

No. 4 | 2013

# Regional network

## National summary

*Interviews were conducted in the period 7 October - 4 November 2013*

# NATIONAL SUMMARY

## DEMAND, OUTPUT AND MARKET PROSPECTS

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Network enterprises reported fairly moderate output growth over the past 3 months. Growth was somewhat slower compared with the previous survey, and weaker than envisaged by enterprises in August. Contacts also revised down their expectations of growth ahead. Overall, contacts expected continued fairly moderate growth over the next 6 months.

Output growth in manufacturing was fairly moderate. Oil industry suppliers reported fairly marked growth, albeit somewhat lower than in the previous round. Growth had so far been slightly weaker than envisaged by network contacts in August. Oil industry suppliers expected slightly lower growth over the next 6 months, and expectations had been revised down since the previous survey. Contacts attributed some of the slight decrease in growth to weaker demand growth, increasing competition and high capacity utilisation. Domestically oriented manufacturing reported approximately unchanged production volumes. Developments had so far been weaker than enterprises envisaged in August. Growth was reported to be subdued in the building materials industry in particular. Overall, domestically oriented manufacturing expected some growth in output over the next 6 months. Export industry contacts reported moderate growth. Growth was approximately unchanged since the previous survey and had so far been in line with contacts' expectations in August. Growth was particularly generated by petroleum-related exports. Overall, export enterprises expected growth to remain moderate ahead.

Contacts in the construction industry reported that volume growth had been fairly moderate over the past 3 months, slightly weaker than in the previous survey. Enterprises expected weak growth over the next 6 months. Housing construction was expected to slow, while it was expected that public building and infrastructure projects would continue to contribute to output growth over the next 6 months.

Retail trade reported zero growth over the past 3 months. Growth was weaker than in August. Contacts expected weak growth over the next 6 months.

Overall growth in the service sector was moderate. Growth slowed slightly in commercial services, while household services reported that growth had picked up slightly. Growth was still slightly stronger in commercial services than in household services. Network contacts expected activity in the service sector to continue to rise at about the same pace ahead.

## INVESTMENT

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Network contacts planned for slight investment growth over the next 12 months. Plans in manufacturing and the local government and hospital sector had been revised up since August, while investment plans in retail trade and services had been revised down. There were plans for a slight fall in investment level in the service sector, while the other sectors planned to increase the level of investment. Strongest growth in investment was expected in the local government and hospital sector, where contacts planned for moderate growth.

## 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 fell from 31 percent in August to 29 percent in this survey. This is the lowest level since May 2010. Capacity pressures have increased somewhat in manufacturing and construction and eased in retail trade and services.

The share of network contacts citing labour supply as a constraint on activity was 18 percent, down from 22 percent in the previous survey. The share decreased in all sectors.

## EMPLOYMENT AND LABOUR MARKET

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Overall employment rose slightly more than expected over the past 3 months. Employment growth was reported to be moderate in the construction and service sectors, while slightly weaker in manufacturing and the public sector. The level of employment in retail trade was reported to be fairly stable. Overall, contacts planned for slightly lower employment growth ahead. Services and the local government and hospital sector expected continued growth in employment, while contacts in manufacturing and construction planned for an approximately unchanged level of employment. Retail trade contacts expected a slight fall in employment.

## COST, PRICES AND PROFITABILITY

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Contacts estimated annual wage growth in 2013 at slightly above 3½ percent, unchanged since the previous survey. For 2014, contacts estimated annual wage growth of just below 3½ percent. The service sector reported the highest estimate for wage growth in 2014 at slightly above 3½ percent, while manufacturing contacts reported the lowest, at slightly below 3¼ percent.

The rise in prices had been fairly moderate over the past 12 months and was slightly more subdued compared with August. Retail trade reported that the rise in prices had picked up slightly since August, while the rise in prices had slowed in the other sectors. The strongest rise in prices was again reported by construction industry contacts. The price level in the export industry remained unchanged, while the other sectors reported that prices had risen. Slightly more than half of the contacts expected the rise in prices to slow ahead.

For the first time since autumn 2009, network contacts as a whole reported a decrease in margins. Domestically oriented manufacturing, retail trade and services reported lower margins and the export industry, oil industry suppliers and construction reported that margins had increased.