

No. 3 | 2013

Regional network

National summary

Interviews were conducted in the period 8 - 30 August 2013

NATIONAL SUMMARY

DEMAND, OUTPUT AND MARKET PROSPECTS

Network enterprises reported moderate output growth over the past 3 months. Growth was slightly slower compared with the previous round and had so far been weaker than envisaged by enterprises in May. Contacts expected continued moderate growth over the next 6 months.

Output growth in manufacturing was moderate. Oil industry suppliers reported fairly marked growth, somewhat lower than in the previous round. Oil industry suppliers expected continued fairly marked growth over the next 6 months, although expectations had been revised down since May. Contacts attributed some of the slight decrease in growth to offshore projects on the Norwegian continental shelf that had been postponed or cancelled. Domestically oriented manufacturing reported fairly moderate growth. Growth had picked up since the previous round and had so far been in line with contacts' expectations in May. Positive developments in domestic demand were largely reported by contacts in technical and engineering industries. Overall, domestically oriented manufacturing expected somewhat higher output growth over the next 6 months. Export industry contacts reported moderate growth. Growth was slightly stronger than in the previous round and had so far been somewhat higher than envisaged by network contacts in May. The increase was primarily generated by petroleum-related exports, while developments in the other export areas were generally reported to be unchanged since the previous round. Export enterprises as a whole expected growth to pick up slightly ahead.

Contacts in the construction industry reported that volume growth had been moderate over the past 3 months, approximately unchanged since the previous round. The level of activity was reported to be stable in residential and private sector commercial construction. Contacts reported continued solid growth related to public building and infrastructure projects. Overall, construction industry enterprises expected somewhat weaker growth over the next 6 months.

Retail trade reported fairly moderate growth over the past 3 months. The rate of growth was approximately the same as in May. Contacts expected slightly higher growth over the next 6 months.

Overall growth in the service sector was moderate. Growth was marginally weaker in commercial services, while a slightly more pronounced decrease was reported for household services, primarily owing to lower demand from foreign tourists and fewer housing transactions. The service sector expected slightly stronger growth ahead, primarily in household services.

INVESTMENT

Network contacts planned for slight investment growth over the next 12 months. Overall, investment plans had been revised down somewhat since the previous round. Investment plans in the service sector and retail trade had been revised up since May, while plans in the local government and hospital sector had been revised down. In manufacturing, planned levels of investment remained stable. There were no plans to reduce the level of investment

in any sector. Strongest growth in investment was expected in services, where contacts planned for fairly moderate growth.

CAPACITY UTILISATION AND LABOUR SUPPLY

The share of network contacts reporting that they would have some or considerable difficulty accommodating a rise in demand fell from 39 percent in May to 31 percent in this round. Capacity pressures have eased in all sectors, primarily as a result of more ample labour supply.

The share of network contacts citing labour supply as a constraint on activity was 22 percent, down from 29 percent in the previous round. The share decreased in all sectors and has not been as low since May 2011.

EMPLOYMENT AND LABOUR MARKET

Overall employment rose slightly less than expected over the past 3 months. Employment growth in the construction sector was reported to be fairly solid, while growth was more moderate in manufacturing, retail trade and services. Employment growth in the public sector was reported to be weak. Overall, contacts planned for slightly lower employment growth ahead. All sectors except retail trade reported plans to increase employment in the next 3 months. In retail trade, contacts planned for a stable level of employment ahead.

COSTS, PRICES AND PROFITABILITY

Contacts estimated annual wage growth in 2013 at slightly above 3½ percent. This is a little less than ¼ percentage point lower than the May estimate. Contacts in services estimated annual wage growth at just below 3¾ percent. Construction, retail trade and the public sector estimated annual wage growth at 3½ percent. Manufacturing reported the lowest estimate, at just above 3¼ percent.

The rise in prices had been moderate over the past 12 months and had slowed slightly since May. All sectors reported a rise in prices in this round, with the strongest rise in the construction industry, as in the previous round. The weakest rise in prices was reported by contacts in the export industry. Slightly more than half of the contacts expected the rise in prices to slow ahead.

The rise in margins was slightly stronger than in the previous round. The export industry and retail trade reported some decrease in margins, while the other sectors reported that profitability had improved.