

No. 3 | 2012

Regional network

National summary

Interviews were conducted in the period 3 - 28 September 2012

NATIONAL SUMMARY

DEMAND, OUTPUT AND MARKET PROSPECTS

Network contacts reported a fairly marked increase in output over the past 3 months. Output growth was slightly weaker than in the previous round and had so far been marginally lower than anticipated by network enterprises in May. Variations across industries were wider than in the previous round. Market prospects were revised down slightly on the previous round. Overall, contacts expected growth to remain approximately unchanged over the coming 6 months.

Manufacturing production growth was fairly marked and somewhat higher than in the previous round. Growth was still highest in the oil supplier industry and had also risen somewhat compared with the previous round. Contacts expected continued strong growth ahead. Domestically oriented manufacturing reported that production growth had slowed to a fairly moderate pace over the past 3 months. Network contacts in domestically oriented manufacturing expected production growth to remain approximately unchanged ahead. The export industry reported rising and fairly marked growth in output, with strongest growth in the petroleum-related export industry. Contacts expected fairly marked growth in output to continue.

Activity in the construction industry increased quite considerably over the past 3 months. Growth was slightly higher than in the previous round, but in line with contacts' expectations in May. Network contacts reported solid growth in residential construction and in public building and civil engineering projects. Network contacts expected production growth to pick up slightly ahead.

Growth in retail trade was moderate over the past 3 months, which was somewhat lower than in the previous round and slightly weaker than expected in May. Spending on both consumer durables and nondurables contributed to growth. Contacts expected growth to remain moderate over the coming 6 months.

Growth in services remained marked, albeit a little weaker than in May. Growth was driven in particular by high activity in the petroleum and construction sectors and large-scale public investments. Growth was reported to be somewhat slower in both commercial and household services, but was still strongest in commercial services. Overall, contacts in commercial services expected growth to be somewhat lower ahead.

INVESTMENT

Network contacts planned some growth in investment over the coming 12 months. Overall, investment plans had been revised down from May, but plans to increase investment levels were reported in all industries. Retail trade contacts have reported falling investment plans for the past 3 rounds, but in this round reported plans for a slight increase in the level of investment ahead. Planned investment in manufacturing was unchanged, while the service industry and the local government and hospital sector planned somewhat slower growth in investment than in May.

CAPACITY UTILISATION AND LABOUR SUPPLY

The share of network contacts reporting that they would have some or considerable difficulty accommodating a rise in demand decreased from 40 percent in the previous round to 38 percent in this round. The share increased somewhat in construction, although retail trade also reported somewhat higher capacity utilisation. Fewer enterprises in manufacturing and services reported capacity constraints than in the previous round. Capacity constraints were still highest in the construction industry.

The share of network contacts citing labour supply as a constraint on activity was 31 percent, an increase from 29 percent in the previous round. The share increased most in construction, but also rose in retail trade and the service industry. Fewer contacts in the public sector cited labour supply as a constraint, while the share was unchanged in manufacturing. Labour shortages were still highest for the construction industry and lowest for retail trade.

EMPLOYMENT AND LABOUR MARKET

Employment continued to rise over the past 3 months. Growth in employment picked up slightly relative to the previous round and was slightly stronger than expected in May. Retail trade contacts reported stable employment, while the other industries reported an increase. The construction industry reported the strongest growth. Overall, network contacts expected employment growth to slow slightly, but plans to increase employment over the next 3 months were reported in all industries.

COSTS, PRICES AND PROFITABILITY

Contacts estimated annual wage growth in 2012 at a little over 4 percent, slightly higher than the estimate in the previous round. Manufacturing and service sector contacts had revised up their estimates from May. Services reported the highest estimate, at 4¼ percent, while contacts in manufacturing, construction and the public sector estimated wage growth at slightly over 4 percent. Retail trade had the lowest estimate, at about 3¾ percent.

The rise in prices has been moderate over the past 12 months and a little weaker than in May. The rise in prices was highest in construction and domestically oriented manufacturing. Export industry contacts reported that prices were rising slightly, after reporting a fall in the previous 3 rounds. Overall, prices were expected to rise at a higher rate ahead, although contacts in retail trade and household services expected a slower rise.

Operating margins over the past 3 months have shown some improvement compared with the same period last year. As in the two previous rounds, the export industry reported weaker profitability, while the other industries reported improved profitability. The increase in margins was most pronounced in the oil supplier industry, construction and retail trade.