

BCR Romania Manufacturing PMI[®]

Romanian manufacturing downturn loses pace at the start of the second quarter

Key findings

Headline PMI rises above its 22-month series average

Output and new orders fall at softest rates for ten months

Inflationary pressures cool slightly

The Romanian manufacturing sector made a move towards a recovery in April, with both new orders and output falling at noticeably softer rates on the month. Although manufacturers were still keen to protect margins and maintained cautious policies around buying and hiring, the rates of reduction in both employment and input buying lost momentum in April. Meanwhile, both cost and charge inflation cooled in the latest survey period.

As demand conditions remained subdued and amid reports of raised levels of uncertainty around the economic and political climate, confidence in the outlook fell below the series average.

The headline BCR Romania Manufacturing 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.

The headline PMI rose from 46.9 in March to 48.3 in April, to signal one of the softest deteriorations in operating conditions seen over the current ten-month run of contraction. The move towards stabilisation was a result of all five PMI components imparting positive directional influences.

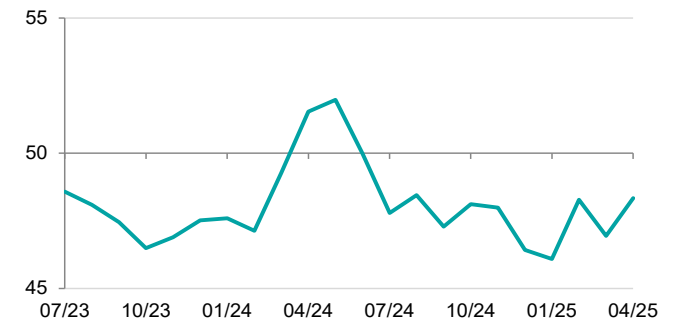
The index with the largest weighting - new orders - signalled just a modest decrease that was softer than the average trend. Those firms reporting decreased order book volumes typically linked this to muted demand conditions and, in some cases, elevated charges. Volumes of new work from abroad continued to decrease at a robust pace that was largely in line with the series average.

Although still on a downward trend, the decline in output lost considerable momentum on the month and was moderate overall. Firms typically attributed the sustained decline in production to both muted order numbers and economic challenges.

Latest data showed a sustained reduction in factory workforce numbers in April, achieved through a combination of staff layoffs and a reluctance to replace leavers. The rate of job shedding was the least pronounced for five months and only modest, however. Subsequently, backlogs of work were reduced at a solid pace that was the fastest in the year-to-date.

Given its close relationship with orders, the downturn in purchasing activity likewise lost pace in April, as firms reportedly used stocks to fulfil production requirements. The rate at which stocks of

BCR Romania Manufacturing PMI
sa, >50 = growth since previous month



Sources: BCR, S&P Global PMI.
Data were collected 9-24 April 2025.

Comment

Ciprian Dascalu, Chief Economist at BCR said:

"There was a more moderate rate of contraction in the BCR Romania Manufacturing PMI in April. The headline index went up to 48.3 from 46.9 in the previous month on the back of a positive directional contribution from all 5 components. The noisy start of the year full of both domestic and global events has most likely affected the domestic manufacturing business so far this year. The evolution of external demand remains crucial for any meaningful recovery in the sector. The HCOB Flash Germany Manufacturing PMI inched down in April to 48.0, indicating that all the uncertainty surrounding tariffs is affecting Romania's biggest trading partner.

"Based on PMI readings we should expect that industry will not be growth supportive in the first quarter of 2025. Official industrial output that data from the National Institute of Statistics for the first two months of the opening quarter paints a similar story. The expectations continue to be that industrial output will regain its growth momentum in 2025, after two consecutive years of contraction. External demand should play an important role. 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. The uncertainty remains high, especially in the context of the announced U.S. tariffs. Romania is mostly indirectly exposed to U.S. tariffs through German car industry supply chains.

"The output sub-index remained below the 50.0 neutral mark for the eleventh month in a row in April. Unfavourable economic conditions and poor demand remain the main points of concern for Romanian manufacturers. New

purchases were depleted was slightly faster than the average seen over the 22-month series history.

A softer reduction in buying exerted some pressure on supply chains as delivery times lengthened again in April, reversing March's slight improvement. In anecdotal evidence, firms noted limited stock availability and staffing issues at suppliers as contributing factors.

Romanian manufacturers continued to face sharp cost pressures, linked by panellists to vendor price hikes as well as increased raw material and energy costs. Tariff uncertainty was also a factor contributing to inflation, according to survey respondents. That being said, April saw the rate of cost inflation ease for a second month in a row to a level below the series average.

At least some of the increase in cost burdens was passed through to customers in the form of increased selling prices in April. However, the rate of charge inflation was only marginal and the least pronounced in 2025 so far.

Romanian manufacturers remained optimistic toward output over the coming 12 months, with nearly half of respondents (49%) signalling confidence. However, concerns relating to how the economic and political climate will unfold dampened sentiment.

orders decreased again in April and stretched the streak of contraction to ten months. Weak demand has been partly linked to higher prices charged based on this month's responses. The lack of interest from international customers was the issue reported by the surveyed firms as the reason for another month of contraction of new export orders in April. Confidence regarding future business weakened in April, though remained well within the growth expectation threshold, as manufacturers in Romania displayed concerns about inflation and the general evolution of the economic and political environment. Access to European funds, expansion plans and hopes of an improvement in demand conditions are reasons that kept manufactures optimistic.

"The employment component continued to indicate contraction in April mainly a result of leavers and redundancies, based on the responses given. The contraction in backlogs of work accelerated in April, indicating that the need for work is currently low and this coincided with a softer reduction in stocks of finished goods. Soft demand continues to be reflected in the quantity and stocks of purchases.

"Input prices continued to rise in April, though with the rate of inflation decelerating for the second month in a row. There were mentions of increased supplier price lists as well as higher raw material and energy costs. In some cases, panellists linked inflation to tariff uncertainty. Output prices had a similar evolution, as the rate of inflation also eased compared to the previous month."

Contact

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

Corporate Communications
S&P Global Market Intelligence
press.mi@spglobal.com

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

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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.

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