

# News Release

Embargoed until 1000 Sao Paulo (1300 UTC) 6 May 2020

## IHS MARKIT BRAZIL SERVICES PMI®

INCLUDING IHS MARKIT BRAZIL COMPOSITE PMI®

### Business activity and new work decline at fresh survey record rates in April

#### KEY FINDINGS

Restrictions related to COVID-19 weighs on sector

Sharpest job losses in nearly four years

Confidence drops further as worries intensify about longer-term impact of pandemic

April 2020 data were collected 7-27 April 2020.

April survey data indicated the intensification of the impact on economic activity related to the coronavirus disease 2019 (COVID-19) pandemic. Amid widespread reports of business closures and deteriorating demand, Brazilian service sector activity and inflows of incoming new business fell at survey-record rates. Pessimism about the future also intensified and in part helped to explain another noticeable drop in employment levels.

The headline seasonally adjusted IHS Markit Brazil Services Business Activity Index fell by over seven points in April to 27.4. That was down from 34.5 in March and indicated a substantial and survey-record fall in service sector activity (PMI data were first available in March 2007).

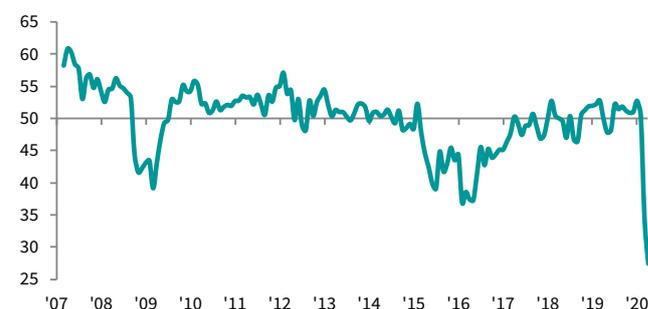
Overwhelmingly panellists reported that business closures throughout Brazil, alongside restrictions on consumer activity, meant that incoming new business fell at a rapid and unprecedented rate during April. With similar limitations on travel and activity in place around the globe, sales to foreign customers also fell to the sharpest degree on record.

The sharp drop in incoming new work, both from at home and abroad, led to the further opening of spare capacity at service providers. This was signalled by another fall in work outstanding, although the rate of contraction was the weakest in just over two years.

With overall workloads down, and companies indicating great concern about the future, employment levels were reduced for a second successive month. The rate of contraction also accelerated, reaching its sharpest level since May 2016.

Services Business Activity Index

sa, >50 = growth since previous month



Source: IHS Markit

Companies also indicated that job cuts reflected a desire to reduce operating expenses at their units. This helped explain a further reduction in the rate of input price inflation during April. Latest data showed that prices rose to the weakest degree for five-and-a-half years. Where costs did rise, this was attributed in part by service providers to unfavourable currency movements and increased costs for personal protective equipment such as disposable gloves and hand sanitiser.

The sharp reduction in demand for services led several companies to offer discounts. Client renegotiations were also reported to have resulted in downward pressure on the average tariffs of Brazilian service providers. April's survey showed that the subsequent drop in output charges was the first recorded by the survey since February 2019.

Finally, companies were deeply concerned about not only the short-term impact on current activity and business operations of the COVID-19 pandemic, but also about the potential for longer lasting economic damage. Latest data showed that pessimism about the next 12 months was registered for a second successive month, with the degree of negative sentiment accelerating to a fresh survey record.

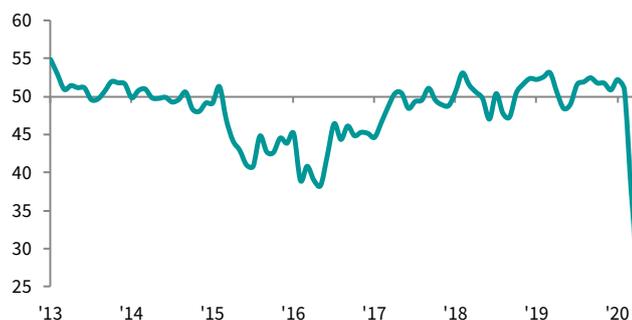
*continued...*

## IHS MARKIT BRAZIL COMPOSITE PMI®

## Private sector output deteriorates at survey-record rate in April

Composite Output Index

sa, &gt;50 = growth since previous month



Source: IHS Markit

The Composite Output Index\* maintained its recent downward trend during April, dropping to a level of 26.5, from 37.6 in March. April's reading was the lowest in the survey history and reflected series-record drops of output in both the manufacturing and service sectors.

A similar-sized decline to activity was seen in composite volumes of new business, which also fell sharply and at the fastest rate in the series history. Movement restrictions on businesses and consumers related to limiting the spread of the COVID-19 outbreak weighed heavily on both sectors during April.

Worries about the future impact of the COVID-19 pandemic on longer-term business activity weighed on confidence in April, with sentiment overall turning negative and declining to a survey low. This helped to explain job losses across the private sector, which in April were at the sharpest in nearly four years.

Finally, prices data showed downward trends in inflation. Input costs continued to rise, but at the slowest rate for just under five-and-a-half years, whilst output charges increased only slightly and to the weakest degree since February 2019.

Composite indices are weighted averages of comparable manufacturing and services indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Brazil Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

## COMMENT

Commenting on the PMI data, Paul Smith, Economics Director at IHS Markit said:

*"April's survey laid bare the sheer scale and impact of the COVID-19 pandemic on Brazil's private sector economy, with survey-record contractions in new business and activity signalled during the month.*

*"Moreover, confidence about the future has understandably taken a considerable hit, with firms pessimistic overall about the coming year as fears mount over the longer-term damage to the economy from the pandemic.*

*"This has translated into the sharpest job losses for nearly four years, adding to concerns over future customer demand – and the strength of the recovery."*

## CONTACT

---

### IHS Markit

Paul Smith  
Economics Director  
T: +44-1491-461-038  
[paul.smith@ihsmarkit.com](mailto:paul.smith@ihsmarkit.com)

Katherine Smith  
Public Relations  
+1 781 301 9311  
[katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

---

#### Methodology

The IHS Markit Brazil Services PMI® is compiled by IHS Markit 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.

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.

April 2020 data were collected 7-27 April 2020.

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

#### Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

---

#### About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

#### 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.  
[ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html)

If you prefer not to receive news releases from IHS Markit, please email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, click [here](#).