

INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Increased production and employment reflect industry growth in July

Industrial production recorded growth for the third consecutive month, employment has not fallen for 13 months, and capacity utilization is the highest for this time of year since 2013.

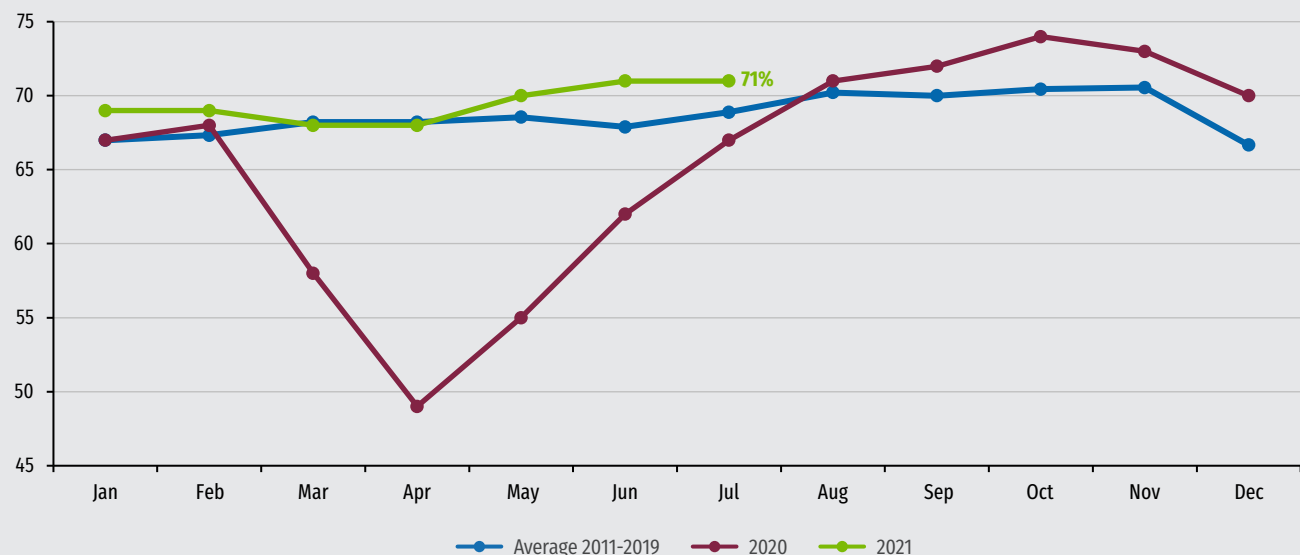
Inventories remain below the industry's planned levels and fell a little more in July, but are at a higher level than in the second half of 2020, when the issue

of shortage of inputs and raw materials had reached its most critical point.

Expectations of entrepreneurs are positive. The industry expects growth in demand and exports and, thus, also expects to increase its number of employees and its purchases of raw materials for production. The expected increase in demand, associated with the high capacity utilization, indicates a need to expand production capacity, reflected in the improvement in the investment intentions index.

Average capacity utilization

Percentage (%)



INDUSTRY PERFORMANCE IN JULY 2021

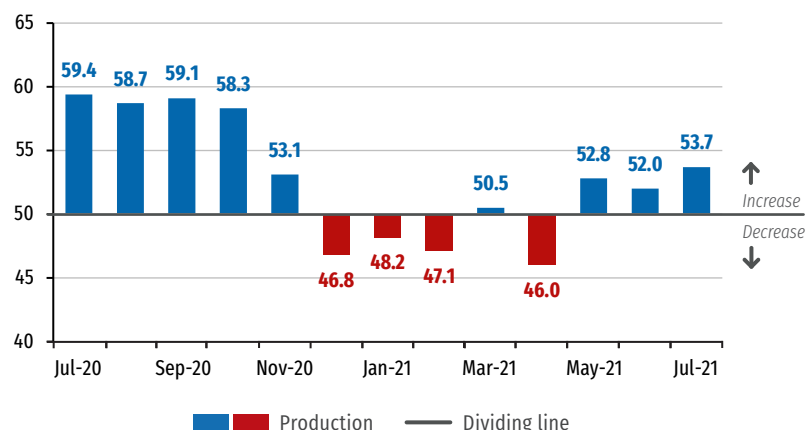
Industrial production grows for the third consecutive month

Industrial production continues to grow. The production evolution index stood at 53.7 points. This marks the third consecutive month that the production evolution index is above the 50-point dividing line, which indicates an increase in industrial production compared to the previous month. In addition, the index grew 1.7 points compared to June. Thus, it moved away from the 50-point dividing line, which indicates a stronger and more widespread increase in production.

Employment in the industry also continues to grow. The index measuring the number of employees reached 52 points. The index measuring the number of employees has been above the 50-point dividing line in 12 of the last 13 months, which indicates an increase in employment in the industry compared to the previous month.

Evolution of production

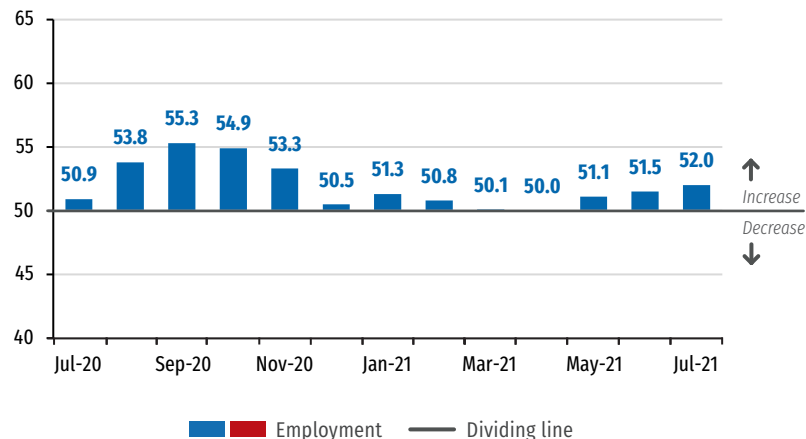
Diffusion index (0-100 points)*



*Figures above 50 points indicate a month-over-month increase in production. Figures below 50 points indicate a month-over-month decline in production. The further away from 50 points, the greater and more widespread the change.

Evolution of the number of employees

Diffusion index (0-100 points)*



*Figures above 50 points indicate a month-over-month increase in employment. Figures below 50 points indicate a month-over-month decline in employment. The further away from 50 points, the greater and more widespread the change.

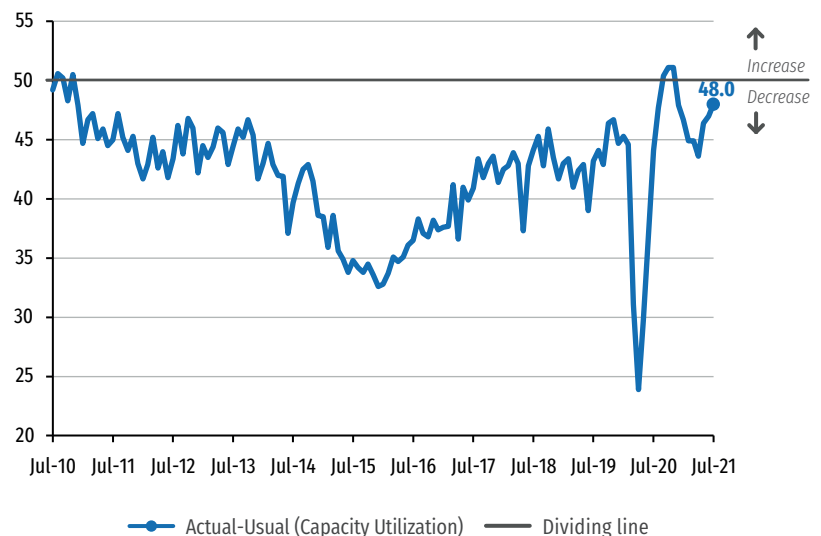
Capacity Utilization remains high

The industry's Capacity Utilization remained stable at 71% between June and July. The July 2021 percentage is the highest for the month since 2013, before the industry started feeling the effects of the 2014-2016 economic crisis. For three months now, Capacity Utilization has remained above the average for the same months from 2011 to 2019.

The actual-usual capacity utilization index stood at 48 points in July. Since May, the index has increased every month compared to the previous month. As it remains below the 50-point dividing line, entrepreneurs still consider Capacity Utilization to be lower than usual. However, as it has been growing month after month, it is approaching the 50-point dividing line, which indicates capacity levels equal to the usual levels. The index is well above its historical average of 42.5 points.

Actual-usual capacity utilization index

Diffusion index (0-100 points)*



*Values above 50 indicate that actual capacity utilization is above usual levels. Values below 50 indicate that actual capacity utilization is below usual levels. The further away from 50 points, the greater the distance between actual capacity utilization and its usual levels.

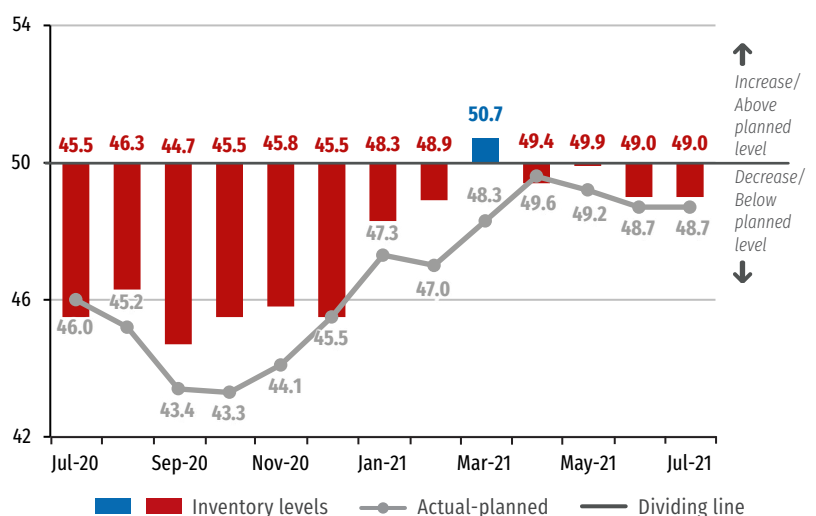
Inventories fell in July

Inventories fell in July and remain below planned levels. The inventory level index hit 49.0 points in July. As it is below the 50-point dividing line, it shows a drop in inventories compared to the previous month.

The actual-planned inventory index reached 48.7 points in July, indicating another month in which companies' inventories are below the industry's planned levels.

Inventory levels and actual-planned inventory levels

Diffusion index (0-100 points)*



*Figures above 50 points indicate an increase in inventory levels or that actual inventory is above planned levels. Figures below 50 points indicate a decline in inventory levels or that actual inventory is below planned levels. The further away from 50 points, the greater the change or the distance from planned levels.

INDUSTRY EXPECTATIONS IN AUGUST 2021

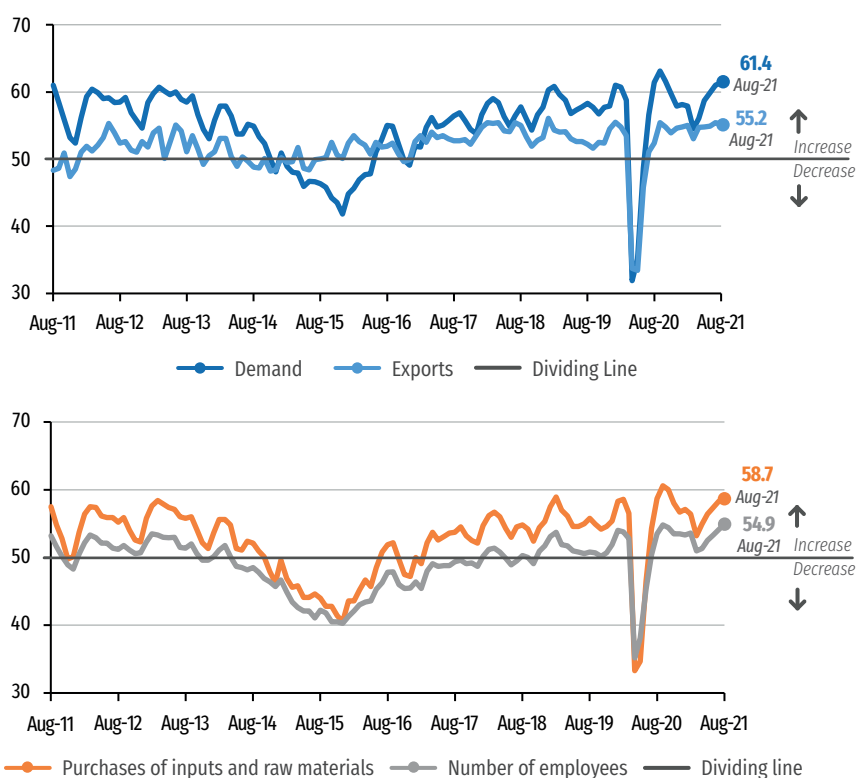
Entrepreneurs remain optimistic in August

The indices measuring the expected demand, export volumes, purchases of raw material, and number of employees remain above the 50-point dividing line, which indicates expected growth for the next six months. This is the 14th consecutive month in which all expectation indices show entrepreneurs' optimism.

The indices measuring expected purchases of raw materials, number of employees, and demand increased in relation to June, which indicates greater and more widespread optimism among entrepreneurs compared to the previous month. The index measuring the expected export volume declined slightly compared to June (decrease of 0.2 point), reflecting an accommodation of entrepreneur's optimism with the external sector.

Expectation indices

Diffusion index (0-100 points)*



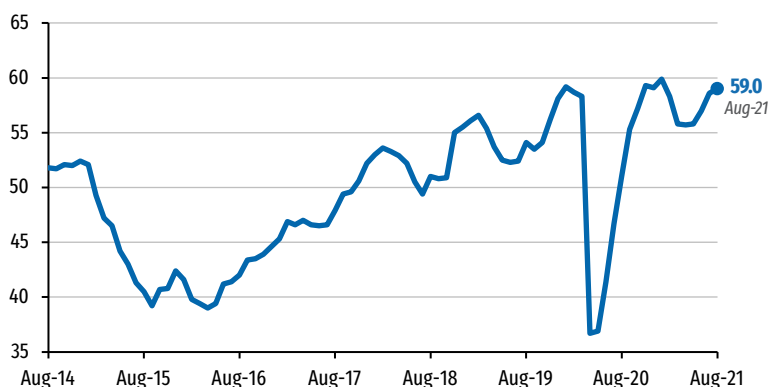
* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

Investment intentions keep growing

The optimism of industrial entrepreneurs regarding future demand, associated with a high Capacity Utilization, is causing the need for investments to expand production. This scenario is reflected in the positive trend recorded in the investment intentions index, which grew for the fourth consecutive month and hit, in August, 59.0 points, above its historical average of 50.5 points.

Investment intentions

Diffusion index (0-100 points)*



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

RESULTS

Performance of industry

	PRODUCTION EVOLUTION			NUMBER OF EMPLOYEES EVOLUTION			CAPACITY UTILIZATION (%)			ACTUAL-USUAL CAPACITY UTILIZATION			INVENTORIES LEVELS EVOLUTION			ACTUAL-PLANNED INVENTORIES		
	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21
Total	59.4	52.0	53.7	50.9	51.5	52.0	67	71	71	44.1	47.0	48.0	45.5	49.0	49.0	46.0	48.7	48.7
BY INDUSTRIAL ACTIVITY																		
Mining and quarrying	56.5	53.5	57.2	49.6	54.6	53.0	72	79	80	45.8	50.6	53.1	46.9	41.4	44.3	51.2	48.4	48.1
Manufacturing	59.4	52.0	53.5	50.8	51.3	51.9	67	71	71	43.8	46.9	47.8	45.4	49.2	49.1	45.7	48.8	48.7
BY COMPANY SIZE																		
Small ¹	52.8	51.2	52.2	48.2	50.4	50.4	59	63	64	40.6	44.8	46.0	44.0	48.4	48.0	42.3	46.9	46.1
Medium ²	58.7	50.2	53.3	50.6	50.0	51.0	66	68	70	44.0	45.8	47.6	46.3	47.9	48.8	44.8	47.3	48.0
Large ³	63.0	53.3	54.7	52.3	52.8	53.3	72	76	76	45.8	48.8	49.2	45.9	49.9	49.5	48.4	50.4	50.3

The indicators vary in the 0-100 interval. Figures above 50 points indicate an increase in inventory levels, that actual inventory is above planned levels or that capacity utilization is above usual levels for the month. Figures below 50 points indicate a decline in inventory levels, that actual inventory is below planned levels or capacity utilization is below usual levels for the month.

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

Industrial expectations

	DEMAND			EXPORTS VOLUMES			PURCHASES OF RAW MATERIALS			NUMBER OF EMPLOYEES			INVESTMENT INTENTIONS*		
	Aug-20	Jul-21	Aug-21	Aug-20	Jul-21	Aug-21	Aug-20	Jul-21	Aug-21	Aug-20	Jul-21	Aug-21	Aug-20	Jul-21	Aug-21
Total	61.4	61.0	61.4	52.4	55.4	55.2	58.7	58.3	58.7	53.5	54.1	54.9	51.0	58.6	59.0
BY INDUSTRIAL ACTIVITY															
Mining and quarrying	56.5	59.3	62.2	50.3	59.6	57.4	52.3	55.5	57.2	52.5	52.4	52.3	56.2	63.9	65.4
Manufacturing	61.6	61.0	61.4	52.5	55.3	55.0	59.0	58.5	58.8	53.5	54.2	55.0	50.8	58.3	58.7
BY COMPANY SIZE															
Small ¹	58.5	60.4	61.0	45.7	53.1	53.1	56.2	58.3	59.0	51.5	53.6	54.2	40.7	46.1	47.0
Medium ²	60.3	60.8	60.6	52.0	56.1	54.9	58.1	58.6	58.5	53.8	53.9	54.5	50.2	55.5	56.7
Large ³	63.5	61.4	62.0	55.9	56.1	56.4	60.3	58.2	58.7	54.3	54.5	55.5	56.6	66.4	66.2

The indicators vary in the 0-100 interval. Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline.

* The indicator varies in the 0-100 interval. The higher the index, the more industry is likely to invest.

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



Technical specifications

Sample profile

1,914 enterprises, including 773 small, 665 medium and 476 large companies.

Data collection period

August 2-11, 2021.

Document closed by August 18, 2021.



Learn more

For more information on the survey, including sectoral and regional results, previous editions, methodology and historical series, kindly visit: www.cni.com.br/e_sondaindustrial

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