



# INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

**CNI** Brazilian National Confederation of Industry

## Exchange rate re-emerges as a concern for industrial entrepreneurs in the fourth quarter of the year

In December 2024's Industrial Survey, industrial entrepreneurs highlighted the main challenges faced by the sector in the fourth quarter of 2024. Beyond the high tax load, which consistently ranks as the top issue, the exchange rate and elevated interest rates stood out as significant concerns.

Moreover, industrialists' assessment of the sector's financial conditions worsened in the fourth quarter of 2024. There was increased dissatisfaction with operating profits, coupled with a perceived rise in the difficulty of accessing credit and an acceleration in the increase of raw material prices. Consequently, the overall assessment of the financial situation, which had been favorable in the third quarter, became less positive in the final quarter of the year.

In December 2024, industrial activity declined compared to the previous month, as is typical for the period. Both industrial production and the sector's number of employees fell during the month. Additionally, the sector's Capacity Utilization (UCI) also decreased, in line with the less heated

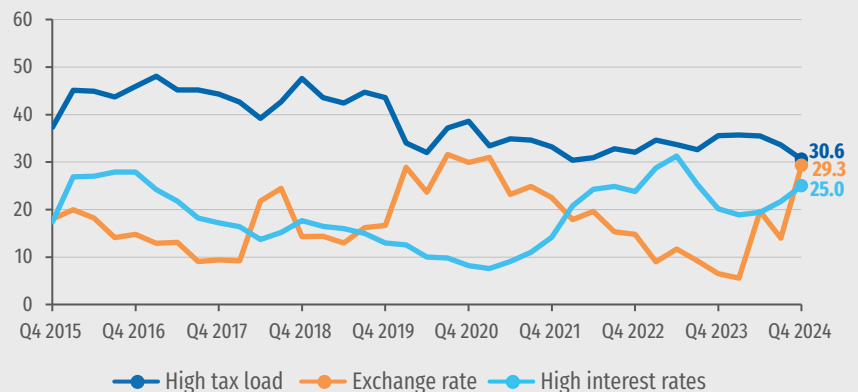
activity. However, it is worth noting that industrial activity remains elevated, as the UCI remains above the monthly average, a trend that has persisted since March 2024.

December 2024 also saw a decline in industrial inventories, which fell below the level planned by industrial entrepreneurs, as had occurred between May and October 2024.

In this context, expectations for the first half of 2025 became more positive. The expectations indices for demand, exports, purchase of input and raw materials, and number of employees, which already revealed optimism in December, advanced in January 2025.

### 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 PERFORMANCE IN DECEMBER 2024

### Industrial activity declines in December

The industrial production evolution index stood at 42.5 points in December 2024. This marks the second consecutive month that the index, below 50 points, signals that business leaders perceived a decline in industrial production.

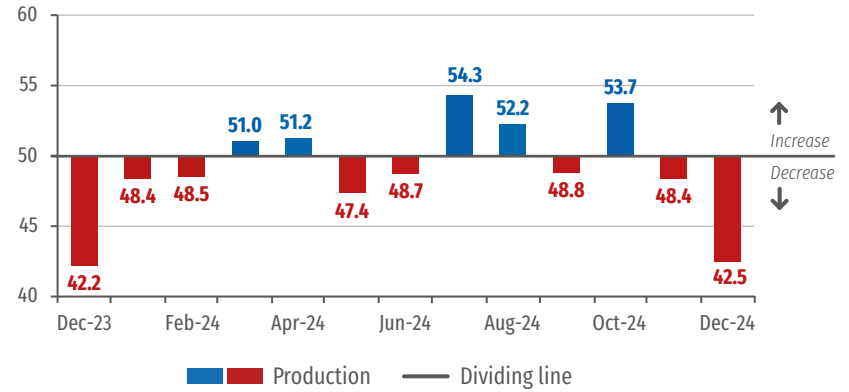
This decline in production, which is typical for December, was widespread among small, medium, and large industries across all regions of the country.

In December 2024, the number of employees evolution index was 48.7 points. Below the 50-point threshold, the indicator reveals a reduction in industrial employment from November to December. However, it is worth noting that a decline in employment is typical for the month, and the drop in December 2024 was milder than in previous years. Moreover, it followed a series of positive results: this was the first reduction in the number of employees recorded by the index in seven months.

In December, there was a decline in the number of employees across industries of all sizes. The decline was also widespread across the country's regions, except for the Northeast region, where the number of employees remained practically stable.

#### Production Evolution

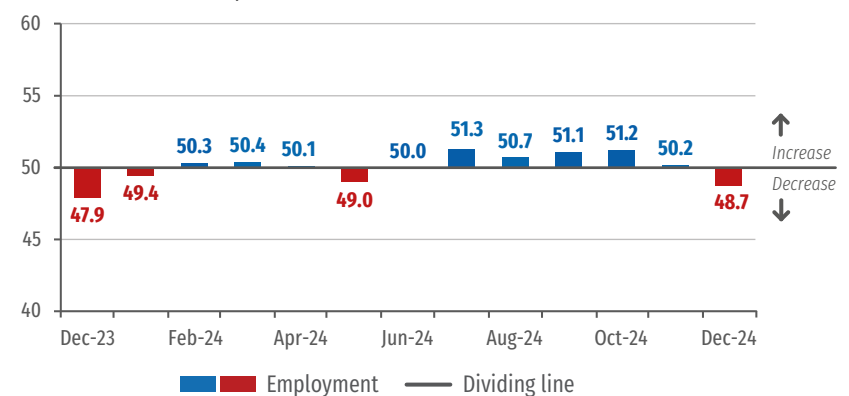
Diffusion index (0 to 100 points)\*



\*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)\*



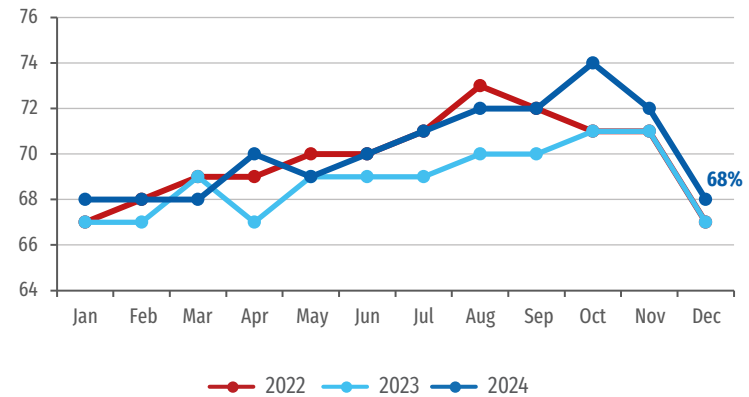
\*A score above 50 points indicates an increase in employment compared to the previous month, while a score below 50 points indicates a decrease in employment compared to the previous month. The further the point score is from 50 points, the greater and more widespread the variation.

## Capacity Utilization declines in December, but remains elevated

In December 2024, the industrial Capacity Utilization (UCI) was 68%. During the month, the UCI fell by 4 percentage points (p.p.) compared to November, when it stood at 72%. This decline was widespread across industries of all sizes and regions of the country.

Despite the decline, industrial activity remains at an elevated level: the UCI has been above monthly averages since March 2024 and, in December, remained 1 p.p. above the average for December.

**Capacity Utilization**  
Percentage (%)



## Inventories fall back to below the sector's planned Level

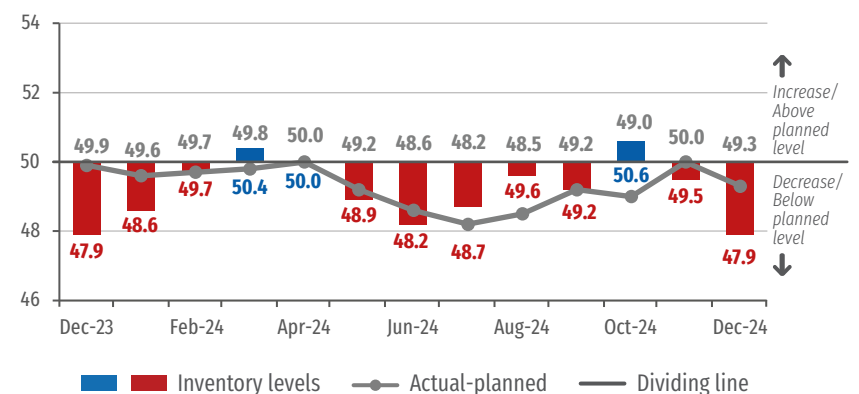
In December 2024, the inventory evolution index was 47.9 points. Below the 50-point threshold, the indicator reveals a decline in inventories compared to November. There was a reduction in inventories among small and large companies, while inventories of medium-sized companies remained stable. The decrease in inventories was observed across all regions of the country.

The actual to usual capacity utilization index stood at 49.3 points in December 2024, after a 0.7-point decline compared to November. Below the 50-point threshold, the index reveals that inventories have fallen below the sector's planned level, as occurred between May and October 2024.

Among industries of different sizes, only the index for large industries remained above 50 points, indicating inventories above planned levels. Among regions, only the index for the South region remained above the threshold in December.

**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 4<sup>th</sup> QUARTER OF 2024

### Satisfaction with the financial situation decreases among industrial entrepreneurs

In the fourth quarter of 2024, the financial situation satisfaction index stood at 50.9 points. The indicator fell by 0.8 points compared to the third quarter of 2024, when it had been above 50 points, reflecting satisfaction with the financial situation among industrial entrepreneurs. With the quarterly decline, the index approached the threshold, indicating that business leaders remain satisfied with the financial situation, but satisfaction has become less intense and widespread.

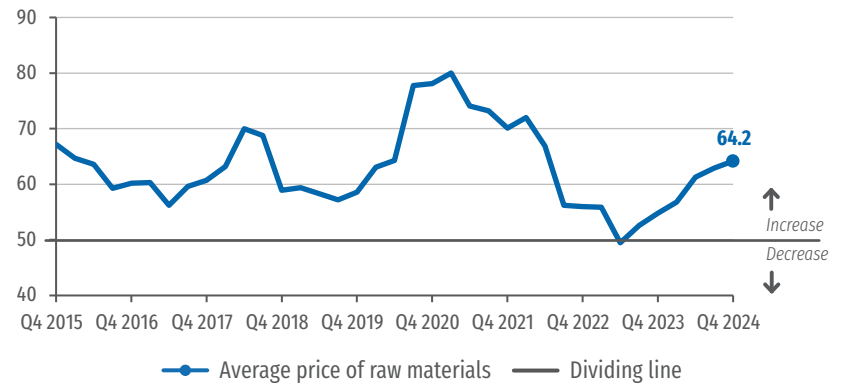
The credit access ease index stood at 42 points in the last quarter of 2024, after a 0.9-point decline compared to the third quarter. The indicator, which was already below 50 points in the third quarter, moved further away from the threshold in the transition to the last quarter of the year, signaling that the difficulty in accessing credit became more intense and widespread between quarters.

The raw materials average price evolution index stood at 64.2 points in the last quarter of 2024. The index rose by 1.3 points compared to the third quarter of the year, when it was already above the 50-point threshold. Moving further away from the 50-point threshold, the index reveals that the perception of rising raw material prices became more intense and widespread in the quarter.

The profit margins satisfaction index stood at 45.8 points in the fourth quarter of 2024, after a 1.2-point decline compared to the third quarter, when it was already below the indicator's threshold. Moving further away from 50 points, the index reveals that dissatisfaction with operating profits became more intense and widespread among industries in the last quarter of 2024.

#### Average price of raw materials

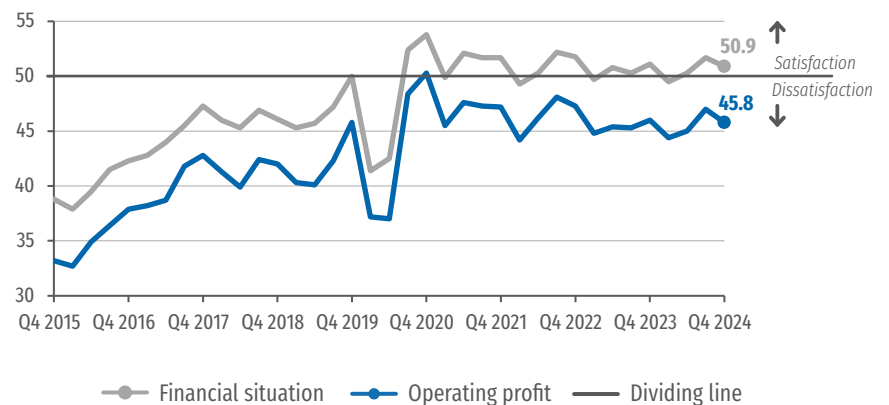
Diffusion index (0 to 100 points)\*



\*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

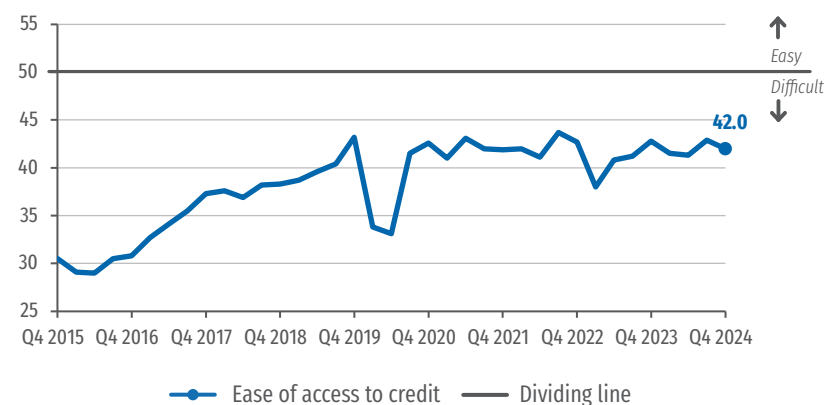
Diffusion index (0 to 100 points)\*



\*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 4<sup>th</sup> QUARTER OF 2024**High tax load, exchange rate, and high interest rates were the main challenges faced by the industrial sector in the 4<sup>th</sup> quarter of 2024**

In the last quarter of 2024, the high tax load was reported as the main challenge faced by the industrial sector. The issue, which ranked first in the list of main challenges in all quarters of the year, was indicated by 30.6% of industrialists in the fourth quarter of 2024. Compared to the third quarter of 2024, there was a 3-percentage-point (p.p.) decline in the percentage of indications.

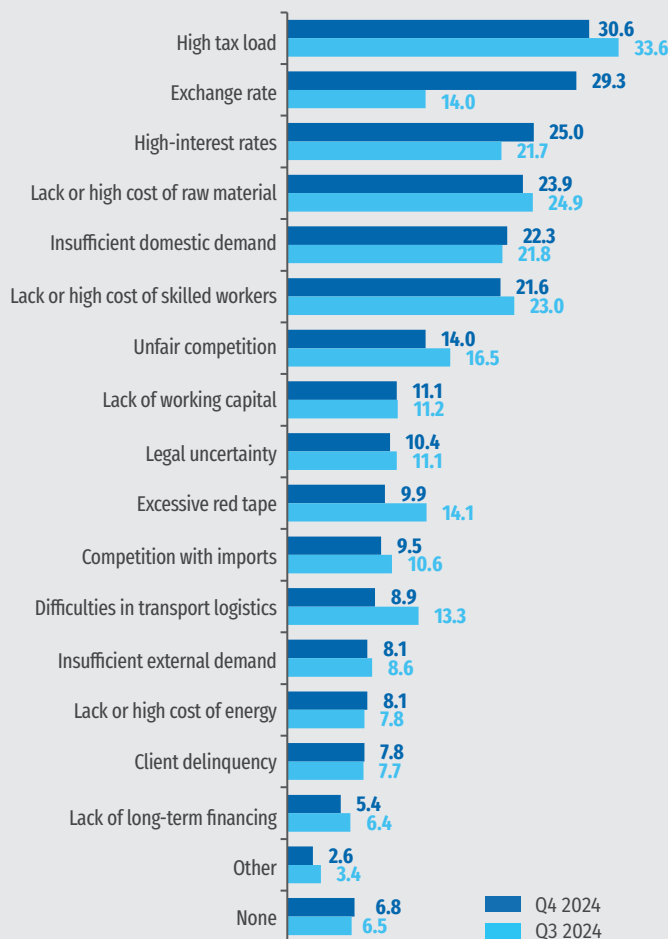
Next, the exchange rate was indicated by 29.3% of industrialists as one of the main challenges faced in the fourth quarter of 2024. This issue, which had already gained prominence in the second quarter of 2024 – when it ranked fourth with 19.6% of indications – rose to the second position in the list of main challenges in the last quarter of the year, after a 15.3 p.p. increase in indications compared to the third quarter.

High interest rates were reported as the third most significant challenge faced by industrialists in the last quarter of 2024. The indication rate for this issue reached 25% in the last quarter of the year, a 3.3 p.p. increase compared to the previous quarter.

Finally, issues such as the lack or high cost of raw materials (23.9%), insufficient domestic demand (22.3%), and the lack or high cost of skilled

**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%.

workers (21.6%) also gained prominence. These were challenges that gained relevance throughout the year and, although they did not rank among the top three in the last quarter of 2024, continue to pose difficulties for the sector.

## INDUSTRIAL EXPECTATIONS IN JANUARY 2025

### Expectations remain optimistic for the first half of 2025

The expectation indices on demand, exports, purchase of input and raw material, and number of employees, which were already above 50 points in December 2024, advanced in January 2025, reflecting an intensification of the optimism observed at the end of 2024.

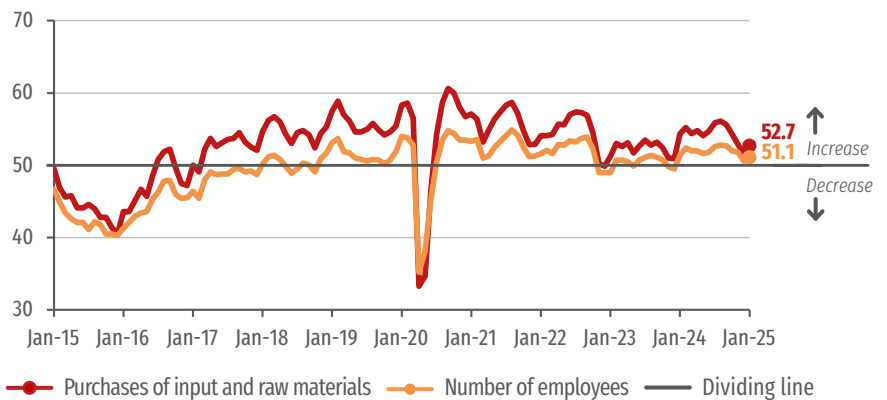
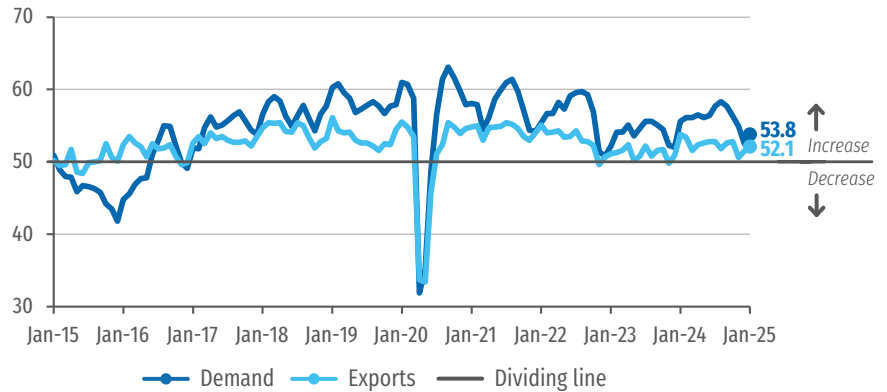
The demand expectation index stood at 53.8 points in January 2025. The indicator rose by 1.3 points compared to December 2024. Moving further away from the threshold, the index reveals that the expectation of demand growth became more intense and widespread in the industry for the first half of 2025. The increased optimism is common across industries of all sizes.

The purchase of input and raw materials expectation index stood at 52.7 points in January 2025, after a 1.2-point advance compared to December 2024. The index reveals that the expectation of increased raw material purchases became more intense and widespread in January. All indices for industries of different sizes advanced during the month.

The exports expectation index stood at 52.1 points in January 2025. Compared to December 2024, there was a 0.6-point increase. Moving further away from the 50-point threshold, the index reveals that the expectation of increased exports also became more intense and widespread in January. The advance in the indicator was driven by

#### 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.

growth in the indices for medium and large companies, as the index for small companies declined.

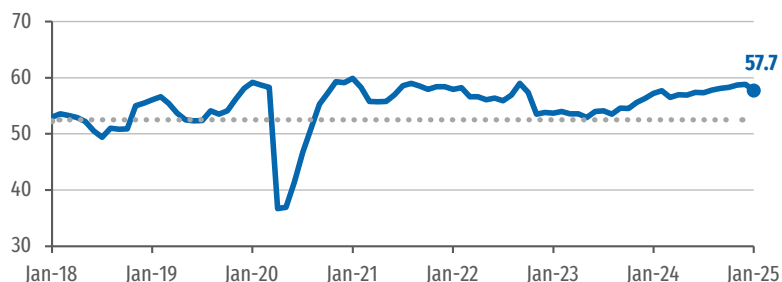
Finally, the number of employees expectation index stood at 51.1 points in January 2025. The indicator advanced by 0.5 points compared to December 2024, when it stood at 50.6 points. The index reveals that the expectation of an increase in the number of employees for the first half of 2025 became more intense and widespread. The advance in the index was driven by growth in the indices for small and large companies – the index for medium-sized industries declined during the period.

## Investment intention declines in January 2025

The investment intention index stood at 57.7 points in January 2025, after a 1.1-point decline compared to December. Despite the decline, the index remains 5.4 points above the historical average of the series, which stands at 52.3 points.

### Investment intention

Diffusion index (0-100 points)\*



Investment intention ..... Historical average (52.3 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		
	Q4 2023	Q3 2024	Q4 2024	Q4 2023	Q3 2024	Q4 2024	Q4 2023	Q3 2024	Q4 2024	Q4 2023	Q3 2024	Q4 2024
<b>Total</b>	46.0	47.0	<b>45.8</b>	54.8	62.9	<b>64.2</b>	51.1	51.7	<b>50.9</b>	42.8	42.9	<b>42.0</b>
<b>BY INDUSTRIAL SEGMENT</b>												
Mining and quarrying	53.0	47.4	<b>46.5</b>	56.9	59.2	<b>59.3</b>	54.4	53.2	<b>51.3</b>	48.3	44.8	<b>48.0</b>
Mining and quarrying	45.8	47.0	<b>45.7</b>	54.8	63.1	<b>64.4</b>	50.9	51.6	<b>50.8</b>	42.5	42.8	<b>41.8</b>
<b>BY INDUSTRIAL SEGMENT</b>												
Small <sup>1</sup>	42.0	43.0	<b>42.7</b>	56.7	63.6	<b>64.3</b>	45.9	46.2	<b>46.0</b>	39.4	39.6	<b>38.8</b>
Medium <sup>2</sup>	45.2	45.0	<b>44.7</b>	55.7	64.0	<b>65.5</b>	50.3	50.4	<b>50.2</b>	42.4	42.9	<b>42.5</b>
Large <sup>3</sup>	48.5	50.1	<b>47.9</b>	53.4	62.0	<b>63.4</b>	54.0	55.2	<b>53.6</b>	44.6	44.5	<b>43.3</b>

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		
	Q3 2024	Q4 2024		Q3 2024	Q4 2024		Q3 2024	Q4 2024		Q3 2024	Q4 2024	
	%	%	Position	%	%	Position	%	%	Position	%	%	Position
High tax load	33.6	<b>30.6</b>	<b>1</b>	42.4	<b>39.5</b>	<b>1</b>	37.8	<b>34.1</b>	<b>1</b>	27.1	<b>24.4</b>	<b>3</b>
Exchange rate	14.0	<b>29.3</b>	<b>2</b>	7.1	<b>19.3</b>	<b>7</b>	12.7	<b>25.0</b>	<b>3</b>	18.1	<b>36.6</b>	<b>1</b>
High-interest rates	21.7	<b>25.0</b>	<b>3</b>	18.0	<b>21.8</b>	<b>4</b>	19.5	<b>23.5</b>	<b>5</b>	24.7	<b>27.4</b>	<b>2</b>
Lack or high cost of raw material	24.9	<b>23.9</b>	<b>4</b>	28.1	<b>22.3</b>	<b>3</b>	25.5	<b>27.2</b>	<b>2</b>	22.9	<b>23.0</b>	<b>4</b>
Insufficient domestic demand	21.8	<b>22.3</b>	<b>5</b>	20.5	<b>21.1</b>	<b>6</b>	23.9	<b>24.1</b>	<b>4</b>	21.3	<b>22.0</b>	<b>5</b>
Lack or high cost of skilled workers	23.0	<b>21.6</b>	<b>6</b>	28.5	<b>26.2</b>	<b>2</b>	25.3	<b>23.5</b>	<b>5</b>	19.1	<b>18.4</b>	<b>6</b>
Unfair competition	16.5	<b>14.0</b>	<b>7</b>	22.6	<b>21.6</b>	<b>5</b>	16.7	<b>14.8</b>	<b>7</b>	13.3	<b>9.8</b>	<b>12</b>
Lack of working capital	11.2	<b>11.1</b>	<b>8</b>	13.1	<b>13.6</b>	<b>8</b>	11.6	<b>10.7</b>	<b>10</b>	10.1	<b>10.0</b>	<b>10</b>
Legal uncertainty	11.1	<b>10.4</b>	<b>9</b>	7.4	<b>9.0</b>	<b>12</b>	11.1	<b>11.9</b>	<b>9</b>	13.0	<b>10.3</b>	<b>8</b>
Excessive red tape	14.1	<b>9.9</b>	<b>10</b>	11.5	<b>10.5</b>	<b>10</b>	14.6	<b>12.6</b>	<b>8</b>	15.2	<b>8.1</b>	<b>13</b>
Competition with imports	10.6	<b>9.5</b>	<b>11</b>	8.4	<b>8.0</b>	<b>13</b>	9.0	<b>7.8</b>	<b>12</b>	12.5	<b>11.1</b>	<b>7</b>
Difficulties in transport logistics	13.3	<b>8.9</b>	<b>12</b>	6.0	<b>6.1</b>	<b>14</b>	12.1	<b>9.6</b>	<b>11</b>	17.6	<b>10.0</b>	<b>10</b>
Insufficient external demand	8.6	<b>8.1</b>	<b>13</b>	4.9	<b>4.8</b>	<b>16</b>	8.6	<b>6.9</b>	<b>14</b>	10.4	<b>10.3</b>	<b>8</b>
Lack or high cost of energy	7.8	<b>8.1</b>	<b>13</b>	12.0	<b>12.5</b>	<b>9</b>	8.6	<b>7.4</b>	<b>13</b>	5.3	<b>6.2</b>	<b>15</b>
Client delinquency	7.7	<b>7.8</b>	<b>15</b>	11.8	<b>10.2</b>	<b>11</b>	7.4	<b>6.9</b>	<b>14</b>	5.9	<b>7.0</b>	<b>14</b>
Lack of long-term financing	6.4	<b>5.4</b>	<b>16</b>	5.8	<b>5.1</b>	<b>15</b>	6.5	<b>6.5</b>	<b>16</b>	6.6	<b>4.9</b>	<b>16</b>
Other	3.4	<b>2.6</b>	-	1.6	<b>1.8</b>	-	2.6	<b>2.0</b>	-	4.8	<b>3.3</b>	-
None	6.5	<b>6.8</b>	-	7.6	<b>5.9</b>	-	5.1	<b>5.4</b>	-	6.6	<b>7.9</b>	-

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		
	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24	Dec-23	Nov-24	Dec-24
<b>Total</b>	42.2	48.4	<b>42.5</b>	47.9	50.2	<b>48.7</b>	67	72	<b>68</b>	42.4	46.5	<b>43.4</b>	47.9	49.5	<b>47.9</b>	49.9	50.0	<b>49.3</b>
<b>BY INDUSTRIAL ACTIVITY</b>																		
Mining and quarrying	37.2	55.0	<b>44.4</b>	49.4	50.3	<b>53.6</b>	71	76	<b>71</b>	44.2	47.0	<b>41.4</b>	48.4	52.3	<b>52.7</b>	52.7	55.4	<b>51.9</b>
Manufacturing	42.5	48.1	<b>42.5</b>	47.9	50.2	<b>48.6</b>	67	72	<b>68</b>	42.4	46.4	<b>43.5</b>	47.9	49.4	<b>47.8</b>	49.9	49.9	<b>49.2</b>
<b>BY COMPANY SIZE</b>																		
Small <sup>1</sup>	43.1	49.2	<b>43.9</b>	47.8	49.2	<b>48.2</b>	63	66	<b>63</b>	41.4	46.0	<b>43.9</b>	46.8	46.8	<b>47.7</b>	46.6	46.1	<b>46.2</b>
Medium <sup>2</sup>	42.4	48.8	<b>42.7</b>	48.1	50.0	<b>49.1</b>	65	70	<b>67</b>	41.2	45.7	<b>42.4</b>	49.7	49.7	<b>50.0</b>	50.6	49.9	<b>49.5</b>
Large <sup>3</sup>	41.7	47.7	<b>41.6</b>	47.9	50.8	<b>48.7</b>	71	76	<b>71</b>	43.6	47.1	<b>43.7</b>	47.5	50.7	<b>46.9</b>	51.1	51.9	<b>50.7</b>

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*		
	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25	Jan-24	Dec-24	Jan-25
<b>Total</b>	55.6	52.5	<b>53.8</b>	53.8	51.5	<b>52.1</b>	54.4	51.5	<b>52.7</b>	51.4	50.6	<b>51.1</b>	57.2	58.8	<b>57.7</b>
<b>BY INDUSTRIAL ACTIVITY</b>															
Mining and quarrying	56.9	53.6	<b>53.2</b>	56.1	55.6	<b>55.8</b>	54.7	54.8	<b>46.5</b>	53.5	49.9	<b>54.6</b>	59.4	66.0	<b>57.9</b>
Manufacturing	55.5	52.4	<b>53.8</b>	53.7	51.3	<b>51.9</b>	54.4	51.5	<b>52.8</b>	51.3	50.6	<b>51.0</b>	57.0	58.5	<b>57.5</b>
<b>BY COMPANY SIZE</b>															
Small <sup>1</sup>	53.8	50.4	<b>52.1</b>	52.9	51.4	<b>50.0</b>	52.4	50.6	<b>51.0</b>	50.0	49.6	<b>49.8</b>	43.9	45.1	<b>44.2</b>
Medium <sup>2</sup>	55.0	51.5	<b>53.0</b>	56.0	51.6	<b>53.5</b>	53.6	50.6	<b>51.3</b>	50.6	51.2	<b>50.4</b>	55.5	56.0	<b>55.2</b>
Large <sup>3</sup>	56.8	54.0	<b>55.0</b>	53.0	51.4	<b>52.5</b>	55.9	52.5	<b>54.2</b>	52.5	50.8	<b>52.2</b>	64.6	67.1	<b>65.7</b>

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.

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

1,519 enterprises, including 610 small, 540 medium and 369 large companies.

#### Collection period

January 7-17, 2025.

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