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Regional network

National summary

Interviews were conducted in late August and the first half of September 2011

NATIONAL SUMMARY

DEMAND, OUTPUT AND MARKET PROSPECTS

Contacts reported marked growth in output over the past three months, approximately as in the previous round. Overall, contacts expected growth to slow somewhat over the next six months. Market prospects were revised down somewhat on the previous round. Many contacts were more uncertain about the outlook than previously.

Manufacturing reported fairly marked growth in output. Growth picked up slightly on the previous round. Higher growth was reported by the oil supplier industry in particular, but also by domestically oriented manufacturing. Output growth in the export industry remained unchanged. Some industry contacts reported a more wait-and-see approach among customers, with slightly weaker order intake, but the effect on overall output over the coming half of the year was assumed to be moderate. Overall, contacts expected somewhat lower growth ahead.

The construction industry reported a marked rise in activity over the past three months. Growth has picked up on the previous round, particularly as a result of rising activity in residential construction. Contacts expected further growth in residential construction in the next half of the year. Growth has been more moderate in commercial construction. In these industries expectations regarding production ahead were also somewhat more mixed. Overall, contacts nevertheless expected continued marked growth in construction the next six months.

In retail trade, growth was moderate, but higher than in the previous round. For the next six months, contacts expected growth to remain approximately unchanged. Many industries appeared to be more positive than in the previous round, but a number of contacts also expressed general uncertainty in view of the turbulence in international financial markets.

Growth in the service industry was fairly marked, but somewhat lower than in the previous round. Commercial services reported a slightly higher rise in activity than household services. The next six months, contacts expected a moderate increase in activity. Overall, service industry contacts were somewhat less optimistic than contacts in the other industries.

INVESTMENT

Contacts planned moderate growth in investment in the coming year. Plans had been revised up slightly on the previous round, in view of somewhat higher investment growth in the local government and hospital sector. Other industries' investment plans were revised down, but all industries expected growth in investment over the next twelve months.

CAPACITY CONSTRAINTS AND LABOUR SUPPLY

The share of contacts reporting that they would have some or considerable difficulty accommodating a rise in demand was 31 per cent. In the previous round, this share was 30 per cent. Capacity utilisation edged up in construction, retail trade and services, but

decreased in manufacturing. Capacity constraints appeared to be most pronounced in manufacturing and construction.

The share of contacts citing labour supply as a production constraint was 24 per cent, up from 19 per cent on the previous round. This share increased in all industries except manufacturing. In the last few rounds, labour supply constraints have become more pronounced particularly in the construction industry and the local government and hospital sector.

EMPLOYMENT

Employment growth was fairly moderate over the past three months, somewhat lower than contacts had envisaged in the previous round. The rise was most pronounced in construction and services, while employment remained unchanged in retail trade. Contacts expected overall employment to rise at approximately the same pace over the next three months. Contacts in construction, services and manufacturing expected employment to grow, while contacts in retail trade and the local government and hospital sector expected approximately unchanged employment.

COSTS, PRICES AND PROFITABILITY

Overall annual wage growth in 2011 was estimated at about 4 per cent, as in the previous round. Manufacturing and retail trade reported the lowest estimates, while estimates were highest in the service industry and the local government and hospital sector.

Contacts reported a moderate rise in prices in the past twelve months, slightly lower than in the previous round. The rise in prices was highest in construction and lowest in the export industry. Compared with the previous round, the rise in prices slowed in the export industry, construction and retail trade, but picked up in the other industries. The rise in prices was expected to accelerate over the next twelve months. These expectations were most pronounced in the construction industry.

Operating margins over the past three months were slightly higher compared with the same period last year. All industries reported improved profitability. Contacts have reported rising margins in the past six rounds, but profitability growth slowed somewhat in the current round. Compared with the previous round, operating margin growth improved in the oil supplier industry while remaining unchanged in retail trade. In other industries, growth in operating margins slowed.