

News Release

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S&P Global Brazil Services PMI®

Service demand declines and inflation eases

Key findings

New orders fall for second month running...

...curbing employment growth and dampening activity

Softer increases in input costs and output charges

May data highlighted a continuation of the weakness registered at the start of the second quarter, with a further decline in new business intakes causing another contraction in services output. Employment rose only marginally as a result, with growth at a six-month low, but companies became more optimistic towards output prospects.

Although both operating expenses and selling prices continued to rise sharply by historical standards, rates of inflation receded during May.

At 49.6 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 – was beneath the neutral mark of 50.0 that separates growth from contraction for the second consecutive month. That said, rising from 48.9 in April, the latest reading was consistent with a slower and only marginal decline.

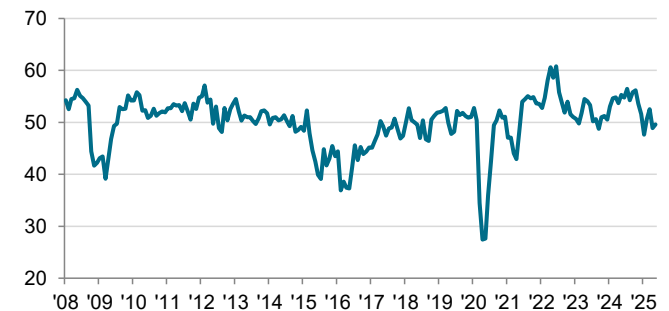
Survey participants largely linked the fall in output to faltering demand and shortages of new business. Indeed, sales also decreased for the second month in a row. The rate of reduction was moderate, albeit quicker than in April. In some cases, companies stated that inflationary pressures dampened new order volumes.

Prices charged for the provision of Brazilian services rose to the joint-weakest extent in just under a year (equal to November 2024). That said, the rate of inflation remained historically high. Monitored companies attributed higher selling prices to the passing on of cost increases to clients.

Similar to output charges, input costs rose at a softer yet still sharp rate during May. The pace of increase was the slowest since November 2024. Qualitative data showed that firms paid more for food, fuel, material, rent and stationery.

Although Consumer Services companies registered the highest rate of input cost inflation, the sharpest rise in selling

S&P Global Brazil Services Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 12-27 May 2025.

Comment

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

"The latest PMI results for Brazil's service economy paint a similar picture to that seen in April, with output falling on the back of demand weakness and inflationary pressures remaining on a downward path."

"Combined with the earlier-released figures for the manufacturing industry, the data highlighted another decline in aggregate output, which bode ill for overall second quarter economic performance."

"Some resilience was noted with respect to the labour market, as private sector employment rose in tandem with expectations of an economic recovery over the course of the coming 12 months."

"The most positive news came from softening inflation, with private sector firms raising charges to the least extent in a year as cost pressures retreated to a six-month low while demand remained scant. Should this trend continue, we could see the central bank pausing its tightening cycle."

PMI®

by S&P Global

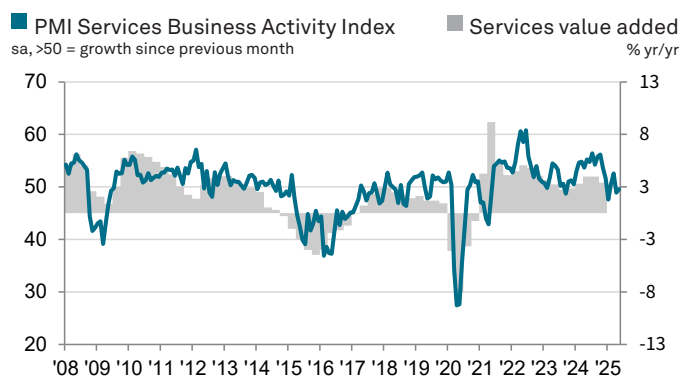
prices was observed in the Finance & Insurance category.

Brazilian services employment rose further in May, thereby stretching the current sequence of growth to seven months. That said, the pace of expansion was marginal and the slowest since November 2024.

Softer increases in jobs across the Consumer Services, Finance & Insurance and Transport, Information & Communication sectors compared with an outright fall in the Real Estate & Business Services segment.

Business sentiment improved in May amid hopes that better demand conditions, greater customer bases, investment and economic stability could support output in the year ahead. The overall level of confidence was at a three-month high.

Optimism strengthened in the Finance & Insurance and Real Estate & Business services categories. Levels of positive sentiment fell in the Consumer Services and Transport, Information & Communication categories.



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

S&P Global Brazil Composite PMI®

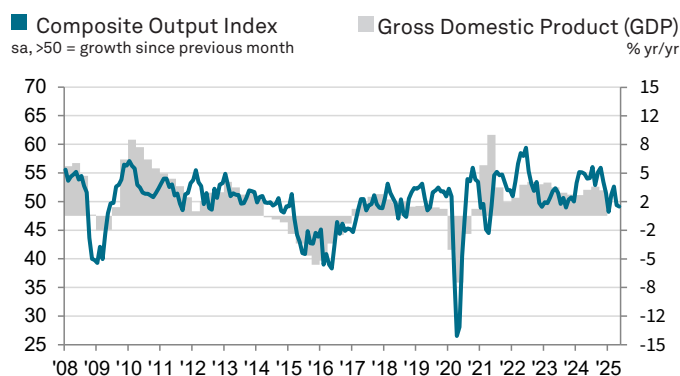
Economic retrenchment extends to May

For the second straight month, private sector activity in Brazil decreased halfway through the second quarter, as manufacturers joined service providers in contraction. At 49.1, the S&P Global Brazil Composite PMI® Output Index* was little-changed from April's reading of 49.4 to signal another marginal decline in aggregate activity.

Overall order volumes fell further in May. Although modest, the contraction was faster than in April. Rates of reduction were broadly similar in the manufacturing and services economies.

Job creation across the private sector eased to a six-month low during May, with a faster increase in the manufacturing industry more than offset by a slowdown at service providers.

There was a broad-based slowdown in inflation among goods producers and service providers. Subsequently, rates of increase in input costs and output charges across the private sector were at six- and 12-month lows respectively.

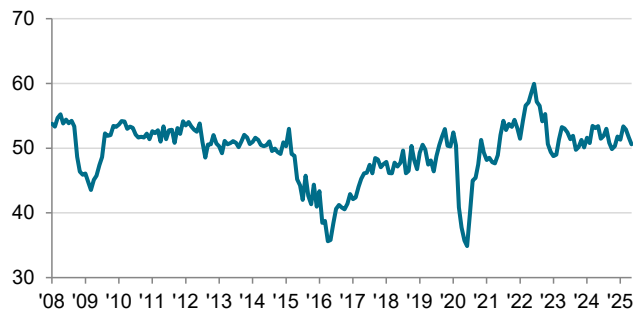


Sources: S&P Global PMI, IBGE via S&P Global Market Intelligence.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

Brazil Services PMI Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Brazil Services PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global PMI.

Survey 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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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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