News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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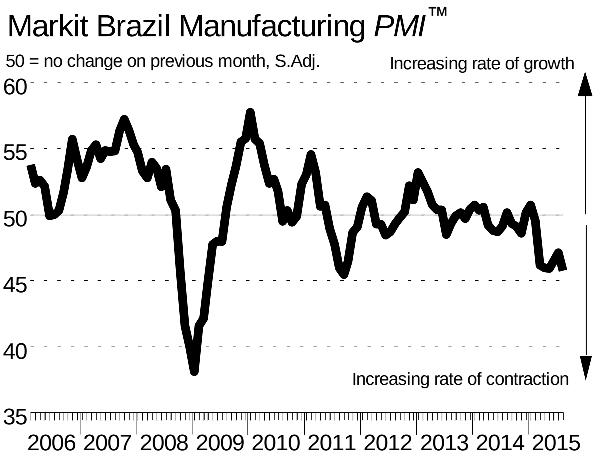
Markit Brazil Manufacturing PMI™

Manufacturing employment plunges as economic downturn continues

Key points:

- Payroll numbers drop at sharpest pace in over six years
- At 45.8 in August, PMI is at lowest level since September 2011
- New orders contract at fastest rate in nearly four years

Historical overview:



Summary:

August saw operating conditions across Brazil's manufacturing sector deteriorate further. Incoming new business fell to the greatest extent in almost four years and firms trimmed workforce numbers at the sharpest pace since mid-2009. Input price inflation accelerated amid rising import costs, a situation aggravated by a depreciating currency. Output charges were, subsequently, raised further.

Down from 47.2 in July to a 47-month low of 45.8 in August, the seasonally adjusted Markit Brazil *Purchasing Managers' Index™ (PMI™)* continued to signal worsening business conditions across the sector. The downward movement in the headline index reflected sharper declines in output, new business and employment, whereas stocks of purchases were depleted at a softer pace and vendor performance improved to a lesser extent.

Amid falling new orders, Brazilian manufacturers scaled back production for the seventh month running in August and at a sharper rate than recorded in July. Order book volumes also contracted for the seventh successive month, with the pace of reduction quickening to the fastest in almost four years. Panellists widely commented on weak underlying demand in the face of an increasingly fragile economy.

New business from abroad fell again, albeit only marginally. Where reductions were signalled, companies blamed competitive pressures and a general slowdown in global demand. Meanwhile, buying levels were lowered at a sharp pace that was the most pronounced in three months.

Goods producers lowered their stock levels in August. Holdings of manufactured goods were depleted for the eighth straight month and at the fastest pace since May. Pre-production inventories decreased at a solid rate that was, however, softer than in July. According to panellists, the latest drop in stocks of purchases reflected lower buying levels and cost-cutting attempts.

Falling production requirements and tough economic conditions led manufacturers to shed jobs once again in August. Moreover, the rate of employment reduction was the most marked in over six years.

Input cost inflation reached a 22-month high in August as the depreciating currency (versus the US dollar) resulted in higher prices paid for imported inputs. Part of the additional cost burden was transferred on to clients, as highlighted by a further increase in factory gate prices.

Comment:

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

"Brazil's goods-producing sector continued to disappoint in August. After recording softer reductions in output and new orders in July, Latin America's largest economy saw manufacturing new work sink at the sharpest pace for almost four years. Production was then lowered to a greater extent and the labour market suffered yet another hit, with job shedding quickening to the sharpest in over six years. Earlier in August, the IBGE – Brazil's statistical office – reported a 6.3% annual drop in industrial-sector employment (highest since August 2009).

"Echoing lacklustre demand conditions, Brazilian manufacturers continue to absorb cost increases, with the rate of cost inflation further exceeding that for charges. Most of the rise in purchase prices was associated with the weaker currency. The USD/BRL is approximately 30% higher than at the end of 2014, triggering Brazilian firms to pay more for imported inputs. The country has been suffering from major capital outflows, reflecting a toxic combination of deteriorating investor confidence, lower commodity prices and expectations of a rate hike in the US."

-Ends-

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Notes to Editors:

The Brazil Manufacturing *PMI*™ (*Purchasing Managers' Index*™) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 350 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@markit.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 Markit
Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see www.markit.com

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/economics.