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INDUSTRIAL SURVEY

ECONOMIC INDICATORS CNI

CNI Brazilian National Confederation of Industry

Tax burden, raw material costs and interest rates remain the main challenges facing industry

In June 2026, industrial activity remained in contraction. Industrial production declined, although Capacity Installed Utilization (UCI) increased and inventories of finished goods returned to the level planned by firms.

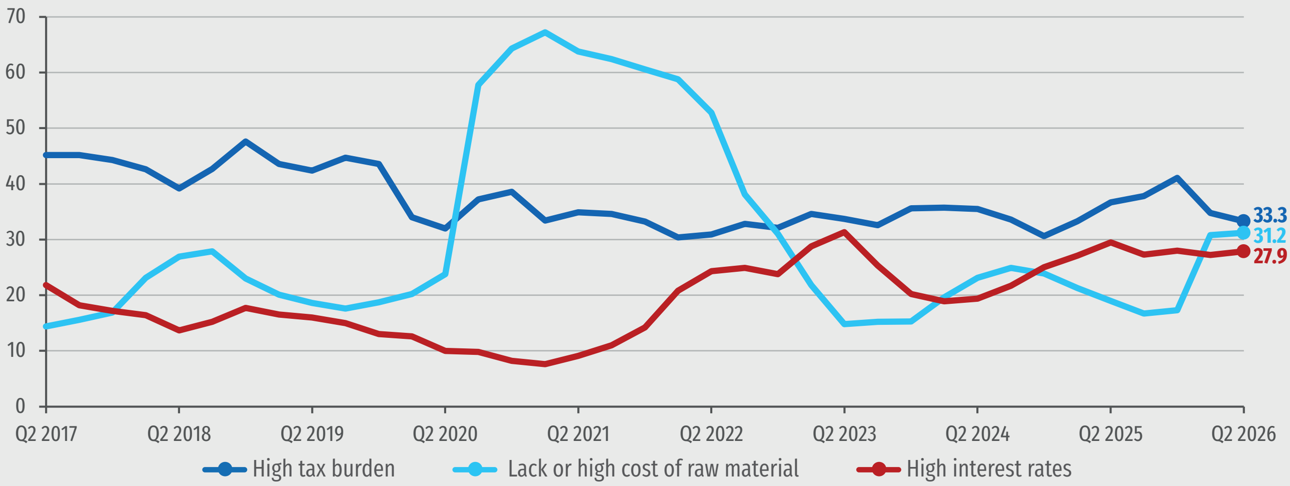
In the second quarter of 2026, the ranking of the main challenges remained unchanged from the previous quarter. The high tax burden continued to be the main challenge facing industry, followed by the lack or high cost of raw materials, high interest rates and insufficient domestic demand.

Against this backdrop, dissatisfaction with firms' financial conditions and operating profits were eased, while difficulties in accessing credit also declined. Industrial entrepreneurs continued to report rising raw material prices, although these increases were perceived as less intense and less widespread than in the previous quarter.

At the same time, expectations improved again in July 2026. Expectations for export volumes shifted from contraction to growth. In addition, the indicators point to more widespread expectations of stronger demand for products and increased purchases of raw materials. By contrast, the Employment Expectation Index was the only indicator to decline, signaling expectations of employment stability.

Main challenges facing industry

Percentage of industrial firms reporting each item as one of the main challenges faced during the quarter (%)*



*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%.

PERFORMANCE OF THE INDUSTRY IN JUNE 2026

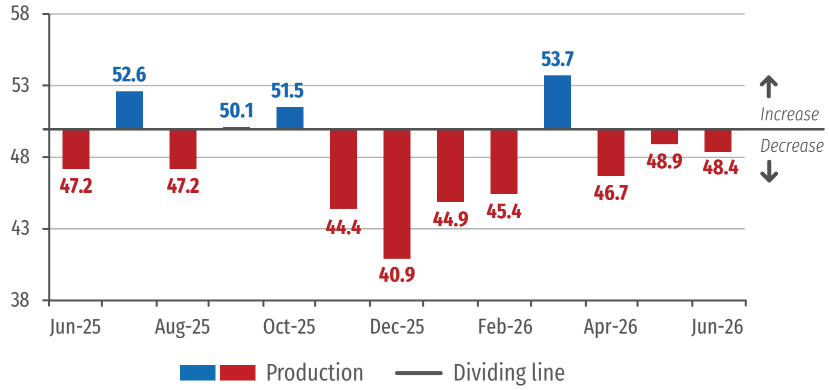
Production and employment indices decline

The production evolution index stood at 48.4 points in June 2026, down 0.5 point from May 2026. This was the weakest result for the month of June since 2022, when the index reached 45.4 points.

The number of employees evolution index stood at 48.2 points in June 2026, down 0.2 point from May 2026. The result indicates that industrial entrepreneurs continued to perceive a contraction in employment. Nevertheless, the index remained above its historical average for the month of June (47.7 points).

Production evolution

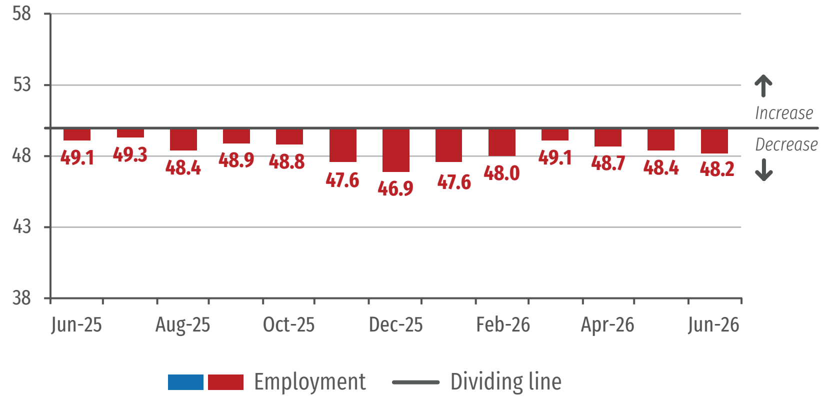
Diffusion index (0 to 100 points)*



*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)*



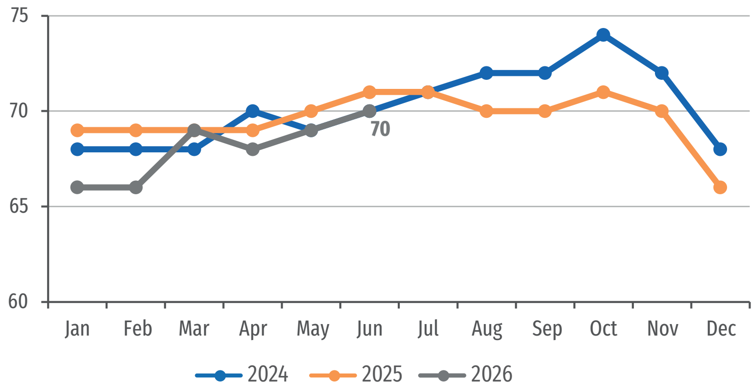
*A score above 50 points indicates an increase in employment compared to the previous month, while a score below 50 points indicates a decrease in employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

Capacity Utilization increases again

In June 2026, the Capacity Installed Utilization (UCI) in industry increased by 1.0 percentage point compared with May 2026, rising from 69% to 70%. The result matched the level recorded in June 2024 and was 1.0 percentage point below the level observed in June 2025, when UCI reached 71%. With this increase, Capacity Utilization accumulated a 4.0 percentage point gain during the first half of the year.

Capacity Installed Utilization

Percentage (%)



Inventories decline but remain in line with planned levels

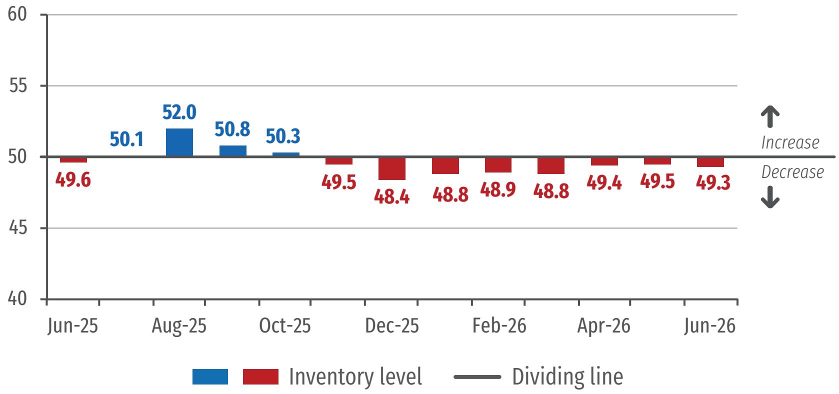
The industrial inventories fell by 0.2 point between May and June 2026, declining from 49.5 to 49.3 points. As a result, the indicator remained below the 50-point threshold throughout the first half of 2026, signaling a continued reduction in inventories of finished goods.

At the same time, the effective inventory index against usual levels, which compares firms' actual inventory levels at the end of the month with the levels they consider appropriate, increased by 0.6 point, from 49.4 points in May 2026 to 50.0 points in June 2026.

Although the industrial inventories declined compared with the previous month, the effective inventory index against usual levels indicates that inventory levels returned to the levels considered appropriate by firms for the first time in 2026, reaching the neutral threshold of 50 points.

Inventory level evolution

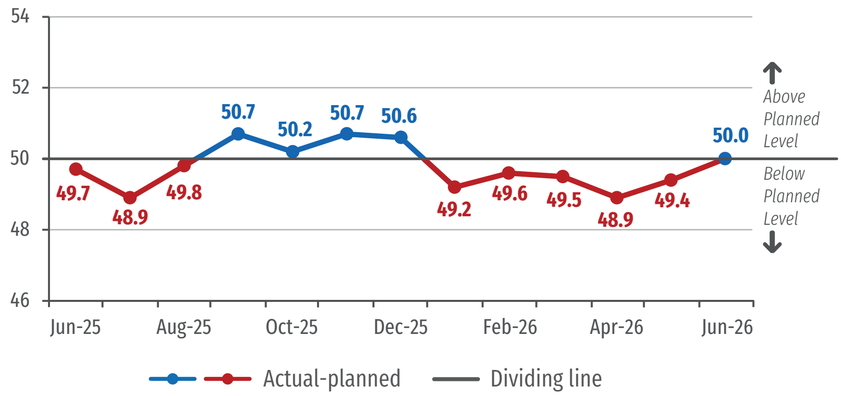
Diffusion index (0 to 100 points)*



*A score above 50 points indicates an increase in inventory levels. A score below 50 points indicates a decline in inventory levels. The further the point score is from 50 points, the greater the change from planned levels.

Evolution of actual inventory levels relative to planned levels

Diffusion index (0 to 100 points)*



*A score above 50 points indicates an increase in actual inventory is above planned levels. A score below 50 points indicates a decline in actual inventory is below planned levels. The further the point score is from 50 points, the greater the distance from planned levels.

INDUSTRY FINANCIAL CONDITIONS IN THE SECOND QUARTER OF 2026

Industry reports an improvement in financial conditions in the second quarter of 2026

The satisfaction index with the industry's financial situation increased by 0.7 point between the first and second quarters of 2026, rising from 47.2 to 47.9 points. Despite the increase, the index remained below the 50-point threshold, indicating that industrial firms continued to be dissatisfied with their financial situation. Nevertheless, the improvement suggests that this dissatisfaction became less intense and less widespread than in the previous quarter.

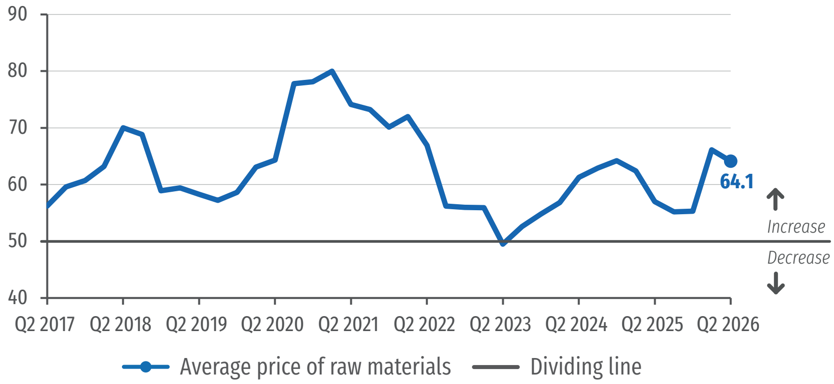
Likewise, the satisfaction index with operational profit rose 1.0 point in the second quarter of 2026, reaching 42.9 points. Although the indicator remained below the 50-point threshold, the result signals a decline in firms' dissatisfaction with operating profits.

The ease of access to credit index also increased, rising 0.9 point from 39.0 to 39.9 points. Even so, the indicator remained well below the 50-point threshold, showing that access to credit continues to be perceived as difficult.

Finally, the index of evolution of the average price of raw materials fell 2.0 points, from 66.1 to 64.1 points in the second quarter of 2026. Despite the decline, the indicator remained well above the 50-point threshold, indicating that firms continued to report significant increases in input and raw material prices, although these increases were perceived as less intense and less widespread than in the first quarter of 2026.

Average price of raw materials

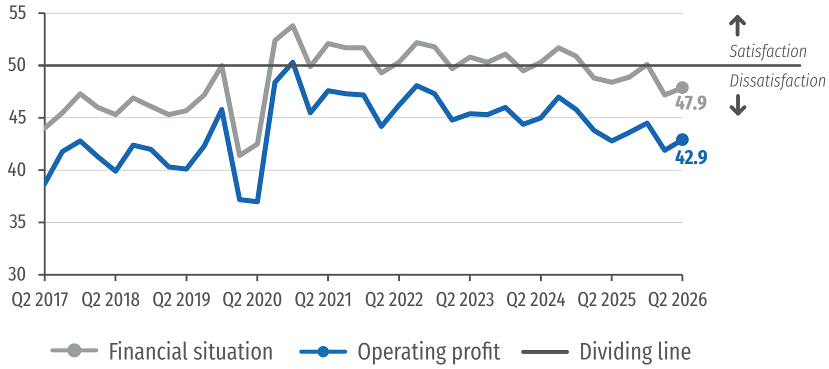
Diffusion index (0 to 100 points)*



*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

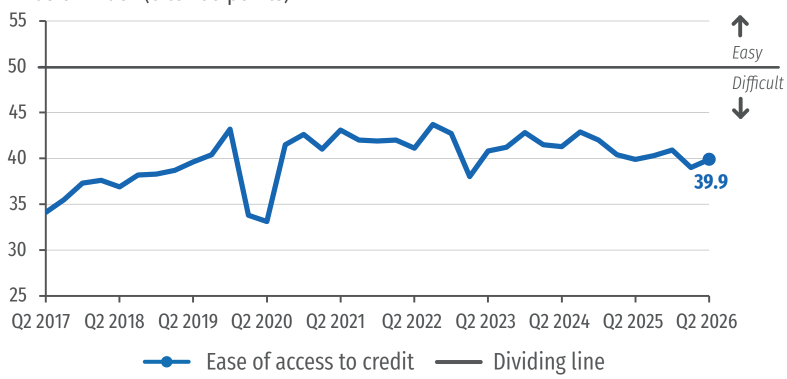
Diffusion index (0 to 100 points)*



*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.

INDUSTRY FINANCIAL CONDITIONS IN THE SECOND QUARTER OF 2026

High tax burden remains the main challenge facing industry

In the second quarter of 2026, the high tax burden remained the main challenge facing industry, although the share of firms reporting it declined from 34.8% to 33.3%.

It was followed by the lack or high cost of raw materials, reported by 31.2% of firms, high interest rates (27.9%) and insufficient domestic demand (26.6%). Changes compared with the previous quarter were small and did not alter the ranking of the four main challenges facing industry.

Among the most significant changes during the quarter were the increase in the share of firms reporting customer defaults, from 11.9% to 13.2%, and competition from imported products, from 10.7% to 12.6%. Conversely, transport logistics constraints recorded the largest decline, falling from 12.6% to 11.2% of responses.

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%.

INDUSTRY EXPECTATIONS IN JULY 2026

Industrial entrepreneurs once again expect an increase in exports

In July 2026, industry expectation indicators posted mostly positive results. Expectations for exports, purchases of raw materials and demand improved, while the employment expectation indicator edged down. Nevertheless, all expectation indices remained above the 50-point threshold.

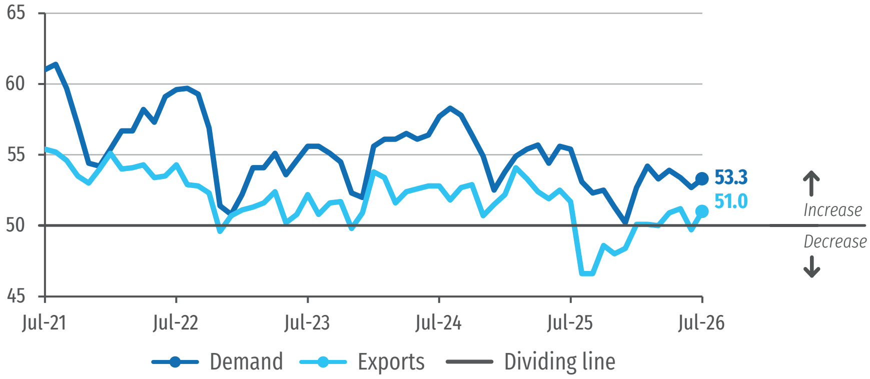
The expectations index for export quantity recorded the strongest increase of the month, rising 1.3 points, from 49.7 points in June to 51.0 points in July 2026. As a result, the indicator moved back above the 50-point threshold, once again signaling expectations of higher exports over the next six months.

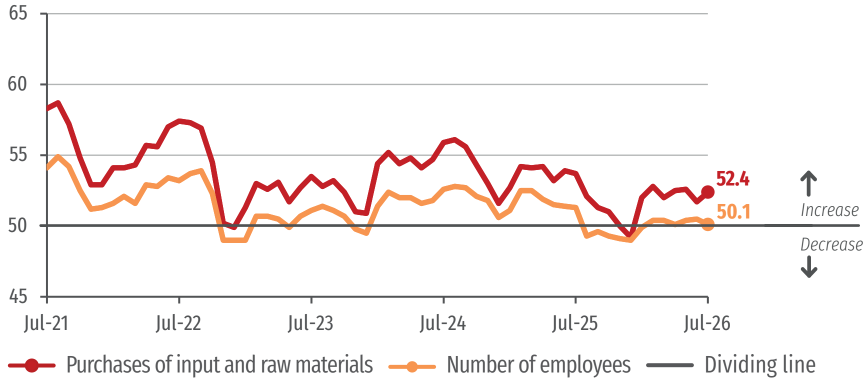
The expectations index for purchases of inputs and raw materials increased 0.7 point, from 51.7 to 52.4 points. The result reinforces expectations of stronger purchases of inputs and raw materials over the next six months, with this outlook becoming more widespread across industrial firms.

The index of expectation of demand also improved, rising 0.6 point between June and July 2026, from 52.7 to 53.3 points. The increase reinforces expectations of stronger demand over the next six months.

Expectation indices

Diffusion index (0 to 100 points)*





*The indices vary from 0 to 100. Values above 50 indicate an expectation of growth. Values below 50 indicate an expectation of decline.

Finally, the expectations index for the number of employees declined 0.4 point, from 50.5 to 50.1 points between June and July 2026. Moving even closer to the 50-point threshold, the indicator points to expectations of broadly stable employment over the next six months.

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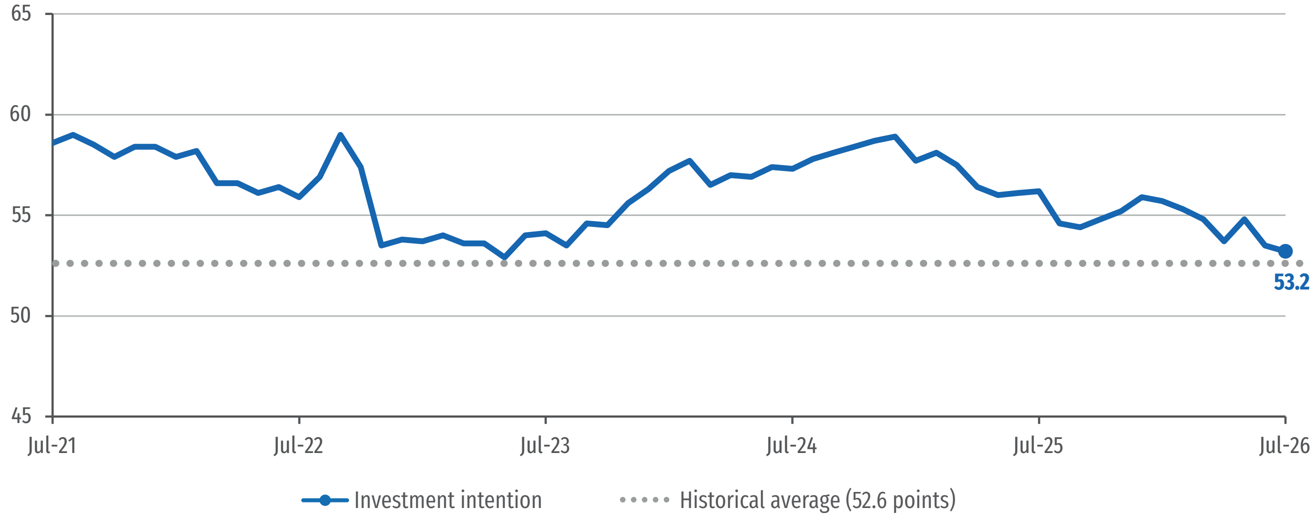
Industrial investment intentions decline for the second consecutive month

The investment intention index for the industrial sector fell for the second consecutive month in July 2026. The indicator declined 0.3 point compared with June 2026, from 53.5 to 53.2 points. Despite the decline, the index remained above its historical average of 52.6 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		
	Q2 2025	Q1 2026	Q2 2026	Q2 2025	Q1 2026	Q2 2026	Q2 2025	Q1 2026	Q2 2026	Q2 2025	Q1 2026	Q2 2026
Total	**42.8**	**41.9**	**42.9**	**57.0**	**66.1**	**64.1**	**48.4**	**47.2**	**47.9**	**39.9**	**39.0**	**39.9**
BY INDUSTRIAL ACTIVITY												
Mining and quarrying	46.5	44.5	**43.8**	56.3	64.9	**60.4**	50.3	46.1	**47.9**	43.8	44.6	**46.4**
Manufacturing	42.6	41.8	**42.8**	57.0	66.2	**64.3**	48.3	47.3	**47.8**	39.7	38.8	**39.6**
BY COMPANY SIZE												
Small[1]	41.3	39.4	**40.3**	59.0	66.8	**65.3**	44.7	42.6	**42.8**	36.3	35.3	**36.2**
Medium[2]	41.2	40.7	**41.6**	58.6	67.5	**65.9**	46.6	46.2	**46.7**	39.7	39.6	**38.1**
Large[3]	44.4	43.7	**44.9**	55.1	65.1	**62.6**	51.1	50.1	**51.1**	41.8	40.6	**42.8**

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		
	Q1 2026	Q2 2026		Q1 2026	Q2 2026		Q1 2026	Q2 2026		Q1 2026	Q2 2026	
Itens	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High tax burden	34.8	33.3	**1**	38.7	37.2	**1**	34.6	35.7	**1**	28.2	23.3	**4**
Lack or high cost of raw material	30.8	31.2	**2**	32.7	33.3	**2**	30.6	31.3	**2**	27.9	27.3	**2**
High interest rates	27.2	27.9	**3**	25.7	26.4	**3**	26.5	30.0	**3**	30.9	27.3	**2**
Insufficient internal demand	26.8	26.6	**4**	24.7	23.3	**6**	28.0	26.5	**4**	28.8	32.3	**1**
Lack or high cost of skilled labor	23.1	22.3	**5**	25.7	23.6	**5**	22.5	22.5	**5**	19.6	19.9	**5**
Unfair competition	17.6	17.9	**6**	22.3	23.8	**4**	15.1	15.3	**6**	13.1	11.5	**9**
Customer default	11.9	13.2	**7**	14.6	16.3	**7**	10.4	12.0	**9**	9.2	9.6	**12**
Competition with imports	10.7	12.6	**8**	9.8	10.4	**10**	11.0	12.8	**8**	11.9	16.1	**6**
Logistics and transport difficulties	12.6	11.2	**10**	7.0	8.8	**12**	14.4	11.6	**10**	19.9	14.6	**8**
Lack of working capital	11.7	11.1	**11**	12.5	12.3	**8**	10.6	10.7	**12**	11.9	9.6	**12**
Excessive bureaucracy	11.6	11.4	**9**	12.5	10.1	**11**	10.8	13.9	**7**	11.0	9.9	**11**
Lack or high cost of energy	10.6	9.6	**13**	12.0	11.0	**9**	11.5	9.2	**13**	7.1	7.8	**15**
Insufficient external demand	8.8	9.7	**12**	6.5	7.1	**13**	8.1	9.0	**14**	13.6	14.9	**7**
Legal insecurity	8.8	8.5	**14**	8.0	5.9	**15**	10.6	10.9	**11**	7.7	9.3	**14**
Lack of long-term financing	5.0	6.0	**15**	5.5	6.2	**14**	3.4	6.1	**15**	6.5	5.3	**16**
Exchange rate	4.8	4.7	**16**	1.4	2.0	**16**	4.5	4.0	**16**	11.3	10.2	**10**
Others	3.2	3.1	-	2.2	2.0	-	3.4	3.6	-	4.5	4.3	-
None	5.7	5.7	-	5.3	6.0	-	7.0	4.4	-	4.7	7.1	-

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 VOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Jun-25	May-26	Jun-26	Jun-25	May-26	Jun-26	Jun-25	May-26	Jun-26	Jun-25	May-26	Jun-26	Jun-25	May-26	Jun-26	Jun-25	May-26	Jun-26
Total	47.2	48.9	**48.4**	49.1	48.4	**48.2**	71	69	**70**	43.0	43.6	**43.8**	49.6	49.5	**49.3**	49.7	49.4	**50.0**
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	48.2	50.6	**52.2**	49.7	52.7	**50.1**	73	68	**71**	43.3	45.6	**45.1**	47.9	46.3	**50.3**	51.6	50.5	**53.8**
Manufacturing	47.2	48.8	**48.3**	49.1	48.2	**48.1**	70	68	**70**	43.0	43.5	**43.7**	49.7	49.6	**49.2**	49.7	49.5	**49.9**
BY COMPANY SIZE																		
Small[1]	46.8	46.0	**47.6**	48.2	47.0	**47.2**	65	63	**64**	42.7	42.3	**43.2**	47.4	46.5	**48.0**	47.5	44.7	**46.9**
Medium[2]	47.8	48.8	**48.6**	49.3	49.0	**48.4**	69	68	**68**	42.9	43.1	**44.5**	49.6	50.3	**50.1**	49.5	50.4	**50.7**
Large[3]	47.1	50.4	**48.7**	49.4	48.7	**48.6**	76	74	**75**	43.3	44.5	**43.7**	50.7	50.6	**49.5**	51.0	51.2	**51.2**

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*		
	Jul-25	Jun-26	Jul-26	Jul-25	Jun-26	Jul-26	Jul-25	Jun-26	Jul-26	Jul-25	Jun-26	Jul-26	Jul-25	Jun-26	Jul-26
Total	55.4	52.7	**53.3**	51.7	49.7	**51.0**	53.7	51.7	**52.4**	51.3	50.5	**50.1**	56.2	53.5	**53.2**
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	56.0	56.1	**57.2**	53.7	56.0	**56.0**	54.3	55.1	**55.4**	50.0	50.8	**50.3**	57.1	57.0	**59.3**
Manufacturing	55.4	52.6	**53.2**	51.6	49.5	**50.8**	53.7	51.6	**52.2**	51.4	50.4	**50.0**	56.0	53.3	**52.9**
BY COMPANY SIZE															
Small[1]	54.8	52.2	**52.8**	52.9	47.1	**50.0**	53.3	51.1	**51.0**	51.2	49.3	**49.4**	41.9	40.3	**41.0**
Medium[2]	54.8	53.4	**53.7**	51.2	51.1	**51.4**	53.8	51.3	**52.3**	51.1	50.5	**50.4**	53.3	51.0	**51.5**
Large[3]	56.1	52.6	**53.4**	51.4	50.2	**51.3**	53.9	52.2	**53.1**	51.5	51.0	**50.2**	64.8	61.4	**60.3**

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
1,351 enterprises, including 548 small, 478 medium and 325 large companies.

Collection period
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Learn more

For further information on sectorial and regional results, previous issues, methodology, and historical series, please visit: www.cni.com.br/e_sondindustrial

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Subscriptions: Customer Service - Phone: +55 (61) 3317-9992 – email: sac@cni.com.br

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