







Unlike May, employment showed a recovery, albeit a modest one, in June. Jobs grew by 0.2% as compared to May, breaking a streak of four declines. Total payroll and average earnings in turn posted significant growth. These increases in June can be explained by the expiration of agreements that were in place to suspend employment contracts and/or reduce working hours and wages.

## Industrial Indicators - June 2020

|  | PERCENTAGE CHANGE                  |                 |                         |
|--|------------------------------------|-----------------|-------------------------|
|  | JUN20/MAY20<br>Seasonally adjusted | JUN20/<br>JUN19 | JAN-JUN20/<br>JAN-JUN19 |
|  <b>Real sales<sup>1</sup></b>            | <b>9.3</b>                         | -2.6            | -7.1                    |
|  <b>Hours worked in production</b>        | <b>6.8</b>                         | -8.4            | -9.1                    |
|  <b>Employment</b>                        | <b>0.2</b>                         | -4.4            | -2.4                    |
|  <b>Real total payroll<sup>2</sup></b>    | <b>8.8</b>                         | -8.7            | -5.8                    |
|  <b>Real average earnings<sup>2</sup></b> | <b>8.1</b>                         | -4.5            | -3.5                    |

1 Deflator: IPA/OG-FGV

2 Deflator: INPC-IBGE

|  |                     | AVERAGE PERCENTAGE |       |           | CHANGE IN PERCENTAGE |
|--|---------------------|--------------------|-------|-----------|----------------------|
|  |                     | JUN20              | MAY20 | JUN19     | POINTS               |
|  Capacity Utilization | Seasonally adjusted |                    |       |           |                      |
|  | 72.0                | 70.2               | 77.7  | 1.8 p.p.  |                      |
|  |                     |                    |       |           | Jun20/May20          |
| .....  |                     |                    |       |           |                      |
|  | Original            |                    |       |           |                      |
|  | 71.8                | 70.9               | 77.5  | -5.7 p.p. |                      |
|  |                     |                    |       |           | Jun20/Jun19          |

## Sales grow significantly again

Real sales in industry edged up by 9.3% in June on a seasonally adjusted month-over-month basis. The increase, which comes after a positive result in May, has caused the index to accumulate growth of 22.8% in the two months and offset part of the 26.7% decline accumulated in March and April. Nevertheless, real sales are down by 10% in the February-June period in seasonally adjusted terms. On a year-to-date basis, real sales are down by 7.1% from 2019 levels.

## Real sales

Seasonally adjusted (fixed-base index: 2006 average = 100)



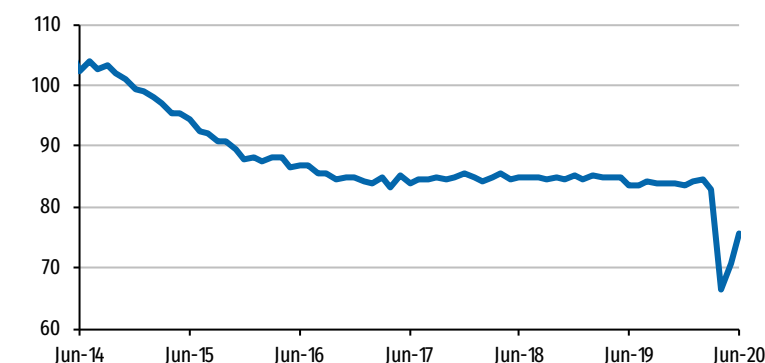
Deflator: IPA/OG-FGV

## Hours worked post second consecutive increase

Hours worked in production rose by 6.8% in June on a seasonally adjusted basis, representing the biggest monthly increase in the series. Combined with May's gain, the index grew by 13.9% in the two months. Compared with February, the index shows a 10.5% decline in hours worked in production. Meanwhile, real sales are down by 9.1% in the year to June from the corresponding period in 2019.

## Hours worked in production

Seasonally adjusted (fixed-base index: 2006 average = 100)

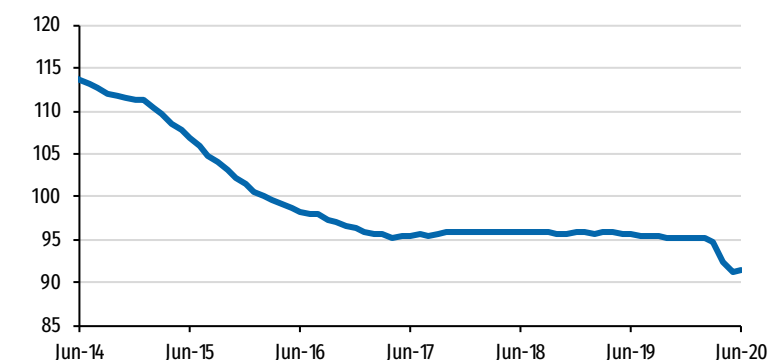


## Employment grows after dropping for four months

Industrial jobs edged up by 0.2% in June on a seasonally adjusted basis. The increase in the index breaks a sequence of four consecutive declines, during which industrial employment fell by 4.2%. Employment is down by 2.4% in the year to June from the same period in 2019.

## Employment

Seasonally adjusted (fixed-base index: 2006 average = 100)

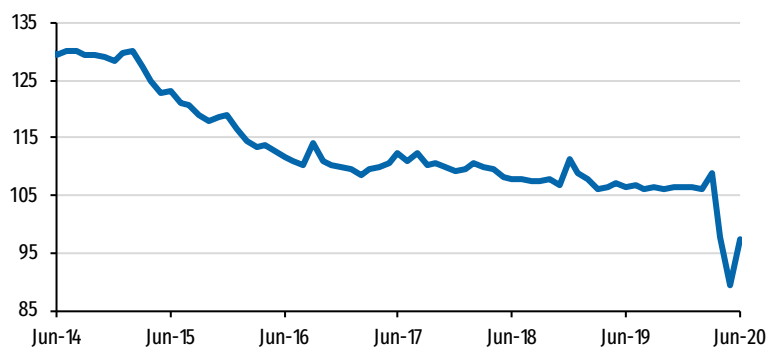


## Total payroll increases after two months of decline

Real average earnings paid to industrial workers posted growth of 8.1% in June in the seasonally adjusted series. The indicator had dropped in the previous two months, accumulating a 16.3% decline. This increase was also driven by the expiration of some of the agreements that were in place to suspend or reduce working hours and wages. Real average earnings are down by 3.5% in the year to June from the same period in 2019.

## Real total payroll

Seasonally adjusted (Fixed-base index: 2006 average = 100)



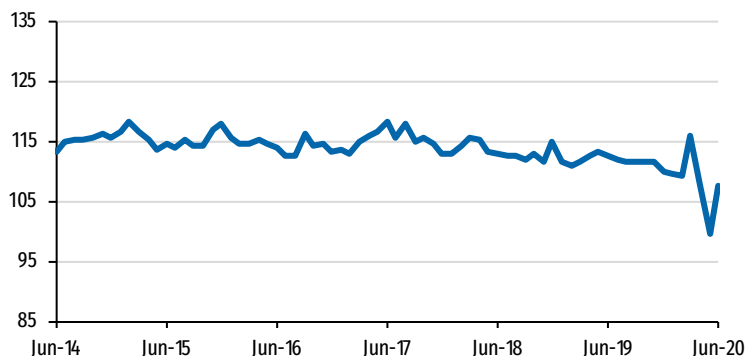
Deflator: INPC-IBGE

## Increase in real average earnings offsets half the decline observed in the last two months

Real average earnings paid to industrial workers posted growth of 8.1% in June in the seasonally adjusted series. The indicator had dropped in the previous two months, accumulating a 16.3% decline. This increase was also driven by the expiration of some of the agreements that were in place to suspend or reduce working hours and wages. Real average earnings are down by 3.5% in the year to June from the same period in 2019.

## Real average earnings

Seasonally adjusted (Fixed-base index: 2006 average = 100)



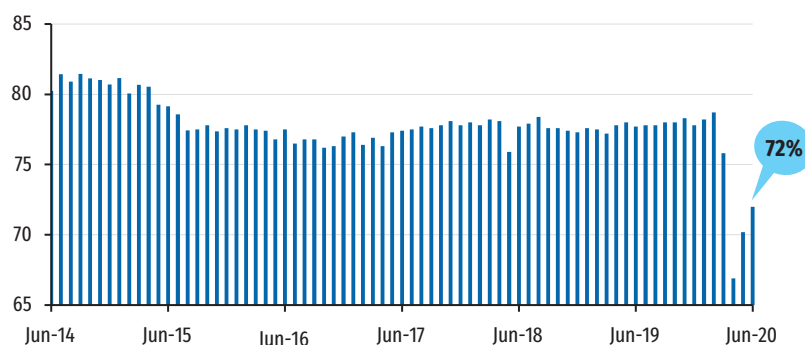
Deflator: INPC-IBGE

## Idle capacity remains high

The capacity utilization rate increased by 1.8 percentage points in June to 72%. The index had accumulated a 11.8-percentage point decline in March and April and rose by 3.3 percentage points in May. As a result, the index is 6.7 percentage points below the reading for February, indicating that despite the increase seen in the last two months, spare capacity remains at a high level. In the year to June, the average capacity utilization rate is down by 4 percentage points from the average for the same period in 2019.

## Capacity utilization (UCI)

Seasonally adjusted (Average percentage)



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