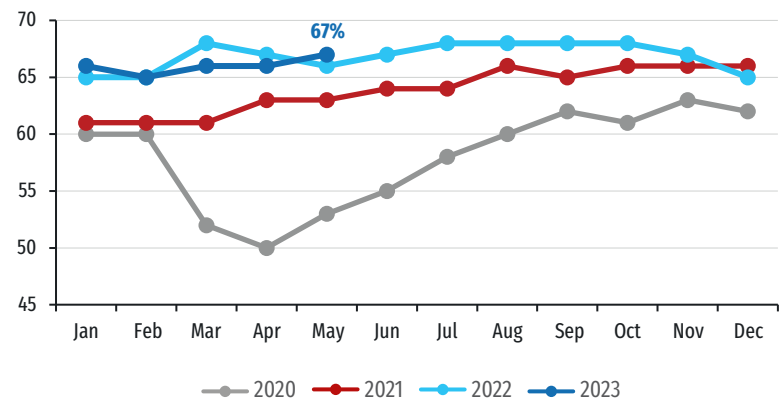
*A score above 50 points indicates an increase in activity or employment compared to the previous month. A score below 50 points indicates a decrease in activity or employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Operating Capacity Utilization Reached Its Highest Level for May Since 2014

The Operating Capacity Utilization increased by 1.0 percentage points from April to May 2023, reaching 67%. This result is not only positive but also surpasses the average Operating Capacity Utilization for Mays, which stands at 62%. Furthermore, it represents the highest Operating Capacity Utilization value for May since 2014, when the operating capacity reached 70%.

Average utilization of operating capacity

Percentage (%)



CONSTRUCTION INDUSTRY BUSINESS CONFIDENCE INDEX IN JUNE 2023

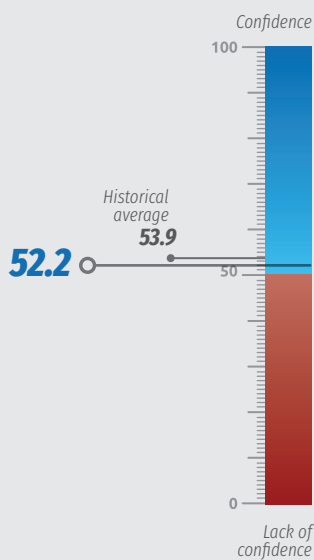
Construction Entrepreneurs Show Moderate Progress in Confidence

The construction industry Business Confidence Index experienced a 0.3 points rise in June 2023, moving from 51.9 to 52.2 points. The increase in confidence, although small, pushes the Business Confidence Index further above 50 points,

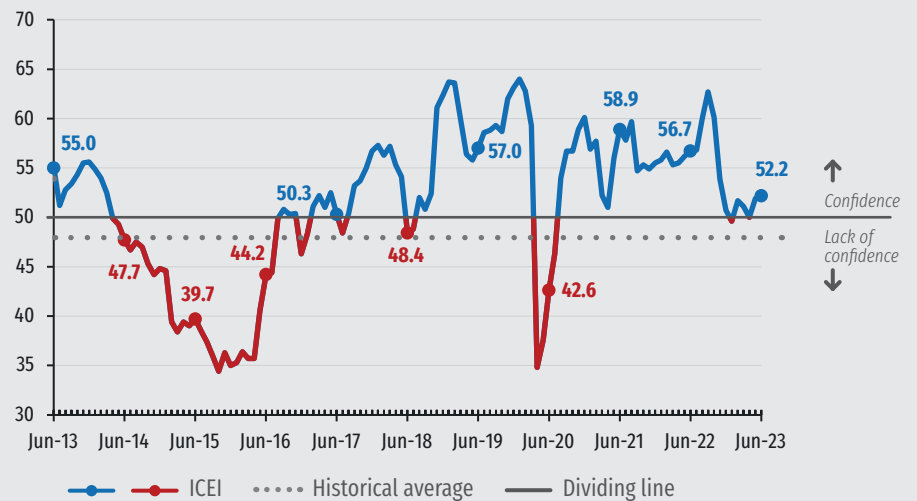
indicating a slightly higher and more widespread confidence among entrepreneurs in the construction segment.

It is important to highlight that all components of the construction Business Confidence Index experienced a moderate improvement from May to June: both the Current Conditions Index and the Expectations Index increased by 0.3 points during this period.

Construction ICEI
 Index (0 to 100 points)*



Historic Series
 Index (0 to 100 points)*



*A score above 50 points indicates confident entrepreneurs. The further above the point score is from 50 points, the greater and more widespread the confidence. A score below 50 points indicates a lack of confidence among entrepreneurs. The further below the point score is from 50 points, the greater and more widespread the lack of confidence.

JUNE 2023 CONSTRUCTION INDUSTRY EXPECTATIONS

Expectations For The Next Months Are Moderate

In June 2023, all indices reflecting expectations for the coming months in the construction industry have declined.

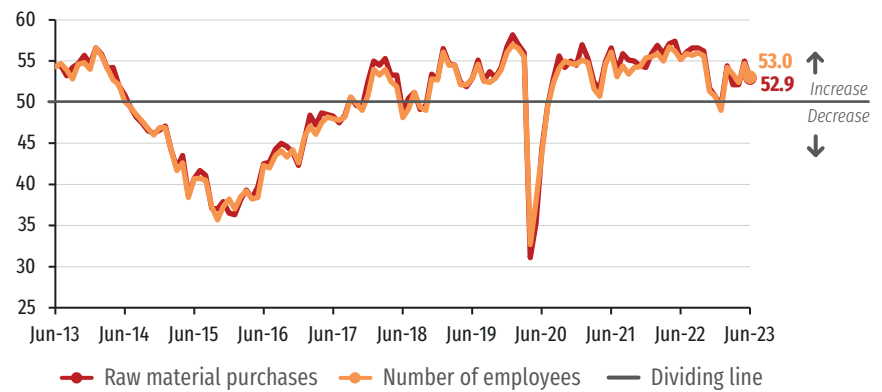
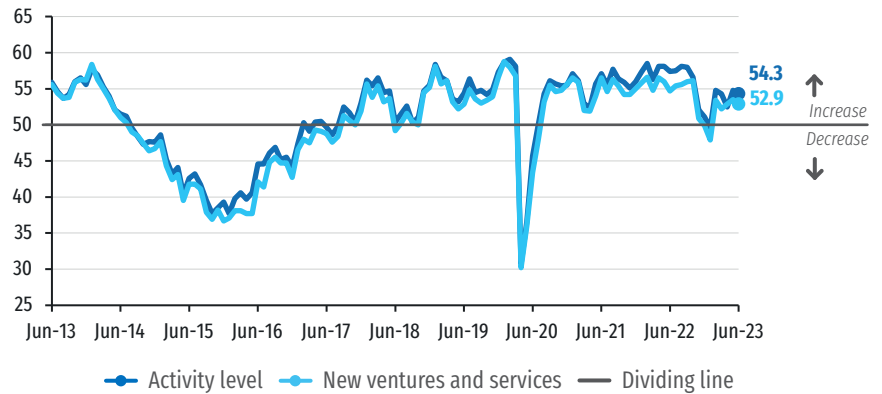
Despite the decline, the June results still demonstrate optimism as the indicators remain above the 50-point threshold. However, the level of optimism in June is more moderate compared to the previous month for various factors, including the activity level, purchases of inputs and raw materials, new ventures, and the number of employees.

In June, the expectation indices for the purchase of inputs and raw materials, as well as the number of employees experienced more significant declines in optimism. The expectation index of input and raw material purchases decreased by 2.1 points, reaching 52.9 points, while the index for the expectation of headcount fell by 1.7 points to 53.0 points.

Conversely, the indexes for expectations regarding the activity level and expectations for new ventures and services showed more moderate declines. The expectation index regarding the activity level dropped 0.5 points, reaching 54.3 points in June. From May to June, the expectations indices for new ventures and services dropped by 0.6 points, standing at 52.9 points.

Expectation indices

Diffusion Indices (0 to 100 points)*



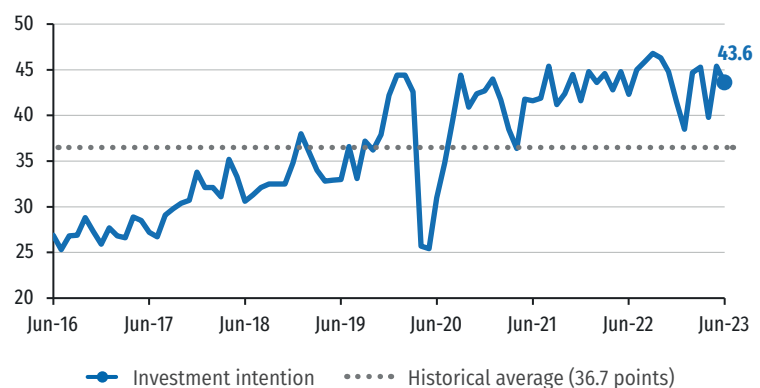
*A score above 50 points indicates expectations of growth, a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Intention to Invest Decreases in June

The construction industry intention to invest index dropped by 1.8 points from May to June 2023, from 45.4 points to 43.6 points. Despite the drop, the index stood at a high level compared to the average for June, 35.1 points, and also above the historical average of 36.7 points.

Investment intention

Diffusion Index (0 to 100 points)*



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

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		
	May-22	Apr-23	May-23	May-22	Apr-23	May-23	May-22	Apr-23	May-23	May-22	Apr-23	May-23
SURVEY	66	66	67	49.5	49.7	49.8	42.1	44.8	45.7	48.9	50.0	50.7
Small	61	62	63	51.1	46.4	46.0	42.3	42.5	45.1	51.8	47.9	47.6
Medium	65	63	65	52.0	48.9	49.7	42.6	43.7	43.5	51.2	48.9	50.0
Large	68	70	70	47.4	51.4	51.3	41.8	46.2	47.2	46.6	51.4	52.2

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					
	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23
SURVEY	57.4	54.8	54.3	54.7	53.5	52.9	55.2	55.0	52.9	55.2	54.7	53.0	42.3	45.4	43.6
Small	59.0	54.1	53.3	56.5	51.9	51.8	57.2	52.4	52.2	56.1	54.1	52.0	40.3	41.5	40.6
Medium	58.7	53.9	55.1	56.3	52.3	51.7	57.7	54.2	53.9	58.3	52.6	53.4	46.7	43.4	42.1
Large	56.0	55.5	54.2	53.1	54.8	53.9	53.1	56.5	52.6	53.1	56.2	53.2	40.6	47.9	45.5

Construction Industry Business Confidence Index and its components

	ICEI – CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23
SURVEY	56.7	51.9	52.2	50.6	46.5	46.8	59.7	54.6	54.9
Small	58.2	50.4	51.7	50.3	44.5	45.1	62.1	53.3	55.0
Medium	58.1	50.6	52.2	52.5	44.7	46.9	60.9	53.6	54.8
Large	55.4	53.1	52.5	49.7	48.2	47.4	58.2	55.6	55.0

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

363 companies: 138 small, 146 medium and 79 large.

Collection period

1 to 13 June 2023.

Document completed on June 22, 2023.



Learn More

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

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