

# News Release

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## S&P Global Brazil Manufacturing PMI®

### Output rebounds as new orders regain growth momentum

#### Key findings

Factory production rises solidly

Sales growth hits ten-month high

Cost pressures recede but selling price inflation intensifies

The health of Brazil's manufacturing industry improved substantially in February, as a stronger increase in new business intakes propelled production out of contraction territory. Firms became more optimistic towards output prospects, which supported another round of job creation and the reinstatement of input buying growth. Cost inflation retreated from January's four-month high, while selling prices increased at the fastest rate since last August.

The S&P Global Brazil Manufacturing Purchasing Managers' Index™ (PMI®) – a gauge of overall business conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases – rose from 50.7 in January to 53.0 in February. The latest reading indicated a solid improvement in the health of the sector that was the strongest since last September.

Key to February's strength was an acceleration in new order growth. Goods producers registered the quickest increase in sales since April 2024, which they attributed to more favourable demand conditions.

In response to sustained sales growth, manufacturing companies scaled up output volumes halfway through the first quarter. The increase in production was the fifth in six months and solid overall.

In contrast to the trend for total sales, firms signalled another decline in international orders. The reduction was marginal, but took the current stretch of contraction to four months. Anecdotal evidence highlighted weaker demand from Argentina, the UK and the US.

A revival in domestic demand and restocking needs encouraged Brazilian goods producers to purchase additional inputs in February. Buying levels rose for the first time in three months and at a slight pace that was nevertheless above the long-run series average.

Brazil Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-21 February 2025.

#### Comment

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

"Brazil's Manufacturing PMI indicated a more favourable outlook for the health of the sector, with the headline index reaching a five-month high in February on the back of a marked rise in sales and the reinstatement of output growth.

"Firms maintained a strongly positive outlook for the year ahead, with expectations at their highest for six months. Optimistic forecasts supported job creation and input buying growth, with employment rising at the fastest rate since May 2024.

"Supply chain issues remained mild, with some firms noting an imbalance between input supply and demand, as well as delayed international shipments. Rising material and freight costs meanwhile kept input price inflation at an elevated level. This, coupled with supportive demand conditions, led manufacturers to lift factory gate charges to the greatest extent in six months, which could negatively impact demand in the near-term and increase the chances of another interest rate hike in the upcoming central bank meeting."

PMI®

by S&P Global

Input prices continued to rise substantially in February. In addition to linking hikes to currency weakness, monitored firms reported having paid more for freight, gas, polyester, resin and steel. The overall rate of inflation eased from January but was historically sharp.

With cost burdens remaining on an upward trajectory and demand conditions improving, Brazilian manufacturers hiked their own selling prices in February. The rate of charge inflation quickened to a six-month high and was well above its long-run average.

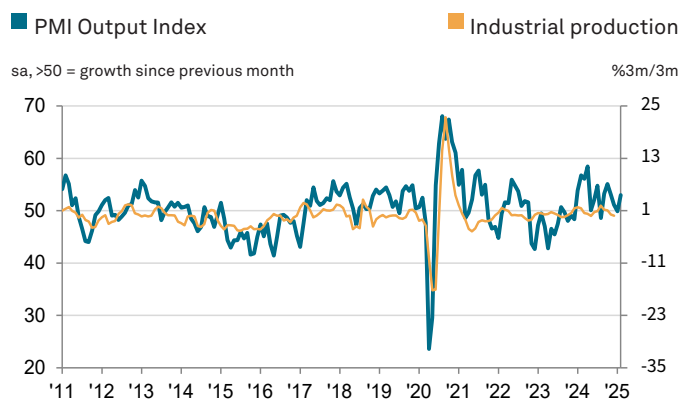
Looking ahead, companies were confident of a rise in production over the coming 12 months. Moreover, the overall level of confidence climbed to a six-month high. Firms suggested that positive demand trends and new plant openings bode well to the outlook.

Optimism in the outlook and ongoing increases in new orders prompted firms to hire additional workers midway through the first quarter. The rate of job creation was marked and the fastest since May 2024.

Subsequently, companies were able to stay on top of their workloads. Outstanding business volumes decreased at a moderate rate, albeit one that was quicker than in January.

Both pre- and post-production stocks increased during February for the first time in four months. Rates of accumulation were modest in each case.

Finally, delayed international shipments and shortages of items at suppliers triggered a further deterioration in vendor performance. Average lead times on inputs lengthened to a moderate extent that was similar to January, however.



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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