

SMALL INDUSTRY OVERVIEW

ECONOMIC INDICATORS **CNI**

CNI
Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Lack or high cost of raw materials continues to be the leading problem

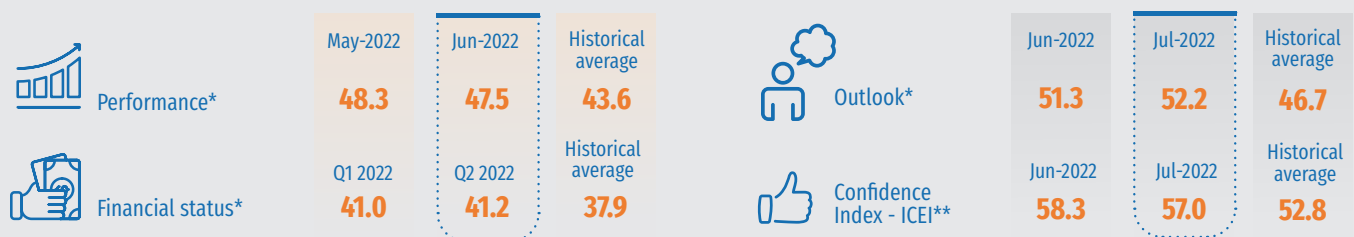
In the second quarter of 2022, the lack or high cost of raw materials remained in the first place in the ranking of the main problems faced by small companies in the mining and quarry, manufacturing and construction sectors. The problem had less mentions in comparison with the first quarter

among companies in the manufacturing and mining and quarry industries. However, for small companies in the construction industry, the mentions increased in Q2 2022.

The performance and financial status of small industries in Q2 2022 were more positive than in the same quarter of previous years. Entrepreneurs remain optimistic and the outlook for small industry remains positive.

Small Industry Performance indices, Financial Status, Outlook and Confidence

Diffusion indices (0-100 points)



* The higher the index, the better the performance of the small industry in the quarter, the better the financial situation of the small industry in the quarter, or the more positive is the outlook of the small industry entrepreneur for the month.

** Figures above 50 points show entrepreneur confidence. The more above 50 points, the greater and more widespread the confidence. Figures below 50 points show entrepreneur lack of confidence. The more below 50 points, the greater and more widespread the lack of confidence.

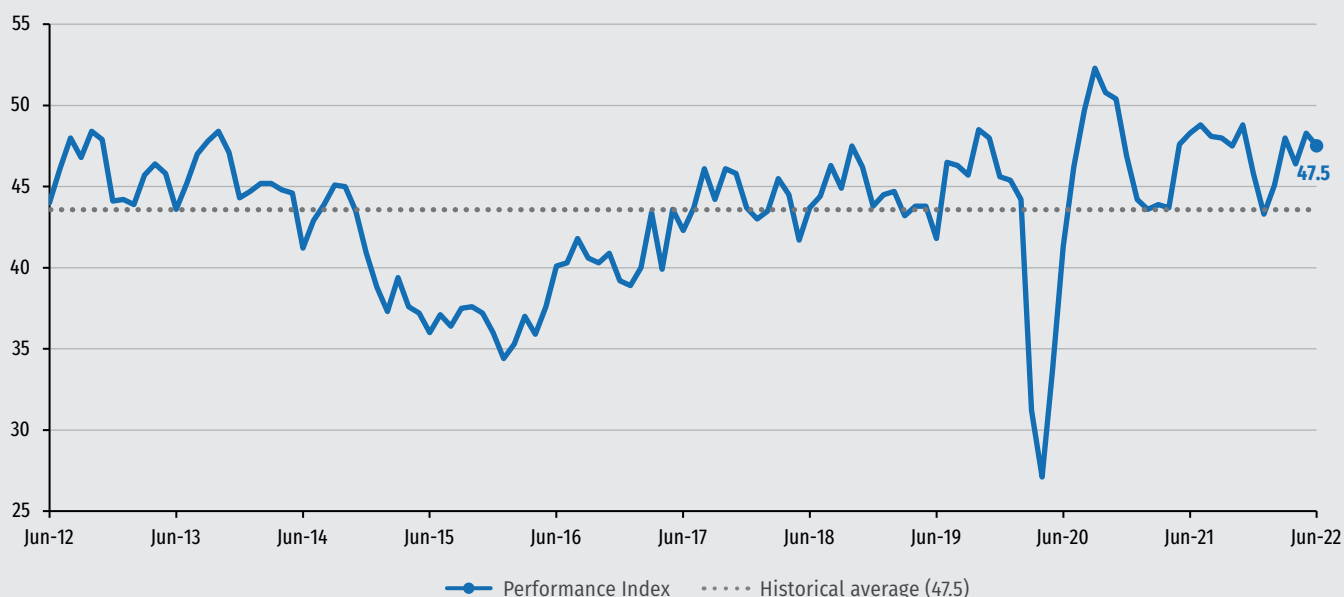
PERFORMANCE OF SMALL INDUSTRIES IN THE SECOND QUARTER OF 2022

Performance of small industries improves in the quarter

The Performance Index for small industries was 47.5 points in June, a 4.8 points increase compared to the average for the months of June in previous years.

The average performance¹ of Q2 2022 was 47.4 points, a result that can be considered positive, as it is above Q1 2022 average (45.5 points) and also above Q2 2021 average (46.5 points).

Small Industry Performance Index
Index (0 to 100 points)*



*The higher the index, the better the performance of small industry in the month.

Note: The Small Industry Performance Index is a weighted average of the Extractive, Manufacturing and Construction small industry performance indices.

¹Average for the months of April, May and June 2022.

SMALL INDUSTRY FINANCIAL STATUS IN Q2 2022

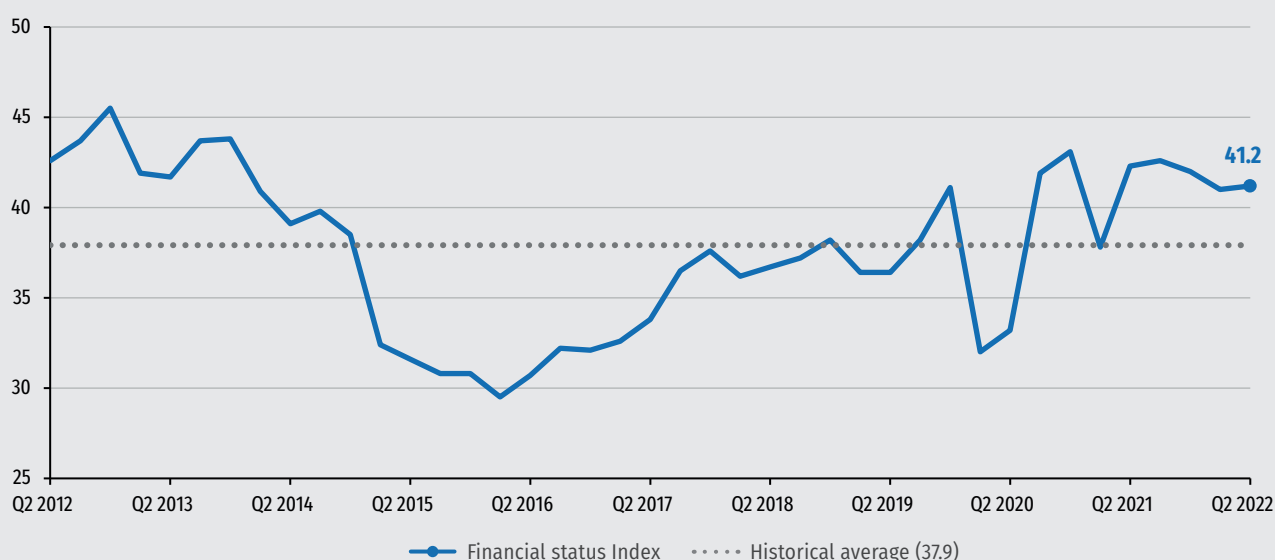
Slight improvement in the small industry's financial status

The Financial Status Index for small industries reached 41.2 points in Q2 2022. Compared to Q1 2022, the index shows an increase of 0.2 point, that is, a very similar financial status.

It is worth noting, however, that there is a noticeable improvement in the financial status this quarter compared to the second quarter of previous years: the 2022 figure, 41.2 points, is higher than the average for the second quarter (37.2 points) and also higher than the historical average (37.9 points).

Small Industry Financial Status Index

Index (0 to 100 points)*



*The higher the index, the better the financial status of small industries in the quarter.

Note: The Financial Status Index is a weighted average of the Extractive, Manufacturing and Construction small industry performance indices.

SMALL INDUSTRY MAIN PROBLEMS IN Q2 2022

Lack or high cost of raw materials drops for mining and quarry, and manufacturing industries

The lack or high cost of raw materials remained in the first place in the ranking of the main problems faced by small companies in the mining and quarry, manufacturing and construction sectors. The problem remains in first place for all industrial segments and, despite the reduction in the mentions for manufacturing (-6.9 p.p.) and mining and quarry (-6.8 p.p.), the percentage increased for the construction industry (+5.4 p.p.) in Q2 2022.

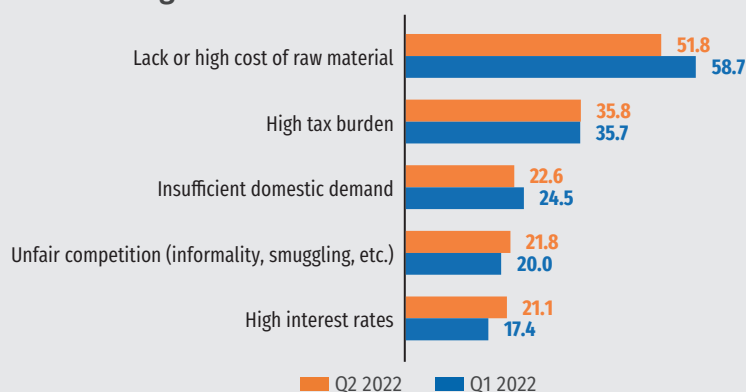
The high tax load remained in the second position of the ranking for all sectors. In manufacturing, this issue ranked second with 35.8% mentions, 13.2 percentage points away from third place. In mining and quarrying, the high tax load was tied to insufficient domestic demand (both with 25.5%). In construction, the problem of high tax load and the high interest rate had the lowest percentage (both with 25.3%). In the ranking of the main problems faced by all manufacturing industries, high interest rates also came in fifth place.

The issue of insufficient domestic demand continues on the list of the main problems for all sectors: it ranked second for mining and quarrying industry (25.5%), third for manufacturing (22.6%), and fifth for construction (19.2%).

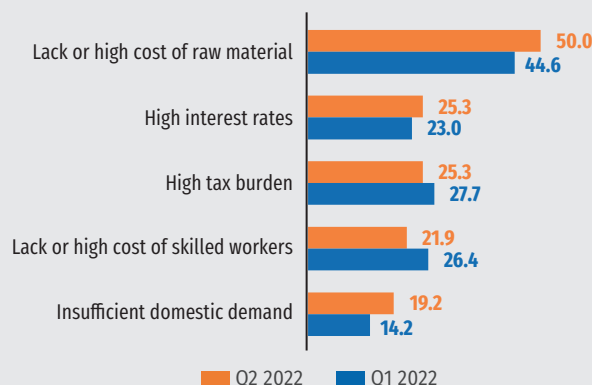
Main problems faced by Small Industry

Percentage (%)

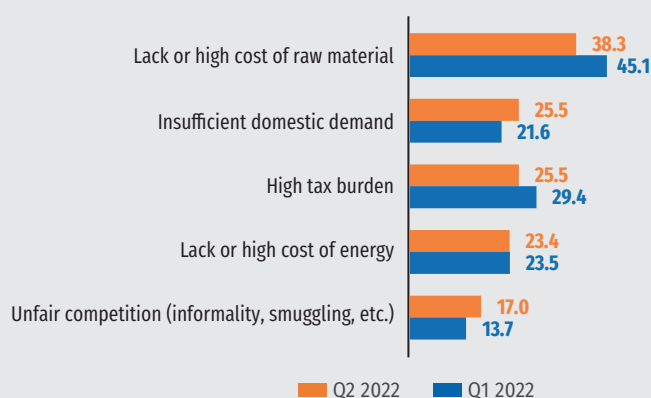
Manufacturing



Construction



Extractive



Note: For the main problem question, the entrepreneur is presented with a list of options. The entrepreneur may choose to indicate up to three options.

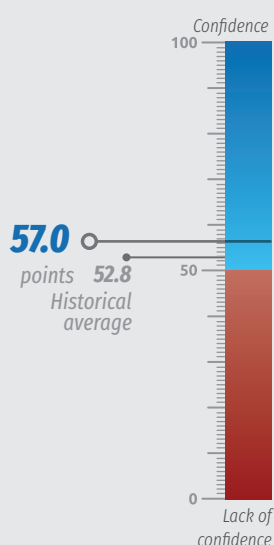
SMALL INDUSTRY CONFIDENCE AND OUTLOOK IN JULY 2022

Entrepreneurs remain optimistic

The Industrial Business Confidence Index (ICEI) for small industries stood at 57.0 points in July 2022, down 1.3 points compared to June 2022.

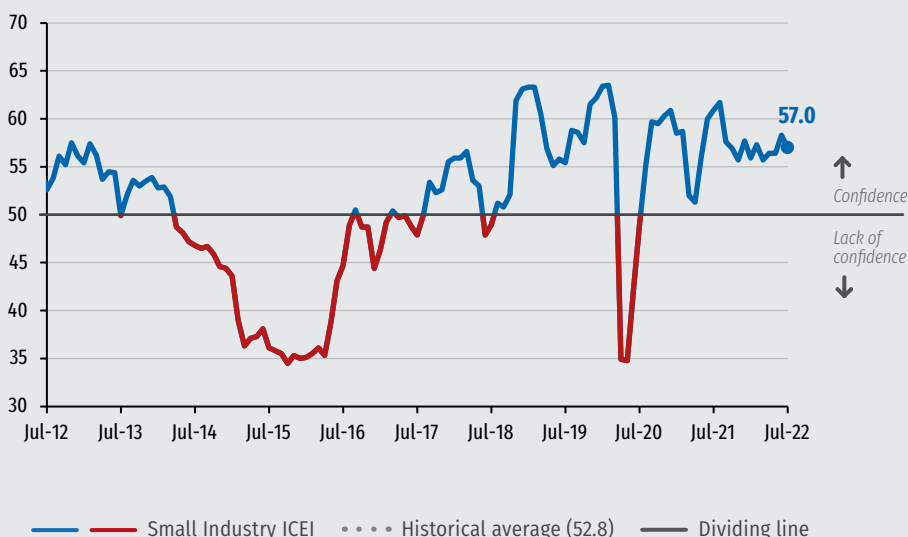
Since the beginning of the year, confidence keeps fluctuating above the historical average of 52.8 points, at around 57.0 points. Thus, the ICEI for small industry continues to show relatively high and widespread confidence.

Small industry ICEI
Index (0 to 100 points)*



Historic Series

Index (0 to 100 points)*



*Figures above 50 points show entrepreneur confidence. The more above 50 points, the greater and more widespread the confidence. Figures below 50 points show entrepreneur lack of confidence. The more below 50 points, the greater and more widespread the lack of confidence.

Outlook for small industry remains positive

The Small Industry Outlook Index, which assesses the entrepreneurs' perceptions for the coming months, dropped 0.9 points in July 2022, to 51.3 points.

The index figures for April, May, and June were 51.3 points, 50.9 points, and 52.2 points, respectively. The averages of the values for each quarter of 2022 showed similar results: 51.5 points for Q2 and 51.2 points for Q1, showing that the outlook index has fluctuated, but remains at a positive level.

Small Industry Outlook Index

Index (0 to 100 points)*



*The higher the index, the more positive is the outlook for the small business entrepreneur.



Technical specifications

The Small Industry Outlook (SIO) is a quarterly publication, generated from the results of CNI's Industrial Survey, Construction Industry Survey and Business Confidence Index (ICEI).

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Learn More

The research methodology and the historical series of the indices of Performance, Financial Conditions, Perspectives, the main problems and the ICEI of small industry are available at www.cni.com.br/e_ppi

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