

News Release

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S&P Global Brazil Business Outlook

Output forecasts upgraded as inflation expectations drop

Key findings

Activity projections improve in February, underpinning stronger investment plans...

...but hiring intentions slip to lowest since June 2020

Sentiment falls for all three price measures

The first set of business outlook data for 2026 indicated mixed growth prospects among Brazilian private sector firms. On the positive side, sentiment for activity and investment plans strengthened, while inflation expectations faded. On the downside, companies pared back hiring intentions and profit predictions.

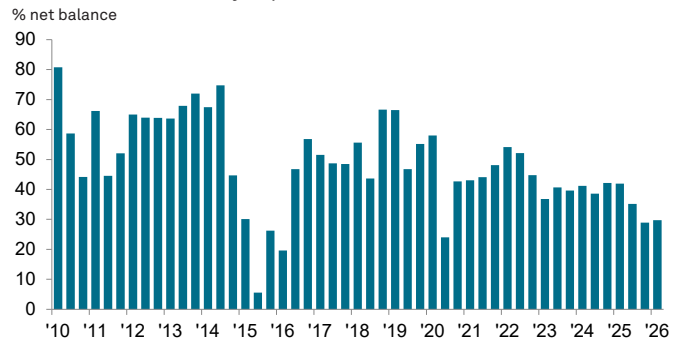
The latest survey was conducted between the 4th and 24th February, and therefore the results were calculated prior to the outbreak of war in the Middle East.

At +30% in February, the headline S&P Global Brazil business activity net balance was up marginally from +29% last October and indicated a mild improvement in year-ahead growth forecasts. Out of the 12 nations for which comparable data are available, higher levels of optimism were registered in India, Ireland, the UK and the US.

Upbeat predictions among Brazilian businesses reportedly stemmed from international partnerships and new product releases, alongside the Fifa World Cup and the gradual implementation of the tax reform. Firms also hope for lower interest rates and better underlying demand, whilst foreseeing productivity gains from investment in artificial intelligence.

However, granular data showed that the current improvement in output sentiment was centred on the service sector, where the net balance of firms predicting higher activity levels over the course of the coming 12 months rose from +26% last October to +31% this February. Optimism faded among goods producers, as indicated by a fall in the respective

Brazil Business Activity expectations



Source: S&P Global PMI.

Data were collected 4-24 February 2026.

Comment

Commenting on the Brazil Business Outlook survey data, Pollyanna De Lima, Economics Associate Director at S&P Global Market Intelligence, said:

"Whereas the business outlook data for February showed a better investment outlook and tamed inflation expectations among Brazilian private sector companies, firms showed restraint when it came to hiring plans and displayed concerns around profitability."

"The data, which were collected before the outbreak of war in the Middle East, featured comments from businesses around key tailwinds to growth such as the gradual implementation of the tax reform and productivity gains from investment in artificial intelligence. But, at the forefront of the improved outlook for business activity was hopes of political stability after the presidential elections and expectations of lower interest rates."

"Inflation expectations decreased for all three price categories monitored by the survey, but the war in the Middle East brings fresh challenges to the central bank. Even with Brazil's domestic energy production capabilities shielding the country from price hikes relative to oil importers, upside risks to inflation from global supply chain disruptions will likely impact the pace and duration of potential interest rate cuts, if not delaying the first reduction altogether."

figure from +36% to +25%.

Confidence surrounding capital expenditure (capex) remained subdued by historical standards, but the aggregate degree of optimism was at its joint-strongest in a year. At +9% in February, the net balance was above both the emerging market and global averages of +6% and +7%.

Brazilian private sector companies also upgraded their budget allocation for research and development (R&D). The proportion of optimists outstripped pessimists by +7%, pushing overall sentiment to a one-year high. On this front, however, the net balance for Brazil was below the average for emerging markets (+9%).

Goods producers were more confident than service providers regarding capex, with the respective net balances posting +14% and +8%. This was also the case for R&D, where the corresponding figures were at +15% and +5%.

Whereas investment intentions at Brazilian private sector firms improved, recruitment plans were downgraded for the third successive survey period. At +5%, the employment net balance was at its lowest mark since June 2020. Anecdotal evidence showed that subdued hiring projections stemmed from historically high cost pressures, public policy uncertainty due to the upcoming presidential elections and shortages of skilled labour.

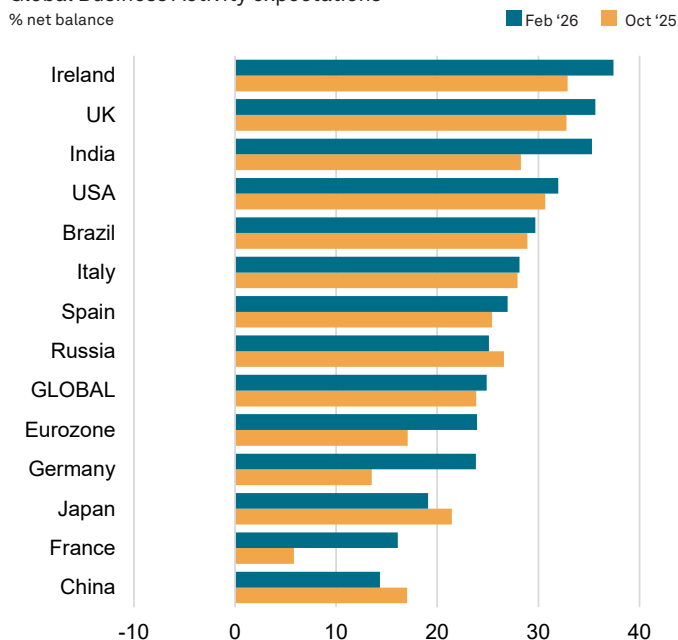
In tandem with restrained workforce growth expectations, companies pared back their staff cost projections. The respective net balance was down from +24% last October to +14% in February, the weakest figure since mid-2020. Globally, only mainland China posted a lower reading.

The non-staff costs net balance was down only marginally, from +39% in October 2025 to +38%, but the inflation outlook was nevertheless at its lowest in two years. Although broadly aligned with its long-run trend, the current reading was well above the global average of +25%.

Price-setting plans were also downgraded, with the aggregate output charges net balance for Brazil at a five-year low of +30%. Cost pressures look set to be more pronounced at manufacturers, who intend to price more aggressively than service providers. The respective output charges readings stood at +55% and +21%.

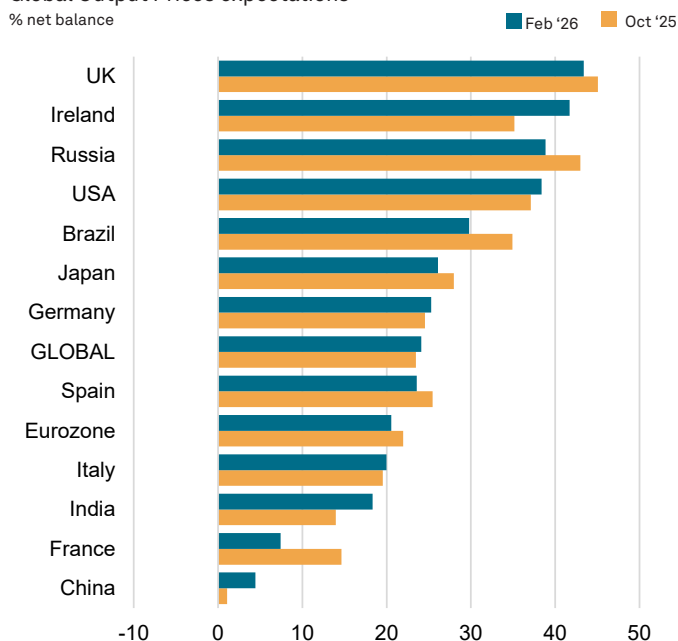
Whilst firms generally intend to transfer part of additional increases in input prices to clients by raising their selling charges, the predicted absorption of cost burdens and demand challenges led to a more tempered outlook for profitability. The net balance of companies forecasting higher profits was down from +8% to +7%, its lowest since the COVID-19 pandemic and below the global average of +12%.

Global Business Activity expectations



Source: S&P Global PMI.

Global Output Prices expectations



Source: S&P Global PMI.

Full data available on request from economics@spglobal.com.

Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 7,800 firms.

* The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.

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