

# CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

**CBIC**

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Brazilian National Confederation of Industry  
THE FUTURE OF INDUSTRY

## Activity levels in the construction industry continue to rebound

The construction industry continues to show an increasingly favorable performance after the pronounced decline in activity in April. The indices measuring activity levels and number

of employees continued on a recovery path, while operating capacity utilization is once again near pre-pandemic levels.

In this environment, construction entrepreneurs are once again showing confidence and positive expectations for the next six months. Investment intentions also continued on an upward trend.

**Operating capacity utilization**  
Percentage (%)



## PERFORMANCE OF CONSTRUCTION INDUSTRY IN JULY 2020

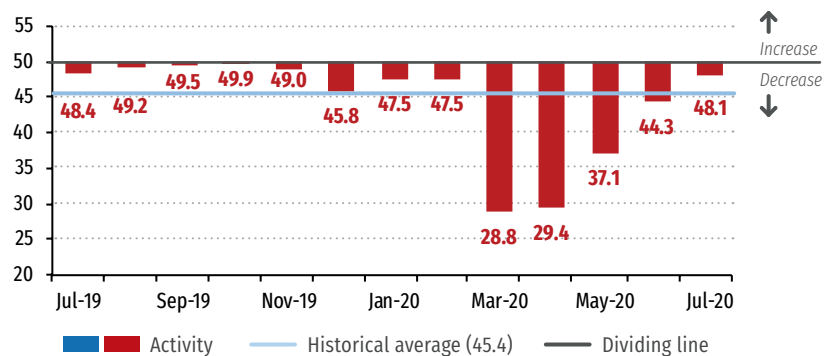
### Activity and employment levels remain positive

The indices measuring activity levels and number of employees showed better month-over-month results in July, despite the the COVID-19 pandemic. The gains also caused the indices to surpass their historical averages again, indicating a more favorable performance than that usually reflected by the indicator.

The indicator of activity levels hit the mark of 48.1 points in July, representing a 3.8-point increase from June. The index of number of employees in turn grew by 3.4 points between June and July, edging up from 43.4 points to 46.8 points.

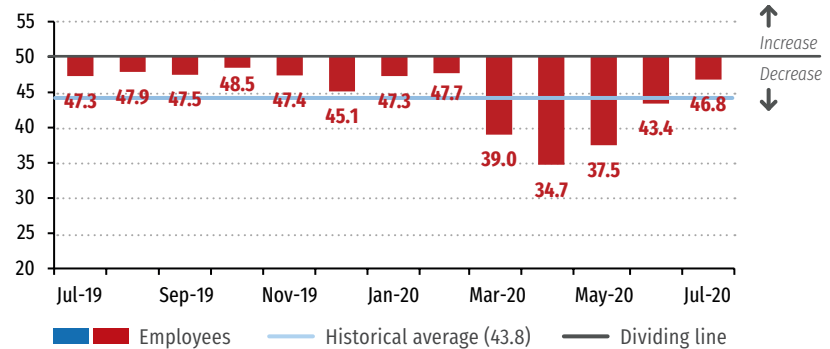
#### Evolution of activity levels

Diffusion index (0-100 points)\*



#### Evolution of number of employees levels

Diffusion index (0-100 points)\*



\*Figures above 50 points indicate an increase in activity levels or number of employees. Figures below 50 points indicate a decline in activity and employment levels. The further away from 50 points, the greater and more widespread the change.

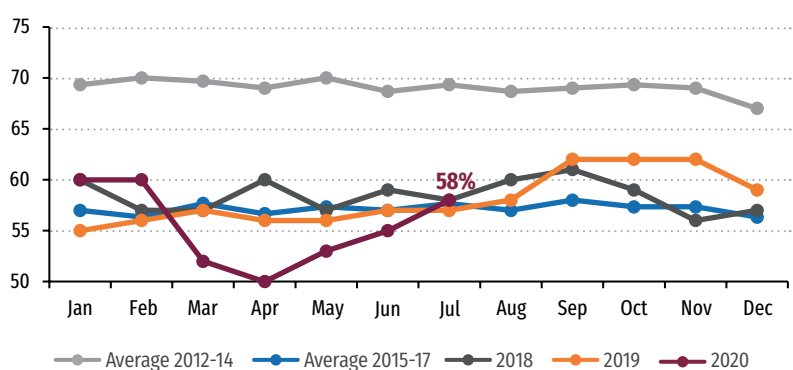
### Sector's activity continues to rebound

July saw a further increase in operating capacity utilization, with the indicator increasing by 3 percentage points from June to 58%.

With the increase, the operating capacity utilization rate offset most of the decline observed in March and April and is 1 percentage point above the figure recorded in July 2019 and also above the average for the month recorded between 2015 and 2017.

#### Average operating capacity utilization

Percentage (%)



## CONSTRUCTION BUSINESS CONFIDENCE INDEX IN AUGUST 2020

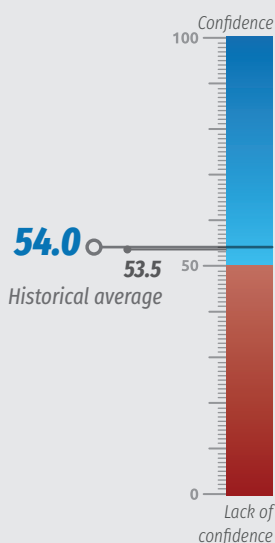
### Construction entrepreneurs regain confidence

In August, construction entrepreneurs regained confidence. The Construction Business Confidence Index (ICEI-Construction) grew by 7.7 points to 54 points in August. This marked the fourth consecutive increase in the index after the sharp declines registered in March and particularly April as a result of the negative outlook caused by the COVID-19 pandemic. With August's increase, the index is now above both the 50-point dividing line – suggesting a recovery in

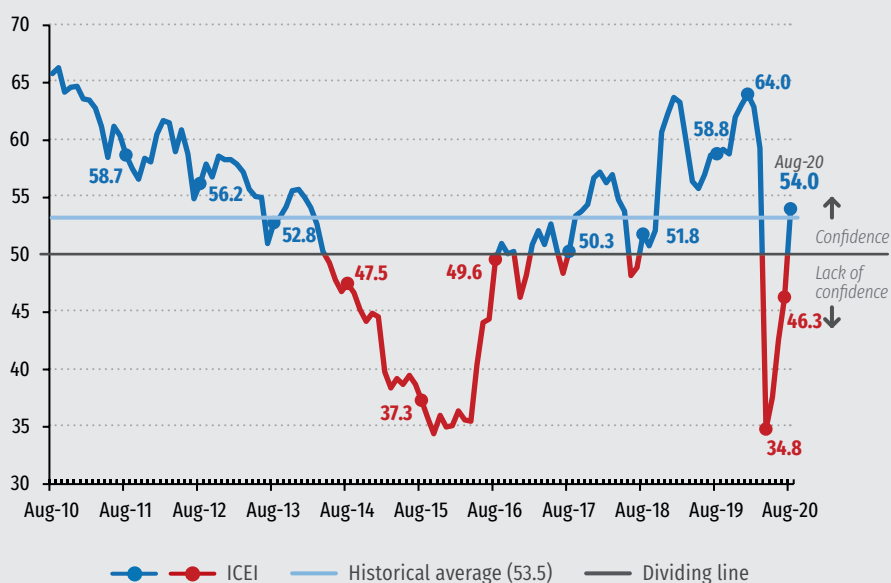
confidence among entrepreneurs in the construction industry – and its 53.5-point historical average.

Among the components making up the ICEI-Construction index, the indicator measuring expectations rose by 7 points, while the current conditions indicator rose by 9.1 points. The increase in the current conditions index was still insufficient to bring the index to the 50-point mark, meaning that entrepreneurs continue to notice the impact of the crisis on their business conditions. On the other hand, the expectations index reached 60.3 points, showing great and widespread optimism across the construction industry.

**ICEI Construction**  
Index (0-100 points)\*



**Historical average**  
Index (0-100 points)\*



\* Figures above 50 points indicate business confidence, and the further above 50 points, the greater and more widespread the confidence. \*Figures below 50 points indicate lack of business confidence, and the further below 50 points, the greater and more widespread the lack of confidence.

## INDUSTRY'S EXPECTATIONS IN AUGUST 2020

### Entrepreneurs showing optimism again

In August, construction entrepreneurs began to show confidence again. The expectation indices had been recovering after April's decline, but until July, they were still close to the 50-point dividing line between optimism and pessimism. With the new gains in August, all indices moved away from the dividing line, showing clear optimism among entrepreneurs.

The indices of expected purchases of inputs and raw materials and of expected number of employees amounted to 52.8 and 52.3 points after growing respectively by 3.3 and 2.9 points.

Meanwhile, the indicators measuring expected activity levels and expected new developments and services rose by 54.3 and 53.2 points after growing respectively by 4.2 points and 5.2 points in August.

### Investment intentions still trending upward

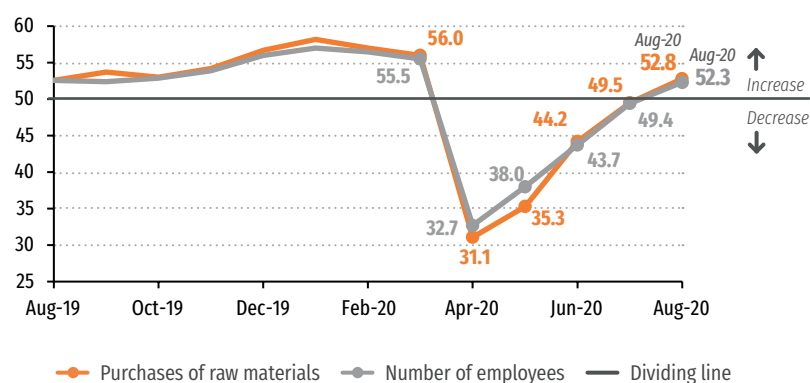
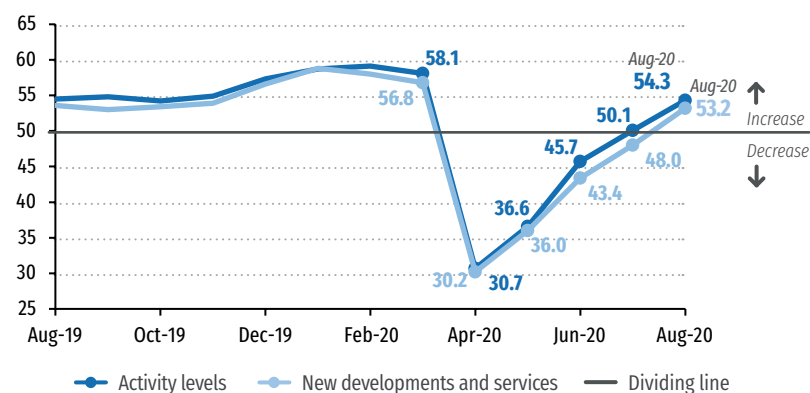
The index measuring investment intentions shows a new increase in entrepreneurs' willingness to invest, with the indicator growing by 4.7 points in August to 39.5 points.

With this growth, the index has moved away from its historical average (34.1 points) and approached pre-pandemic levels, when it was hovering around 40 points.

\* The higher the index, the more industry is likely to invest.

#### Expectation indices

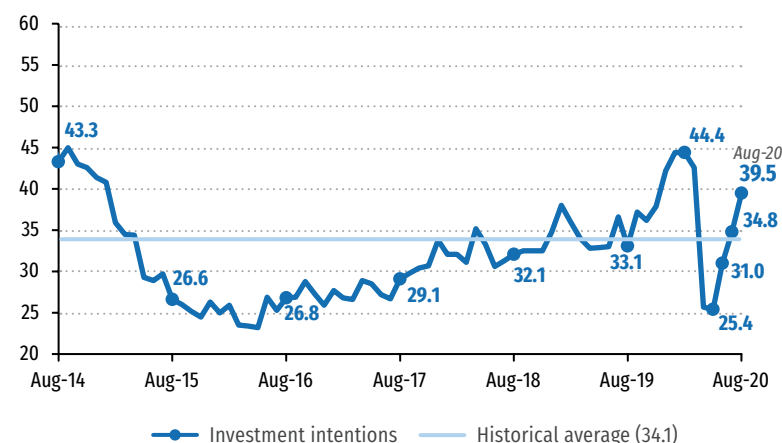
Indices (0-100 points)\*



\* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

#### Investment intentions

Index (0-100 points)\*



## RESULTS BY COMPANY SIZE

### Construction industry performance

	OPERATING CAPACITY UTILIZATION (%) <sup>1</sup>			ACTIVITY LEVEL INDEX <sup>2</sup>			ACTUAL-USUAL ACTIVITY LEVEL INDEX <sup>3</sup>			NUMBER OF EMPLOYEES INDEX <sup>2</sup>		
	Jul-19	Jun-20	Jul-20	Jul-19	Jun-20	Jul-20	Jul-19	Jun-20	Jul-20	Jul-19	Jun-20	Jul-20
<b>CONSTRUCTION</b>	<b>57</b>	<b>55</b>	<b>58</b>	<b>48.4</b>	<b>44.3</b>	<b>48.1</b>	<b>36.4</b>	<b>30.3</b>	<b>33.9</b>	<b>47.3</b>	<b>43.4</b>	<b>46.8</b>
SMALL	51	51	<b>52</b>	47.3	43.4	<b>47.0</b>	40.4	30.7	<b>37.0</b>	47.2	43.6	<b>45.5</b>
MEDIUM	57	52	<b>55</b>	46.6	42.9	<b>47.8</b>	35.8	27.3	<b>33.0</b>	44.3	40.7	<b>46.4</b>
LARGE	59	59	<b>61</b>	49.8	45.4	<b>48.7</b>	35.3	31.9	<b>33.3</b>	49.1	44.9	<b>47.6</b>

### Expectations of construction industry

EXPECTATIONS INDEXES <sup>4</sup>													INVESTMENT INTENTIONS INDEX <sup>5</sup>		
ACTIVITY LEVEL				NEW DEVELOPMENTS AND SERVICES			PURCHASES OF INPUTS AND RAW MATERIALS			NUMBER OF EMPLOYEES					
	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20
CONSTRUCTION	54.5	50.1	54.3	53.6	48.0	53.2	52.6	49.5	52.8	52.6	49.4	52.3	33.1	34.8	39.5
SMALL	56.4	51.1	54.8	54.1	48.6	54.1	52.8	48.7	53.8	53.6	49.4	52.3	35.0	34.9	39.7
MEDIUM	51.4	48.3	53.4	50.7	47.1	50.6	50.1	48.2	51.9	50.2	47.9	50.3	33.8	32.9	36.1
LARGE	55.6	50.8	54.6	55.0	48.2	54.3	54.0	50.5	53.0	53.6	50.3	53.5	32.1	35.9	41.3

### Construction Business Confidence Index (ICEI - Construction) and its components

	ICEI - CONSTRUCTION <sup>6</sup>			CURRENT CONDITIONS <sup>7</sup>			EXPECTATIONS <sup>8</sup>		
	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20	Aug-19	Jul-20	Aug-20
<b>CONSTRUCTION</b>	<b>58.8</b>	<b>46.3</b>	<b>54.0</b>	<b>50.4</b>	<b>32.4</b>	<b>41.5</b>	<b>63.1</b>	<b>53.3</b>	<b>60.3</b>
SMALL	57.7	46.0	<b>54.2</b>	49.9	34.8	<b>42.5</b>	61.6	51.6	<b>60.0</b>
MEDIUM	57.7	46.5	<b>52.6</b>	49.8	32.2	<b>40.1</b>	61.7	53.6	<b>58.8</b>
LARGE	59.9	46.3	<b>54.8</b>	51.0	31.6	<b>42.0</b>	64.4	53.7	<b>61.2</b>

1 - The indicator varies in the 0%-100% interval. Series started in January 2012.

2 - The indicator varies in the 0-100 interval. Figures above 50 points indicate growth.

3 - The indicator varies in the 0-100 interval. Figures above 50 points indicate higher-than-usual activity levels.

4 - The indicator varies in the 0-100 interval. Figures above 50 points indicate positive expectations.

5 - The indicator varies in the 0-100 interval. The higher the index, the greater the willingness to invest.

6 - The ICEI varies in the 0-100 interval. Figures above 50 points indicate business confidence.

7 - The indicator varies in the 0-100 interval. Figures above 50 points values indicate a better situation as compared to the last six months.

8 - The indicator varies in the 0-100 interval. Figures above 50 points indicate optimistic expectations for the next six months.



#### Technical specifications

##### Sample profile

454 enterprises, including 161 small, 200 medium and 93 large companies.

##### Data collection period

August, 3-13, 2020.

Document closed by August 21, 2020.

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

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