Business confidence declines to unprecedented levels

The Business Confidence Index (ICEI) dropped by 25.8 between March and April, hitting the mark of 34.5 points, the lowest figure in its historical series.

Until now, the sharpest drop recorded in a single month had been one of 5.8 points in June 2018, in the wake of a truck drivers’ strike. It is worth noting that the decline in the index in April followed a drop of 4.4 points in March and of 0.6 points in February. Between January and April, the ICEI retreated by 30.8 points.

This drop in confidence reflects the current scenario of a sharp decline in economic activity and high uncertainties due to the Covid-19 pandemic.

Difficulties are being faced in the flow of inputs, goods and workers, and the resulting “disappearance of consumers” was followed by a sharp drop in revenues. Routine expenses continue and, in this time of need, the availability of credit has declined significantly, and its cost has risen sharply.

The fall in business confidence will contribute to stalling investments, that is, to deepening the economic crisis.

*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.*
ICEI components

So far, the decline in confidence is more related to uncertainties and negative expectations than to the economic slowdown. The Current Conditions Index dropped by 20.2 points to 34.1 points, while the Expectations Index fell by 28.6 points to 34.7 points.

ICEI by geographic region

The fall in confidence is widespread among Brazil’s geographic regions, but it is being felt more strongly by entrepreneurs in the South region, whose index fell by 34.6 points altogether between January and April. In the North region was recorded the lowest drop on the same basis of comparison, although still sharp, a 26.8 points decline.
ICEI by industrial sectors

Lack of confidence is widespread among industrial sectors. Confidence indicator is lower among entrepreneurs in the Manufacturing (34.3 points) and Construction (34.8 points) industries than among those in the Mining and quarrying industry (39.1 points).

The sectors of manufacturing industry with the highest confidence indicators include Soap and detergents, cleaning preparations and others, Pharmaceutical chemicals and pharmaceuticals and Food, with 42.9 points, 42.4 points, and 40.5 points, respectively.

Producers of consumer durables such as Furniture (26.0 points), Wearing apparel (29.1 points); Footwear and parts (29.4 points) and Textiles (30.0 points) are at the other extreme.

Summary of results

<table>
<thead>
<tr>
<th>ICEI components</th>
<th>APR19</th>
<th>MAR20</th>
<th>APR20</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICEI</td>
<td>58.4</td>
<td>60.3</td>
<td>34.5</td>
</tr>
<tr>
<td>Current conditions in relation to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazilian economy</td>
<td>49.9</td>
<td>54.3</td>
<td>34.1</td>
</tr>
<tr>
<td>Company</td>
<td>49.4</td>
<td>53.8</td>
<td>30.7</td>
</tr>
<tr>
<td>Expectations on:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazilian economy</td>
<td>50.1</td>
<td>54.6</td>
<td>35.8</td>
</tr>
<tr>
<td>Company</td>
<td>62.7</td>
<td>63.3</td>
<td>34.7</td>
</tr>
<tr>
<td>Company</td>
<td>60.7</td>
<td>60.9</td>
<td>29.9</td>
</tr>
<tr>
<td>Company</td>
<td>63.6</td>
<td>64.5</td>
<td>37.2</td>
</tr>
</tbody>
</table>

Notes: 1 - ICEI and its components range from 0 to 100. Figures above 50 points indicate business confidence, better situation or optimistic expectations. Figures below 50 points indicate lack of business confidence, worse situation or pessimistic expectations; 2 - As compared to the last six months; 3 - For the next six months.