

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**



The activity and expectation levels reflect an improvement in Construction in July

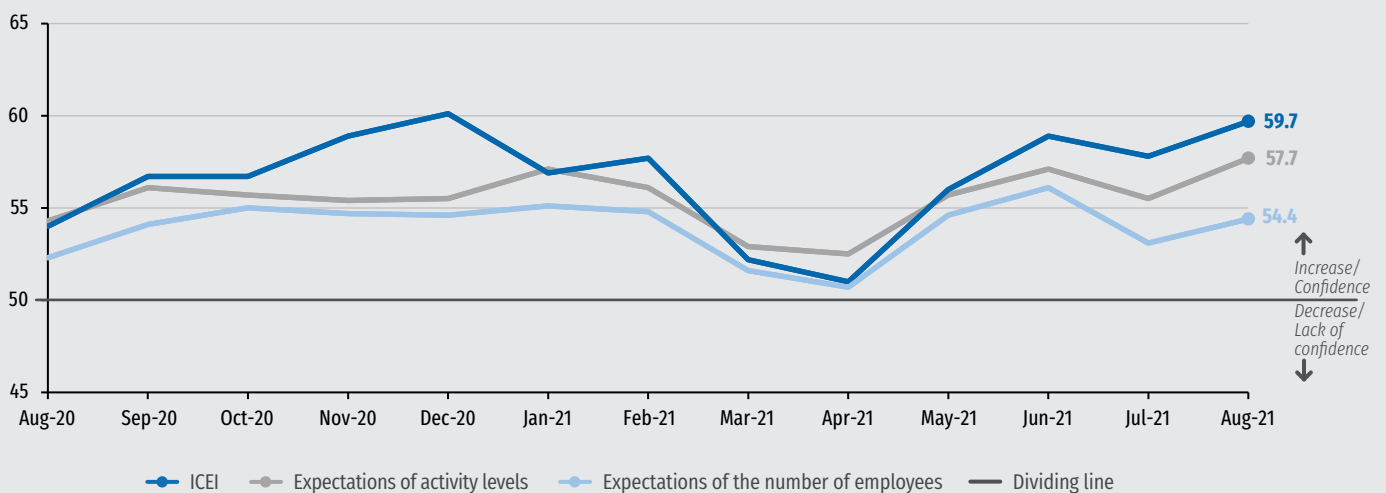
In July, the index measuring activity levels grew for the second consecutive month, while the index measuring employment remained stable, but showing a recovery trend. Operating capacity utilization remained stable at the highest level recorded since 2014, reflecting the improved performance of the sector. It is common for employment to recover after the recovery of economic activity, which

explains the more modest performance of the labor market and the increase in hiring expectations for the coming months.

The good performance of Industry in the month, the improvement in the confidence index, that reached the highest level since 2021, and the increased expectations in August created a favorable environment for the expansion of investments. Thus, the index measuring the intention to invest rose significantly in August, reaching the highest level since 2014 and moving closer to the 50-point dividing line.

ICEI Construction and Expectations of activity levels and of the number of employees

Diffusion index (0-100 points)*



* Figures above 50 points indicate confident entrepreneurs or growth expectation. The further above 50 points, the greater and more widespread is the confidence or the growth expectation. The further below 50 points, the greater and more widespread is the lack of confidence or expected decrease.

PERFORMANCE OF THE CONSTRUCTION INDUSTRY IN JULY 2021

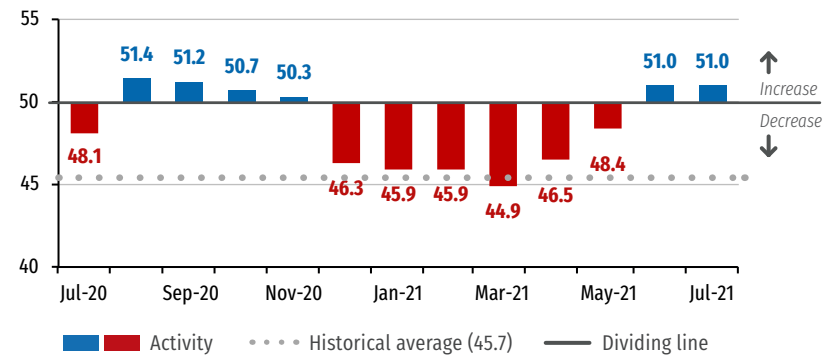
Activity levels rise for the second consecutive month in July

In July, the Construction Industry performance was positive. Activity and employment levels had increased in June, after six months of decline, and, in July 2021, they recorded the second consecutive month without a decline.

In July, the index measuring activity levels remained stable at 51.0 points, while the index measuring the number of employees stood at 50.0 points. The index ranges from 0 to 100, with a dividing line at 50 points; figures above this value indicate growth, while figures below indicate a drop in comparison with the previous month. The further away from the 50-point dividing line, the greater the variation.

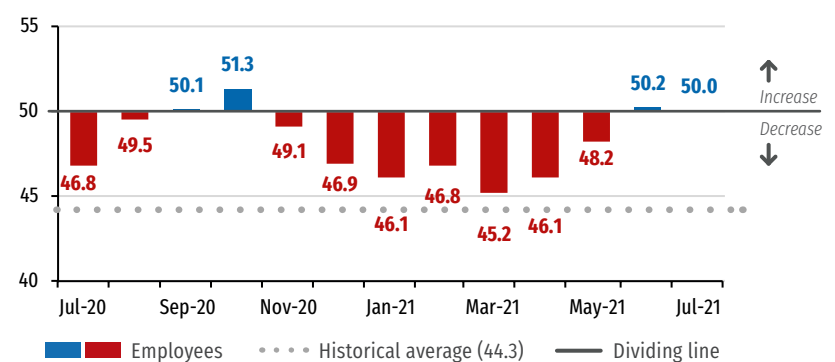
Evolution of activity levels

Diffusion index (0-100 points)*



Evolution of number of employees levels

Diffusion index (0-100 points)*



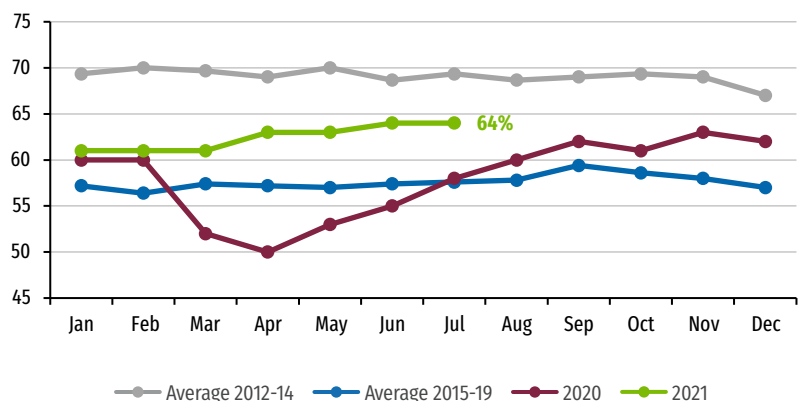
*Figures above 50 points indicate an increase in activity levels or number of employees compared to previous month. Figures below 50 points indicate a decline in activity and employment levels compared to previous month. The further away from 50 points, the greater and more widespread the change.

A high operating capacity utilization reflects Industry's recovery

In July, the Operating Capacity Utilization remained stable compared to the previous month, at 64%, which was the highest level for the month since 2014. Since the beginning of 2021, this index has shown an upward trend, increasing three percentage points in relation to January. When compared to July 2020, the index increased by six percentage points. It should be noted that, in that month, the industry's activity was beginning to recover after the onset of the pandemic (March and April).

Average operating capacity utilization

Percentage (%)



CONSTRUCTION BUSINESS CONFIDENCE INDEX IN AUGUST 2021

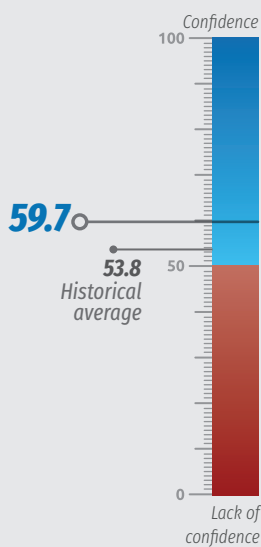
Business confidence increases in August, reaching the highest level in 2021

The Construction Business Confidence Index (ICEI-Construction) increased 1.9 points in relation to July, from 57.8 points to 59.7 points. The index has been above the 50-point dividing line since August 2020, which indicates confidence. Since then, the ICEI has grown by 5.7 points. The August result was the highest level recorded in 2021, showing a strong and widespread confidence in the sector.

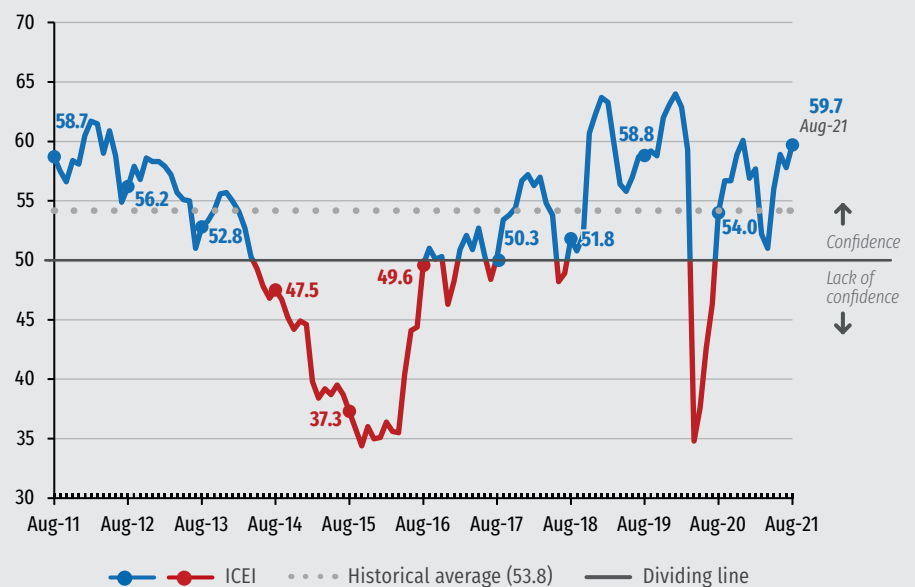
The Current Conditions Index grew by 2.3 points compared to July, reaching 52.4 points in August. This increase was mainly driven by a more positive assessment of the Brazilian economy. This assessment increased from 47.6 points in July to 51.3 in August, i.e., it went from a perception of worsening of current conditions to a perception of improvement. Regarding the assessment of business conditions, the index increased from 51.2 points in July to 53.1 in August.

The Expectations Index rose 1.7 points between July and August to 63.4 points, increasing the distance from the 50-point dividing line, which shows a stronger optimistic environment.

ICEI Construction
Index (0-100 points)*



Historical average
Index (0-100 points)*



*Figures above 50 points indicate business confidence, and the further above 50 points, the greater and more widespread the confidence. Figures below 50 points indicate lack of business confidence, and the further below 50 points, the greater and more widespread the lack of confidence.

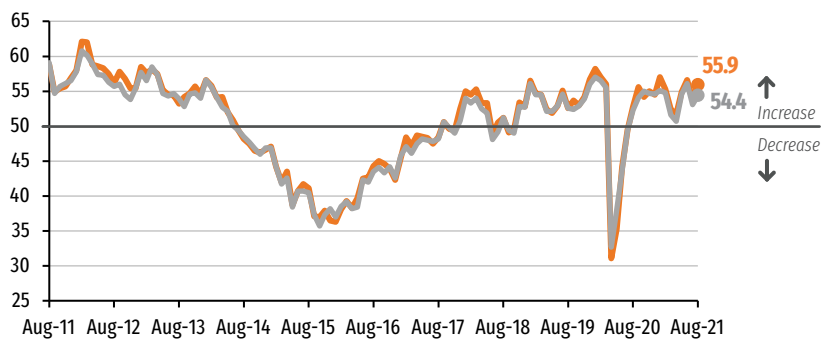
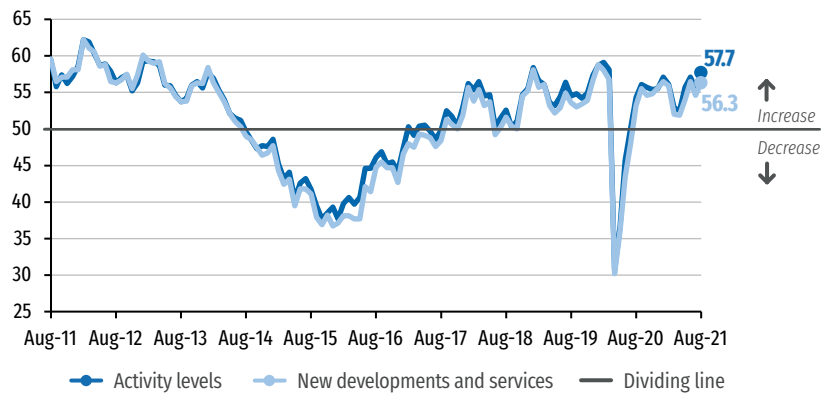
INDUSTRY EXPECTATIONS IN AUGUST 2021

Expectations show greater optimism in August

There is greater optimism in all expectation indices in August compared to the previous month. The index measuring the expected activity level for the next six months increased by 2.2 points compared to July, reaching 57.7 points. As for the index measuring expected new developments, it increased by 1.7 points, reaching 56.3 points. The index measuring expected purchases of inputs and raw materials rose 2.1 points compared to July, while the index measuring the expected number of employees for the next six months was 54.4 points in August, an increase of 1.3 points in the month.

Expectation indices

Indices (0-100 points)*



— Purchases of inputs and raw materials — Number of employees — Dividing line

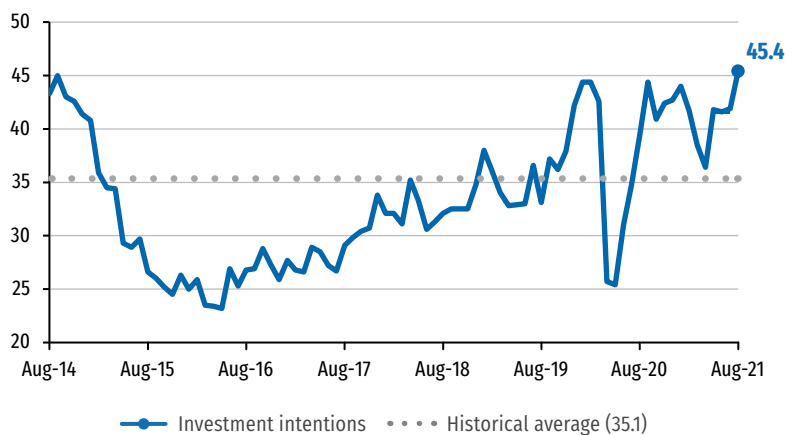
* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

Intention to invest is at the highest level since 2014

In August, the index measuring the Construction Industry's intention to invest increased by 3.5 points compared to July, reaching 45.4 points. When compared to August 2020, the index increased by 5.9 points. Reflecting the increased recovery of the industry and the greater confidence of entrepreneurs, the index is at the highest level recorded since 2014.

Investment intentions

Index (0-100 points)*



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

RESULTS BY COMPANY SIZE

Construction industry performance

	OPERATING CAPACITY UTILIZATION (%) ¹			ACTIVITY LEVEL INDEX ²			ACTUAL-USUAL ACTIVITY LEVEL INDEX ³			NUMBER OF EMPLOYEES INDEX ²		
	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21	Jul-20	Jun-21	Jul-21
CONSTRUCTION	58	64	64	48.1	51.0	51.0	33.9	44.0	44.2	46.8	50.2	50.0
SMALL	52	57	58	47.0	49.4	48.6	37.0	42.1	42.1	45.5	49.6	48.5
MEDIUM	55	62	62	47.8	51.2	52.1	33.0	42.3	44.8	46.4	49.7	51.0
LARGE	61	67	67	48.7	51.4	51.2	33.3	45.6	44.6	47.6	50.8	50.0

Expectations of construction industry

	EXPECTATIONS INDEXES ⁴												INVESTMENT INTENTIONS INDEX ⁵		
	ACTIVITY LEVEL			NEW DEVELOPMENTS AND SERVICES			PURCHASES OF INPUTS AND RAW MATERIALS			NUMBER OF EMPLOYEES					
	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
CONSTRUCTION	54.3	55.5	57.7	53.2	54.6	56.3	52.8	53.8	55.9	52.3	53.1	54.4	39.5	41.9	45.4
SMALL	54.8	57.1	57.8	54.1	55.3	55.4	53.8	55.3	55.4	52.3	54.4	54.3	39.7	39.8	39.9
MEDIUM	53.4	59.0	59.5	50.6	57.0	56.7	51.9	58.1	58.4	50.3	57.0	57.3	36.1	41.9	44.6
LARGE	54.6	53.0	56.6	54.3	53.0	56.4	53.0	50.8	54.7	53.5	50.3	52.7	41.3	42.6	47.8

Construction Business Confidence Index (ICEI - Construction) and its components

	ICEI - CONSTRUCTION ⁶			CURRENT CONDITIONS ⁷			EXPECTATIONS ⁸		
	Aug-20	Jul-21	Aug-21	Aug-20	Jul-21	Aug-21	Aug-20	Jul-21	Aug-21
CONSTRUCTION	54.0	57.8	59.7	41.5	50.1	52.4	60.3	61.7	63.4
SMALL	54.2	58.1	58.2	42.5	51.1	51.0	60.0	61.6	61.8
MEDIUM	52.6	60.7	60.4	40.1	52.3	53.6	58.8	64.9	63.8
LARGE	54.8	56.1	60.0	42.0	48.4	52.3	61.2	59.9	63.8

1 - The indicator varies in the 0%-100% interval. Series started in January 2012.

2 - The indicator varies in the 0-100 interval. Figures above 50 points indicate growth.

3 - The indicator varies in the 0-100 interval. Figures above 50 points indicate higher-than-usual activity levels.

4 - The indicator varies in the 0-100 interval. Figures above 50 points indicate positive expectations.

5 - The indicator varies in the 0-100 interval. The higher the index, the greater the willingness to invest.

6 - The ICEI - Construction varies in the 0-100 interval. Figures above 50 points indicate business confidence.

7 - The indicator varies in the 0-100 interval. Figures above 50 points values indicate a better situation as compared to the last six months.

8 - The indicator varies in the 0-100 interval. Figures above 50 points indicate optimistic expectations for the next six months.



Technical specifications

Sample profile

482 enterprises, including 180 small, 202 medium and 102 large companies.

Data collection period

August, 2-11, 2021.

Document closed by August 24, 2021.

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