News Release
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S&P Global Brazil Manufacturing PMI®

Sharper drop in new orders pushes output into contraction

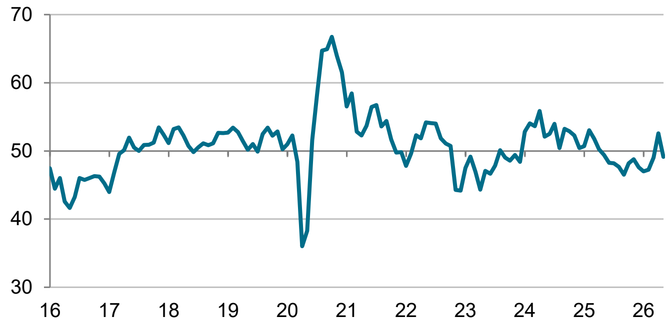
May 2026

Total sales and new export orders fall sharply in May...

...triggering production cutbacks

Rate of input cost inflation among highest in survey history

S&P Global Brazil Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-21 May 2026.
Source: S&P Global PMI. ©2026 S&P Global.

The latest results showed an end to stockpiling efforts among manufacturers in Brazil. Following a brief increase in April, input purchasing and production volumes decreased in May. Customers were also in retrenchment mode, as evidenced by another fall in total new orders and a renewed reduction in international sales.

Meanwhile, the extent of supply-chain disruptions was the second-steepest in close to four years, which kept input cost inflation well above its trend and drove a sharp rise in factory gate charges.

At 49.1 in May, down from 52.6 in April, the S&P Global Brazil Manufacturing Purchasing Managers' Index™ (PMI®) – a single-figure indicator of manufacturing performance – signalled a renewed deterioration in the health of the sector.

The contraction was mild and partially cushioned by sustained increases in employment and stocks of purchases. A steep deterioration in supplier delivery times, which would ordinarily be a sign of greater input demand but in this case was largely driven by disruptions amid the war in the Middle East, also limited the fall in the headline figure.

There was a substantial drop in new export orders during May, with the respective seasonally adjusted index falling by ten points and hence recording in sub-50.0 contraction territory. The reduction was steep and a stark contrast to April's solid expansion. Survey participants indicated that tariffs and the war in the Middle East caused the drop.

Total new business inflows decreased for the fourteenth consecutive month in May. Moreover, the pace of reduction quickened from April and was marked. Competitive pressures and demand weakness, alongside cost pressures and the Middle East war, featured in the qualitative part of the survey as the main features behind lower sales.

In response to ongoing reductions in new order intakes, manufacturers lowered production volumes halfway through the second quarter. The drop was marked, and compared unfavourably with solid growth in April.

Comment

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

"May was a difficult month for manufacturers in Brazil, as the front-loading boost to the sector seen in April vanished. There was a steep drop in new export orders, which contributed to another fall in overall sales and indicated that customers are no longer seeking to raise buffer stocks.

"What's contributing to this demand retrenchment is inflationary pressures and resulting budget constraints. Faced with one of the steepest increases in purchasing costs in over five years, Brazilian manufacturers raised their own charges sharply on the month and cut input purchases.

"The war in the Middle East also made it more difficult for firms to receive purchased materials, with incidences of supplier delivery delays among the most pronounced since mid-2022.

"Goods producers nevertheless remained in high spirits, hoping that a resolution to the Middle East war can soon be achieved, which they believe will support their operations. Companies also foresee more stable economic conditions after the presidential elections."

Retrenchment was also evident in the purchasing data, which revealed a renewed fall in buying levels. The decline was the thirteenth in 14 months, but the rate of reduction was only slight.

Discouraging purchasing activity was another substantial increase in input prices. Over the past five years, a stronger upturn in cost burdens was only seen last month. Monitored companies reported several items as up in price, which they mostly associated with the war in the Middle East and surging energy prices.

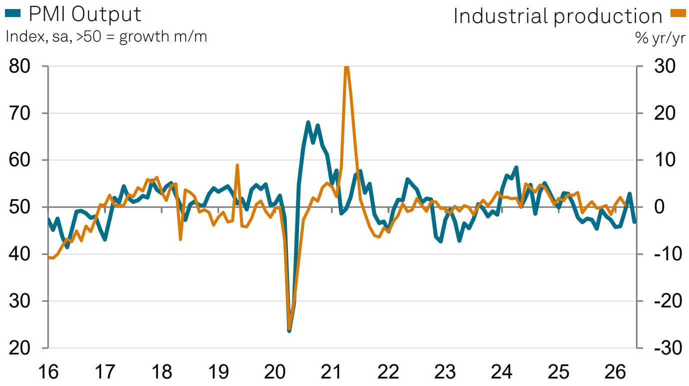
Prices charged for Brazilian goods rose at the second-strongest pace since mid-2021, beaten by April, and one that was well above the historical trend. Where selling prices increased, firms cited cost pass-through.

Inventory trends were mixed in May, as an increase in input holdings contrasted with back-to-back declines in post-production stocks. The former was linked to robust buying growth in April.

When assessing the 12-month outlook for production, manufacturers were optimistic of growth. That said, positive sentiment largely reflected expectations of better economic conditions after the presidential elections and hopes that the war in the Middle East will soon end.

Employment increased for the fourth successive month in May, albeit at a slight pace that was softer than in the previous month. Underlying data showed that hiring activity was curbed by a lack of pressure on operating capacities. Indeed, outstanding business volumes decreased for the fourteenth month in a row.

On supply chains, goods producers continued to cite bottlenecks. The war in the Middle East and shortages at vendors reportedly caused delays. Average lead times on inputs lengthened to the second-largest degree since July 2022 (beaten by April).



Sources: S&P Global PMI, IBGE via S&P Global Market Intelligence. ©2026 S&P Global.

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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.