News Release

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S&P Global Brazil Manufacturing PMI®

Manufacturing sector conditions worsen for third straight month in July

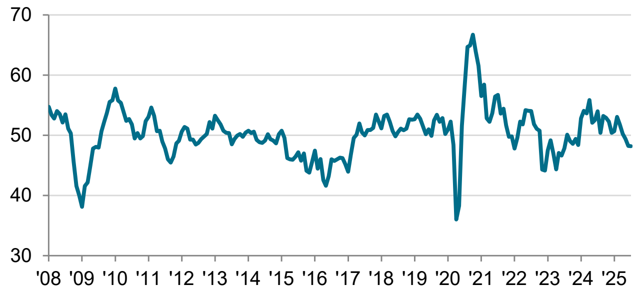
Key findings

New orders fall at fastest pace since June 2023

Backlog clearances curb downturn in production

Firms signal sharper cuts to input purchasing

Brazil Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 10-24 July 2025.

Operating conditions across the Brazilian manufacturing industry remained challenging in July, as companies continued to scale down production and buying levels amid sustained declines in total sales and new export orders. Inventories of both inputs and output decreased further and business confidence faded. Price gauges showed quicker increases in costs and charges, though rates of inflation remained below their respective long-run averages.

Registering 48.2 in July, the S&P Global Brazil Manufacturing PMI® – a single-figure indicator of manufacturing performance – was beneath the neutral mark of 50.0 for the third successive month and hence signalled another deterioration in the health of the sector. Little-changed from 48.3 in June, the latest reading was indicative of a moderate rate of contraction.

New orders decreased solidly, with the downturn quickening to the fastest in just over two years. When explaining the drop, panel members commonly cited demand retrenchment. Meanwhile, new export orders declined markedly amid weaker client interest from South America, the UK and the US.

As a result of lower intakes of new business, manufacturers reduced output at the start of the third quarter. In some instances, survey members attributed the fall to heightened market uncertainty. Production decreased for the third month in a row, but to a moderate degree that was less pronounced than in June.

Helping limit the drop in output was the clearance of pending workloads, as manufacturers diverted resources towards the completion of backlogs amid a lack of new work. Outstanding business levels decreased at a steep pace that was the strongest since May 2023.

Adverse sales developments and demand fragility prompted manufacturers to trim input purchasing volumes and stock levels. The former declined markedly, and at the quickest

Comment

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

"Already challenging operating conditions within Brazil's manufacturing sector were exacerbated by the announcement of a 50% tariff on exports to the US. Firms identified this obstacle as detrimental to export performance and a significant drag on business sentiment.

"The weakness in demand had a domino effect throughout the manufacturing industry, leading to further contractions in sales, production, purchasing levels and inventories. While the clearing of backlogs provided some cushion against the decline in output for the time being, there is a risk that the downturn could accelerate in the coming months if new orders fail to recover.

"Despite firms entering a deeper retrenchment mode regarding input buying, which experienced the most significant decline in over two years, they reported a slight increase in employment as some full-time vacancies were filled. Optimism regarding the year-ahead outlook for output was sustained, albeit with growing concerns around political issues, constrained client budgets, limited access to credit and the implications of US tariff policy."

pace in 26 months.

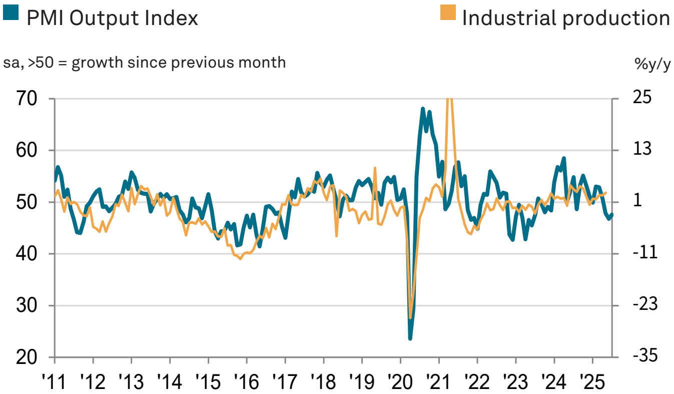
Input holdings decreased for the fifth consecutive month, and at the joint-fastest rate over this period. Similarly, there was a third successive fall in stocks of finished goods. The pace of contraction was moderate, though the quickest since September 2024. Anecdotal evidence showed that elevated borrowing costs was a contributing factor to destocking efforts.

Firms also faced a stronger increase in purchasing prices during July, with aluminium, electronic components, foodstuff, LPG, packaging, steel and textiles reportedly costing more. The overall rate of inflation accelerated to a three-month high.

July data showed that manufacturers continued to transfer cost increases to their clients by lifting selling prices. The rate of charge inflation quickened to the highest since April, but was well below that seen for purchasing costs.

One positive development evidenced in the latest results was the reinstatement of job creation. After falling for the first time in 23 months during June, employment expanded at the start of the third quarter as some firms filled open vacancies. That said, the overall rate of growth was only slight.

Business sentiment remained positive, as the proportion of firms forecasting output growth in the year ahead (62%) was far higher than those predicting a fall (7%). Optimists hope for better demand conditions and improvements in other parts of the economy such as construction. Headwinds cited by companies anticipating a fall included political uncertainty, constrained client budgets, limited access to credit and US tariffs.



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.

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