News Release

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S&P Global Brazil Manufacturing PMI®

Steep drop in exports sends manufacturing sector deeper into contraction

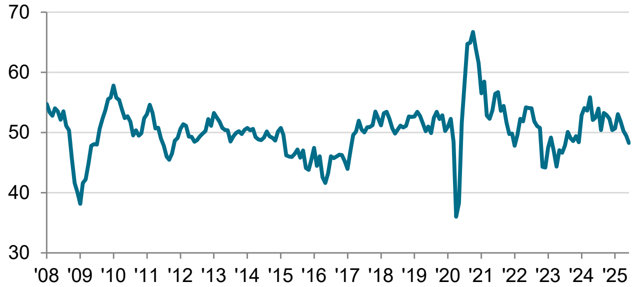
Key findings

Fastest fall in international sales since January 2023

Accelerated reductions in factory orders and production

Selling prices up only marginally

Brazil Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 10-23 June 2025.

June saw Brazil's manufacturing industry fall deeper into contraction, with a substantial drop in new export orders causing a sharper downturn in total sales. In response, production volumes were scaled back to a greater degree and firms shed jobs for the first time in close to two years. Retrenchment was also evident on the input purchasing front, as companies trimmed buying levels and stocks amid efforts to free-up capital.

The latest set of PMI® data also showed a mild pick-up in cost pressures, though the rate of inflation remained below the long-run series trend. Concurrently, there was a slight increase in prices charged for Brazilian goods.

Falling from 49.4 in May to 48.3 in June, the S&P Global Brazil Manufacturing PMI® – a single-figure indicator of manufacturing performance – indicated the fastest deterioration in operating conditions since July 2023. Moreover, the latest figure rounded off the worst quarterly performance for the sector since Q4 2023.

Companies signalled a second successive monthly fall in production volumes, which they associated with demand weakness and a lack of incoming new business. The rate of contraction in output was solid and the strongest in two years.

New orders continued to decline, marking a three-month sequence of reduction. The latest drop was moderate, albeit the quickest in a year-and-a-half.

Dampening overall sales was a substantial contraction in new export orders. The latest downturn was the third in successive months and the fastest since the start of 2023. Survey participants particularly signalled lower orders from North and South America.

Prices charged for Brazilian goods rose further in June, but the rate of inflation was moderate and among the slowest in the current 18-month sequence of increases.

Comment

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

"Brazil's manufacturing industry lost further momentum in June. Moderate declines in new orders during April and May had given some hope that the downturn was a temporary blip, but the latest results undermine that optimism. Output and total sales fell at the sharpest rates since June and December 2023 respectively.

"There was also a notable drop in export demand, a solid decrease in purchasing activity and the first round of job shedding in close to two years. The fact that companies continued to work on reducing their inventories doesn't bode well for production in the near term.

"That said, the Suppliers' Delivery Times Index was very close to stabilisation, suggesting that supply chains were operating much more smoothly and meaning that companies don't need to keep excess stock as a hedge against shortages.

"Another factor that could have constrained raw material purchasing was a pick-up in cost pressures. Producer prices, on the other hand, rose only marginally in June."

Amid reports of higher prices for electronic components, foodstuff and metals, average cost burdens rose further at the end of the second quarter. The rate of inflation quickened from May, but was the second-slowest since March 2024 and below the long-run series average.

Manufacturers in Brazil trimmed input purchases for the third month in a row during June. The downturn was solid and picked up to the fastest in one-and-a-half years.

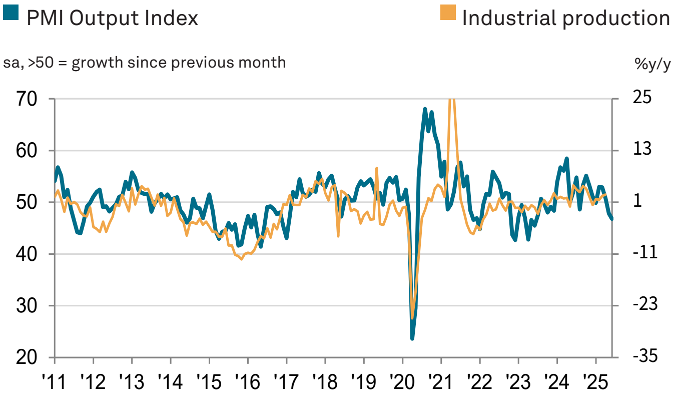
As a result, pre-production inventories continued to decrease. June's contraction was modest, however, and broadly similar to those seen over the second quarter. Similarly, there was a slight decline in stocks of finished goods halfway through 2025.

Supply-chain pressures subsided in June, with delivery times lengthening to the least extent over the current 15-month period of worsening vendor performance. Where delays had been noted, survey members cited slow logistics and a lack of critical materials at distributors.

Goods producers also signalled a lack of pressure on their own operating capacities, as outstanding business volumes decreased for the third consecutive month and at the fastest pace in close to a year. Underlying data showed that lower sales enabled firms to stay on top of workloads.

Subsequently, employee numbers decreased in June. The fall was the first in 23 months, albeit marginal overall.

Hopes of a rebound in demand and lower interest rates supported business confidence in June. Th level of positive sentiment climbed to a 14-month high and was above the historical trend.



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.

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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