

# News Release

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## S&P Global Brazil Manufacturing PMI®

### Rising cost pressures and fading demand trigger contraction in output

#### Key findings

Production falls for first time in 2024 so far

New order growth slows to eight-month low

Sharpest rise in input costs since March 2022

Goods producers in Brazil faced some challenges in August, according to the S&P Global PMI®, with new business growth receding to the weakest in 2024 so far and purchasing prices increasing to the greatest extent in nearly two-and-a-half years. Subsequently, companies cut production volumes and took on extra staff to a lesser degree. Amid firms' preference to use up safety stocks, there was only a slight uptick in buying levels.

At 50.4 in August (July 54.0), the S&P Global Brazil Manufacturing Purchasing Managers' Index™ (PMI) recorded its lowest reading in the year-to-date and was only just above the 50.0 no-change mark. The PMI was consistent with a marginal improvement in the health of the sector and a notable loss of growth momentum.

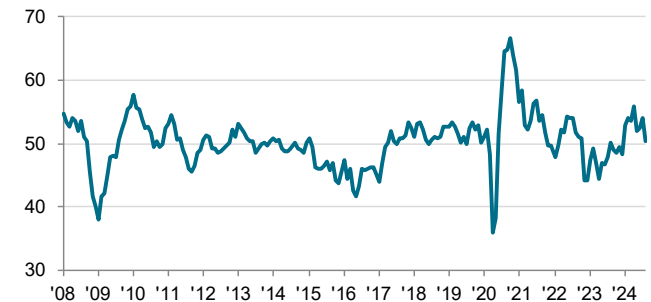
Goods producers trimmed output volumes for the first time in eight months, often due to subdued sales, weak underlying demand and elevated cost pressures. The fall in production was only slight, however.

Although new business continued to increase midway through the third quarter, the pace of expansion softened to the slowest in eight months and was only marginal. In some instances, firms suggested that high shipping fees encouraged some clients to switch from imported to domestic goods. The overall rise was curbed by lower demand for several products, however.

As was the case for total new orders, international sales rose at a softer and only marginal pace in August. Some panellists stated that demand from Asia and the Middle East improved, while several firms noted lower new business intakes from the US and Mercosur.

Brazilian manufacturers were faced with higher cost pressures in August. The rate of inflation climbed to a 29-month high, with the respective seasonally adjusted index nearly 14 points above its long-run average. Monitored companies reported greater chemical, fabric, foodstuff,

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



Source: S&P Global PMI.

Data were collected 12-22 August 2024.

#### Comment

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

*"The Brazilian manufacturing sector suffered a loss of momentum in August, with surging cost pressures hampering firms' ability to secure new business. Manufacturers even took the step of scaling back production and softened the pace of hiring in a bid to limit costs."*

*"Firms will be hoping for an improvement in the real exchange rate soon to help relieve some of the pressure on costs and lead to a revitalisation of growth in the months ahead."*

PMI®

by S&P Global

packaging, plastic and transportation costs, which they often blamed on currency depreciation.

Intense cost pressures, combined with fading demand, curbed input buying growth in August. Purchasing activity rose at the slowest pace since the current stretch of expansion began in January.

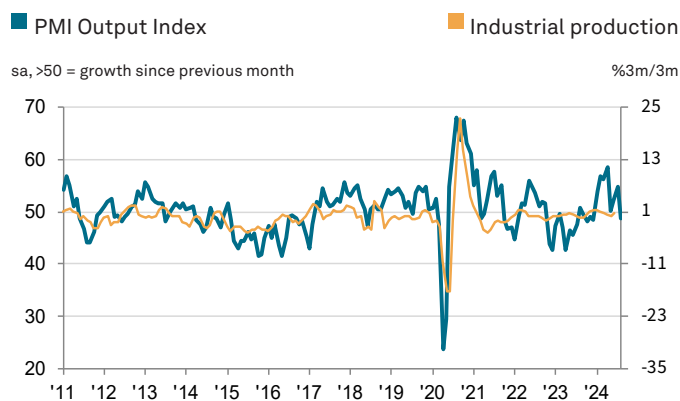
Panel member comments accompanying the questionnaire indicated intentional destocking among goods producers (on average), as adverse sales developments encouraged firms to use their safety stocks. Both pre- and post-production inventories decreased midway through the third quarter.

Another factor that contributed to lower inventory levels was a further worsening of supplier performance. Input lead times lengthened for the fifth month in a row.

Despite challenging operating conditions at present, manufacturers became more optimistic regarding the year-ahead outlook for production. The level of positive sentiment strengthened since July and was well above its long-run average. Confidence stemmed from plant expansion plans, product diversification, investment and forecasts of a pick-up in demand.

Upbeat expectations supported job creation in August. Employment rose at a solid pace, albeit one that was the slowest in 2024 so far. Shortages of skilled job seekers and cost-cutting at some units were behind the slowdown in growth, qualitative evidence showed. Still, ongoing job creation meant that firms were able to reduce backlogs.

Finally, prices charged for Brazilian goods rose sharply during August though the rate of inflation softened from July's two-year high.



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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