

No. 1 | 2012

# Regional network

## National summary

*Interviews were mainly conducted in January 2012*

# NATIONAL SUMMARY

## DEMAND, OUTPUT AND MARKET PROSPECTS

---

Network contacts reported that production had increased fairly rapidly over the past 3 months. Growth was slightly stronger than in the previous round and has so far been somewhat higher than anticipated in November. Network contacts expected growth to edge down over the coming 6 months. Market prospects were adjusted up somewhat on the previous survey, but still varied widely across sectors.

Production growth in manufacturing was moderate and somewhat lower than in the previous round. Growth was highest in the oil supplier industry. Continued high order intake in that industry contributed to expectations of still higher growth ahead. Domestically oriented manufacturing reported weak production growth over the past 3 months. Growth was weaker than in November, partly reflecting lower growth in the building materials industry. Network contacts in domestically oriented manufacturing expected a modest rise in production growth ahead. The export industry also reported weak and slowing growth in production. Continued low growth in order intake, particularly for more traditional Norwegian export industries, contributed to weakening market prospects.

Activity in the construction industry rose markedly over the past 3 months. Growth was a little higher than in the previous round. Growth remained highest in the residential construction industry, but activity in commercial construction and civil engineering also increased considerably. Partly due to capacity constraints, growth was expected to be slightly lower over the next 6 months.

Growth in retail trade was robust over the past 3 months and higher than in the previous survey. Spending on consumer durables contributed in particular to growth. Network contacts expected slightly lower growth ahead.

Growth in services had been fairly pronounced and slightly stronger than in November. For commercial services, growth was broadly in line with the previous survey results, while growth was slightly higher for household services. Network contacts expected unchanged growth in services ahead.

## INVESTMENT

---

Contacts planned weak growth in investments over the following 12 months. Plans were revised down somewhat from November, driven by retail trade and services. Investment plans for manufacturing were adjusted upwards. Investment plans in the local government and hospital sector were broadly unchanged on the previous survey. The highest growth in investments was planned in the local government and hospital sector, while retail trade was the only industry that anticipated a lower investment level ahead.

## CAPACITY PROBLEMS AND LABOUR SUPPLY

---

The share of contacts reporting that they would have some or considerable difficulty accommodating a rise in demand fell from 37 percent in the previous survey to 35 percent in this survey. The share fell slightly for the construction industry and services. For manufacturing and retail trade capacity utilisation was approximately unchanged on

November. As in the previous survey, capacity constraints were highest in the construction industry.

The share citing labour supply as a constraint on activity was 26 percent, as in the previous survey. The share increased most for retail trade, while it fell most for the construction industry. Labour shortages were still highest for the construction industry and lowest for retail trade.

## EMPLOYMENT

---

Employment grew over the past 3 months. Growth in employment was slightly slower than in the previous survey, approximately in line with expectations in November. Network contacts in construction reported the strongest growth, but employment has also increased in other sectors. All total, contacts expected employment growth to edge down further over the next 3 months. In retail trade, contacts expected employment to show a small decline, while other sectors expected growth.

## COSTS, PRICES AND PROFITABILITY

---

Contacts estimated annual wage growth in 2012 at just below 4 percent, which was somewhat higher than in the previous survey. The highest estimate of about 4½ percent was for services. Retail trade had the lowest estimate of around 3½ percent.

The rise in prices has been moderate over the past 12 months and a little lower than in November. The rise in prices was highest in the construction industry and household services. As in the previous survey, the export industry reported a fall in prices, driven by lower commodity prices. Overall, contacts expected a higher rate of increase in prices ahead, but the construction industry and household services expected a slower rise in prices.

Operating margins over the past 3 months have shown a moderate improvement compared with the same period last year. The export industry reported weaker profitability, while other industries reported increased profitability. As in the previous survey, the increase in margins was most pronounced for the oil supplier industry.