

# S&P Global Brazil Manufacturing PMI<sup>®</sup>

## Input cost inflation surges to 18-month high amid the ongoing Middle East war

### March 2026

Faster increase in input prices pushes up charge inflation

Stabilisation of international orders helps curb downturn in output

Firms seek to lift safety stocks due to war in Middle East

Brazil's manufacturing industry remained stuck in contraction during March, though a recovery in exports aided softer declines in total new orders and production. At the same time, the favourable trend for inflation seen around the turn of the year was quickly reversed by the war in the Middle East. Input prices rose at the fastest pace in a year-and-a-half, while the rate of charge inflation was at a joint 20-month high. The war also encouraged some firms to focus on rebuilding contingency stocks.

Registering 49.0 in March, the S&P Global Brazil Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) – a single-figure indicator of manufacturing performance – was beneath the neutral level of 50.0 for the eleventh successive month, thereby signalling another deterioration in operating conditions. Rising from 47.3 in February, however, the recent reading highlighted the slowest pace of contraction since last May.

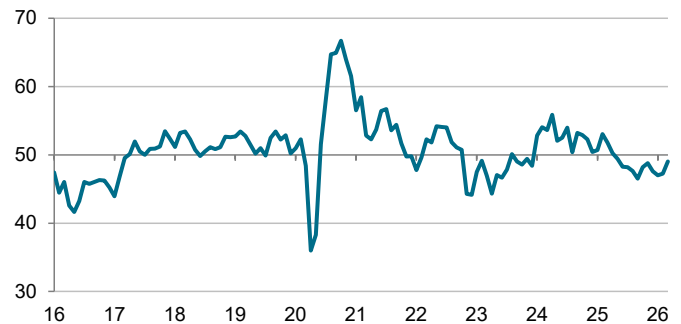
Although new orders decreased sharply at the end of the first quarter, the pace of reduction eased to the slowest since last December. Firms attributed the downturn in sales to weak underlying demand and the war in the Middle East, as well as constrained budgets at clients and limited purchasing power among consumers.

PMI data showed that tentative signs of a recovery in international sales restricted the overall drop in total new business intakes. After falling in each of the previous 11 months, external orders were broadly stable as US tariffs reportedly enabled some companies to access new markets. There were nevertheless mentions of lower sales to Argentina and China for example.

Brazilian factory production decreased at a slower pace in March and one that was the least pronounced since last October. Monitored companies continued to cite unfavourable demand conditions, with order cancellations and postponements featuring in the qualitative part of the survey. Nevertheless, some panellists indicated that restocking efforts supported growth at their units.

Goods producers were faced with a further increase in

S&P Global Brazil Manufacturing PMI  
Index, sa, >50 = improvement m/m



Data were collected 12-24 March 2026.  
Source: S&P Global PMI. ©2026 S&P Global.

### Comment

Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

"Despite new challenges faced by Brazilian manufacturers in March, driven by supply-chain disruptions and heightened inflationary pressures stemming from the Middle East war, the latest results revealed some positive developments.

"If we look at these factors first, it's clear that a stabilisation of export sales helped to cushion contractions in both new orders and production. Additionally, firms' strategies to increase buffer stocks supported job creation and contributed to a less contractionary trend in input purchasing during March.

"However, just as the central bank cut interest rates for the first time in nearly two years, surging international oil prices and the ongoing war in the Middle East significantly drove cost pressures to their highest level since September 2024. Clients will feel the impact immediately, as manufacturers accelerated price increases in an effort to protect their margins. This could further weaken demand, particularly as companies reported that limited purchasing power among end consumers is negatively affecting order books.

"While firms are hopeful for a swift resolution to the conflict – so that inflation can return to a more favourable trajectory, interest rates can be reduced further and demand can recover – the decline in business optimism points to expectations of more challenging times ahead."

purchasing prices, with the rate of inflation accelerating sharply from February to reach an 18-month high. This intensification of cost pressures was linked by survey participants to Middle East war and surging international oil prices.

Attempts to shield profit margins from rising cost pressures urged manufacturers to lift their selling prices again in March. The overall rate of charge inflation climbed to a joint 20-month high, matching August 2024 and February 2025.

Manufacturers continued to scale back input purchasing volumes at the end of the first quarter, but the rate of reduction was marginal and the weakest in the current sequence of contraction dating back to April 2025. Some firms trimmed buying levels due to demand weakness and having sufficient inventories of raw materials for current requirements, while others bought more to safeguard against shortages.

Stock building initiatives were evident through broad-based increases in pre- and post-production inventories. Rates of accumulation were mild in both cases but represented improvements compared to the trend of depletion seen in each of the previous three months. Once again, there were mentions of attempts to raise buffer stocks in light of the Middle East war.

Supplier delivery times lengthened further in March, reportedly as a result of disruptions to international freight caused by the Middle East war. The latest deterioration in vendor performance was the most marked in seven months.

Factory jobs in Brazil rose for a second successive month in March, albeit only slightly. Where hiring growth was signalled, companies remarked on stock-building initiatives. Job creation coincided with backlog clearances among goods producers.

Firms sustained an optimistic view towards growth prospects, but the overall level of positive sentiment sank to an 11-month low in March. Among the key concerns highlighted by panel members were competition, the war in the Middle East and the uncertainty that this year's elections could bring.

## Methodology

The S&P Global Brazil Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in February 2006.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

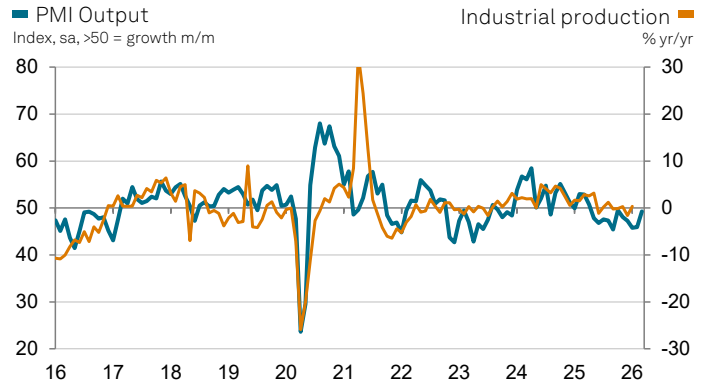
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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