

INDUSTRIAL INDICATORS

ECONOMIC INDICATORS **CNI**

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Brazilian National Confederation of Industry
THE FUTURE OF INDUSTRY

Industrial sales surpass pre-pandemic period






Industrial activity continued to grow in August as real sales surpassed the levels seen at the beginning of the year, that is, before the pandemic broke out. Industrial jobs are up again while capacity utilization is almost back to pre-pandemic levels.

Seasonally adjusted real sales increased by 2.3% in August and is up by 37.8% from April, the month in which the effects of the pandemic on industry were felt most strongly. Hours worked rose by 2.9% in the seasonally adjusted series. While the indicator is yet to return to pre-pandemic levels, it is up by 25.1% from April.

Industrial employment deserves special mention, as it posted its first monthly growth in 2020 (1.9%). With this performance, seasonally adjusted employment is already close to pre-crisis levels. In August, capacity utilization reached 78.1% and is virtually at the same level as it was before the crisis.


Total payroll and average earnings have been recovering more slowly due to the agreements in place to suspend work contracts or reduce working hours with wage cuts. Nevertheless, the increase registered in August in both indicators more than offset July's decline.

Industrial Indicators - August 2020

		PERCENTAGE CHANGE		
		AUG20/JUL20 Seasonally adjusted	AUG20/ AUG19	JAN-AUG20/ JAN-AUG19
	Real sales¹	2.3	3.6	-3.9
	Hours worked in production	2.9	-3.3	-8.2
	Employment	1.9	-2.9	-2.7
	Real total payroll²	4.5	-5.0	-6.1
	Real average earnings²	2.8	-2.2	-3.6

¹ Deflator: IPA/OG-FGV

² Deflator: INPC-IBGE

		AVERAGE PERCENTAGE			CHANGE IN PERCENTAGE POINTS
		AUG20	JUL20	AUG19	
	Capacity Utilization	Seasonally adjusted			2.1 p.p. Aug20/Jul20
		78.1	76.0	77.5	
		Original			0.6 p.p. Aug20/Aug19
		79.3	76.4	78.7	

Sales surpass pre-pandemic levels

Real sales in manufacturing industry edged up by 2.3% in August on a seasonally adjusted month-over-month basis. With this increase, the indicator surpassed the levels observed early in the year, that is, before the COVID-19 pandemic hit industrial activity. Compared with August 2019, real sales are up by 3.6%. Nevertheless, due to the strong decline registered in March and April, the year-to-date figure (January-August) is down by 3.9% from the same period a year ago.

Real sales

Seasonally adjusted (fixed-base index: 2006 average = 100)



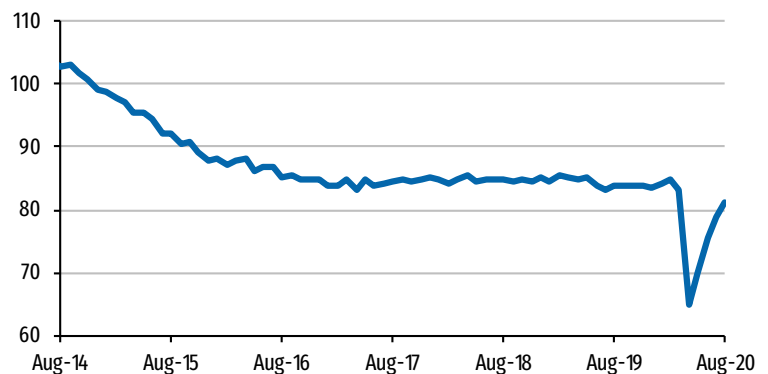
Deflator: IPA/OG-FGV

Hours worked in production continue to rebound

Hours worked in production experienced a 2.9% increase in August on a seasonally adjusted month-on-month basis. This marked the fourth consecutive monthly growth in the indicator, which is up by 25.1% from April. Yet, the indicator has not offset the loss registered in March and April. Compared with August 2019, hours worked in production are down by 3.3%, while the year-to-date figure is down by 8.2% from the corresponding period a year ago.

Hours worked in production

Seasonally adjusted (fixed-base index: 2006 average = 100)

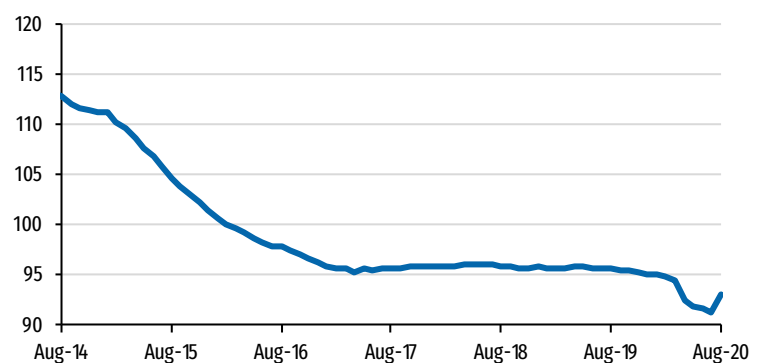


Industrial employment increases

Manufacturing jobs posted growth of 1.9% in August on a seasonally adjusted month-over-month basis, which marked the first increase in the indicator in 2020. Compared with August 2019, the indicator is down by 2.9%, while the year-to-date figure (January-August) shows a 2.7% decline from the same period in 2019.

Employment

Seasonally adjusted (fixed-base index: 2006 average = 100)

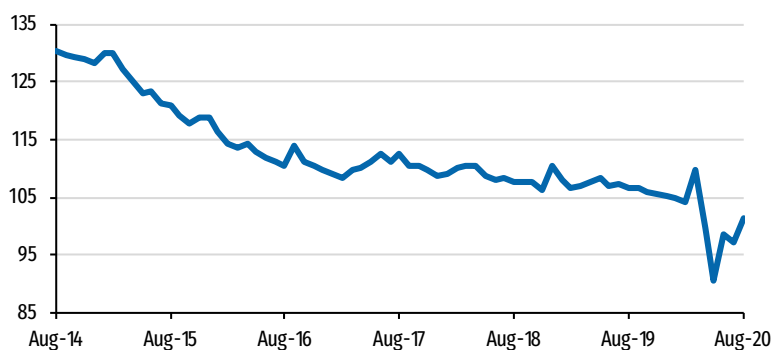


Total payroll resumes growth

Seasonally adjusted total payroll recorded growth of 4.5% in August on a month-over-month basis. The increase more than offset last month's decline, but the indicator is still far from pre-pandemic levels. Some companies are still using agreements to suspend work contracts or reduce working hours with wage cuts. Compared to August 2019, real total payroll in manufacturing is down by 5.0%.

Real total payroll

Seasonally adjusted (Fixed-base index: 2006 average = 100)



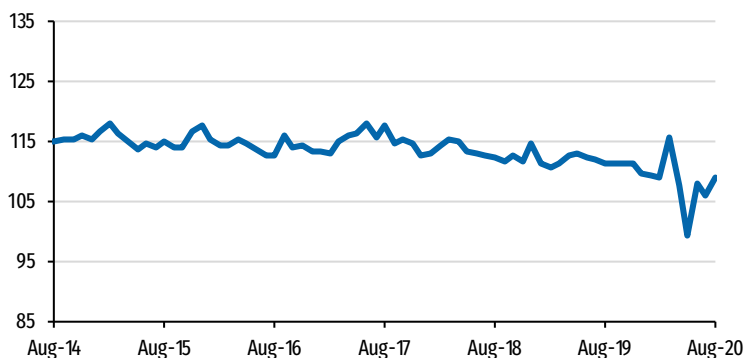
Deflator: INPC-IBGE

Average earnings also grow again

In keeping with the trend in total payroll, real average earnings paid to workers posted month-over-month growth of 2.8% in August in the seasonally adjusted series. Average earnings are also affected by the agreements in place to reduce working hours or suspend work contracts and are far from pre-pandemic levels. Compared with August 2019, the indicator is down by 2.2%.

Real average earnings

Seasonally adjusted (Fixed-base index: 2006 average = 100)



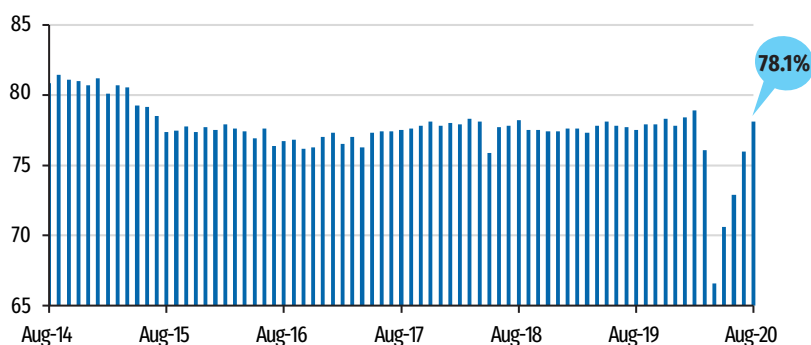
Deflator: INPC-IBGE

Capacity utilization returns to pre-pandemic levels

Seasonally adjusted capacity utilization in manufacturing hit the mark of 78.1% and is down by 0.8 percentage points from the figure registered in February this year. It is worth mentioning that the reading is 0.6 percentage points above the one registered in August 2019.

Capacity utilization (UCI)

Seasonally adjusted (Average percentage)



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

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