

No. 1 | 2013

# Regional network

## National summary

*Interviews were conducted in the period 14 January - 8 February 2013*

# NATIONAL SUMMARY

## DEMAND, OUTPUT AND MARKET PROSPECTS

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Network enterprises reported moderate output growth over the past 3 months. Growth was somewhat weaker than in the previous round and had so far been approximately in line with enterprises' expectations in November. Overall, network enterprises expected slightly stronger growth over the coming 6 months.

Output growth in *manufacturing* was moderate and slightly lower than in the previous round. Growth was still highest in the oil supplier industry and lowest in domestically oriented manufacturing. Oil supplier contacts expected continued marked growth ahead, but had revised down their expectations somewhat since November. A number of suppliers reported a fall in new orders. Contacts in domestically oriented manufacturing expected production volumes to remain stable ahead. Contacts in the export industry reported moderate growth, somewhat weaker than in November. Oil-related exports contributed most to growth, while developments were relatively weak for more traditional exports. Export enterprises expected continued moderate growth ahead.

Contacts in the *construction industry* reported fairly marked volume growth over the past 3 months, approximately in line with the previous round. Contacts in civil engineering reported strong and intensifying competition from foreign operators. Overall, construction industry contacts expected slightly lower output growth ahead.

*Retail trade* reported moderate growth over the past 3 months. Growth was slightly weaker than in the previous round. Contacts expected growth to pick up slightly over the next 6 months.

Growth was moderate in the *service sector*. Growth slowed somewhat in commercial services, but picked up slightly in the household service sector. Contacts expected slightly stronger growth ahead.

## INVESTMENT

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Network contacts planned moderate growth in investment in the coming 12 months. Overall, investment plans were approximately unchanged since the previous round. Contacts in the local government and hospital sector and manufacturing had revised up their November plans. Planned investment growth ahead was still highest in the local government and hospital sector. Investment plans in the service sector and retail trade had been revised down since November. Service sector contacts expected a marginal fall in investment, while retail contacts expected investment levels to remain stable.

## CAPACITY UTILISATION AND LABOUR SUPPLY

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The share of network contacts reporting that they would have some or considerable difficulty accommodating a rise in demand decreased from 42 percent in the previous round to 39 percent in this round. Capacity pressures were still highest in the construction industry. In manufacturing and services, capacity pressures had eased somewhat since the previous round, while capacity pressures increased slightly in construction and retail trade.

The share of network contacts citing labour supply as a constraint on activity was 28 percent, down from 31 percent in the previous round. The share increased in construction, while it

decreased in the other sectors. Labour shortages were still highest in the construction industry and lowest in retail trade.

## EMPLOYMENT AND LABOUR MARKET

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Employment rose slightly less than expected over the past 3 months. As in the previous two rounds, employment was reported to be stable in retail trade, while the other sectors reported an increase. The construction industry reported the strongest growth. Overall, contacts planned for a slight pick-up in employment growth. All sectors reported plans to increase employment in the coming 3 months.

## COSTS, PRICES AND PROFITABILITY

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Contacts estimated annual wage growth in 2013 at 4 percent, approximately in line with contact estimates in November. The service sector reported the highest estimates, about 4¼ percent, while contacts in manufacturing, construction and retail trade had the lowest estimates, about 3¾ percent. Public sector contacts expected wage growth of about 4 percent this year.

The rise in prices has been moderate over the past 12 months. All sectors reported a rise in prices in this round, with the highest rise in construction and household services. Export industry and retail trade contacts reported the lowest rise in prices. Slightly more than half of the contacts expected the rise in prices to pick up ahead.

Profitability improved slightly over the past 3 months compared with the same period last year. The rise in operating margins was somewhat weaker than in the previous round. Retail trade reported a slight decrease in margins, while the other sectors reported that profitability had improved.