



INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

CNI Brazilian National Confederation of Industry

Assessment of financial situation improves in industrial sector in the 3rd quarter of 2024

In September 2024, the industrial sector experienced a contraction in production for the first time in three months. Conversely, employment in the sector grew for the third consecutive month. The Capacity Utilization (UCI) in the sector remained stable for the month, reflecting the performance of the sector September. Despite this stability, the UCI is operating at an elevated level.

During the month, there was a further decrease in the volume of industrial inventories, which has been consistently below the level planned by industrial entrepreneurs for five consecutive months.

In the September survey, industrial entrepreneurs also evaluated their financial

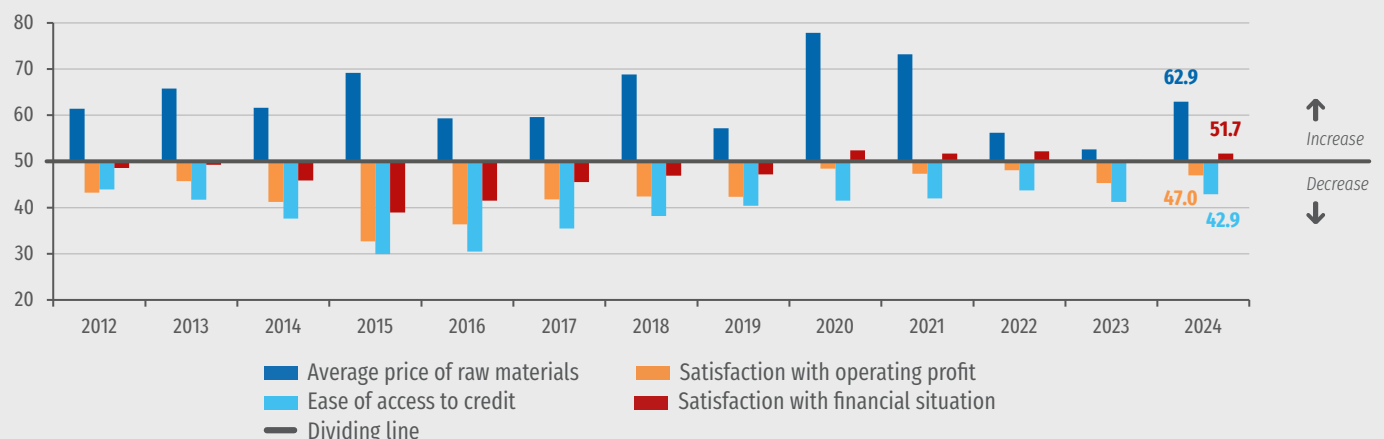
situation and identified the main problems faced by the sector. In the 3rd quarter of 2024, industrial entrepreneurs reported an increase in input and raw materials prices. However, there was a decrease in the perceived difficulty in accessing credit and a decrease in dissatisfaction with the profit margin for the quarter. In this context, there was an overall improvement in the financial situation assessment.

The most frequently reported problems faced by the sector in the 3rd quarter of 2024 were the high tax load and the lack or high cost of input and raw materials, and skilled workers.

In this context, the expectation indices reveal a moderation of optimism in October. In the month, the expectation indices on demand, number of employees in the sector, and purchases of input and raw materials fell. Despite these setbacks, the indices continue to reflect optimism in the sector.

Industry financial condition indices in the 3rd quarter of 2024

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 SEPTEMBER 2024

Industrial production contracted in September, while employment in the sector expanded

The industrial production evolution index was 48.8 points in September 2024. Below the 50 points threshold, the month's index reveals that there was a reduction in industrial production in September, in relation to August 2024. This is the first contraction in production, following two months of growth.

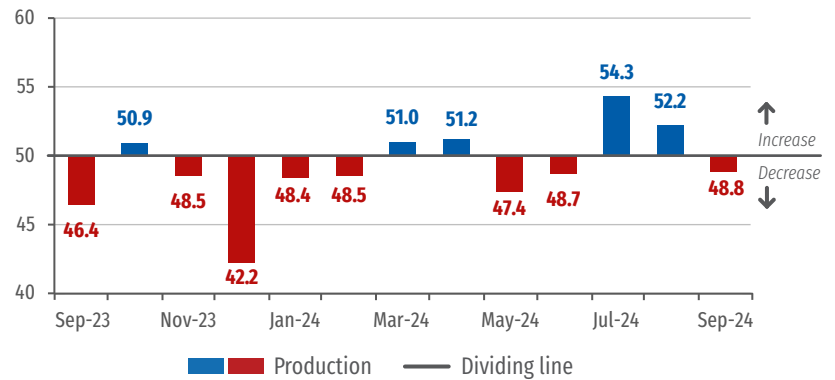
There was a contraction in production across small, medium, and large companies. The production reduction was also generalized among regions: except for the central-west region index, which revealed production stability (50 points), all other indices were below the dividing line of the index, revealing a decline in production.

The number of employees evolution index reached 51.1 points in September 2024. Exceeding the 50-point threshold, the index reveals an increase in industrial employment from August to September. This marks the third consecutive month of growth in industrial employment.

This growth was driven by medium and large industries, as there was a contraction in industrial employment in small companies. The number of employees growth was also observed in all regions of the country, except for the southeast region, where industrial employment remained stable from August to September.

Production Evolution

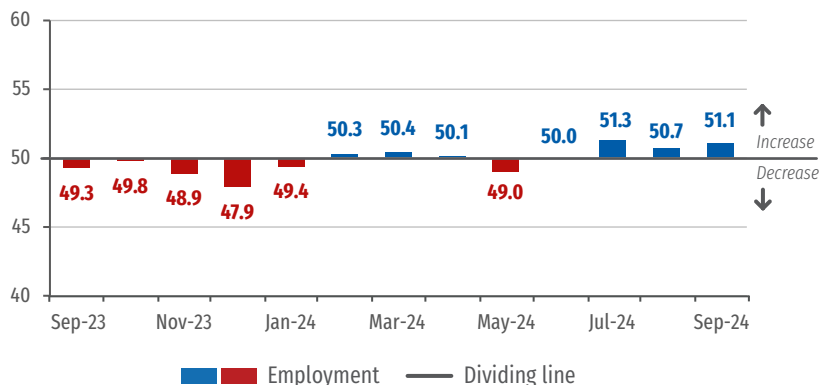
Diffusion index (0 to 100 points)*



*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 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 remains stable in September

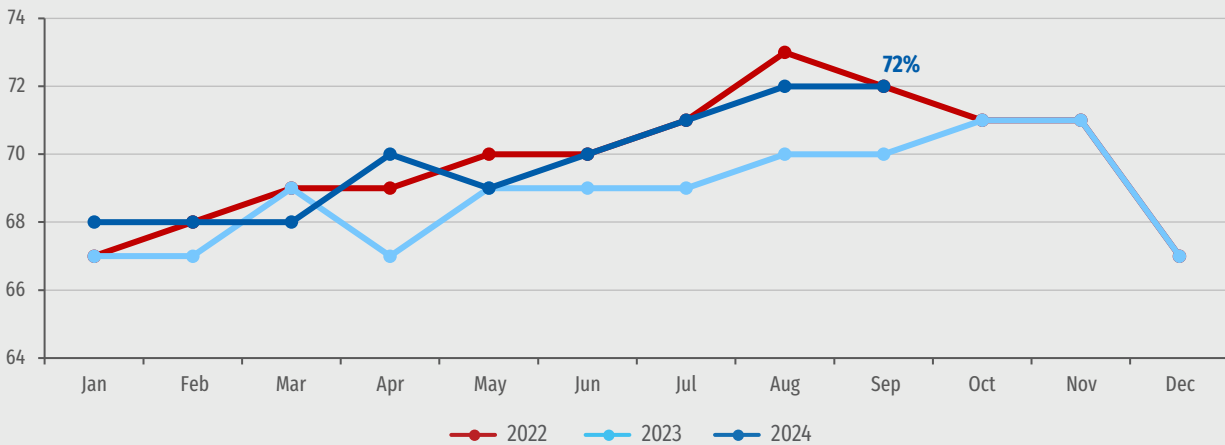
From August to September 2024, industrial Capacity Utilization (UCI) remained stable at 72%, 1 percentage point (p.p.) above September's historical average value of 71%. This marks the sixth consecutive month in which the UCI has remained above the monthly historical average.

This setback in September results from a combination of UCI growth in small companies and UCI contraction in medium and large companies.

Among regions, the results were also heterogeneous: there was a contraction in UCI indices in the south, southeast, and central-west regions, growth in the northeast region, and stability in the north region.

The actual to usual capacity utilization index reached 45.8 points in September, after falling 0.4 points in relation to August. The index setback was driven by the contractions in the indices for small and medium-sized companies, as the index for large companies grew during the period. Among regions, only the indices for the northeast and central-west did not contract.

Capacity Utilization Percentage (%)



Inventories fall and remain below the sector’s planned level

The inventory evolution index reached 49.2 points in September. Below the 50-point line, the index for the month reveals a contraction in inventories in September, in relation to August. From August to September, the index moved further away from the index’s dividing line, signaling a more intense and widespread contraction among sectors than that observed from July to August.

The inventory contraction in September is explained by the inventory decrease in small and medium-sized companies, as there was an expansion of inventories in large companies. Among regions,

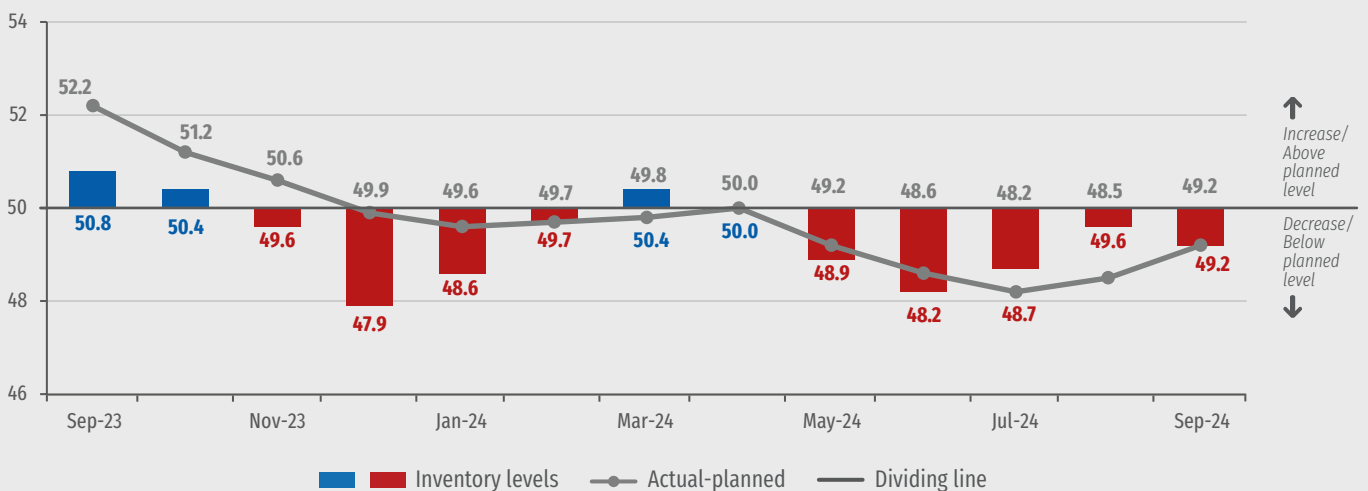
inventories only grew in the northeast and central-west. In other regions, inventories contracted.

The actual to planned inventory evolution index was 49.2 points in September, an increase of 0.7 points in relation to August. Below the 50-point dividing line, the month’s index reveals that inventories remain at a level lower than that planned by industrial entrepreneurs.

The growth in September was led by the indices for small and large companies – the index for medium-sized companies contracted during the period. Among regions, the results were also heterogeneous: there was growth in the indices for the northeast and south, a contraction in the indices for the north and central-west, and stability in the index for the southeast region.

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.

INDUSTRY FINANCIAL CONDITIONS IN THE 3rd QUARTER OF 2024

Industrial entrepreneurs express satisfaction with the financial situation

The credit access ease index reached 42.9 points in the 3rd quarter of 2024, after a 1.6 points growth in relation to the 2nd quarter of the year. Although the index remains below the dividing line, revealing difficulty in accessing credit, the growth of the index between quarters indicates a reduction in this perceived difficulty. Among the indices by size, all of them remain below 50 points, despite the growth observed in all indices.

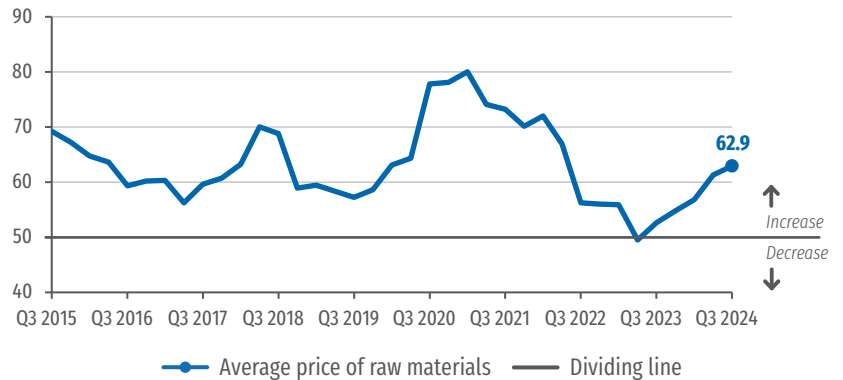
The raw materials average price index, which also grew 1.6 points transitioning to the 3rd quarter of 2024, reached 62.9 points. Exceeding the 50-point threshold, the index reveals that, in the 3rd quarter of the year, the perception of increasing input prices was more intense and widespread than that observed in the 2nd quarter. Among the indices by size, all grew and were above the index's dividing line.

The profit margins satisfaction index, in turn, reached 47 points, after growing 2 points in relation to the 2nd quarter of the year. Although the index for the quarter indicates that the sector's entrepreneurs remain dissatisfied with profit margins, the index growth reveals a reduction in this dissatisfaction. Dissatisfaction with operating profit decreased for all industrial sizes in the quarter.

Finally, the financial situation satisfaction index reached 51.7 points in the 3rd quarter, after a 1.4 points growth in relation to the previous quarter. This was the second consecutive quarter in which the index exceeded 50 points, revealing industrial entrepreneurs' satisfaction with the financial situation. In the quarter, the indices for all sizes of industry grew. However, only the indices for medium and large companies exceeded 50 points in the quarter.

Average price of raw materials

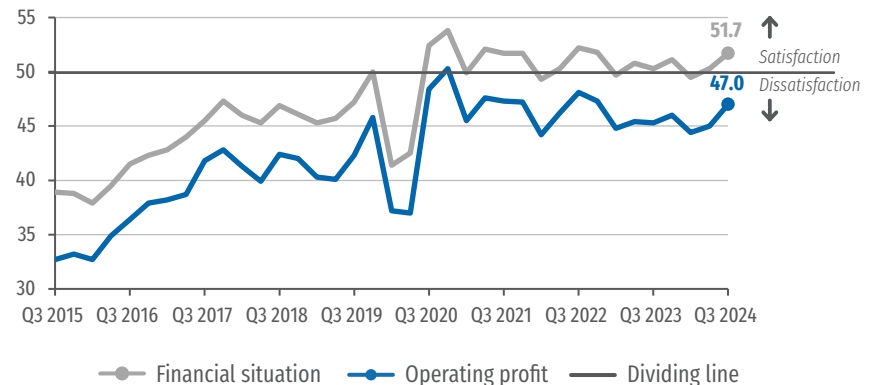
Diffusion index (0 to 100 points)*



*The index ranges from 0 to 100. A score above 50 points indicates an increase in the price of raw materials. A score below 50 points indicates a decrease in the price of raw materials.

Satisfaction with operating profit and financial situation

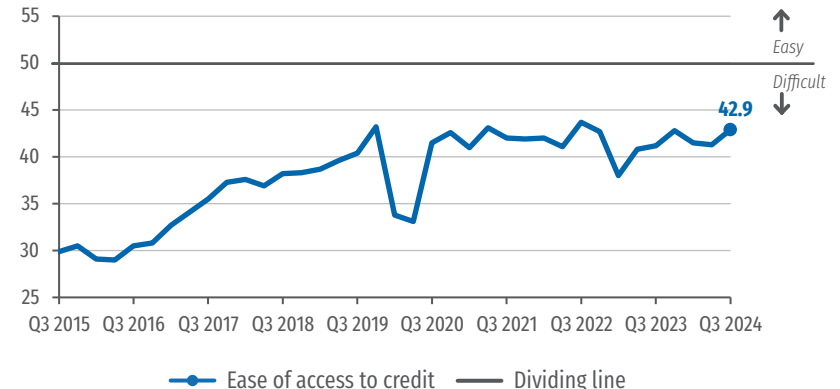
Diffusion index (0 to 100 points)*



*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 3rd QUARTER OF 2024

High tax load, Lack or high cost of raw material and skilled workers were the main problems faced

In the 3rd quarter of 2024, the high tax load was reported as the most significant problem faced by industry. This problem, which has been the most cited since the last quarter of 2023, was indicated by 33.6% of industrial entrepreneurs in the 3rd quarter, representing a decline of 1.9 p.p. compared to the percentage of indications in the 2nd quarter of the year.

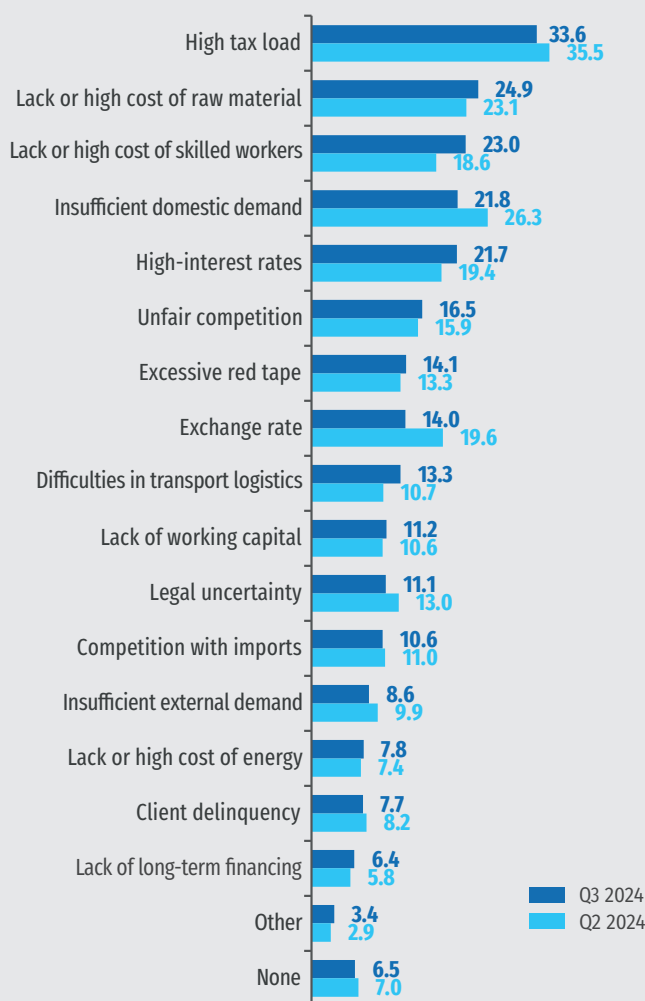
The second most significant problem in the quarter was the lack or high cost of raw material, indicated by 24.9% of industrial entrepreneurs. From the 2nd to the 3rd quarter of 2024, the percentage of companies that consider this as one of the three main problems grew by 1.8 p.p.. Thus, this problem moved from the third to the second position in the list.

The lack or high cost of skilled workers, which in the previous quarter was in the sixth position in the list of main problems, reached the third position in the list in the 3rd quarter of 2024. In the transition between quarters, there was an increase of 4.4 p.p. in the percentage of companies that consider this as one of the three main problems. This percentage reached 23% in the 3rd quarter of 2024.

In the quarter, the challenges of high interest rates and difficulties in transport logistics also stood out. Although it did not change position in the list (5th position), the problem of high interest rates saw an increase of 2.3 p.p. of indications transitioning to the 3rd quarter of 2024. The problem of difficulties in transport logistics, which saw an increase of 2.6 p.p. of indications transitioning between quarters, moved up three positions, reaching the 9th position in the list in the 3rd quarter of the year.

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%.

INDUSTRIAL EXPECTATIONS IN OCTOBER 2024

Expectation indices reveal moderation of optimism in October

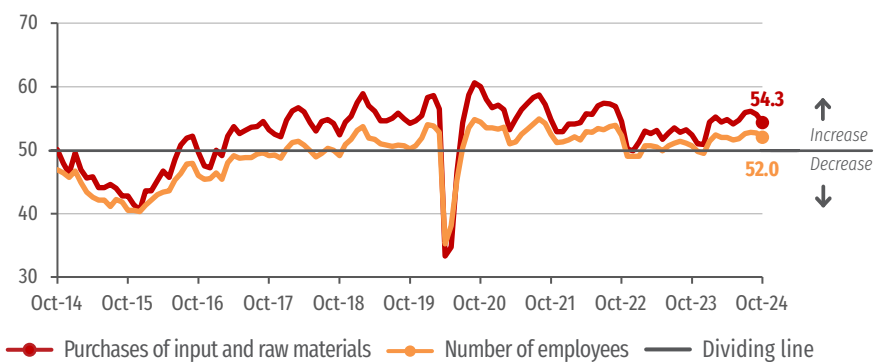
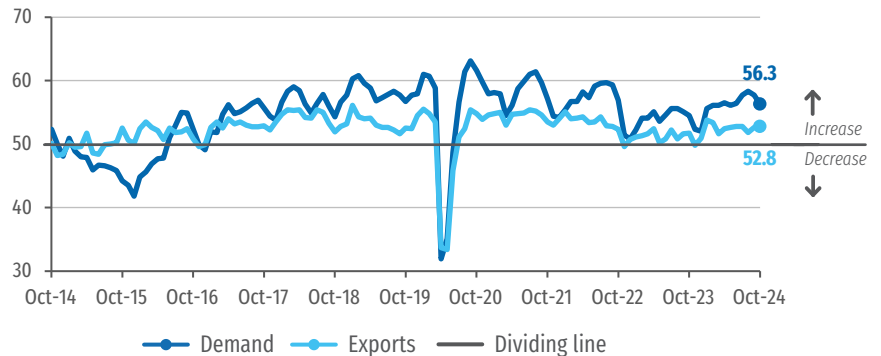
In October 2024, the exports expectation index grew, while the expectation indices on demand, exports, and purchase of input and raw contracted. Despite these setbacks, all indices remain above the 50-point dividing line, indicating growth expectation for the next six months.

The demand expectation index reached 56.3 points in October, after contracting 1.4 points in relation to September. The purchase of input and raw materials expectation index reached 54.3 points in the month, after contracting 1.3 points in relation to September's result. The indices contraction between months indicates a reduction in optimism in relation to the expectations on demand and purchase of input and raw materials for the next six months. Despite these setbacks, both indices remain above the dividing line of the index, indicating optimism by industrial entrepreneurs. Similarly, although the indices contracted in the month in all sizes and regions, all of them reveal optimism.

The number of employees expectation index reached 52 points in October, after contracting 0.7 points in relation to September. As well as the expectation indices on demand and purchase of input and raw materials, despite the contraction between months, the number of employees expectation index remains optimistic – this is also

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.

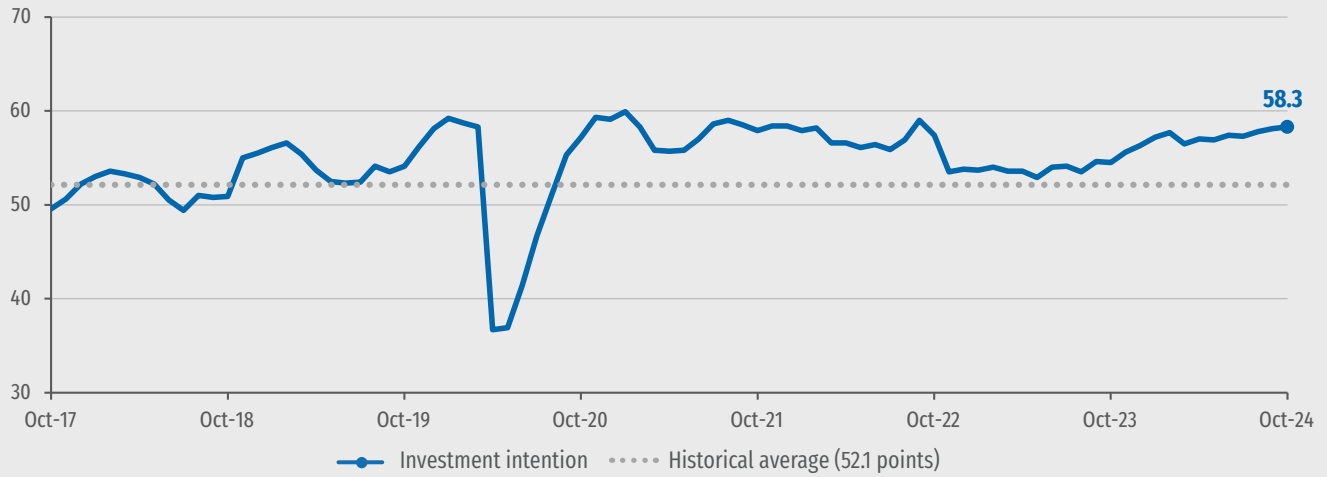
verified for the indices segmented by size. Among regions, all indices were above 50 points in September, and the indices for the north and northeast regions grew in the month.

Finally, the exports expectation index, the only one to grow in the month (variation of +0.2 points), reached 52.8 points in October. This growth between months, which indicates an increase in optimism by industrial entrepreneurs, was driven by small industries: in the month, only the index for these companies grew. Although the indices for medium and large companies contracted during the period, all remain above 50 points. Among regions, only the indices for the southeast and central-west regions grew during the month. Most of the indices remain optimistic, except for the index for the south region, which remains below 50 points since May 2024.

Investment intention grows in October

The investment intention index reached 58.3 points in October 2024, after growing 0.2 points in relation to September's result. With this rise, the index is 6.2 points higher than the series historical average, which is 52.1 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		
	Q3 2023	Q2 2024	Q3 2024	Q3 2023	Q2 2024	Q3 2024	Q3 2023	Q2 2024	Q3 2024	Q3 2023	Q2 2024	Q3 2024
Total	45.3	45.0	47.0	52.6	61.3	62.9	50.3	50.3	51.7	41.2	41.3	42.9
BY INDUSTRIAL SEGMENT												
Mining and quarrying	52.4	51.4	47.4	61.1	56.8	59.2	53.3	54.2	53.2	46.5	40.9	44.8
Manufacturing	45.0	44.8	47.0	52.4	61.5	63.1	50.1	50.2	51.6	41.0	41.2	42.8
BY SIZE												
Small ¹	41.6	41.6	43.0	55.3	61.4	63.6	44.9	44.9	46.2	37.4	37.5	39.6
Medium ²	44.3	43.4	45.0	54.7	62.6	64.0	49.2	49.6	50.4	41.4	41.6	42.9
Large ³	47.7	47.5	50.1	50.1	60.6	62.0	53.5	53.4	55.2	43.0	43.0	44.5

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

Items	GENERAL			SMALL			AVERAGE			LARGE		
	Q2 2024	Q3 2024		Q2 2024	Q3 2024		Q2 2024	Q3 2024		Q2 2024	Q3 2024	
	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High tax load	35.5	33.6	1	43.7	42.4	1	37.8	37.8	1	30.2	27.1	1
Lack or high cost of raw material	23.1	24.9	2	22.6	28.1	3	22.8	25.5	2	23.6	22.9	3
Lack or high cost of skilled workers	18.6	23.0	3	23.8	28.5	2	19.1	25.3	3	15.7	19.1	5
Insufficient domestic demand	26.3	21.8	4	25.0	20.5	5	27.9	23.9	4	26.1	21.3	4
High-interest rates	19.4	21.7	5	16.0	18.0	6	18.1	19.5	5	21.7	24.7	2
Unfair competition	15.9	16.5	6	23.6	22.6	4	16.3	16.7	6	11.8	13.3	9
Excessive red tape	13.3	14.1	7	12.8	11.5	10	13.5	14.6	7	13.5	15.2	8
Exchange rate	19.6	14.0	8	11.8	7.1	13	18.9	12.7	8	23.9	18.1	6
Difficulties in transport logistics	10.7	13.3	9	6.2	6.0	14	11.2	12.1	9	12.6	17.6	7
Lack of working capital	10.6	11.2	10	13.5	13.1	7	10.5	11.6	10	9.3	10.1	13
Legal uncertainty	13.0	11.1	11	8.6	7.4	12	13.6	11.1	11	14.8	13.0	10
Competition with imports	11.0	10.6	12	9.1	8.4	11	11.8	9.0	12	11.5	12.5	11
Insufficient external demand	9.9	8.6	13	6.4	4.9	16	8.4	8.6	13	12.4	10.4	12
Lack or high cost of energy	7.4	7.8	14	13.2	12.0	8	9.0	8.6	13	3.6	5.3	16
Client delinquency	8.2	7.7	15	11.5	11.8	9	8.8	7.4	15	6.3	5.9	15
Lack of long-term financing	5.8	6.4	16	5.6	5.8	15	5.6	6.5	16	6.0	6.6	14
Other	2.9	3.4	-	1.3	1.6	-	3.6	2.6	-	3.3	4.8	-
None	7.0	6.5	-	7.3	7.6	-	6.0	5.1	-	7.4	6.6	-

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%.

RESULTS

Industry Performance

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES VOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Sep-23	Aug-24	Sep-24	Sep-23	Aug-24	Sep-24	Sep-23	Aug-24	Sep-24	Sep-23	Aug-24	Sep-24	Sep-23	Aug-24	Sep-24	Sep-23	Aug-24	Sep-24
Total	46.4	52.2	48.8	49.3	50.7	51.1	70	72	72	42.5	46.2	45.8	50.8	49.6	49.2	52.2	48.5	49.2
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	46.4	52.0	49.8	47.7	51.7	50.9	77	73	71	45.1	45.4	43.2	52.6	50.6	45.0	53.4	55.7	49.9
Manufacturing	46.4	52.2	48.8	49.3	50.7	51.1	70	73	72	42.4	46.2	45.9	50.8	49.6	49.4	52.1	48.3	49.3
BY COMPANY SIZE																		
Pequena ¹	46.0	49.3	48.1	48.1	49.0	49.6	63	65	66	41.6	45.1	45.0	49.0	47.1	47.0	48.3	45.3	45.8
Média ²	46.0	52.2	48.6	48.7	50.6	50.4	67	70	69	41.4	45.3	43.5	51.9	49.7	48.6	52.1	48.4	48.0
Grande ³	46.9	53.7	49.3	50.2	51.5	52.2	75	77	76	43.5	47.3	47.4	51.1	50.7	50.6	54.1	50.1	51.5

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*		
	Oct-23	Sep-24	Oct-24	Oct-23	Sep-24	Oct-24	Oct-23	Sep-24	Oct-24	Oct-23	Sep-24	Oct-24	Oct-23	Sep-24	Oct-24
Total	54.5	57.7	56.3	51.7	52.6	52.8	52.4	55.6	54.3	50.7	52.7	52.0	54.5	58.1	58.3
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	53.2	57.2	58.7	59.2	57.1	55.8	53.1	53.4	54.4	53.1	51.8	53.5	68.0	62.6	61.8
Manufacturing	54.6	57.7	56.3	51.2	52.3	52.6	52.5	55.6	54.3	50.6	52.8	52.0	53.9	57.9	58.1
BY COMPANY SIZE															
Small ¹	53.2	55.4	54.4	48.9	51.0	52.8	51.9	54.1	52.9	49.5	52.0	51.2	40.3	44.0	45.6
Medium ²	53.2	57.0	56.5	51.1	53.2	52.7	51.4	55.2	54.6	49.7	52.4	52.3	52.4	56.4	56.5
Large ³	55.9	59.3	57.2	53.5	53.1	52.9	53.2	56.5	54.8	51.8	53.2	52.3	62.6	66.0	65.5

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.

*Index ranges from 0 to 100 points. The higher the index, the greater the industry's propensity to invest.

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Technical Specifications

Sample profile

1,579 enterprises, including 634 small, 569 medium and 376 large companies.

Collection period

October 1-10, 2024.

Document completed on October 17, 2024.



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