

EXPECTATIONS SURVEY FOR NORGES BANK 2018 Q4

The survey questions economists, social partners, business leaders and households.

22 November 2018

PREFACE

On commission by Norges Bank, Epinion carries out quarterly surveys in Norway of expectations for inflation, wage growth, the krone exchange rate and interest rates among economists in the financial industry and academia, the social partners, business leaders and households. Norges Bank orients monetary policy towards keeping inflation low and stable. Inflation expectations can influence actual inflation. A survey conducted at regular intervals can provide greater insight into these questions.

The survey questions four target groups. Online surveys are used for economists in the financial industry and academia, as well as for representatives of main employer and employee organisations and business leaders. Telephone interviews are used for a random selection of individuals in Norwegian households.

The expectations survey is conducted every quarter and was conducted for the first time in February 2002. Epinion has published the survey from 2015 Q1. The survey was previously carried out by Opinion and TNS Gallup.

Stavanger, November 2018

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SUMMARY FOR Q4 2018

Short-term price inflation

The economists surveyed expect goods and services inflation 12 months ahead to be 2.4%, up 0.1 percentage point from the previous quarter. The social partners expect goods and services inflation to be 2.4% 12 months ahead, up 0.1 percentage point from the previous quarter. Business leaders expect goods and services inflation 12 months ahead to be 2.5%, up 0.1 percentage point from the previous quarter. Households expect goods and services inflation to be 1.9% 12 months ahead.

Expected annual wage growth

The economists expect annual wage growth of 2.9% in 2018. Expected annual wage growth among the social partners is 2.8%. Business leaders expect annual wage growth in their own companies of 2.8% in 2018. Households expect wage and pension income growth of 2.1% in the next 12 months, unchanged from the previous quarter.

Expected profitability

31.5% of business leaders expect profitability to improve over the next 12 months, down 0.3 percentage points from the previous quarter. 39.2% of business leaders expect profitability to remain unchanged over the next 12 months, down 1.8 percentage points from the previous quarter, and 17.3% expect profitability to weaken, down 0.2 percentage points from the previous quarter.

Brief summary of individual results for economists

Inflation

Economists expect inflation to be 2.4% in 12 months, up 0.1 percentage point from the previous quarter. Expected annual inflation in 2 years is 2.4%, unchanged from the previous quarter. Economists' expectations of annual inflation 5 years ahead is 2.4%, down 0.1 percentage point from the previous quarter.

Expected annual wage growth

The economists expect annual wage growth to be 2.9% in 2018. Annual wage growth is expected to be 3.0% for next year. The economists expect annual wage growth in 5 years to be 2.9%, unchanged from the previous quarter.

The krone exchange rate

55.3% of the economists expect the effective krone exchange rate (measured by the trade-weighted krone exchange rate) to be stronger in 12 months, down 12.1 percentage points from the previous quarter. 31.9% expect the effective krone exchange rate to be unchanged in 12 months, up 3.6 percentage points from the previous quarter. 10.6% of the economists expect the effective krone exchange rate to be weaker in 12 months, up 6.3 percentage point from the previous quarter. Average expected appreciation of the krone exchange rate in 12 months is 2.5%, down 1.0 percentage point from the previous quarter.

Brief summary of individual results for social partners

Inflation

The social partners expect inflation to be 2.4% in 12 months, up 0.1 percentage point from the previous quarter. Employer organisations expect inflation in 12 months to be 2.2%, down 0.2 percentage point from the previous quarter. Employee organisations expect inflation to be 2.5% in 12 months, up 0.2 percentage point from the previous quarter.

Expected annual inflation in 2 years among the social partners is 2.6%, unchanged from the previous quarter. Employer organisations expect inflation to be 2.5% in 2 years, unchanged from the previous quarter. Employee organisations expect inflation in 2 years to be 2.7%, up 0.1 percentage point from the previous quarter.

The social partners expect annual inflation of 2.6% in 5 years, down 0.1 percentage point from the previous quarter. Employer organisations expect inflation to be 2.7% in 5 years, down 0.1 percentage point from the previous quarter. Employee organisations expect annual inflation in 5 years to be 2.6%, down 0.1 percentage point from the previous quarter.

Expected annual wage growth

The social partners expect annual wage growth for 2018 to be 2.8%. Employer organisations expect annual wage growth to be 2.7% for 2018, while employee organisations expect annual wage growth of 2.9%.

The social partners expect annual wage growth of 3.0% next year. Employer organisations expect annual wage growth of 2.8% for next year. Employee organisations expect annual wage growth of 2019 to be 3.2%.

The social partners expect average annual wage growth of 3.1% in 5 years, down 0.1 percentage point from the previous quarter.

Brief summary of individual results for business leaders

Inflation

Business leaders expect the goods and services inflation 12 months ahead to be 2.5%, up 0.1 percentage point from the previous quarter. Expected annual inflation in 2 years is 3.0%, up 0.2 percentage point from the previous quarter.

Purchase and selling prices

20.0% of business leaders expect purchase prices for the company to increase more over the next 12 months compared with the past 12 months, up 0.5 percentage point from the previous quarter. 72.1% expect purchase prices in 12 months to increase about as much as in the first quarter of 2018, down 0.3 percentage point from the previous quarter. 5.9% of business leaders expect purchase prices to increase less than in the past 12 months, up 0.4 percentage point from the previous quarter.

16.5% of business leaders expect the company's selling prices to increase more in the next 12 months compared with the past 12 months, up 0.7 percentage point from the previous quarter. 61.8% expect the company's selling prices to increase about the same, up 1.9 percentage points from the previous quarter. 13.6% of business leaders expect the company's selling prices to increase less the next 12 months, up 2.4 percentage points from the previous quarter.

Expected annual wage growth

Business leaders expect annual wage growth of 2.8% in own company for 2018. Annual wage growth is expected to be 2.9% for next year.

Expected profitability

24.2% of business leaders report that profitability in own company has improved during the past 12 months, down 7.6 percentage points from the previous quarter. 32.6% report that profitability in their own company has remained unchanged the past 12 months, up 0.8 percentage point. 30.9% of business leaders report that profitability in their own company has weakened during the past 12 months, up 4.4 percentage points from the previous quarter.

31.5% of business leaders expect improved profitability in the next 12 months, down 0.3 percentage point from the previous quarter. 39.2% expect profitability to remain unchanged in the next 12 months, down 1.8 percentage points from the previous quarter, and 17.3% of business leaders expect profitability to weaken, down 0.2 percentage point from the previous quarter.

Employment

37.1% of business leaders expect to have more employees in 12 months, up 0.9 percentage point from the previous quarter. 41.2% expect to have the same number of employees in 12 months, down 6.8 percentage points from the previous quarter, while 21.1% expect to have fewer employees, up 6.0 percentage points from the previous quarter.

Brief summary of individual results for households

Inflation

69.6% of the households surveyed believe prices for goods and services to be higher now than 12 months ago, down 5.1 percentage points from the previous quarter. 23.1% perceives prices as approximately unchanged, up 4.2 percentage points from the previous quarter, while 4.3% believes prices of goods and services to be lower now than 12 months ago, up 1.2 percentage points. Perceived change in prices over the past 12 months is 1.8%.

74.2% of households expect the prices for goods and services to be higher in the next 12 months, down 4.8 percentage points from the previous quarter. 20.8% expect prices to be unchanged, up 3.5 percentage points from the previous quarter. 3.3% of households expect prices for goods and services in 12 months to be lower than at present, up 2.1 percentage point from the previous quarter. Households expect goods and services inflation in 12 months to be 1.9%.

Households expect annual inflation in 2-3 years to be 3.2%, down 0.1 percentage point from the previous quarter.

Expected growth in annual wages and pension income

The households surveyed expected growth in wages and pension income of 2.2% the past 12 months, up 0.2 percentage point from the previous quarter. Expected change in wages and pension income the next 12 months is 2.1%, unchanged from the previous quarter.

Interest rate developments

75.3% of households expect the level of deposit and lending rates to rise over the next 12 months, up 12.4 percentage points from the previous quarter. 18.5% expect the level of deposit and lending rates to remain unchanged, down 11.3 percentage points from the previous quarter. 2.8% of households expect the level of deposit and lending rates to fall over the next 12 months, up 0.1 percentage point from the previous quarter.

The survey

On commission by Norges Bank, Epinion carries out quarterly surveys in Norway of expectations for inflation, wage growth, the krone exchange rate and interest rates among economists in the financial industry and academia, the social partners, business leaders and households. Norges Bank orients monetary policy towards keeping inflation low and stable. Inflation expectations can influence actual inflation. A survey conducted at regular intervals can provide greater insight into these questions. This report and the main results of the expectations survey are published in full on the webpages of Epinion (www.epinion.no). The survey of business leaders was broadened in 2009 to include enterprises with 20 or more employees (compared with 50 or more earlier). In addition, appx. 500 business leaders are now interviewed compared with appx. 300 earlier.

The survey for 2018 Q1 was conducted in the period 31st of October – 19th of November 2018.

QUESTIONNAIRE

To economists and social partners:

- What do you think general rise in prices for goods and services will be in 12 months, as measured by the 12-month change in the consumer price index (CPI)?
- What do you think the general rise in prices for goods and services will be in two years?
- What do you think the general rise in prices for goods and services will be in five years?
- What do you think average wage growth will be this year?
- What do you think average wage growth will be next year?
- What do you think average wage growth will be in five years?
- Do you think that in 12 months the krone exchange rate, as measured by the trade-weighted exchange rate index, will appreciate, remain unchanged or depreciate?
- By how much do you think it will appreciate/depreciate?

To business leaders:

- What do you think the general rise in prices for goods and services will be in 12 months, as measured by the 12-month change in the consumer price index (CPI)?
- What do you think the general rise in prices for goods and services will be in two years? (average)
- Do you expect that over the next 12 months your business's purchase prices will increase more than, increase at approximately the same pace as or increase less than in the past 12-month period?
- Do you expect that over the next 12 months your business's selling prices will increase more than, increase at approximately the same pace as or increase less than in the past 12-month period?
- What do you think average wage growth will be this year?
- What do you think average wage growth will be next year?
- Over the past 12 months, has the profitability of your business, as measured by the operating margin (EBITDA) , improved, remained unchanged or weakened?
- Do you think that over the next 12 months, the profitability of your business, as measured by the operating margin (EBITDA), will improve, remain unchanged or weaken?
- Compared with 12 months earlier, does your business currently have more employees, the same number of employees or fewer employees?
- Do you think that in 12 months, your business will have more employees than currently, the same number of employees or fewer employees?

To households:

- Compared with 12 months ago, do you think that prices for goods and services, as measured by the consumer price index, are now higher, approximately unchanged or lower?
- By about how much do you think prices have changed measured in percent?
- Do you think that over the next 12 months, prices for goods and services, as measured by the consumer price index, will be higher, unchanged or lower than they are currently?
- About how much higher/lower, measured in percent?
- Will prices rise faster, at the same pace as currently, or more slowly?
- How much do you think prices for goods and services, as measured by the consumer price index, will rise annually in two to three years, in percent?
- Compared with 12 months ago, by how much do you think your wages or pension has changed in percent?
- By approximately how much do you think your wages or pension will change in percent over the next 12 months?
- Do you think that over the next 12 months, the level of deposit and lending rates will rise, remain unchanged or fall?

TABLES AND GRAPHS

Economists

1. Expected inflation in 12 months
2. Expected inflation in 2 years
3. Expected inflation in 5 years
4. Expected annual wage growth for current year
5. Expected annual wage growth next year
6. Expected annual wage growth in 5 years
7. Expected growth in the krone exchange rate in 12 months
8. Average expected change in the trade-weighted exchange rate index in 12 months

Social partners

9. Expected inflation in 12 months
10. Expected inflation in 2 years
11. Expected inflation in 5 years
12. Expected annual wage growth for current year
13. Expected annual wage growth next year
14. Expected annual wage growth in 5 years

Business leaders

15. Expected general inflation in 12 months
16. Expected general inflation in 2 years
17. Expected increase in purchase prices for own business the next 12 months
18. Expected increase in selling prices for own business next 12 months
19. Expected annual growth in labour costs own business current year
20. Expected annual wage growth in own business next year
21. Profitability in own business last 12 months
22. Profitability in own business next 12 months
23. Number of employees today compared to 1 year ago
24. Number of employees in 12 months

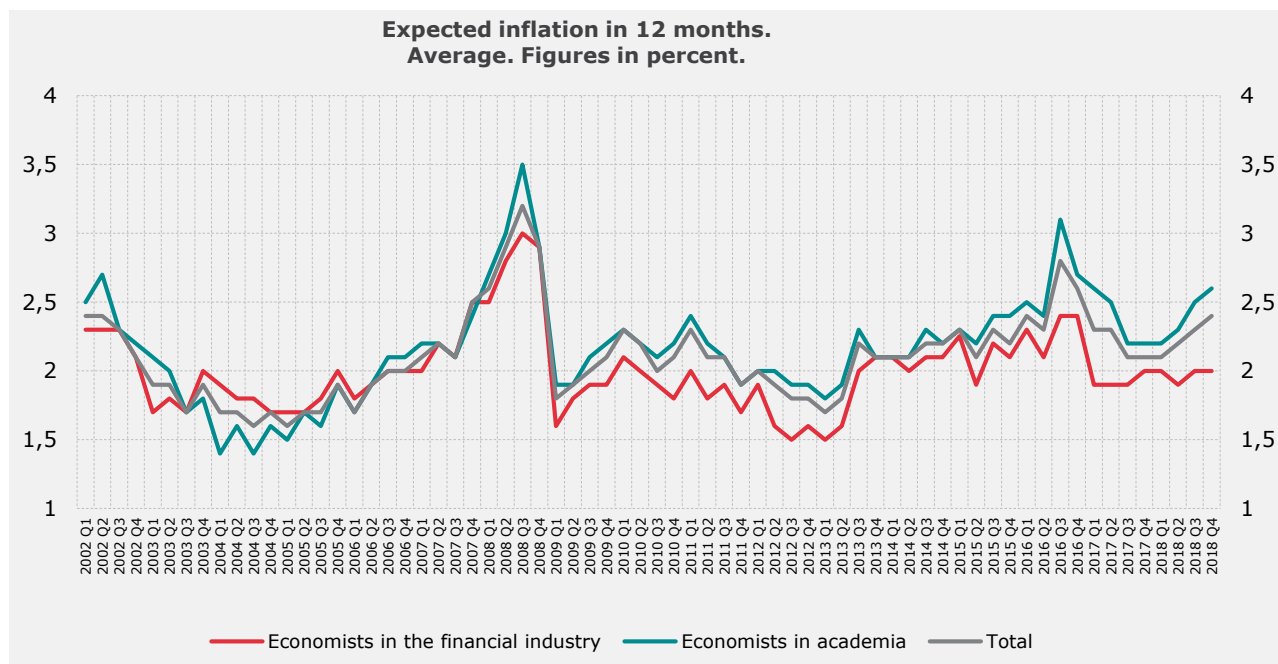
Households

25. Perception of price change last 12 months
26. Perception of price change last 12 months in percent
27. Expected price change next 12 months
28. Expected price change next 12 months in percent
29. Expected rate of increase next 12 months
30. Expected rate of increase next 12 months in percent
31. Expected inflation in 2-3 years
32. Wage and pension development last 12 months
33. Expected annual wage growth in 1 year in percent
34. Expected exchange rate next 12 months

RESULTS - ECONOMISTS

Question 1: ECONOMISTS

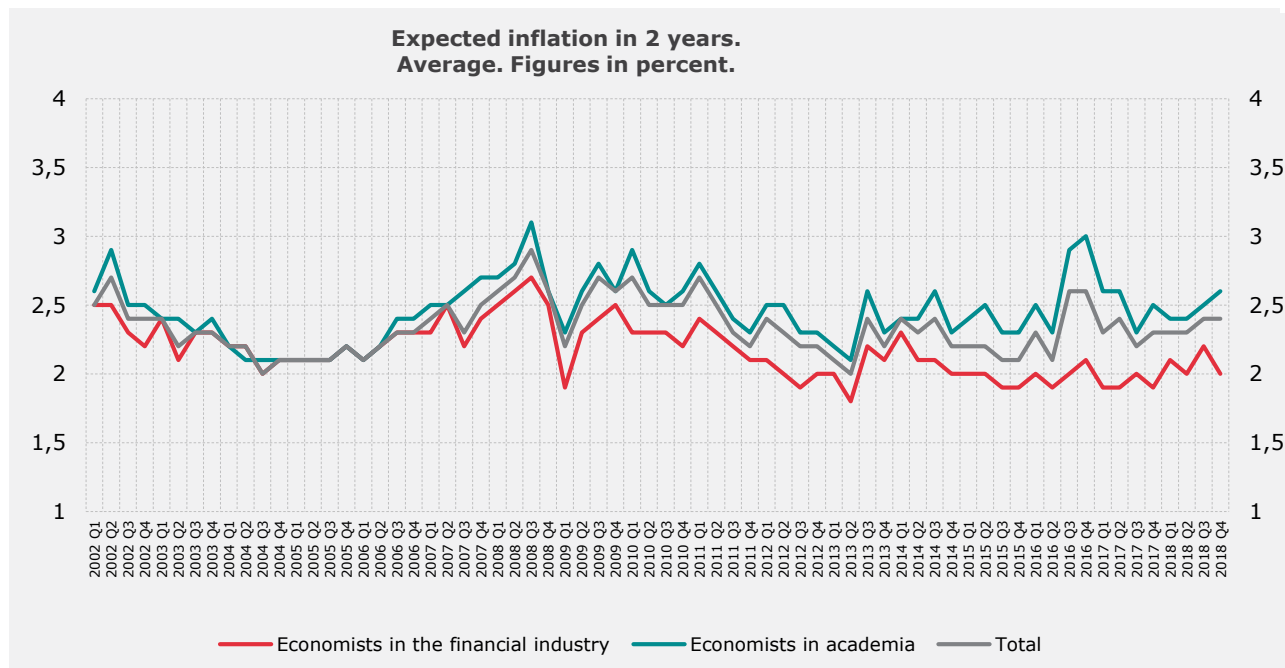
What do you think the general rise in prices for goods and services will be in 12 months, as measured by the 12-month change in the consumer price index (CPI)?



		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.0	2.0	--
	Median	1.8	2.0	
	Lowest value	1.0	1.0	
	Highest value	3.2	3.0	
	Sample	16	18	
Economists in academia	Average	2.5	2.6	+0.1
	Median	2.5	2.5	
	Lowest value	1.8	1.5	
	Highest value	3.6	3.5	
	Sample	30	29	
Economists in total	Average	2.3	2.4	+0.1
	Median	2.4	2.5	
	Lowest value	1.0	1.0	
	Highest value	3.6	3.5	
	Sample	46	47	

Question 2: ECONOMISTS

What do you think the general rise in prices for goods and services will be in two years?

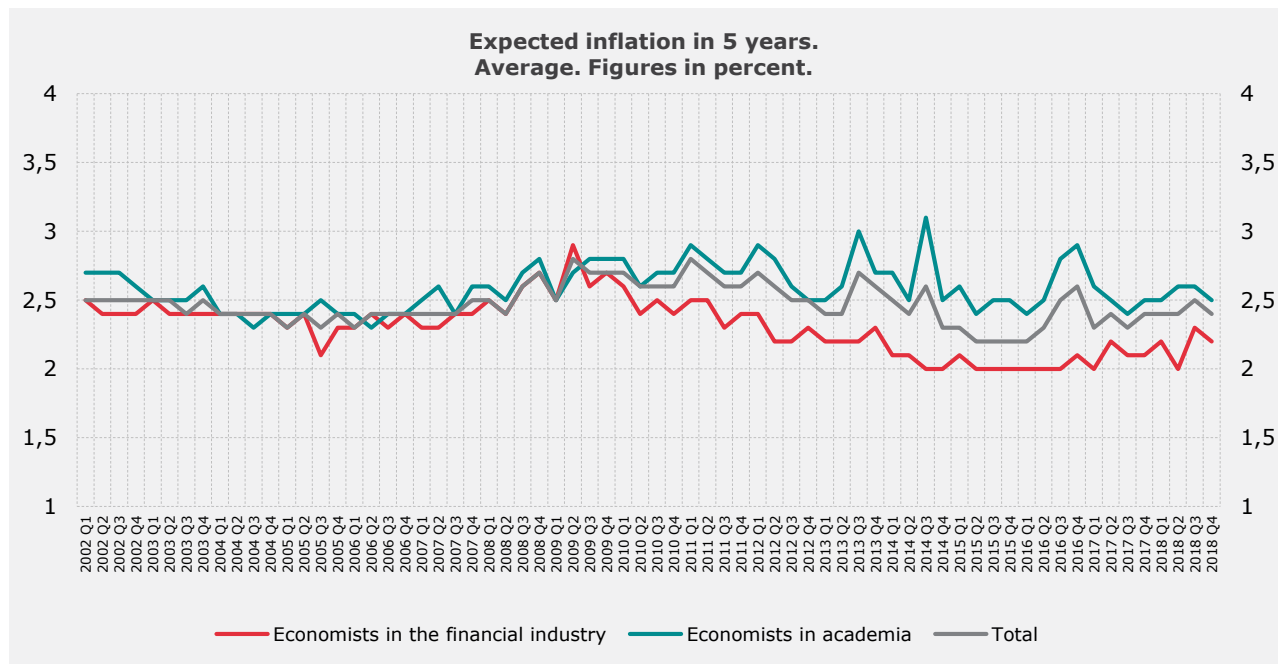


		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.2	2.0	-0.2
	Median	1.9	2.0	
	Lowest value	1.7	1.5	
	Highest value	4.0	3.0	
	Sample	16	18	
Economists in academia	Average	2.5	2.6	+0.1
	Median	2.5	2.5	
	Lowest value	1.8	1.5	
	Highest value	3.5	4.0	
	Sample	29	28*	
Economists in total	Average	2.4	2.4	--
	Median	2.3	2.3	
	Lowest value	1.7	1.5	
	Highest value	4.0	4.0	
	Sample	45	46	

*N=29. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=1, Extreme values N=0

Question 3: ECONOMISTS

What do you think the general rise in prices for goods and services will be in five years?

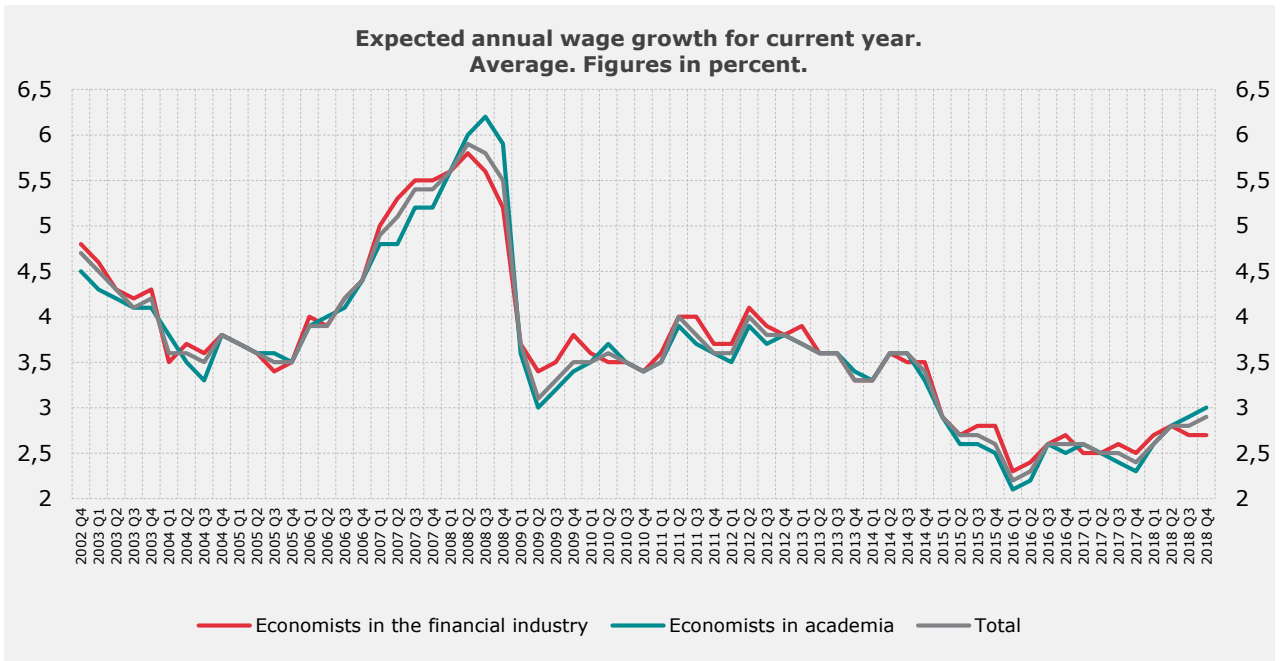


		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.3	2.2	-0.1
	Median	2.0	2.0	
	Lowest value	1.5	1.5	
	Highest value	5.0	3.3	
	Sample	16	18	
Economists in academia	Average	2.6	2.5	-0.1
	Median	2.5	2.5	
	Lowest value	1.8	2.0	
	Highest value	5.0	4.0	
	Sample	29	27*	
Economists in total	Average	2.5	2.4	-0.1
	Median	2.4	2.0	
	Lowest value	1.5	1.5	
	Highest value	5.0	4.0	
	Sample	45	45	

*N=29. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=2, Extreme values N=0

Question 4: ECONOMISTS

What do you think average wage growth will be this year?

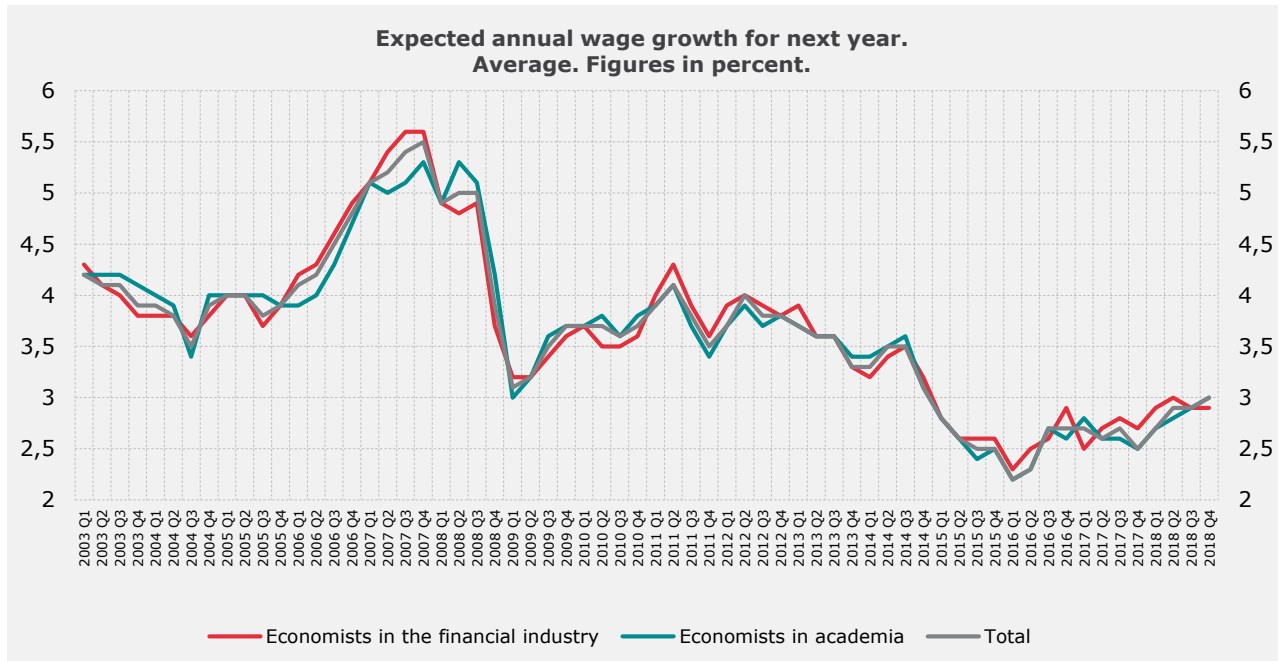


		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.7	2.7	--
	Median	2.9	2.8	
	Lowest value	1.0	1.5	
	Highest value	3.0	3.5	
	Sample	16	18	
Economists in academia	Average	2.9	3.0	+0.1
	Median	3.0	3.0	
	Lowest value	1.2	1.8	
	Highest value	4.0	4.0	
	Sample	29	28*	
Economists in total	Average	2.8	2.9	+0.1
	Median	2.9	2.9	
	Lowest value	1.0	1.5	
	Highest value	4.0	4.0	
	Sample	45	46	

*N=29. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=1, Extreme values N=0

Question 5: ECONOMISTS

What do you think average wage growth will be next year?

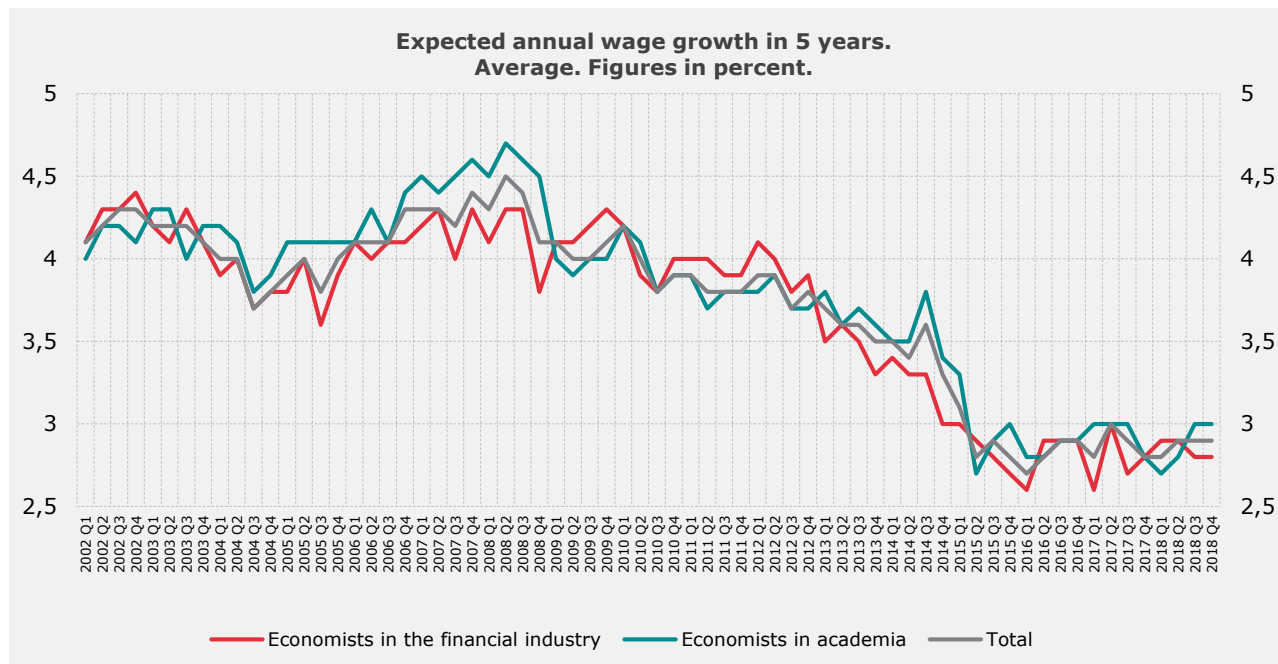


		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.9	2.9	--
	Median	3.0	3.0	
	Lowest value	1.5	2.0	
	Highest value	4.0	3.5	
	Sample	16	18	
Economists in academia	Average	2.9	3.0	+0.1
	Median	3.0	3.0	
	Lowest value	0.8	0.4	
	Highest value	4.0	4.0	
	Sample	30	28*	
Economists in total	Average	2.9	3.0	+0.1
	Median	3.0	3.0	
	Lowest value	0.8	0.4	
	Highest value	4.0	4.0	
	Sample	46	46	

*N=29. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=1, Extreme values N=0

Question 6: ECONOMISTS

What do you think average wage growth will be in 5 years?

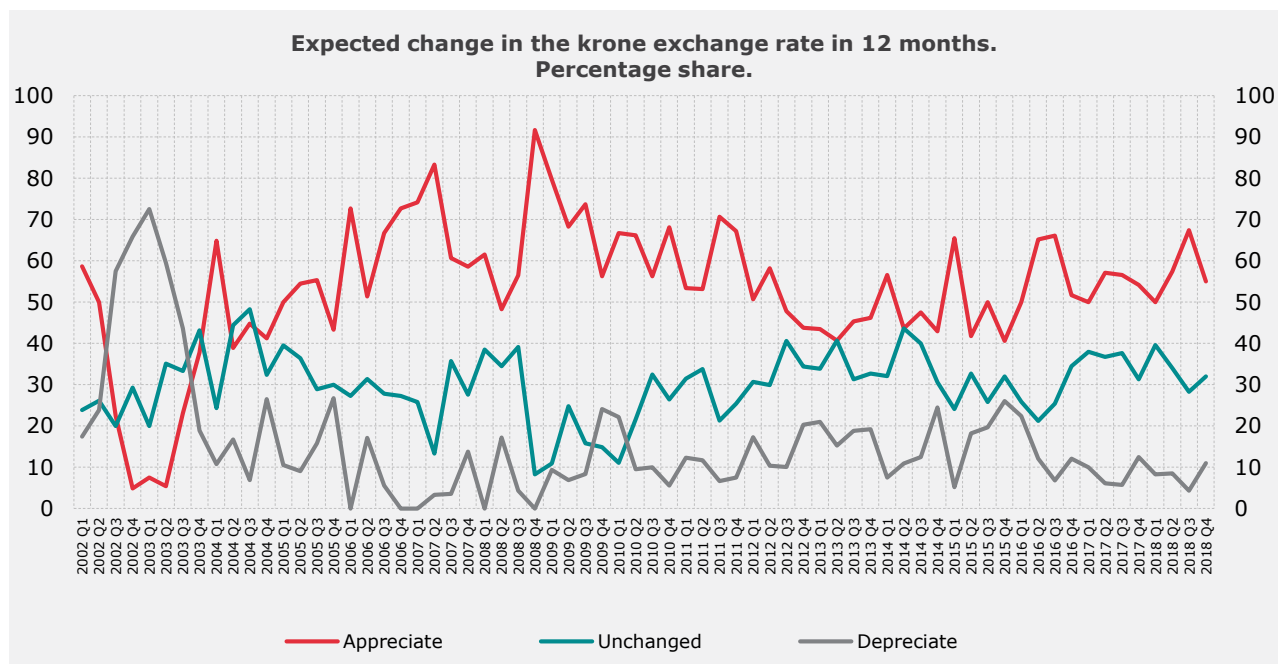


		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.8	2.8	--
	Median	3.0	2.9	
	Lowest value	1.6	2.0	
	Highest value	4.0	4.0	
	Sample	16	18	
Economists in academia	Average	3.0	3.0	--
	Median	3.0	3.0	
	Lowest value	1.0	1.3	
	Highest value	4.0	5.0	
	Sample	26	25*	
Economists in total	Average	2.9	2.9	--
	Median	3.0	3.0	
	Lowest value	1.0	1.3	
	Highest value	4.0	5.0	
	Sample	42	43	

*N=29. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=4, Extreme values N=0

Question 7: ECONOMISTS

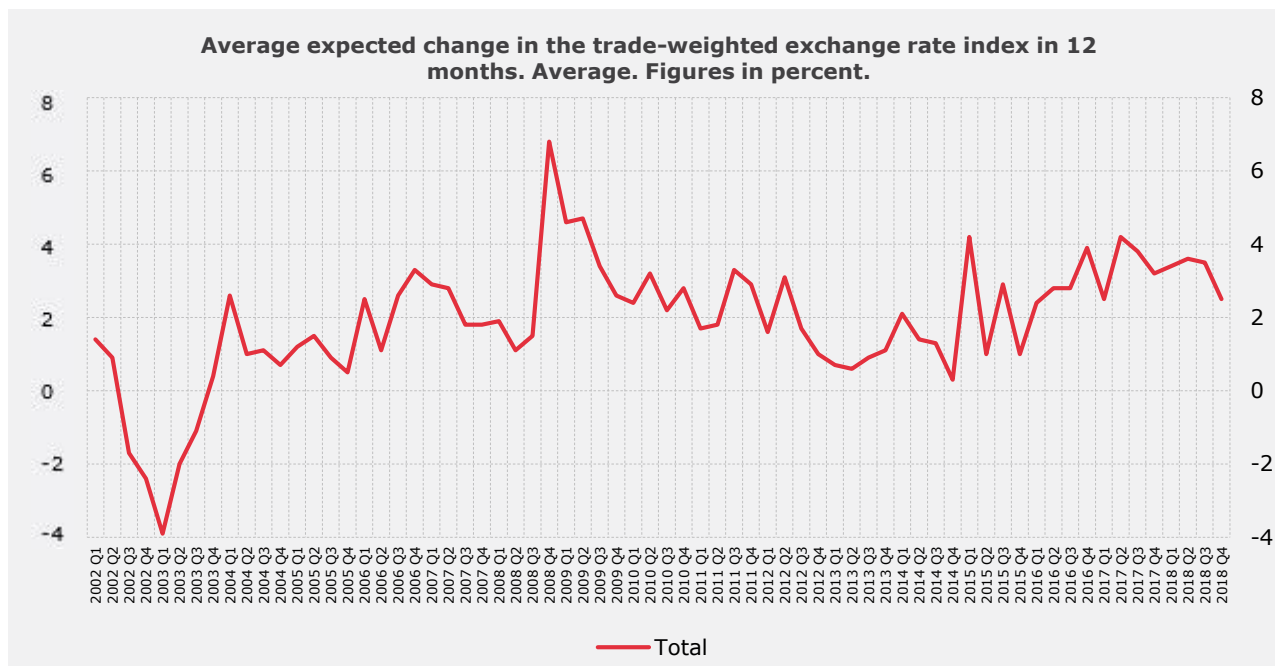
Do you think that in 12 months, the krone exchange rate, as measured by the trade-weighted exchange rate index, will appreciate, remain unchanged or depreciate?



		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Appreciate	81.3	61.1	-20.2
	Unchanged	6.3	27.8	+21.5
	Depreciate	12.5	11.1	-1.4
	Sample	16	18	
Economists in academia	Appreciate	60.0	51.7	-8.3
	Unchanged	40.0	34.5	-5.5
	Depreciate	0.0	10.3	+10.3
	Sample	30	29	
Economists i total	Appreciate	67.4	55.3	-12.1
	Unchanged	28.3	31.9	+3.6
	Depreciate	4.3	10.6	+6.3
	Sample	46	47	

Question 8: ECONOMISTS

By how much do you think it will appreciate/depreciate?
(If answered appreciate/depreciate on question 7)



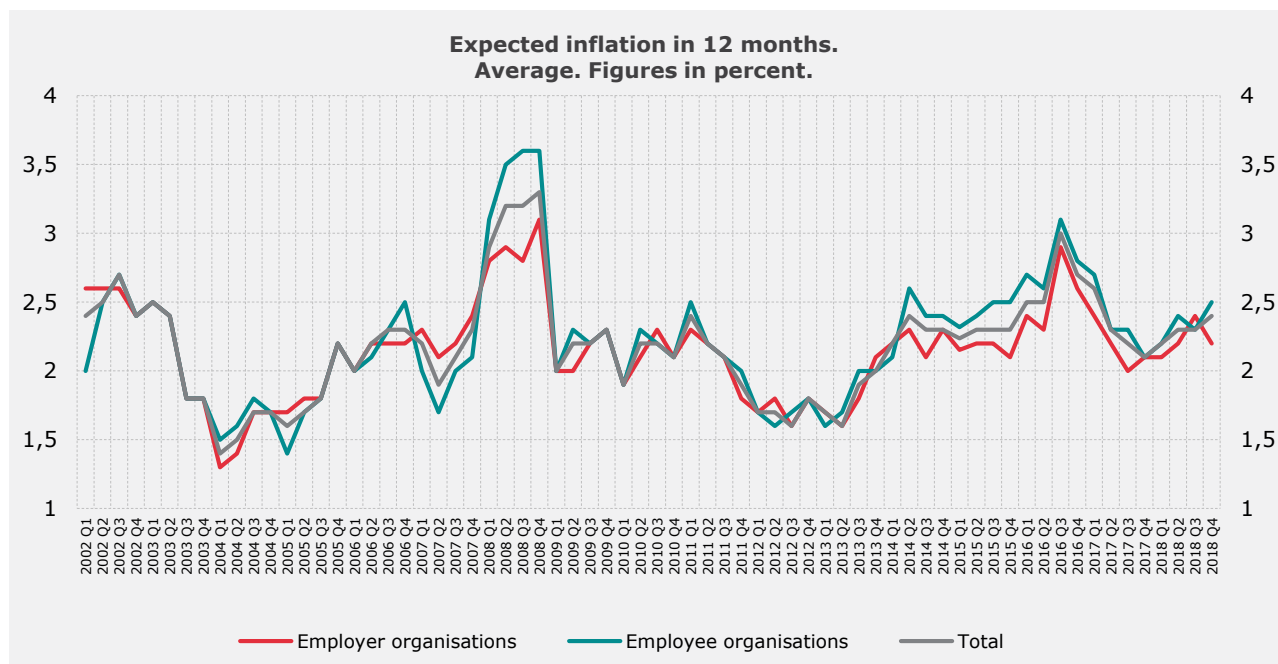
		3. Q. 2018	4. Q. 2018	CHANGE
Economists in the financial industry	Average	2.8	2.5	-0.3
	Median	4.0	3.0	
	Lowest value	-2.5	-5.0	
	Highest value	5.0	7.0	
	Sample	11	11	
Economists in academia	Average	4.2	2.6	-1.6
	Median	4.0	3.5	
	Lowest value	1.5	-5.0	
	Highest value	8.0	5.0	
	Sample	12	10*	
Economists in total	Average	3.5	2.5	-1.0
	Median	4.0	3.0	
	Lowest value	-2.5	-5.0	
	Highest value	8.0	7.0	
	Utvalg	23	21	

*N=16. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=0, Extreme values N=6

RESULTS – SOCIAL PARTNERS

Question 9: SOCIAL PARTNERS

What do you think the general rise in prices for goods and services will be in 12 months, as measured by the 12-month change in the consumer price index (CPI)?



		3. Q. 2018	4. Q. 2018	CHANGE
Employer organisations	Average	2.4	2.2	-0.2
	Median	2.2	2.0	
	Lowest value	1.5	1.5	
	Highest value	3.5	3.0	
	Sample	15	18	
Employee organisations	Average	2.3	2.5	+0.2
	Median	2.2	2.5	
	Lowest value	1.6	1.8	
	Highest value	4.0	3.2	
	Sample	22	17	
Social partners in total	Average	2.3	2.4	+0.1
	Median	2.2	2.5	
	Lowest value	1.5	1.5	
	Highest value	4.0	3.2	
	Sample	37	35	

Question 10: SOCIAL PARTNERS

What do you think the general rise in prices for goods and services will be in two years?



		3. Q. 2018	4. Q. 2018	CHANGE
Employer organisations	Average	2.5	2.5	--
	Median	2.5	2.5	
	Lowest value	1.8	1.5	
	Highest value	3.0	3.3	
	Sample	14	18	
Employee organisations	Average	2.6	2.7	+0.1
	Median	2.5	2.5	
	Lowest value	1.8	1.5	
	Highest value	3.8	4.0	
	Sample	21	17	
Social partners in total	Average	2.6	2.6	--
	Median	2.5	2.5	
	Lowest value	1.8	1.5	
	Highest value	3.8	4.0	
	Sample	35	35	

Question 11: SOCIAL PARTNERS

What do you think the general rise in prices for goods and services will be in five years?

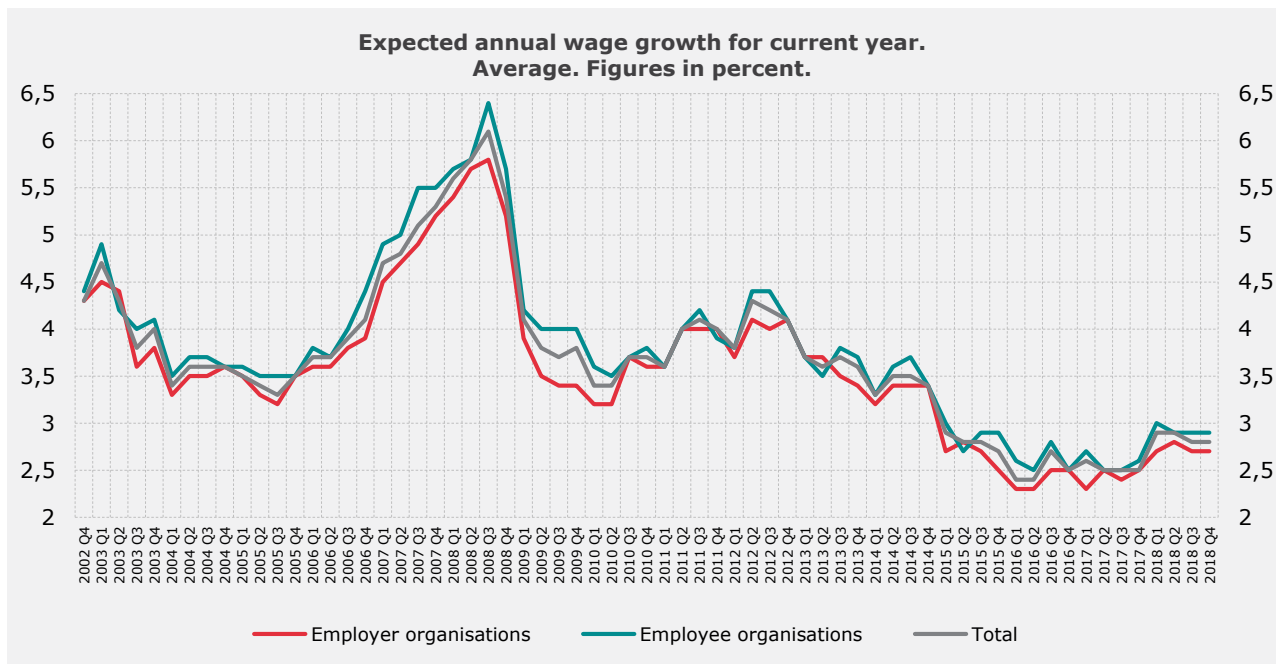


		3. Q. 2018	4. Q. 2018	CHANGE
Employer organisations	Average	2.8	2.7	-0.1
	Median	2.7	2.5	
	Lowest value	1.9	1.8	
	Highest value	5.0	3.7	
	Sample	13	17*	
Employee organisations	Average	2.7	2.6	-0.1
	Median	2.5	2.5	
	Lowest value	1.8	2.0	
	Highest value	4.0	3.5	
	Sample	21	17	
Social partners in total	Average	2.7	2.6	-0.1
	Median	2.6	2.5	
	Lowest value	1.8	1.8	
	Highest value	5.0	3.7	
	Sample	34	34	

*N=18. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=1, Extreme values N=0

Question 12: SOCIAL PARTNERS

What do you think average wage growth will be this year?



		3. Q. 2018	4. Q. 2018	CHANGE
Employer organisations	Average	2.7	2.7	--
	Median	2.8	2.8	
	Lowest value	1.5	1.8	
	Highest value	3.5	3.0	
	Sample	15	18	
Employee organisations	Average	2.9	2.9	--
	Median	2.9	2.9	
	Lowest value	2.1	2.6	
	Highest value	3.9	3.3	
	Sample	22	17	
Social partners in total	Average	2.8	2.8	--
	Median	2.8	2.9	
	Lowest value	1.5	1.8	
	Highest value	3.9	3.3	
	Sample	37	35	

Question 13: SOCIAL PARTNERS

What do you think average wage growth will be next year?



		3. Q. 2018	4. Q. 2018	CHANGE
Employer organisations	Average	2.8	2.8	--
	Median	3.0	3.0	
	Lowest value	1.8	2.0	
	Highest value	3.8	3.4	
	Sample	14	17*	
Employee organisations	Average	3.2	3.2	--
	Median	3.2	3.2	
	Lowest value	2.0	2.8	
	Highest value	4.0	3.5	
	Sample	22	17	
Social partners in total	Average	3.0	3.0	--
	Median	3.1	3.1	
	Lowest value	1.8	2.0	
	Highest value	4.0	3.5	
	Sample	36	34	

*N=18. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=1, Extreme values N=0

Question 14: SOCIAL PARTNERS

What do you think average wage growth will be in 5 years?



		3. Q. 2018	4. Q. 2018	CHANGE
Employer organisations	Average	3.1	2.8	-0.3
	Median	3.0	3.0	
	Lowest value	2.3	2.0	
	Highest value	4.0	3.5	
	Sample	14	17*	
Employee organisations	Average	3.2	3.4	+0.2
	Median	3.1	3.5	
	Lowest value	1.8	2.5	
	Highest value	4.5	4.0	
	Sample	22	17	
Social partners in total	Average	3.2	3.1	-0.1
	Median	3.0	3.0	
	Lowest value	1.8	2.0	
	Highest value	4.5	4.0	
	Sample	36	34	

*N=18. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=1, Extreme values N=0

RESULTS – BUSINESS LEADERS

Question 15: BUSINESS LEADERS

What do you think the general rise in prices for goods and services will be in 12 months, as measured by the 12-month change in the consumer price index (CPI)?



		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Average	2.5	2.5	--
	Median	2.5	2.5	
	Lowest value	0.8	0.1	
	Highest value	10.0	7.0	
	Sample	167	193*	
Businesses with more than 50 employees	Average	2.3	2.5	+0.2
	Median	2.3	2.5	
	Lowest value	0.5	0.0	
	Highest value	5.0	4.0	
	Sample	239	270**	
Business leaders in total	Average	2.4	2.5	+0.1
	Median	2.4	2.5	
	Lowest value	0.5	0.0	
	Highest value	10.0	7.0	
	Sample	406	463	

*N=214. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=22, Extreme values N=1

**N=285. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=15, Extreme values N=0

Question 16: BUSINESS LEADERS

What do you think the general rise in prices for goods and services will be in two years, as measured by the consumer price index?

(The question was marginally changed from Q1 2015 – see technical comment)¹.



		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Average	3.0	3.0	--
	Median	2.5	2.8	
	Lowest value	1.0	1.0	
	Highest value	9.0	7.0	
	Sample	161	179*	
Businesses with more than 50 employees	Average	2.7	3.0	+0.3
	Median	2.5	3.0	
	Lowest value	1.0	0.8	
	Highest value	7.0	7.0	
	Sample	232	265**	
Business leaders in total	Average	2.8	3.0	+0.2
	Median	2.5	3.0	
	Lowest value	1.0	0.8	
	Highest value	9.0	7.0	
	Sample	393	444	

*N=214. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=35, Extreme values N=1

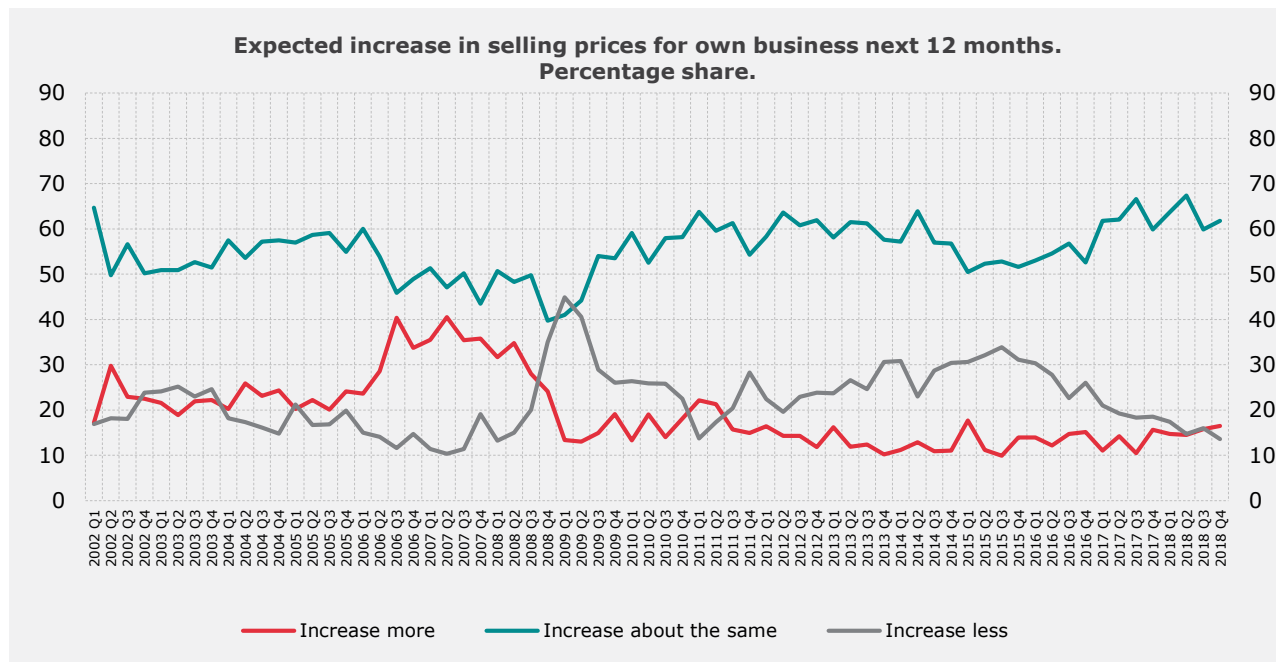
**N=285. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=20, Extreme values N=0

Do you expect that over the next 12 months your business's purchase prices will increase more than, increase at approximately the same pace as or increase less than in the past 12-month period?



Question 18: BUSINESS LEADERS

Do you expect that over the next 12 months your business's selling prices will increase more than, increase at approximately the same pace as or increase less than in the past 12-month period?



		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Increase more	13.2	18.0	+4.8
	Increase about the same	61.4	57.1	-4.3
	Increase less	18.5	16.4	-2.1
	Sample	189	214	
Businesses with more than 50 employees	Increase more	17.6	15.3	-2.3
	Increase about the same	58.8	65.4	+6.6
	Increase less	14.2	11.6	-2.6
	Sample	267	285	
Business leaders in total	Increase more	15.8	16.5	+0.7
	Increase about the same	59.9	61.8	+1.9
	Increase less	16.0	13.6	-2.4
	Sample	456	499	

Question 19: BUSINESS LEADERS

What do you think average wage growth will be this year?



		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Average	2.7	2.7	--
	Median	2.7	2.8	
	Lowest value	0.0	0.0	
	Highest value	11.0	10.0	
	Sample	182	195*	
Businesses with more than 50 employees	Average	2.7	2.8	+0.1
	Median	2.7	2.8	
	Lowest value	0.0	0.5	
	Highest value	5.5	8.0	
	Sample	257	279**	
Business leaders in total	Average	2.7	2.8	+0.1
	Median	2.7	2.8	
	Lowest value	0.0	0.0	
	Highest value	11.0	10.0	
	Sample	439	474	

*N=214. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=19, Extreme values N=0

**N=285. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=4, Extreme values N=2

Question 20: BUSINESS LEADERS

What do you think average wage growth will be next year?



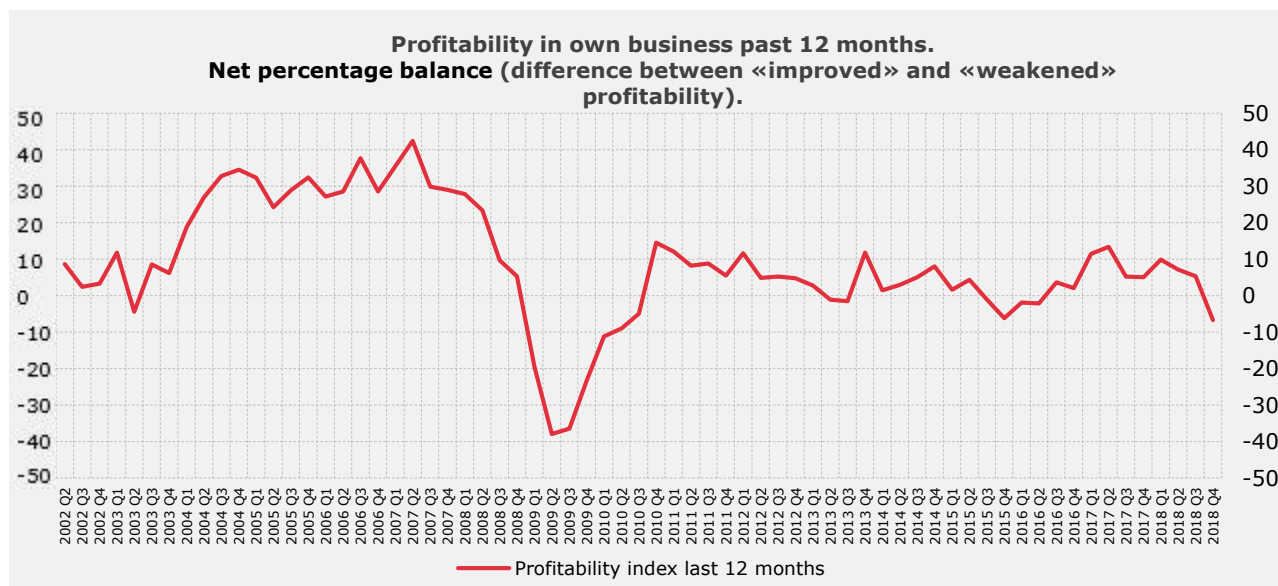
		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Average	2.7	2.9	+0.2
	Median	2.8	3.0	
	Lowest value	0.0	0.0	
	Highest value	7.0	10.0	
	Sample	180	194*	
Businesses with more than 50 employees	Average	2.7	2.9	+0.2
	Median	2.8	3.0	
	Lowest value	0.5	0.0	
	Highest value	5.0	8.0	
	Sample	256	277**	
Business leaders in total	Average	2.7	2.9	+0.2
	Median	2.8	3.0	
	Lowest value	0.0	0.0	
	Highest value	7.0	10.0	
	Sample	436	471	

*N=214. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=21, Extreme values N=1

**N=285. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=8, Extreme values N=0

Question 21: BUSINESS LEADERS

Over the past 12 months, has the profitability of your business, as measured by the operating margin (EBITDA) , improved, remained unchanged or weakened?
(The question was marginally changed from Q1 2015 – see technical comment)².

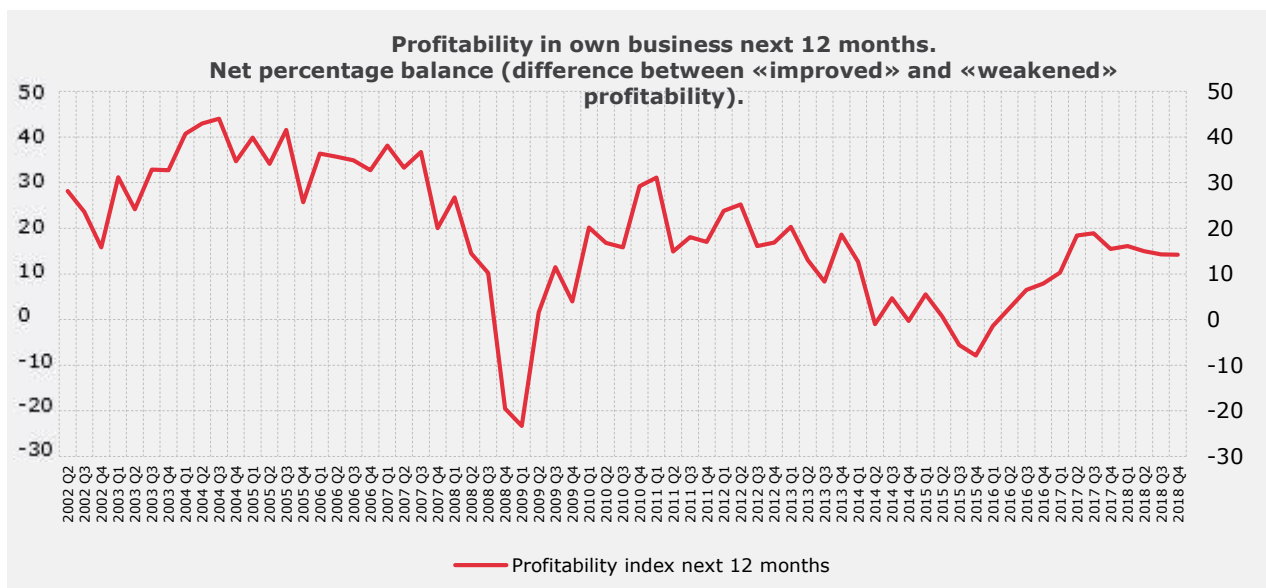


		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Improved profitability	33.9	21.0	-12.9
	Unchanged profitability	34.9	36.3	+1.4
	Weakened profitability	23.8	32.5	+8.7
	Net percentage balance (profitability index)	5.1	-11.5	-16.6
	Sample	189	214	
Businesses with more than 50 employees	Improved profitability	30.3	26.6	-3.7
	Unchanged profitability	29.6	29.9	+0.3
	Weakened profitability	28.5	29.8	+1.3
	Net percentage balance (profitability index)	1.8	-3.2	-5.0
	Sample	267	285	
Business leaders in total	Improved profitability	31.8	24.2	-7.6
	Unchanged profitability	31.8	32.6	+0.8
	Weakened profitability	26.5	30.9	+4.4
	Net percentage balance (profitability index)	5.3	-6.7	-12.0
	Sample	456	499	

Question 22: BUSINESS LEADERS

Do you think that over the next 12 months, the profitability of your business, as measured by the operating margin (EBITDA), will improve, remain unchanged or weaken?

(The question was marginally changed from Q1 2015 – see technical comment)³.

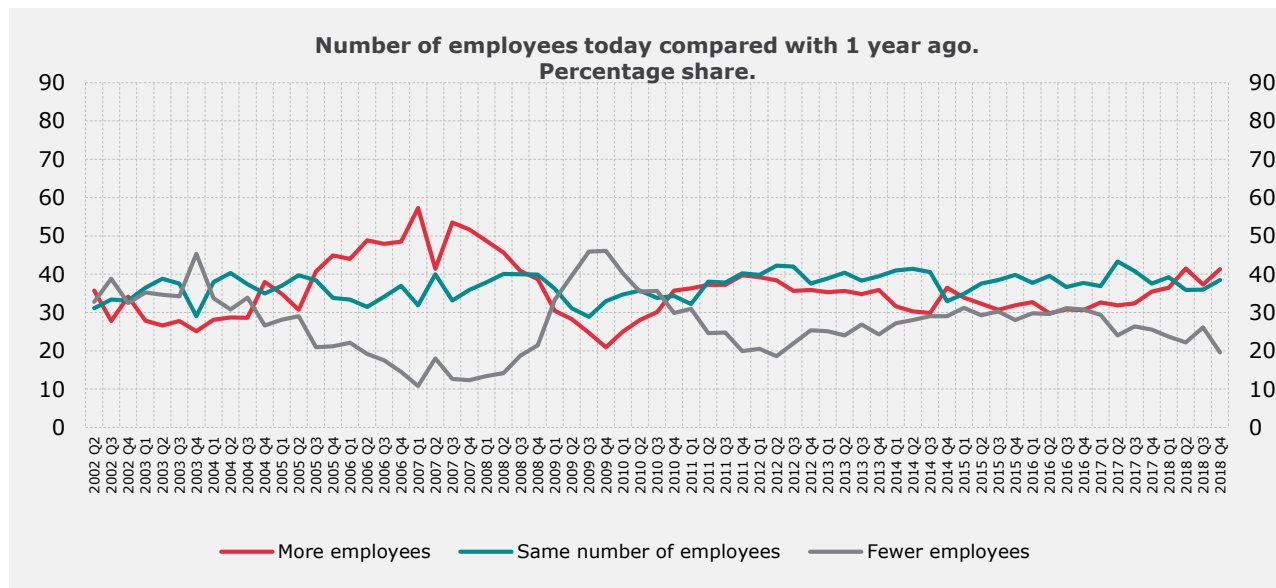


		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	Improved profitability	29.1	30.2	+1.1
	Will remain unchanged	46.0	40.5	-5.5
	Weakened profitability	17.5	18.5	+1.0
	Net percentage balance (profitability index)	11.6	11.7	+0.1
	Sample	189	214	
Businesses with more than 50 employees	Improved profitability	33.7	32.4	-1.3
	Will remain unchanged	37.5	38.2	+0.7
	Weakened profitability	17.6	16.4	-1.2
	Net percentage balance (profitability index)	16.1	16.0	-0.1
	Sample	267	285	
Business leaders in total	Improved profitability	31.8	31.5	-0.3
	Will remain unchanged	41.0	39.2	-1.8
	Weakened profitability	17.5	17.3	-0.2
	Net percentage balance (profitability index)	14.3	14.2	-0.1
	Sample	456	499	

Question 23: BUSINESS LEADERS

Compared with 12 months earlier, does your business currently have more employees, the same number of employees or fewer employees?

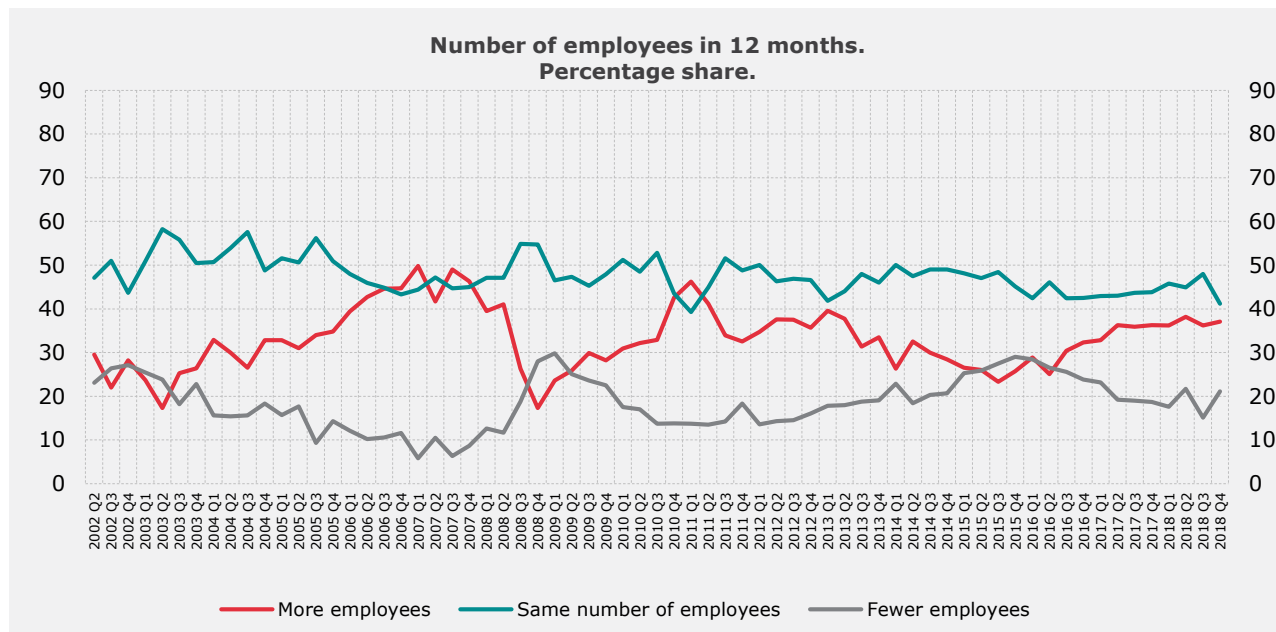
(The question was marginally changed from Q1 2015 – see technical comment)⁴.



		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	More employees	33.9	46.3	+12.4
	Same number of employees	41.3	36.9	-4.4
	Fewer employees	24.3	15.5	-8.8
	Net (more employees – fewer employees)	9.6	30.8	+21.2
	Sample	189	214	
Businesses with more than 50 employees	More employees	39.7	37.6	-2.1
	Same number of employees	32.2	39.7	+7.5
	Fewer employees	27.3	22.7	-4.6
	Net (more employees – fewer employees)	12.4	14.9	+2.5
	Sample	267	285	
Business leaders in total	More employees	37.3	41.3	+4.0
	Same number of employees	36.0	38.5	+2.5
	Fewer employees	26.1	19.6	-6.5
	Net (more employees – fewer employees)	11.2	21.7	+10.5
	Sample	456	499	

Question 24: BUSINESS LEADERS

Do you think that in 12 months, your business will have more employees than currently, the same number of employees or fewer employees?

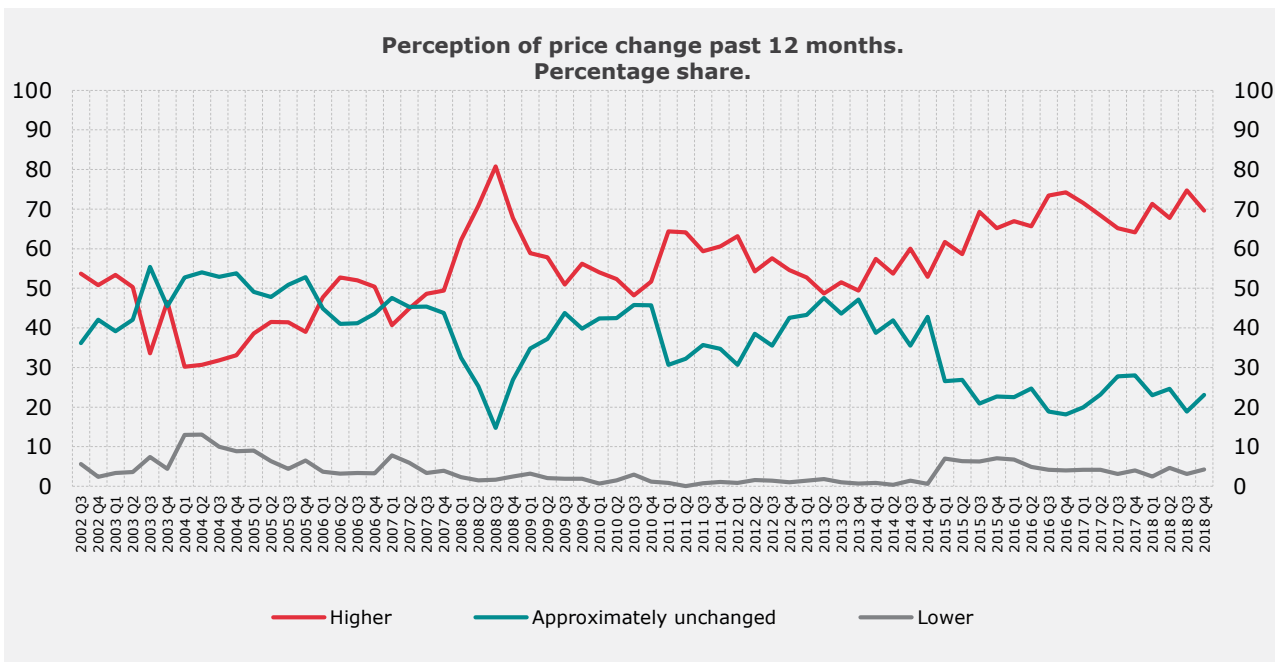


		3. Q. 2018	4. Q. 2018	CHANGE
Businesses with fewer than 50 employees	More employees	39.7	37.5	-2.2
	Same number of employees	48.7	47.4	-1.3
	Fewer employees	11.6	13.7	+2.1
	Net (more employees – fewer employees)	28.1	23.8	-4.3
	Sample	189	214	
Businesses with more than 50 employees	More employees	33.7	36.7	+3.0
	Same number of employees	47.6	36.6	-11.0
	Fewer employees	17.6	26.7	+9.1
	Net (more employees – fewer employees)	16.1	10.0	-6.1
	Sample	267	285	
Business leaders in total	More employees	36.2	37.1	+0.9
	Same number of employees	48.0	41.2	-6.8
	Fewer employees	15.1	21.1	+6.0
	Net (more employees – fewer employees)	21.1	16.0	-5.1
	Sample	456	499	

RESULTS – HOUSEHOLDS

Question 25: HUSHOLDNINGENE HOUSEHOLDS

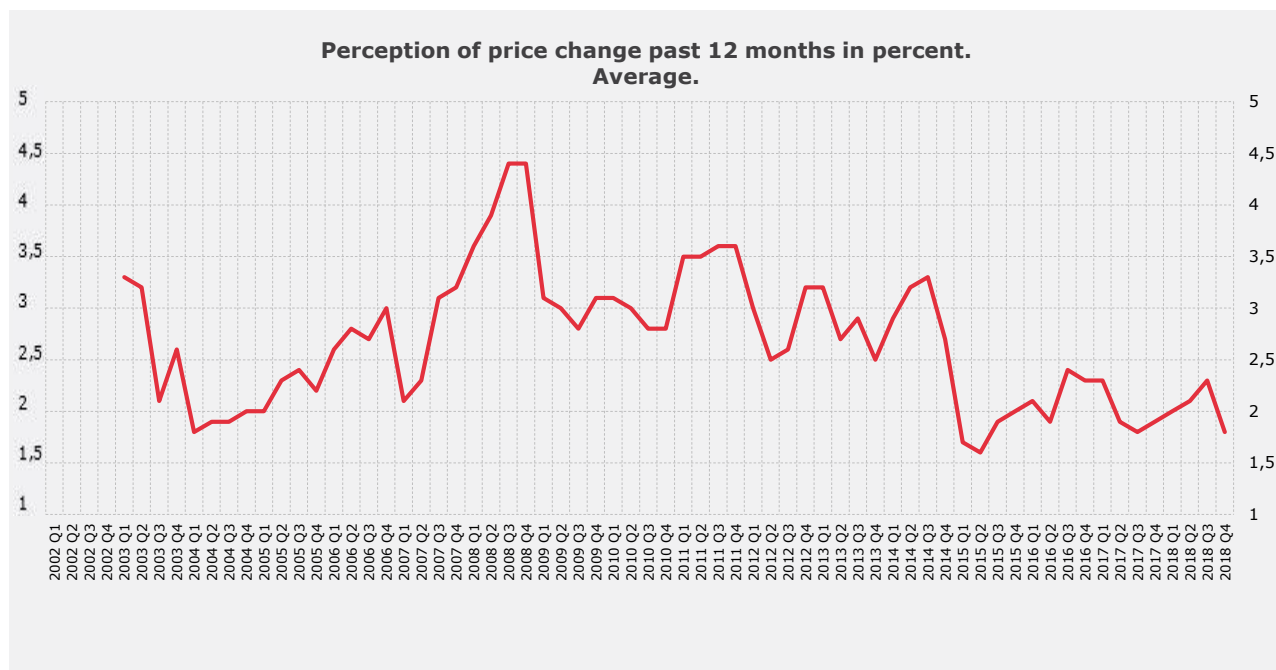
Compared with 12 months ago, do you think that prices for goods and services, as measured by the consumer price index, are now higher, approximately unchanged or lower? (The question was marginally changed from Q1 2015 – see technical comment)⁵.



		3. Q. 2018	4. Q. 2018	CHANGE
Households	Higher	74.7	69.6	-5.1
	Approximately unchanged	18.9	23.1	+4.2
	Lower	3.1	4.3	+1.2
	Sample	1009	1024	

Question 26: HOUSEHOLDS

By about how much do you think prices have changed measured in percent?
(The question was marginally changed from Q1 2015 – see technical comment)⁶.



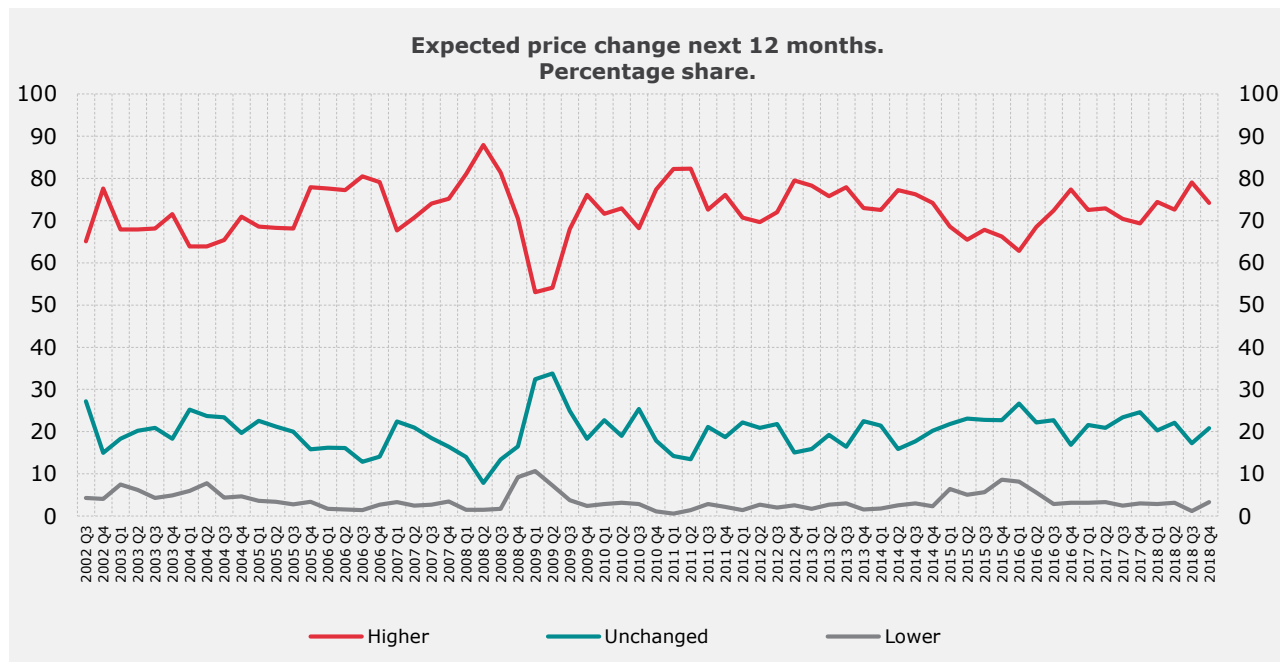
		3. Q. 2018	4. Q. 2018	CHANGE
Households	Average	2.3	1.8	-0.5
	Median	2.0	2.0	
	Lowest value	-10.0	-10.0	
	Highest value	10.0	10.0	
	Sample	792	842*	

*N=993. The presented sample exclude respondents who answered: Don't know/Do not want to answer N=125, Extreme values N=26

NB:The method for calculating the mean for historical figures in the period of 2015 – 2017 has been changed. The result presented in the graph above is comparable with the previous result. Results published in the period of 2015 – 2017 are changed to include those who answer "approximately unchanged" to question 25 with the value "0" in the mean calculation. See technical comment on page 50 for households for further description.

Question 27: HOUSEHOLDS

Do you think that over the next 12 months prices for goods and services, as measured by the consumer price index, will be higher, unchanged or lower than they are currently?
(The question was marginally changed from Q1 2015 – see technical comment)⁷.

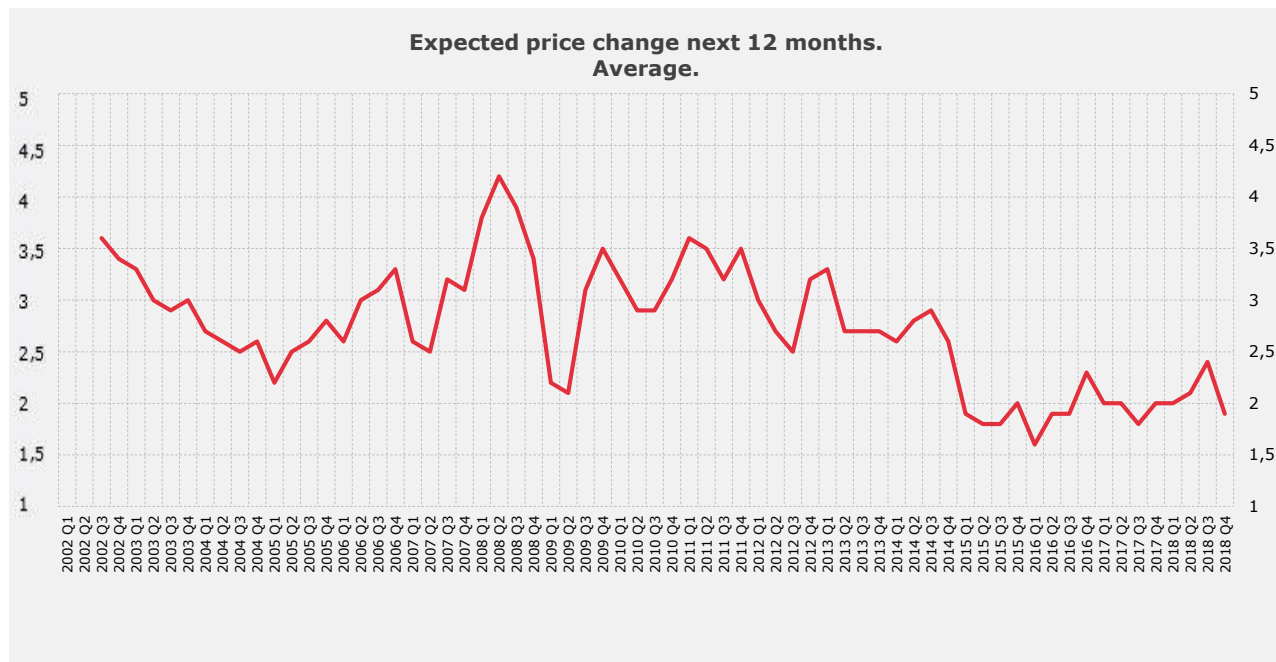


		3. Q. 2018	4. Q. 2018	CHANGE
Households	Higher	79.0	74.2	-4.8
	Unchanged	17.3	20.8	+3.5
	Lower	1.2	3.3	+2.1
	Sample	1009	1024	

Question 28: HOUSEHOLDS

About how much higher/lower, measured in percent?

(The question was marginally changed from Q1 2015 – see technical comment)⁸.



		3. Q. 2018	4. Q. 2018	CHANGE
Households	Average	2.4	1.9	-0.5
	Median	2.0	2.0	
	Lowest value	-10.0	-10.0	
	Highest value	10.0	10.0	
	Sample	840	852*	

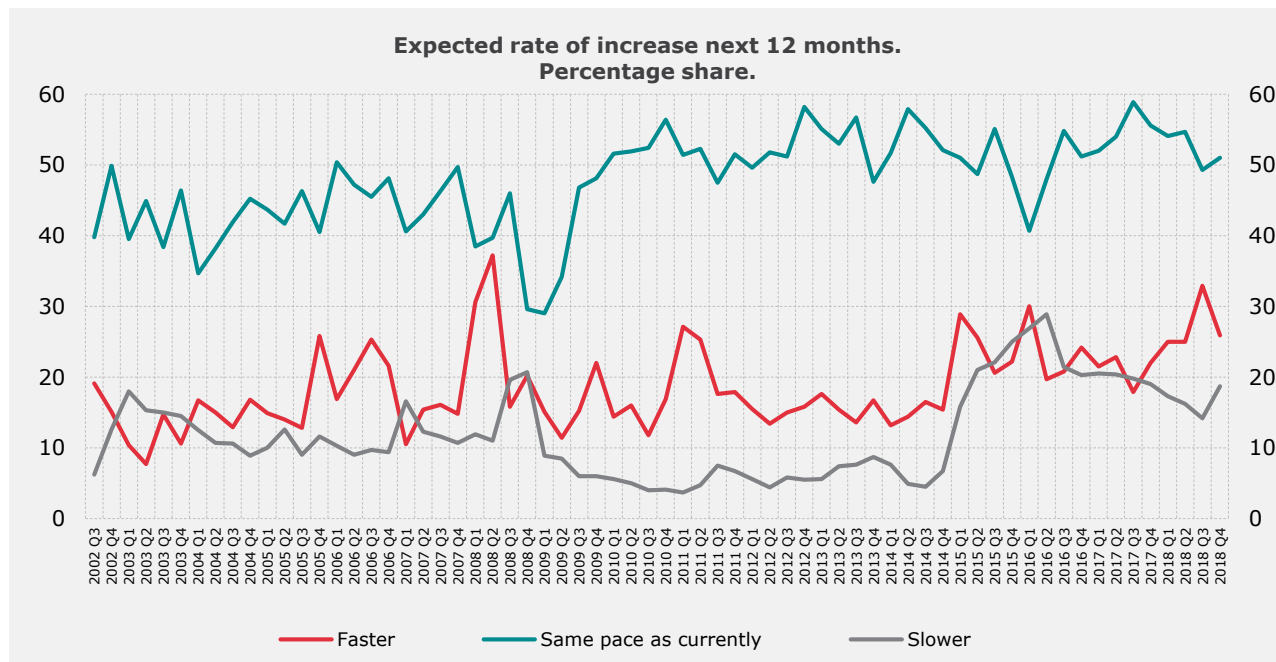
*N=1006. The sample presented excludes respondents who answered: Don't know/Do not want to answer N=135, Extreme values N=19

NB: The method for calculating the mean for historical figures in the period of 2015 – 2017 has been changed. The result presented in the graph above is comparable with the previous result. Results published in the period of 2015 – 2017 have been changed to include those who respond "unchanged" to question 27 with the value "0" in the mean calculation. See technical comment on page 51 for households for further description.

Question 29: HOUSEHOLDS

Will prices rise faster, at the same pace as currently, or more slowly? (If answered higher on question 27)

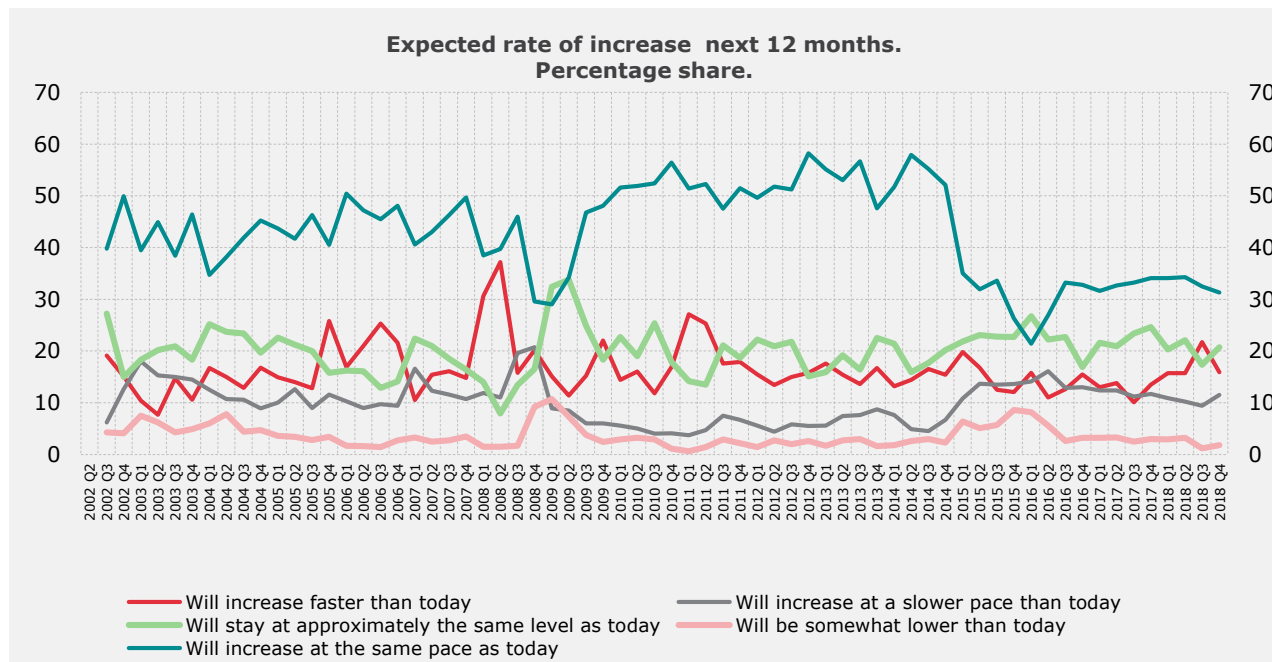
(The question was marginally changed from Q1 2015 – see technical comment)⁹.



		3. Q. 2018	4. Q. 2018	CHANGE
Households	Faster	32.9	25.9	-7.0
	Same pace as currently	49.3	51.0	+1.7
	Slower	14.2	18.7	+4.5
	Sample	667	629	

Question 30: HOUSEHOLDS

The graph below illustrates households' expected change in prices over the next 12 months. The graphics are made by a combination of answers to questions 27 and 29.

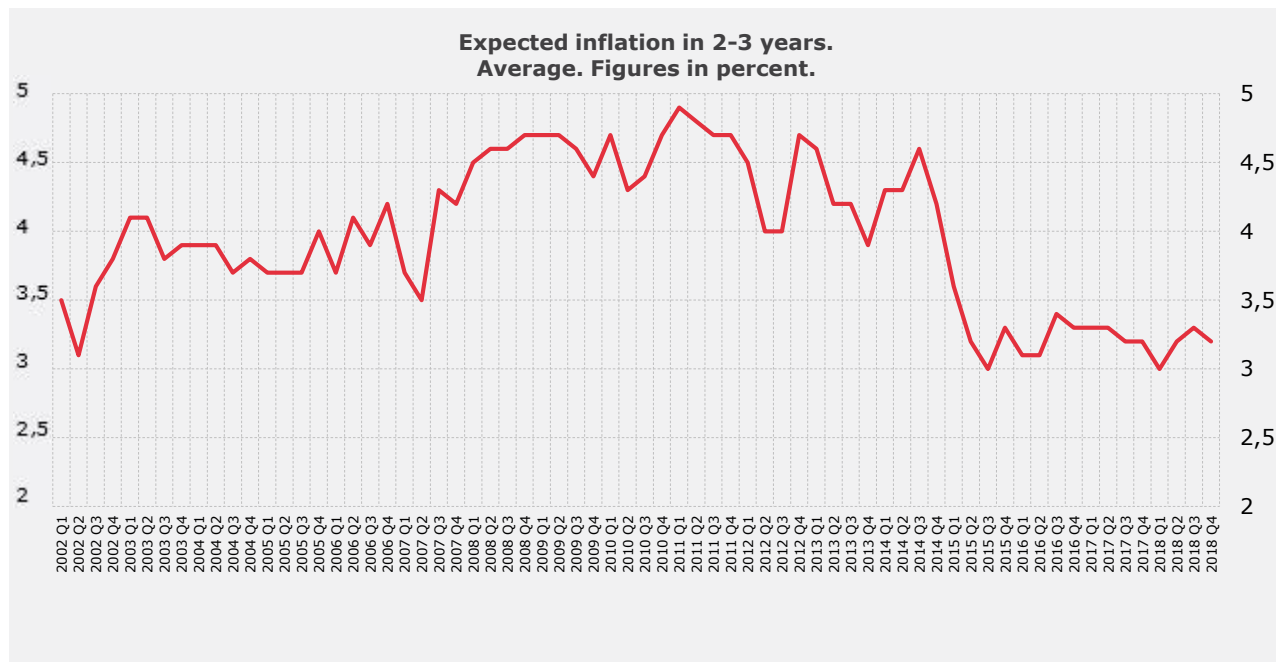


		3. Q. 2018	4. Q. 2018	CHANGE
Households	Will increase faster than today	21.7	15.9	-5.8
	Will increase at the same pace as today	32.5	31.3	-1.2
	Will increase at a slower pace than today	9.4	11.5	+2.1
	Will stay at approximately the same level as today	17.3	20.7	+3.4
	Will be somewhat lower than today	1.2	3.0	+1.8
	Sample	1009	1024	

Question 31: HOUSEHOLDS

How much do you think prices for goods and services, as measured by the consumer price index, will rise annually in two to three years, in percent?

(The question was marginally changed from Q1 2015 – see technical comment)¹⁰.

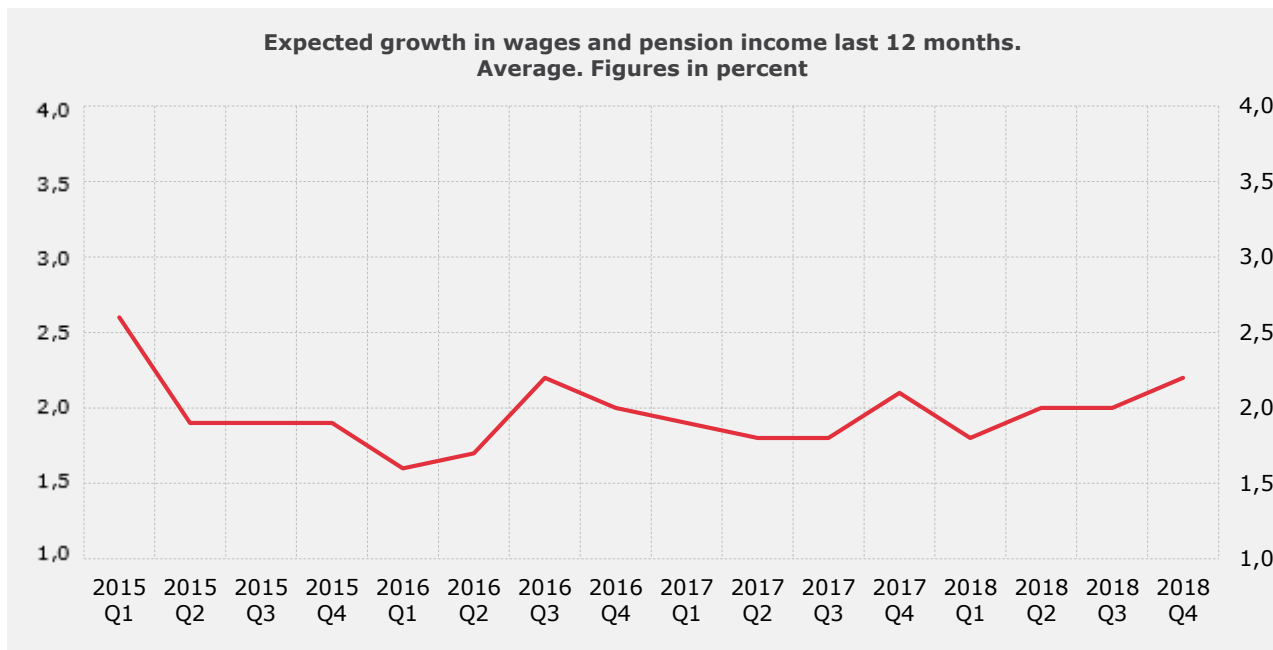


		3. Q. 2018	4. Q. 2018	CHANGE
Households	Average	3.3	3.2	-0.1
	Median	3.0	2.5	
	Lowest value	0.0	0.0	
	Highest value	10.0	10.0	
	Sample	748	727*	

*N=1024. The sample presented excludes respondents who answered: Don't know/Do not want to answer N=253, Extreme values N=44

Question 32: HOUSEHOLDS

Compared with 12 months ago, by how much do you think your wages or pension has changed in percent?



		3. Q. 2018	4. Q. 2018	CHANGE
Households	Average	2.0	2.2	+0.2
	Median	2.0	2.0	
	Lowest value	-5.0	-10.0	
	Highest value	10.0	11.0	
	Sample	806	815*	

*N=1024. The sample presented excludes respondents who answered: Don't know/Do not want to answer N=154, Extreme values N=55

Question 33: HOUSEHOLDS

By approximately how much do you think your wage or pension income will change in percent over the next 12 months?

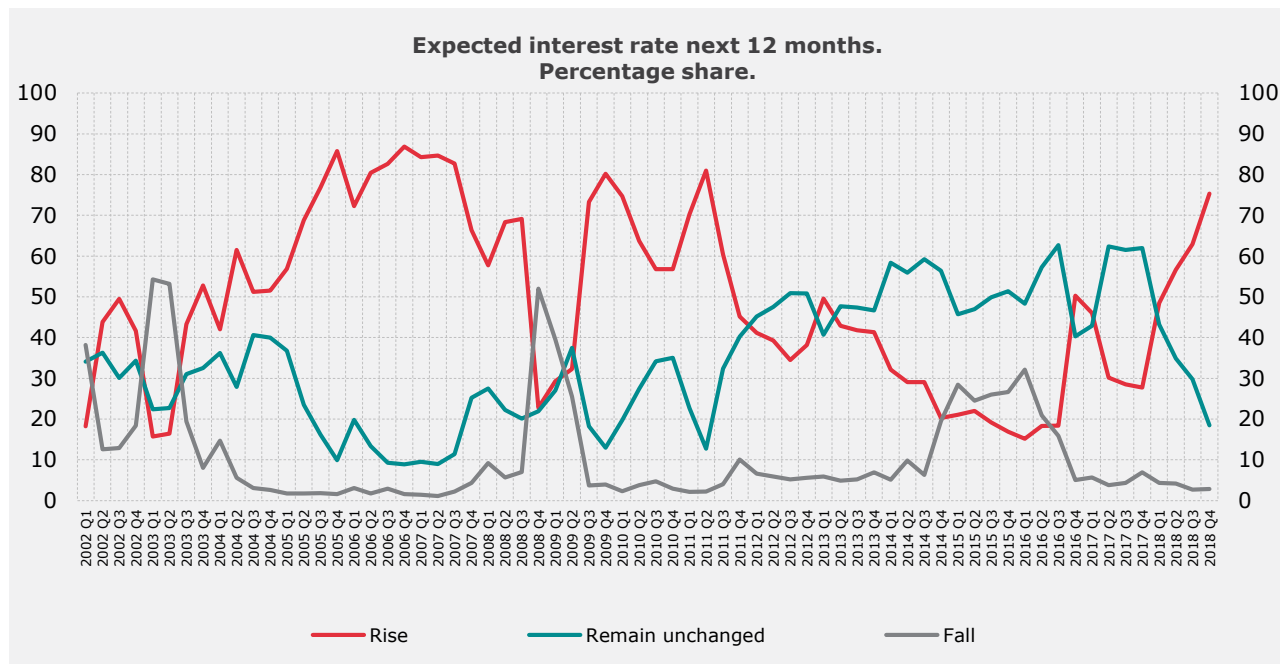


		3. Q. 2018	4. Q. 2018	CHANGE
Households	Average	2.1	2.1	--
	Median	2.0	2.0	
	Lowest value	-2.0	-1.0	
	Highest value	10.0	10.0	
	Sample	849	842*	

*N=1024. The sample presented excludes respondents who answered: Don't know/Do not want to answer N=146, Extreme values N=36

Question 34: HOUSEHOLDS

Do you think that over the next 12 months the level of deposit and lending rates will rise, remain unchanged or fall?



		3. Q. 2018	4. Q. 2018	CHANGE
Households	Rise	62.9	75.3	+12.4
	Remain unchanged	29.8	18.5	-11.3
	Fall	2.7	2.8	+0.1
	Sample	1009	1024	

TECHNICAL COMMENTS– ECONOMISTS AND SOCIAL PARTNERS

SAMPLE AND METHOD OF SAMPELING	The sample consists of experts in the financial industry, academia and social partners, enrolled by Epinion through e-mail and from respondent lists from the previously conducted surveys. The lists are corrected for respondents who are no longer relevant, or no longer wish to participate.
NUMBER OF INTERVIEWS	<p>In this survey, a total of 82 interviews are conducted among economists within academia and the financial industry, as well as representatives of the social partners.</p> <p>The survey includes 47 interviews with economists and 35 interviews with representatives of the social partners.</p>
WEIGHT	The results in this survey are not weighted.
METHOD OF DATA COLLECTION	The fieldwork is done online using the data collection tool IBM-SPSS. Respondents are invited to participate by e-mail.
PERIOD OF DATA COLLECTION	The fieldwork is conducted in the time period of 5 – 14 November 2018.
AVERAGE AND MEDIAN	Respondents who answer “I don’t know” are not included in the calculation of average and/or median.
EXTREME OBSERVATIONS	Extreme observations over 8 percent (absolute value) are excluded from the presentation of the average figures for price and wage inflation.
MARGIN OF ERROR	The results must be interpreted within a margin of error of +/- 6.2 – 14.1 percentage points for the main frequencies. The margin of error for sub-groups and possible contingency tables are greater.

TECHNICAL COMMENTS – BUSINESS LEADERS

SAMPLE AND SAMPLING METHOD	The sample consists of a representative sample of CEOs, CFOs and purchasing managers in Norwegian businesses with 20 employees or more.
NUMBER OF INTERVIEWS	A total of 499 interviews have been conducted among business leaders, of which 285 are for businesses with 50 employees or more, and 214 are for businesses with less than 50 employees.
WEIGHT	The results in this survey are weighted based on the following variables: geography (region), sector (industry), and number of employees in the business. Weighted base is presented in the report.
METHOD OF DATA COLLECTION	The fieldwork is done online using the data collection tool IBM-SPSS. Respondents are invited to participate by e-mail.
PERIOD OF DATA COLLECTION	The fieldwork is conducted in the time period of 31 October – 19 November 2018.
AVERAGE AND MEDIAN	Respondents who answered “I don’t know” are not included in the calculation of average and/or median.
EXTREME OBSERVATIONS	Extreme observations over 11 percent (absolute value) are excluded from the presentation of the average figures for price and wage inflation.
MARGIN OF ERROR	The results must be interpreted within a margin of error of +/- 1.8 – 4.4 percentage points for the main frequencies. The margin of error for subgroups and possible contingency tables are greater.

CHANGES IN THE QUESTIONNAIRE (Changed 1st quarter 2015)

¹Question 16 changed from «What do you think the general rise in prices will be in two years?» to «What do you think the general rise in prices for goods and services will be in two years, as measured by the consumer price index? »

²Question 21 changed from «Over the past 12 months, has the profitability of your business improved, remained unchanged or weakened?» to «Over the past 12 months, has the profitability of your business, as measured by the operating margin (EBITDA) , improved, remained unchanged or weakened?»

³Question 22 changed from «Do you think that over the next 12 months, the profitability of your business will improve, remain unchanged or weaken?» to «Do you think that over the next 12 months, the profitability of your business, as measured by the operating margin (EBITDA), will improve, remain unchanged or weaken?»

⁴Question 23 changed from «Compared with 1 year earlier, does your business currently have more employees, the same number of employees or fewer employees?» to «Compared with 12 months earlier, does your business currently have more employees, the same number of employees or fewer employees?»

TECHNICAL COMMENTS – HOUSEHOLDS

SAMPLE AND SAMPLING METHOD	The survey is conducted with a representative sample of private individuals over 15 years, drawn randomly from Norway's population. Interviews conducted on landline account for 15 percent, and interviews conducted on mobile phone account for 88 percent.
NUMBER OF INTERVIEWS	A total of 1024 interviews (weighted) among Norwegian households.
WEIGHT	The results in this survey are weighted based on the following variables: geography (region), age and gender. Weighted base is presented in the report.
METHOD OF DATA COLLECTION	The fieldwork is conducted by phone at Epinion's CATI-center.
PERIOD OF DATA COLLECTION	The fieldwork is conducted in the time period of 2 – 14 November 2018.
AVERAGE AND MEDIAN	Respondents who answered "I don't know" are not included in the calculation of average and/or median.
EXTREME OBSERVATIONS	Extreme observations over 11 percent (absolute value) are excluded from the presentation of the mean figures for price and wage inflation.
MARGIN OF ERROR	The results must be interpreted within a margin of error of +/- 1.4 – 3.2 percentage points for the main frequencies. The margin of error for sub-groups and possible contingency tables are greater.

CHANGES IN THE QUESTIONNAIRE (Changed 1st quarter 2015)

⁵Question 25 changed from «Compared with 12 months ago, do you think that prices for goods and services are now much higher, somewhat higher, slightly higher, approximately unchanged and lower» to «Compared with 12 months ago, do you think that prices for goods and services, as measured by the consumer price index, are now higher, approximately unchanged or lower?»

⁶Question 26 changed from «By about how much do you think prices have changed measured in percent?» to «About how much higher/lower, measured in percent?». Question 26 is put to those who answered to question 25 that they think prices for goods and services, as measured by the consumer price index, are now higher, approximately unchanged or lower.

⁷Question 27 changed from «Do you think that over the next 12 months, prices for goods and services will be higher, unchanged or lower than they are currently?» to «Do you think that over the next 12 months, prices for goods and services, as measured by the consumer price index, will be higher, unchanged or lower than they are currently?»

⁸Question 28 changed from «By about how much do you think prices will change in the next 12 months, measured in percent?» to «About how much higher/lower, measured in percent?». Question 28 is put to those who answered to question 27 that, over the next 12 months, they expect the prices for goods and services, as measured by the consumer price index, to be higher, unchanged or lower than they are currently.

⁹Question 29 changed from «If higher: Will prices rise faster, at the same pace as currently, or more slowly?» to «Will prices rise faster, at the same pace as currently, or more slowly (If answered higher to question 27)?»

¹⁰Question 31 changed from «How much do you think prices for goods and services will rise annually in two to three years, in percent?» to «How much do you think prices for goods and services, as measured by the consumer price index, will rise annually in two to three years, in percent?»

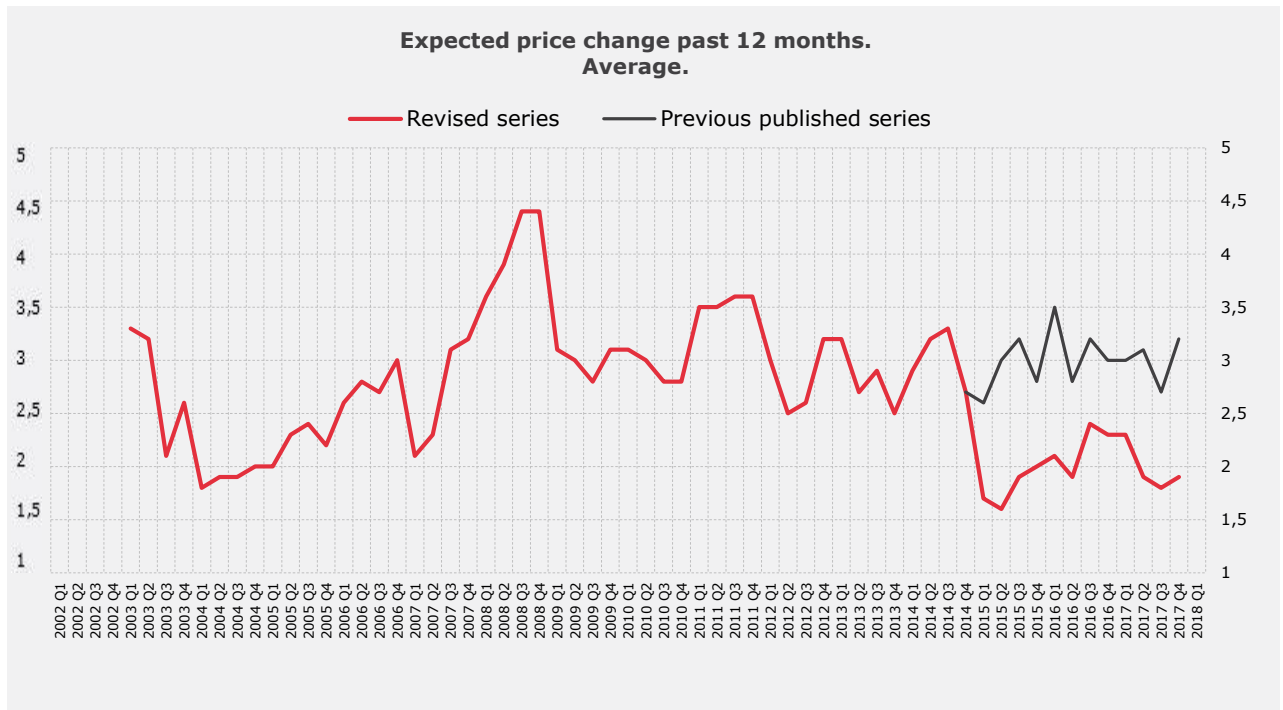
TECHNICAL COMMENTS – HOUSEHOLDS

Question 26: By about how much do you think prices have changed measured in percent?
(Comparison of differences in published average for question 26 in the period of 2015 - 2017)

The method for calculating the mean for historical figures in the period of 2015 – 2017 has been changed; the figures presented in the graph below as "Revised series" are comparable with the results published for the period before 2015.

Results published in the period of 2015 – 2017 as "Revised series" include those who answer "approximately unchanged" to question 25 as "0" in the mean calculation for question 26.

Results published in the period of 2015 – 2017 as "the previous published series" do not include those who answer "approximately unchanged" to question 25 as "0" in the mean calculation for question 26.



TECHNICAL COMMENTS – HOUSEHOLDS

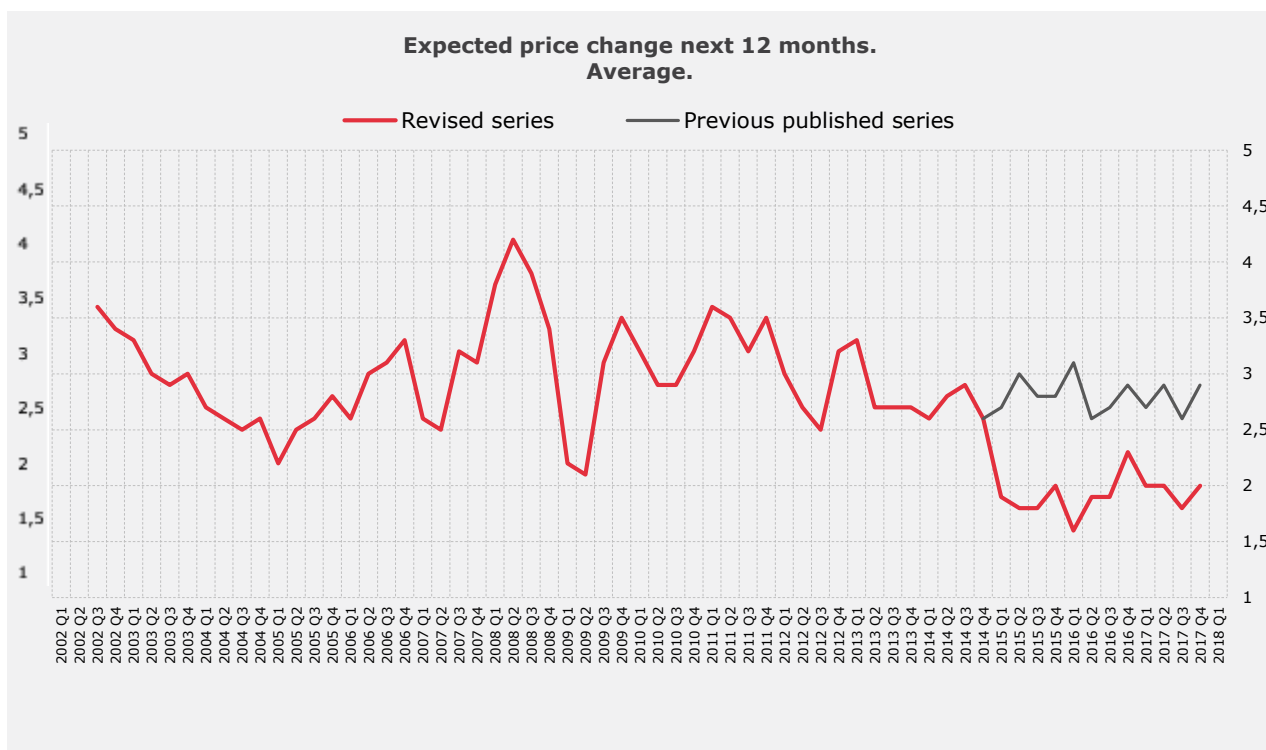
Question 28: About how much higher/lower, measured in percent?

(Comparison of differences in published average for question 28 in the period of 2015 - 2017)

The method for calculating the mean for historical figures in the period of 2015 – 2017 has been changed; the figures presented in the graph below as "Revised series" are comparable with the results published for the period before 2015.

Results published in the period of 2015 – 2017 as "Revised series" include those who answer "unchanged" to question 27 as "0" in the mean calculation for question 28.

Results published in the period of 2015 – 2017 as "the previous published series" do not include those who answer "unchanged" to question 27 as "0" in the mean calculation for question 28.



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