

No. 2 | 2012

Regional network

National summary

Interviews were conducted in the period 23 April - 15 May 2012

NATIONAL SUMMARY

DEMAND, OUTPUT AND MARKET PROSPECTS

Network contacts reported a fairly marked increase in production over the past 3 months. Growth was slightly stronger than in the previous round and had so far been somewhat higher than anticipated by network contacts in January. Market prospects were revised up somewhat on the previous round. Growth was generally expected to remain unchanged over the coming 6 months, but still varied widely across sectors.

Production growth in manufacturing was moderate, but slightly higher than in the previous round. Growth was still highest in the oil supplier industry, although slightly lower than in the previous round. Contacts expected stronger growth ahead. Domestically oriented manufacturing reported moderate production growth over the past 3 months. Growth had picked up since January, partly reflecting higher growth in the building materials industry. Network contacts in domestically oriented manufacturing expected a slight rise in production growth ahead. The export industry reported that production growth had been relatively low, albeit somewhat higher than in the previous round. Moderate growth in order intake contributed to some upward adjustment in market prospects.

Activity in the construction industry rose markedly over the past 3 months. Growth was somewhat lower than in the previous round, but in line with contacts' expectations in January. Network contacts reported continued marked growth in residential construction in most regions. Network contacts expected production growth to rise slightly ahead.

Growth in retail trade was robust over the past 3 months, as in the previous round, and slightly better than expected in January. As in the previous round, spending on consumer durables contributed in particular to growth. Network contacts expected growth to remain robust over the coming 6 months.

Growth in services was marked and slightly stronger than in January. For commercial services, growth picked up somewhat, while household services reported slightly slower growth. Network contacts in the service sector expected somewhat weaker growth ahead.

INVESTMENT

Network contacts planned a moderate rise in investment over the coming 12 months. Planned levels of investment were revised up in all sectors, particularly manufacturing and services. Network contacts in the local government and hospital sector expected the rise to be slightly higher than in the previous round. Retail trade still anticipated a lower investment level ahead, but network contacts planned a smaller reduction in investment than in January.

CAPACITY UTILISATION AND LABOUR SUPPLY

The share of network contacts reporting that they would have some or considerable difficulty accommodating a rise in demand increased from 35 percent in the previous round to 40 percent in this round. The share increased most in services, although construction and manufacturing also reported a rise. Capacity utilisation in retail trade had declined since January. Capacity constraints were still highest in the construction industry.

The share of network contacts citing labour supply as a constraint on activity was 29 percent, an increase from 26 percent in the previous round. The share increased most for construction and the public sector, while it fell most in retail trade. Labour shortages were still highest for the construction industry and lowest for retail trade.

EMPLOYMENT AND LABOUR MARKET

Employment continued to rise over the past 3 months. Growth in employment was approximately unchanged since the previous round, but slightly stronger than expected in January. Network contacts in services and construction reported the strongest growth, but employment also increased in the other sectors. Overall, network contacts expected employment growth to remain approximately unchanged over the coming 3 months. Contacts in retail trade and the public sector expected employment to remain stable, while other sectors expected growth.

COSTS, PRICES AND PROFITABILITY

Contacts estimated annual wage growth in 2012 at 4 percent, slightly higher than the estimate in the previous round. Network contacts in construction, retail trade and the public sector had revised up their estimates from January. Contacts in services had revised down their estimates. Contacts in construction, services and the public sector reported the highest estimates, at slightly more than 4 percent. Manufacturing and retail trade had the lowest estimates, at about 3¾ percent.

The rise in prices has been moderate over the past 12 months and a little stronger than in January. The rise in prices was highest in the construction industry. The export industry reported a continued fall in prices, driven by lower commodity prices and strong competition. Overall, contacts expected prices to rise at a higher rate ahead, but household services expected a slower rise.

Operating margins over the past 3 months have shown some improvement compared with the same period last year. As in January, the export industry reported weaker profitability, while the other industries reported improved profitability. Contacts in construction and the oil supplier industry reported the most pronounced increase in margins.