

News Release

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S&P Global Brazil Services PMI®

Services output rises at stronger rate, but business confidence fades in March

Key findings

Stronger increases in activity and sales

Weakest degree of optimism in nearly four years

Job creation softens

Boosted by a marked expansion in new business inflows, Brazilian services activity increased at a faster rate in March. Despite remaining strong by historical standards, job creation softened as firms pared back growth expectations. Business confidence was at its lowest level since May 2021, amid concerns surrounding defaults, inflation and interest rates.

Input costs rose at the second-fastest pace in close to three years, behind that seen in February, while charge inflation remained high in spite of receding to the weakest in 2025 so far.

Rising from 50.6 in February to 52.5 in March, 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 – indicated a faster expansion in output. The pace of growth was solid and the strongest since last November.

Panellists identified new business gains as the main reason behind output growth. Indeed, March saw a marked upturn in sales that was the quickest in four months. According to surveyed firms, demand conditions improved.

In turn, positive client interest prompted service providers in Brazil to recruit additional staff. Employment rose for the fifth month in a row. The pace of job creation was solid, though eased from that seen in February.

Services companies remained upbeat towards the year-ahead outlook for business activity during March. That said, the overall level of confidence slipped to a 46-month low and was well below its long-run average. Qualitative evidence showed that rising default rates, price pressures and elevated borrowing costs dampened optimism.

March data highlighted another substantial increase in operating expenses among services firms in Brazil. Panel members reportedly paid more for food, rent, transportation

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



Source: S&P Global PMI.

Data were collected 12-26 March 2025.

Comment

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

"While services companies benefited from an increase in new business intakes during March, they highlighted many challenges to output prospects. In particular, firms expect inflationary pressures and high borrowing costs to limit economic gains in the coming 12 months.

"But, with sales rising at least for now, service providers were willing to recruit additional workers in March.

"One area of concern is cost pressures, which remained very high. PMI data for March indicated the second-fastest rise in input prices in nearly three years as services firms grappled with currency weakness, collective bargaining and rising electricity, food, rent, transportation and water prices.

"Those increases in cost burdens continued to be passed on to consumers, which could restrict future sales and underpin further hikes to the policy rate."

PMI®

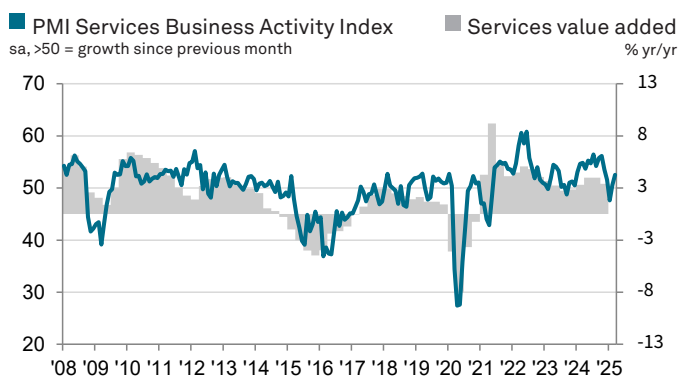
by S&P Global

and utilities (electricity and water). Collective bargaining and real depreciation (against the US dollar) were also cited as sources of cost pressures. The overall rate of inflation eased from February, but was nevertheless the second-fastest in close to three years.

There was a softer, albeit sharp, increase in prices charged for the provision of Brazilian services at the end of the first quarter. Despite being the weakest in four months, the rate of inflation remained above its long-run average.

Consumer Services was the brightest spot of the service economy in March, recording the quickest increases in employment, new orders and business activity out of the four tracked categories. Real Estate was the weakest link.

Cost pressures were strongest in the Consumer Services sub-sector, but the sharpest increase in output charges was registered at Finance & Insurance companies.



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

S&P Global Brazil Composite PMI®

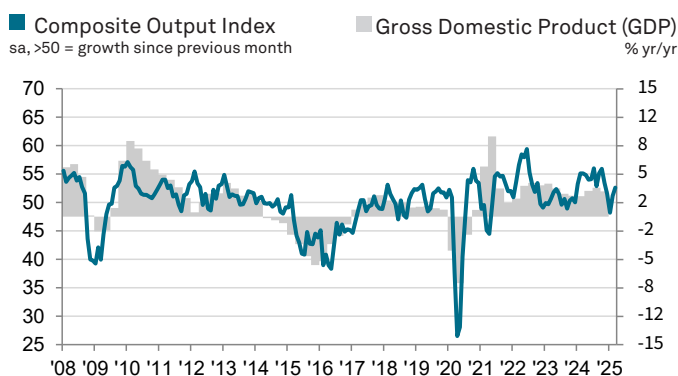
Private sector sustains growth of output in March

Aggregate output increased for the second consecutive month at the end of the first quarter. Moreover, the pace of expansion quickened to a four-month high. This was signalled by the S&P Global Brazil Composite PMI® Output Index* improving from 51.2 in February to 52.6. Growth rates were broadly similar across the manufacturing and service sectors.

When it came to new orders, services companies noted a stronger expansion than goods producers. At the composite level, sales grew at the fastest pace since November 2024.

Private sector employment rose further in March, extending the current sequence of job creation to a year-and-a-half. The rate of growth was above the average seen over the aforementioned period, despite slowing since February.

On the price front, private sector firms signalled receding inflation for both input costs and output charges. Nevertheless, rates of increase remained historically elevated, especially for business expenses.

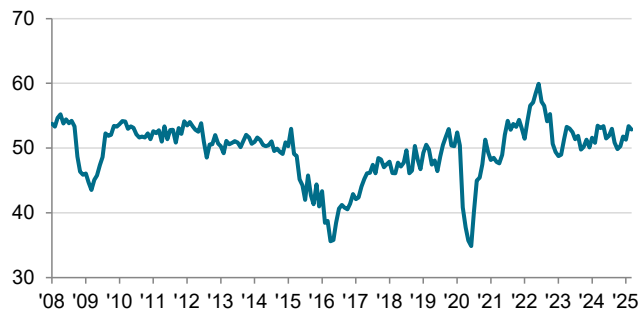


Sources: S&P Global PMI, IBGE via S&P Global Market Intelligence.

*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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