

CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**



Construction activity continues to fall, but expectations improved

The increased confidence and the overall improvement in expectations for the coming months show that construction entrepreneurs are optimistic. However, activity and employment levels dropped for the fifth consecutive month.

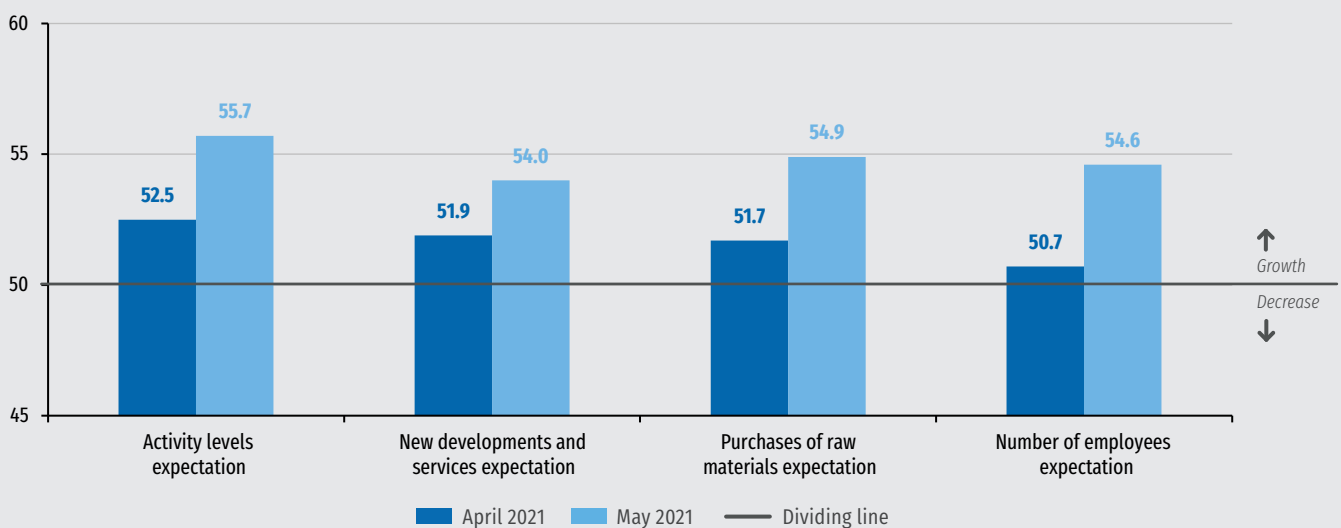
Since December 2020, the index measuring the sector’s activity has remained below the 50-point dividing

line, indicating successive drops. A new drop was recorded in April, although more moderate than the one recorded in March.

On the other hand, the construction business confidence index grew 5.0 points in relation to April, driven by a less negative assessment of current conditions and the spread of optimistic expectations. The overall improvement in expectations in May shows optimism for the next six months. Moreover, the index measuring the intention to invest stopped the downward trend recorded since the beginning of the year.

Expectations for the next six months

Percentage (%)



*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.

PERFORMANCE OF THE CONSTRUCTION INDUSTRY IN APRIL 2021

Activity and employment levels dropped again

In April, the activity and employment levels once again stood below the 50-point dividing line, thus indicating a decline in relation to March. Since the beginning of 2021, only indices below the dividing line have been recorded, reinforcing the difficulty in the resumption of activities.

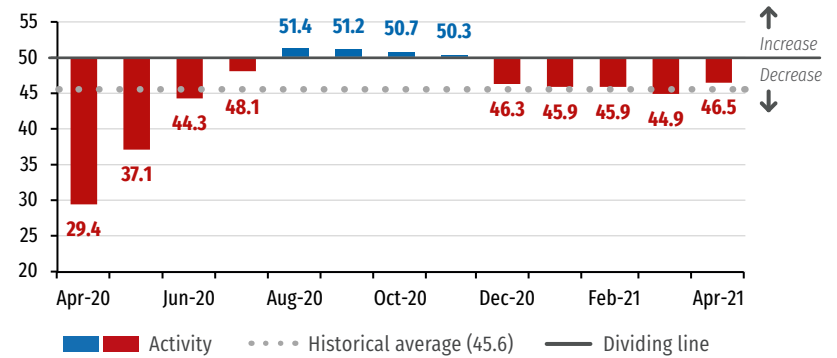
However, the drop was more moderate than that recorded in March for both indices (activity levels and employment), which returned to a level above their respective historical averages.

The index measuring activity levels stood at 46.5 points in April 2021, indicating a decline in activity in April in relation to March. This is the closest level to the 50-point dividing line since December 2020. The index is 1.0 point above its historical average (45.5) and 1.6 points above the level recorded in March (44.9).

Similarly, the index measuring the number of employees stood at 46.1 points in April 2021, indicating a drop in employment in relation to March. As with the activity level, employment had not shown any increase in 2021. Nevertheless, it is 2.0

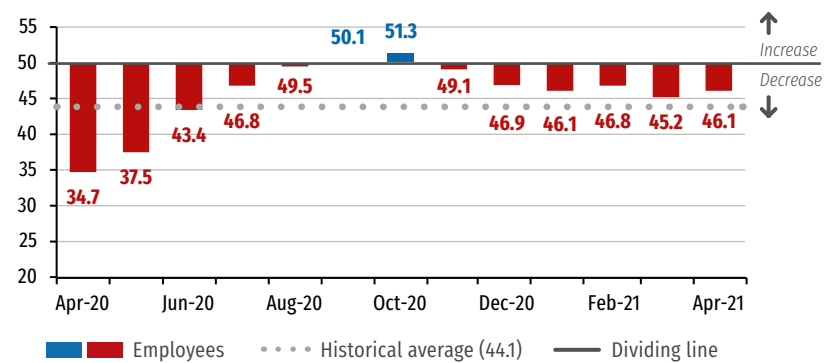
Evolution of activity levels

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. Figures below 50 points indicate a decline in activity and employment levels. The further away from 50 points, the greater and more widespread the change.

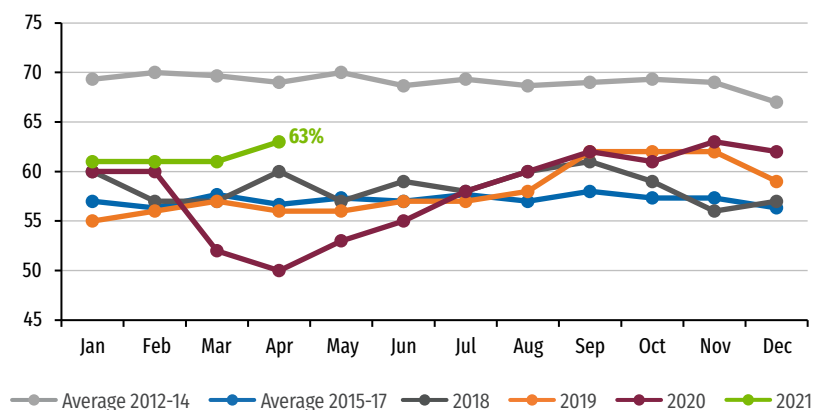
points above its historical average of 44.1 points. Employment grew 0.9 points in April in relation to March.

Operating capacity utilization stood at a high level

Operating Capacity Utilization increased by two percentage points in April in relation to March, reaching 63%. This level is also two points above its historical average (61%) and 13 percentage points above the figure recorded in April 2020 (50%), the month in which the index was most affected by the pandemic. This is the highest operating capacity utilization for the month of April since 2014.

Average operating capacity utilization

Percentage (%)



CONSTRUCTION BUSINESS CONFIDENCE INDEX IN MAY 2021

Business confidence increased significantly in May

The Construction Business Confidence Index (ICEI-Construction) grew 5.0 points from April to May 2021, hitting 56.0 points. The index is 18.4 points above that recorded in May 2020 (37.6 points) and 2.4 points above its historical average of 53.6 points.

Its components combine a less negative assessment of current conditions and a spread of optimistic expectations.

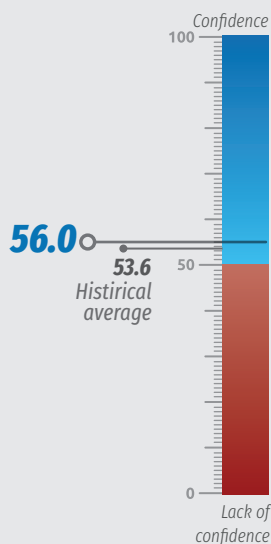
The Current Conditions Index, which stood at 41.3 in April, increased by 5.8 points, hitting 47.1 points in May. As for the assessment of business conditions, the index is 5.7 points closer to the 50-point dividing line, reaching 49.1 points, which

shows that entrepreneurs still have a negative perception of the conditions of their companies, albeit at a more moderate level than in the last two months.

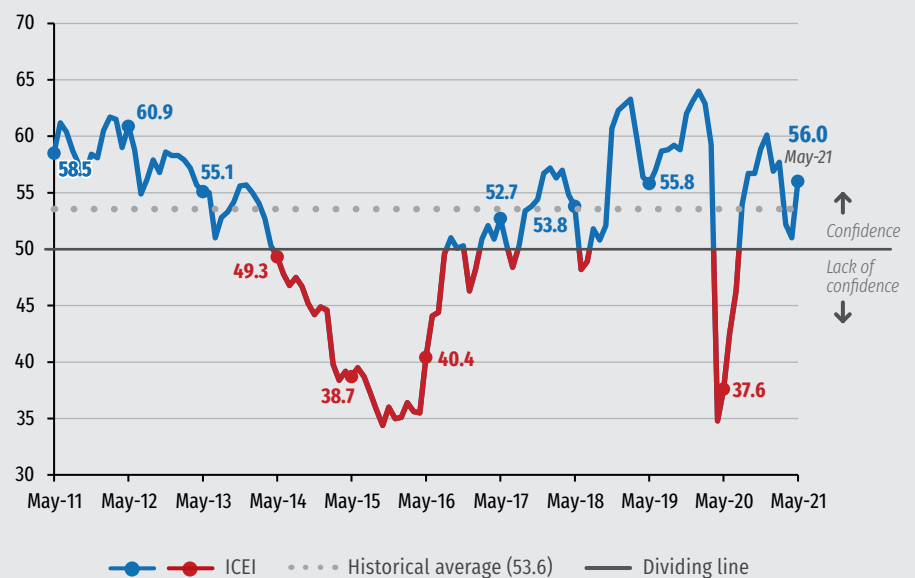
Regarding the assessment of the current conditions of the Brazilian economy, despite the increase of 6.0 points in relation to April, the index is still far from the 50-point dividing line, at 43.1 points. The index shows that the negative perception of the Brazilian economy is still widespread among construction entrepreneurs.

The Expectations Index rose 4.7 points in relation to April, reaching 60.5 points. Expectations about the company and the Brazilian economy showed greater optimism. Expectations about the company reached 62.7 points in May, an increase of 5.0 points in relation to April. The index measuring the expectations about the Brazilian economy increased 3.9 points in May, to 55.9 points, showing a consolidated optimism about the Brazilian economy.

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.

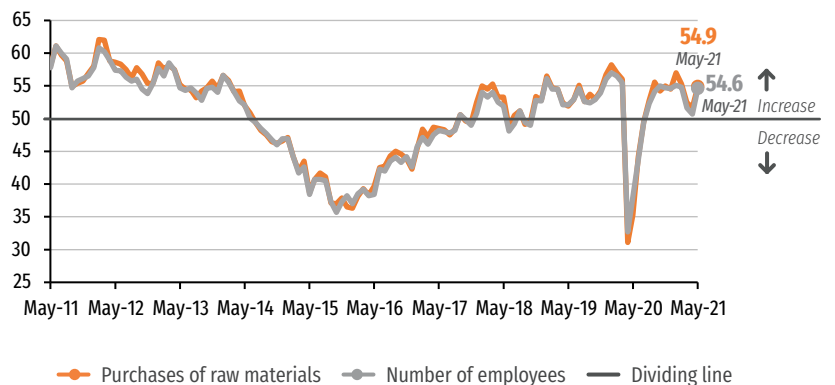
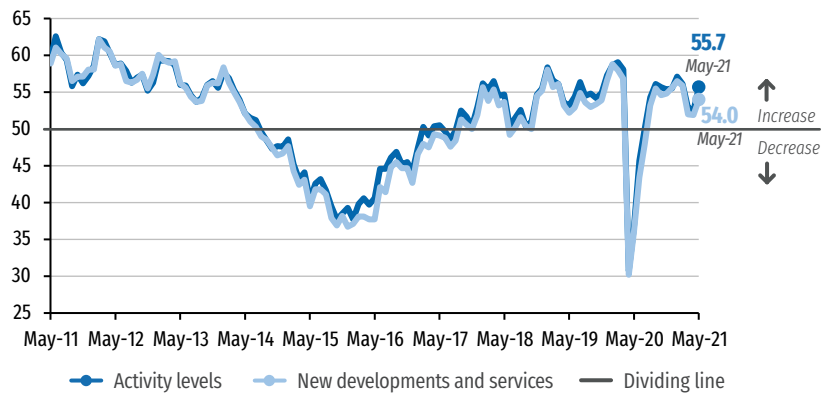
INDUSTRY EXPECTATIONS IN MAY 2021

Expectations improved in May

Expectations improved overall in May, showing optimism for the next six months. All expectation indices remained above the 50-point dividing line and improved in relation to March and April, showing positive expectations for the activity level, new developments, purchase of inputs and raw materials, and employment in the coming months.

Expectation indices

Indices (0-100 points)*



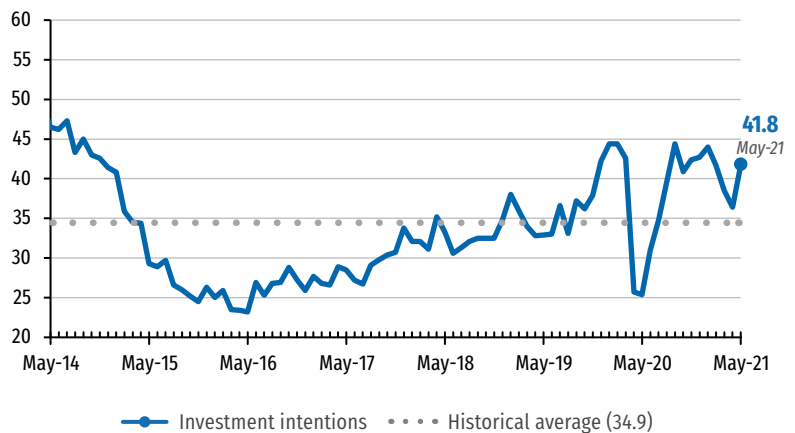
* Figures above 50 points indicate an expected growth. Figures below 50 points indicate an expected decline. The further away from 50 points, the greater and more widespread the expected change.

Intentions to invest stops falling

The index measuring the construction industry's intention to invest stopped in May the downward trend recorded since the beginning of the year. After increasing 5.4 points in relation to April, the index stands at 41.8 points. It should be noted that the index did not exceed the level recorded in January 2021, when it reached 44.0 points, but widened its distance from the historical average of 34.9 points.

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 ⁴		
	Apr-20	Mar-21	Apr-21	Apr-20	Mar-21	Apr-21	Apr-20	Mar-21	Apr-21	Apr-20	Mar-21	Apr-21
CONSTRUCTION	50	61	63	29.4	44.9	46.5	24.1	37.9	39.6	34.7	45.2	46.1
SMALL	48	57	56	26.5	44.0	42.8	21.7	39.1	35.0	35.5	45.5	45.5
MEDIUM	47	59	61	27.2	44.3	46.6	21.5	37.5	39.9	33.2	44.8	45.6
LARGE	52	63	66	31.7	45.6	47.8	26.4	37.6	41.2	35.3	45.4	46.7

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					
	May-20	Apr-21	May-21	May-20	Apr-21	May-21	May-20	Apr-21	May-21	May-20	Apr-21	May-21	May-20	Apr-21	May-21
CONSTRUCTION	36.6	52.5	55.7	36.0	51.9	54.0	35.3	51.7	54.9	38.0	50.7	54.6	25.4	36.4	41.8
SMALL	35.8	52.6	56.4	35.8	51.1	52.9	34.5	51.6	53.8	40.3	51.3	51.9	25.5	35.6	40.4
MEDIUM	36.2	53.8	54.7	33.5	52.5	55.3	34.5	53.4	54.1	36.3	52.0	54.6	23.7	36.6	40.4
LARGE	37.2	51.8	56.0	37.5	51.8	53.6	36.1	50.8	55.8	38.1	49.7	55.5	26.4	36.6	43.1

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

	ICEI - CONSTRUCTION ⁶			CURRENT CONDITIONS ⁷			EXPECTATIONS ⁸		
	May-20	Apr-21	May-21	May-20	Apr-21	May-21	May-20	Apr-21	May-21
CONSTRUCTION	37.6	51.0	56.0	27.7	41.3	47.1	42.6	55.8	60.5
SMALL	38.1	49.1	53.7	27.1	39.4	44.4	43.6	53.9	58.3
MEDIUM	36.7	52.4	58.0	26.1	44.3	48.7	42.0	56.4	62.6
LARGE	38.0	50.9	55.8	28.9	40.3	47.1	42.6	56.2	60.1

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 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

434 enterprises, including 157 small, 186 medium and 91 large companies.

Data collection period

May, 3-12, 2021.

Document closed by May 21, 2021.

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