

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**



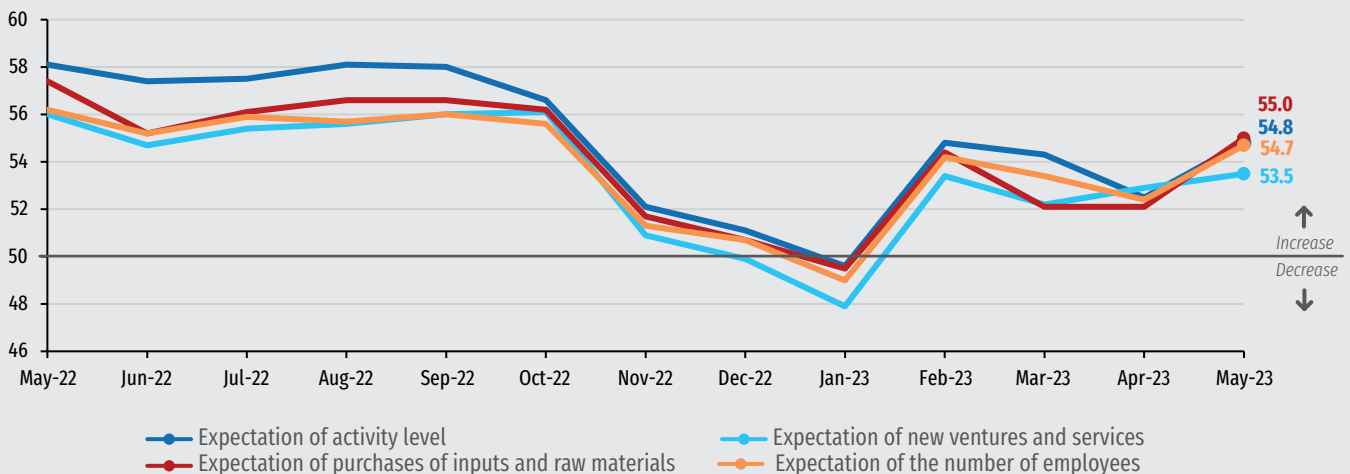
Expectations of Construction Entrepreneurs for the Coming Months Are More Optimistic

The activity level index in the construction industry continued to stay below the 50-point mark in April, indicating a decline, while the employment evolution index remained stable. Nevertheless, this performance can be regarded as relatively positive, given that the rates were higher than the average for the month of April. Similarly, Capacity Utilization maintained a high level at 66%, surpassing the average for the fourth month of the year.

Furthermore, all expectations indexes experienced an increase, signaling a more optimistic outlook among entrepreneurs for the upcoming months in terms of activity level, input and raw material purchases, new ventures, and employment figures.

The construction industry Business Confidence Index exhibited growth, attributable to both more optimistic expectations and an improved assessment of current conditions, which became less negative. Despite the investment intention index still standing below 50 points, indicating a decline, it experienced an increase in April compared to the previous month, reversing the decline observed between February and March.

Expectation indices
Index (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.

APRIL 2023 CONSTRUCTION INDUSTRY PERFORMANCE

Activity and Employment Perform Better Than Usual for April

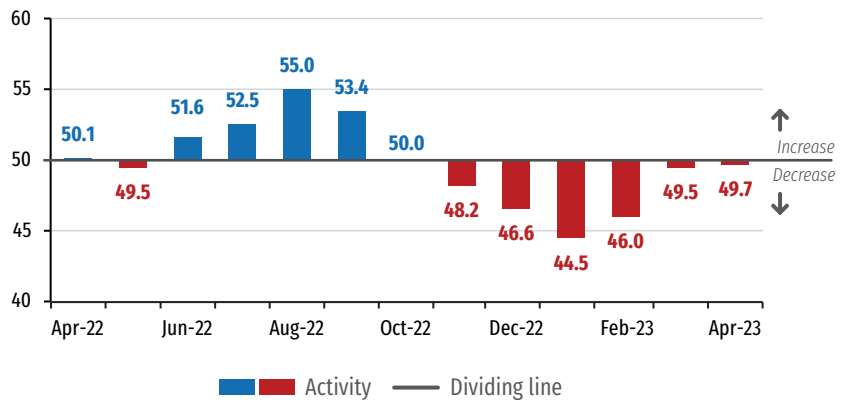
The activity level index in the construction industry showed a marginal uptick of 0.2 points from March to April 2023, reaching 49.7 points. Although the index remains below the 50-point threshold, it is closer to it, indicating that the decline during the period was moderate and not extensively widespread.

Although lower than the level recorded in April 2022 (50.1 points), the indicator for April 2023 surpasses its historical average for the month (45.0 points). Consequently, the activity level performance in April 2023 was relatively more positive compared to previous years' performance during the same month.

The headcount level index reached 50.0 points in April 2023, reflecting a 0.8-point increase from the previous month. Despite being below the 50-point threshold, the index indicates employment stability during the period. This result is above the average for the same month in previous years (44.4 points).

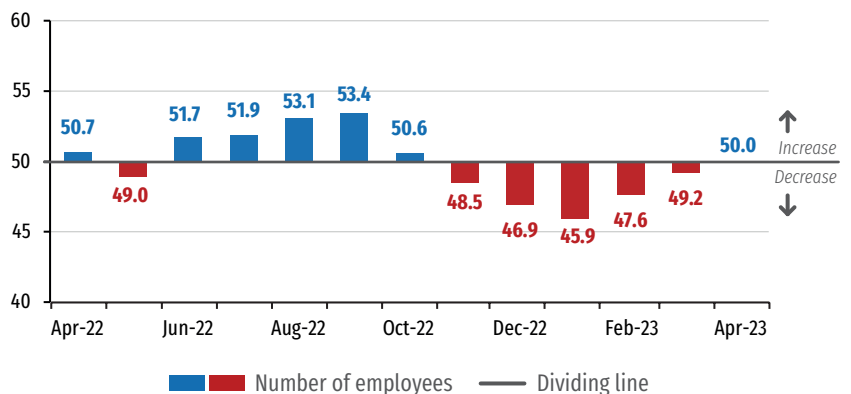
Evolution of activity level

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.

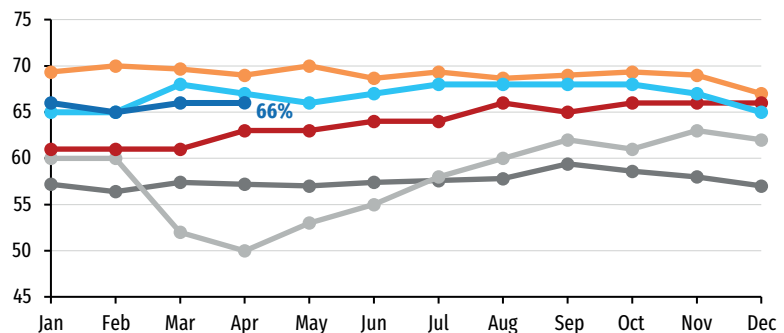
Capacity Utilization Shows Stability in April

The Capacity Utilization remained unchanged from March to April 2023, staying at 66%. This outcome can be viewed as positive, surpassing the average Capacity Utilization for April (61.6%).

It is worth noting that the Capacity Utilization has remained relatively stable throughout 2023, except for February, maintaining consistent levels in the other months of the year where it also stood at 66%.

Average utilization of operating capacity

Percentage (%)



— Average 2012-14 — Average 2015-19 — 2020 — 2021 — 2022 — 2023

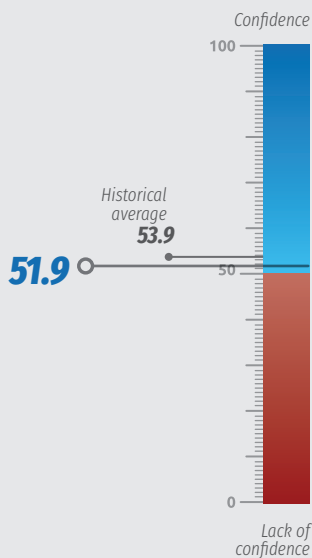
CONSTRUCTION INDUSTRY BUSINESS CONFIDENCE INDEX IN MAY 2023

Entrepreneurs Express More Optimistic Expectations

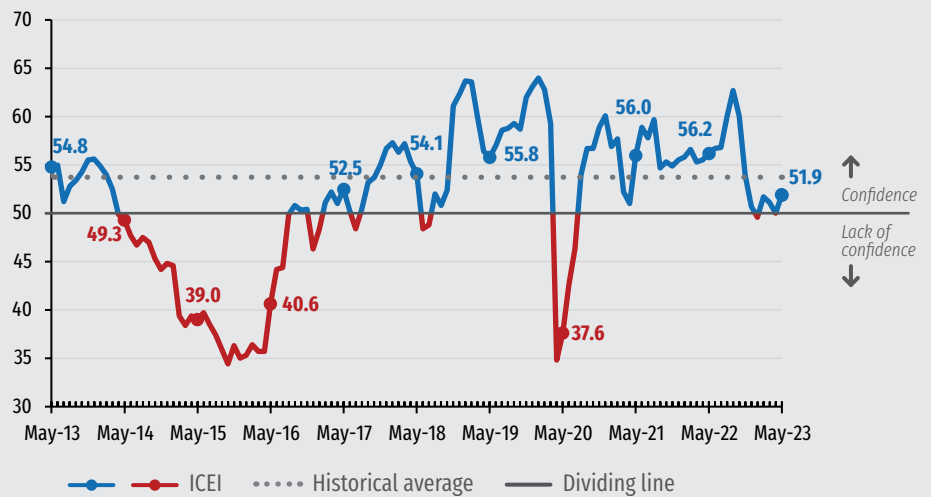
The construction industry Business Confidence Index experienced a 1.9-point increase, rising from 50.0 points in April to 51.9 points in May. Moving further away from the dividing line, the Business Confidence Index once again demonstrates improved business confidence.

Notably, all components of the construction Business Confidence Index demonstrated growth from April to May. Despite this, the Expectations Index remained above the 50-point threshold, reaching 54.6 points. Despite a 2.8-point increase, the Current Conditions Index remained below the 50-point threshold, standing at 46.5 points. This signifies that entrepreneurs assess a deterioration in both the company's and the overall economy's current conditions.

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.

MAY 2023 CONSTRUCTION INDUSTRY EXPECTATIONS

Expectations Are Optimistic for the Coming Months

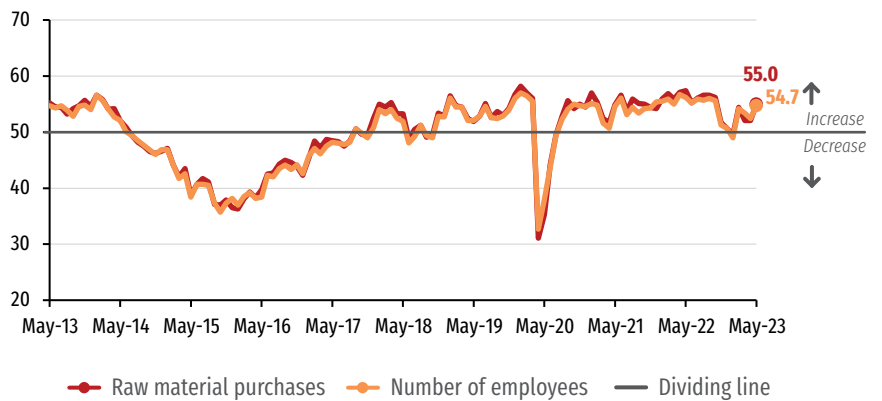
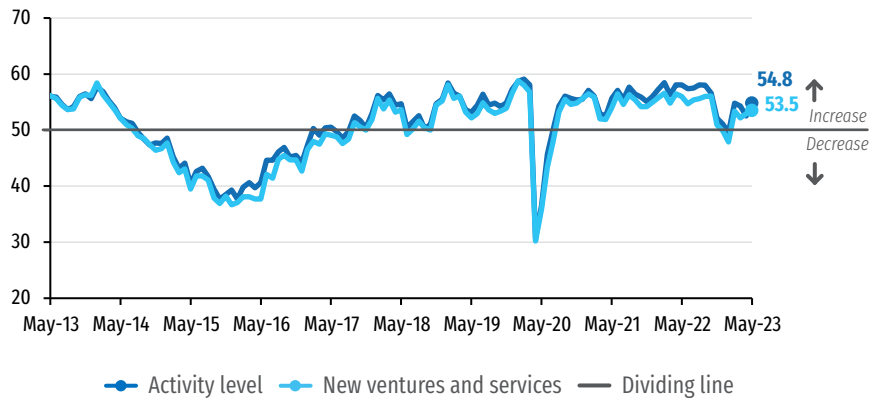
In May 2023, all indices measuring the expectations of construction entrepreneurs reached notable highs, with many showing significant increases. As a result, the entrepreneurs are more optimistic for the upcoming months in terms of activity level, input and raw material purchases, new ventures, and employment figures.

The index for expectations of the entrepreneur about the level of activity increased by 2.3 points, reaching 54.8 points in May. Conversely, the expectation index for new ventures and services increased by 0.6 points, reaching 53.5 points from April to May.

The expectations indexes for purchases of inputs and raw materials, as well as the number of employees, reached 55.0 points and 54.7 points in May, indicating respective increases of 2.9 points and 2.3 points.

Expectation indices

Diffusion Indices (0 to 100 points)*



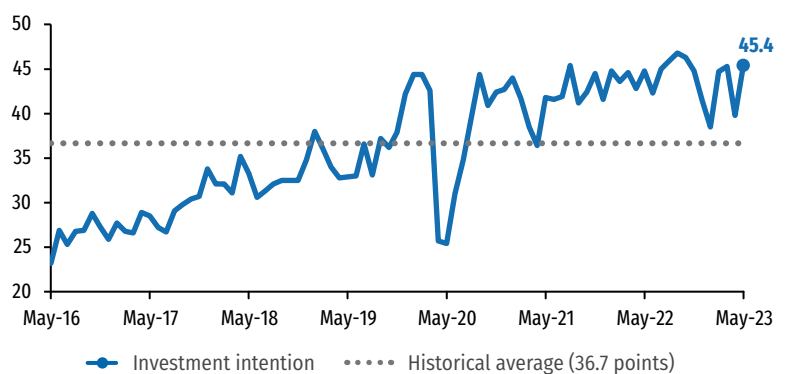
*A score above 50 points indicates expectations of growth, a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Construction Sector Entrepreneurs Display a Greater Inclination to Invest in May

The investment intention index in the construction industry experienced a significant rise of 5.6 points, moving from 39.8 to 45.4 points from April to May 2023. This result completely reverses the substantial decline observed in the previous month (5.5 points) and represents the highest value for the index so far this year.

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		
	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23
SURVEY	67	66	66	50.1	49.5	49.7	45.4	43.6	44.8	50.7	49.2	50.0
Small	62	59	62	49.7	49.1	46.4	43.8	43.6	42.5	50.0	47.6	47.9
Medium	67	64	63	50.6	45.6	48.9	44.7	38.5	43.7	51.4	47.3	48.9
Large	69	70	70	50.0	51.9	51.4	46.3	46.5	46.2	50.6	50.9	51.4

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					
	May-22	Apr-23	May-23	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	58.1	52.5	54.8	56.0	52.9	53.5	57.4	52.1	55.0	56.2	52.4	54.7	44.8	39.8	45.4
Small	58.7	54.0	54.1	56.3	52.6	51.9	56.5	51.7	52.4	55.8	51.5	54.1	40.5	36.6	41.5
Medium	59.4	53.7	53.9	56.9	52.7	52.3	59.0	53.4	54.2	57.7	53.2	52.6	46.3	39.2	43.4
Large	57.1	51.3	55.5	55.4	53.2	54.8	56.8	51.6	56.5	55.4	52.2	56.2	45.5	41.3	47.9

Construction Industry Business Confidence Index and its components

	ICEI - CONSTRUCTION ⁶			INDEX OF CURRENT CONDITIONS ⁷			EXPECTATIONS INDEX ⁸		
	May-22	Apr-23	May-23	May-22	Apr-23	May-23	May-22	Apr-23	May-23
SURVEY	56.2	50.0	51.9	48.6	43.7	46.5	60.0	53.1	54.6
Small	56.1	48.4	50.4	47.2	41.9	44.5	60.5	51.7	53.3
Medium	57.0	49.2	50.6	49.8	42.3	44.7	60.6	52.6	53.6
Large	55.8	51.0	53.1	48.5	45.1	48.2	59.4	53.9	55.6

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

362 companies: 133 small, 155 medium and 74 large.

Collection period

2 to 10 May 2023.

Document completed on May 18, 2023.



Learn More

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

CONSTRUCTION INDUSTRY SURVEY | English version of "Sondagem Indústria da Construção Abril 2023" | Published monthly by CNI - National Confederation of Industry | www.cni.com.br | Board of Industrial Development and Economy - DDIE | Director: Lytha Battiston Spindola | Economics Office - ECON | Executive officer: Mário Sérgio Carraro Telles | Economic Analysis Unit - GAE | Manager: Marcelo Souza Azevedo | Analysis: Paula Verlangeiro Vieira and Ieda Vasconcelos (CBIC) | Statistics Management | Manager: Edson Velloso | Team: Brenda Ribeiro | Dissemination Coordination - CDIV | Coordinator: Carla Gadelha | Graphic Design: Simone Marcia Broch

Customer Service - Phone: +55 (61) 3317-9992 email: sac@cni.com.br

This publication may be copied freely, provided the source is always mentioned.

