

# S&P Global Brazil Manufacturing PMI<sup>®</sup>

## Brazilian manufacturing conditions worsen further in January

### January 2026

Sharper contractions in factory orders and production

Firms cut buying levels and payroll numbers

Renewed increases in input costs and selling prices

Substantial deteriorations in domestic and international demand for Brazilian goods weighed heavily on order books, production volumes and input purchasing at the start of 2026. Firms continued to reduce headcounts and maintained a preference of lean stocks.

The retrenchment across the sector was accompanied by renewed cost pressures, which prompted companies to lift their charges following a four-month period of discounting.

Falling from 47.6 in December to 47.0 in January, the S&P Global Brazil Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>) – a single-figure indicator of manufacturing performance – indicated the most pronounced deterioration in the health of the sector in four months. Moreover, the headline reading was at its second-lowest mark since mid-2023.

Market groups data showed that capital goods was the worst-performing category. The highest, though still below 50.0, PMI reading was in consumer goods.

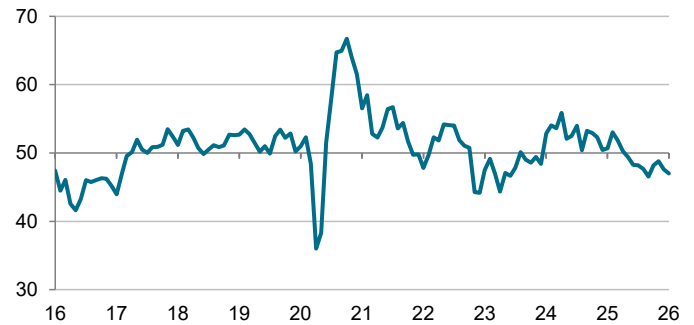
Amid reports of dwindling demand, goods producers observed another fall in new work intakes. The latest contraction in sales was the tenth in consecutive months and the second-steepest in close to three years, slower than that registered last September.

Contributing to the fall in total order book volumes was another reduction foreign sales. The pace of contraction was marked and faster than in December. Survey participants identified tariffs as the main aspect behind the current decline, with some citing order suspensions from US clients.

Intermediate and investment goods makers noted steep contractions in total sales, while the fall at consumer goods producers was only marginal. This was despite capital goods being the only segment to note an uptick in new export orders.

Faced with lower volumes of new work, Brazilian manufacturers trimmed output at the start of 2026. The rate of reduction was marked and the second-strongest in just over three-and-a-half years (behind last September). Capital

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



Data were collected 12-23 January 2026.  
Source: S&P Global PMI. ©2026 S&P Global.

### Comment

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

"The first set of PMI data for 2026 are showing a common theme to recent months, with Brazilian manufacturers moving deeper into retrenchment mode due to lingering demand weakness.

"Given the ongoing decline in backlogs of work, an absence of new projects and firms' preferences for lean stocks, it's likely that output will remain inside contraction territory in the near-term.

"Although companies were optimistic in the year-ahead outlook for production, which mainly reflected hopes of better demand conditions and lower borrowing costs, their operational scaling back suggest that businesses are preparing for an extended period of subdued conditions rather than expecting a quick turnaround.

"What's worse, input prices have been creeping up, prompting a renewed rise in average charges that could start to damage competitiveness and further restrict demand."

goods led a broad-based drop at the sub-sector level.

Demand retrenchment had a detrimental impact on purchasing activity among Brazilian manufacturers, which decreased to broadly the same extent as in December when the drop had been the steepest since April 2023.

January data showed back-to-back declines in factory employment across Brazil, but here the pace of contraction was only slight.

One factor that weighed on recruitment decisions was spare capacity among firms, with outstanding business levels decreasing for the tenth straight month in January. The rate of depletion was solid, though the slowest since last May. In terms of supply-chain conditions, the latest data showed only a marginal lengthening of delivery times.

Input costs rose for the first time in three months, with firms reportedly paying more for foodstuff, commodities, electronic components, metals, plastics and textiles. When compared to its long-run average, the rate of inflation was moderate.

Similarly, there was a renewed uptick in average prices charged for Brazilian goods but one that was historically mild. Among the 5% of companies that increased their fees, there were mentions of the pass-through of greater cost burdens to clients.

Stocks of both inputs and finished products decreased for the second successive month in January. The quicker rate of contraction was seen for the former.

Manufacturers signalled an improvement in business confidence during January, with the degree of optimism at its strongest since June 2025. Positive sentiment was pinned on hopes of interest rate cuts and better demand conditions, alongside planned investment and new product launches.

## 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.

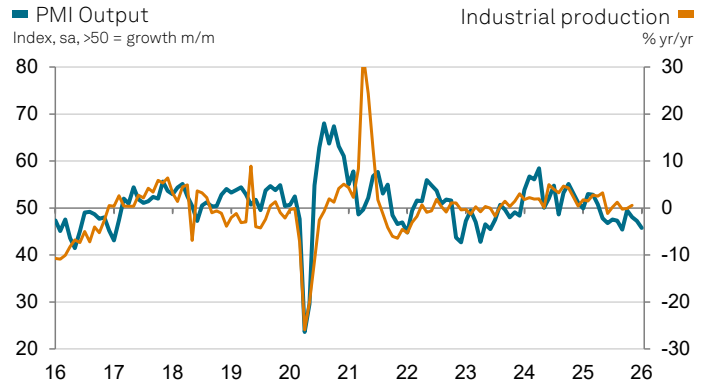
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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