News Release

Purchasing Managers' Index ™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 10:00 (Sao Paulo) / 13:00 (UTC) April 3rd 2017

Markit Brazil Manufacturing PMI™

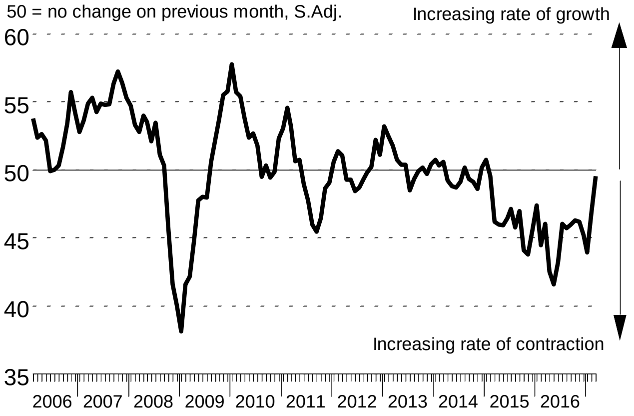
Manufacturing production increases for first time in over two years

Key findings:

- Growth of new work supports upturn in output
- Slowest fall in buying levels since February 2015
- Further job losses reported

Data collected March 13-24

Markit Brazil Manufacturing *PMI*™



Source: IHS Markit.

Goods producers in Brazil recorded the first increases in output and order books for 26 months during March. The upturn in the latter was support by stronger demand from abroad, with new export business also rising. Survey data continued to point to spare capacity in the sector, however, as well as job losses and another contraction in buying levels.

Remaining below the crucial 50.0 threshold, the seasonally adjusted **Markit Brazil Manufacturing *Purchasing Managers' Index*™ (*PMI*™)** pointed to a further deterioration in operating conditions across the sector. However, the headline index was up from 46.9 in February to a 25-month high of 49.6 in March. The upward movement in the PMI reflected a return to growth of new work and production, as well as softer reductions in stocks of purchases and payroll numbers.

Factory output rose in March, ending a 25-month sequence of reduction. The rate of expansion was modest overall, thought the quickest in four years. Furthermore, growth was seen in each of the three broad areas of manufacturing, led by consumer goods.

Underpinning the upturn in production was a rebound in the level of new projects received by firms. Having contracted in each of the previous 25 months, overall new orders rose slightly during March. New export business also grew, but at a marginal pace.

Survey participants indicated that output is expected to rise over the course of the next year, with more than two-thirds of firms upbeat regarding the outlook. New projects in the pipeline, capital investment plans, hopes of an economic turnaround and forecasts of stronger demand from externally-based clients were among the factors cited by firms as likely to support growth.

As part of ongoing efforts to free-up working capital, Brazilian manufacturers continued to draw down their inventories. Both pre- and post-production stocks declined in March, though at the weakest rates in 14 months. At the same time, buying levels dipped again, but the rate of reduction was the slowest seen since early-2015.

March data pointed to spare capacity among goods producers as outstanding business continued to fall sharply. Concurrently, payroll numbers decreased for the twenty-fifth straight month. Despite being solid, the rate of job shedding softened to the slowest in one-and-a-half years.

The weaker Brazilian real relative to the US dollar, combined with higher global commodity prices, led to a further increase in firms' input costs, with the rate of inflation sharp and well above its long-run average.

Some companies passed on to their clients part of the additional cost burden, resulting in another monthly increase in average selling prices. Nevertheless, the rate of charge inflation softened

compiled by markit

to a three-month low.

Comment:

Commenting on the Brazilian Manufacturing PMI™ survey data, **Pollyanna De Lima**, economist at IHS Markit and author of the report, said:

"PMI data for March showed tentative signs of a turnaround in manufacturing. Companies benefited from rising levels of incoming new work and stepped up production accordingly. In both cases, the expansions were the first seen in over two years.

"Although the upturn in manufacturing production is welcoming news, it's still too early to state that the economic rally will be sustained in coming months. With employee numbers continuing to decline, underlying demand is likely to be shy at best in the near term.

"One incentive businesses have to raise output further is a need to replenish stocks. Inventories of both raw materials and finished items in the goods-producing industry have been on the downside in each month since January 2015. In many cases, anecdotal evidence indicated that this reflected efforts to free-up working capital. The scenario is likely to change if firms are confident that the worst of the recession is over."

-Ends-

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Notes to Editors:

The Brazil Manufacturing *PMI*™ (*Purchasing Managers' Index*™) is produced by Markit. The report features original survey data collected from a representative panel of around 400 companies based in the Brazilian manufacturing sector. The panel is stratified by GDP and company workforce size.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@ihsmarkit.com.

The Manufacturing *Purchasing Managers' Index*™ (*PMI*™) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

The *Purchasing Managers' Index*™ (*PMI*™) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

About IHS Markit (www.ihsmarkit.com)
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

About PMI
Purchasing Managers' Index™ (*PMI*™) surveys are now available for over 30 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. To learn more go to www.markit.com/product/pmi.