

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Activity and employment on a downturn in February

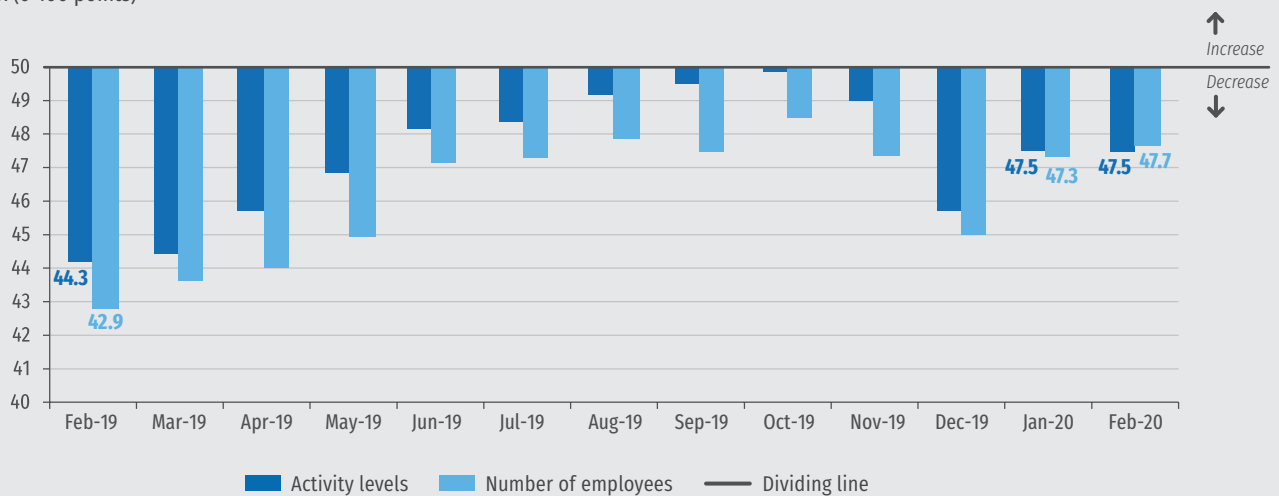
Activity and employment levels in the construction industry dropped in February 2020 in relation to January. Compared to February 2019, however, the rate of decline is less intense.

Operating Capacity Utilization amounted to 60% in February, the same percentage observed in January and four percentage points above the one recorded a year ago.

The indices measuring expectations, investment intentions and confidence (ICEI-Construction) declined in March, but they continue to show optimism among entrepreneurs about the coming months.

Activity and employment index

Index (0-100 points)*



*Figures below 50 points indicate a decline in activity and employment levels. Figures above 50 points indicate an increase in activity and employment levels. The further away from 50 points, larger and widespread the variation is.

PERFORMANCE OF THE CONSTRUCTION INDUSTRY - FEBRUARY 2020

Activity and employment levels remained on a downward trend, but less intensely than in 2019

Activity and employment levels fell in February. The indices of activity levels and number of employees remained below 50 points.

The activity level indicator recorded 47.5 points, while the one measuring number

of employees amounted to 47.7 points. Indicators below 50 points reflect a month-over-month drop.

The declines observed in activity and employment levels were less intense than usual for the period. Both indicators are at better levels than a year ago, that is, they are closer to the dividing line.

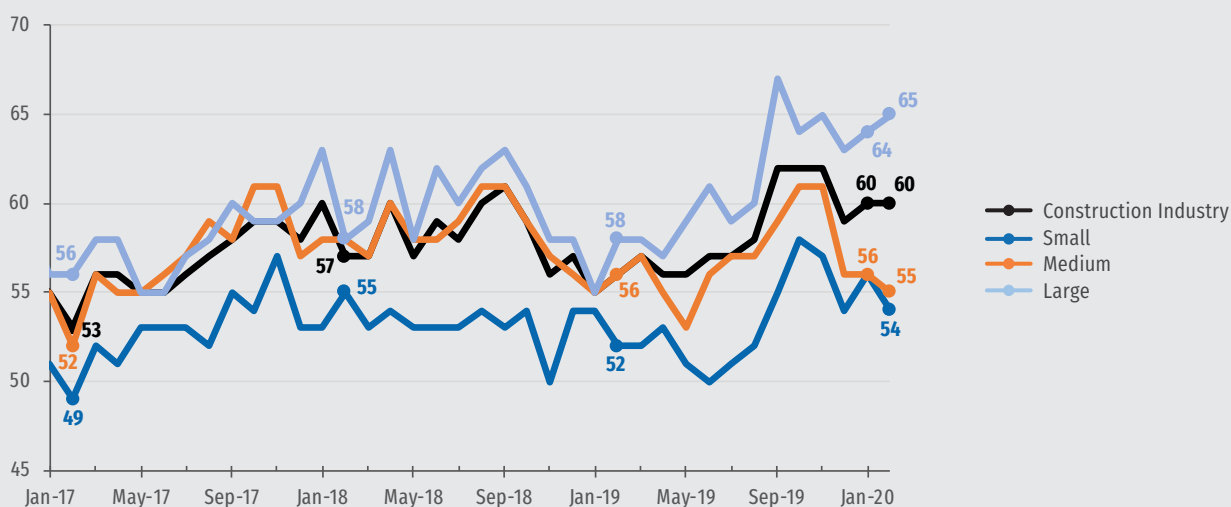
Operating capacity utilization on the rise only among large companies

Operating capacity utilization amounted to 60% in February, the same percentage observed in January and four percentage points above the one recorded a year ago.

LARGE COMPANIES - Large companies are the only ones recording the highest operating capacity utilization rate among companies of all sizes, 65%, up by 1 percentage point in relation to January. This figure is 7 percentage points higher than that observed in February 2019 and is the highest one recorded in the month since 2014. Small and medium enterprises experienced in turn a decline in operating capacity utilization between January and February 2020.

Operating capacity utilization by company size

Percentage (%)



CONSTRUCTION BUSINESS CONFIDENCE INDEX - MARCH 2020

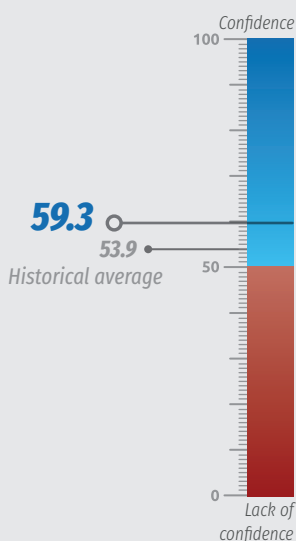
Entrepreneurs are less confident

Construction entrepreneurs remain confident, but less so than in February. The Construction Business Confidence Index (ICEI-Construction) hit the mark of 59.3 points in March 2020, down by 3.6 points in relation to the one recorded in the previous month.

Despite this decline, the indicator is 5.4 points above its historical average and above the 50-point dividing line, which shows confidence.

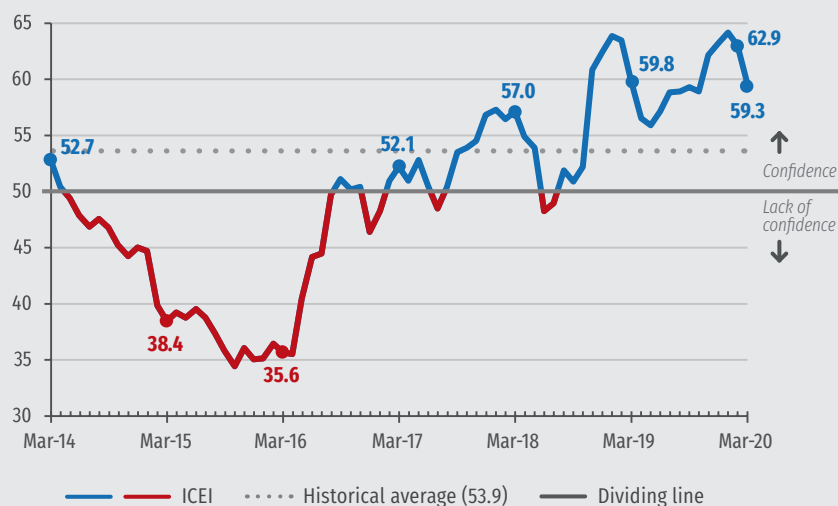
Both components making up the ICEI-Construction index – the Current Conditions Index and the Expectations Index – decreased between February and March. It should be noted, however, that these indicators are still above the 50-point line. This is the result of perceived improvements in current conditions as compared to the last six months and of optimism about the next six months.

ICEI Construction
Index (0-100 points)*



Historical series

Index (0-100 points)*



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



BUSINESS EXPECTATIONS - MARCH 2020

Business expectations for the coming months have declined

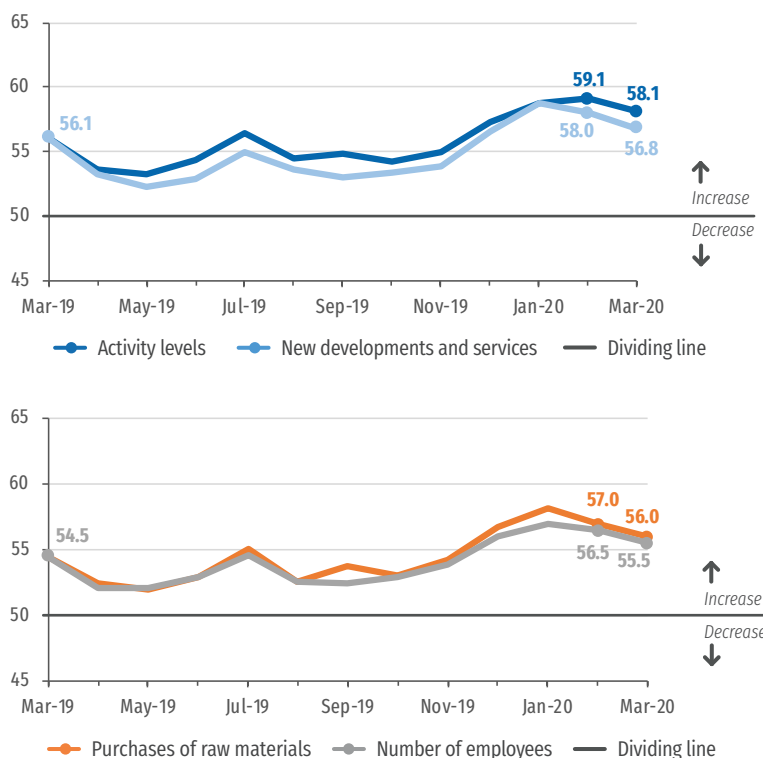
Entrepreneurs are a little less optimistic about the next six months. Expectation indicators are down in March in relation to February, but they remain above the 50-point dividing line, indicating that entrepreneurs remain optimistic.

The indices measuring expected activity level and new developments and services declined by 1.0 point and 1.2 points, respectively.

The indicators of expected purchases of inputs and raw materials and expected number of employees are down by 1.0 point on the same basis of comparison.

Expectation indices

Index (0-100 points)*



*Figures above 50 points indicate growth expectations. Figures below 50 points indicate shrinking expectations. The further away from 50 points, larger and widespread the expectations are.

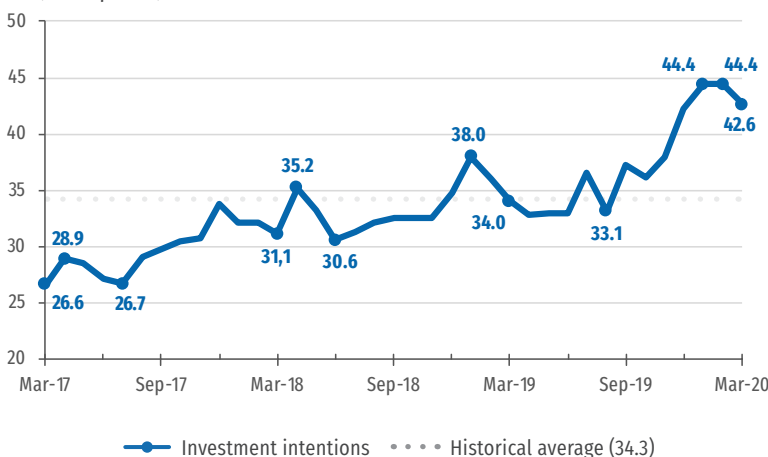
Investment intentions have declined, but remain high

The index measuring investment intentions (purchases of machinery and equipment, research and development, and product or process innovation) decreased in March. The indicator amounted to 42.6 points this month, down by 1.8 points in relation to the one recorded in February.

Despite this drop, the index is 8.6 points higher than the one observed a year ago and is the highest recorded in March since 2014. The index remains 8.3 points above its historical average.

Investment intentions

Index (0-100 points)*



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

RESULTS BY COMPANY SIZE

Construction industry performance

	OPERATING CAPACITY UTILIZATION (%) ¹			ACTIVITY LEVEL INDEX ²			ACTUAL-USUAL ACTIVITY LEVEL INDEX ³			NUMBER OF EMPLOYEES INDEX ²		
	Feb-19	Jan-20	Feb-20	Feb-19	Jan-20	Feb-20	Feb-19	Jan-20	Feb-20	Feb-19	Jan-20	Feb-20
CONSTRUCTION	56	60	60	44.3	47.5	47.5	35.9	41.5	40.5	42.9	47.3	47.7
SMALL	52	56	54	45.6	46.2	46.0	39.5	42.3	40.0	43.9	45.0	44.9
MEDIUM	56	56	55	45.0	44.4	45.9	35.9	38.2	38.2	43.5	44.1	45.2
LARGE	58	64	65	43.5	49.8	49.0	34.5	43.0	42.0	42.1	50.0	50.2

Expectations of construction industry

EXPECTATIONS INDEXES ⁴															
	ACTIVITY LEVEL			NEW DEVELOPMENTS AND SERVICES			PURCHASES OF INPUTS AND RAW MATERIALS			NUMBER OF EMPLOYEES			INVESTMENT INTENTIONS INDEX ⁵		
	Mar-19	Feb-20	Mar-20	Mar-19	Feb-20	Mar-20	Mar-19	Feb-20	Mar-20	Mar-19	Feb-20	Mar-20	Mar-19	Feb-20	Mar-20
CONSTRUCTION	59.8	62.9	59.3	49.7	56.6	53.5	64.9	66.0	62.2	54.5	56.5	55.5	34.0	44.4	42.6
SMALL	60.1	62.3	58.5	51.1	55.7	51.2	64.6	65.5	62.2	54.2	57.2	53.9	35.3	41.4	38.8
MEDIUM	60.1	62.4	58.3	49.8	55.9	51.8	65.2	65.5	61.6	54.4	55.8	53.9	32.8	42.9	38.2
LARGE	59.6	63.4	60.1	49.2	57.3	55.3	64.8	66.5	62.5	54.6	56.7	57.0	34.2	46.4	46.5

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

	ICEI - CONSTRUCTION ⁶			CURRENT CONDITIONS ⁷			EXPECTATIONS ⁸		
	Feb-19	Jan-20	Feb-20	Feb-19	Jan-20	Feb-20	Feb-19	Jan-20	Feb-20
CONSTRUCTION	63.3	64.0	62.9	53.0	57.3	56.6	68.5	67.3	66.0
SMALL	61.7	62.4	62.3	53.4	54.5	55.7	66.0	66.4	65.5
MEDIUM	62.4	63.2	62.4	53.1	57.1	55.9	67.0	66.2	65.5
LARGE	64.4	65.1	63.4	52.7	58.4	57.3	70.3	68.3	66.5

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

470 enterprises, including 162 small, 205 medium and 103 large companies.

Data collection period

March, 2-11, 2020.

Document closed by March 26, 2020.



Learn more

For more information on the survey, including sectoral results, previous editions, methodology and historical series, visit:

www.cni.com.br/e_sondconstr

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