

# INDUSTRIAL SURVEY

ECONOMIC INDICATORS **CNI**

**CNI**

Brazilian National Confederation of Industry  
THE FUTURE OF INDUSTRY

## Back to 2020, but with less optimism

In February 2021, the Brazilian industry is practically at the same activity level recorded in February 2020. Capacity Utilization, at 69%, is one percentage point above that recorded in February 2020 and, in the entrepreneurs' assessment, the activity is as slow as it was a year ago.

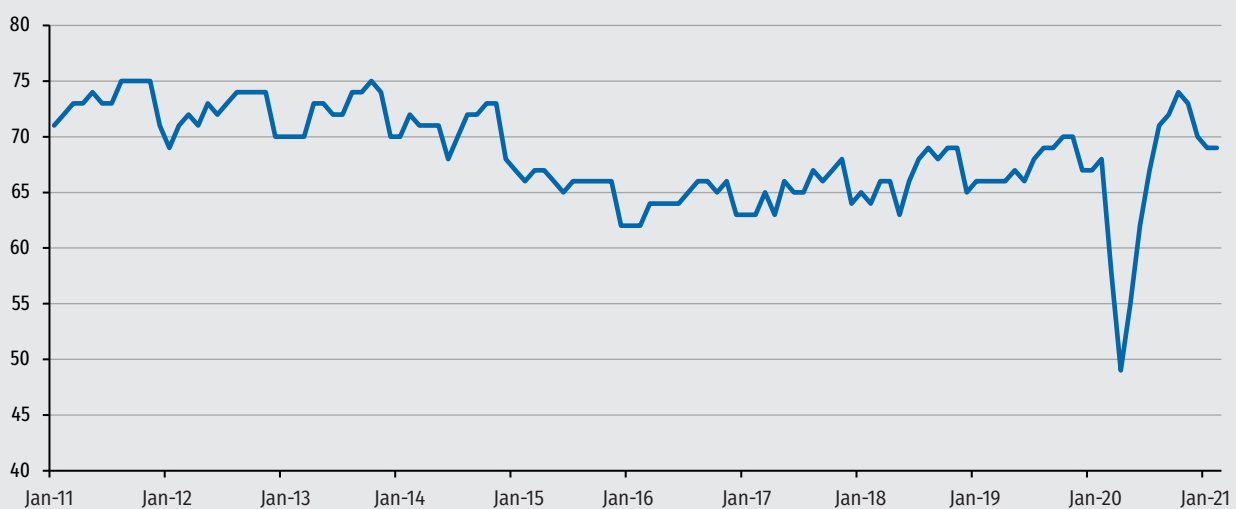
The growth pattern is also similar to that recorded in February 2020. As usual for the beginning of the year, production dropped, but employment continues a slight growth trend, reflecting a recovery scenario.

Nevertheless, at the beginning of this year, inventory levels are much lower than in 2020, a result of the crisis caused by the pandemic. Companies are still having difficulties to purchase inputs and raw materials and, consequently, to meet demand. The stocks of finished products have been lower than planned since May, month that marked the beginning of the recovery from the crisis caused by the pandemic.

A difference between 2020 and 2021 is also observed with regard to entrepreneur's expectations. At the beginning of last year, expectations were more positive. This year, although remaining optimistic, entrepreneurs have once again lowered their expectations. The increased uncertainty and risk of more restrictive social isolation measures reduced optimism in all variables surveyed.

### Capacity utilization

Percentage (%)



## INDUSTRY PERFORMANCE IN FEBRUARY

# Industrial activity is at a level similar to that recorded at the beginning of last year

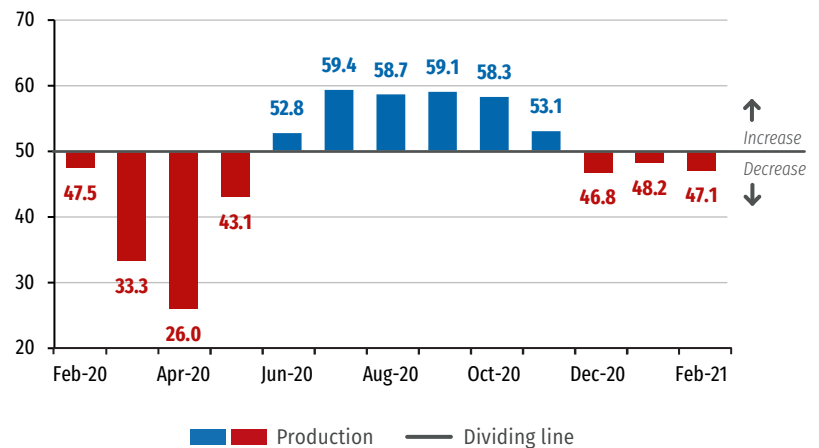
As usual for this period of the year, industrial production continued a downward trend in February. The index measuring this year's evolution stands at 47.1 points, that is, below the 50-point dividing line, showing a widespread downward trend among companies.

The index measuring the number of employees is close to, but above, the 50-point dividing line, at 50.8 points. February 2021 marks the eighth consecutive month that the index remains above the dividing line, showing that the trend of recovery in industrial employment continues, albeit gradual.

The evolution trend for the industrial activity in February 2021 is similar to that observed in February 2020. Both indices are very close to the levels recorded in that month, when the index measuring the evolution of production stood at 47.5 points and the index measuring the number of employees stood at 50.4 points.

### Evolution of production

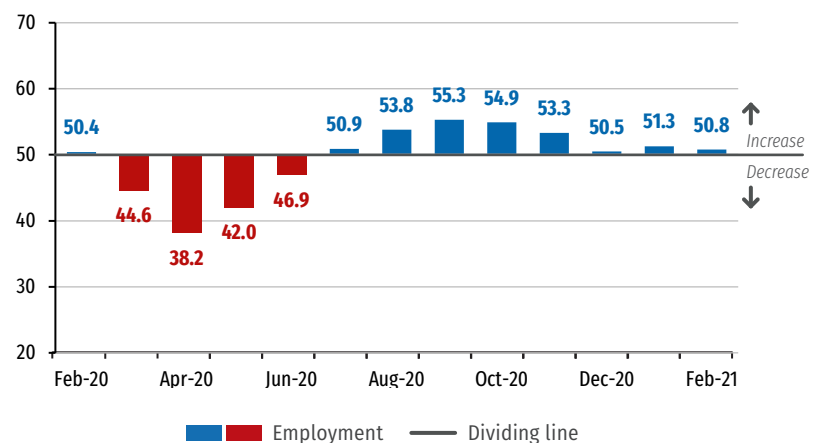
Diffusion index (0-100 points)\*



\*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 is close, but higher than 12 months ago

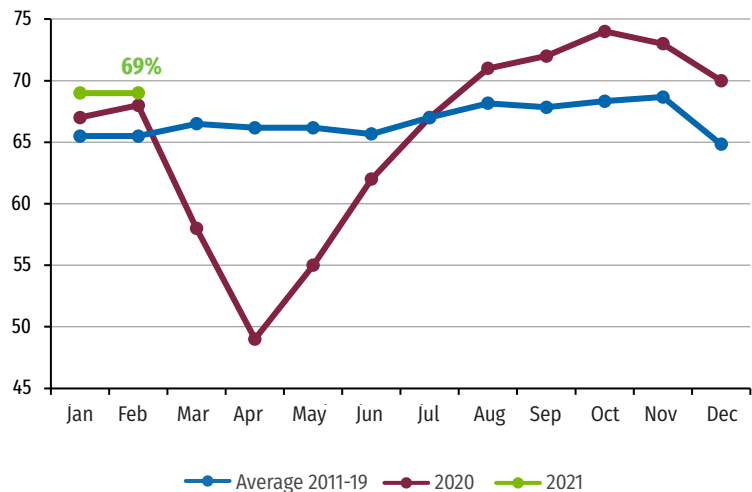
The average Capacity Utilization rate of the industry remained at 69% from January to February 2021. This is one percentage point above the level recorded in February 2020, the highest percentage for February since 2014. However, in the entrepreneurs' assessment, capacity utilization is below the usual level for the month. The index measuring actual-usual capacity utilization stood at 44.9 points, below the 50-point dividing line, which indicates that actual capacity utilization is below usual levels for the month.

Compared to January, the actual-usual capacity utilization index dropped by 1.8 points, already indicating that the actual

capacity utilization is below that expected. This assessment is similar to that recorded in February 2020, when the index stood at 44.6 points.

### Average capacity utilization

Percentage (%)



## Industry is having difficulties to rebuild their stocks

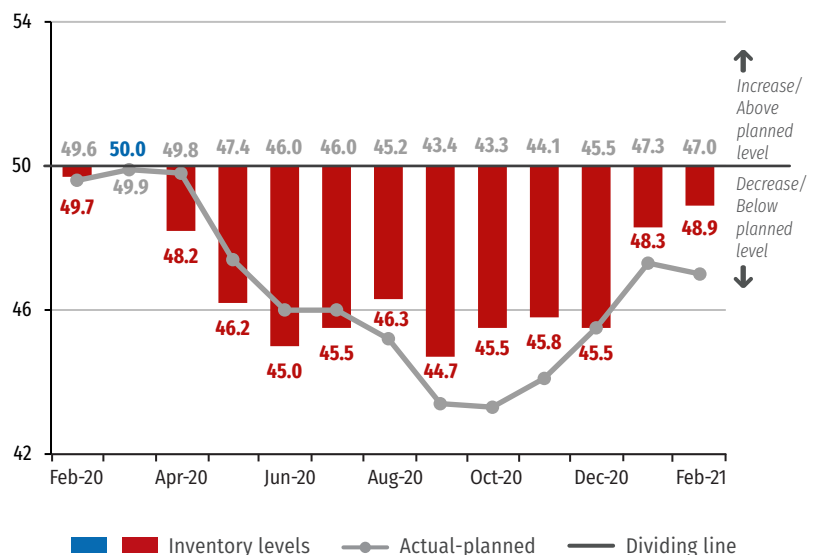
The trend of reduction in the stocks of finished products continues to slow down, but even in a period of lower demand the actual level remains below the planned level. The industry is not managing to reach planned inventory levels, probably reflecting the difficulties in purchasing inputs and raw materials.

The inventory level index continues to grow. Between January and February, it increased from 48.3 points to 48.9 points. However, as it remains below the 50-point dividing line, it indicates that the trend continues to be towards a drop in inventories.

The actual-planned inventory level index, despite a 0.3 point drop in relation to January, is closer to the 50-point dividing line than in the period from June to December. However, the improvement is probably due to the fact that the stock level currently planned is less than that planned in the period from July to November.

### 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 MARCH 2021

### Entrepreneurs are less optimistic in March

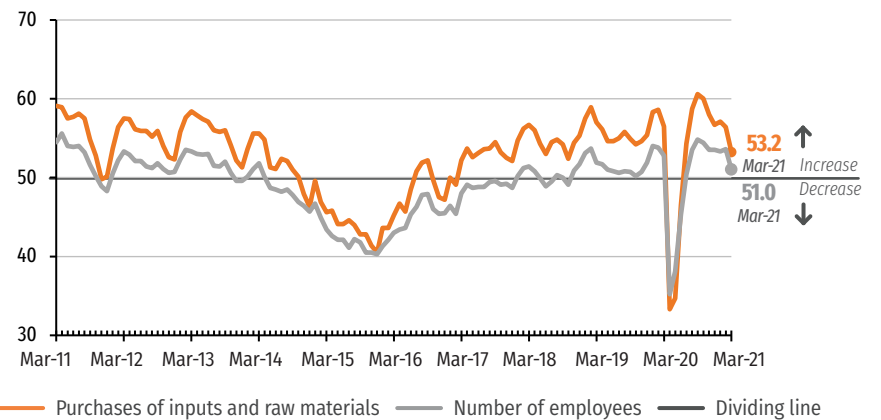
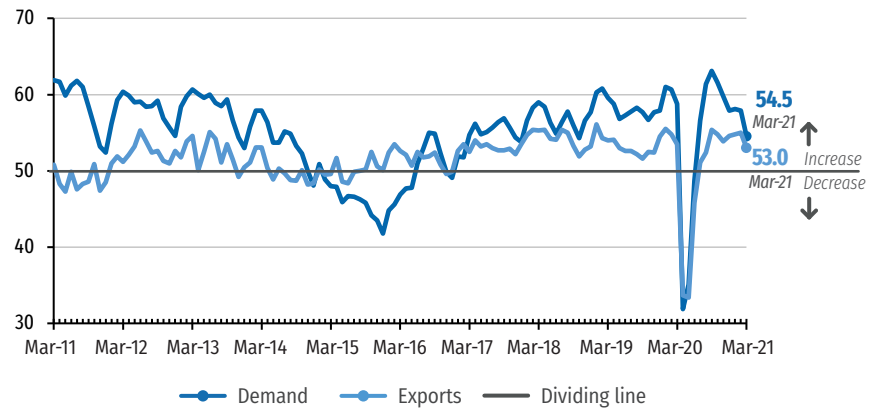
In January and February 2021, as well as in the entire first quarter of 2020, entrepreneurs' expectations were more positive than in March 2021. The increased uncertainty and risk of more restrictive social isolation measures reduced entrepreneurs' optimism with all variables surveyed.

The index measuring the expected demand for the next six months dropped from 57.9 points in February to 54.5 points in March. When compared to March 2020, the index dropped by 4.3 points.

A similar trend was observed regarding expected purchases of raw materials, number of employees and exports. Even though the indices remain above the 50-point dividing line, there is a clear trend of drop in optimism during the first three months of the year.

#### 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.

### Intentions to invest follow drop in optimism

With the drop in optimism and the increased uncertainty, companies also have less intention to invest. The index dropped from 58.3 points in February to 55.8 points in March.

The 2.5 point drop in the monthly comparison is identical to that recorded in relation to March 2020. This drop shows that entrepreneurs are less optimistic this year than in the same period last year, which was just before the beginning of the crisis caused by the COVID-19 pandemic.

#### 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		
	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21
Total	47.5	48.2	47.1	50.4	51.3	50.8	68	69	69	44.6	46.7	44.9	49.7	48.3	48.9	49.6	47.3	47.0
<b>BY INDUSTRIAL ACTIVITY</b>																		
Mining and quarrying	46.3	52.4	49.2	53.8	50.8	50.9	69	74	74	46.0	48.6	45.9	45.9	48.6	54.7	49.7	53.1	52.5
Manufacturing	47.6	48.0	47.0	50.3	51.3	50.8	68	69	68	44.6	46.6	44.9	49.8	48.3	48.8	49.6	47.1	46.9
<b>BY COMPANY SIZE</b>																		
Small <sup>1</sup>	43.2	43.6	43.2	48.5	48.5	47.8	59	61	61	41.3	42.4	41.3	47.2	45.2	46.4	46.4	43.7	43.3
Medium <sup>2</sup>	45.2	47.6	46.6	49.5	51.2	50.5	66	68	68	42.3	45.7	44.3	48.8	47.2	47.5	48.7	46	45.6
Large <sup>3</sup>	50.9	50.7	49.3	51.9	52.8	52.5	73	73	73	47.4	49.3	47.1	51.4	50.4	50.9	51.7	49.8	49.6

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*		
	Mar-20	Feb-21	Mar-21	Mar-20	Feb-21	Mar-21	Mar-20	Feb-21	Mar-21	Mar-20	Feb-21	Mar-21	Mar-20	Feb-21	Mar-21
Total	58.8	57.9	54.5	53.5	55.0	53.0	56.5	56.4	53.2	52.8	53.6	51.0	58.3	58.3	55.8
<b>BY INDUSTRIAL ACTIVITY</b>															
Mining and quarrying	58.3	61.0	61.6	52.2	61.7	58.3	55.6	56.9	58.1	54.2	53.2	51.7	59.4	63.1	63.7
Manufacturing	58.8	57.7	54.3	53.5	54.9	52.8	56.6	56.4	53.0	52.8	53.7	50.8	58.2	58.2	55.4
<b>BY COMPANY SIZE</b>															
Small <sup>1</sup>	57.5	57.1	52.0	49.8	53.3	50.7	55.1	55.1	50.3	51.8	52.7	49.7	46.2	46	42.5
Medium <sup>2</sup>	58.4	57.8	54.9	56.1	55.4	52.9	55.8	56.3	53.2	52.4	54.1	51.5	55.4	56.3	52.5
Large <sup>3</sup>	59.7	58.3	55.6	54.0	55.6	54.2	57.6	57.1	54.7	53.5	53.8	51.3	65.8	65.5	64.1

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.

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### Technical specifications

#### Sample profile

1,735 enterprises, including 704 small, 611 medium and 420 large companies.

#### Data collection period

March 1-10, 2021.

Document closed by March 17, 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\\_sondindustrial](http://www.cni.com.br/e_sondindustrial)

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