

SMALL INDUSTRY OVERVIEW

ECONOMIC INDICATORS **CNI**

CNI Brazilian National Confederation of Industry

High tax burden is the main concern for entrepreneurs, who have shown a lack of confidence for the past 14 months

In the fourth quarter of 2025, high tax burden remained at the top of the list of major problems faced by small-scale Brazilian industries. For manufacturing industries, the second item on the ranking was the lack or high cost of skilled workers, while for construction industries, the second position was occupied by the lack or high cost of unskilled workers.

The performance and financial situation of small-scale industries remained above their respective

historical averages throughout 2025. However, quarterly analysis reveals a deterioration of these indicators in the last quarter of 2025, indicating that, in the view of entrepreneurs, the performance and financial situation of their companies fell short of what was observed in the same period of 2024.

Therefore, despite the current indices showing relatively positive trends (although with a slight decline at the end of 2025), the forward-looking scenario indicates more moderation. The outlook for small-scale industries oscillated around the historical average throughout 2025 and began showing values below those recorded in the same period of 2024.

Performance, financial situation, prospects and confidence indices of the small industry

Diffusion indices (0-100 points)

Performance* 	Q4 2024	Q4 2025	Historical average	Prospects* 	Jan-2025	Jan-2026	Historical average
	46.8	45.5	44.1		48.2	47.4	47.2
	Financial situation* 	Q3 2024	Q3 2025		Historical average	Confidence Index - ICEI** 	Jan-2025
	42.0	41.5	38.8		46.8	47.9	52.2

*The higher the index, the better the performance of the small industry in the month, the better the financial situation of the small industry in the quarter or the more positive are the prospects of the small industry businessman in the month.

**Values above 50 points indicate businessman's confidence and the higher the index, the more widespread is the confidence. Values below 50 points indicate lack of businessman's confidence and the lower the index, the greater and more widespread is the lack of confidence.

Adding to this, the beginning of 2026 shows the continuation of the lack of confidence scenario that characterized 2025, given that the Industrial

Entrepreneur Confidence Index (ICEI) for small-sized businesses in January 2026 remained below 50 points, totaling 14 consecutive months of a lack of confidence.

PERFORMANCE OF SMALL INDUSTRIES IN THE FOURTH QUARTER OF 2025

Small industries' performance worsens in the fourth quarter of 2025

The Small Industries Performance Index recorded an average of 45.5 points in the fourth quarter of 2025, a decline of 1.3 points from the same quarter of 2024 and 0.8 points from the previous quarter. Despite having shown performance above historical averages during 2025, the indicator ends the year with a lower value than registered in the same period

of the previous year, i.e., the industrial activity of small-sized businesses concludes 2025 at a weaker level than concluded 2024.

The indicator is calculated considering weighting between production volume (or activity level), effective capacity utilization (or operational, in the construction industry) and number of employees' evolution. The higher the index, the better the performance during the period.

Small Industry Performance Index
Index (0 to 100 points)*



*The higher the index, the better the performance of the small industry in the quarter.

Note: The small industry performance index is a weighted average of the performance indices of the small extractive, manufacturing, and construction industries.

FINANCIAL SITUATION OF SMALL INDUSTRY IN THE FOURTH QUARTER OF 2025

Financial conditions of small industries have improved, but remain below the level of 2024

In the fourth quarter of 2025, the Small Industry Financial Situation reached 41.5 points, indicating a 0.5-point increase compared to the immediately preceding trimester. However, when compared to the previous quarter of 2024, there was a reduction of 0.5 points. Therefore, although the indicator showed a trajectory of recovery in the second half of 2025, it remained above its historical

average throughout the period, but had not yet recovered the level achieved at the end of 2024. In other words, according to small industry entrepreneurs, the assessment of their financial situation improved in the second half of 2025, but not enough to reach the level observed at the end of 2024.

The index is calculated by combining satisfaction with operational profit margins and financial situation, as well as the ease of access to credit. The higher the index, the better the financial situation of small businesses.

Small Industry Financial Situation Index

Index (0 to 100 points)*



*The higher the index, the better the financial situation of the small industry in the quarter.



MAIN PROBLEMS FOR SMALL INDUSTRY IN THE FOURTH QUARTER OF 2025

High tax burden leads the ranking of main problems

In the fourth quarter of 2025, the primary problem faced by small industries, both manufacturing and construction, was the high tax burden. This issue was cited by 42.7% of companies in the manufacturing industry and 44.7% of those in the construction industry.

The second place in the ranking has different issues between the two segments, as they concern different levels of worker qualification. In the manufacturing industry, small-sized companies identified the problem of lack or high cost of skilled workers in the second place (mentioned by 29.2% of manufacturing entrepreneurs), whereas in the construction industry, the second place is occupied by the problem of lack or high cost of non-qualified workforce (mentioned by 30.9% of construction entrepreneurs).

High interest rates occupy third place on both industries' rankings, indicated by 27.6% and 30.9% of manufacturing companies and construction companies respectively. It is worth noting that this issue became the most important for small-sized construction companies in the first two quarters of 2025.

Other factors like excessive red tape and lack of working capital also lost relevance for small-sized construction entrepreneurs between the last two quarters of 2025. In contrast, factors such as lack of working capital and insufficient domestic demand became less important for manufacturing industry in this period.

To gather main issues, a list is presented to entrepreneurs of both

industries, from which they can indicate up to three items that represented the major problems faced by the company in the reference quarter. This is why the sum of percentages may exceed 100%.

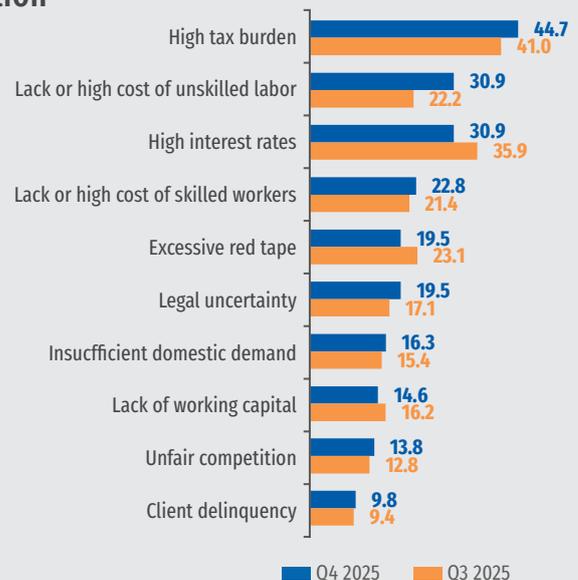
Main problems faced by Small Scale Industry*

Percentage (%)

Manufacturing



Construction



*For the question regarding the main problems, a list of answer options is presented to the businessman. The businessman can choose to indicate up to three answer options.

CONFIDENCE AND PROSPECTS OF SMALL INDUSTRY IN JANUARY 2026

Small-scale industries record lack of confidence for the 14th consecutive month

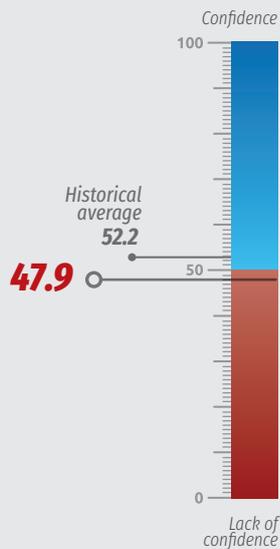
The Industrial Entrepreneur Confidence Index (ICEI) maintained a stable score of 47.9 points in January 2026, indicating a scenario of lack of confidence among small-scale industry entrepreneurs. It's worth noting that this lack of confidence has been ongoing for an extended period, as the index has been below 50 points for 14 consecutive months.

The lack of confidence is intense and widespread among entrepreneurs: the

January 2026 index is lower than the one recorded in 2024, just like throughout most of 2025.

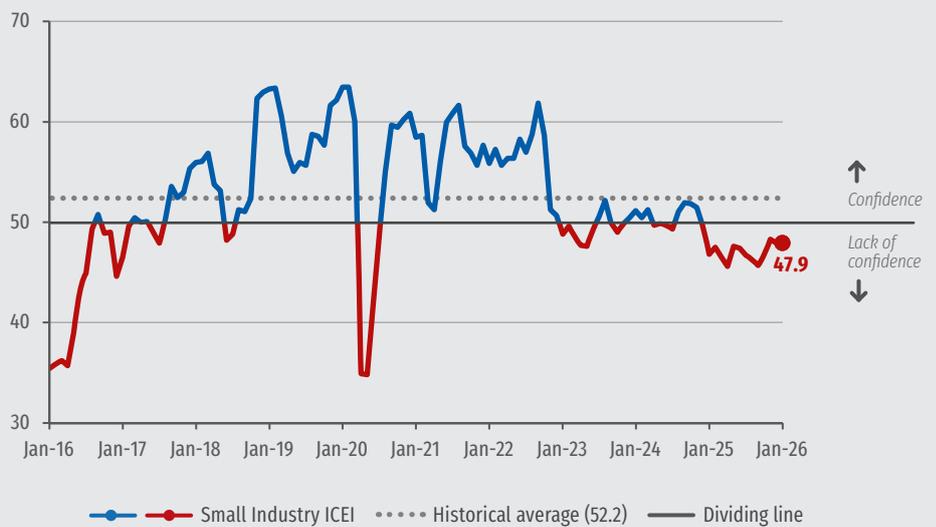
The index incorporates the evaluation provided by small-scale industrial entrepreneurs regarding both their firm's condition and the Brazilian economy, considering current circumstances as well as expectations for the next six months. Values above 50 points indicate confidence from the entrepreneur. The higher the value above 50, the greater and more widespread confidence is. Conversely, values below 50 points indicate a greater and more widespread lack of confidence.

Small Industry ICEI
Index (0 to 100 points)*



Historic Series

Index (0 to 100 points)*



*Values above 50 points indicate businessman's confidence. The further above 50 points, the greater and more widespread is the confidence. The further below 50 points, the greater and more widespread is the lack of confidence.

Business leaders begin 2026 with moderate expectations

The Small Industry Prospects Index, which captures the expectations of small business owners regarding their own business performance over the next six months, recorded 47.4 points in January 2026. The indicator has been oscillating around 47 points since September 2025 and is slightly below the observed level in January

of the same year, when it registered 48.2 points. Therefore, small business owners show moderate expectations.

The index is calculated based on a weighted average between demand expectation (activity level in the construction industry), number of employees' evolution, and investment intention over the next six months. The higher the indicator, the more positive the prospects for the small business entrepreneur.

Small Industry Prospects Index
Index (0 to 100 points)*



*The higher the index, the more positive the prospects for the small business entrepreneur.



Technical specifications

The Small Industry Overview is a quarterly publication, generated from the results of CNI's Industrial Survey, Construction Industry Survey, and Business Confidence Index (ICEI), publications from the National Confederation of Industry (CNI).

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Learn More

The research methodology and the historical series of the indices of Performance, Financial Conditions, Perspectives, the main problems, and the ICEI of small-scale industry are available at www.cni.com.br/e_ppi

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