

BCR Romania Manufacturing PMI[®]

Romanian manufacturing sector moves closer to recovery in May

Key findings

Slower falls in output and new orders registered

Purchasing and employment down only fractionally

Inflationary pressures soften

The Romanian manufacturing sector moved a step closer to stabilisation midway through the second quarter. There was still some persistent weakness in demand both from the domestic and international markets, however. Although softer, still elevated inflationary pressures weighed on sales and played a part in the latest reduction in output.

Confidence levels remained below par, but were up on the month. This coincided with near-stable employment and purchasing volumes, a marked improvement on the recent picture of solid reductions in both.

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.

At 48.3, the headline PMI signalled another deterioration in operating conditions across the Romanian manufacturing sector in May. Up from 47.5 in April, the trend of softening deteriorations seen since February's record continued.

Excluding suppliers' delivery times, four of the five PMI components imparted positive directional influences on the headline index.

Demand for Romanian manufactured items remained subdued nonetheless, which panellists linked to steep inflationary pressures amid already tight budgets and economic instability. Despite a renewed drop in export sales, the rate of reduction in overall new orders was the weakest since January, however.

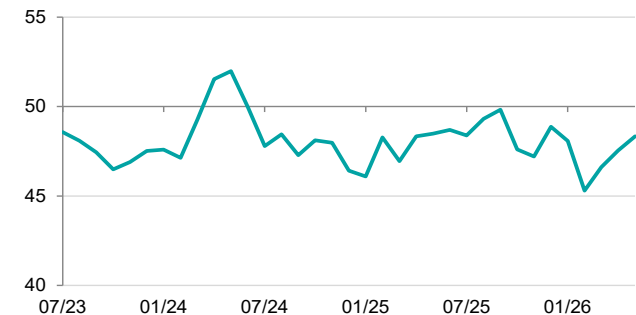
Production volumes were scaled back in response to lower order numbers and other barriers including greater cost pressure and supply constraints. The reduction was the slowest seen in eight months and moderate overall, however.

There were some signs that the impact of war in the Middle East was being felt by Romanian manufacturers, as firms partly linked delivery delays to the disruption caused by the conflict. Greater outlays on oil and oil-related inputs were a key factor keeping cost inflation elevated.

That being said, both the rates of cost and charge inflation retreated further in May. Suggesting a greater degree of pass-through of cost burdens to customers, the gap between the two price gauges was smaller than in April.

BCR Romania Manufacturing PMI

sa, >50 = growth since previous month



Sources: BCR, S&P Global PMI.

Data were collected 12-22 May 2026.

Comment

Ciprian Dascalu, Chief Economist at BCR said:

"The BCR Romania Manufacturing PMI rose to 48.3 in May from 47.5 in April, marking a third consecutive month of improvement from its all-time low reached in February. Although the index still points to a contraction in manufacturing activity, the continued upward trend is encouraging and may indicate that growth momentum is beginning to build in the domestic manufacturing sector. Apart from Suppliers' Delivery Times, all components made a positive directional contribution this month, with output providing the most significant boost. Both input and output prices showed a relative easing in the pace of growth this month, marking a second consecutive slowdown and suggesting that the fuel price shock is fading. The flash reading of the S&P Global Germany Manufacturing PMI came in at 49.9 in May, reaching a 4-month low. A deterioration in external demand could limit growth potential for the domestic manufacturing sector.

"Industrial production went up by 0.3% month-on-month and was down by 2.2% year-on-year in March, based on hard data. In the first quarter of 2026, industrial output dropped by -2.4% compared to the same period of the last year and posted -2.8% quarterly decline. We continue to expect 2026 to bring a modest expansion in industrial production following three consecutive years of contraction. However, developments at the start of the year suggest that downside risks have increased. The ongoing conflict in the Middle East continues to disrupt energy markets, pushing up costs for energy-intensive industries. While increased investment in European security, together with Germany's sizeable fiscal stimulus for infrastructure and defence, is expected to

Although uncertainty linked to the external environment remained, Romanian manufacturers were slightly more confident in their expectations for output over the coming 12 months in May. Upbeat forecasts were often pinned on hopes for better operating conditions and supported by increased investment in capacity, marketing and promotional activity. Sentiment was still among the lowest in the near three-year survey history, however.

Nonetheless, the pick-up in sentiment can also be implied from firms' spending decisions, with retrenchment of jobs and purchasing both slowing to fractional rates.

There were little changes with respect to inventories in May. Stocks of purchases were broadly similar to April, while holdings of finished goods ticked slightly higher.

On the jobs front, as the proportion of firms making cuts only just outweighed those adding staff, the overall reduction in factory employment in Romania was slight. Meanwhile, there was a similarly mild decrease in the volume of outstanding work.

support industrial activity across Europe, the recovery is likely to remain uneven. At the same time, geopolitical uncertainty continues to pose a significant risk to the European economy. Nevertheless, PMI readings suggest that the second quarter could deliver somewhat stronger results.

"The Output Index signalled a slower pace of contraction this month, although demand-side challenges remain. Several respondents noted that elevated cost pressures continued to weigh on production levels, while others cited supply disruptions and a broadly difficult economic environment. New Orders also showed a relative improvement this month, although the index remained in contraction territory. Respondents cited constrained customer budgets, driven by high inflation and economic uncertainty, as the main factors weighing on demand. After briefly rising above the neutral threshold in the previous month, the New Export Orders Index returned to contraction territory in May. Challenging global market conditions reportedly led to a renewed decline in international demand. Overall business confidence regarding the outlook for the next 12 months improved in May after reaching a record-low in April. Expectations that operating conditions will improve later in the year, together with planned investments in production capacity, marketing and advertising, are expected to support stronger demand.

"Employment declined only marginally this month, marking the weakest rate of contraction in nearly a year. The trend can be attributed to mixed developments in demand conditions. Extending the deterioration that began in April last year, average supplier lead times lengthened again in May. Some respondents reported slower deliveries, partly linked to supply chain disruptions caused by the conflict in the Middle East. Stock of purchases were relatively flat this month compared to the previous.

"Input costs rose sharply again in May, remaining among the highest increases on record despite easing from April. Higher costs for oil and oil derivatives, as well as for transportation and raw materials linked to the war in the Middle East, were reported. Unfavourable exchange rate movements against the euro also added to inflationary pressures. Output prices also rose, as firms continued to pass higher costs on to customers where possible."

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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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