

**Purchasing Managers' Index™  
MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL: 10:00 (Sao Paulo) / 12:00 (UTC) February 1st 2018**

## IHS Markit Brazil Manufacturing PMI<sup>®</sup>

### Production increases further at start of 2018

#### Key findings:

- Output growth sustained in January
- Total new work rises, but export sales contract
- Rate of job creation softens

Data collected January 12-24

The Brazilian manufacturing economy remained on an upward path in January, with demand growth underpinning expansions in factory orders and production. In response, companies took on additional staff and purchased greater quantities of inputs. That said, rates of increase softened in most cases except for buying levels, which recorded an accelerated upturn. At the same time, new work from abroad fell, while a further decline in outstanding business highlighted ongoing spare capacity in the sector. Meanwhile, a slower rise in cost burdens was registered. Charge inflation, on the other hand, climbed to an 11-month peak.

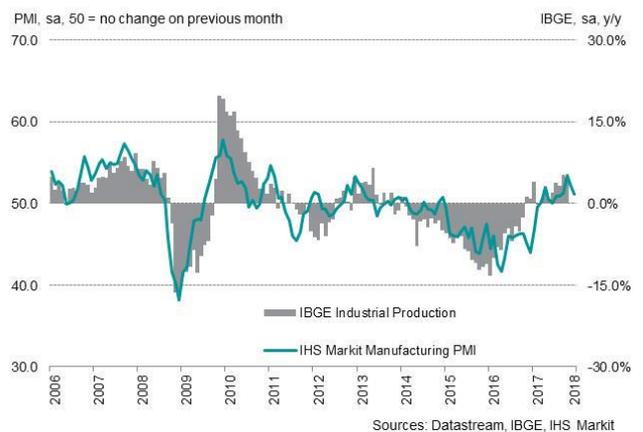
Recording 51.2 at the start of 2018, the seasonally adjusted IHS Markit Brazil Manufacturing **Purchasing Managers' Index™ (PMI<sup>®</sup>)** pointed to a sixth consecutive monthly improvement in operating conditions. However, the headline figure fell from 52.4 in December to its joint-lowest mark since last September.

New order growth was sustained in January as manufacturers benefited from new customer wins, product diversification and better demand conditions. The upturn was widespread across the consumer, intermediate and capital goods segments, but the overall rate of expansion eased further from November's 81-month peak.

A growth slowdown was also noted for output. The rise in production remained stronger than the long-run series average, despite softening to a three-month low.

After having increased in November and December, new export orders declined in January. Some companies reported a challenging demand environment externally, while others indicated a

#### Brazil Industrial Production vs Manufacturing PMI



particular focus on the domestic market.

Only a negligible rise in headcounts was evident in January, as the rate of job creation softened to the weakest in the current four-month period of expansion. Anecdotal evidence implied that growth was curtailed by cost-reduction policies at some firms.

Goods producers spent more on inputs, with buying levels rising at a quicker pace than in December. Those companies that scaled up purchasing activity commented on efforts to expand inventories and greater output needs.

Meanwhile, survey data showed that producers continued to operate below capacity as work-in-hand fell further. Concurrently, inventories of both inputs and finished items decreased again.

Price indicators painted a mixed picture, as the rate of input cost inflation eased while that for charges reached an 11-month peak. However, as has been the case for over three years, the former was stronger than the latter suggesting a further squeeze of firms' margins.

Companies retained optimistic growth projections, with expectations of better political and economic conditions as well as higher sales supporting confidence.

## Comment:

Commenting on the Brazilian Manufacturing PMI<sup>®</sup> survey data, **Pollyanna De Lima**, Principal Economist at IHS Markit and author of the report, said:

*“The Brazilian manufacturing economy started 2018 on a lower gear than it ended 2017. A softer increase in new work led firms to hit the brakes on output, which expanded at the weakest rate since last October. Likewise, jobs growth moderated to a negligible pace.*

*“On the flip side, new export orders contracted for the first time in three months despite real weakness. Furthermore, the survey showed that factories continued to operate below capacity levels.*

*“Businesses further engaged in input buying as they carried on stock-building efforts, while optimism levels remained elevated.*

*“The falls in the PMI as well as in the output index seen in December and January suggest that annual growth of industrial production is likely to have slowed from the +4.9% reported by the IBGE in November.”*

## For further information, please contact:

### IHS Markit

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

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

## Notes to Editors:

The Brazil Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>™</sup>) is produced by IHS 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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

The Manufacturing *Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>®</sup>) 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*<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 (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](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 © 2018 IHS Markit Ltd. All rights reserved.

### About PMI

*Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>®</sup>) 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. To learn more go to: <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the Brazil Manufacturing *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 trade marks 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](#).