The performance of the Construction Industry in August was lower than in June and July. Activity levels remained stable and employment dropped in relation to the previous month.

Moreover, investment intentions retreated, in line with the drop in optimism, as shown in the Construction Business Confidence Index. Despite the results slowing down the growth trend that had been observed in the last few months, expectations remain positive and confidence is still above its historical average, reflecting the continued optimism in the sector.

The simultaneous decline in expectations, investment intentions, and confidence in September reflects the scenario of greater uncertainty, high inflation, interest rate hikes, and the unstable political scenario. Despite the worsening scenario, there is still widespread optimism among construction entrepreneurs.

Despite the relatively stable performance, entrepreneurs remain optimistic

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ICEI Construction and Expectations of activity levels and of the number of employees

Diffusion index (0-100 points)*

* Figures above 50 points indicate confident entrepreneurs or growth expectation. The further above 50 points, the greater and more widespread is the confidence or the growth expectation. The further below 50 points, the greater and more widespread is the lack of confidence or expected decrease.
Construction performance remains relatively stable

In August, the index measuring the activity levels of the construction industry remained relatively stable. It stood at 49.7 points, very close to the 50-point dividing line between growth and decline.

The index measuring employment levels was further away from the 50-point dividing line, at 49.1 points. The index shows a moderate drop in employment since July. The fall in employment for the month breaks a two-month sequence in which employment had been stable, with levels very close to the dividing line.

Operating Capacity Utilization grows

Operating Capacity Utilization increased by two percentage points in August and reached 66%. This is the highest level since 2014.
Business confidence remains positive

In September, the Construction Business Confidence Index (ICEI) dropped five points to 54.7 points. This marks the index’s biggest drop since March 2021, when restrictive measures were imposed on economic activities to contain further advance of the COVID-19 pandemic.

Despite the drop, confidence remains above the 50-point dividing line that separates confidence from lack of confidence and above the index’s historical average. This shows that although confidence has become lower and less widespread among entrepreneurs in relation to August, companies remain confident.

September was marked by a deterioration in the assessment of current conditions and in the expectations about the Brazilian economy. The indices measuring expectations about the company also fell, but to a lesser extent.

Between August and September, the index measuring the current conditions of the Brazilian economy dropped from 51.3 points to 42.3 points. As it now stands below the 50-point dividing line, the index reflects the transition from a positive to a negative assessment of the Brazilian economy. The index measuring the expectations about the Brazilian economy also dropped sharply, by eight points, but remains above the 50-point dividing line.

*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 EXPECTATIONS IN SEPTEMBER 2021

Expectations fell in September, but remained positive

In line with the drop in confidence, the expectations of Construction entrepreneurs about the variables related to the activity also dropped, although to a lesser extent.

The indices measuring the expected level of activity, new developments, purchases of inputs and raw materials, and number of employees dropped by 1.3 points, 0.9 points, 0.8 points, and 1.0 points, respectively.

Despite the drop, all expectation indices remain above the 50-point dividing line, indicating that entrepreneurs still expect these variables to grow in the next six months.

Investment intentions dropped in September

In September, the index measuring the Construction Industry’s intention to invest fell 4.2 points, to 41.2 points. This is the index’s biggest drop in a single month since April 2020. Despite the drop, the intention to invest remains above its historical average, which indicates that although lower than in August, it is still above the level recorded in recent years.
## RESULTS BY COMPANY SIZE

### Construction industry performance

<table>
<thead>
<tr>
<th>Operating Capacity Utilization (%)¹</th>
<th>Activity Level Index²</th>
<th>Actual-Usual Activity Level Index³</th>
<th>Number of Employees Index⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSTRUCTION</strong></td>
<td><strong>Aug-20</strong></td>
<td><strong>Jul-21</strong></td>
<td><strong>Aug-21</strong></td>
</tr>
<tr>
<td>Small</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>60</td>
<td>62</td>
<td>64</td>
</tr>
<tr>
<td>Large</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>63</td>
<td>67</td>
<td>69</td>
</tr>
</tbody>
</table>

### Expectations of construction industry

<table>
<thead>
<tr>
<th>Expectations Indexes⁵</th>
<th>Activity Level</th>
<th>New Developments and Services</th>
<th>Purchases of Inputs and Raw Materials</th>
<th>Number of Employees</th>
<th>Investment Intentions Index⁶</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONSTRUCTION</strong></td>
<td><strong>Sep-20</strong></td>
<td><strong>Aug-21</strong></td>
<td><strong>Sep-21</strong></td>
<td><strong>Sep-20</strong></td>
<td><strong>Aug-21</strong></td>
</tr>
<tr>
<td>Small</td>
<td>56.1</td>
<td>57.7</td>
<td>56.4</td>
<td>55.5</td>
<td>56.3</td>
</tr>
<tr>
<td>Medium</td>
<td>54.9</td>
<td>59.5</td>
<td>58.4</td>
<td>53.2</td>
<td>56.7</td>
</tr>
<tr>
<td>Large</td>
<td>56.7</td>
<td>56.6</td>
<td>55.1</td>
<td>56.7</td>
<td>56.4</td>
</tr>
</tbody>
</table>

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 - Construction 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.

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**Technical specifications**

Sample profile
455 enterprises, including 172 small, 184 medium and 99 large companies.

Data collection period


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