


**NOVEMBER 2011 ECONOMIC OUTLOOK FOR NORWAY: ANSWERS FROM NHO**
**MAIN FORECAST**

Annual % change	2011	2012
Real GDP growth	2,5	2,8
Consumer price inflation	1,6	1,6
Unemployment rate	3,5	3,8
Employment growth	1,0	1,3
government net lending (% of GDP)	-9,6	n/a
gross public debt (% of GDP)	n/a	n/a
current account balance (% of GDP)	12,5	10,2

**Components of aggregate demand - in real terms**

Annual % change		
Private consumption	3,0	3,5
Public consumption	2,3	2,8
Investment (Gross Fixed Capital Formation)	9,3	7,3
Private non-residential investment	5,0	2,0
Exports	-1,0	1,8
Imports	8,0	7,0

**ECONOMIC SENTIMENT**

	<i>Positive</i>	<i>Negative</i>	<i>Unchanged</i>			
<b>Trend in business climate over the next 6 months</b>			Industry		Services	
<b>Trend in profitability over the next 6 months</b>			Industry		Services	
<b>Investment intentions over the next 6 months</b>	<i>Increase (faster pace)</i>	<i>Increase (slower pace)</i>	<i>Unchanged</i>	<i>Decrease (slower pace)</i>	<i>Decrease (faster pace)</i>	
		Industry			Services	
<b>Influence on companies' investment decisions</b>	<i>Global demand</i>	<i>Domestic demand</i>	<i>Cost of finance</i>	<i>Availability of finance</i>	<i>Company Profitability</i>	<i>Capacity Utilisation</i>
	negative	positive	neutral	neutral	neutral	negative
<b>Driving force behind investment decisions in the next 6 months</b>	<i>Replacement</i>	<i>Extension</i>	<i>Rationalisation</i>	<i>Innovation</i>		
	neutral	negative	positive	negative		
<b>Overall trend in employment</b>	<i>Industry: past 6 months</i>	<i>Industry: next 6 months</i>	<i>Services: past 6 months</i>	<i>Services: next 6 months</i>		
	Up	Up	Up	Up		



**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<b>Compared to 6 months ago, cost/access to finance has been...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>		Cost Access		
<i>for larger companies (&gt;250 employees)</i>		Cost	Access	
<b>Over the next 6 months, cost /access to finance will be...</b>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>		Cost Access		
<i>for larger companies (&gt;250 employees)</i>		Cost Access		

	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Moderate effect	Important effect	Important effect	Very limited effect	Very limited effect
	<b>Consolidation of banking sector balance sheets</b>	<b>Access to capital markets</b>	<b>Encouraging equity financing through tax reforms</b>	<b>Better use of existing EU instruments (including EIB)</b>	<b>Greater potential for Public-Private-Partnerships</b>
<b>Measures to alleviate current financial difficulties for midsize and large companies</b>	Moderate effect	Important effect	Important effect	Very limited effect	Very limited effect



**POLICY MIX**

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate</i> yes	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<b>Monetary policy is...</b>					
	<i>adequate</i>	<i>inadequate</i>			
<b>Consistency between fiscal and monetary policies</b>	yes				
<b>Regarding the sustainability of public</b>	excellent commitment	satisfactory commitment yes	neither satisfactory nor unsatisfactory	unsatisfactory commitment	no clear commitment creating an extremely
<b>Exit Strategies</b>					
<i>Tight fiscal rules and more effective institutions</i>	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
<i>Greater efficiency of public</i>			yes		
<i>Credible cost-cutting measures</i>					yes
<i>Increased scope of public-private</i>					yes
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
<b>Entry Strategies</b>					
<i>More and better-targeted education and training</i>	excessive focus	sufficient focus	satisfactory nor unsufficier	unsufficient focus	so far ignored
<i>More and better targeted R&amp;D and</i>				yes	
<i>Prioritisation of infrastructure investments</i>				yes	
<i>Growth enhancing tax reforms</i>				yes	
<b>In 2015, the government deficit will...</b>	respect the 3% limit	be in balance			
	no	no			