

## BCR Romania Manufacturing PMI<sup>®</sup>

### Romanian manufacturing sector stuck in contraction territory at the mid-point of the year

#### Key findings

PMI at one-year high, but operating conditions remain challenging

Output and new orders fall at sharper rates

Cost pressures recede to softest in just over one-and-a-half years

Operating conditions facing Romanian manufacturers remained challenging across the board, with subdued sales central to firms' decisions to retrench both employment and purchasing. Despite sharper drops in output and new orders, the health of the sector declined to the least marked extent in one year, with employment and stocks of purchases falling at softer rates.

On the price front, reduced demand for inputs helped to alleviate cost pressures, which were their weakest in 19 months. Output prices likewise rose at a softer rate than in May. Finally, confidence in the outlook improved slightly, but was still muted by historical standards.

The headline BCR Romania Manufacturing PMI<sup>®</sup> is a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases.

At 48.7 in June, the PMI remained in contraction territory for a twelfth straight month (up from 48.5 in May). Sharper declines in the two largest components of the headline index, output and new orders, failed to offset positive directional influences elsewhere.

Subdued sales conditions remained central to the sustained deterioration in the health of the Romanian goods-producing sector. New orders fell solidly and at the quickest rate seen since March. Contributing to this was a greater drag from export sales, which fell further as a result of increased hesitancy from international clients.

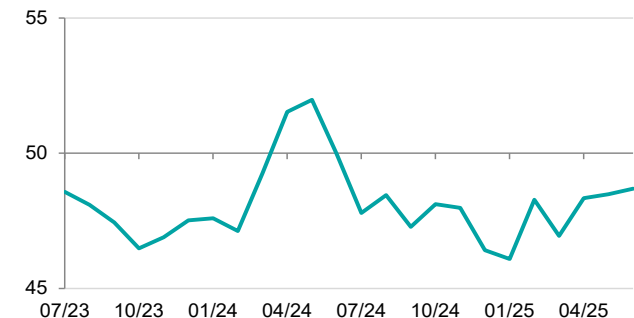
Latest data saw the trend of decline in Romanian manufacturing output stretched to just over a year, with the rate of reduction faster than in May. The sustained drop in new orders had led firms to reduce their output levels accordingly, panellists noted.

Indeed, production requirements were lower and firms turned away from buying again in June. This helped to relieve pressure on costs, however, with both input costs and output prices rising at softer rates on the month. Cost inflation was the weakest in just over one-and-a-half years, having receded for a fourth straight month. Those firms that reported greater costs attributed this to an unfavourable exchange rate movement, higher raw material prices, economic instability and increased fuel costs.

Stocks of purchases were lowered once again in June, as panellists cited generally lower output requirements and a preference to free

BCR Romania Manufacturing PMI

sa, >50 = growth since previous month



Sources: BCR, S&P Global PMI.

Data were collected 12-24 June 2025.

#### Comment

Ciprian Dascalu, Chief Economist at BCR said:

"June brought the third consecutive month of improvement in the headline BCR Romania Manufacturing PMI, with the figure at 48.7 vs 48.5 in the previous month, reaching one-year high. With a value remaining below 50.0, the PMI continues to indicate a contraction. Looking at the directional contribution of the components, we can see that new orders and output had a negative contribution, while employment, stocks of purchases and suppliers' delivery times helped lift the headline index higher. Subdued demand has been an issue for Romanian manufacturing in recent months and considering that there seems to be no real improvement on this front, we should not get our hopes up yet for a meaningful recovery of the sector this year. External demand remains highly important. The HCOB Flash Germany Manufacturing PMI inched up in June to 49.0 reaching a 34-month high and the Output Index reaching a 39-month high at 52.6. The Eurozone Manufacturing PMI flash reading stood at 49.4, unchanged vs May.

"The average PMI reading for the Romanian manufacturing sector stands at 48.5 in the second quarter of 2025. This is an improvement compared to the 47.1 recorded in the previous quarter. Industry had a -0.5pp contribution to the +0.3% annual GDP growth in the first quarter of this year. This was in line with PMI signals. The expectations for the second quarter are for another negative contribution from industry based on PMI readings, but a slight improvement might occur in quarterly terms. Manufacturing output had an underwhelming start of the year and the chances of growth in 2025 as a whole are quite slim. Second half of the year needs to be very strong in order to avoid the third consecutive year of contraction. Significant investments in EU security, along with large fiscal stimulus approved in Germany for infrastructure and defence spending, are likely

up cashflow. The rate of reduction was only slight, however, and the softest in four months.

Instances of transportation issues and stock shortages meant that suppliers to the Romanian manufacturing sector were unable to meet orders in a timely manner. The deterioration in supplier performance was the most pronounced in 2025-to-date.

There were renewed signs of excess capacity in June, as backlogs of work were depleted. The fall was the eleventh in the past 12 months. Lower order numbers as well as efforts to improve productivity led to the latest decrease in outstanding work, panellist reports showed. Concurrently, June saw another round of job losses across the Romanian goods-producing sector. Although there were reports of redundancies, a number of firms linked the decrease in headcounts to voluntary leavers. The rate of workforce reduction was only fractional and the least marked in the current 13-month sequence of decline.

Looking ahead, June's data showed a slight upward revision to firms' growth expectations, with almost half (49%) forecasting a rise in output over the coming 12 months. Investment in new equipment and spending on marketing and promotional strategies underpinned positive sentiment. A number of panellists also banked growth on improved economic and political conditions. That being said, firms were less upbeat than on average over the two-year series so far (69.3).

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to boost European industrial production. Uncertainty remains high, especially in the context of the U.S. tariffs. Romania is mostly indirectly exposed to U.S. tariffs through German car industry supply chains.

"The manufacturing Output Index inched lower in June and continued to signal a contraction vs the previous month. Challenging economic conditions were reported and demand remains an issue. New orders also inched lower in June, stretching the streak of contraction to one year. Tight customer budgets and increased hesitancy were cited as key drivers behind the sustained downturn. New export orders also inched down this month with elevated level of uncertainty being one of the main concerns from abroad clients. Future business expectations improved among Romanian manufacturing firms in June, showing that despite the shortcomings, morale remains upbeat. Greater marketing and promotional efforts, increasing online presence and planned investment in additional equipment are expected to be growth supportive. Firms were also widely hopeful for an improved economic and political environment.

"The Employment Index remained in the contraction zone in June but rose for the third consecutive month. The rate of contraction was only marginally below 50.0. Recent readings have similarly moved towards stabilisation, indicating that a bottom might have been reached. Demand remains a key issue in this regard as well. Stocks of purchases decreased for a fourth month in a row in June, but the index value improved significantly compared to the previous month. Muted demand conditions reduced the need to carry additional inputs. Suppliers' delivery times lengthened in June. Problems with transportation and stock issues at suppliers contributed to delivery delays.

"Input prices continued to rise in June, though with the rate of inflation decelerating for the fourth month in a row. An unfavourable euro/leu exchange rate movement was a key driver of increased raw material costs. Panellists also cited economic instability concerns and higher fuel costs. Some of the rise in input prices was passed through to customers but the rate at which output prices rose also decelerated."

## 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](mailto: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.

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