

News Release

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S&P Global Brazil Services PMI®

July PMI data signal fastest decline in services activity since April 2021

Key findings

Contractions in sales and output gather pace

Firms shed jobs for first time in nine months

Business confidence sinks to lowest level in over five years

Brazil's service sector downturn took a turn for the worse in July, as an accelerated drop in new business intakes instigated the fastest contraction in output in over four years. Moreover, employment decreased for the first time since last October and business optimism plummeted to its lowest level since mid-2020.

Price gauges revealed mixed trends, with input cost inflation receding to an eight-month low whilst output charges increased at the strongest pace since February.

At 46.3 in July, 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 for the fourth successive month and therefore indicated another contraction in output. Moreover, falling from 49.3 in June, the latest reading was consistent with a marked rate of reduction that was the steepest since April 2021.

When explaining the decline in business activity, panel members remarked on fierce competition for new work, demand retrenchment and dwindling sales. Indeed, inflows of new orders decreased for the fourth straight month and at the quickest pace since April 2021.

Granular data showed widespread reductions in new business and output across the four broad areas of the service economy tracked by the survey. For both measures, Finance & Insurance was the worst performing segment.

Shortages of incoming new business in turn prompted services companies in Brazil to trim headcounts. Default payments among clients, a high tax burden and restructuring efforts were also cited as reasons behind job shedding. The fall in employment was slight, but nevertheless ended an eight-month period of growth.

Companies operating in Brazil's service economy indicated another increase in their operating expenses, which

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



Source: S&P Global PMI.
Data were collected 10-28 July 2025.

Comment

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

"The PMI results for July signalled concerning headwinds for Brazil's private sector, as aggregate sales and output decreased at the fastest rates in over four years amid contractions at both manufacturers and service providers.

"Companies faced a particularly challenging environment, grappling with elevated borrowing costs, persistent inflationary pressures and a notable shortage of new business opportunities. These operational difficulties, compounded by uncertainty surrounding the 2026 presidential election and cashflow issues, have significantly dampened business confidence levels.

"Despite experiencing adverse demand for goods and services, companies hiked their selling prices to the greatest extent in four months. This reflected efforts to improve revenues and partly offset sharply rising input costs.

"The PMI data suggest that Brazil's private sector may struggle to regain momentum in the near term, particularly if demand conditions fail to improve and cost pressures continue to mount. The combination of political uncertainty, US tariff policy, dwindling business confidence and challenging economic conditions present a great obstacle to a sustained recovery."

PMI®

by S&P Global

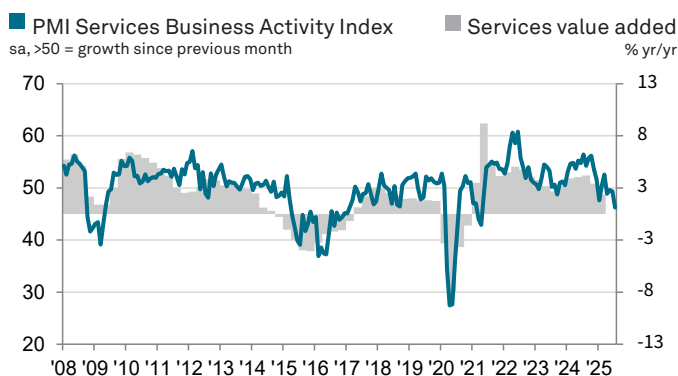
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they attributed to greater material costs, tax hikes and unfavourable exchange rates. Firms reportedly paid more for, construction materials, electricity, food, fuel and stationery. Although historically elevated, the rate of inflation retreated to an eight-month low.

Conversely, prices charged for the provision of Brazilian services rose at the fastest pace in five months. The rate of inflation was above its historical trend, but well below that seen for input costs.

Once again, the Consumer Services sector registered the highest rate of increase in average expenses, while Finance & Insurance climbed to the top of the charge inflation rankings.

Amid client defaults, financial problems, heightened competition, price pressures, subdued investment and anticipated disruptions arising from the 2026 presidential election, services companies were less confident of a rise in output over the course of the coming 12 months. Overall optimism faded to its lowest degree in over five years, with the respective index posting nearly 14 points below its long-run average.



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

S&P Global Brazil Composite PMI®

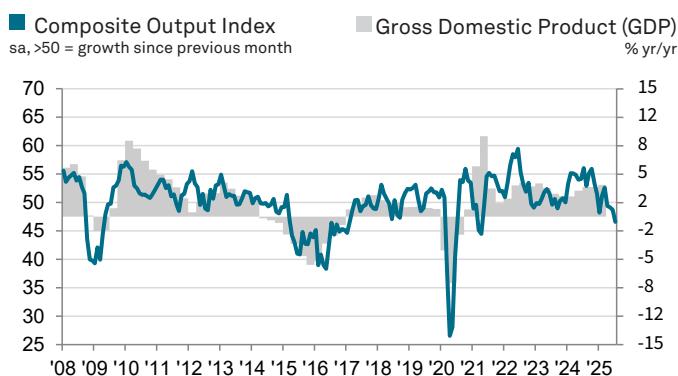
Aggregate output decreases at quickest pace since April 2021

Business activity across the combined manufacturing and service sectors declined at the fastest pace in over four years, amid a steeper drop in the latter. The S&P Global Brazil Composite PMI® Output Index* fell from 48.7 in June to 46.6 in July.

New orders placed with private sector firms in Brazil contracted solidly in July, and at the quickest rate in 51 months. There were faster declines at manufacturing companies and their services counterparts.

For the first time in nearly two-and-a-half years, private sector employment decreased in July. The fall was centred on the service economy, with marginal growth seen at manufacturers.

Input cost inflation at the composite level receded to an eight-month low in July, while prices charged for goods and services rose at the quickest pace since March. In both cases, price pressures were more intense in the service economy.

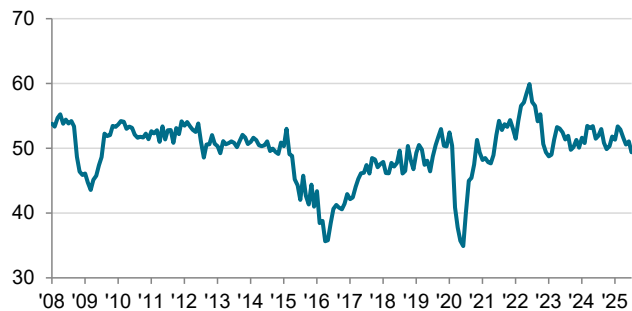


Sources: S&P Global PMI, IBGE via S&P Global Market Intelligence.

*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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