



ECONOMIC INDICATORS **CNI**



Industrial Entrepreneurs Express Dissatisfaction With Financial Situation

In March 2024, industrial production advanced, albeit mildly than usual. On the other hand, the number of employees in the sector also increased during this period, even though a decrease in industrial employment is typically expected in March.

In line with the sector’s modest production growth, Capacity Utilization remained stable at 68%, as expected for the period, while inventories showed a slight increase. It is noteworthy that despite this growth, inventories remain adjusted according to sector’s planned level.

Among the most significant problems faced by industrial entrepreneurs in

the first quarter of 2024 were high tax load and insufficient domestic demand – both are routinely positioned at the top of the list of main problems faced by the industry. It is noteworthy that the lack or high cost of raw materials problem gained prominence during this period and moved to the third position on the list.

In this scenario, there was a deterioration in perception about financial conditions in the first quarter of 2024: industrial entrepreneurs signal dissatisfaction with profit, additional difficulty in accessing credit, and a more widespread perception of increase in raw material prices. In addition, the assessment of satisfaction with the financial situation became negative between quarters.

Despite dissatisfaction with financial conditions, most expectation indices advanced in April – the exception is the number of employees expectation index, which remained stable - and reveal more intense optimism than usual.

Financial conditions indexes

Diffusion index (0 to 100 points)*



*Indicators range from 0 to 100 points. A score above 50 points indicates an increase in the average price of raw materials, easy access to credit, or satisfaction with the operating profit margin and financial status. A score below 50 points indicates a decrease in the average price of raw materials, difficult access to credit or dissatisfaction with the operating profit margin and financial status.

INDUSTRIAL PERFORMANCE IN MARCH 2024

Production and Industrial Employment Advance in March

The production evolution index reached 51,0 points in March 2024. Above 50 points, the index signals that there was an expansion of industrial production in March, in relation to February.

The pace of production growth between February and March 2024 was close to the usual for the period. The index is 0.2 points below March average values, which is 51.2 points.

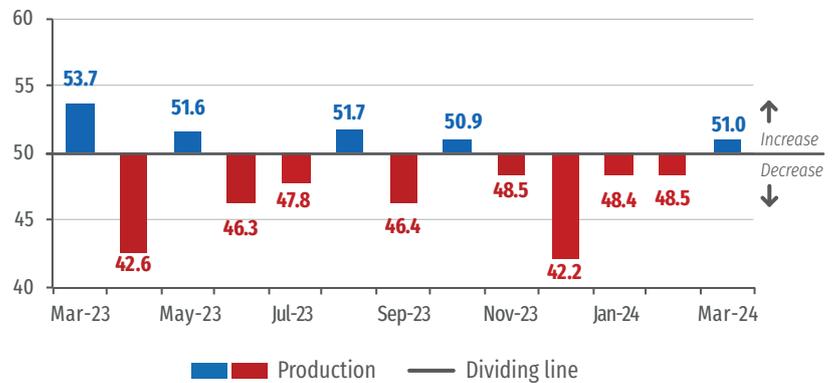
Among different sized industries, the indices for large and medium-sized companies indicate production growth, while the index for small companies signals a decline, movements that are usual for the period. However, the advances were milder and the decline more intense than usual for the period, that is, all indices are below their respective March average values.

The number of employees evolution index reached 50.4 points in March 2024, indicating an expansion of industrial employment in relation to February 2024. The index is 2 points above March average values, which is 48.4 points, indicating that there was an expansion of employment in a period when a decrease is expected.

Among different sized companies, only the index for small industries is below the dividing line of the index, signaling a reduction in the number of employees. Although expected, this decline was milder and less widespread than usual, as the index is above March average values. The indices for medium and large companies, which are also above their respective March average values, signal a more intense and widespread advance than usual in industrial employment.

Production Evolution

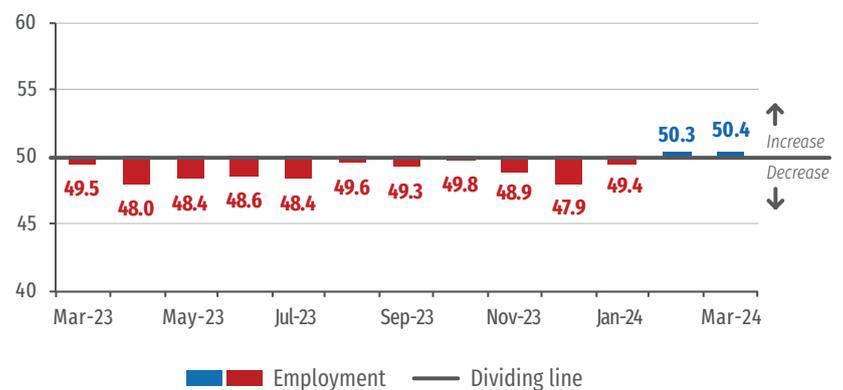
Diffusion index (0 to 100 points)*



*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.

Number of Employees Evolution

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.

Capacity Utilization Remains Stable in March

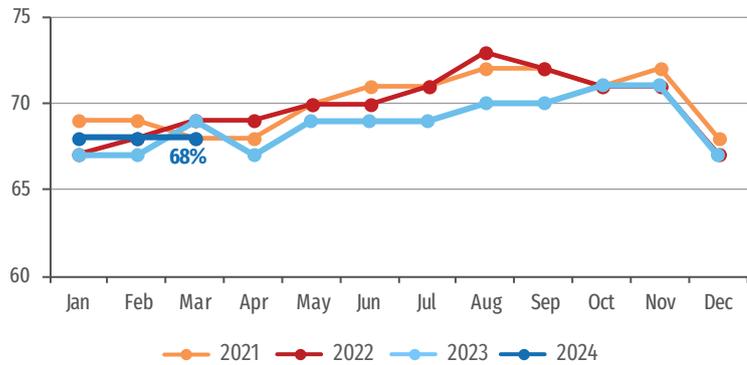
Capacity Utilization remained stable at 68% between February and March 2024 – this was the second consecutive month in which the index did not register any variation. The Capacity Utilization is in line with what is expected for the month, that is, it is equivalent to March average values.

Among different sized industries, only the index for large companies is in line with the usual for the period – the indices for small and medium-sized companies are 1 percentage point below their March average values.

As well as Capacity Utilization, the actual to usual capacity utilization index remained stable between February and March 2024 at 43.8 points.

Capacity Utilization

Percentage (%)



Even After Increasing, Inventories Remain Below Planned Level

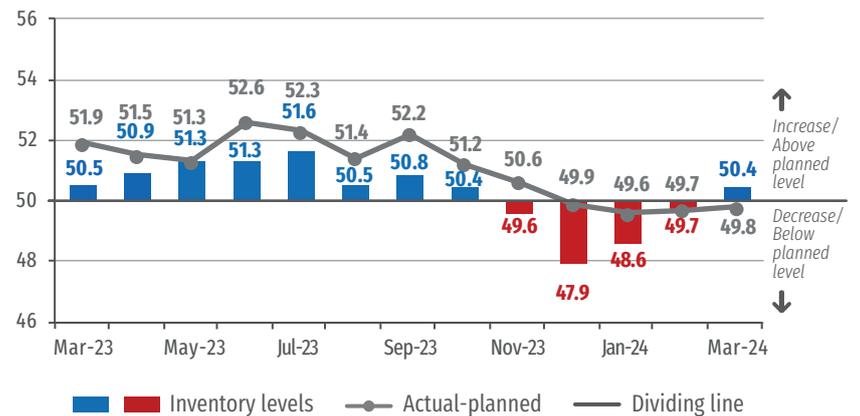
In March 2024, the inventory evolution index reached 50.4 points. The index for the month indicates that, in relation to February, there was an increase in inventories. Although moderate, this was the first growth in inventories in five months. The index is 0.4 points above March average values, which is 50 points, that is, it is usual for inventories to remain stable in March.

Among different sized industries, the index for small industries signals that there was a more intense and widespread decline in inventories than that usual for these companies, as it is below 50 points and below March average values. The indices for medium and large companies signal that there was a more intense and widespread increase than usual in inventories – the indices are above the dividing line and above their respective March average values.

After advancing 0.1 points between February and March, the actual to planned

Inventory evolution and actual to planned inventory evolution

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.

inventory index reached 49.8 points. The month's index reveals that inventories remain adjusted according to the level planned by sector's entrepreneurs – this was the fourth consecutive period in which no excess of inventories was registered.

INDUSTRY FINANCIAL CONDITIONS IN THE 1st QUARTER OF 2024

Industrial Entrepreneurs Demonstrate Dissatisfaction With The Financial Situation at the Beginning of 2024

After falling 1.6 points in relation to 2023's last quarter, the profit margins satisfaction index reached 44.4 points in the first quarter of 2024, indicating dissatisfaction by the sector's entrepreneurs. The decline between quarters indicates an aggravation in the perception of dissatisfaction with profit margins between periods. Still, this dissatisfaction is less intense and widespread than usual for the period – the index is 3.0 points above first quarters average values.

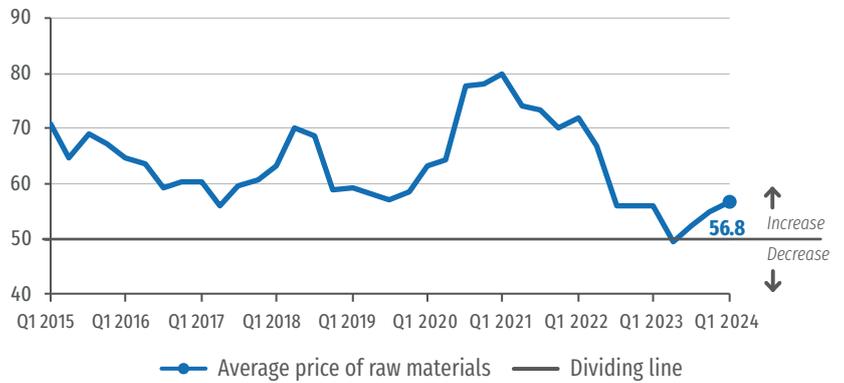
Meanwhile, the credit access ease index reached 41.5 points in 2024's first quarter, after falling 1.3 points in relation to 2023's last quarter. Below the index's dividing line, the month's result signals not only difficulty in accessing credit, but also a deterioration in this perception between quarters. Despite the worsening, the index remains 1.6 points above the series historical average.

The raw materials average price index reached 56.8 points in 2024's first quarter, after advancing 2 points in relation to 2023's fourth quarter. The month's index reveals that the perception of an increase in input prices occurred in a more intense and widespread manner between quarters.

Finally, the financial situation satisfaction index reached 49.5 points in 2024's first quarter, after falling 1.6 points in relation to 2023's fourth quarter. With the reduction, the index crossed the dividing line of 50 points, that is, it moved from a perception of satisfaction to one of dissatisfaction.

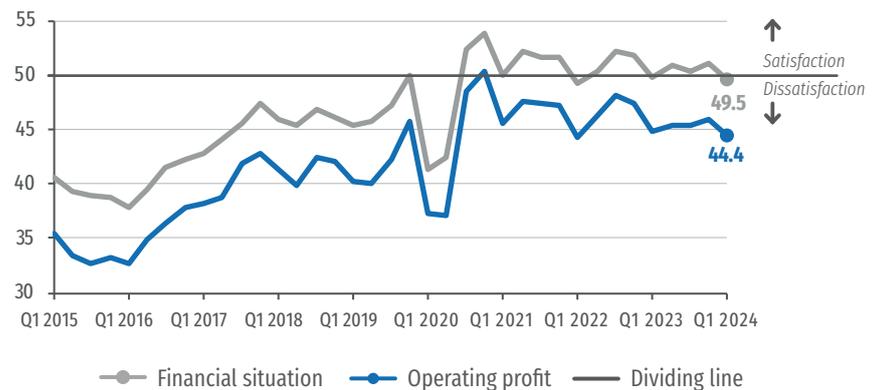
Average price of raw materials

Diffusion index (0 to 100 points)*



Satisfaction with operating profit and financial situation

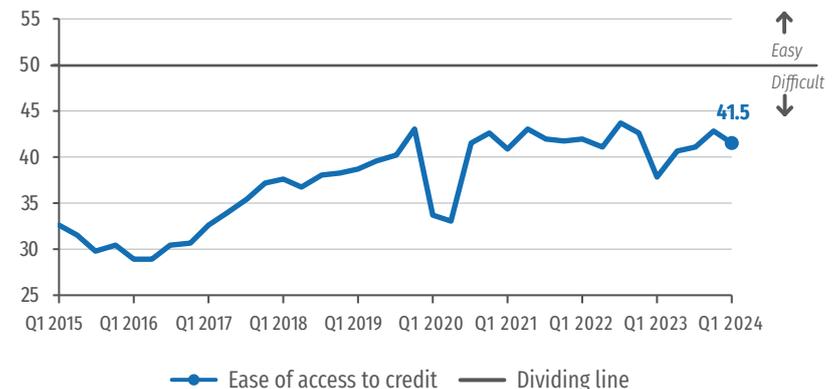
Diffusion index (0 to 100 points)*



* Satisfaction indices range from 0 to 100. A score above 50 points indicates satisfaction. A score below 50 indicates dissatisfaction.

Ease of access to credit

Diffusion index (0 to 100 points)*



* The index ranges from 0 to 100. A score above 50 points indicates easy access to credit. A score below 50 points indicates difficult access to credit.

PROBLEMS FACED BY INDUSTRY IN THE 1st QUARTER OF 2024

High tax load, insufficient domestic demand, and lack or high cost of raw materials were the main problems faced at the beginning of 2024

The high tax load, marked by 35.7% of industrial entrepreneurs, was reported as the major problem faced in 2024's first quarter. In 2023's fourth quarter, the problem had also been listed as the most faced by the industrial sector and, between those periods, the mentions percentage rose only 0.1 percentage point (p.p.), that is, it remained practically stable.

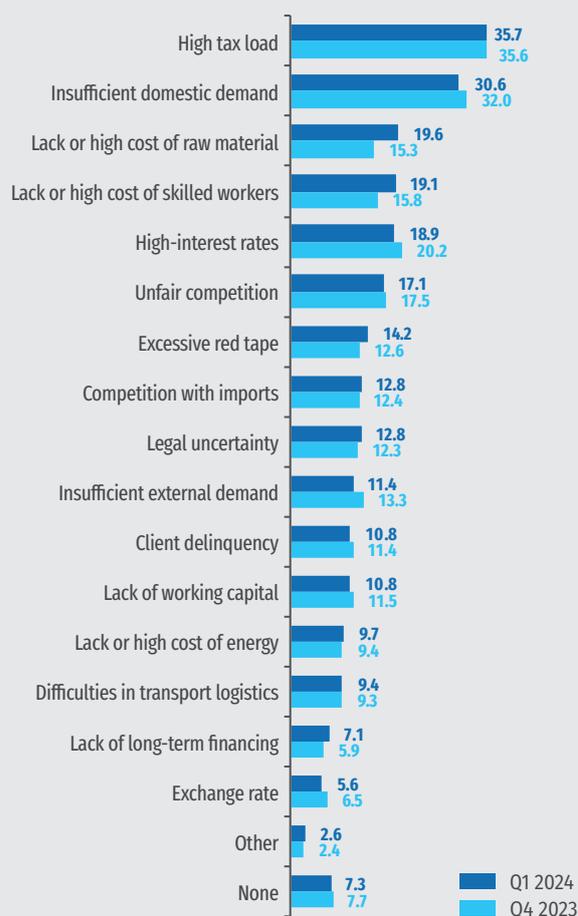
As high tax load, insufficient domestic demand also occupied, in the first quarter of 2024, the same position in the ranking of main problems that it occupied at the end of 2023: the second most mentioned by the companies. The problem has been among the top three problems listed for six quarters, since 2022's fourth quarter. Although it remains the second most faced problem by the sector, the item's percentage of mentions fell 1.4 p.p. in relation to 2023's last quarter, reaching 30.6% in the first quarter of 2024.

The lack or high cost of raw materials was the third problem most faced by sector entrepreneurs, with 19.6% of markings. In the first quarter of 2024, this percentage advanced 4.3 p.p. in relation to the result of the last quarter of 2023, a period in which it obtained 15.3% of markings and was in the sixth position.

The problem of lack or high cost of skilled workers gained prominence in the transition from 2023 to 2024 – there was an advance of 3.3 p.p. in the item's mentions, which moved to the fourth position on the list, leaving the fifth position in 2023's last quarter.

Main problems faced by the Industry in the quarter

Percentage of total industries (%)*



*In the survey, the entrepreneur is asked to mention up to three real problems for his or her company. Thus, the sum of the percentages exceeds 100%.

On the other hand, the high interest rates problem, listed as the third major problem faced by the sector at the end of 2023, moved to the fifth position on the list after a decline of 1.3 p.p. in mentions.

INDUSTRIAL EXPECTATIONS IN APRIL 2024

Expectation Indices Rose in April

In April 2024, the expectation indices on demand, exported quantities and purchases of input and raw materials advanced, while the number of employees expectation index remained stable. With the advances, all indices reveal more optimistic expectations than that usual for the month, which had not been verified in March 2024, a period in which only the index regarding the number of employees revealed more optimistic expectations than that usual for March.

The demand expectation index reached 56.5 points in April 2024, after advancing 0.4 point in relation to March, and is 0.9 point above April average values, which is 55.6 points.

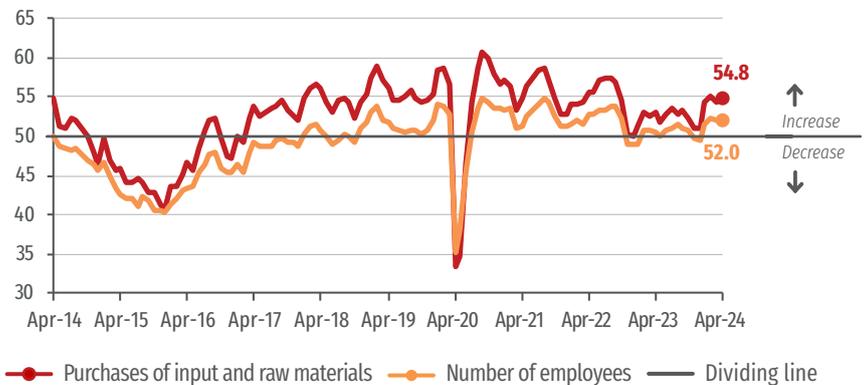
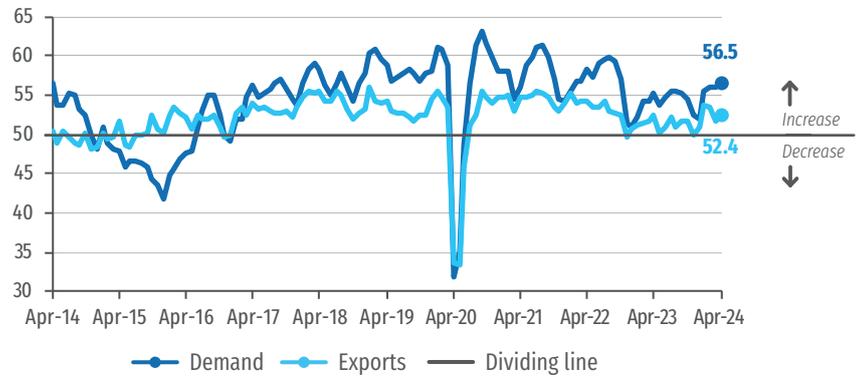
The purchase of input and raw materials expectation index reached 54.8 points, after advancing 0.4 points from March to April, and is 1.1 points above April average values, which is 53.7 points. For both indices, only the indices for small and large industries advanced in the period - for medium-sized companies, the demand expectation remained stable in April, while the expectation about purchases of raw materials declined. Despite this, the indices different sized companies remain above their respective April average values.

Investment intention advanced in March

The investment intention index reached 57.0 points in April 2024 after advancing 0.5 points in relation to March's index. With this increase, the index is 5.1 points above the series historical average, which is 51.9 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.

The number of employees expectation index remained stable at 52 points between March and April 2024, 2.0 points above April average values.

Finally, the exports expectation index reached 52.4 points in April 2024, after advancing 0.8 point in relation to March. With this growth, the index is 1.2 points above April average values, which is 51.2 points.

Investment intention

Diffusion index (0-100 points)*



*The higher the index, the greater the industry's propensity to invest.

RESULTS

Financial conditions in the quarter

	OPERATING PROFIT MARGIN			AVERAGE PRICE OF RAW MATERIALS			FINANCIAL SITUATION			ACCESS TO CREDIT		
	Q1 2023	Q4 2023	Q1 2024	Q1 2023	Q4 2023	Q1 2024	Q1 2023	Q4 2023	Q1 2024	Q1 2023	Q4 2023	Q1 2024
General Industry	44.8	46.0	44.4	55.9	54.8	56.8	49.7	51.1	49.5	38.0	42.8	41.5
BY INDUSTRIAL SEGMENT												
Mining and quarrying	51.1	53.0	47.1	57.3	56.9	55.2	58.6	54.4	50.8	46.7	48.3	45.0
Manufacturing	44.6	45.8	44.2	55.9	54.8	56.9	49.4	50.9	49.4	37.5	42.5	41.3
BY SIZE												
Small ¹	40.5	42.0	39.8	59.0	56.7	57.7	44.0	45.9	43.8	33.7	39.4	37.6
Medium ²	43.3	45.2	42.3	57.4	55.7	57.5	48.8	50.3	48.3	39.1	42.4	42.3
Large ³	47.7	48.5	47.7	53.6	53.4	56.0	53.0	54.0	52.9	39.5	44.6	43.0

Indicators range from 0 to 100 points. A score above 50 points indicates satisfaction with the operating profit margin and financial status, easy access to credit, or an increase in the average price of raw materials. A score below 50 points indicates dissatisfaction with the operating profit margin and financial status, difficult access to credit, or a decrease in the average price of raw materials.

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

Main problems in Industry

	GENERAL			SMALL			AVERAGE			LARGE		
	Q4 2023	Q1 2024		Q4 2023	Q1 2024		Q4 2023	Q1 2024		Q4 2023	Q1 2024	
Items	%	%	Position									
High tax load	35.6	35.7	1	41.1	38.9	1	35.7	40.7	1	32.8	31.6	1
Insufficient domestic demand	32.0	30.6	2	26.3	27.8	2	32.9	31.3	2	34.3	31.6	1
Unfair competition	15.3	19.6	3	18.3	19.2	5	18.9	18.1	4	12.0	20.5	3
Lack or high cost of skilled workers	15.8	19.1	4	21.5	22.6	4	15.9	21.1	3	13.0	16.3	5
High-interest rates	20.2	18.9	5	18.6	17.3	6	18.2	18.1	4	22.1	20.2	4
Lack or high cost of raw material	17.5	17.1	6	24.7	23.5	3	17.8	17.9	6	13.8	13.6	10
Client delinquency	12.6	14.2	7	11.2	12.0	10	14.7	14.5	8	12.3	15.1	6
Lack of working capital	12.4	12.8	8	9.3	8.5	11	11.5	13.0	9	14.5	14.8	7
Lack or high cost of energy	12.3	12.8	8	9.6	8.0	12	13.6	14.7	7	13.0	14.1	9
Excessive red tape	13.3	11.4	10	7.8	6.4	14	7.8	9.9	11	19.0	14.6	8
Legal uncertainty	11.5	10.8	12	14.2	15.7	7	9.7	8.8	13	11.0	9.4	12
Competition with imports	11.4	10.8	12	14.2	14.4	8	12.5	9.9	11	9.5	9.4	12
Insufficient external demand	9.4	9.7	13	13.1	13.9	9	10.6	11.0	10	7.0	6.9	16
Difficulties in transport logistics	9.3	9.4	14	6.1	7.2	13	9.9	7.5	14	10.5	11.4	11
Lack of long-term financing	5.9	7.1	15	5.7	4.8	15	8.3	7.3	15	4.8	8.1	14
Exchange rate	6.5	5.6	16	2.6	4.3	16	4.6	2.9	16	9.5	7.7	15
Other	7.7	7.3	-	7.3	8.0	-	7.8	7.3	-	7.8	6.9	-
None	2.4	2.6	-	2.2	1.6	-	2.3	3.5	-	2.5	2.7	-

Note: In the survey, the entrepreneur is asked to flag up to three real problems for his or her company. Thus, the sum of the percentages exceeds 100 100%.

RESULTS

Industry Performance

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24	Mar-23	Feb-24	Mar-24
Total	53.7	48.5	51.0	49.5	50.3	50.4	69	68	68	44.8	43.8	43.8	50.5	49.7	50.4	51.9	49.7	49.8
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	58.0	50.3	47.0	52.5	53.7	50.1	77	73	74	47.1	46.5	46.5	50.3	51.1	53.2	55.4	53.9	57.7
Manufacturing	53.6	48.5	51.0	49.4	50.2	50.4	69	68	68	44.7	43.7	43.7	50.5	49.7	50.3	51.8	49.6	49.6
BY COMPANY SIZE																		
Small ¹	49.7	43.9	46.4	47.7	48.5	47.5	63	61	62	42.6	41.0	40.7	48.8	47.1	47.4	47.5	46.4	45.8
Medium ²	52.4	46.8	50.4	49.1	49.5	50.7	68	67	67	44.0	41.9	43.4	50.1	50.4	51.1	50.5	49.7	49.6
Large ³	56.4	51.7	53.6	50.7	51.7	51.7	73	72	72	46.4	46.2	45.6	51.5	50.6	51.6	54.8	51.3	51.8

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*		
	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24	Apr-23	Mar-24	Apr-24
Total	55.1	56.1	56.5	52.4	51.6	52.4	53.1	54.4	54.8	50.5	52.0	52.0	53.6	56.5	57.0
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	54.0	53.7	56.7	58.9	50.5	50.0	53.7	51.1	52.0	53.3	54.1	55.2	70.2	63.0	65.7
Manufacturing	55.0	56.1	56.4	52.0	51.7	52.4	53.0	54.4	54.8	50.4	51.9	51.9	53.0	56.3	56.7
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Medium ²	54.4	55.8	55.8	53.1	53.4	54.1	52.6	54.7	53.8	50.3	51.9	51.9	51.9	55.0	57.1
Large ³	55.8	57.4	57.8	52.4	52.4	52.7	53.7	55.4	56.1	51.1	52.9	53.1	61.1	64.6	64.0

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

1,576 enterprises, including 625 small, 546 medium e 405 large companies.

Collection period

April 1-9, 2024

Document completed on April 18, 2024.



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