

No. 4 | 2012

Regional network

National summary

Interviews were conducted in the period 5 - 30 November 2012

NATIONAL SUMMARY

DEMAND, OUTPUT AND MARKET PROSPECTS

Network enterprises reported a moderate increase in output over the past 3 months. Output growth was somewhat weaker than in the previous round and had not so far been as strong as the enterprises had anticipated in September. Overall, network enterprises expected slightly lower growth in the coming 6 months.

Output growth in manufacturing was moderate and slightly lower than in the previous round. As in September, growth was highest in the oil supplier industry and lowest in domestically oriented manufacturing. Oil supplier industry contacts expected continued substantial growth ahead, but had revised down their expectations somewhat since September. Contacts in domestically oriented manufacturing expected continued moderate growth, referring to strong competition from foreign firms. Contacts in the export industry reported somewhat subdued growth compared with the previous round, referring in particular to weak demand from European markets. As in the previous rounds, growth was strongest in oil-related manufacturing for the export market. Enterprises expected continued moderate growth ahead.

Activity in the construction industry rose fairly markedly over the past 3 months. Growth was somewhat weaker than in the previous round. Contacts expected slightly lower output growth ahead, partly because many firms are operating close to capacity.

Retail trade reported moderate growth over the past 3 months. Growth was slightly higher than in the previous round. Contacts expected stable growth over the next 6 months.

Growth in the service sector was fairly marked, albeit slightly weaker than in September. Growth slowed somewhat in both the commercial and household service sectors, but was still strongest in commercial services. Contacts expected slightly subdued growth ahead.

INVESTMENT

Network contacts planned moderate growth in investment in the coming 12 months. Total investment plans had been revised up somewhat since September. All sectors reported plans to increase investment levels. Plans for slightly higher investment growth ahead were reported in this round by contacts in the local government and hospital sector and retail trade. Service sector investment plans were unchanged, while manufacturing contacts planned somewhat lower investment growth than in September.

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 38 percent in the previous round to 42 percent in this round. Capacity pressures were still highest in the construction industry, but showed the sharpest increase in retail and services. The share of contacts reporting capacity constraints in manufacturing and construction was about the same as in the previous round.

The share of network contacts citing labour supply as a constraint on activity was 31 percent, as in the previous round. The share increased in manufacturing, retail trade and the public sector,

while it decreased in construction and services. Labour shortages were still highest in the construction industry and lowest in retail trade.

EMPLOYMENT AND LABOUR MARKET

Employment rose marginally more than expected in the past 3 months. Employment was again reported to be fairly stable in retail trade, while the other sectors reported an increase. The service sector reported the strongest growth. Overall, contacts planned for slightly slower employment growth. Retail trade contacts expected employment to remain stable, while the other sectors reported plans to increase employment in the coming 3 months.

COSTS, PRICES AND PROFITABILITY

Contacts estimated annual wage growth in 2012 at 4¼ percent, a little higher than in the previous round. For 2013, contacts estimated annual wage growth at 4 percent. Services reported the highest estimate for next year's wage growth, 4¼ percent, while contacts in construction and retail trade had the lowest estimate, about 3¾ percent.

The rise in prices has been moderate over the past 12 months and a little stronger than in September, with the highest rise in construction and household services. Export industry contacts reported slightly lower prices, after reporting somewhat higher prices in September. Overall, contacts expected a slower rise in prices ahead.

Profitability has improved somewhat over the past 3 months compared with the same period last year. Operating margins were reported to be unchanged in the export industry and domestically oriented manufacturing, while the other sectors reported that profitability had improved. The increase in margins was most pronounced in the oil supplier, construction and service industries.