

S&P Global Brazil Services PMI[®]

Cost inflation ticks higher and business activity heads towards stagnation in May

May 2026

Headline Business Activity Index falls from 52.3 in April to 50.4

New order growth stalls

Substantial increases in input costs and output charges

Growth of Brazilian services activity was constrained by a lack of incoming new orders during May, as sharply rising selling charges dampened already fragile demand. Firms saw their own cost burdens spiral further, which prompted them to limit recruitment and pare back growth expectations.

Falling from 52.3 in April to 50.4 in May, the S&P Global PMI[®] Brazil Services Business Activity Index – which is based on a single question asking how the level of business activity compares with the situation the month before – moved closer to the no-change mark of 50.0 and signalled only a marginal rate of expansion.

Service providers that signalled an increase in output remarked on new client wins, but several firms noted a fall due to competitive pressures, financial issues and an increasingly challenging demand environment.

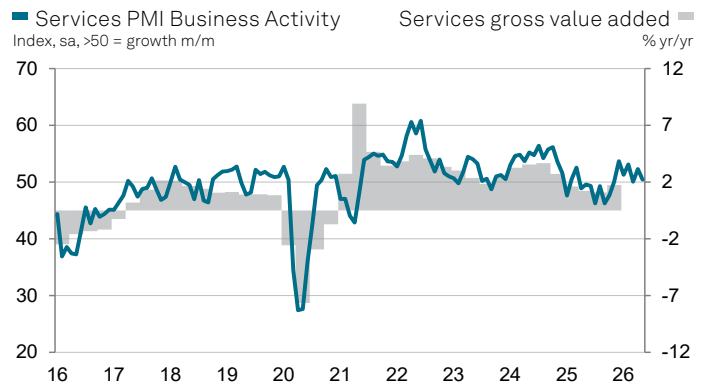
New orders placed with Brazilian services companies was broadly stagnant halfway through the second quarter, as indicated by the respective seasonally adjusted index registering fractionally below the neutral 50.0 threshold.

Transport, information & communication was the only monitored sector to post an increase in output. This segment also outperformed in terms of sales, despite seeing growth retreat to a five-month low.

May's stagnation in sales coincided with a sharp increase in prices charged for the provision of Brazilian services. Despite receding from April, the pace of inflation was the second-highest in 15 months. Panellists that hiked their fees cited the pass-through of cost rises to customers.

Input prices rose substantially in May, and to the greatest degree since February 2025. Monitored companies indicated that the war in the Middle East pushed up fuel and materials costs. They reported several items as up in price including building materials, chemicals, electronic components, energy, food, metals and packaging.

Granular data showed that cost pressures were most intense in consumer services, while the steepest rise in selling



Data were collected 12-26 May 2026.

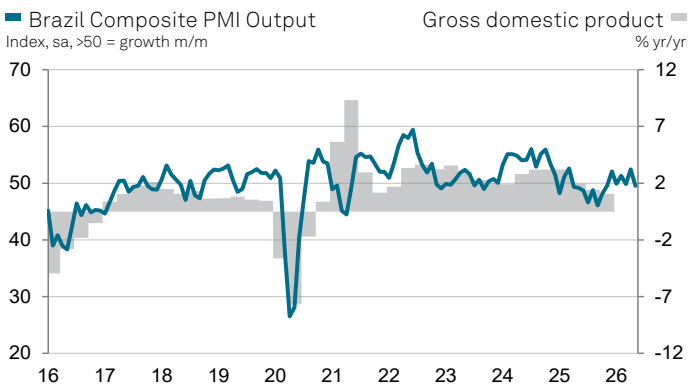
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Comment

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

"Cracks are emerging in Brazil's service economy as firms and consumers grapple with inflation. While companies increased output and employment marginally in May, which is a positive sign given the current scenario, tight budgets led consumers to cut non-essential spending, impacting sectors like entertainment, hospitality and leisure. Conversely, providers of core services such as IT, logistics and transportation continued to register growth.

"May PMI data ring alarm bells, as the service sector's role as a buffer against manufacturing weakness appears to be waning. Many will hope that this slowdown is temporary and that a recovery next month can support second-quarter results. Still, ongoing inflationary pressures exacerbated by external shocks suggest further vulnerabilities ahead."



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charges was registered at Finance & Insurance firms.

Sustained increases in operating expenses coupled with demand fragility dented recruitment efforts in May. Service sector employment still rose, but it did so at the slowest pace in the current four-month period of job creation.

Price pressures, alongside fierce competition and tough operating conditions, stifled business confidence. The level of positive sentiment towards the year-ahead outlook for output slipped since April and was well below its long-run trend.

Finance & insurance companies were the most upbeat towards growth prospects and transport, information & communication firms were the least optimistic.

S&P Global Brazil Composite PMI®

Brazilian private sector output was back in contraction during May, dragged by manufacturing.

Falling from 52.4 in April to 49.5, the S&P Global Brazil Composite PMI® Output Index indicated a renewed but marginal downturn. Softer growth in the service economy compared with a marked drop in factory production.

Little-changed from April, cost pressures across the private sector were among the highest in four years. Similarly, the rate of charge inflation was at its second-highest level since July 2022. Yet, the gap between the two price indices was the widest in four-and-a-half years.

Price pressures remained much more acute in the manufacturing industry than in the service economy.

Aggregate new orders decreased moderately, limiting job creation. The pace of employment growth was the weakest seen in the current four-month sequence of expansion.

Broadly stagnant sales at service providers compared with falling order books at goods producers. Job creation was sustained across the two sectors, albeit with growth easing in each case.

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Methodology

The S&P Global Brazil Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in March 2007.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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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