

Emerging markets

Growth opportunities in CEE region identified but challenging demand conditions remain

The PMI coverage of Central and Eastern Europe (CEE) includes data from Poland, Czechia and more recently the addition of the BCR Romania Manufacturing PMI. Manufacturing output decreased across all three component manufacturing economies monitored by PMI surveys for the third month in a row in October.

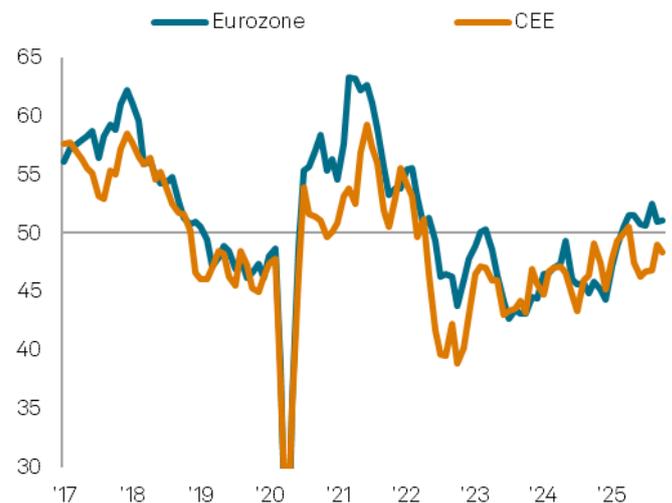
Challenging demand and supply chain developments are likely to hamper the near-term outlook, but opportunities for growth and development of the wider economies in the CEE region have been identified in the Strategic Opportunity Index (SOI) and S&P Global's latest round of Business Outlook surveys.

Divergence in output trends across Central and Eastern Europe and the Eurozone deepens in October

Production volumes across Central and Eastern Europe fell for a sixth consecutive month in October, according to the latest data PMI compiled by S&P Global Market Intelligence. The GDP-weighted CEE PMI Output Index, posted at 48.3 in October, down slightly from 49.0 in September. Despite accelerating on the month, the rate of decline in manufacturing output was broadly in line with the average seen over 2025 so far and only modest overall.

Due to its largely upstream position within the eurozone's supply chain, manufacturing output in Central and Eastern Europe has closely mirrored that of the euro bloc historically. Tariff announcements earlier in the year and changes to international trade relations hit production in the early stages of the supply chain especially hard. While the eurozone was able to sustain growth during this period as signalled by the HCOB Eurozone Manufacturing PMI Output Index, production continued to decline across CEE, owing largely to ongoing reductions in Poland and Romania.

Central and Eastern Europe vs. Eurozone, Manufacturing Output PMI



As of October, 2025.

PMI (Purchasing Managers' Index) 50 = no change on prior month
Source: S&P Global PMI with HCOB & BCR.

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Poland, the largest CEE manufacturing economy, [experienced the softest decrease in production volumes in the current six-month trend of decline](#) in October. Although demand remained subdued, both domestically and on the export front, the pace of decline in new order books lost momentum.

In contrast, goods producers in Czechia and Romania reported sharper declines in output compared to September. Demand for [Czech manufactured goods was down at the strongest rate since the start of the year](#), which triggered a faster decrease in output. Meanwhile, [Romania's manufacturing sector faced challenging operating conditions](#) in October, as elevated selling prices deterred client purchases amid already constrained customer budgets.

Rare earth export control uncertainty causes concern to European automotive production and supply chains

Further export controls on rare earth materials announced by Mainland China in early October created vast amounts of uncertainty regarding the stability and efficiency of supply chains to the important consumer goods sector, including automotives. This was keenly felt in the European Union where imports of such items are crucial to the continued operation of key sectors in large manufacturing economies. Although a year-long pause on export controls has since been announced, the uncertainty created by threats to the supply of crucial inputs has exacerbated an already fragile demand environment, particularly for those supplying to the automotive industry.

Many such OEMs (original equipment manufacturer) are based in the CEE region, with Germany one of the largest individual countries for exports to travel to from the area. Recent profit warnings from large car manufacturers, including Volkswagen, following the announcement of export controls have added to uncertainty. Anecdotal evidence from PMI surveys in the region have pointed to customer hesitancy to place orders, with only essential purchases made. Moreover, reports of a 'wait-and-see' mentality at clients regained momentum in October after some signs of stability in the middle of the year.

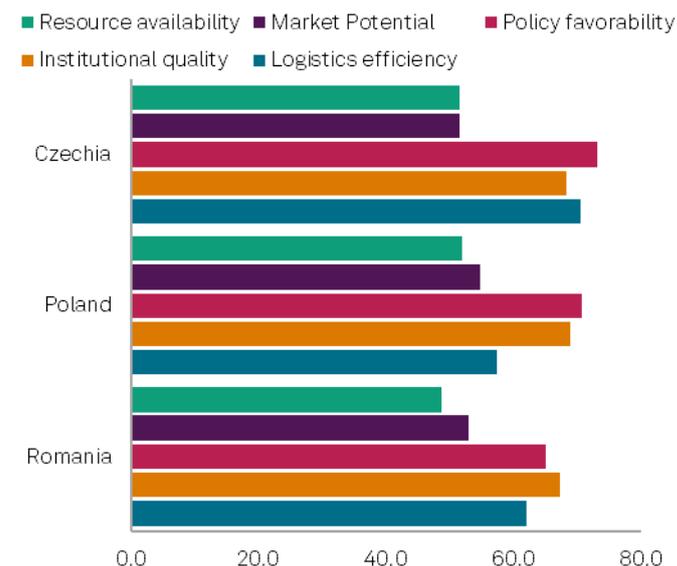
In fact, manufacturing firms in Czechia responding to the latest S&P Global Business Outlook survey, highlighted concerns regarding the stability of supply chains, raw material shortages, and tariff and export control policies internationally. These were identified as threats to the outlook for output in the coming year (survey dates 9-23 October 2025).

CEE policy favourability and institutional quality set to be areas of strength

Drawing upon the extensive data capabilities of S&P Global Market Intelligence, the [Strategic Opportunity Index® \(SOI\)](#) helps to understand market conditions and identify areas of competitive advantage across five critical areas of the business landscape.

Policy favourability and institutional quality were identified as areas of relative strength across Central and Eastern Europe – mirroring the trend seen across the global landscape. In fact, all three CEE economies covered by the PMI surveys stood out in terms of policy favourability, with the respective SOI scores higher than the global average. When put into a global context, Czechia and Poland also

SOI pillar scores, 2025



As of July 2025.

Source: S&P Global Market Intelligence.

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recorded above-average institutional quality SOI scores, while Romania lagged slightly in this area.

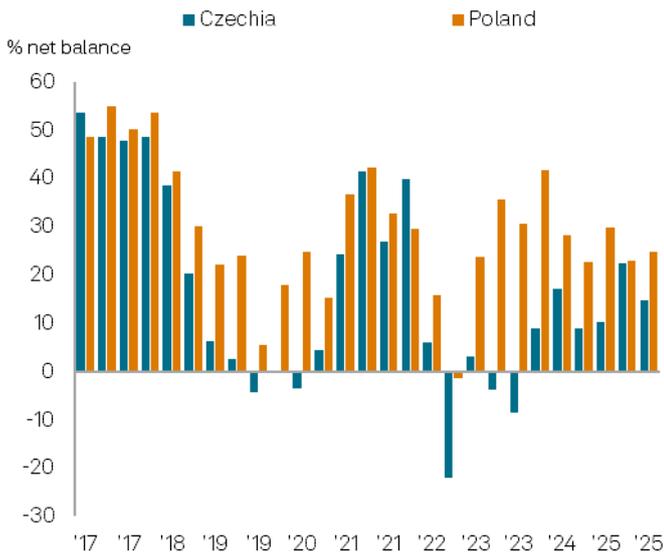
The investment landscapes across all three CEE economies have shown great progress in the market potential category over the past ten years – this relates to openness, innovation and how attractive it is for business. Poland stood out having shown the greatest improvement over a ten-year period, with an SOI momentum score of 74.3 (out of 100), closely followed by 73.0 in Romania and 64.6 in Czechia.

Output expectations remain weak, as firms look to make job cuts amid staff cost concerns

Latest data from the tri-annual S&P Global Business Outlook surveys showed that overall sentiment towards future output was subdued by historical standards across both the Polish and Czech manufacturing sectors in October. Companies are asked also about their expectations for a variety of metrics over the next 12 months, including those related to employment, prices, profits, and investment.

Although signalling similar expectations regarding output prospects in the June survey period, there was a divergence in forecasts among Czech and Polish panellists during October. Where Polish manufacturers were more upbeat in their predictions for production in the coming year, Czech firms were less confident.

Business Activity Expectations



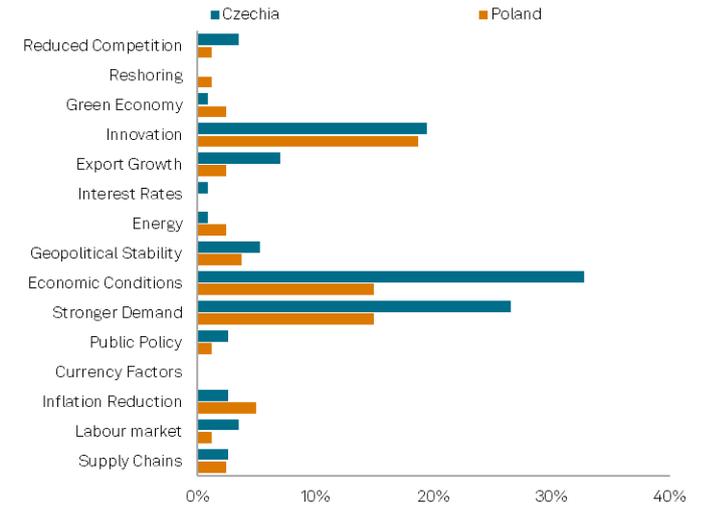
As of October, 2025.
Source: S&P Global PMI.
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That said, sentiment regarding employment and investment intentions was broadly similar across the two manufacturing economies. Greater anticipated labour costs and relatively subdued levels of optimism surrounding future demand conditions weighed on employment expectations. Moreover, the net balance of Polish goods producers anticipating higher wage bills was the largest of the 17 countries for which comparable data are available globally. Nonetheless, investment in capital (capex) and research & development (R&D) is forecast to rise at both Polish and Czech goods producers.

Anecdotal evidence from the Business Outlook surveys has been collated in our Panel Comments Tracker data which helps us identify key opportunities and threats to the growth outlook over the next year in each economy.

Tying in with themes found in the latest SOI report, Czech and Polish manufacturing firms identified strengthening economic conditions and hopes of stronger demand as key opportunities for growth. Greater market potential was also seen through plans to expand into new export markets, diversify product ranges and broaden business' customer bases. Innovation was also predicted to help boost production, as firms look to invest in new machinery and equipment, and improve production processes and efficiency.

Opportunities for growth in the coming year as identified by panellists



As of October 2025.
S&P Global Business Outlook survey, % of panellist comments identifying opportunities for growth over the coming year.
Source: S&P Global PMI.
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