

# News Release

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## S&P Global Brazil Services PMI®

### Adverse demand trends keep service economy in contraction

#### Key findings

Activity and new orders fall for third successive month

Output charge inflation recedes to 13-month low

Business optimism fades in June

Brazilian services activity decreased in June, as has been the case throughout the second quarter of 2025. The latest fall stemmed from adverse demand trends and high cost pressures, according to PMI® panellists. New orders decreased for the third month in a row, which helped curtail charge inflation despite another steep rise in input costs.

Firms looked to the future with caution, signalling optimistic projections for output but to the least extent since March. Among the key headwinds to growth prospects noted in the qualitative part of the survey were competition and high interest rates, alongside the potentially negative impact of election uncertainty on the economy.

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 at 49.3 in June, down from 49.6 in May and consistent with a slight rate of contraction. The latest fall extended the current downturn to three months and rounded off the worst quarterly performance for the sector since Q2 2021.

When explaining June's contraction in output, survey participants remarked on high borrowing costs, testing demand conditions and ongoing declines in new orders. Total sales decreased for the third month in a row, albeit at a moderate rate that was similar to May.

This lack of incoming new work somewhat constrained output price inflation during June. Prices charged for Brazilian services still rose, but did so to the least degree in over a year. The rate of inflation remained above its long-run average, however.

Concurrently, there was a marginally quicker increase in input prices halfway through 2025. The respective seasonally adjusted index was nine points above its long-run average and indicative of a sharp rate of inflation. Monitored companies reported having paid more for cleaning products,

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



Source: S&P Global PMI.  
Data were collected 10-25 June 2025.

#### Comment

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

*"June's results raise some flags about the economic performance of Brazil's private sector over the second quarter of the year. The average reading for the composite output index was the lowest since Q1 2021, with declines reported by goods producers and service providers amid demand retrenchment."*

*"Services companies reportedly faced several challenges in June, including high borrowing costs, elevated price pressures and shortages of new work. These factors, alongside the 2026 presidential election, hampered business confidence."*

*"Firms across Brazil's manufacturing and service sectors experienced a pick-up in cost pressures, but increases in selling prices were relatively mild. The aggregate rate of charge inflation retreated to a 20-month low amid a difficult demand landscape and competitive conditions."*

PMI®

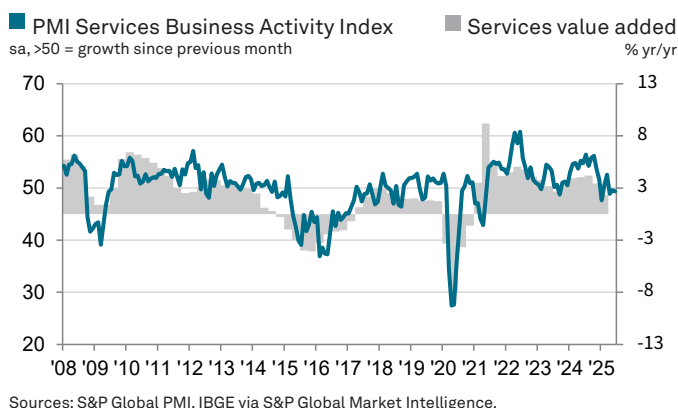
by S&P Global

construction materials, labour, food, fuel and utility bills (electricity and water).

Net employment across Brazil's service economy increased further in June, marking an eight-month sequence of expansion. Little-changed from May, the rate of job creation was only slight.

On balance, services companies forecast an increase in output levels over the course of the coming 12 months. The level of positive sentiment slipped to a three-month low, however, and was below the average since the inception of the survey in March 2007.

Optimism was reportedly stymied by fierce competition, high interest rates and revenue concerns. A few panellists were also worried about the impact of election uncertainty on the economy.



## S&P Global Brazil Composite PMI®

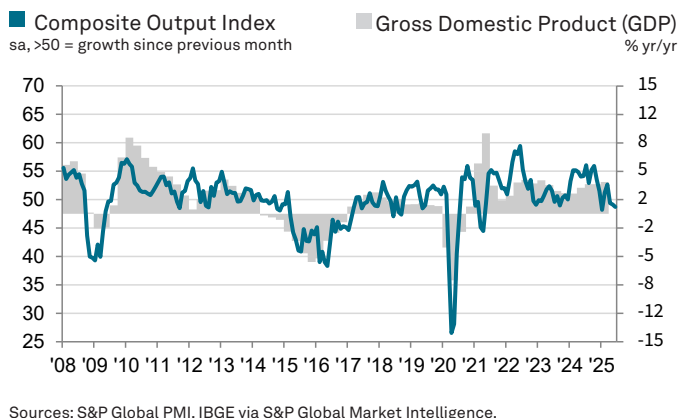
### Contraction in private sector output gathers pace in June

Brazilian private sector activity decreased in June, thereby marking the conclusion of a full quarter of contraction. The S&P Global Brazil Composite PMI® Output Index\* was down from 49.1 in May to 48.7, its lowest mark since January but indicative of a modest rate of reduction.

Output decreased in the manufacturing and service sectors, as did new orders. In both cases, the sharper drop was recorded at goods producers. At the composite level, the latest fall in sales was moderate and equal to May.

Trends for employment diverged in June, with growth in the service economy contrasting with a reduction in the manufacturing industry. Private sector jobs rose at a slight pace that was the slowest in eight months.

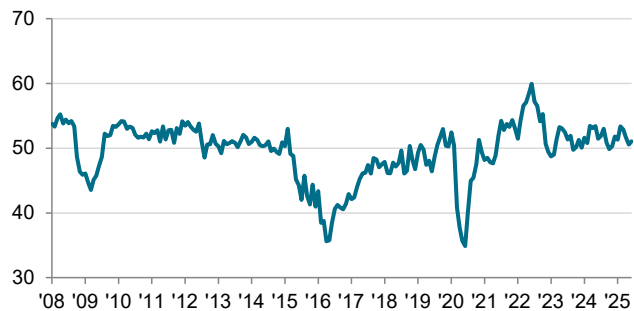
The aggregate rate of input cost inflation quickened in June, with faster increases in the manufacturing and service sectors. When setting charges, services firms were more aggressive than goods producers. Collectively, however, output prices rose at the softest pace since October 2023.



\*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](mailto:economics@spglobal.com).

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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](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)

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