News Release

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BCR Romania Manufacturing PMI®

Romanian manufacturing sector falls deeper into contraction in October

Key findings

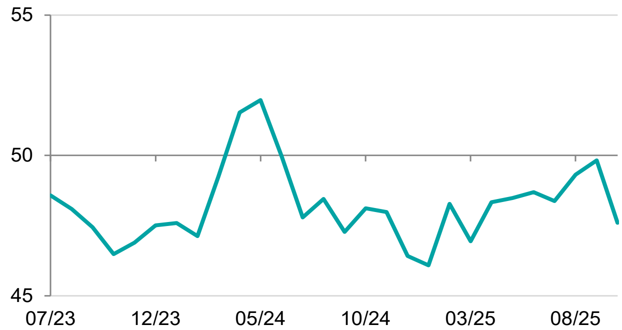
Sharpest fall in order books since January

Confidence at new survey-low

Inflationary pressures cool

BCR Romania Manufacturing PMI

sa, >50 = growth since previous month



Sources: BCR, S&P Global PMI.

Data were collected 9-27 October 2025.

Operating conditions across the Romanian goods-producing sector deteriorated in October, confirming that September's tentative signs of stabilisation were short-lived. There were reports that unfavourable market conditions had damped sales performances, which in turn led firms to lower production, purchase fewer inputs and reduce staffing numbers. As a result, confidence dropped to its lowest level on record, just below that seen in August. Price gauges showed sharp, but softer increases both in terms of costs and charges in October.

The headline PMI is a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

Down from September's near stabilisation reading of 49.8, the headline PMI posted 47.6 in October. It marked the strongest deterioration in the health of the sector since March, with four of the five PMI components imparting negative directional influences.

At the centre of the sector's downturn was a strong drop in order books, which reversed the brief period of growth in September. According to respondents, elevated selling prices deterred sales given already constrained customer budgets. Though to a lesser degree than at the overall level, export orders fell in October, with panellists noting difficulty in being able to price competitively.

Reflective of challenging market conditions, manufacturing output fell for the seventeenth month in a row in October, and with the rate of decrease accelerating to its fastest since March.

Subsequently, factory employment was down again, with falls reported in each of the 17 months of lower production. The latest decrease reflected a combination of redundancies and voluntary leavers not being replaced. The rate of job cutting was in line with the series average and moderate overall.

Still, firms had sufficient capacity to make inroads into their backlogged orders in October. In most cases, companies noted that output had exceeded orders, but some also made efficiency gains.

Manufacturers were also in retrenchment mode when making purchasing decisions, as input buying fell for the second time in three months. As a result, firms turned to their stocks of purchases

Comment

Ciprian Dascalu, Chief Economist at BCR said:

"The BCR Romania Manufacturing PMI came in at 47.6 in October down from 49.8 in the previous month. This shows an acceleration in the trend of decline, breaking a two-month streak of improvement in the value of the index. All components except suppliers' delivery times had negative directional contributions this month, with the strongest negative influence coming from new orders and output. The most concerning aspect comes from new orders which dropped sharply after having broken the 50.0 barrier for the first time in 15 months in September. Based on answers from the surveyed companies, rising prices and subdued customer budgets were behind this negative evolution. New export orders followed a similar pattern, showing that external demand was also a problem. There has been some cooling off in both input and output prices growth pace this month, which could be a positive sign for future new orders. The HCOB Flash Germany Manufacturing PMI inched up in October but remained contractionary showing some persistent problems in the manufacturing sector of Romania's biggest trading partner.

"After eight months, the official data from the National Institute of Statistics (NIS) shows manufacturing output at -0.9% y/y. Furthermore, looking at a 12-month moving average, output is at -1.2% as of August. The Romanian manufacturing industry will most likely post its third consecutive year of contraction in 2025. Some good news comes from new orders based on NIS data. These have been increasing on an annual basis in recent months and should lead to higher production ahead. According to the

to fulfil any production requirements in an attempt to protect cashflow while order numbers remained muted. The rate of depletion picked up on the month and was slightly stronger than the series average.

Despite reduced purchasing activity, there were still reports of longer lead times on the delivery of inputs. Stock shortages, reduced staff at vendors and issues with couriers and roads were among the reasons cited by panellists. The decline in supplier performance was only modest, however.

The impact of the recent VAT increase continued to trickle through in the form of higher costs in October. Although sharp, the rate of inflation was far softer than August's peak. At least some of the raised cost pressure was passed through to customers in the form of increased selling prices.

Finally, looking ahead, Romanian manufacturers were less confident in future output levels in October. Sentiment, although positive, fell to its lowest on record, just below August's previous low. Fragile market conditions and concerns around customers' purchasing power reportedly weighed on the outlook.

12-month moving average, they are up 5.2% y/y in August. August, however marked a significant decline which has to do with the introduction of the higher VAT rate. Significant investments in EU security, along with large fiscal stimulus approved in Germany for infrastructure and defence spending, are likely to boost European industrial production. External demand remains very important for domestic manufacturing business.

"The Output Index showed an accelerating rate of decline this month, which was linked mainly to lower new orders. Output has been declining for nearly one-and-a-half years. New orders were particularly bad in October due to increased prices and constrained customer budgets. New export orders followed a similar pattern after showing some promising signs of recovery last month. Firms noted losing sales on external markets due to low price competitiveness. This is likely the cumulative result of relatively higher energy costs, fast increases in labour costs, especially minimum wage hikes, raised cost of financing due to higher risk-free rate/sovereign credit risk, while the currency appreciated in real terms, in the context of generally tight profit margins in manufacturing. The degree of optimism in business expectations fell to the lowest point since data collection in October. Companies were concerned that lower purchasing power which was eroded by persistently high inflation and slower nominal wage growth would dampen sales. Lower order numbers also affected employment, stock management and purchasing behaviour.

"Both input and output prices growth pace decelerated in October. Higher energy prices, lingering effects of the indirect taxes hike and rising costs in general were reportedly behind price movements. Considering that tax changes are reported as being mostly behind this inflationary tide, the expectations are that this should be only transitory, and we should expect lower price growth rates moving forward."

Contact

Ciprian Dascalu
Chief Economist
BCR
T: +40760286581
ciprian.dascalu@bcr.ro

Eleanor Dennison
Economist
S&P Global Market Intelligence
T: +44-1344-328-197
eleanor.dennison@spglobal.com

Hannah Brook
EMEA Communications Manager
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Survey methodology

The BCR Romania Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in July 2023.

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 Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

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.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi

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