

# INDUSTRIAL INDICATORS

ECONOMIC INDICATORS **CNI**

**CNI**

Brazilian National Confederation of Industry  
THE FUTURE OF INDUSTRY






## Industrial activity approaches pre-pandemic levels after rebounding for three months

In July, industrial activity continued on a recovery path, reversing most of the decline accumulated in March and April and returning to pre-pandemic levels. Real sales, hours worked in production and capacity utilization are up for the third month in a row.

Real sales edged up by 7.4% in July in the seasonally adjusted series, accumulating growth of 34.5% in the last three months – the indicator is down by 1.7% from February 2020, before the pandemic hit. Hours worked in production rose by 4.5% in July, recording growth of 20.9% in the last three months. However, total hours worked are still 7% lower the figure for February. Finally, capacity utilization increased by 2.9 percentage points in July, accumulating growth of 8.8 percentage points in the last three months, up from 66.6% to 75.4%. Compared to pre-pandemic levels in February, the indicator is down by 3.4 percentage points.


Industrial jobs remain sluggish. In July, industrial employment held steady, with a minor 0.2% decline. Total payroll and average earnings in turn dropped from June. Compared with February, industrial jobs and total payroll are down respectively by 3.5% and 6.8%.

### Industrial Indicators - July 2020

		PERCENTAGE CHANGE		
		JUL20/JUN20 Seasonally adjusted	JUL20/ JUL19	JAN-JUL20/ JAN-JUL19
	<b>Real sales<sup>1</sup></b>	<b>7.4</b>	4.9	-5.0
	<b>Hours worked in production</b>	<b>4.5</b>	-4.6	-9.0
	<b>Employment</b>	<b>-0.2</b>	-4.3	-2.6
	<b>Real total payroll<sup>2</sup></b>	<b>-1.7</b>	-9.7	-6.1
	<b>Real average earnings<sup>2</sup></b>	<b>-2.4</b>	-5.7	-3.6

<sup>1</sup> Deflator: IPA/OG-FGV

<sup>2</sup> Deflator: INPC-IBGE

		AVERAGE PERCENTAGE			CHANGE IN PERCENTAGE POINTS
		JUL20	JUN20	JUL19	
	<b>Capacity Utilization</b>	Seasonally adjusted			
		<b>75.4</b>	72.5	77.6	<b>2.9</b> p.p. Jul20/Jun20
		Original			
		<b>75.9</b>	72.2	78.1	<b>-2.2</b> p.p. Jul20/Jul19

## Real sales approach pre-pandemic levels

Real sales in industry edged up by 7.4% in July on a seasonally adjusted month-over-month basis. This marked the third consecutive increase in the indicator, which grew by 34.5% in the period. The result for the month points to an almost complete recovery in real sales after the 26.9% drop registered in March and April: the indicator is down by only 1.7% from February's levels. In the year to July, real sales are down by 5.0% from the corresponding period in 2019.

## Real sales

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



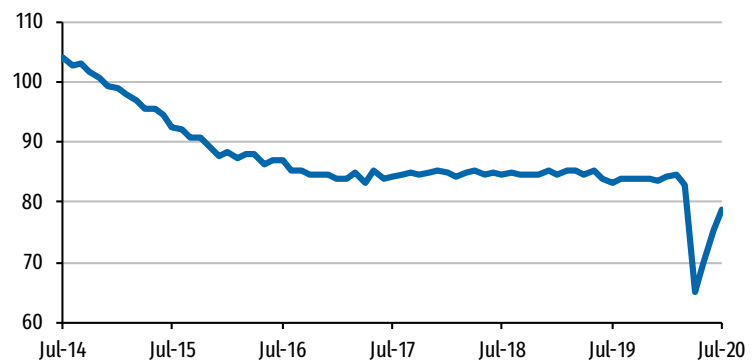
Deflator: IPA/OG-FGV

## Hours worked in production continue to rise

Hours worked in production rose by 4.5% in July in the seasonally adjusted series. The indicator had grown by 7.2% in May and by 7.9% in June, accumulating growth of 20.9% in the last three months, thus reversing most of the 23% decrease registered in March and April. Hours worked in production are 7% below February's reading. On a year-to-date basis, the indicator is down by 9% from the same period in the previous year.

## Hours worked in production

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

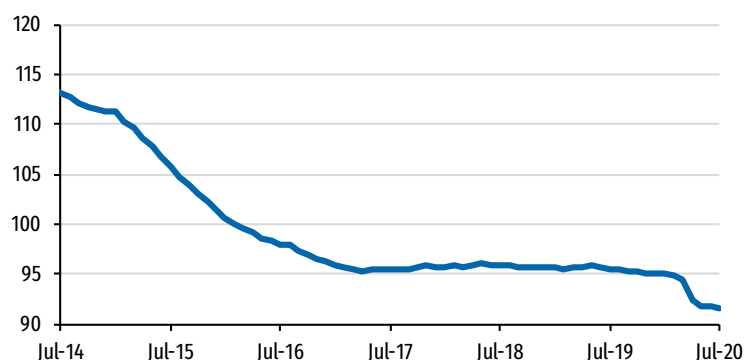


## Jobs remains sluggish

Industrial employment has changed little in the past two months, after falling sharply during the most acute period of the current crisis. In July, it experienced a 0.2% seasonally adjusted drop, while June saw a 0.1% decline. In the previous months, employment had declined more strongly, with the indicator falling by 0.4% in March, by 2.1% in April and by 0.6% in May. Since February, the indicator is down by 3.5%. In the year to date, employment is down by 2.6% from the corresponding period in 2019.

## Employment

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

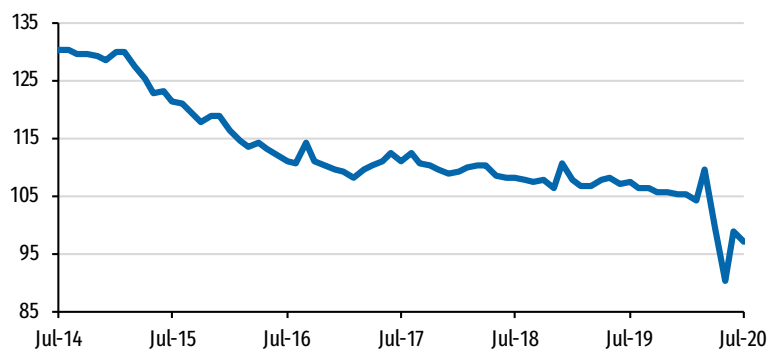


## Total payroll falls again

Total wages paid to industrial workers experienced a 1.7% decrease in the month on a seasonally adjusted basis. The decline comes after a 9.4% growth in June, which had been influenced by the exceptional conditions related to the expiration of some agreements that were in place to suspend or reduce working hours and wages. In the year to July, total payroll is 6.1% lower than the figure registered in the same period in 2019.

## Real total payroll

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



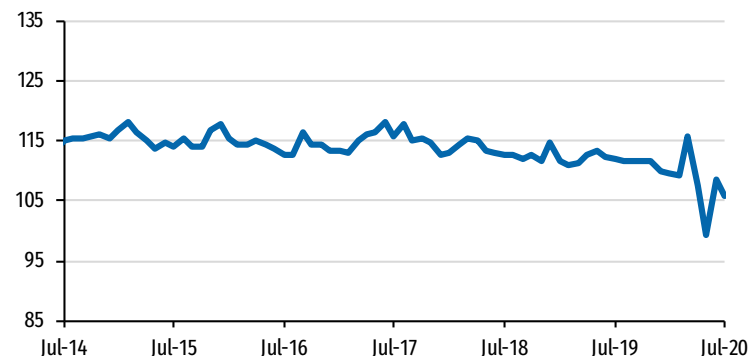
Deflator: INPC-IBGE

## Average earnings also fall

Real earnings received by industrial workers dropped by 2.4% in July, partially reversing last month's growth, which had also been the result of the expiration of some of the agreements that were in place to suspend and/or reduce working hours and wages. In the year to July, real average earnings are down by 3.6% as compared to the same period in 2019.

## Real average earnings

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



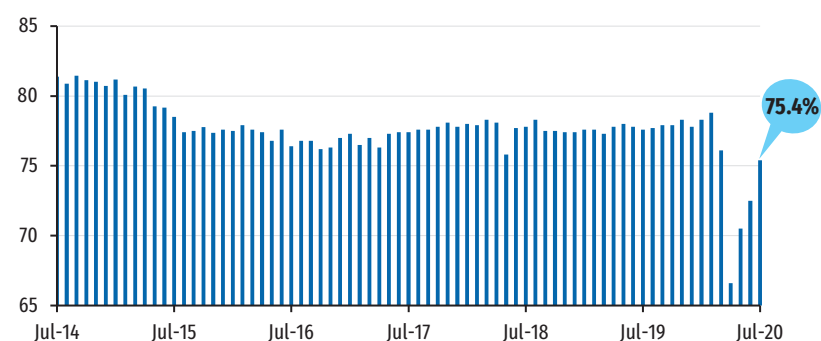
Deflator: INPC-IBGE

## Spare capacity continues to fall

The capacity utilization rate increased by 2.9 percentage points in July to 75.4%. The indicator has grown by 8.8 percentage points since May, reversing most of the 12.2-percentage point decline accumulated in March and April. This is to say that while idle capacity remains at a high level, the indicator is on a recovery path towards pre-pandemic levels. In the year to July, average capacity utilization is down by 3.6 percentage points from the average for the corresponding period in 2019.

## Capacity utilization (UCI)

Seasonally adjusted (Average percentage)



**Learn more**

For more information on the survey, including sectoral results, previous editions, methodology and historical series, visit: [www.cni.com.br/e\\_industriais](http://www.cni.com.br/e_industriais)

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