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Regional network

National summary

Interviews were conducted in the period 19

NATIONAL SUMMARY

DEMAND, OUTPUT AND MARKET PROSPECTS

Overall, network contacts reported marked growth in output. Growth has been slightly stronger than in the previous round. Enterprises expect somewhat weaker growth over the next six months, but expectations have been revised up on the previous round.

Manufacturing reported moderate growth in output, as in November. Growth has picked up in domestically oriented manufacturing, but has slowed in the export industry. Growth in domestically oriented manufacturing is primarily the result of increased activity in the building materials and engineering industries. Solid growth in the metals, fish farming and technology industries has contributed to growth in the export industry. Growth has slowed in the oil supplier industry, but contacts expect that an increase in order intake, particularly from abroad, will provide a basis for higher output growth ahead. Higher growth is also expected in the export industry, while growth is expected to continue at the same pace in domestically oriented manufacturing.

The building and construction industry has shown moderate growth. Growth edged down compared with November. As in the previous round, residential building has shown the most positive developments. Contacts expect private and public commercial building activity to increase ahead as a result of higher order intake. Some of the higher activity resulting from the increase in order intake in the building industry will not occur until the first half of 2011 and in 2012. Reports from construction were more mixed. Overall, the building and construction industry is expected to show marked growth over the next 6 months.

Activity in retail trade has risen moderately over the past 3 months and at a somewhat more rapid pace than in the previous round. Contacts indicated that growth was strongest at the beginning of the period. Some contacts suggested that high electricity prices might have had a dampening impact on turnover from mid-December. Enterprises expect moderate growth to continue.

The strongest growth was again reported by service industry contacts. Growth was still highest in household services, but picked up in commercial services. Growth is expected to slow somewhat in the period ahead, primarily as a result of lower growth in commercial services.

INVESTMENT

Investment is expected to show moderate growth in the coming year. Investment plans are approximately as in the previous round, with only slight differences across sectors. The estimate for the public sector has been revised up slightly since November, while the service industry expects somewhat lower investment growth.

CAPACITY UTILISATION AND LABOUR SUPPLY

The share of contacts reporting that they would have some or considerable difficulty accommodating a rise in demand was 32 per cent. In the previous round, this share was 37 per cent. The decrease was due to a lower share of enterprises experiencing capacity problems in retail trade and services. Capacity utilisation increased in the construction

industry. Labour was perceived as a constraint on production for 20 per cent of contacts, approximately the same share as in the previous round.

EMPLOYMENT AND LABOUR MARKET

Employment rose at the same pace as in the previous round, in line with expectations. Employment was approximately unchanged in retail trade and the public sector, while the other industries showed a rise in employment. The rise was most pronounced in building and construction and services. Employment growth is expected to pick up in the next 3 months, particularly in building and construction and services.

COSTS, PRICES AND PROFITABILITY

Overall annual wage growth in 2011 was estimated at about 3½ per cent, as in November. The lowest estimate was in manufacturing, at about 3¼ per cent, while the highest was in services, at about 3¾ per cent. Since November the wage estimate for the service industry has been revised down, while the estimate for manufacturing has been revised up.

Contacts reported a modest rise in prices over the past 12 months. Compared with the previous round, the rise in prices slowed in all industries except the export industry and building and construction. The rise in prices was highest in household services and lowest in domestically oriented manufacturing and commercial services. The differences across industries are nonetheless small. Contacts expect the rise in prices to pick up over the coming 12 months. The share of contacts expecting the rise in prices to pick up is the largest since the surveys were introduced in January 2005.

Operating margins over the past 3 months have shown a moderate improvement compared with the same period last year. Profitability has increased for the fourth consecutive round. Margins have improved most in the export industry, services and to some extent in retail trade. Profitability has deteriorated in the oil supplier and building and construction industries over the past year.