News Release

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S&P Global Brazil Manufacturing PMI®

Fastest drop in factory orders since April 2023

Key findings

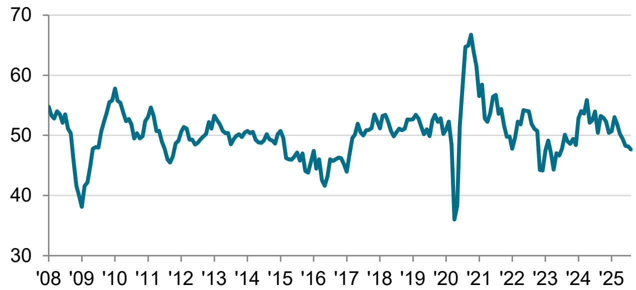
Downturn in sales and production volumes continues...

...causing contraction in jobs and input buying

Price pressures recede

Brazil Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-21 August 2025.

August was another difficult month for goods producers in Brazil, as dwindling demand had detrimental impacts on output volumes, job numbers and buying levels. Retrenchment was also evident in the survey's inventory data, as stocks of both input and finished items decreased. There were, however, some positive takeaways in the form of fading rates of input cost and selling charge inflation. Also, nearly 60% of all panellists forecast production growth in the year ahead.

At 47.7 in August, the S&P Global Brazil Manufacturing Purchasing Managers' Index™ (PMI®) – a single-figure indicator of manufacturing performance – was inside contraction territory (below 50.0) for the fourth month in a row. Moreover, falling from 48.2 in July, the latest figure signalled the quickest deterioration in operating conditions since mid-2023.

Inflows of new work decreased at the fastest pace in over two years. When explaining the drop, panel members remarked on adverse demand trends, subdued client confidence and the detrimental impact of US tariffs on customer orders.

Underlying data showed notable weakness in domestic demand, as international orders declined at the slowest pace in three months. Anecdotal evidence indicated that growth of sales to Europe and South America partly cushioned a drop in new orders from the US.

Output declined for the fourth month in a row during August. The rate of reduction was solid and broadly similar to July. In addition to falling new orders and US tariff policy, survey participants attributed the contraction to restrictive monetary policy.

A lack of incoming new work and spending cuts reportedly prompted goods producers in Brazil to trim headcounts in August. The fall in employment was moderate, albeit the strongest since April 2023.

Comment

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

"Demand trends took a turn for the worse in August, as factory orders decreased at the quickest pace in over two years despite a softer decline in international sales. The latter was helped by greater interest from clients in Europe and South America.

"Although adverse sales developments was the main reason prompting production cutbacks, manufacturers identified other reasons for this, such as elevated interest rates and the imposition of a 50% tariff on Brazilian products exported to the US. A number of PMI survey participants indicated that previously agreed orders had been suspended.

"Companies were hopeful of better operating conditions in the year ahead, but this sentiment was not reflected in their spending trends. Job shedding was resumed and input purchases were lowered amid a reduced need to maintain healthy inventory levels.

"Offering respite to goods producers, input cost inflation faded to its joint-lowest rate in nearly a year-and-a-half, meaning that selling charges increased only marginally and raising hopes that the Central Bank may pause it's tightening cycle."

PMI® by S&P Global

Firms also scaled back input purchases, which took the current downturn to five months. Buying levels fell at broadly the same rate as in July, which was the most pronounced in over two years.

There was a solid increase in input costs across the manufacturing industry, but the rate of inflation was the joint-lowest in 17 months (equal to May) and well below its long-run average. Companies signalled higher prices for chemicals, electronic components, food items and metals, alongside lower cellulose, cotton, oil, resin and steel costs.

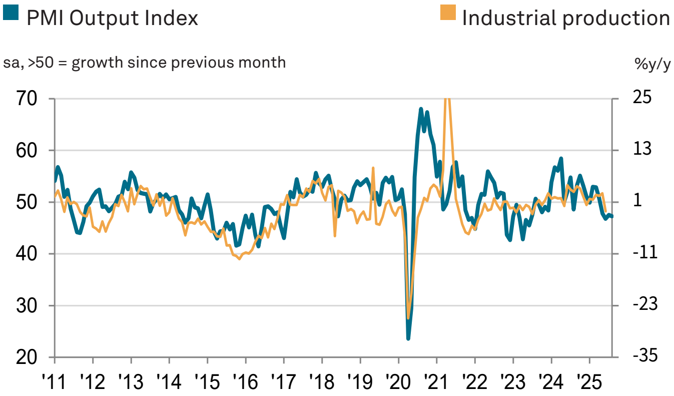
As a result of softer cost pressures, factory gate charges rose only slightly midway through the third quarter. The rate of increase was the least pronounced since March 2024.

Brazilian manufacturers signalled an increasing degree of spare capacity in August, as outstanding business volumes decreased at one of the steepest rates seen in nearly 20 years of data collection.

With regards to supply chains, there was a renewed deterioration in vendor performance. The extent to which average delivery times lengthened was the most marked since last November. Delays were perceived to have been caused by trade tensions.

Stocks of purchases decreased for the sixth successive month in August, although only modestly. Similarly, post-production inventories contracted at a moderate pace. Some firms indicated a preference for lean stocks amid demand retrenchment.

Finally, diversification, machinery acquisition, tech investment and hopes of a rebound in demand, supported optimism towards the year-ahead outlook for production. The level of positive sentiment was above its long-run average and similar to July.



Sources: S&P Global PMI, IBGE via S&P Global Market Intelligence.

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Survey 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.

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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