

# News Release

Embargoed until 1000 BRT (1300 UTC) 2 June 2025

## S&P Global Brazil Manufacturing PMI®

### Manufacturing conditions worsen for first time since December 2023

#### Key findings

PMI slips to 17-month low of 49.4

Sustained drop in new orders pushes output into contraction

May sees notable reduction in price pressures

The health of Brazil's manufacturing industry took a turn for the worse in May, deteriorating for the first time since the end of 2023 amid demand retrenchment. Survey participants reported lower levels of new orders and output relative to those recorded in April, which prompted them to reduce input buying. That said, expectations that the adverse sales environment will be short-lived boosted business confidence and underpinned job creation.

Encouragingly, there were considerably slower increases in both input costs and output charges. The former was commonly linked by firms to the appreciation of the Brazilian real against the US dollar and a greater supply of Chinese products.

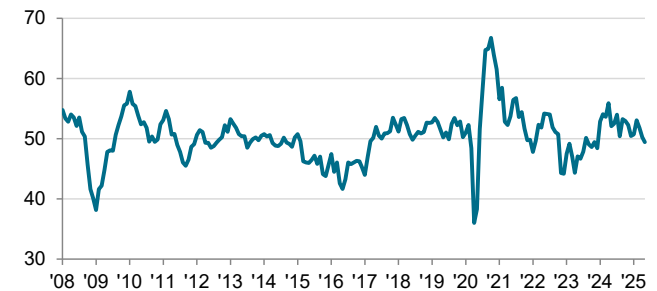
At 49.4 in May, down from 50.3 in April, the S&P Global Brazil Manufacturing PMI® – a single-figure indicator of manufacturing performance – was below the neutral mark of 50.0 for the first time in just under a year-and-a-half. The latest reading was consistent with a slight deterioration in operating conditions.

Subdued demand was behind May's weakness, causing declines in both new order intakes and production volumes. The fall in output was the first in four months and the fastest since July 2023. New business inflows contracted at a moderate pace that was nevertheless quicker than in April.

Brazilian goods producers also reported another fall in new export orders during May, albeit one that was softer than in April and only slight overall. In particular, firms noted lower sales to clients in South America and the US.

Although input prices continued to increase, the rate of inflation eased considerably from April to its weakest in 14 months. Panel member reports indicated that cost pressures were curbed by an appreciation of the Brazilian real against the US dollar and a greater supply of Chinese products. There were reports of lower prices for aluminium, some foodstuff, petroleum, resin and zinc.

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



Source: S&P Global PMI.  
Data were collected 12-22 May 2025.

#### Comment

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

"May's PMI edged below the neutral threshold, indicating a renewed deterioration in manufacturing sector conditions, which reflected downward movements in several sub-indices. Purchasing activity and inventories decreased, as companies adjusted to the shift in demand trends and sought to protect cashflows. They stumbled upon fading sales to domestic and international clients, diverting resources towards the completion of pending workloads.

"Although this backdrop led to a renewed fall in output, manufacturers upgraded their forecasts for the coming year. Companies were mostly hopeful that this soft patch in demand would be temporary, though there were also pockets of mentions that acquisitions, new product releases, recruitment and tech investment bode well to the outlook. While businesses were more optimistic, the manufacturing industry remains delicately positioned. Should this subdued demand trend persist, we risk seeing the sector increasingly burdening overall economic performance.

"One positive aspect of the latest results is the drop in inflationary pressures, which may alleviate concerns among policymakers who are balancing the delicate task of controlling inflation while also supporting economic growth."

PMI®

by S&P Global

Fierce competition and a shrinking market, aided by reduced cost pressures, reportedly stifled charge inflation in May. The rate of increase in output prices was slight and the softest since March 2024.

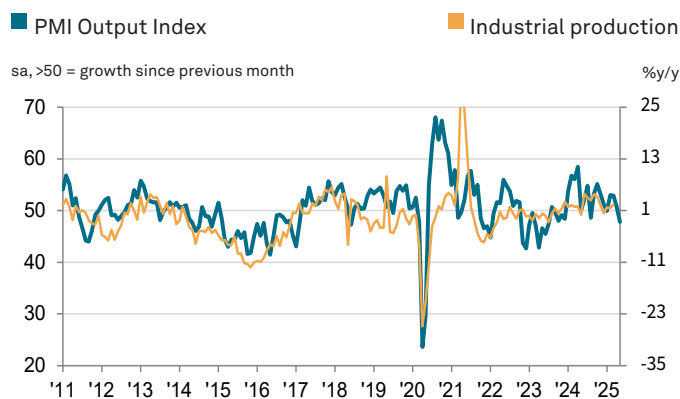
Despite a slowdown in cost inflation, Brazilian manufacturers purchased fewer raw materials and semi-finished items for use in production processes. The rate of contraction in buying levels was moderate, albeit the quickest in 2025 so far.

In turn, stocks of purchases decreased further, with the rate of contraction picking up to the fastest in the current three-month period of depletion. Inventories of finished goods likewise fell, thereby ending a three-month sequence of accumulation.

Manufacturers in Brazil upgraded their growth forecasts in May, with the overall level of positive sentiment rising from April's five-year low to its highest in nine months. Companies hope that acquisitions, new product releases, recruitment and tech investment will support output over the course of the coming year.

Upbeat expectations, coupled with the scheduled launch of new products, underpinned job creation halfway through the second quarter. The rise in employment was the twenty-second in consecutive months and the strongest since February.

Finally, delays at customs and input shortages among some vendors caused another increase in delivery times. The extent of the latest deterioration in vendor performance was mild by historical standards, yet the most pronounced in six months.



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](mailto:economics@spglobal.com).

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