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Regional network

National summary

Interviews at end-April and in first half of May 2010

NB NORGES BANK

NATIONAL SUMMARY

Interviews were conducted at end-April and in the first half of May.

DEMAND, OUTPUT AND MARKET PROSPECTS

Growth in overall output has been moderate and has picked up since the previous round.

Manufacturing reported a marginal increase in activity. Contacts in the export industry reported moderate growth in output, as in the previous round. The fisheries, fish farming and metals industries contributed in particular to positive growth. A slight increase in order intake was reported, and contacts expect output growth to remain unchanged ahead. Activity in domestically oriented manufacturing had continued to edge down. The outlook has been revised down somewhat since the previous round and zero growth is expected for the next six months. Suppliers to the oil industry reported a further decline in activity, related to reduced project development and test drilling. Suppliers to the industry expected activity to pick up ahead.

Activity continued to fall in building and construction, albeit to a lesser extent than in the previous round. An increase in residential construction and public transport projects has curbed the fall somewhat. The decline in activity was to some extent due to cold winter weather. Order intake is no longer falling and contacts expected increased residential construction and road development projects to result in increased activity ahead.

Retail trade contacts reported that activity had picked up considerably since the previous round and become broader-based. The rise was expected to continue, albeit at a somewhat slower pace than in the past three months.

The service industry reported a moderate increase in activity. The highest increase was in corporate services, where the recovery had picked up since the previous round. Market prospects indicate a moderate rise in activity ahead for both household and corporate services.

Market prospects have improved slightly since the previous round and, overall, a moderate rise in activity is expected. The improvement in market prospects was particularly marked in the oil supplier industry and in building and construction.

INVESTMENT

In general, contacts are planning to expand investment somewhat. Contacts in manufacturing are still planning to reduce investment spending, particularly in domestically oriented manufacturing. Investment is expected to increase in the other industries.

CAPACITY UTILISATION AND LABOUR SUPPLY

In this round, 22 per cent of enterprises reported that they would have some or considerable difficulty accommodating a rise in demand, and 13 per cent responded that labour would be a constraint on production if demand increased. The share experiencing general capacity problems is somewhat lower than in the previous round, while a slightly higher number regard the labour supply as problematic. This is because capacity has been scaled down and rehiring will take time. In general, the labour market is not perceived as tight.

EMPLOYMENT AND LABOUR MARKET

Overall employment was reported to have remained unchanged over the past three months. In manufacturing, employment had continued to edge down. Employment remained unchanged in the service industry and in the local government and hospital sector, while retail trade and the building and construction industry reported a moderate increase.. The turnaround was particularly marked in the building and construction industry, where further increases are planned. A moderate increase in employment is anticipated in retail trade and services, while the fall in employment is expected to continue in manufacturing. Overall, employment is expected to remain unchanged over the next three months

COSTS, PRICES AND PROFITABILITY

Annual wage growth in 2010 was expected to be 3¼ per cent. Wage growth was expected to be highest in the public sector and lowest in retail trade.

Contacts reported that overall prices had risen moderately over the past 12 months. The pace of the rise has picked up in relation to the previous round. Building and construction reported that the 12-month rate remained negative, although the fall had slowed. In manufacturing, the downward trend in prices had reversed, and prices in both domestically oriented manufacturing and the export industry have shown a moderate increase. Retail trade and services reported a moderate rise in prices, although prices in the corporate service industry had remained unchanged.

Overall profitability had increased compared with the same period last year, a marked improvement in relation to the previous round. For suppliers to the oil industry and the building and construction industry, margins continued to fall. In the export industry, the rise in prices has resulted in a marked improvement in margins since the previous round. Retail trade margins have also shown a considerable improvement compared with the same period in 2009.