

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 10:00 (Sao Paulo) / 13:00 (UTC) May 4th 2017**

## Markit Brazil Services PMI™ (with Composite PMI data)

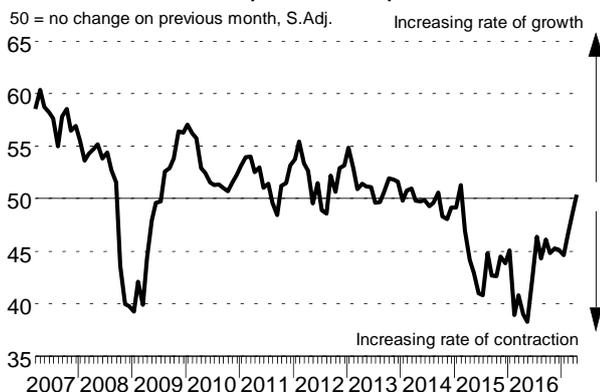
### Brazilian economy emerges from two-year downturn

#### Key findings:

- Business activity increases in manufacturing and service categories
- Private sector new work expands for third straight month
- Companies face more intense cost inflationary pressures

Data collected April 11-25

#### Markit Brazil Composite Output Index



Source: IHS Markit.

April PMI data indicated a return to growth in Brazil's private sector economy. Ongoing expansion of new work underpinned the upturn in business activity, while jobs were shed at the slowest pace in two years. Meanwhile, input cost inflation accelerated since March and output charges were raised on average.

Recording above the crucial no-change mark of 50.0 for the first time in 26 months, the seasonally adjusted **Markit Brazil PMI Composite Output Index** pointed to higher private sector activity in April. The index was up from 48.7 in March to 50.4, with the upturn driven by growth of both manufacturing production and services output.

Services output in Brazil expanded in April for the first time since February 2015, reflecting sustained

growth of new work. The seasonally adjusted **Markit Brazil Services PMI Business Activity Index** rose from 47.7 in March to 50.3, a reading consistent with a marginal rate of increase.

For the third straight month, the level of incoming new business received by service providers increased in April. Furthermore, the pace of expansion accelerated to the strongest since February 2015. With growth of new orders also seen in the manufacturing industry, private sector new work continued to rise.

On average, services companies reported that they foresee output growth in the year ahead. Lower interest rates, an expected economic rebound, higher consumption and political reforms were among the factors supporting confidence. Nonetheless, some panellists mentioned that a slow recovery, the closure of some operations, political disturbances and the 2018 elections pose a threat to the outlook. The overall degree of optimism dipped to a one-year low in April. Manufacturing sentiment also softened in the latest month, to the weakest in the year-to-date.

Despite growth in both business activity and new work, April saw another round of job shedding amid reports of efforts to control costs. Services employment fell for the twenty-sixth straight month, but the rate of contraction eased to the weakest since August 2015. A softer reduction in payroll numbers was also noted in the manufacturing segment, one that was the slowest in the current 26-month of job losses.

Higher prices paid for petrol, energy and raw materials caused a further increase in average cost burdens facing service providers. April's upswing in input prices was the quickest in three months, with the rate of inflation outpacing the long-run series average. Across the private sector as a whole, input costs rose at a stronger pace than seen in March.

Services companies increased their own selling prices (on average) during the month, ending a 12-month sequence of discounting. Overall, the rate of

charge inflation was slight and broadly in line with the series long-run trend. Factory gate prices rose again, but the pace of inflation moderated to the slowest since last November.

April data continued to point to spare capacity in the service sector as outstanding business volumes dropped for the twenty-first successive month. Moreover, the rate of backlog depletion accelerated since March and was sharp overall. Levels of work-in-hand (both in progress and not yet started) at goods producers declined at the slowest pace in over one year.

### Comment:

Commenting on the Brazilian Services and Composite PMI data, **Pollyanna De Lima**, Economist at IHS Markit and author of the report, said:

*“It’s encouraging to see Brazil’s economy on the rise after a prolonged downturn. More so, the positive news of expanding output was balanced across the manufacturing and service sectors.*

*“The main factor urging businesses to scale up activity was ongoing growth of new work. There still remain signs of spare capacity, as highlighted by continued reductions in backlogs and payroll numbers. Nonetheless, rates of job losses slowed in both the service and goods-producing sectors.*

*“April’s upturn did little to lift companies’ sentiment towards future performance, with confidence at its lowest level since mid-2016. Weighing on optimism were concerns about a slow economic recovery, the closure of some business units, political issues and the upcoming 2018 presidential elections.”*

-Ends-

**For further information, please contact:****IHS Markit**

Pollyanna De Lima, Economist  
Telephone +44-1491-461-075  
Email [pollyanna.delima@ihsmarkit.com](mailto:pollyanna.delima@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44207 260 2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Notes to Editors:**

The Markit Brazil Services *PMI*<sup>™</sup> is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 450 private service sector companies. The panel has been carefully selected to accurately replicate the true structure of the services economy.

The Markit Brazil Composite *PMI*<sup>™</sup> is a weighted average of the Manufacturing Output Index and the Services Business Activity Index, and is based on original survey data collected from a representative panel of around 850 companies based in the Brazilian manufacturing and service sectors.

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.

The *Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) 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 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.

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](mailto:economics@ihsmarkit.com).

**About IHS Markit ([www.ihsmarkit.com](http://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.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

**About PMI**

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) 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](http://www.markit.com/product/pmi).

The intellectual property rights to the Brazil Services and Composite *PMI*<sup>™</sup> 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*<sup>™</sup> and *PMI*<sup>™</sup> are either registered trademarks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

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