



# **ECONOMIC OUTLOOK FOR NORWEGIAN INDUSTRY**

**GOVERNOR ØYSTEIN OLSEN**

4 April 2017

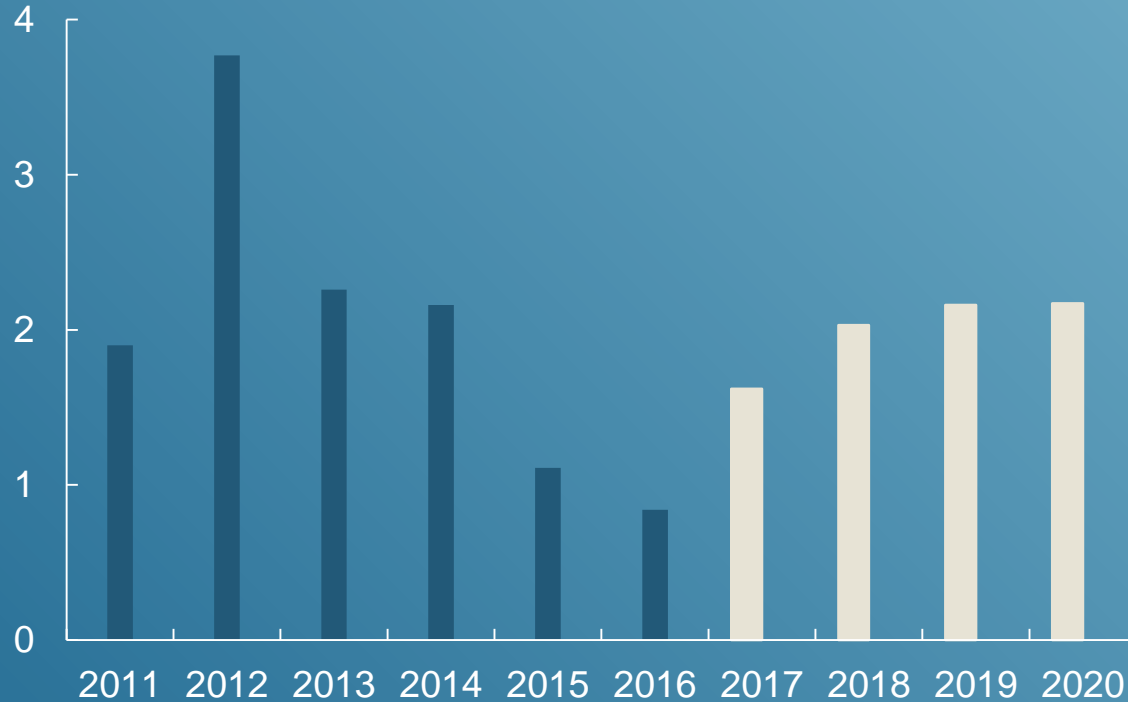
# Agenda

- Oil prices putting a brake on growth
  - The economy has turned the corner in Norway...
  - ... and in other countries?
- How far have the structural adjustments come?



# Norway: The economy has turned the corner

GDP mainland Norway.<sup>1)</sup> Volume. Annual growth. Percent

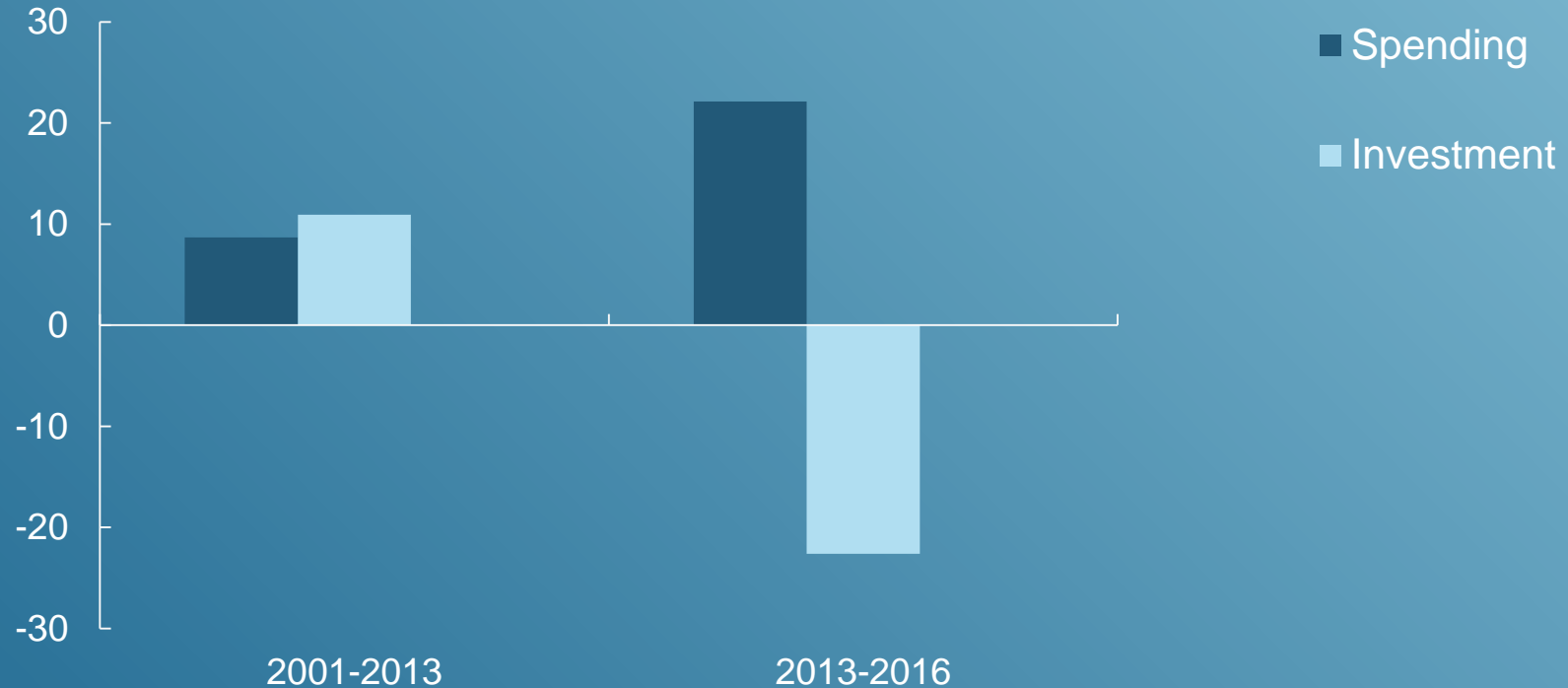


1) Projections for 2017-2020 from MPR 1/17.  
Sources: Statistics Norway and Norges Bank



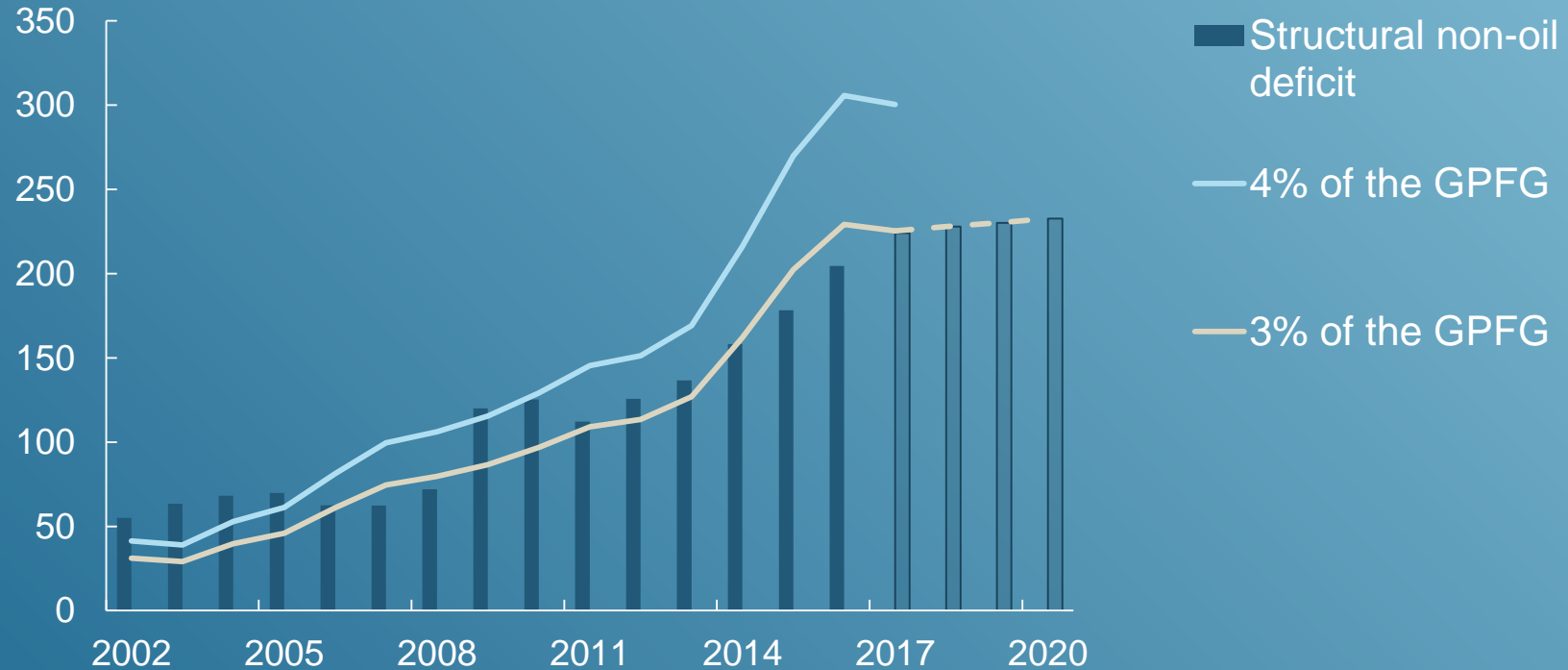
# Oil investment and petroleum revenue spending

In billions of 2016 NOK. Average annual change



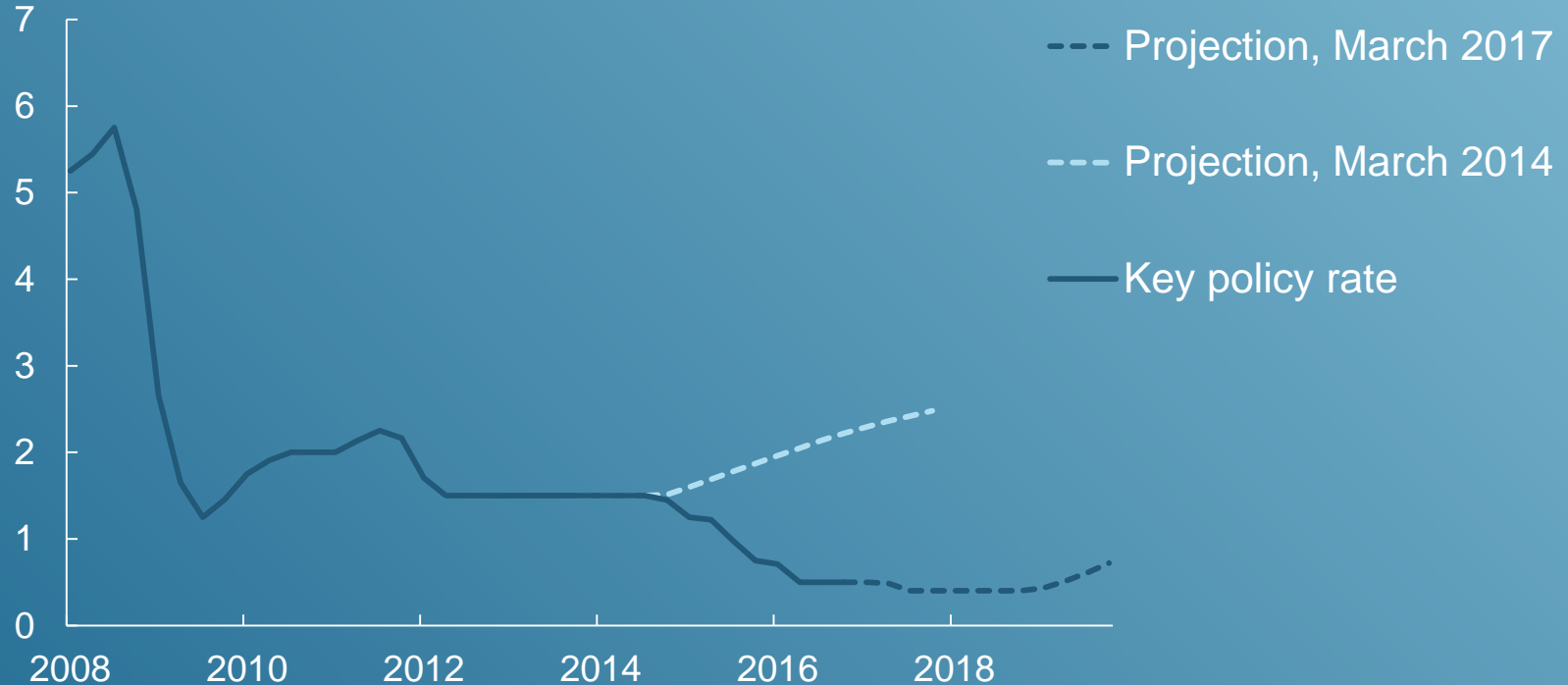
# Less room for growth in petroleum revenue spending

Constant 2017 prices. In billions of NOK



# Monetary policy has also made a contribution

Key policy rate. Percent



# Oil price and krone exchange rate

Oil price<sup>1)</sup> and import-weighted exchange rate index<sup>2)</sup>



1) Brent blend. USD/barrel.

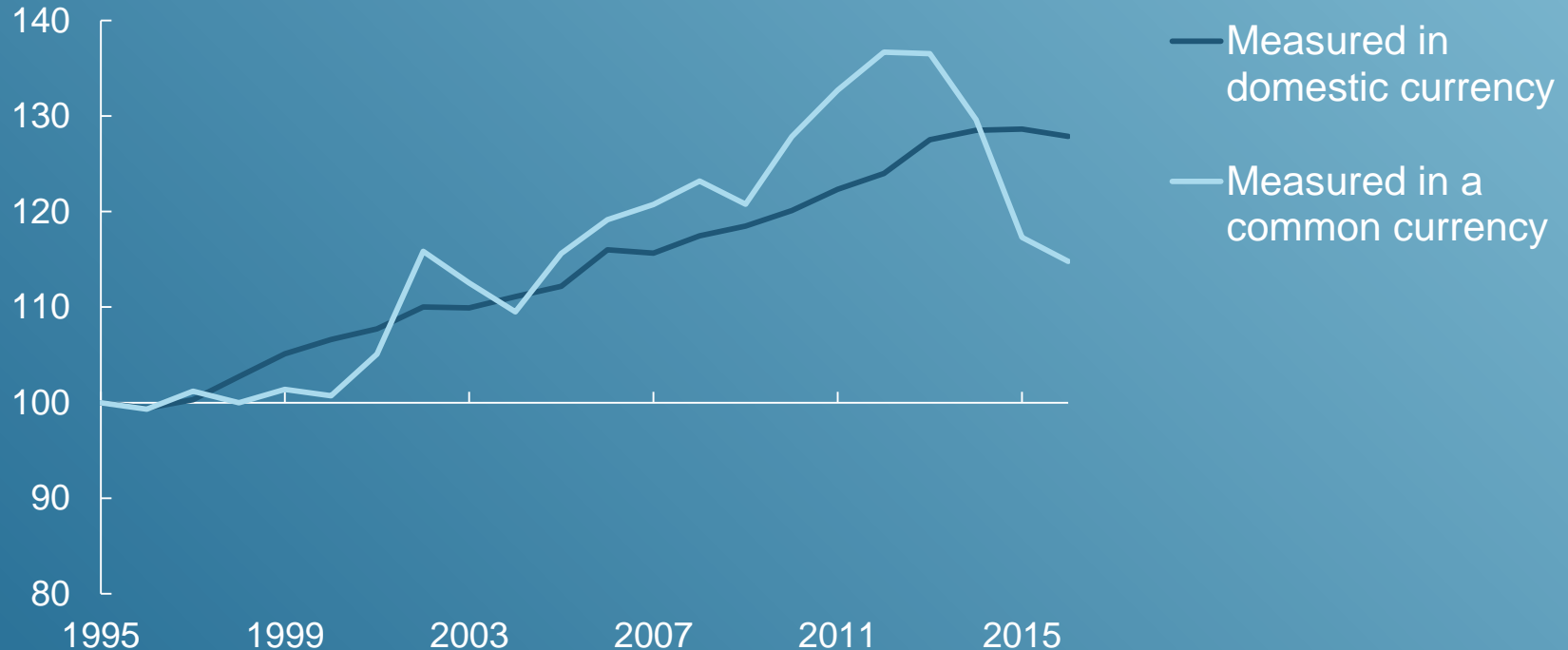
2) A positive slope denotes a stronger krone exchange rate.

Sources: Thomson Reuters and Norges Bank



# Improved competitiveness

Norwegian labour costs, relative to trading partners' labour costs<sup>1)</sup>. Index<sup>2)</sup>



1) Hourly labour costs in manufacturing.

2) Index 1995 = 100.

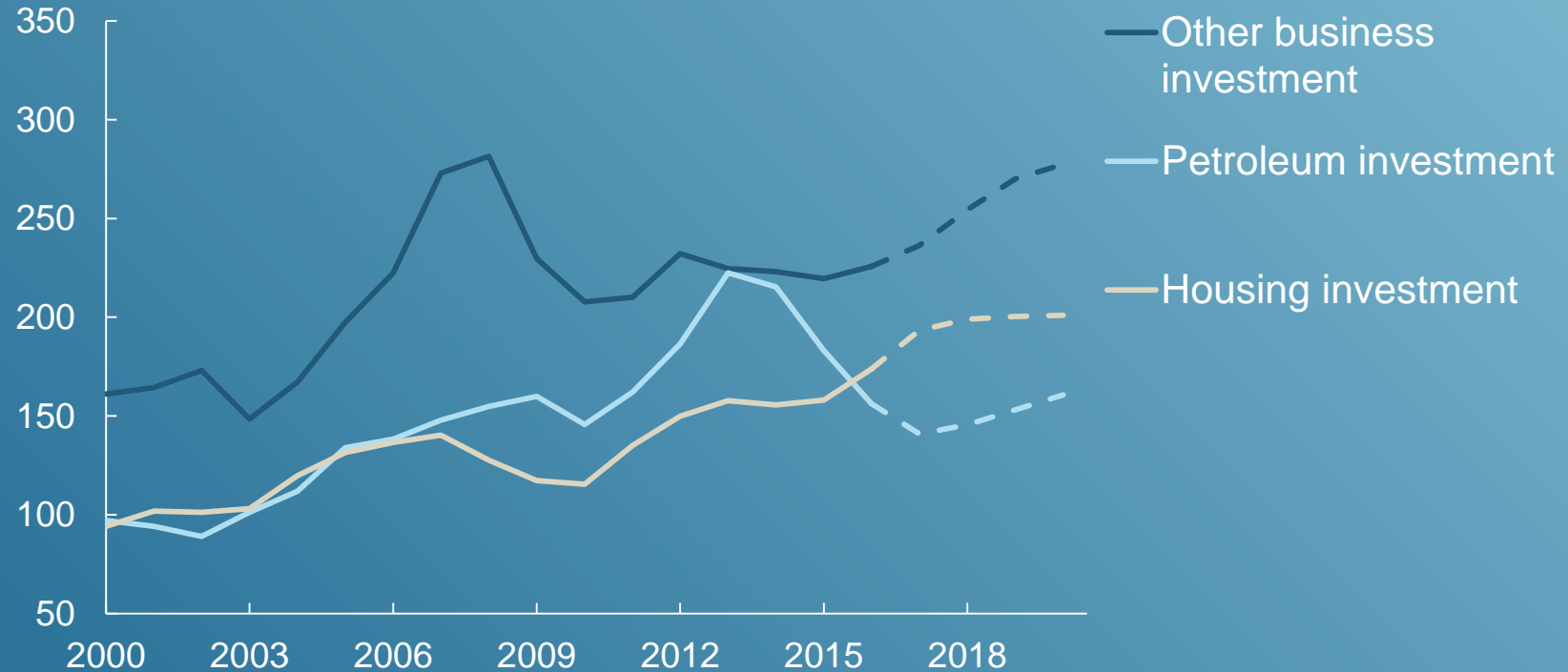
Sources: Statistics Norway, Norwegian Technical Calculation Committee for Wage Settlements (TBU) and Norges Bank





# Investment in mainland Norway picking up

Constant 2014 prices.<sup>1)</sup> In billions of NOK

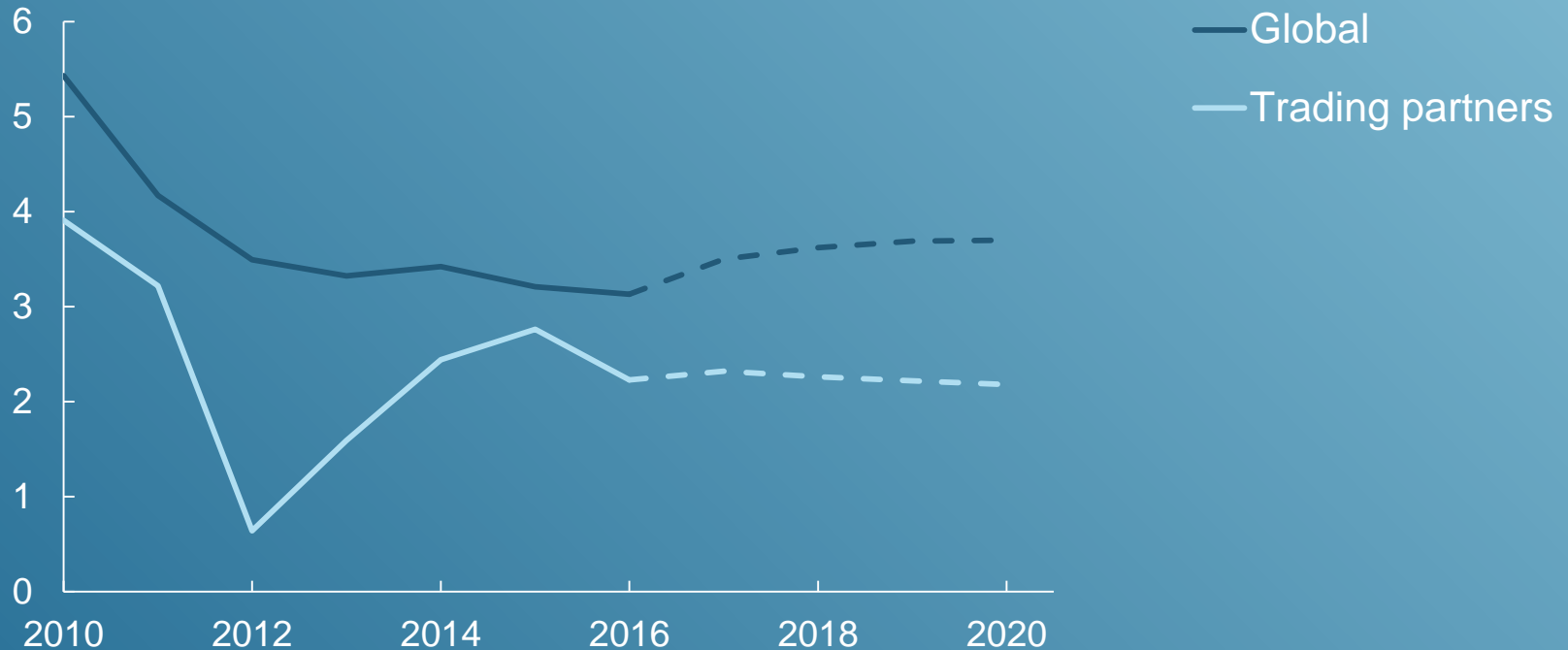


1) Projections for 2017-2020 from MPR 1/17.  
Sources: Statistics Norway and Norges Bank



# Moderate growth internationally

Global GDP and GDP for Norway's trading partners.<sup>1)</sup> Annual change. Percent.<sup>2)</sup>



1) Purchasing power parity weights are used for global GDP growth. Export weights are used for trading partners.

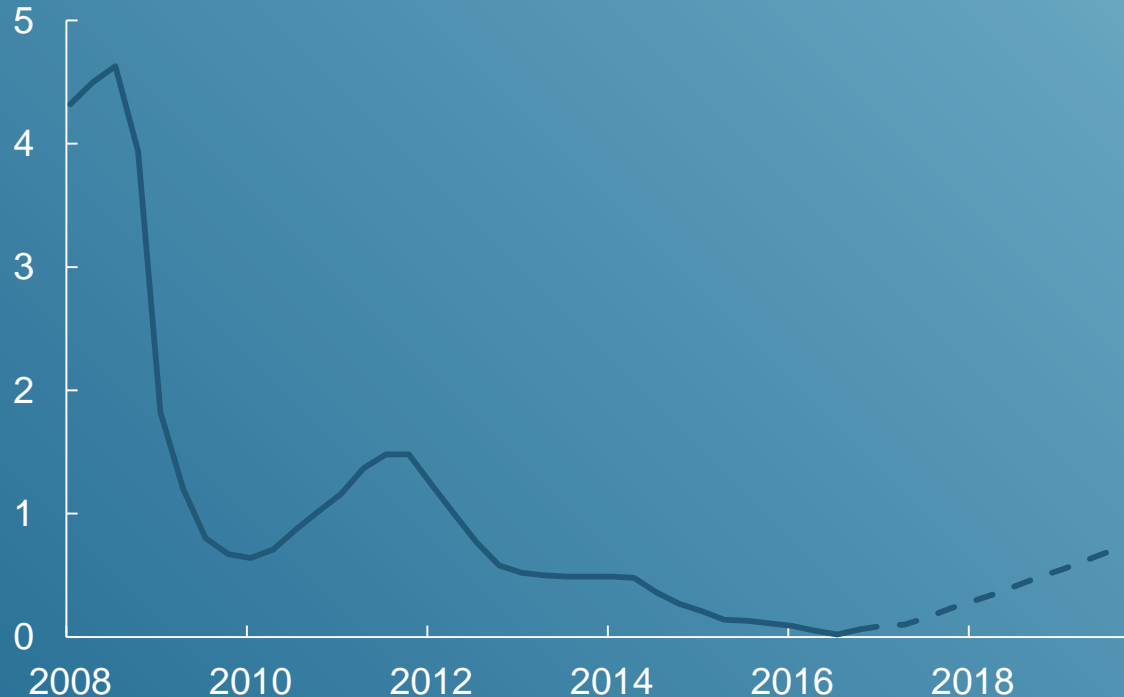
2) Projections for 2016-2020 from PPR 1/17.

Sources: IMF, Thomson Reuters and Norges Bank



# Have rates abroad reached bottom?

Money market rates and forward rates for trading partners.<sup>1)</sup> Percent



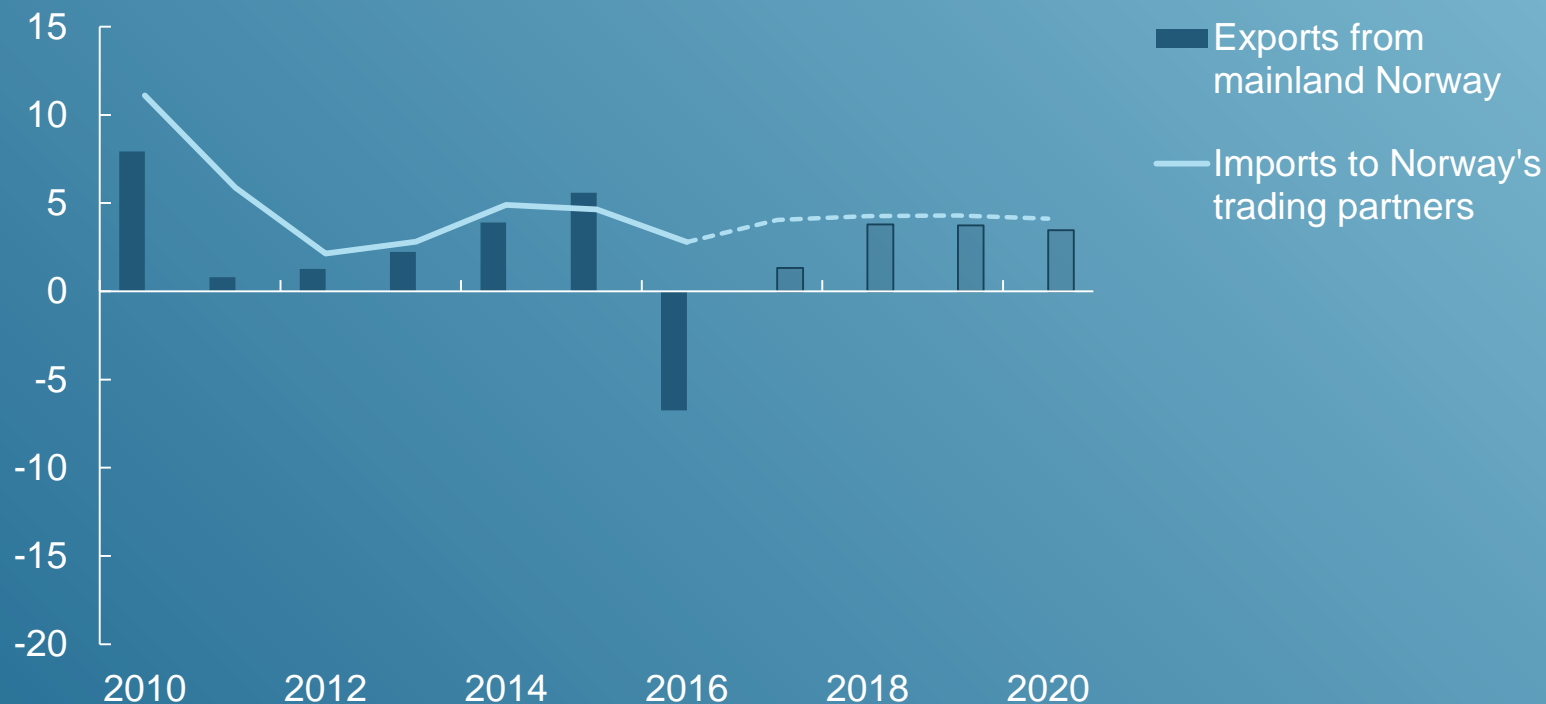
1) At 28 March 2017.

Sources: Thomson Reuters and Norges Bank



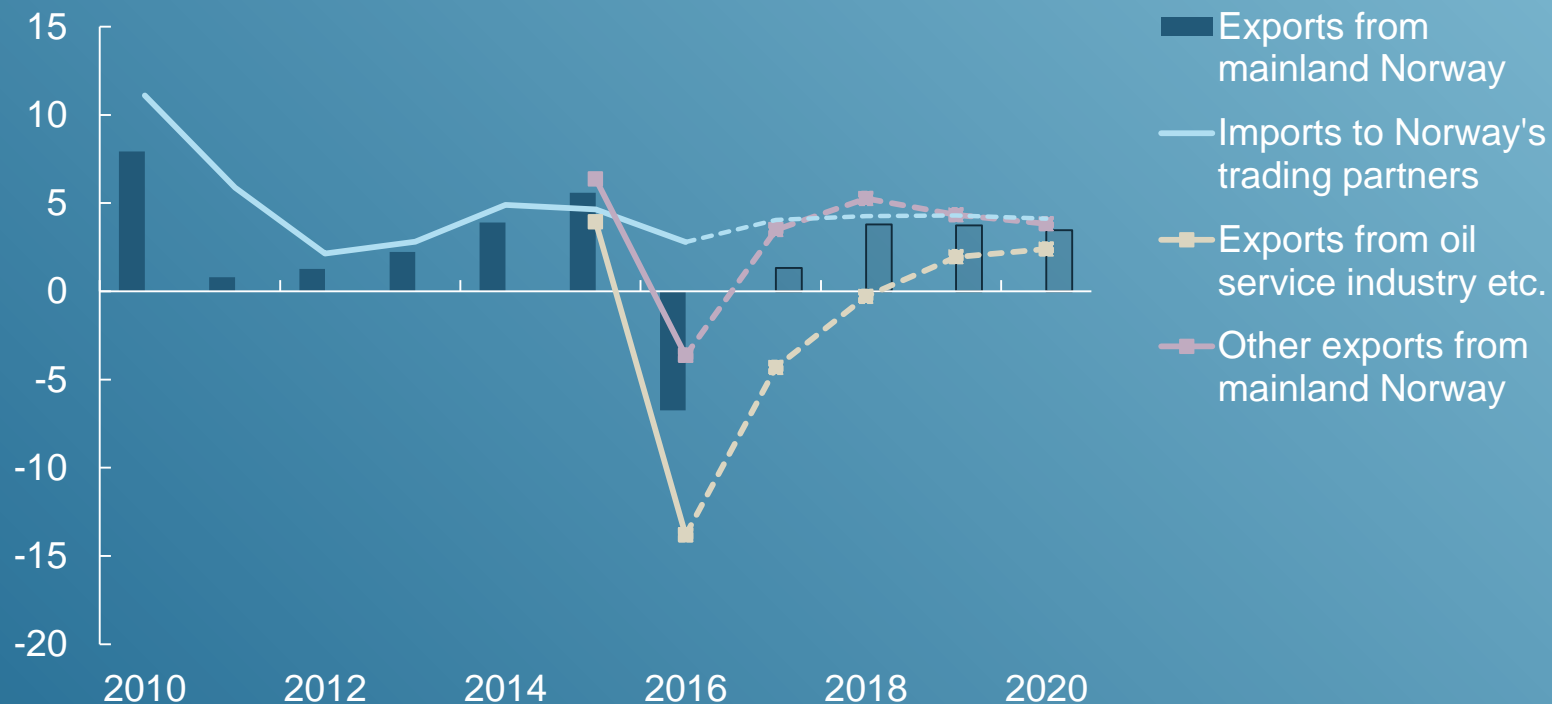
# Norwegian exports on the rise...

Annual change. Percent.



# ... but remains weak for oil services

Annual change. Percent



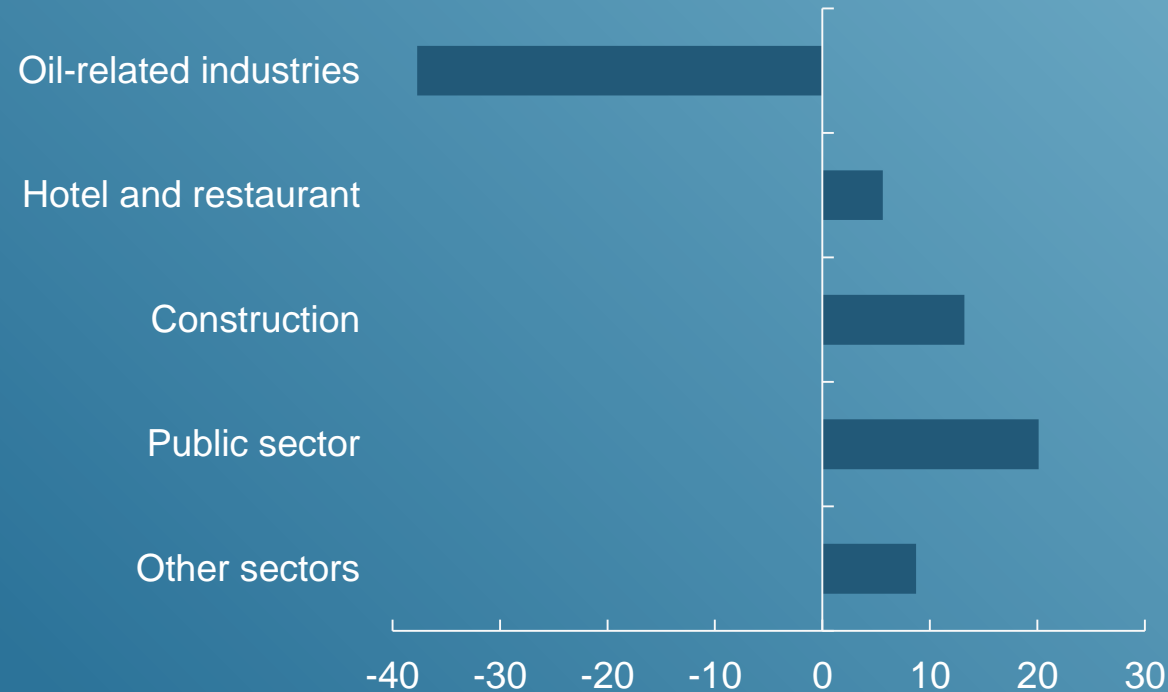
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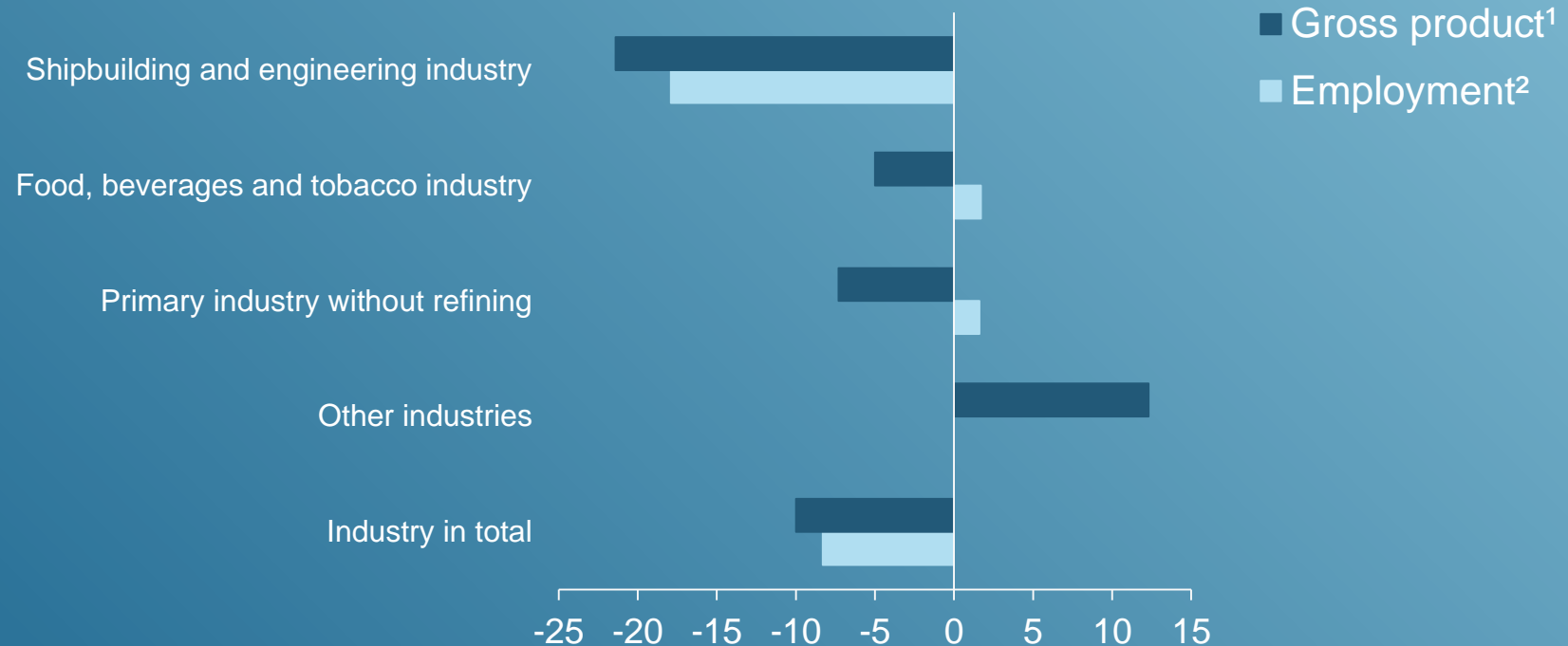
# Structural adjustments

Changes in employment between 2014 Q3 and 2016 Q4. In thousands of persons



# Activity and employment in Norwegian industries

Percentage change between 2014 Q3 and 2016 Q4



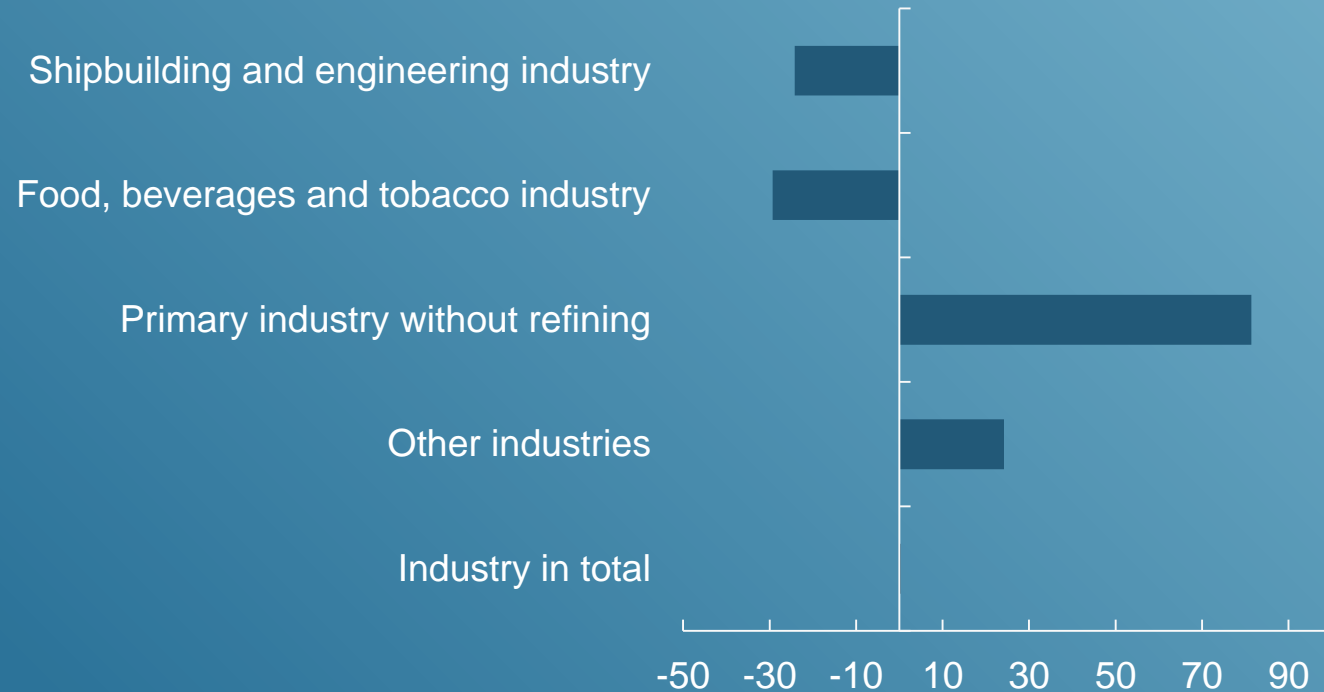
1) Volume. 2) Number of persons.  
Source: Statistics Norway





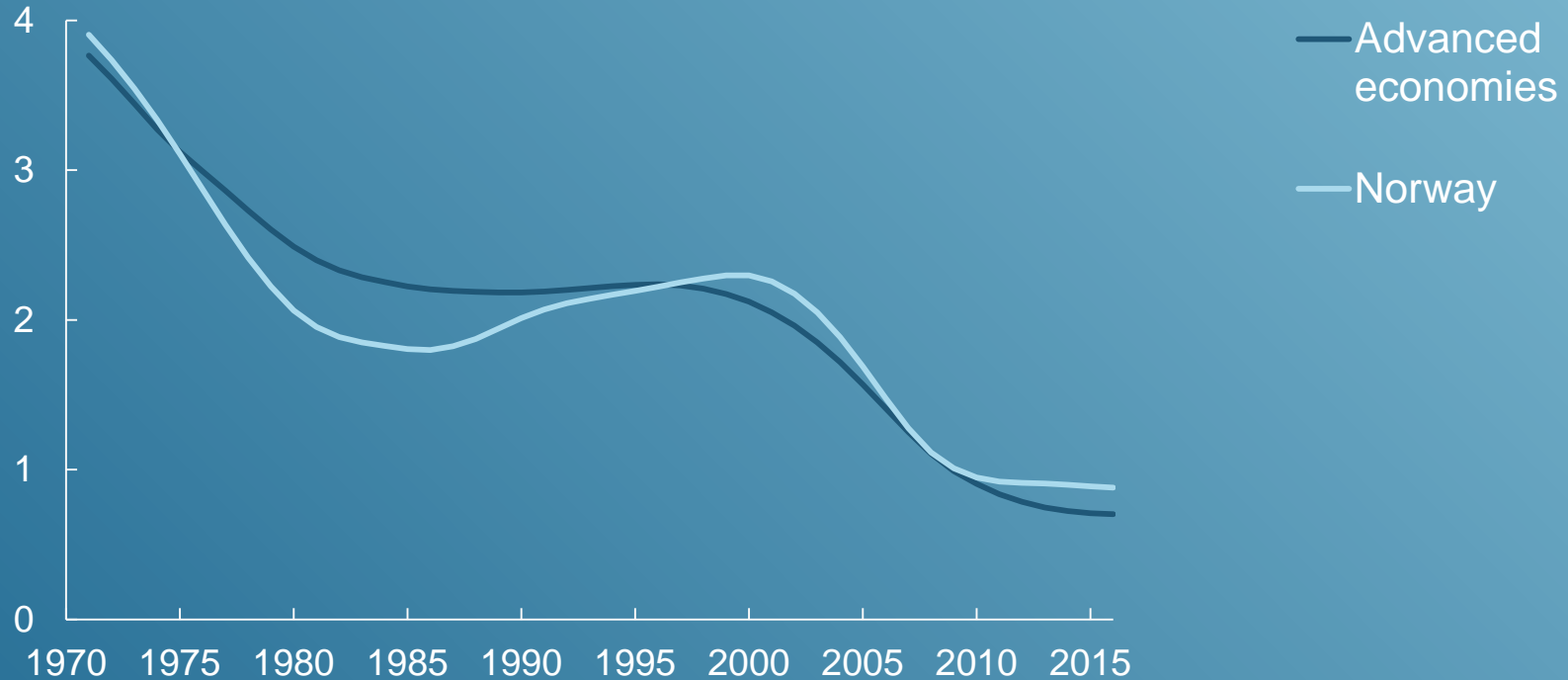
# Investment in Norwegian industries

Percentage change between 2014 Q3 and 2016 Q4. Volume



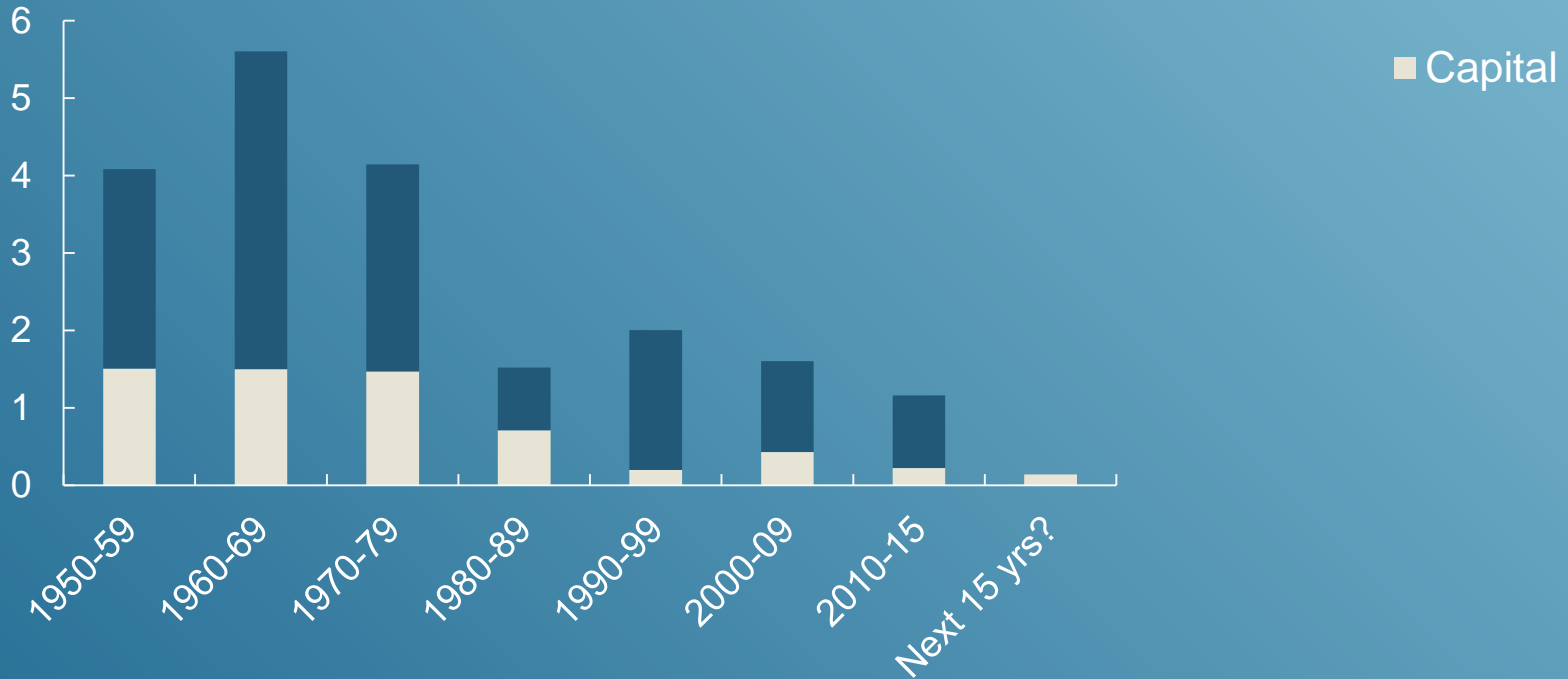
# Productivity growth

GDP per hour worked. Percent



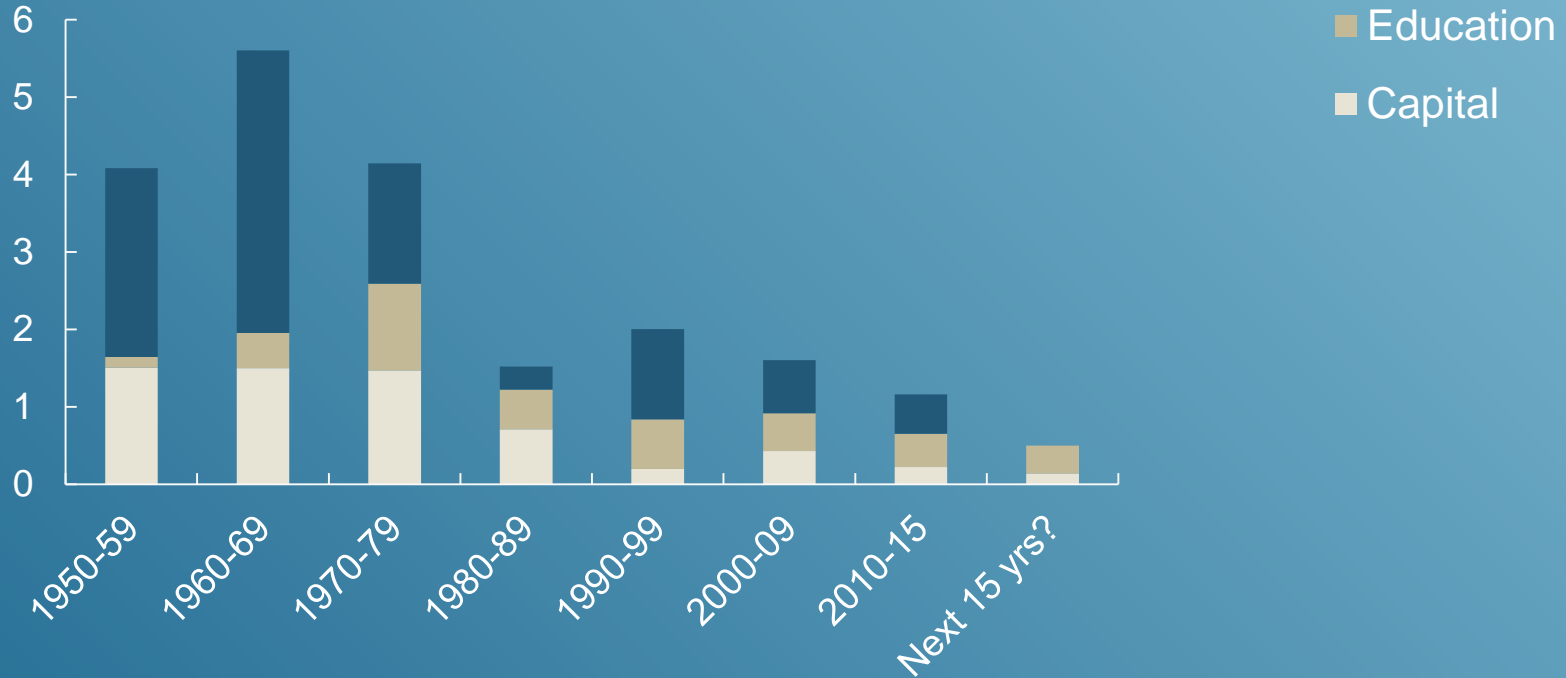
# Productivity growth in Norway

GDP per hour worked. Percent



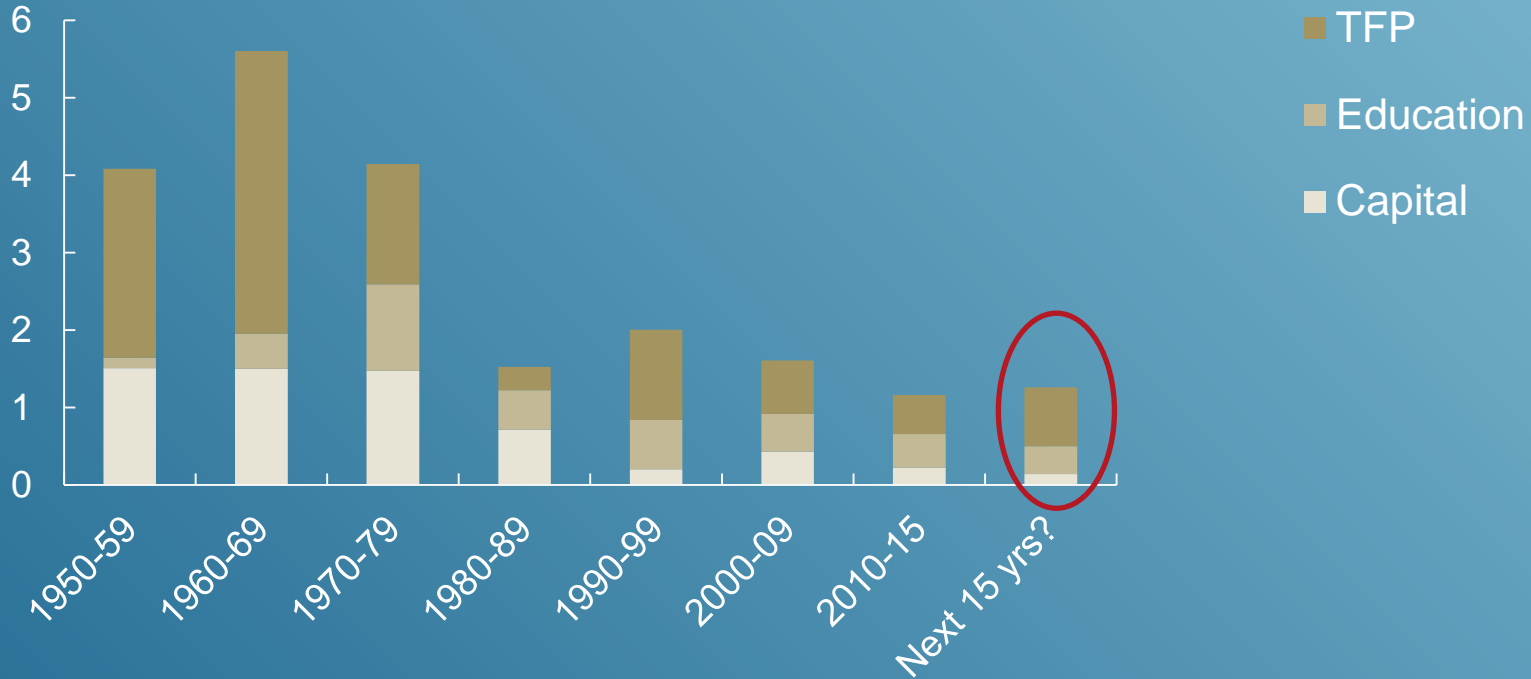
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