

INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

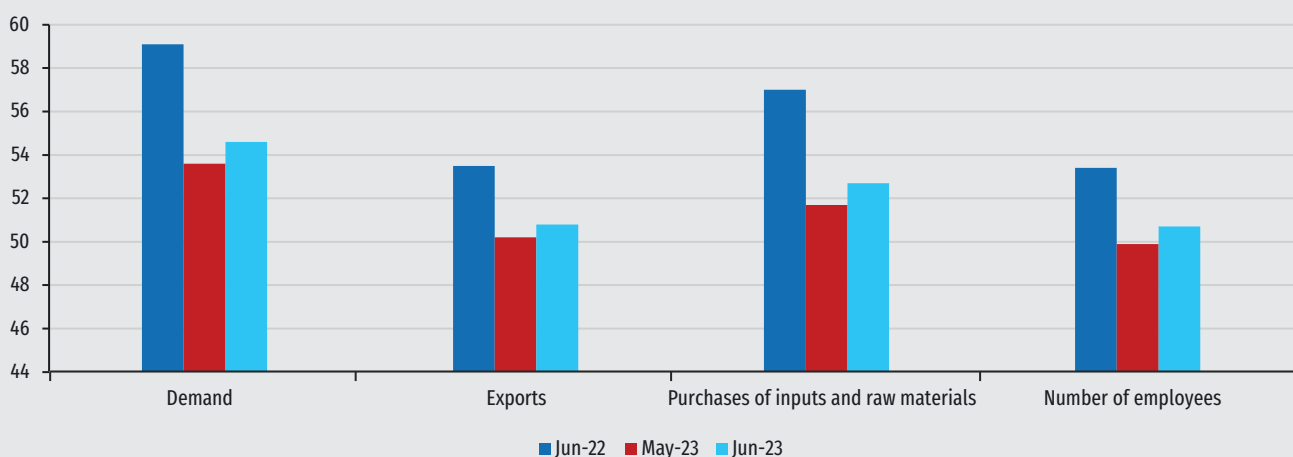
Industrial Activity Lacks Strength

Industrial production increased in May 2023 compared to April. However, the increase in May 2023 was less significant than in the previous two years, following several months of negative results. Similarly, capacity utilization rose by two percentage points to 69%, which is also lower than the levels observed in the past two years. On the other hand, industrial employment declined between April and May 2023.

Expectations improved in June 2023, with all indices returning to the positive field (in May 2023, expectations for employment and exported quantity remained stable). However, the increases were moderate, and the expectation indices were lower than those observed in the previous two years.

The intention to invest index increased but only reached this year's February level. In other words, the index suggests relative stability in the intention to invest and the expectations regarding investment decisions by industry entrepreneurs.

Industrial expectations
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.

INDUSTRIAL PERFORMANCE IN MAY 2023

Production Increased Moderately While Employment Decreased

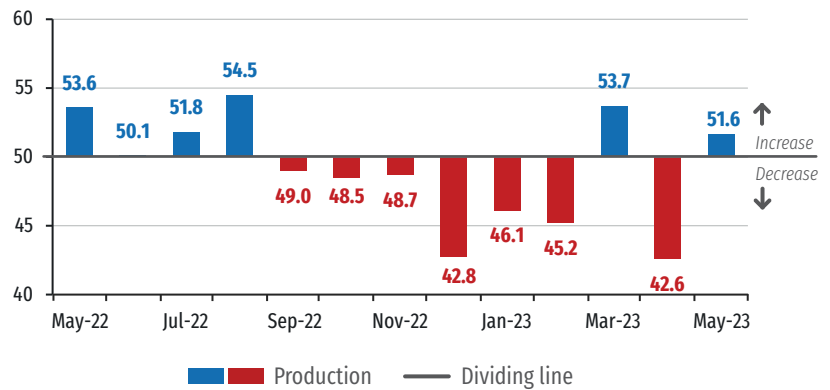
Industrial production increased from April to May 2023. The production variation index stood at 51.6 points, above the 50-point dividing line that separates a decrease from an increase in industrial production compared to the previous month.

However, the May 2023 index is lower than the levels observed in the same month over the past two years, indicating a milder increase in activity compared to previous years. It is also worth noting that in the previous eight months, the production evolution index was below 50 points in seven of them, highlighting that this moderate increase in activity follows a series of negative results.

The index for the variation in the number of employees stood at 48.4 points, showing a decrease in industrial employment from April to May 2023. The result has been below the 50-point dividing line since October 2022, indicating the perception of a drop in industrial employment seen in the last quarter of 2022 still remains.

Variation of production

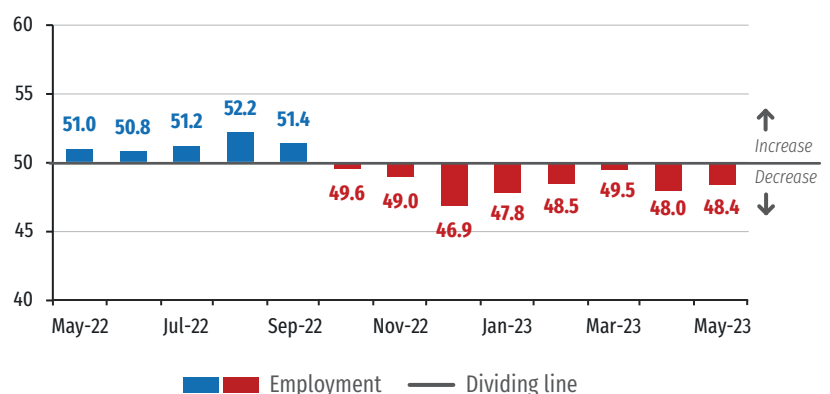
Diffusion index (0 to 100 points)*



*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.

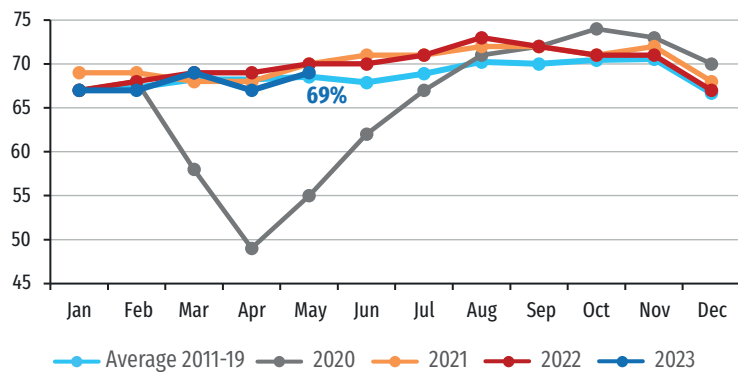
Capacity Utilization in May 2023 Was the Lowest in the Past Three Years

Capacity Utilization rose two percentage points between April and May 2023 to 69%. In 2021 and 2022, the capacity utilization index stood at 70%. The percentage recorded in 2023 is very close to the average for the month (68.8%, disregarding the highly pandemic-affected percentage of 55% in 2020).

The effective versus common capacity utilization index increased by 2.6 points compared to the previous month, reaching 43.7 points. The capacity utilization index ranges from 0 to 100 points, with the 50-point dividing line separating below-usual from above-usual capacity utilization assessment. The rise in the index in May indicates that activity is closer to the usual level but still below it.

Average capacity utilization

Percentage (%)



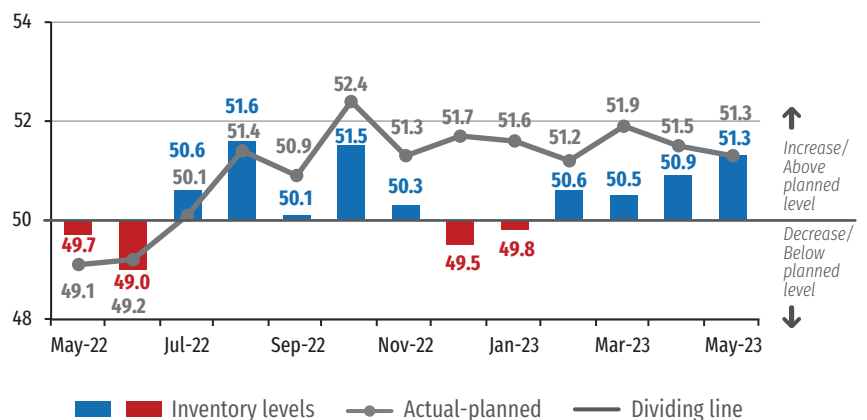
Inventories Remain Above Planned Levels

In May 2023, the inventory level evolution index reached 51.3 points, surpassing the 50-point dividing line. Therefore, the index indicates an increase in inventories compared to April. This marks the fourth consecutive month of rising inventories.

The effective inventory level compared to the planned inventory level index also stood at 51.3 points. Since the index is above 50 points, it reveals that the level of inventories exceeds the planned level by the companies. The excess of unwanted inventories remains at a similar level as the previous month (the index stood at 51.5 points in April).

Variation in inventory levels and actual inventory against the planned level

Diffusion index (0 to 100 points)*



*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 JUNE 2023

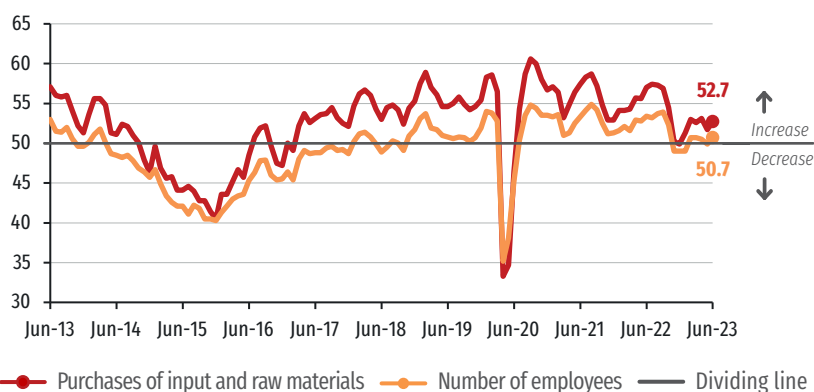
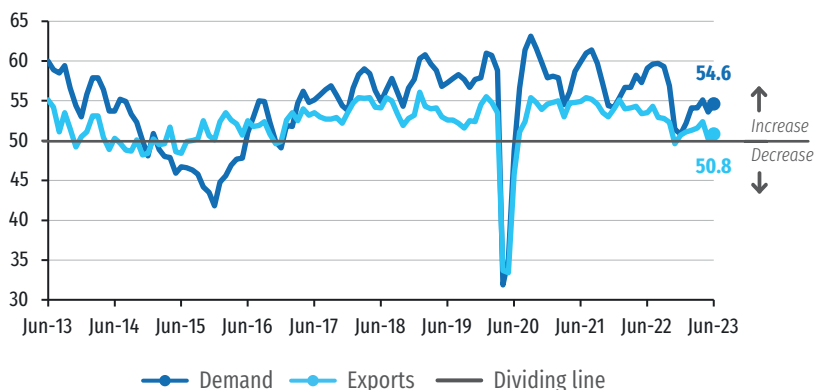
Moderate Improvement of Expectations

In June 2023, all expectation indexes increased. With the increases, the indices reflecting the expectations of the number of employees and the quantity exported, which were nearly above the 50-point mark in May, indicating stability expectations, have now moved further away from this dividing line. Thus, in June, all indices showed positive expectations from industrial entrepreneurs.

The increases, in general, were moderate. The most significant increases, of 1.0 point each, were observed in the demand index, reaching 54.6 points, and the index for inputs purchases, reaching 52.7 points. The variation in the number of employees index rose by 0.8 points to 50.7 points, while the exported quantity index saw a 0.6 points increase, reaching 50.8 points.

Expectation indices

Diffusion index (0 to 100 points)*



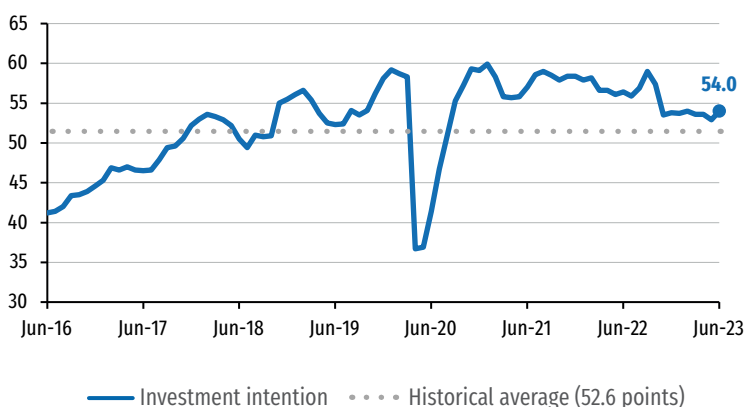
*A score above 50 points indicates expectations of growth, while a score below 50 points indicates an expected decrease. The further the point score is from 50 points, the greater and more widespread the expected variation.

Intention to Invest Grows

The investment intention index experienced a 1.1-point increase, rising from 52.9 points in May to 54.0 points in June. Before May, the index had shown a series of fluctuations, with moderate upward and downward movements between January and May 2023. The June increase fully reverses the drop observed in May and brings the indicator back to the level recorded in February 2023. Consequently, these dynamics indicate a sense of relative stability in investment intentions and a cautious approach to investment decisions among industry entrepreneurs.

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		
	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	May-22	Apr-23	May-23
Total	53.6	42.6	51.6	51.0	48.0	48.4	70	67	69	46.1	41.1	43.7	49.7	50.9	51.3	49.1	51.5	51.3
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	54.4	46.7	55.5	51.3	51.3	50.3	80	73	78	52.7	43.2	49.7	49.8	50.6	52.4	50.9	53.0	54.0
Manufacturing	53.5	42.4	51.4	51.0	47.9	48.4	70	67	68	45.9	41.1	43.4	49.7	50.9	51.3	49.1	51.5	51.3
BY COMPANY SIZE																		
Small ¹	50.8	41.5	47.8	50.2	46.8	47.0	64	61	63	44.7	39.8	42.1	47.2	47.5	49.1	44.7	46.5	46.6
Medium ²	53.0	42.3	50.6	50.8	47.7	49.3	69	66	68	45.7	39.2	43.1	50.5	51.6	51.8	49.4	51.0	51.5
Large ³	55.3	43.3	54.1	51.5	48.8	48.7	74	70	72	47.1	42.8	44.8	50.5	52.2	52.1	51.2	54.2	53.5

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*		
	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23	Jun-22	May-23	Jun-23
Total	59.1	53.6	54.6	53.5	50.2	50.8	57.0	51.7	52.7	53.4	49.9	50.7	56.4	52.9	54.0
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	56.4	53.1	55.5	57.1	55.5	54.9	57.1	51.6	53.4	52.3	51.4	51.9	69.7	68.3	67.7
Manufacturing	59.2	53.6	54.5	53.3	50.0	50.6	57.0	51.7	52.6	53.4	49.8	50.6	55.9	52.4	53.5
BY COMPANY SIZE															
Small ¹	58.2	51.1	53.3	50.9	45.1	47.2	56.5	50.1	52.1	53.4	48.3	49.5	46.3	39.6	40.0
Medium ²	58.6	52.3	55.4	54.7	51.4	51.7	57.0	50.2	52.7	53.6	49.0	50.5	55.4	51.3	53.0
Large ³	59.8	55.5	54.8	54.1	52.1	52.2	57.3	53.3	52.9	53.3	51.1	51.4	62.0	60.4	61.5

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

1,677 enterprises, including 654 small, 598 medium and 425 large companies.

Collection period

June 1-13, 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_sondindustrial

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