

S&P Global Brazil Services PMI[®]

Service sector growth slows and inflationary pressures ease

January 2026

Softer increase in new business curbs output growth

Input cost inflation retreats to 20-month low

Employment falls and business confidence fades

Growth across Brazil's service economy took a step back in January amid a less favourable demand environment. Firms signalled weaker expansions in new order intakes and business activity, which prompted them to lower workforces and downgrade output projections.

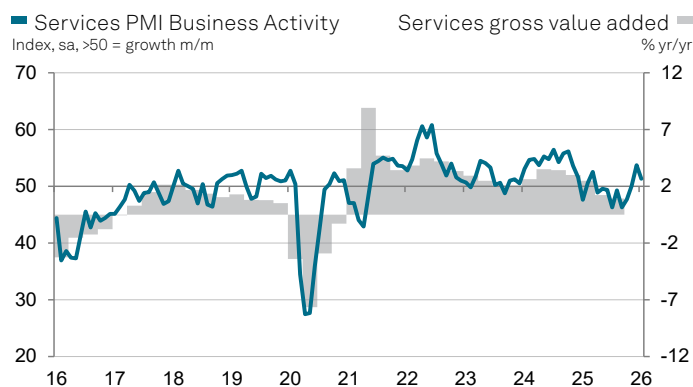
Business expenses rose sharply, albeit to the least marked extent since May 2024. Concurrently, prices charged for the provision of Brazilian services increased at the slowest pace in seven months.

Posting 51.3 in January, 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 – remained above the neutral mark of 50.0 and hence signalled a further expansion in output. Falling from 53.7 in December, however, the current reading was consistent with a softer rate of growth that was only slight.

Critical to receding growth of business activity was a weaker rise in new orders. Intakes of new business increased at the slowest pace in the current three-month period of growth. Several firms remarked on reduced client bases and the detrimental impact of retrenchment in other sectors on demand for their services.

Finance & insurance led growth of new orders at the sub-sector level, though slight increases were also noted at consumer services and transport, information & communication firms. Real estate & business services was the only category to post a fall in sales. Finance & insurance was also the brightest area regarding output trends.

While instances of new work shortages added to Brazilian service providers' concerns, firms were collectively less upbeat towards the year-ahead outlook for business activity. Several companies were worried about public policies and this year's elections, with a few panellists indicating that geopolitical tensions made future conditions more difficult to predict. The overall level of positive sentiment fell to a six-month low in January, with the respective index nearly 12 points below its long-run average.



Data were collected 12-27 January 2026.

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

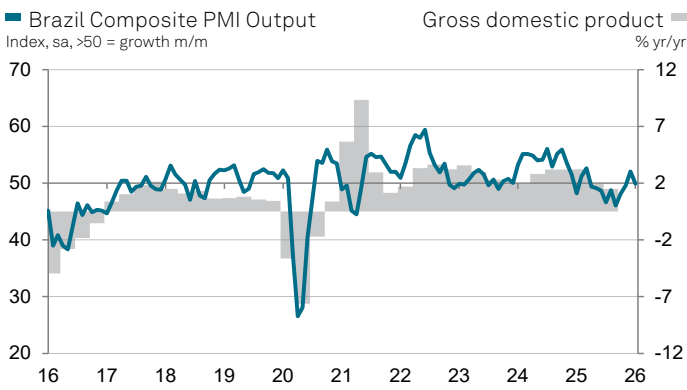
Comment

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

"Brazil's growth engine, the service sector, lost steam in January. With demand for services easing, firms restricted increases in activity, downgraded output forecasts and cut back on hiring. Job shedding means households have less cash to spend and, if sustained, the slowdown can quickly spread from services to other sectors.

"Whereas the readings for January were in stark contrast to the brief strength signalled at the end of 2025, they at least showed a further decline in inflation rates across the service sector. Notably, cost burdens rose at the slowest pace in 20 months, providing scope for a rate cut in coming months.

"With the service economy losing its spark and the manufacturing industry going further into retrenchment, the PMI results for January highlighted fragility across the combined private sector. New orders fell, output broadly stagnated and employment decreased for the first time in three months in a warning signal that the country's overall economic health remains delicate."



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

Hence, hiring activity was halted at the start of 2026 and firms shed jobs for the first time in five months. The rate of contraction was only marginal, however.

Companies operating in Brazil's service economy reported greater agricultural product, construction material, electricity, food, fuel, office supply and tyre costs in January. The rate of inflation was sharp overall, but eased to a 20-month low and broadly converged towards its long-run average. Panel members indicated that some products were cheaper than in December, such as lubricants and fertilisers.

Although some companies sought to protect margins from costs increases by lifting selling prices, others refrained from doing so amid challenging demand conditions. Overall, prices charged for the provision of Brazilian services rose at the weakest pace in seven months. The rate of inflation remained historically elevated, however.

S&P Global Brazil Composite PMI®

Private sector output was broadly stagnant in January.

Registering 49.9 in January, down from 52.1 in December, the S&P Global Brazil Composite PMI® Output Index posted only fractionally below the 50.0 threshold that separates growth from contraction. The latest reading signalled a broad stagnation in aggregate activity.

Although services output rose, the rate of growth softened considerably and was insufficient to offset a sharper downturn in factory production.

Similarly, manufacturing orders declined to a greater extent while growth of sales among service providers eased. Subsequently, new business intakes across the private sector fell slightly.

Aggregate employment decreased for the first time in three months, with slight contractions seen at manufacturing firms and their services counterparts.

Service providers signalled receding inflationary pressures in January, while goods producers reported renewed increases in expenses and selling prices. At the composite level, rates of input cost and output charge inflation reached two-month highs.

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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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