

INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Due to Reduced Optimism, Entrepreneurs Are Cautious in Their Investment Approach

In April, the industry experienced a decline in production and employment in comparison to March, which was slightly more pronounced than typical seasonal patterns for this period. Capacity utilization also declined, while inventories remained above plan, signaling an industrial activity slowdown.

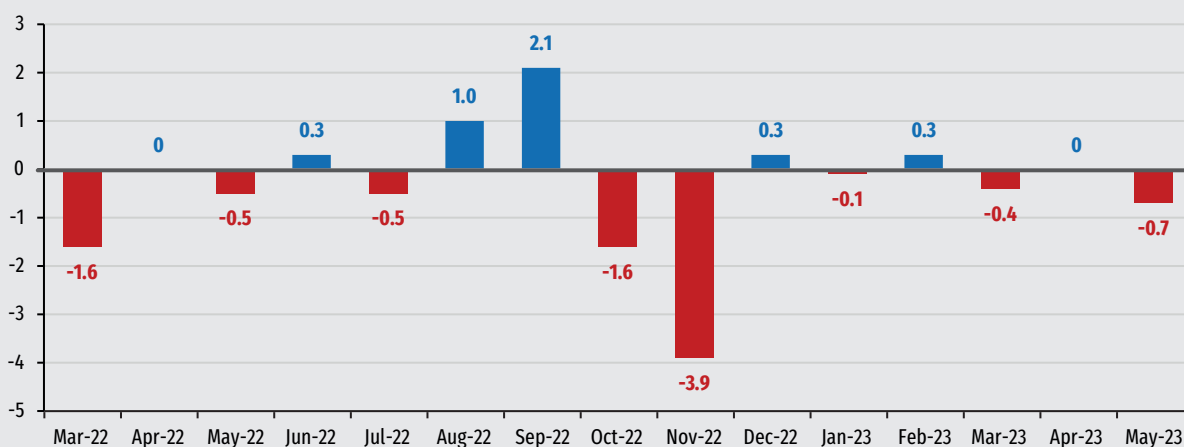
The slowdown observed in April resulted in a diminished sense of optimism for the upcoming six months

in May. Expectations concerning demand performance and input purchases have receded but remain within optimistic territory. Conversely, expectations regarding employee numbers and exports indicated a sense of stability.

The intention to invest index experienced a decline in May. Since January 2023, the index has been displaying moderate fluctuations, alternating between upward and downward movements. This dynamic, coupled with deteriorating expectations, implies a state of relative stability in investment intentions and a tendency among industry entrepreneurs to adopt a cautious approach while awaiting investment decisions.

Monthly variation of the investment intention index

In points



INDUSTRIAL PERFORMANCE IN APRIL 2023

Industrial Production and Employment Experienced a Decline in April

Industrial employment decreased from March 2023 to April 2023, as expected for this month. The production evolution index remained at 42.6 points, a result below the dividing line between production decline and growth.

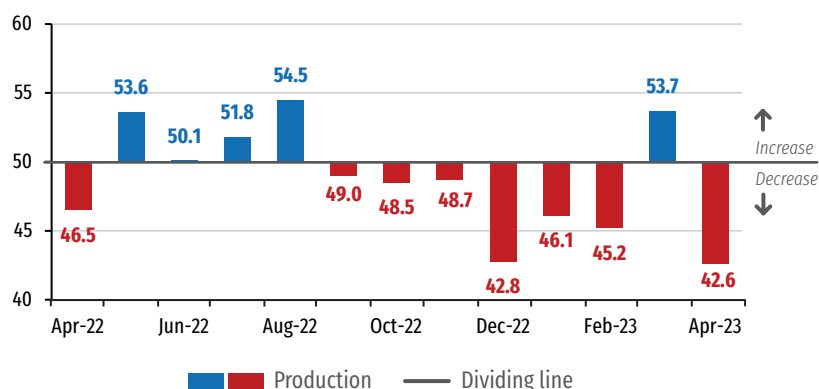
Despite the typical downward trend observed in April, the 2023 index recorded a decline of 2.2 points compared to the April average of 44.8 points. This indicates a more pronounced and widespread decrease than what is typically observed during this period.

Industrial employment decreased from March 2023 to April 2023, a behavior that is also usual for this period. The variation in the number of employees index stood at 48 points, reflecting a decline of 1.5 points from March to April. This indicates that the decrease in employment during April was marginally more pronounced and widespread compared to March.

The index has remained below the 50-point dividing line since October 2022, indicating that the perception of a drop in industrial employment seen in the last quarter of 2022 continues at the beginning of Q2 2023.

Variation of production

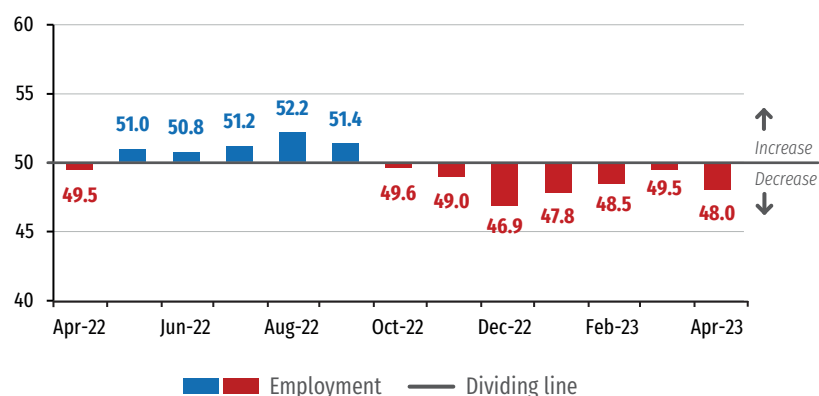
Diffusion index (0 to 100 points)*



*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.

Variation in the number of employees

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.

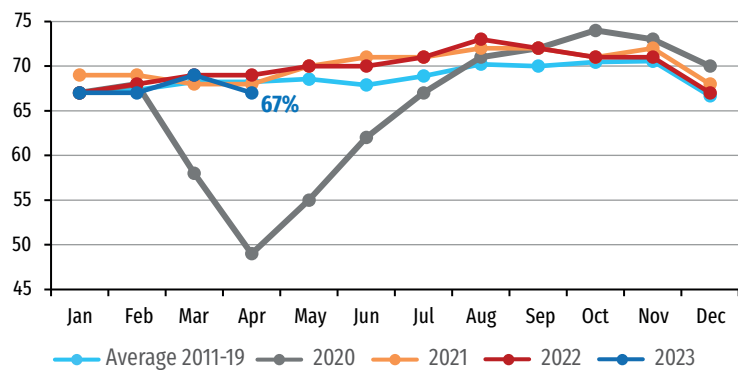
Capacity Utilization Drops and Returns to February Level

In April 2023, capacity utilization experienced a decrease of 2 percentage points compared to March, reaching a level of 67%. This figure is 1 percentage point below the average for April in pre-pandemic periods and 2 percentage points lower than the corresponding period in April 2022.

Between December 2022 and February 2023, capacity utilization remained stable at 67%, increasing by 2 percentage points in March. With the decline observed in April, capacity utilization reverts to the level observed during the transition from 2022 to 2023.

The effective versus common capacity utilization index stood at 41.1 points in April, which is equivalent to a drop of 3.7 points compared to the previous month.

Average capacity utilization
Percentage (%)

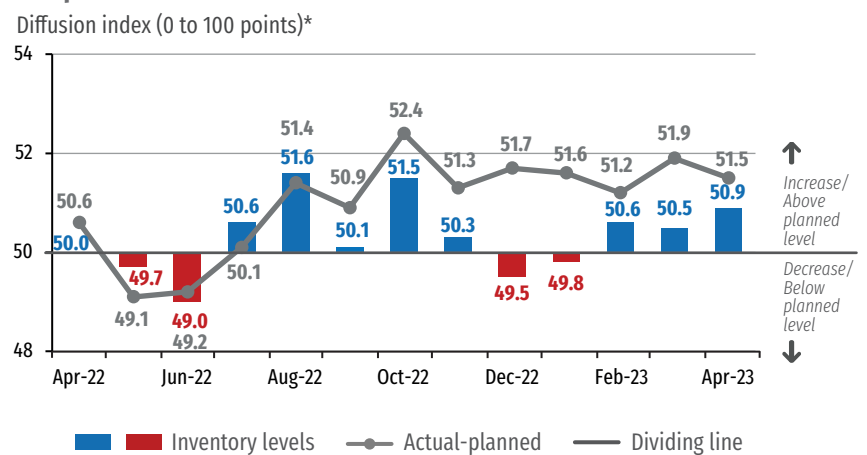


Inventories Rise For The Third Consecutive Month

The inventory level variation index stood at 50.9 points in April 2023, just above the 50-point dividing line, indicating a slight increase in inventory levels compared to March 2023. This marks the third consecutive month of inventory growth.

The index of the actual inventory level against the planned level stood at 51.5 points in April, meaning the actual inventory is above the level planned by companies. Since July 2022, this index remains above 50 points, indicating stocks are still above planned levels.

Variation in inventory levels and actual inventory against the planned level



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

INDUSTRIAL EXPECTATIONS IN MAY 2023

Industrial Entrepreneurs' Optimism Recedes in May

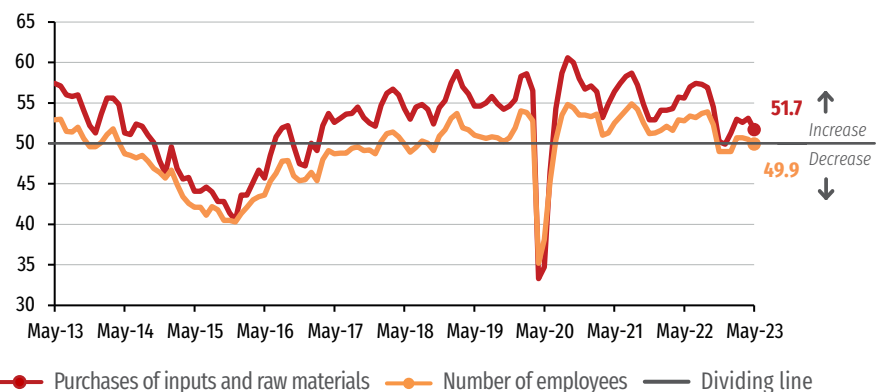
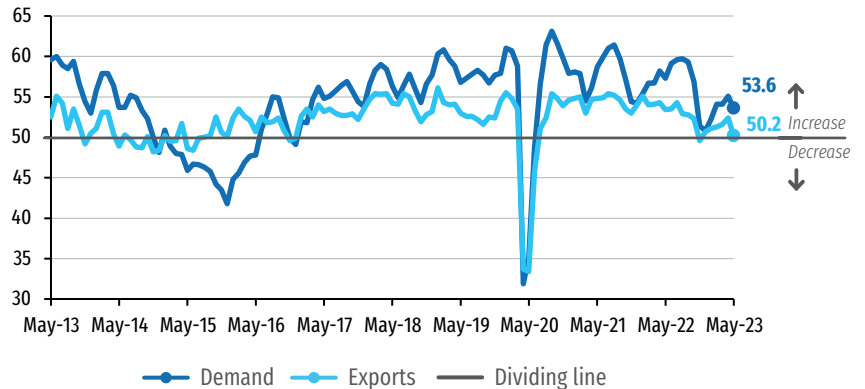
As of May 2023, all expectation indices have declined. The number of employees' expectation index dropped by 0.6 points compared to April, reaching 49.9 points. This result, virtually at the 50-point dividing line, signals an expectation of stability in the number of employees after the index remained above 50 points between February and April, which indicated an expectation of an increase in the number of employees.

The export quantity expectation index exhibited the most significant monthly decline, dropping by 2.2 points. It reached a level of 50.2 points, hovering just above the dividing line.

The demand expectation index stood at 53.6, a 1.5-point decrease compared to April. The expectation index of purchases of raw materials stood at 51.7 points, a result 1.4 points lower than in April. Both indexes still indicate expectations of growth, albeit at a more moderate pace compared to April.

Expectation indices

Diffusion index (0 to 100 points)*



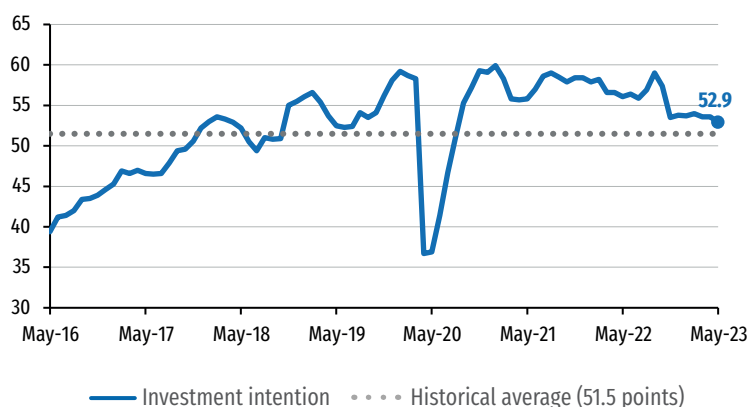
*A score above 50 points indicates expectations of growth, while a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Intentions to Invest Experienced a Decline in May, Following a Period of Stability in April

The intention to invest index dropped 0.7 points, to 52.9 points. Between January and April 2023, the index exhibited a series of oscillations, characterized by moderate fluctuations in both upward and downward directions. The decline in May, amounting to 0.7 points, was slightly more pronounced, resulting in the indicator reaching its lowest level since August 2020. This dynamic implies a state of relative stability in investment intentions and a tendency among industry entrepreneurs to adopt a cautious approach while awaiting investment decisions.

Investment intention

Diffusion index (0-100 points)*



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

RESULTS

Industry Performance

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23	Apr-22	Mar-23	Apr-23
Total	46.5	53.7	42.6	49.5	49.5	48.0	69	69	67	43.3	44.8	41.1	50.0	50.5	50.9	50.6	51.9	51.5
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	53.1	58.0	46.7	51.2	52.5	51.3	76	77	73	51.7	47.1	43.2	49.7	50.3	50.6	49.7	55.4	53.0
Manufacturing	46.2	53.6	42.4	49.4	49.4	47.9	69	69	67	42.9	44.7	41.1	49.9	50.5	50.9	50.7	51.8	51.5
BY COMPANY SIZE																		
Small ¹	46.9	49.7	41.5	49.1	47.7	46.8	63	63	61	42.8	42.6	39.8	48.4	48.8	47.5	46.7	47.5	46.5
Medium ²	46.9	52.4	42.3	50.1	49.1	47.7	68	68	66	43.4	44.0	39.2	49.5	50.1	51.6	49.3	50.5	51.0
Large ³	46.0	56.4	43.3	49.4	50.7	48.8	72	73	70	43.4	46.4	42.8	51.0	51.5	52.2	53.3	54.8	54.2

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*		
	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
Total	57.3	55.1	53.6	53.4	52.4	50.2	55.6	53.1	51.7	52.8	50.5	49.9	56.1	53.6	52.9
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	57.3	54.0	53.1	55.9	58.9	55.5	55.4	53.7	51.6	53.2	53.3	51.4	66.4	70.2	68.3
Manufacturing	57.2	55.0	53.6	53.4	52.0	50.0	55.6	53.0	51.7	52.8	50.4	49.8	55.6	53.0	52.4
BY COMPANY SIZE															
Small ¹	56.4	54.4	51.1	51.7	51.6	45.1	54.7	52.5	50.1	52.7	49.5	48.3	44.3	40.4	39.6
Medium ²	57.9	54.4	52.3	53.6	53.1	51.4	55.4	52.6	50.2	52.9	50.3	49.0	55.1	51.9	51.3
Large ³	57.4	55.8	55.5	54.1	52.4	52.1	56.1	53.7	53.3	52.7	51.1	51.1	62.5	61.1	60.4

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

1,638 enterprises, including 645 small, 591 medium and 402 large companies.

Collection period

May 2-10, 2023.

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Learn more

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

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