

# INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

**CNI**  
Brazilian National Confederation of Industry  
THE FUTURE OF INDUSTRY

## Industrial activity on a sharper downturn in April

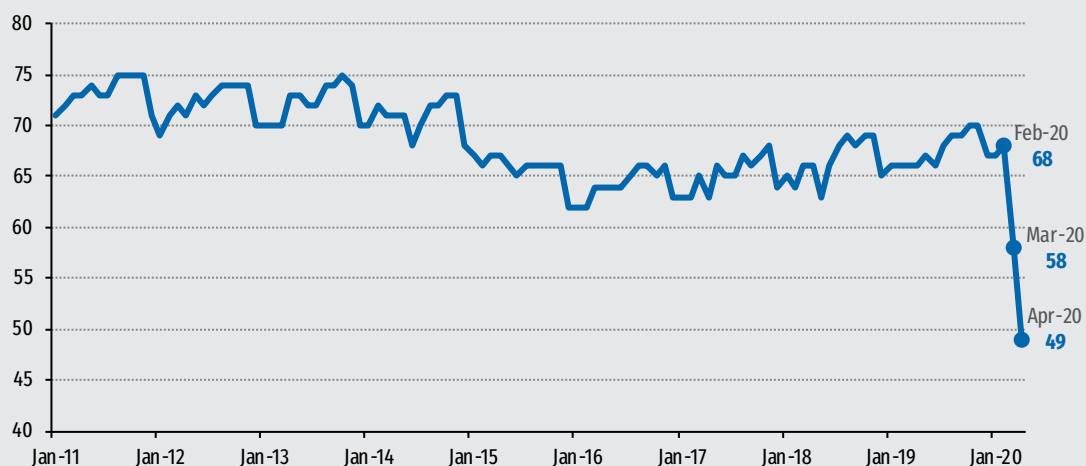
The impacts of the crisis caused by the Covid-19 pandemic had already been felt in March, when demand plunged and forced a reduction - unprecedented until then - in industrial activity. In April, the effects on activity became more intense and even more widespread among companies, so industrial activity recorded a new contraction.

More than half of the industry's installed capacity remained idle in April and the effects of the fall in activity on employment, which could already be felt in March, became more pronounced.

Expectations improved slightly overall (except for expectations about exported volumes) but continue to suggest significant pessimism on the part of entrepreneurs over the next six months, with falling demand, exports, purchases of raw materials and number of employees. Investment intentions remain low.

### Capacity Utilization

Percentage (%)



## PERFORMANCE OF INDUSTRY IN APRIL 2020

### Declines in production and employment were the sharpest in the series

Harmed by the pandemic of the new coronavirus, production levels and number of employees fell to such low levels and in such a widespread manner as had never been seen before in the monthly series of these indices.

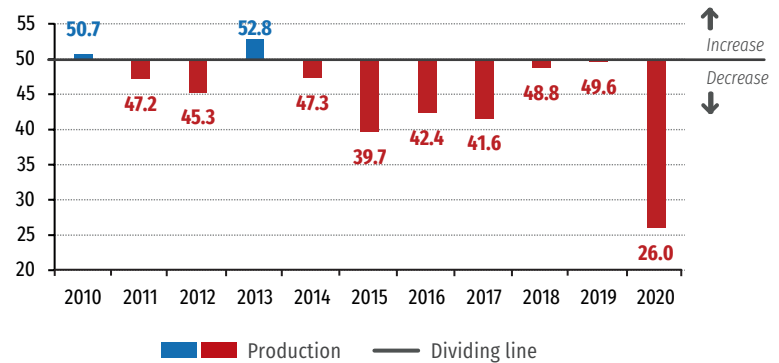
The production evolution index stands at 26 points, 24 points below the 50-point dividing line separating decline from increase in production.

It should be noted that in March the index had dropped to the lowest level recorded in the series until then and that in April it dropped to a new record low level in the series. In other words, the record fall recorded in April in terms of intensity and spread exceeded the previous record seen in March.

The number of employees also dropped sharply in April. The index moved significantly away from the 50-point dividing line, dropping to 38.2 points. It is the lowest index ever recorded in the monthly series initiated in 2011.

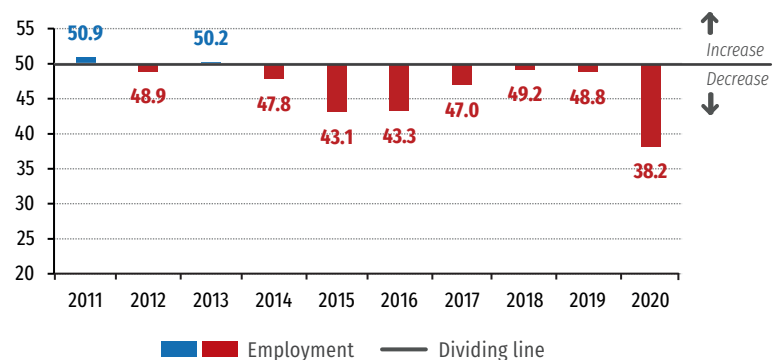
#### Evolution of production in months of April (2010-2020)

Diffusion index (0-100 points)\*



#### Evolution of production in months of April (2011-2020)

Diffusion index (0-100 points)\*



\*Figures above 50 points indicate a month-over-month increase in production. Figures below 50 points indicate a month-over-month decline in production. The further away from 50 points, the greater and more widespread the change.



## Half of the productive capacity is not being used

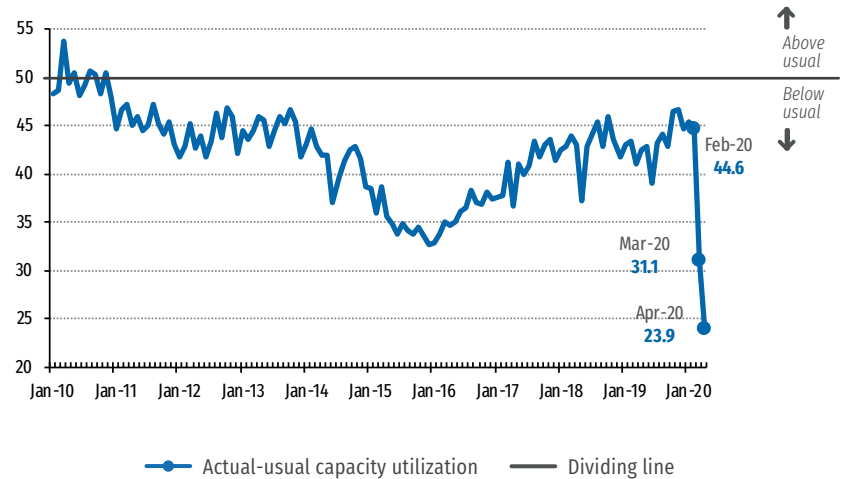
Capacity utilization indices reflect the reduction in industrial activities caused by the effects of the Covid-19 pandemic.

The actual-usual capacity utilization index, which measures the extent to which industrial activity is on the rise or on the decline, fell to 23.9 points. Figures below 50 points suggest a slowdown in activity. The index accumulated a drop of 21.4 points over the last three months and decreased to a new all-time low in April. Thus, it shows exceptionally low activity. The series began in January 2010.

The percentage of capacity utilization decreased by 9 percentage points between March and April, to 49%. That is, more than half of the installed capacity of companies is idle. This percentage, which had dropped by 10 percentage points in March already, is also the lowest ever recorded in the series.

### Actual-usual capacity utilization

Diffusion index (0-100 points)\*



\*Figures above 50 points indicate that capacity utilization is above usual levels for the month. Figures below 50 points indicate that capacity utilization is below usual levels for the month. The further away from 50 points, the greater and more widespread the distance from usual levels for the month.

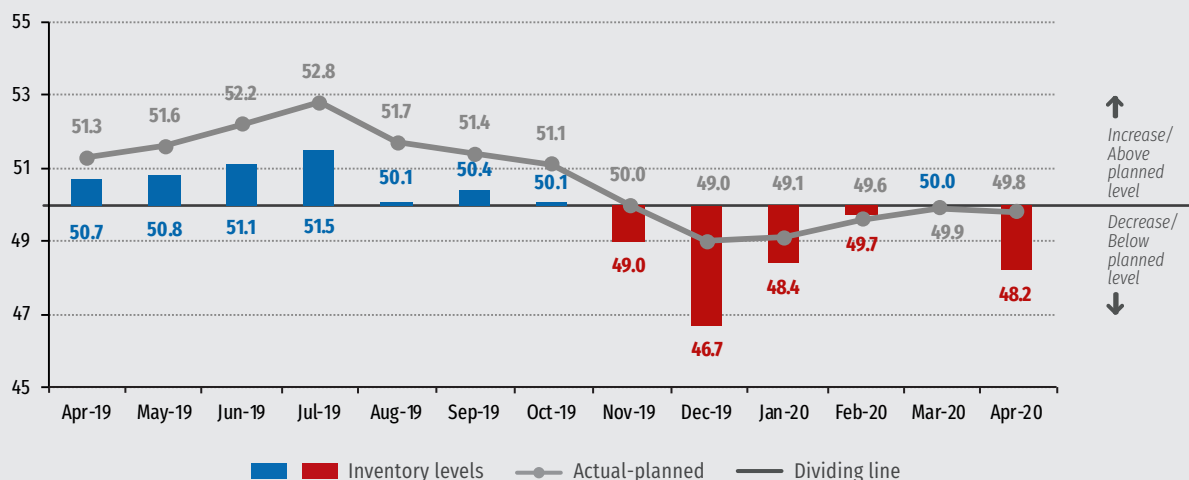
## Inventories remain unchanged

Inventories were reduced and kept at the level planned by industry. The interruption in sales resulted in an intense and immediate response in production, preventing an unwanted increase in inventories.

The inventory evolution index stands at 48.2 points, i.e. it remained unchanged. The index measuring actual-planned inventory levels is at 49.8 points, i.e. it shows inventories are at the levels planned by industry.

### Inventory levels and actual-planned inventory levels

Diffusion index (0-100 points)\*



\*Figures above 50 points indicate an increase in inventory levels or that actual inventory is above planned levels. Figures below 50 points indicate a decline in inventory levels or that actual inventory is below planned levels. The further away from 50 points, the greater the change or the distance from planned levels.

## INDUSTRY'S EXPECTATIONS IN MAY 2020

### Pessimism remains high

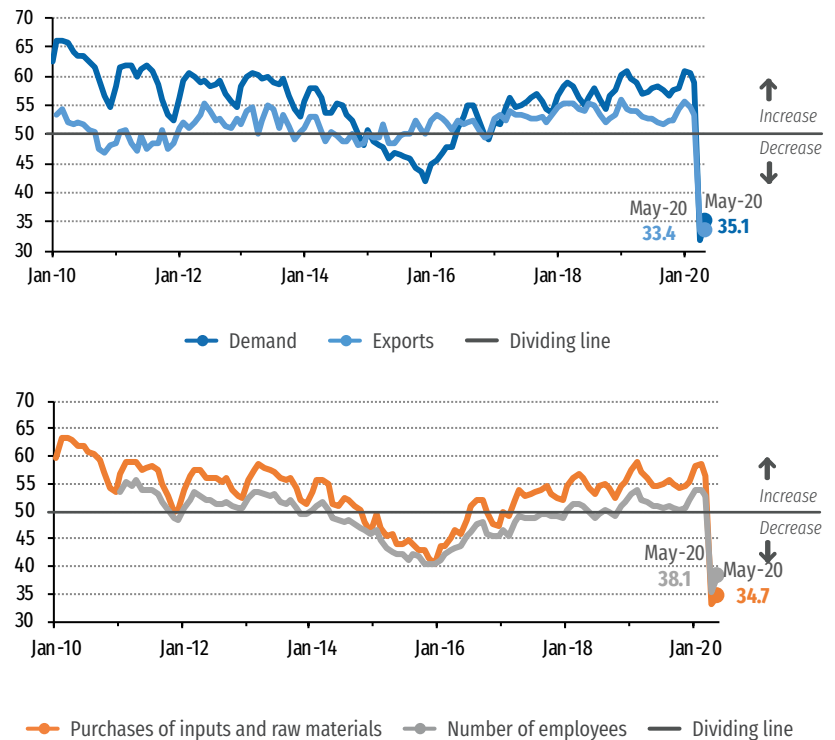
Most expectation indices improved in May, which was already expected due to the particularly sharp drop recorded in previous months. However, expectations remain particularly negative.

The index of expected demand increased by 3.2 points, to 35.1 points. It should be noted that indicators below 50 points suggest pessimism on the part of entrepreneurs. In other words, demand is expected to fall.

The index of expected number of employees increased by 2.9 points in relation to April, to 38.1 points, while the index measuring purchases of raw material rose by 1.4 points, to 34.7 points.

#### Expectation indices

Diffusion index (0-100 points)\*



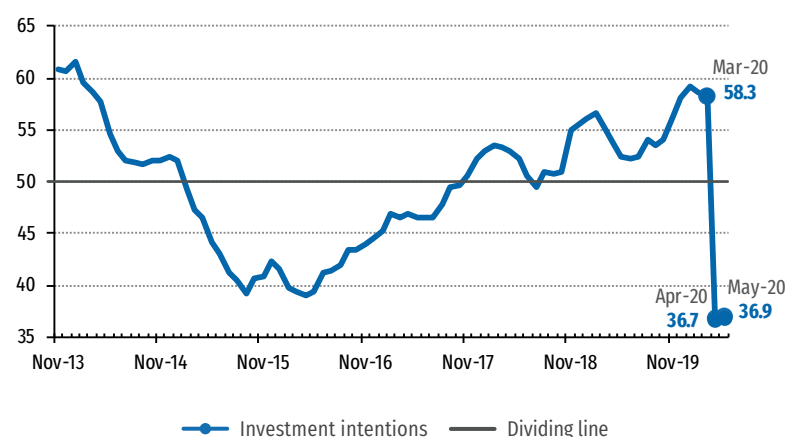
\*Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

### Investment intentions remain low

The investment intentions index reflects the effects of the pandemic on activity, high uncertainties and consequent pessimism on the part of entrepreneurs. The index hardly changed in May, after dropping sharply in April. The indicator had fallen from 58.3 points in March to 36.7 points in April and is now at 36.9 points.

#### Investment intentions

Diffusion indices (0-100 points)\*



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



## RESULTS BY SECTOR



### Performance in April

The analysis of indicators of the performance of industry in March (production evolution and number of employees, capacity utilization and actual-usual capacity utilization) shows a worsening of the figures recorded in March, i.e. an even sharper fall in production, with increased idleness in the industrial complex.

Among the most affected sectors, the furniture sector stands out for the sharpest drop in production and employment and for the lowest actual-usual capacity utilization (indices of 9.7 points, 22.8 points and 8.6 points, respectively). Textile products, wearing apparel, footwear and parts, printing and reproduction and motor vehicles, trailers and semi-trailers were other sectors that recorded sharp declines in production and capacity utilization.

The sectors that were affected less include the soap and detergents, cleaning preparations and others (for which no drop in the number of employees was recorded in April) and the pharmaceutical chemicals and pharmaceuticals sectors, in which activity declined less sharply than in the rest of industry.

The food products and chemicals sectors, which stood out for their positive results in March, had a less negative performance than that of the rest of the industry in April, but the declines they experienced were more significant this month.



### Expectations in May

Entrepreneurs in the furniture; footwear and parts; textile products; wearing apparel; leather and related products; and printing and reproduction sectors are the most pessimistic. The sectors with less pessimistic expectations are those of pharmaceutical chemicals and pharmaceuticals; soap and detergents, cleaning preparations and others; food products; and the mining and quarrying industry.

### Results by industrial sectors (selected indexes)\*

Sectors	Production evolution index	Number of employees evolution	Actual-usual capacity utilization index	Demand expectations index
<b>MINING AND QUARRYING</b>	<b>43.0</b>	<b>46.0</b>	<b>40.5</b>	<b>43.1</b>
<b>MANUFACTURING</b>	<b>25.2</b>	<b>37.9</b>	<b>23.2</b>	<b>34.6</b>
Food products	37.6	42.0	35.0	45.6
Beverages	30.7	40.3	28.4	36.9
Textiles products	17.3	31.8	14.2	31.0
Wearing apparel	12.2	30.9	11.7	26.9
Leather and related products	19.0	33.3	16.7	24.4
Footwear and parts	10.1	24.4	8.3	22.6
Wood products	27.3	39.0	27.3	36.6
Pulp and Paper	25.0	38.9	26.2	32.0
Printing and reproduction of recorded media	12.9	33.7	11.7	25.8
Biofuel	47.6	53.6	34.5	42.9
Chemicals (except Soap and detergents, cleaning preparations and others)	27.9	42.9	28.9	32.2
Soap and detergents, cleaning preparations and others	42.4	51.5	42.4	47.0
Pharmaceutical chemicals and pharmaceuticals	47.6	48.8	41.7	46.4
Rubber products	23.6	36.5	19.6	33.1
Plastics products	23.6	35.9	22.7	36.1
Non-metallic mineral products	26.2	36.5	23.8	38.1
Basic metals	24.2	41.9	23.3	30.1
Metal products (except machinery and equipment)	22.3	35.2	19.0	32.1
Computers, electronics and optical products	22.9	38.6	17.6	29.4
Electrical equipment	22.0	36.6	22.0	30.5
Machinery and equipment	26.1	36.5	22.3	35.2
Motor vehicles, trailers and semi-trailers	16.8	35.7	13.9	27.9
Other transport equipment	23.4	39.1	17.2	31.7
Furniture	9.7	22.8	8.6	25.4
Other manufacturing	17.6	35.1	19.6	30.4
Repair and installation	28.7	39.8	27.8	38.0

Note: In the survey, entrepreneurs are asked to indicate up to three items representing the main problems faced by their companies, so the sum of percentages exceeds 100%.

\*The indicators vary in the 0-100 interval. Figures above 50 points indicate an increase in production or in number of employees, that capacity utilization is above usual levels for the month or an expected growth. Figures below 50 points indicate a decline in production or in number of employees, that capacity utilization is below usual levels for the month or an expected decline.

## RESULTS

### Performance of industry

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20
Total	49.6	33.3	26.0	48.8	44.6	38.2	66	58	49	42.4	31.1	23.9	50.7	50.0	48.2	51.3	49.9	49.8
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	50.2	45.6	43.0	52.5	49.4	46.0	69	68	67	42.6	45.2	40.5	48.3	49.0	50.7	51.2	54.1	50.4
Manufacturing	49.5	32.7	25.2	48.6	44.4	37.9	66	57	48	42.3	30.5	23.2	50.7	49.9	48.1	51.3	49.6	49.8
BY COMPANY SIZE																		
Small <sup>1</sup>	46.6	28.0	24.0	46.5	41.4	36.1	59	49	43	40.7	26.8	22.3	47.5	43.2	41.5	46.0	42.3	41.0
Medium <sup>2</sup>	48.6	35.1	26.9	48.1	45.0	37.7	65	58	50	41.5	31.8	24.6	49.2	51.2	46.7	49.4	50.1	47.6
Large <sup>3</sup>	51.6	35.0	26.6	50.3	46.0	39.5	71	62	51	43.7	32.8	24.3	53.0	52.8	52.3	54.9	53.5	55.4

The indicators vary in the 0-100 interval. Figures above 50 points indicate an increase in inventory levels, that actual inventory is above planned levels or that capacity utilization is above usual levels for the month. Figures below 50 points indicate a decline in inventory levels, that actual inventory is below planned levels or capacity utilization is below usual levels for the month.

1 - Company with 10 to 49 employees. 2 - Company with 50-249 employees. 3 - Company with 250-plus employees.

### Industrial expectations

	DEMAND			EXPORTS VOLUMES			PURCHASES OF RAW MATERIALS			NUMBER OF EMPLOYEES			INVESTMENT INTENTIONS*		
	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20
Total	56.8	31.9	35.1	53.0	33.7	33.4	54.6	33.3	34.7	51.0	35.2	38.1	52.5	36.7	36.9
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	53.3	38.2	43.1	51.4	38.9	46.1	52.9	37.8	44.6	55.1	41.9	45.1	52.1	42.7	52.8
Manufacturing	56.8	31.5	34.6	53.1	33.4	32.8	54.6	33.0	34.2	50.8	34.9	37.7	52.5	36.4	36.2
BY COMPANY SIZE															
Small <sup>1</sup>	55.7	30.9	34.0	52.3	32.7	30.2	53.1	31.2	32.5	50.1	33.2	35.7	41.9	26.2	25.4
Medium <sup>2</sup>	56.6	32.6	36.3	53.6	35.1	33.9	54.2	34.2	35.7	50.9	34.7	37.6	48.9	34.2	35.2
Large <sup>3</sup>	57.5	32.0	35.0	53.1	33.5	34.8	55.5	33.8	35.3	51.4	36.4	39.5	59.7	43.3	43.5

The indicators vary in the 0-100 interval. Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline.

\* The indicator varies in the 0-100 interval. The higher the index, the more industry is likely to invest.

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### Technical specifications

#### Sample profile

1,873 enterprises, including 743 small, 660 medium and 470 large companies.

#### Data collection period

May 4-13, 2020.

Document closed by May 19, 2020.



### Learn more

For more information on the survey, including historical series and methodology, kindly visit: [www.cni.com.br/e\\_sondindustrial](http://www.cni.com.br/e_sondindustrial)

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