

BCR Romania Manufacturing PMI®

Increase in VAT pushes price trends to record highs

Key findings

Softer decreases in output and new orders signalled

Sharp drop in input stocks, while confidence hits new low

Input and output price inflation intensify to strongest on record

The latest BCR Romania Manufacturing PMI® indicated a softer decline in the health of the Romanian manufacturing sector in August, with new orders, output and employment down at slower rates. Weighing on the headline index, stock of purchases were depleted at a rapid pace, in contrast with July's expansion and reflective of reduced buying and a preference for using existing stocks where possible.

The introduction of the higher rate of Value Added Tax (VAT) saw price trends hit survey record highs, with the rates of inflation far stronger than those recorded over the 26-month survey history. Although a proportion of the increased cost burden was passed through to customers, there were clear signs of a squeeze on profit margins. At the same time, confidence levels edged down and were their lowest on record.

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.

At 49.3, the headline PMI signalled just a marginal the decline in the Romanian manufacturing sector and one that was the least marked in over a year (July: 48.4). Stocks of purchases was the only one of the five headline PMI components to impart a negative directional influence.

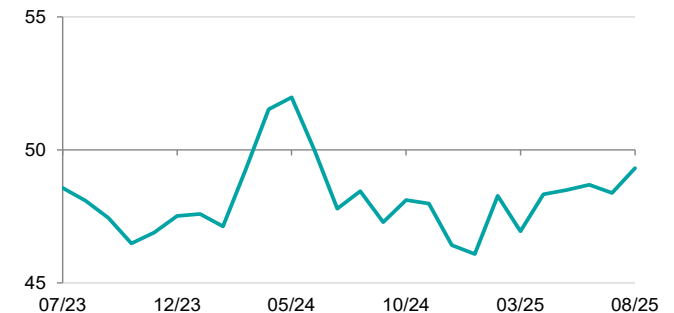
Although factory orders continued to provide a negative contribution to the overall health of the sector, the rate of decline lost momentum and was only modest overall. Where lower output was reported, firms linked this to difficult economic conditions and weak sales performances.

Indeed, the overall volumes of new work received by Romanian manufacturers fell again in August, amid reports of financial constraints at customers. There were signs that the decline in domestic demand had softened, while export sales fell at a slightly sharper and solid rate.

Latest data also showed July's period of increased input purchasing and stocking to be a blip. Buying quantities were reduced moderately, while firms looked to stocks to support production requirements. Subsequently, input stocks were depleted at a sharp rate and one that was among the strongest on record.

BCR Romania Manufacturing PMI

sa, >50 = growth since previous month



Sources: BCR, S&P Global PMI.

Data were collected 12-22 August 2025.

Comment

Ciprian Dascalu, Chief Economist at BCR said:

"The BCR Romania Manufacturing PMI remained below 50 in August but in absolute terms the figure went up compared to the previous month at 49.3, suggesting a softer rate of contraction compared to July. This comes mainly on the back of a more moderate rate of contraction for new orders. Output, employment, and suppliers' delivery times also had positive directional contributions, while stock of purchases took away some of the momentum. Prices went significantly up this month based on the survey due the higher taxes. The relatively positive evolution of the new orders could mainly be explained by a softer decline in internal demand as the index for export orders was marginally changed in absolute terms vs previous month. The HCOB Flash Eurozone Composite Purchasing Managers' Index rose to 51.1 in August from 50.9 in July, marking the third consecutive monthly improvement and the highest reading since May 2024. The manufacturing sector showed notable improvement with its headline PMI rising to 50.5 from 49.8 in July, moving into expansion territory for the first time in more than three years. Improved external demand could further fuel local manufacturing recovery.

"Manufacturing output had a disappointing performance so far this year and the chances of growth in 2025 are quite slim. Second half of the year needs to be very strong in order to avoid the third consecutive year of contraction. Official National Institute of Statistics data shows manufacturing output up in quarterly terms in Q2 25, which is in line with the PMI signals. On a 12-month rolling basis manufacturing output is down 1.9% y/y as of Jun-25. Significant investments

Average lead times on purchased inputs lengthened for a fifth month running in August. The decline in supplier performance, linked by panellists to supplier staff shortages and transportation issues, was the most marked in the year-to-date.

Despite reduced demand for inputs, purchasing costs rose at a substantial pace in August. The recent hike in VAT was the key factor pushing cost pressures to their most pronounced on record.

Ongoing cost increases compelled firms to raise their own selling prices again. The rate of output price inflation was sharp and likewise rose to its highest seen across the survey history.

Although Romanian manufacturers continued to trim their workforce numbers in August, the rate of reduction was only slight overall and largely reflected voluntary staff leavers.

The drop in staffing numbers came amid a third consecutive monthly decrease in backlogged orders. The rate of depletion was solid, signalling a lack of pressure on capacity. Panellists often noted that output volumes exceeded those of incoming orders.

Latest data saw Romanian manufacturers' confidence tick down to record a new survey low in August. That being said, those firms providing upbeat forecasts for output continued to outweigh those that were downbeat by around three-to-one. Improved economic and political conditions are anticipated to support growth over the coming 12 months.

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

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in EU security, along with large fiscal stimulus approved in Germany for infrastructure and defence spending, are likely to boost European industrial production. Although uncertainty remains high, Romania is mostly indirectly exposed to U.S. tariffs through German car industry supply chains.

"The manufacturing Output Index inched higher in August and continued to signal a contraction vs the previous month for the fifteenth consecutive month as subdued order numbers and challenging economic conditions continue to affect local production. The New Orders Index was up notably in August and recorded the weakest rate of contraction in the past fourteen months. Constrained customer budgets and rising costs were noted as main problems. Looking at new export orders, the index is roughly unchanged vs July. Based on this we should conclude that improved internal demand is mainly behind the higher new orders reading. Future business expectations declined among Romanian manufacturing firms in August to a new historical low. Higher taxes and ongoing economic struggles were reasons for concern among panel members. The index, however, remains well above the 50 neutral mark.

"The Employment Index remained in the contraction zone in August, with some minor uptick in the index value. The Backlogs of Work Index also highlighted a contraction this month. Anecdotal evidence showed that firms were able to catch up on outstanding business while orders remained subdued. Stock of finished goods continued to be on the rise in August, though at a slower pace. Quantity of purchases went sharply down as well as stocks of purchases as higher input prices likely led manufactures to prefer using stocked materials over purchasing. Suppliers' delivery times were down in August with staff issues and transportation problems reported.

"Input prices rose sharply in August with the index reaching a substantial rate and a record high. The VAT hike which took place in August was noted as the main reason. Some of the burden was passed through to consumers as output prices also went sharply up this month. Based on the PMI reported figures about 40% of the input prices increase was passed through to output prices."

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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