

# CONSTRUCTION INDUSTRY SURVEY

ECONOMIC INDICATORS **CNI**

**CBIC**

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Brazilian National Confederation of Industry  
THE FUTURE OF INDUSTRY

## Construction industry remains in a slowdown and not confident

The results of the Construction Industry Survey show that the sector continues to suffer the harmful effects of the new coronavirus pandemic in April, even though they also suggest that the sharpest drop was the one recorded in March.

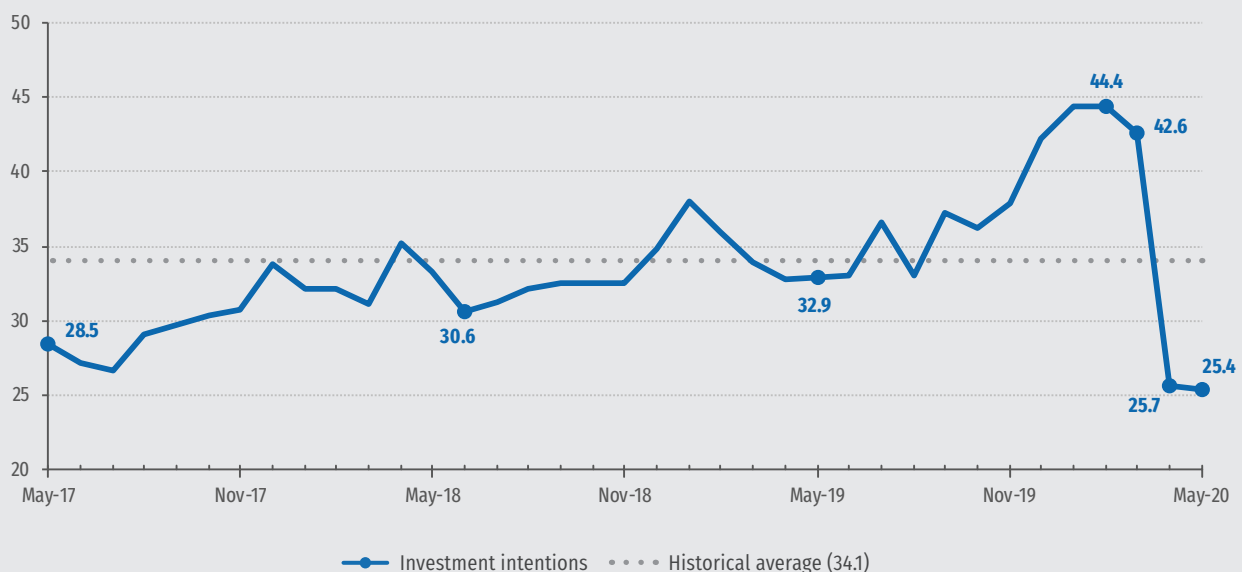
The indices measuring activity levels and number of employees remain well

below the 50-point line, indicating that both are on a downturn compared to the previous month. Consequently, idleness is high: the operational capacity utilization indicator declined to its lowest figure in the historical series.

Lack of confidence is a consolidated fact among entrepreneurs, who are unwilling to invest in the face of low growth expectations for the next 6 months.

### Investment intentions

Index (0-100 points)\*



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

## PERFORMANCE OF CONSTRUCTION INDUSTRY IN APRIL 2020

### Activity and employment remain on a sharp downturn

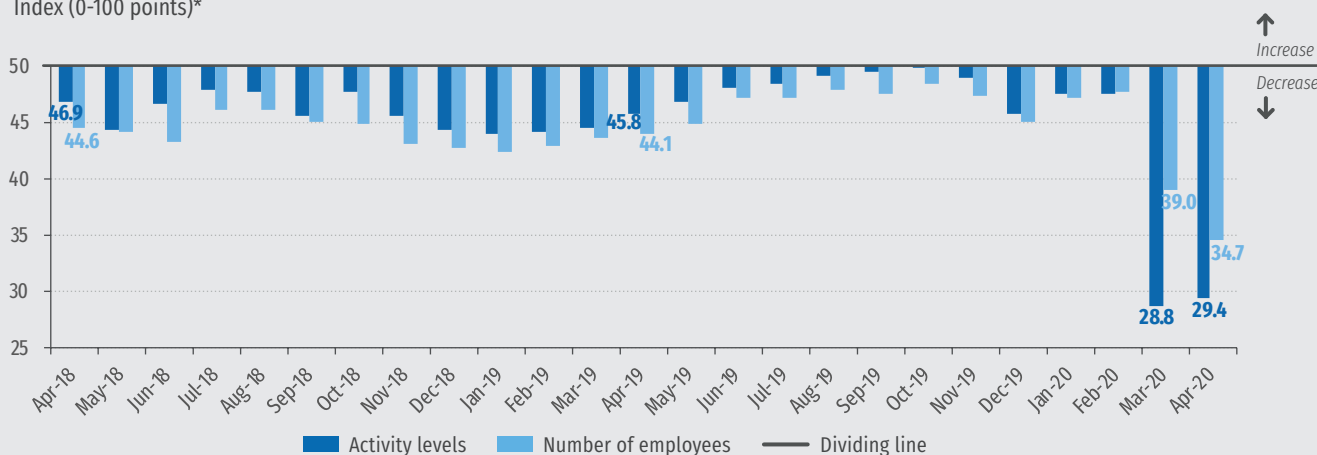
Activity levels and number of employees in the construction industry continued to decline in April, reflecting the effects of the pandemic. The indices remain at a level well below the 50-point dividing line, reflecting a sharp and widespread decline as compared to the previous month.

The indicator of expected activity level hit the mark of 29.4 points, the second lowest figure in the historical series, second only to the figure recorded in March.

The index measuring expected number of employees decreased to 24.1 points, the third lowest figure in the series and only lower than those seen in December 2015 and January 2016.

#### Activity and employment index

Index (0-100 points)\*



\*Figures below 50 points indicate a decline in activity and employment levels. Figures above 50 points indicate an increase in activity and employment levels. The further away from 50 points, larger and widespread the variation is.

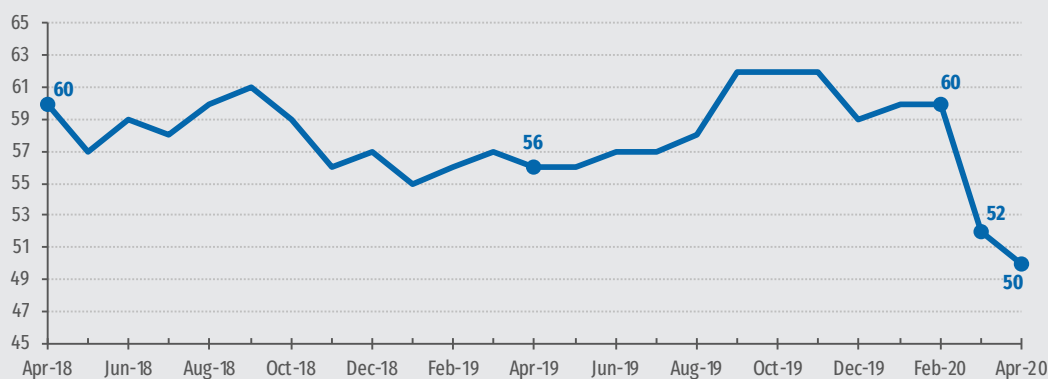
### Index measuring operational capacity utilization recorded is the lowest percentage figure

Operational capacity utilization reflects the effects of the slowdown in economic activity that Brazil has been experiencing since social isolation measures were adopted.

Operational capacity utilization decreased by 2 percentage points (p.p.) compared to March and hit the mark of 50% in April, the lowest figure in the historical series that started in January 2012. Idleness is likely to continue for as long as social isolation measures last.

#### Operating capacity utilization by company size

Percentage (%)



## CONSTRUCTION BUSINESS CONFIDENCE INDEX IN MAY 2020

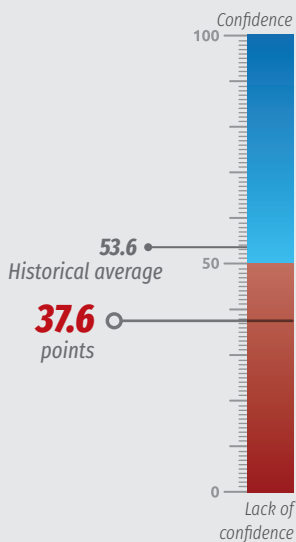
### Confidence among construction entrepreneurs remains low

Confidence among entrepreneurs of the construction industry rose in relation to April, but it remains very far from the dividing line, indicating lack of confidence among them.

The Construction Business Confidence Index (ICEI-Construction) recorded 37.6 points in May, after increasing by 2.8 points in relation to April. However, it remains 12.4 points below the dividing line.

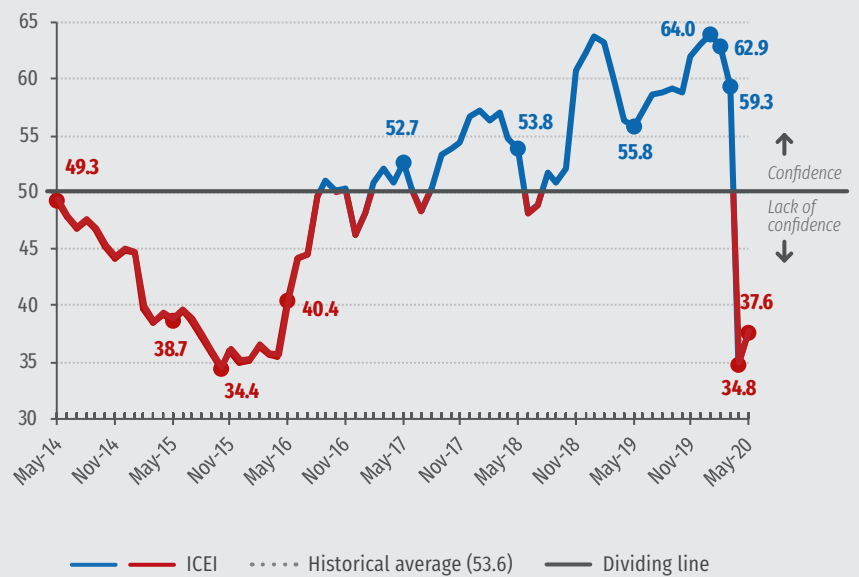
The components of the ICEI-Construction index show that despite this reduced pessimism regarding the next six months, current conditions are being assessed more negatively. While the Expectations Index increased by 7 points, the Current Conditions Index fell by 5.6 points.

#### ICEI Construction Index (0-100 points)\*



#### Historical series

Index (0-100 points)\*



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



## BUSINESS EXPECTATIONS IN MAY 2020

### Expectations are pessimistic

Expectations indices have improved in May, but they continue to suggest widespread pessimism among entrepreneurs of the construction industry.

The improvements observed in the indicators suggest that expectations were reassessed after the initial shock of the pandemic of the new coronavirus. Pessimism in relation to the coming months continues to be observed and in a widespread manner, but less so than in April.

The index measuring expected activity level increased by 5.9 points compared to April, remaining at 36.6 points in May. The index measuring new developments and services rose to 36 points, after increasing by 5.9 points on the same basis of comparison.

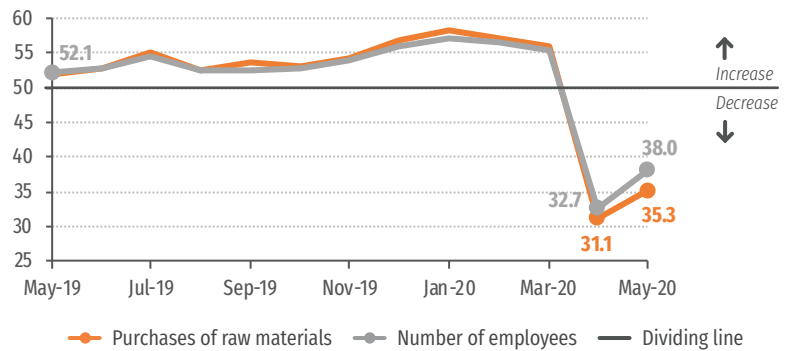
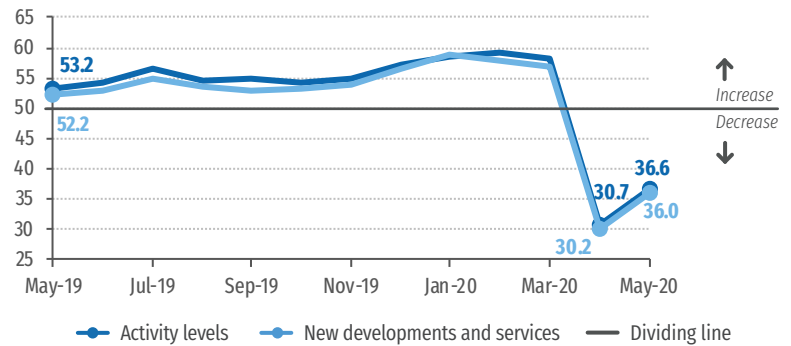
The indicators of expected purchases of inputs and raw materials and expected number of employees rose by 4.2 points and 5.3 points, to 35.3 points and 38 points, respectively.

### Investment intentions at their lowest level since 2016

The index measuring investment intentions of entrepreneurs of the construction industry remains low after declining sharply in April, reflecting high uncertainty and reduced business confidence.

#### Expectation indices

Index (0-100 points)\*



\* Figures above 50 points indicate growth expectations. Figures below 50 points indicate shrinking expectations. The further away from 50 points, larger and widespread the expectations are.

The index measuring investment intentions (purchases of machinery and equipment, research and development, product or process innovation) remained virtually at the same level from April to May 2020, declining from 25.7 to 25.4 points. This is the lowest figure recorded since July 2016, when it dropped to 25.3 points, during the previous crisis.

## RESULTS BY COMPANY SIZE

### Construction industry performance

	OPERATING CAPACITY UTILIZATION (%) <sup>1</sup>			ACTIVITY LEVEL INDEX <sup>2</sup>			ACTUAL-USUAL ACTIVITY LEVEL INDEX <sup>3</sup>			NUMBER OF EMPLOYEES INDEX <sup>2</sup>		
	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20	Apr-19	Mar-20	Apr-20
<b>CONSTRUCTION</b>	<b>56.0</b>	<b>52.0</b>	<b>50.0</b>	<b>45.8</b>	<b>28.8</b>	<b>29.4</b>	<b>35.4</b>	<b>25.5</b>	<b>24.1</b>	<b>44.1</b>	<b>39.0</b>	<b>34.7</b>
SMALL	53.0	44.0	<b>48.0</b>	44.0	25.9	<b>26.5</b>	36.8	22.6	<b>21.7</b>	42.6	38.6	<b>35.5</b>
MEDIUM	55.0	49.0	<b>47.0</b>	45.1	25.6	<b>27.2</b>	33.9	22.2	<b>21.5</b>	43.2	37.6	<b>33.2</b>
LARGE	57.0	56.0	<b>52.0</b>	46.9	31.6	<b>31.7</b>	35.7	28.4	<b>26.4</b>	45.1	39.9	<b>35.3</b>

### Expectations of construction industry

	EXPECTATIONS INDEXES <sup>4</sup>												INVESTMENT INTENTIONS INDEX <sup>5</sup>		
	ACTIVITY LEVEL			NEW DEVELOPMENTS AND SERVICES			PURCHASES OF INPUTS AND RAW MATERIALS			NUMBER OF EMPLOYEES					
	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20
<b>CONSTRUCTION</b>	<b>53.2</b>	<b>30.7</b>	<b>36.6</b>	<b>52.2</b>	<b>30.2</b>	<b>36.0</b>	<b>51.9</b>	<b>31.1</b>	<b>35.3</b>	<b>52.1</b>	<b>32.7</b>	<b>38.0</b>	<b>32.9</b>	<b>25.7</b>	<b>25.4</b>
SMALL	53.1	29.4	<b>35.8</b>	52.1	28.7	<b>35.8</b>	50.7	28.6	<b>34.5</b>	52.5	30.4	<b>40.3</b>	33.5	23.0	<b>25.5</b>
MEDIUM	51.0	29.9	<b>36.2</b>	49.1	30.0	<b>33.5</b>	48.6	30.1	<b>34.5</b>	48.8	32.7	<b>36.3</b>	28.3	23.0	<b>23.7</b>
LARGE	54.5	31.7	<b>37.2</b>	54.0	30.9	<b>37.5</b>	54.3	32.6	<b>36.1</b>	53.8	33.5	<b>38.1</b>	35.3	28.2	<b>26.4</b>

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

	ICEI - CONSTRUCTION <sup>6</sup>			CURRENT CONDITIONS <sup>7</sup>			EXPECTATIONS <sup>8</sup>		
	May-19	Apr-20	May-20	May-19	Apr-20	May-20	May-19	Apr-20	May-20
<b>CONSTRUCTION</b>	<b>55.8</b>	<b>34.8</b>	<b>37.6</b>	<b>45.0</b>	<b>33.3</b>	<b>27.7</b>	<b>61.2</b>	<b>35.6</b>	<b>42.6</b>
SMALL	54.1	34.6	<b>38.1</b>	45.1	31.4	<b>27.1</b>	58.6	36.2	<b>43.6</b>
MEDIUM	54.4	33.4	<b>36.7</b>	44.0	30.5	<b>26.1</b>	59.6	34.8	<b>42.0</b>
LARGE	57.3	35.8	<b>38.0</b>	45.6	35.5	<b>28.9</b>	63.1	35.9	<b>42.6</b>

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

420 enterprises, including 150 small, 180 medium and 90 large companies.

##### Data collection period

May, 4-13, 2020.

Document closed by May 21, 2020.



#### Learn more

For more information on the survey, including sectoral results, previous editions, methodology and historical series, visit:

[www.cni.com.br/e\\_sondconstr](http://www.cni.com.br/e_sondconstr)

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