

Norwegian economy

After declining from the first to second quarter, mainland GDP again expanded in the third quarter, according to seasonally adjusted, preliminary figures from the quarterly national accounts (QNA). Total GDP, however, showed the opposite, with a decline from the second to third quarter of 2002. For the year as a whole, GDP growth is expected to be about 1¼ per cent. Weak growth in demand both from the mainland economy and export markets in both 2001 and 2002 has contributed to curbing the growth impetus. Moreover, we have revised down our projections for growth in demand in 2003 and, combined with the

loss of market shares, this will reduce GDP growth in 2003 compared with 2002. For 2004, production is projected to show an appreciable rise, both because the international upturn is expected to gain momentum and because of the reduced negative impetus from domestic demand.

Fiscal policy

QNA figures for the first three quarters of 2002 indicate that growth in general government consumption and gross investment will be close to 3 per cent in 2002. This is approximately half a percentage point

Macroeconomic indicators 2000-2002

Growth from previous period unless otherwise noted. Per cent

			Seasonally adjusted			
	2000	2001	01.4	02.1	02.2	02.3
Demand and output						
Consumption in households and non-profit organizations	3.5	2.5	-0.1	1.7	0.6	0.5
General government consumption	1.2	2.0	-0.2	2.1	0.2	0.7
Gross fixed investment	-1.5	-4.6	0.5	-3.4	7.8	-5.9
- Mainland Norway	3.4	-0.3	-0.1	-2.0	0.9	-1.1
-Extraction and transport via pipelines	-31.6	7.2	9.2	-12.1	-6.3	5.4
-Service activities incidental to extraction	..	..	..	..	..	..
Final domestic demand from Mainland Norway ¹	2.9	1.8	-0.1	1.2	0.5	0.3
Exports	2.9	4.2	2.5	-5.1	4.2	-1.8
- Crude oil and natural gas	6.6	5.2	-1.5	-8	10.8	-3.6
- Traditional goods	1.7	4.0	6.8	-0.6	1.2	1.2
Imports	3.2	0.0	2.5	-2.9	5.1	-4.3
- Traditional goods	2.6	4.0	2.7	1.2	-1.2	-0.5
Gross domestic product	2.4	1.4	0.3	-0.2	1.0	-0.2
- Mainland Norway	1.9	1.2	0.7	0.6	-0.2	0.8
Labour market²						
Man-hours worked	-1.1	-1.0	-0.7	-0.7	1.1	-0.1
Employed persones	0.4	0.5	0.7	-0.1	0.1	-0.1
Labour force	0.8	0.6	0.9	-0.1	0.2	-0.2
Unemployment rate, level ³	3.4	3.6	3.8	3.8	3.8	3.7
Prices						
Consumer price index (CPI) ⁴	3.1	3.0	2.0	1.1	0.4	1.4
CPI adjusted for tax changes and excluding energy products (CPI-A28ATE) ⁴	..	2.6	2.6	2.4	2.6	2.4
Export prices, traditional goods	13.5	-3.1	-3.4	-1.9	-2.9	-2.7
Import prices, traditional goods	4.8	0.4	-1.5	-2.0	-2.7	0.7
Balance of payment						
Current balance, bill. NOK	219.6	233.4	50.3	56.5	53.6	48.2
Memorandum items (Unadjusted, level)						
Money market rate (3 month NIBOR)	6.8	7.2	6.8	6.5	6.9	7.2
Lending rate, banks	8.1	8.9	8.8	8.5	8.3	8.6
Crude oil price NOK ⁵	252	220.1	173.0	186.1	205.2	202.4
Importweighted krone exchange rate, 44 countries, 1995=100	103.3	100.2	98.5	97.2	92.5	89.1
NOK per ECU/euro	8.11	8.05	8.0	7.8	7.5	7.4

¹ Consumption in households and non-profit organizations + general government consumption + gross fixed capital formation in Mainland Norway.

² Figures for 2000 and 2001 are from national accounts. The quarterly figures are from Statistics Norway's Labour force survey (LFS), since the new quarterly national accounts series for employment are too short for seasonal adjustment.

³ According to Statistics Norway's labour force survey (LFS).

⁴ Percentage change from the same period the previous year.

⁵ Average spot price, Brent Blend.

Sources: Statistics Norway and Norges Bank.

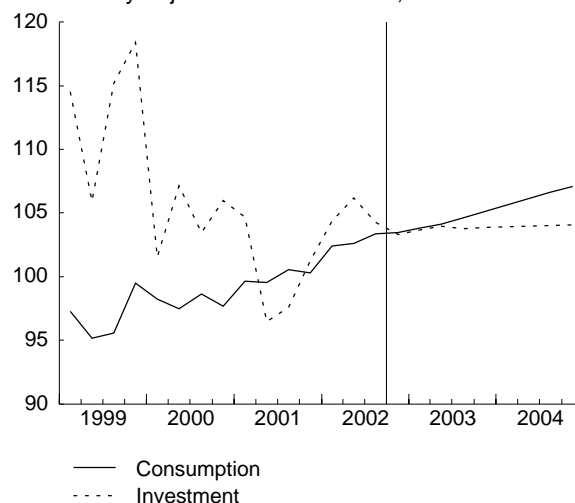
higher than estimated in the National Budget for 2003. The main components behind this have been higher general government spending on investment and intermediate goods, while developments in man-hours worked are pushing down growth. The reorganization of hospitals makes it less relevant to distribute growth between central and local government in 2002. The sharp growth in 2002 is largely a result of the guideline for fiscal policy that was introduced from the 2002 fiscal year.

The investment tax was removed in the fourth quarter of 2002. This will contribute to lower prices for investment goods. The revenue effects will particularly be seen in 2003 and have thus contributed to limiting budgetary leeway for the government budget for 2003. In the years ahead, it is estimated that the guideline for the use of the return on petroleum wealth will provide less scope for a higher structural, non-oil government budget deficit than in previous years, with fiscal policy generating a somewhat more modest impetus in the period ahead. General government consumption is expected to expand on average by a little less than 2 per cent per year over the next two years, with weak or no growth in investment spending. Our projection for spending growth in 2004 has been revised down compared with our September report and is in line with the estimates in the National Budget for 2003.

An attempt has been made to incorporate in our calculations the political compromise on the government budget for 2003 that was recently concluded in the Storting. In relation to our previous reports, the standard tax allowance has been increased, some annual excise duties (that are counted as direct taxes) have been reduced, taxes on alcohol have been reduced, the local government sector will be given additional funds compared with the Government's budget proposal and the basic pension will also increase for married and cohabiting minimum pensioners. The implementation of the so-called day-care compromise between the opposition parties has partly been shifted to 2004. All in all, it is estimated that the compromise will result in changes in the budget amounting to NOK 4.4 billion compared with the Government's budget proposal.

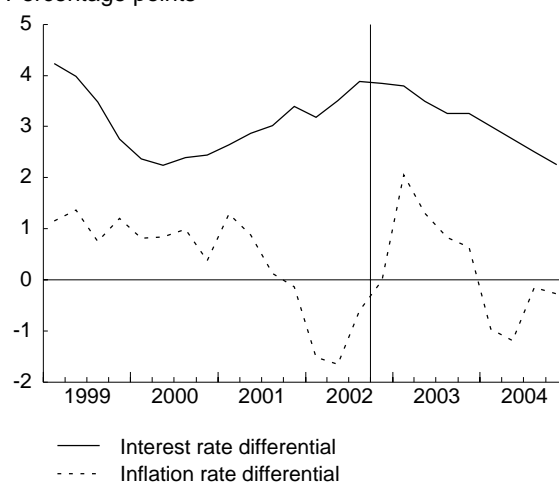
The sharp increase in electricity prices, which is discussed in greater detail elsewhere in this report, is having a contractionary impact on the Norwegian economy in relation to earlier analyses. As the period of strong expansion is now obviously over and unemployment is rising, the authorities must evaluate what emphasis shall be placed on fiscal and monetary policy respectively in stabilization policy in the period ahead. Following the Storting's deliberations on the National Budget, the structural, non-oil budget deficit as a share of mainland GDP is expected to edge up next year, and in the event the fiscal policy stance will be mildly counter-cyclical.

General government
Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

Interest rate and inflation differential between NOK, and the ECU/euro
Percentage points



Sources: Norges Bank and Statistics Norway.

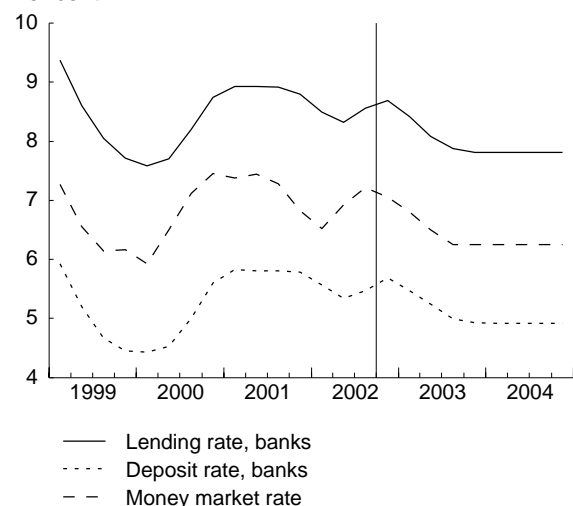
Lower interest rates and somewhat weaker krone

The three-month money market rate has fallen slightly since the report presented at the beginning of September, from about 7.2 per cent to a little less than 7 per cent at the beginning of December. The FRA market has now priced in a decline in the three-month money market rate of about one and a quarter percentage points up to autumn 2003. Norges Bank's key interest rate has remained unchanged at 7 per cent since July this year. Unemployment has started to rise, and will contribute to lower inflation as a result of slower wage growth. Reduced activity levels and subsiding inflationary pressures will create room for Norges Bank to lower interest rates.

We have assumed that the three-month money market rate will fall to 6.25 per cent during the period to summer 2003 and then remain unchanged at this

Lending rate and deposit rate

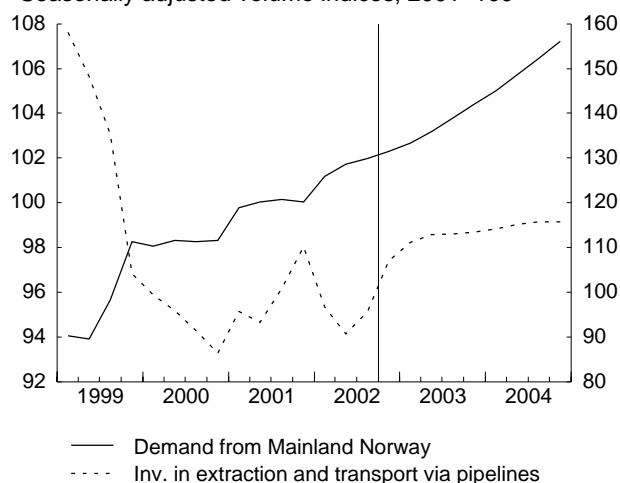
Per cent



Sources: Norges Bank.

Demand from Mainland Norway and investment in petroleum activities

Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

level through the projection period. This corresponds to a somewhat steeper fall in interest rates than was assumed in the September report, but a somewhat smaller decline in interest rates than has currently been priced into the FRA market.

The import-weighted krone exchange rate appreciated by about 10 per cent in the first half of 2002. After having depreciated slightly in the second half of July and the beginning of August, the krone has again appreciated, although the appreciation has been more moderate this autumn. Since the beginning of the year, the import-weighted krone exchange rate has appreciated by about 12 per cent. The krone has appreciated by about 9 per cent against the euro and 18 per cent against the US dollar since the beginning of the year. Expectations of a persistently wide interest rate differential between Norway and other countries due to the decision to increase the phasing in of petroleum revenues may have contributed to this.

In line with our projections for global developments, we assume that interest rates in the US will be increased in the second half of 2003. In the euro area, interest rates are not expected to be raised until 2004. This means that the interest rate differential between Norway and other countries will narrow through the projection period. This may result in a depreciation of the krone. We project that the krone will depreciate over the next two years and assume a euro exchange rate of NOK 7.70 at the end of 2004. This is consistent with projections from Consensus Forecasts. There is considerable uncertainty, however, concerning future movements in the Norwegian krone. Any escalation of the conflict in Iraq may prompt investors to perceive the Norwegian krone as a good alternative to the Swiss franc as a safe-haven currency. This may result in a temporary appreciation of the krone.

Positive impetus from petroleum activities next year

Oil production is expected to be a good 3 per cent lower in 2002 than in 2001. This is partly due to the production cuts that were carried out in the first half of 2002, but also because of closures of some production facilities so far in the second half of the year. For 2003, the level of production is expected to remain approximately unchanged and then increase by about 4 per cent in 2004. Production is projected to decline again thereafter. As a result of the start-up of production in several new gas fields in 2002, gas production is expected to be nearly 25 per cent higher in 2002 than last year. Gas production is projected to expand further in the period ahead, growing by 4 per cent next year and a good 6 per cent thereafter.

The oil price, measured in USD, generally rose up to the end of the third quarter of 2002 before falling so far in the fourth quarter. The average oil price for 2002 is expected to be approximately the same as in 2001, about USD 25 per barrel. It is expected to fall gradually to USD 24 next year and then remain at this level through the remainder of the projection period. With a dollar exchange rate that gradually falls to about NOK 7.50 in 2004, this implies that the krone price per barrel will be about NOK 200 this year and then remain stable at just under NOK 180 ahead.

Statistics Norway's investment plans survey for the petroleum sector shows that the level of investment spending in 2002 is expected to be the same as in 2001. This is a downward revision of more than NOK 1 billion of the estimates provided in the previous quarter, primarily reflecting lower estimates for investment expenditure on exploration and fields in operation. Adjusted for the projected rise in prices, the investment volume will decline by more than one per cent from 2001 to 2002. For 2003, we are primarily basing our projections on the investment intentions survey, but in view of more recent information we have also decided to revise upwards the estimates for

investment costs by about NOK 1 billion. Investment is expected to be less import-oriented than assumed in the September report. For 2003, investment is now projected to rise by more than 10 per cent, reflecting higher estimates for investment in land-based facilities, field development and existing fields in relation to the survey's estimates in the previous quarter. This is expected to generate an increased impetus to the Norwegian economy. For 2004, investment is projected to increase further, by a little less than 3 per cent, with approximately the same import share as in the previous year.

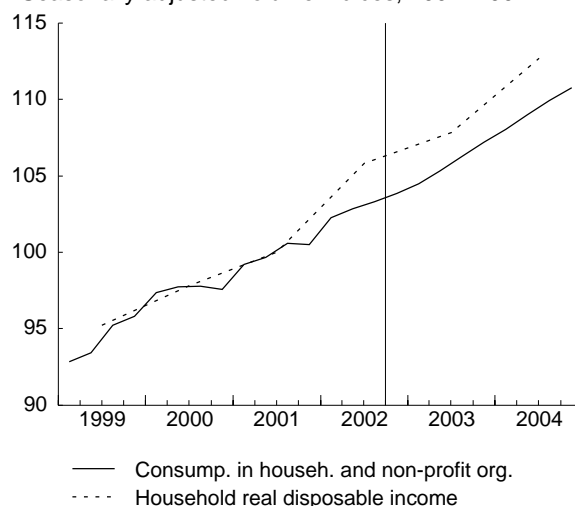
Household income and consumption

According to the quarterly national accounts, seasonally adjusted consumption by households and non-profit institutions rose by 1.7, 0.6 and 0.4 per cent respectively in the first three quarters of 2002, measured from the previous quarter. The figure for the first quarter is higher than that published in September, reflecting an upward revision of spending on services and direct purchases abroad by resident households.

Growth in household real disposable income is set to be strong in 2002. The most important factors are high wage growth – due to the high pay increases awarded to employees in this year's wage settlement – and unusually low inflation. In addition, capital income is expected to show solid growth, partly because we assume a pronounced rise in share dividends received by households from 2001 to 2002. This is because there was a tax on share dividends paid to households from September 2000 until the end of the 2001 accounting year. As a result, dividend payments were low in 2001, and they have probably increased now that the tax has been removed. One factor that has curbed growth in household disposable income is the high level of interest rates. The net effect of higher short-term interest rates is negative for household disposable income, despite the fact that households have positive net financial assets. The reason is that insurance claims account for a high share of household financial assets and these are less sensitive to fluctuations in short-term interest rates. Growth in household real disposable income may be close to 6 per cent this year.

Consumption is primarily influenced by real disposable income. We project that household consumption will increase in real terms by 3.0 per cent in 2002. In other words, real consumption growth is noticeably lower than growth in real disposable income, with the saving ratio rising this year. Possible reasons for the relatively weak consumption growth in 2002 compared with real disposable income were discussed in the September *Economic Survey*. First, the saving ratio may increase in the short term because households need some time to adjust consumption to what they possibly perceive as a permanent, higher income level. Moreover, the real interest rate has been high, and

Income and consumption in households
Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

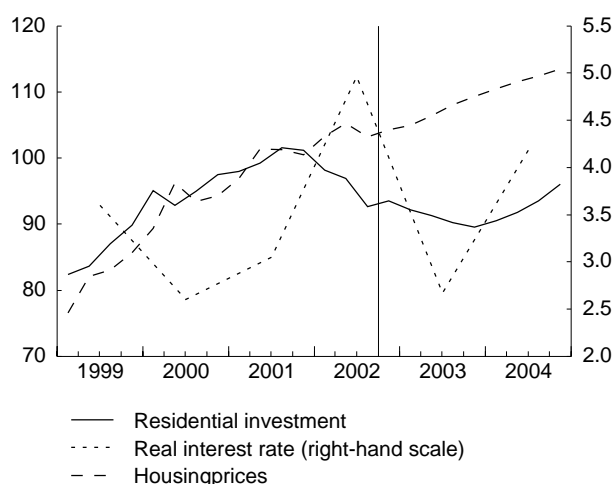
equity prices have fallen substantially through the year. Finally, higher unemployment and expectations of a further rise in unemployment may have contributed to restraining consumption growth. A more difficult labour market curbs consumption growth because people become more cautious and save more. Another factor that helps to explain why consumption is growing less than income in 2002 is the low propensity to use share dividends and other capital income for consumption.

Real disposable income is projected to rise by about 2 per cent in 2003, i.e. considerably lower than in 2002. The main explanation is a far higher rate of inflation, but other factors are somewhat lower growth in nominal income as a result of a more moderate wage settlement and lower growth in capital income. However, a lower real interest rate, combined with tax cuts in the government budget for 2003, will have the effect of curbing the fall in real disposable income.

Noticeably slower growth in household real income and higher unemployment are some of the factors behind reduced consumption growth, but lower real interest rates will have the opposite effect. We project that consumption will grow at a faster pace than real disposable income in 2003. The high electricity prices that have been observed at the end of 2002, and which are expected to remain high into 2003, are an element that may influence saving. A sharp increase in electricity prices can be compared to a tax. It may be difficult for households to reduce their electricity consumption, at least in the short term. The same applies to other consumption expenditure. The isolated effect of higher electricity prices is therefore presumably that total consumption expenditure increases for households. Consumption is projected to expand in volume by 2.7 per cent in 2003, with the saving ratio declining that year.

Residential investment and housing prices

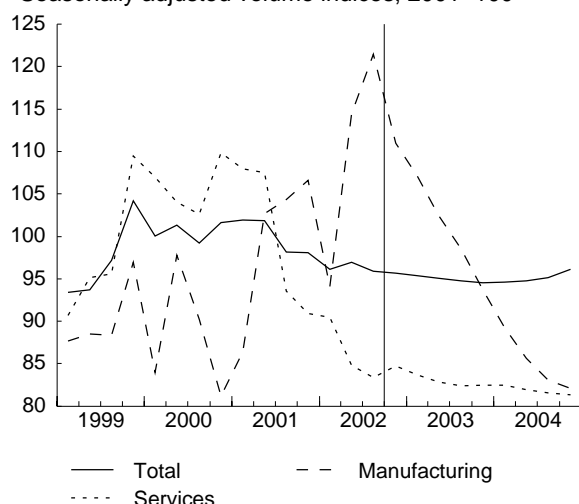
Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

Investment, Mainland Norway

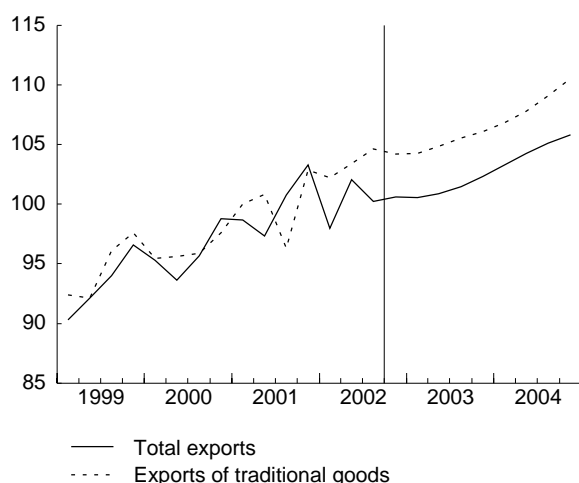
Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

Exports

Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

For 2004, growth in real disposable income is projected at 4.5 per cent, while consumption growth is estimated at 3.6 per cent. In other words, the saving ratio will pick up again, partly because the real interest rate is projected to increase from 2003 to 2004.

Housing investment and house prices

House prices are projected to show a rise of 3.7 per cent in 2002, 3.4 per cent next year and 4.4 per cent in 2004. As a result of the lower real interest rate in 2003, the rise in house prices will be sustained next year in spite of weaker growth in real income and the increase in unemployment.

Housing investment is projected to fall by 5.3 per cent from 2001 to 2002. We assume that it will continue to decline in 2003, with an estimated contraction of 4.5 per cent. In 2004, growth is projected at about 1 per cent. Mechanisms that can explain the decline in housing investment in 2002 and 2003 are higher unemployment, the high real interest rate in 2002, the projected low real income growth in 2003 and the more moderate outlook for increases in house prices compared with earlier years.

Investment decline in mainland enterprises comes to a halt

Gross investment in mainland enterprises has curbed total growth in domestic demand ever since the cyclical peak was passed in 1998. This is what may be expected on the basis of a normal cycle. Over the past two years, this investment has generally been declining. It has been particularly pronounced in 2002, and we now project it will fall by nearly 7 per cent. The contraction in investment has occurred in spite of a considerable increase in manufacturing investment in previous years. For 2002, it now appears that manufacturing investment will expand by almost 9 per cent. It is conceivable that many enterprises have decided to postpone investment until the removal of the investment tax, which occurred in the fourth quarter of this year. This will in the even have the effect of curbing a further decline in investment.

Manufacturing investment is projected to fall in 2003. This is partly due to the current situation for manufacturing, with squeezed profitability, but also reflects the completion or final stages of major projects. Manufacturing investment is therefore expected to contract considerably in the period to end-2004, when the decline is projected to level off. In line with Statistics Norway's investment intentions survey, the electricity supply sector is expected to continue to make a positive contribution to investment in the next few years. Investment in a number of service industries is not expected to show pronounced growth, and investment in commercial buildings is likely to fall. This reflects the high level of investment in previous years, which has increased capacity considerably, and weaker rental rates for commercial property. All in all,

investment in mainland enterprises is projected to show little change over the next few years compared with the level in 2002.

Export growth despite strong krone

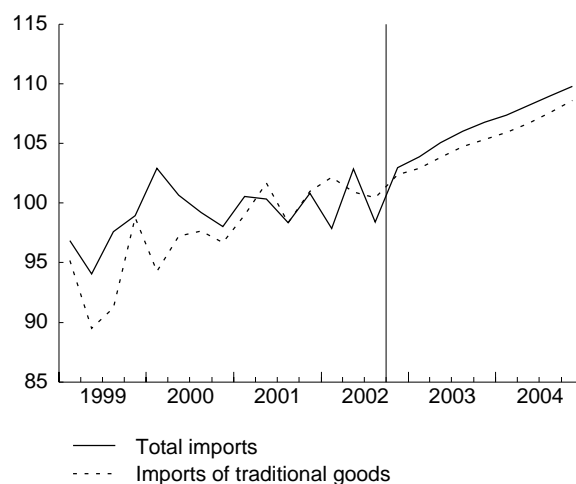
After falling in the first quarter of 2002, traditional merchandise exports rose in volume in both the second and third quarter. Farmed fish, fish and fish production from manufacturing, basic chemicals, chemical and mineral products and engineering products made the largest contribution to growth, while refined petroleum products was the only main category that made a strong negative contribution. The expansion in traditional merchandise exports may appear surprising in the light of the sharp appreciation of the Norwegian krone over the past year, but must also be seen in connection with the sharp fall in export prices. Most main groups of traditional merchandise exports have thus recorded a decline in prices of about 10 per cent or more during the past year, i.e. almost on a par with the appreciation of the krone. The fall in prices has been particularly pronounced for pulp and paper products, refined petroleum products and metals. For goods that have not recorded a fall in prices, or where the fall in prices has levelled off, export volumes have had a tendency to decline appreciably (textiles, clothing and footwear, wood products). The total value of exports has also tended to move on a downward trend.

To the extent the steep fall in prices is related to the krone appreciation, it may reflect either contractual conditions (for example, orders concluded in foreign currency) or a strategy whereby enterprises decide to reduce export prices measured in krone terms in order to maintain market shares on export markets. However, the consequence of maintaining production, but lowering prices, is a sharp reduction in profitability. This strategy is therefore not sustainable over the longer term, even though in the short term it may be countered through currency hedging instruments. Unless the krone depreciates markedly again, enterprises will probably feel compelled to increase export prices in the period ahead and accept a greater loss of market shares, or possibly a direct decline in exports. This pattern, whereby export prices fall fairly sharply in the very short term, while volumes are reduced in the longer term (in relation to the baseline scenario), is consistent with the functioning of Statistics Norway's macroeconomic models.

While the projection for export growth of 3.5 per cent in 2002 may indicate an increase in market shares for Norwegian exports this year, our calculations point to a substantial loss of market shares in the years ahead. Since the metals sector is expected to account for a large share of the increase in exports (due to new, efficient capacity), the loss of market shares for other export industries will generally be somewhat higher than for traditional exports as a whole. The fall in

Imports

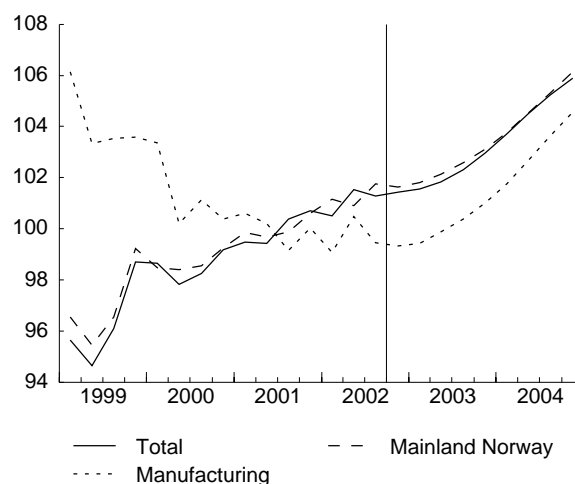
Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

Gross domestic product

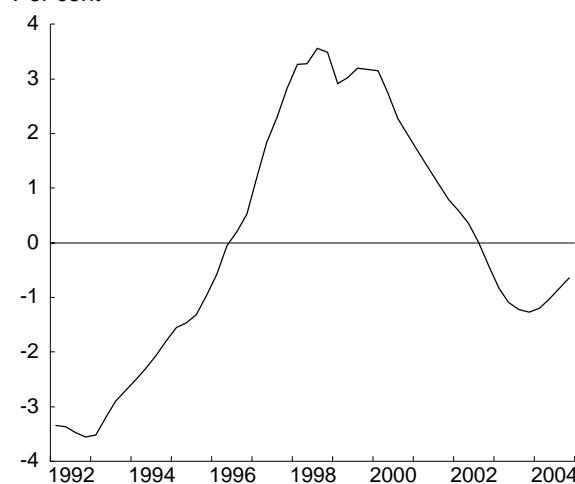
Seasonally adjusted volume indices, 2001=100



Source: Statistics Norway.

Output gap

Per cent



Source: Statistics Norway.

export prices is expected to be reversed to an increase in 2003, partly due to the assumption that the krone will depreciate in the period ahead, although this is not sufficient to prevent the loss of market shares. In the calculations, we have disregarded the possibility of accelerated relocation to other countries or the closure of a large segment of Norwegian manufacturing industry, which cannot be ruled out in view of the real appreciation of the Norwegian krone that has taken place.

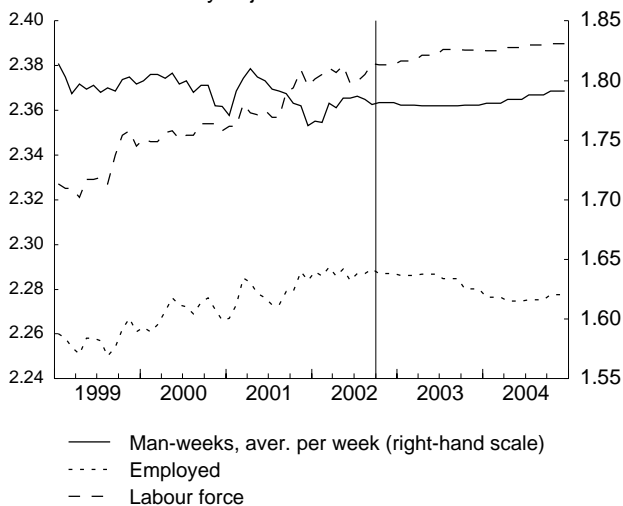
Weak GDP growth in 2003

After declining from the first to second quarter, mainland GDP expanded again in the third quarter, according to seasonally adjusted, preliminary QNA figures. However, developments were the opposite for total GDP, which showed a decline (seasonally adjusted) from the second to third quarter of 2002. GDP growth in 2002 is still projected at about 1¼ per cent. Sluggish growth in demand from the mainland economy in both 2001 and 2002 has contributed to curbing the growth impetus. This will continue in 2003 and we have revised down our projection for growth in demand, which will reduce GDP growth in 2003 compared with 2002.

It is now likely that electricity production will be lower and electricity prices higher in 2003 than assumed earlier. This negative supply-side shock has negative indirect effects on both demand and output. It therefore appears that the downturn in 2003 may be somewhat stronger than assumed earlier. If we assume that precipitation and reservoir levels are normalized in the course of 2003 and 2004, these effects will be reversed in 2004. The path for production and inflation in the next few years will therefore be heavily influenced by developments in the electricity sector. Reference is made to a separate box on the effect of higher electricity prices.

A pronounced global upturn has failed to materialize. We have therefore lowered our forecasts for market growth abroad, which contributes to lower growth for traditional exports and exports of some services. In addition, the krone exchange rate has remained at a noticeably stronger level than assumed earlier, with the result that Norwegian exporters are expected to lose market shares to a greater extent than assumed earlier. Along with weaker growth in domestic demand and from the mainland economy, this will contribute to pushing down growth next year. Higher petroleum investment, with a lower import content than assumed earlier, will have the opposite effect. All in all, this contributes to lower projected growth in mainland GDP than in our September report. This will reduce employment and household income growth and will increase unemployment, which in turn will have an impact on the housing market. Factors that point to the opposite are our assumptions of a sharper fall in interest rates than assumed earlier and slightly

Labour force, employment and number of man-weeks
Millions. Seasonally adjusted and smoothed indices.



Source: Statistics Norway.

higher inflation in 2003, which will reduce the real interest rate to a greater extent. This means that the household saving ratio may edge down so that consumption growth shows little change. On balance, however, the picture is that the Norwegian economy is now facing a somewhat stronger cyclical downturn in 2003 than we assumed earlier.

For 2004, our growth projections show little change compared with the September report. The projected rise in output that year is related to the international upturn, which will boost traditional exports, as well as a weaker negative impetus from domestic demand. Of particular importance are lower electricity prices and higher electricity production, which will keep consumer price inflation low in 2004. Household real income will thus increase more and consumption growth will be higher. Similarly, housing investment will be reversed from a decline in 2003 to an increase through 2004. It is projected that the fall in manufacturing investment will be considerably more moderate. The impetus from fiscal policy is approximately unchanged in relation to the previous year, while the fall in interest rates through 2003 and the krone depreciation will have positive effects on demand and competitiveness. All in all, we therefore project that growth in 2004 will be on a par with estimated trend growth in mainland GDP, with the cyclical downturn coming to a halt.

Rise in unemployment

At the end of November, almost 78 000 were registered as unemployed with the public employment service, equivalent to 3.6 per cent of the labour force when adjusted for seasonal variations. By way of comparison, unemployment was 2.9 per cent at the beginning of the year. The rise in unemployment picked up this autumn and the increase now appears to be broadly based.

Different measures of unemployment - divergent unemployment figures?

Figures on registered unemployment show a pronounced increase through 2002, while the latest figures from Statistics Norway's Labour Force Survey (LFS) show a far slower rise. The reason for the differences is that the two data sources capture a turnaround in the labour market in a somewhat different way. The deterioration in the labour market, which is reflected to a large extent in registered unemployment at employment offices this year, may have been captured by the LFS through 2000 and 2001. From the trough level of the LFS in the second quarter of 2000 and up to the third quarter of 2002, both data sources show a rise of the same magnitude (a seasonally adjusted 14 000 in the LFS and 12 000 in registered unemployment). The main impression over the last few decades is that the two series shadow each other well through the various cyclical fluctuations. For changes from quarter to quarter, however, the LFS has some "random noise" because it is a sample survey.

Reasons for the deviation

There are several explanations for the differences between unemployment measured by the LFS and by registered unemployment.

- The LFS captures to a greater extent new entrants to the labour market and others who are not eligible for unemployment benefits.
- Persons participating in labour market programmes are not classified as registered unemployed, while many of them are classified as unemployed in the LFS.
- Some older unemployment benefit recipients report that they are on early retirement in the LFS and state that they are no longer seeking work. These are still registered as unemployed.
- Some registered unemployed report in the LFS that they have odd jobs and are therefore classified as employed. Some are captured in the LFS concept "underemployed".

These factors have different effects. They thus conceal the relatively small differences in level between the statistics' large gross deviations. A comparison carried out by Statistics Norway for the years 1993 and 1997 shows that only about 50 per cent were classified as unemployed in both sources at the same time. The importance of the gross deviations also varies considerably over a business cycle, and the effect on figures on change and net deviations will therefore also vary.

Differences over the business cycle

With a turnaround in the economy and rising unemployment, as in autumn 2000, newcomers to the labour market will experience problems finding a job. This is a group that the LFS captures to a considerably greater extent than the employment offices. As a result, LFS figures show a turnaround in unemployment at an earlier stage. When the deterioration in the labour market continues, newcomers to the labour market will be divided into two groups: one group continues the job search and starts to register as unemployed at the employment office to obtain help in the job search and/or to participate in labour market programmes. This results in a rise in registered unemployment, but not in the LFS, since these have already been defined as unemployed in these statistics. Figures from the LFS show that the share who reported using the employment offices for job searches rose from 28 per cent in the third quarter of 2001 to 34 per cent in the third quarter of 2002.

The second group of newcomers ceases to search actively when the labour market deteriorates. Since the LFS covers most in this group, this will particularly contribute to curbing the rise in LFS figures. When people stop searching actively for a job it may be because they no longer believe they can compete successfully for jobs in a labour market where a greater number of unemployed are competing for steadily fewer vacancies. Some will also stop looking for a job because they have an alternative activity, e.g. education. From the third quarter of 2001 to the third quarter of 2002, the share of unemployed in the LFS who reported education as the main activity fell from 30 to 25 per cent. The deterioration in the labour market will thereafter gradually be reflected in workforce reductions in enterprises. Some will find a job immediately, but some will be

unemployed and be entitled to unemployment benefits. All of them will be registered as unemployed, while in the LFS some of them may be defined as employed or on early retirement. In isolation, these cases will mean that the rise in registered unemployment is greater than the rise in LFS unemployment. In 2002, the rise in registered unemployment has been divided fairly evenly between those entitled to unemployment benefits and those who are not. The share of registered unemployed entitled to unemployment benefits is just below 60 per cent.

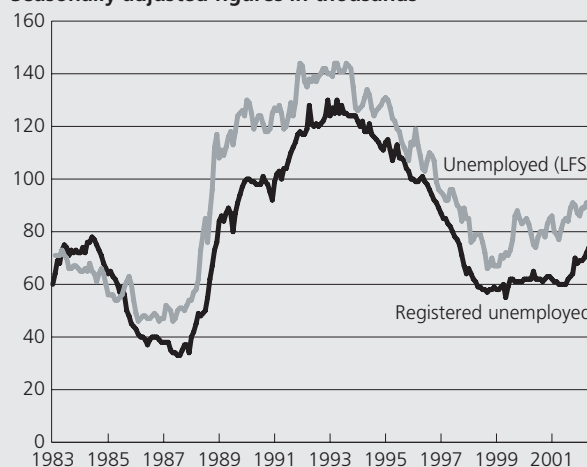
A persistent deterioration in the labour market is often accompanied by an increase in labour market programmes. This has not yet occurred in relation to the rising level of unemployment in 2002, but when it does occur this will have a different impact on the LFS and registered unemployment. Everyone who participates in a programme is excluded from the group registered unemployed. Persons participating in training measures who respond that they are available for work immediately will continue to be defined as unemployed in the LFS. A direct effect is that registered unemployment will show a slower rise than LFS unemployment. However, an indirect effect of expanded labour market programmes will be that more of the unemployed who have not registered earlier will report to the employment offices and thus contribute to a higher rise in registered unemployment than in LFS unemployment.

Why two measures of unemployment?

Both the LFS¹ and public employment office's measure of unemployment is useful. They have their advantages and drawbacks in different areas, and therefore supplement each other. Registered unemployment provides a very precise picture of how changes in the cyclical situation are reflected in the number of people receiving unemployment benefits. Registered unemployment can also be broken down into detailed groups by gender, age, occupation, region, etc. Because of the uncertainty associated with a sample survey, the LFS can only provide reliable figures with a much rougher classification at country level. On the other hand, the LFS provides a better overall picture of unemployment. It also provides a broader picture inasmuch as developments in unemployment are presented alongside developments in employment and persons outside the labour force.

On the whole, only LFS figures are used in international comparisons of unemployment. The LFS provides figures that are considerably more comparable and less influenced by institutional differences than figures on registered unemployment. Norway's position is exceptional with both LFS figures and reliable figures on registered unemployment, which to a large extent show the same developments, albeit more random in the short term.

Unemployed persons according to LFS, and registered unemployed persons at the Employment Offices.
Seasonally adjusted figures in thousands*



* Three-months moving average

According to the Labour Force Survey (LFS), unemployment so far this year has not increased as sharply as registered unemployment. As an average for the period August-October 2002, the LFS showed seasonally adjusted unemployment of 3.9 per cent of the labour force. This is only 0.1 percentage point higher than in the same period one year earlier and 0.2 percentage point higher than corresponding figures for the period January-March 2002. However, it is not unusual that these two measures of unemployment show some divergence in the short term (see box). At any given time, only about half of those who respond that they are unemployed in the LFS are also registered as unemployed. The reason is that the LFS captures to a greater extent those job-seekers who – primarily because they are not eligible for unemployment benefits – do not report to employment offices. Similarly, there are more registered unemployed who are not genuine job-seekers. Since the LFS to a greater extent captures marginal groups and since these are influenced by changes in the labour market to a greater extent, a turnaround in the economy is reflected more quickly in the LFS than in the figures reported by the public employment service. If we look at overall developments after unemployment passed a trough in autumn 1998, the increase in unemployment is 1.1 percentage points in both data sources.

The exit from the labour force among older workers is still lower than the entry of new youth cohorts, with the result that the labour force is still rising by about 10 000 yearly because of demographic factors. After ten years with a continuous increase, participation rates now appear to have peaked. In the third quarter of 2002, 73.9 per cent of the population between the ages of 16 and 74 was either employed or unemployed. This is 0.1 percentage point higher than in the same period in 2001, but 0.2 percentage point lower than in the second quarter of this year.

Compared with the end of November 2001, figures from the public employment service show that unemployment has risen for all occupational groups with the exception of occupations classified in the group agriculture, forestry and fishing. The increase has been highest among those who do not specify an occupational background. The reason may be that immigrants with language problems, young labour market entrants and others without work experience are often those who experience the toughest climate in the labour market during a nascent cyclical downturn. It is also likely that a large share of the dismissals relate to contract workers and that these workers have difficulty in placing themselves in an occupational category. Among those who specify an occupational background, the largest percentage increase has been recorded for those with administrative and humanitarian work and for those with scientific work. The increase here particularly reflects higher unemployment among employees in ICT-related occupations.

An increasingly squeezed financial position for the local government sector, as a result of high wage growth and considerable interest expenditure, may explain why there are now more unemployed workers in health and care occupations and among employees in the education sector. Moreover, the agreement concerning an increase in working hours in return for higher pay for teachers may have contributed to an increase in the unemployed in the education sector. Unemployment has also risen among commercial, service and transport workers, which may be related to the slowdown in retail trade. Moreover, deteriorating profitability in manufacturing over the past year has resulted in rising unemployment among manufacturing workers in recent months. An increase in layoffs in manufacturing signals a further rise in unemployed among these workers in the period ahead. As export enterprises' currency hedging positions and long-term order contracts gradually expire, profitability in manufacturing enterprises is expected to deteriorate substantially in 2003. This will result in further dismissals in this sector.

Looking more closely at developments in the number of advertised vacancies can provide an indication of any mismatches between the type of worker who is unemployed and the type of worker in demand, also within occupational groups. For example, there may be a need for a worker with a different level of education than that possessed by the unemployed. Seasonally adjusted figures for November 2002 show that the number of vacancies was less than half the number in 2000. If we look at different occupational groups, the decline is generally a reflection of unemployment developments the past year. This does not suggest increased mismatches between different types of labour.

Registered unemployment has risen in all counties. Perhaps as a result of problems in ICT industries, the increase has been greatest in Oslo and Akershus. However, all counties in southeast Norway have recorded a sharp rise in unemployment. Western Norway and Central Norway have also experienced a noticeable increase in unemployment. In North Norway, the increase has been more modest, albeit from a higher level. Registered unemployment is also increasing for all age groups with the exception of those under 20. The increase has been considerable for both women and men between 30 and 59 years of age. Both short-term and long-term unemployment has risen in the past year, but with a steadily higher share of long-term unemployed. Whereas developments in short-term unemployment provide some indication of the extent of job cuts, long-term unemployment provides some indication of employment frequency.

The figures from the public employment service may thus indicate that some workers are experiencing special problems in the labour market. A slacker labour

Main economic indicators 2001-2004. Accounts and forecasts

Percentage change from previous year unless otherwise noted

		Forecasts							
Accounts		2002			2003			2004	
	2001	SN	MoF	NB	SN	MoF	NB	SN	NB
Demand and output									
Consumption in households and non-profit organizations	2.5	3.0	3.1	3 3/4	2.7	3.5	3 1/2	3.6	3 1/4
General government consumption	2.0	2.6	1.7	1 3/4	1.6	0.5	3/4	2.0	2
Gross fixed investment ¹	-4.6	-2.2	-0.2	0	1.6	3.2	3 1/2	0.5	0
Extraction and transport via pipelines ²	7.2	-1.2	5.1	2	11.1	12.2	15	2.6	-5
Mainland Norway	-0.3	-4.4	..	-1/4	-1.3	..	1/2	-0.2	1 1/2
Firms	-1.3	-6.9	-3.8	-4 1/4	-0.3	-1.0	3/4	-1.0	1 1/4
Housing	5.1	-5.3	-1.5	4	-4.5	2.2	3/4	1.1	1 3/4
General government	-4.3	4.2	6.0	6	-0.2	0.3	1/4	0.2	2
Demand from Mainland Norway ³	1.8	1.6	2.0	2 1/2	1.8	2.7	2 1/4	2.5	2 1/2
Stockbuilding ⁴	-0.8	-0.2	..	..	0.0	..	..	0.0	..
Exports	4.2	0.1	1.3	0	0.3	0.8	1 1/2	3.7	1 3/4
Crude oil and natural gas	5.2	1.1	2.8	-1 3/4	0.8	-2.1	4 1/2	5.0	2
Traditional goods	4.0	3.5	1.5	1/2	1.4	2.7	-1	2.9	0
Imports	0.0	0.9	0.9	1 3/4	4.3	2.9	3 3/4	2.9	1 1/4
Traditional goods	4.0	1.6	2.1	2 1/2	2.7	3.2	3 3/4	2.7	1 1/4
Gross domestic product	1.4	1.1	2.0	1 3/4	0.8	1.9	2	2.9	2 1/2
Mainland Norway	1.2	1.3	1.7	1 1/2	0.9	1.8	1 3/4	2.5	2 1/4
Labour market									
Employed persons	0.5	0.3	0.5	1/2	0.0	0.4	0	-0.5	1/2
Unemployment rate (level)	3.6	3.9	3.9	4	4.4	4.0	4 1/4	5.0	4 1/4
Prices and wages									
Wages per standard man-year	5.0	5.4	5.5	5 3/4	4.4	5.0	5 1/2	4.2	5 1/4
Consumer price index (CPI)	3.0	1.2	1.2	1 1/4	3.1	2 1/4	2	1.4	2 1/4
CPI adjusted for tax changes and excluding energy products (CPI-ATE)	2.6	2.3	..	2 1/4	2.2	..	2	1.9	2 1/4
Export prices, traditional goods	-3.1	-10.0	..	-8 3/4	0.4	..	-2 3/4	5.3	2 1/2
Import prices, traditional goods	0.4	-7.2	..	..	0.2	..	..	3.1	..
Housing prices	7.2	3.7	..	..	3.4	..	..	4.4	..
Balance of payment									
Current balance (bill. NOK)	233.4	207.0	206.2	210	174.8	178.9	185	185.2	170
Current balance (per cent of GDP)	15.4	13.7	..	14	11.4	..	12	11.6	11
Memorandum items:									
Household saving ratio (level)	4.5	7.1	6.5	5 1/2	6.4	6.6	5	7.3	5
Money market rate (level) ⁵	7.2	6.9	7.0	..	6.5	6.7	..	6.3	..
Lending rate, banks (level) ⁶	8.9	8.5	..	..	8.1	..	..	7.8	..
Crude oil price NOK (level) ⁷	220.1	196.6	..	..	178.5	..	..	179.9	..
Export markets indicator	0.3	0.8	..	..	7.0	..	..	7.3	..
Importweighted krone exchange rate (44 countries) ^{5,8}	-3.1	-8.4	..	-9	-2.1	..	-3 1/2	2.9	0

¹ Forecasts from Norges Bank are including stockbuilding.² Forecasts from Ministry of Finance and Norges Bank are including service activities incidental to extraction.³ Consumption in households and non-profit organizations + general government consumption + gross fixed capital formation in Mainland Norway.⁴ Change in stockbuilding. Per cent of GDP.⁵ NB technically assumes its rates to be constant through the forecast period.⁶ Households' borrowing rate in private financial institutions.⁷ Average spot price, Brent Blend.⁸ Increasing index implies depreciation.

Sources: Statistics Norway (SN), Ministry of Finance, St.meld. nr 1 2002-2003 (MoF), Norges Bank, Inflasjonsrapport 3/2002 (NB).

market without substantial sectoral, geographic, demographic, occupational or education-related differences may nevertheless suggest that the Norwegian economy is being hit by a general cyclical downturn. Continued sluggish growth in production and high productivity growth will contribute to a continued, noticeable increase in unemployment in both traditionally sheltered sectors and manufacturing in 2003 and 2004. As an average for 2003 and 2004, LFS unemployment is expected to rise to 4.4 and 5.0 per cent respectively.

Zero settlement in 2003?

The rise in wages per normal man-year in the public sector is set to be a little more than 6 per cent from 2001 to 2002. By way of comparison, annual wage growth for manufacturing workers will be slightly more than 4 per cent, one percentage point below the level thought to be the case just after the spring wage settlement. Salaried employees in manufacturing are likely to record wage growth that is 0.5 percentage point higher than this. It appears that wage growth in

Effects of higher electricity prices

In the forecasts presented in this report, we have based projections for electricity prices on forward prices at 10 December. Contracts for the first and second quarter indicate electricity prices for households of about 65 øre in the first quarter and a little more than 40 øre in the second quarter. We have, however, adjusted these figures down and assumed an electricity price for households of 60 øre in the first quarter of 2003 and 40 øre in the second quarter, which correspond to an overall price of about NOK 1.10 per kWh in the first quarter and 86 øre in the second quarter, when all taxes and grid rent have been included. Compared with the first half of 2002, this will then entail an increase of about 45 øre in the first quarter and 30 øre in the second quarter. Measured in per cent, the increase will be 70 and 50 per cent respectively. In the third quarter, we have an increase in electricity prices of 15 per cent, but it is only 2 per cent in the second quarter.

With the help of Statistics Norway's macroeconomic model KVARTS, we have estimated the effect of the rise in electricity prices from 2002 to 2003. The combined effect on CPI inflation is estimated at 2.5, 2.2, 1.0 and 0.3 in the four quarters of next year. Electricity has a weight of 3.3 per cent in the CPI. The direct effect on CPI inflation of the projected increases in electricity prices from 2002 to 2003 is thus 2.3 percentage points in the first quarter, 1.7 percentage points in the second quarter and 0.5 percentage point in the third quarter. In addition to the direct CPI effect from households' electricity consumption, there are indirect ef-

fects that reach their maximum level in the second and third quarter at 0.5 percentage point. The indirect effects come first via electricity as an input in all sectors of the economy, which results in a general rise in costs that is gradually passed on to buyers. Wage growth will be somewhat higher because employees are to some extent compensated for the higher prices. On the other hand, pressures in the labour market and the rest of the economy are reduced through the dampening effect resulting in part from the reduction in household real disposable income. All these price and income impulses give rise to a change in the use of inputs and the composition and magnitude of demand, which in turn spills back to prices.

In the calculations, price levels in the electricity market return to the baseline scenario from the first quarter of 2004. Year-on-year consumer price inflation will naturally be influenced in 2004 to a large extent, but then with the opposite sign, with the rise in electricity prices sharply negative. At an annual rate, price inflation is reduced by 1.3 percentage points in 2004 after rising by 1.5 percentage points in 2003. As a result of the lag for indirect effects, the rise in prices is not entirely reversed in 2004.

In the CPI-ATE, the direct effects from changes in electricity prices are removed, while the indirect effects also influence this index. According to our calculations, CPI-ATE inflation increases by 0.4 percentage point in 2003 and is reduced by 0.2 percentage point in 2004 as a result of the projected rise in electricity prices from 2002 to 2003.

Effects of projected rise in electricity prices on inflation from 2002 to 2003

Effects as deviations from the baseline scenario in percentage points

	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4
Electricity price for households	70.0	50.0	15.0	2.0	0.0	0.0	0.0	0.0
Rise in consumer prices from same quarter previous year	2.5	2.2	1.0	0.3	-2.4	-2.0	-0.8	-0.1
Rise in CPI-ATE	0.2	0.5	0.5	0.2	-0.1	-0.4	-0.4	-0.1

private services will end up somewhere between the level in manufacturing and in the public sector. All in all, growth in wages per normal man-year is set to be 5.4 per cent.

If we disregard the settlement in 2000 for school employees, annual wage growth in the public sector has not been higher than in the private sector since 1989. While non-contractual pay increases account for a large share of wage growth in the private sector, wage drift is very limited in central and local government. When wage drift in private enterprises is higher than assumed in the wage negotiations, this has not been compensated for in settlements in the public sector the following year. This has widened the pay gap between the public and private sector. Employee organizations gained considerable understanding for this problem in both the Holden and Stabel committees, and the stage was therefore set for considerable compensation for the lag in the public sector in this year's wage negotiations.

There appears to be considerable rigidity in wage determination. An analysis in *Economic Survey 4/2001* shows that wage growth this year, and for several years ahead, must be viewed in connection with the decline in unemployment from 1993 to 1998 when unemployment troughed. The increase in unemployment since then, and in 2003 and in 2004, will in the same way have the opposite effect and reduce wage growth in the years ahead. For 2003 and 2004, wage growth is estimated at 4.4 and 4.2 per cent respectively. There will be a considerable wage carry-over from 2002 and into 2003. In addition, some pay increases in 2003 have already been negotiated. If we further assume some wage drift, our projection for wage growth in 2003 entails a virtual zero settlement for many groups next year. On the other hand, considerable contractual pay increases have been assumed in the projection for wage growth in 2004. This is because a main settlement will take place that year and the modest pay increases in 2003 will result in a low carry-over into 2004, and hence provide greater scope for contractual pay increases.

Price developments – electricity price results in wide variations

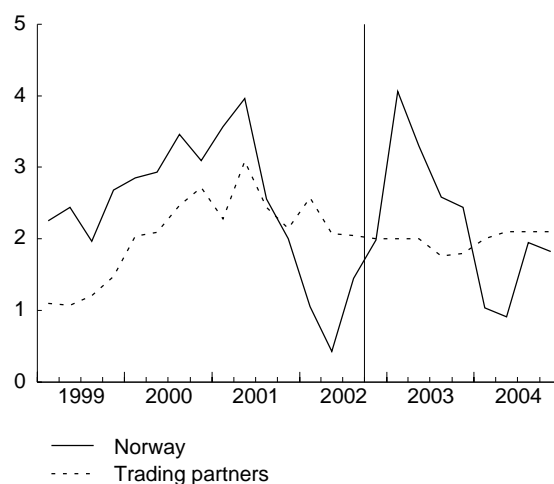
The year-on-year rise in the consumer price index (CPI) has been around 1.5 per cent since the summer, but developments in electricity prices have contributed to a rise over the last three months. In November, the rate of increase was 2.1 per cent, and it will be higher. According to our calculations, consumer price inflation may be more than 4 per cent at the beginning of 2003. The rise in the CPI is projected at 3.1 per cent on an annual basis in 2003. A normalization of electricity prices later in 2003 and into 2004 as well as the introduction of a minimum rate for day-care places in 2004 will contribute to very low inflation in 2004, estimated at 1.4 per cent.

When we exclude energy prices and tax changes (CPI-ATE), the rate of inflation was around or a little above 2.5 per cent in the two-year period August 2000 to July 2002. In the subsequent four months, this measure of underlying inflation was reduced and in November slowed to 2.0 per cent. For a few years, and particularly this year, an important driving force behind price developments has been the appreciation of the krone. The full effect of the krone appreciation has probably not yet been reflected in the CPI. Some of the appreciation has probably benefited foreign exporters in the form of higher prices than would otherwise have been the case. It must also be assumed that low import prices have contributed to an increase in margins for Norwegian importers – with prices for Norwegian households being reduced less than the level implied by lower import prices. Normal market mechanisms will gradually contribute to an elimination of these gains for the business sector, which may point to subdued price inflation for a period ahead even if the krone depreciates somewhat. In the calculations, it is assumed that the import-weighted krone exchange rate depreciates over the coming two years by altogether 6 per cent from the level prevailing in the first week of December. After some time, this depreciation will in isolation contribute to higher inflation in Norway.

House rents showed a steadily rising rate of increase from February to July, but the increase has slowed thereafter. Imputed house rents, which account for the highest share of house rents, showed a rise of 1.8 percentage points to July, but have since fallen by 1.1 percentage points to November. In November, the rate of increase was 4.4 per cent, and house rents are thus still pushing up inflation. Over the past few months, however, the contribution from this component has been reduced, and has led to a decline in underlying inflation (CPI-ATE). The projected decline in interest rates next year will also contribute to a slower rise in house rents in the period ahead. Lower wage growth, spurred by weak profitability in internationally exposed enterprises, and rising unemployment will also help to curb inflation.

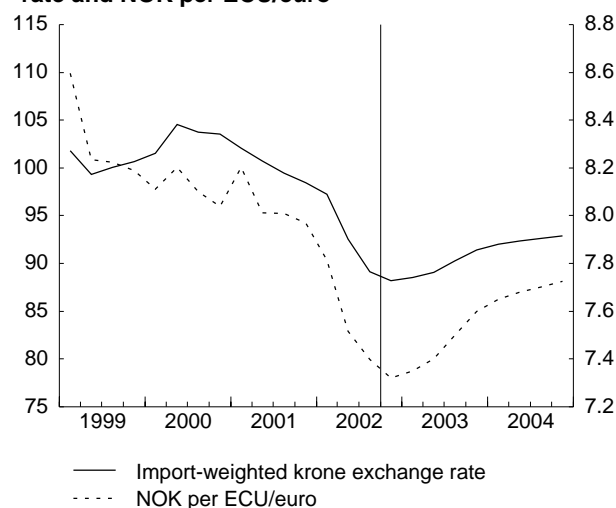
Consumer price indices

Percentage growth from the same quarter previous year



Sources: Statistics Norway and Norges Bank.

Development in import-weighted krone exchange rate and NOK per ECU/euro



Sources: Norges Bank.

High electricity prices are assumed to be a relatively short-lived phenomenon, which to a large extent will disappear with the spring flood. With a further normalization of electricity prices through the second half of 2003, the rate of inflation may be very subdued at the beginning of 2004. The calculations are based on the assumption that electricity prices reach almost the same level as indicated by forward prices in the second week of December.

Balance of payments – large but declining surpluses

It now appears that the surplus on the current account may be about NOK 207 billion in 2002, equivalent to 13.7 per cent of nominal GDP. The surplus is nearly NOK 30 billion lower than in 2001. This primarily reflects a terms-of-trade loss since export prices, and

particularly oil prices, have fallen more than import prices. We project that oil prices, measured in krone terms, will continue to fall from 2002 to 2003, which means that next year we will again record a terms-of-trade loss of approximately the same magnitude as in 2002. Moreover, growth in imports is expected to be higher than growth in exports next year. This is partly due to assumptions concerning petroleum exports, but also reflects the effects of deteriorating competitiveness. All in all, the surplus on the current account is estimated at about NOK 175 billion in 2003, equivalent to 11.4 per cent of nominal GDP. Our oil price projection entails a further terms-of-trade deterioration in 2004, but then the improvement in the interest and transfers balance will offset this so that the current account surplus is estimated to increase marginally and slightly more as a percentage of GDP. Our projections imply that for the first time in 50 years Norway might record a surplus on the interest and transfers balance. The last time this occurred was in the years Norway received considerable Marshall aid.

National accounts: Final expenditure and gross domestic product

At fixed 1999 prices. Million kroner

	Unadjusted		Seasonally adjusted							
	2000	2001	00.4	01.1	01.2	01.3	01.4	02.1	02.2	02.3
Final consumption exp. of housh. and NPISHs	604 894	619 828	151 162	153 656	154 421	155 854	155 707	158 401	159 308	160 057
Household final consumption expenditure	579 806	594 720	144 894	147 274	148 117	149 551	149 582	151 905	152 870	153 664
Goods	323 787	331 261	80 328	82 307	82 029	82 464	84 300	85 416	85 191	84 761
Services	247 270	254 712	62 152	62 533	63 751	64 857	63 591	64 240	64 880	65 852
Direct purchases abroad by resident househ.	26 089	26 065	6 546	6 714	6 584	6 579	6 146	6 396	7 152	7 174
Direct purchases by non-residents	-17 340	-17 317	-4 132	-4 280	-4 246	-4 349	-4 454	-4 147	-4 353	-4 123
Final consumption exp. of NPISHs	25 088	25 108	6 269	6 382	6 304	6 303	6 125	6 495	6 438	6 393
Final consump. exp. of general government	266 777	272 176	66 450	67 799	67 724	68 402	68 252	69 678	69 832	70 337
Final consump. exp. of central government	105 948	107 664	26 317	26 996	26 824	26 825	27 010	36 933	36 952	37 134
Central government, civilian	81 256	83 875	20 246	20 994	20 900	20 957	21 019	31 151	31 046	31 331
Central government, defence	24 692	23 789	6 072	6 002	5 923	5 868	5 991	5 782	5 905	5 802
Final consump. exp. of local government	160 829	164 513	40 133	40 803	40 900	41 577	41 242	32 745	32 880	33 203
Gross fixed capital formation	267 774	255 527	63 312	66 628	64 234	62 066	62 349	60 245	64 933	61 134
Extraction and transport via pipelines	47 929	51 362	11 094	12 288	11 968	12 941	14 131	12 417	11 640	12 274
Service activities incidental to extraction	6 573	-897	470	253	1 034	295	-2 479	94	4 431	265
Ocean transport	16 298	8 672	1 917	4 112	1 283	679	2 597	608	1 302	1 574
Mainland Norway	196 974	196 390	49 832	49 975	49 948	48 151	48 101	47 126	47 560	47 021
Mainland Norway excl. general government	158 114	159 189	39 962	40 223	40 962	39 060	38 667	37 405	37 669	37 309
Manufacturing and mining	19 620	22 457	4 534	4 822	5 734	5 827	5 951	5 255	6 389	6 781
Production of other goods	15 832	15 601	3 722	3 973	3 723	3 899	3 903	3 794	4 087	4 131
Dwellings	47 830	50 288	12 257	12 314	12 471	12 770	12 721	12 339	12 187	11 646
Other services	74 832	70 842	19 448	19 114	19 034	16 564	16 092	16 017	15 007	14 752
General government	38 860	37 201	9 870	9 752	8 986	9 090	9 433	9 721	9 892	9 712
Changes in stocks and stat. discrepancies	29 300	18 583	7 704	4 213	7 236	3 915	4 153	5 362	2 688	2 329
Gross capital formation	297 074	274 110	71 017	70 841	71 470	65 981	66 502	65 607	67 621	63 463
Final domestic use of goods and services	1168745	1166114	288 629	292 297	293 615	290 237	290 462	293 686	296 761	293 858
Final demand from Mainland Norway	1068645	1088395	267 444	271 431	272 093	272 406	272 060	275 205	276 700	277 416
Final demand from general government	305 637	309 377	76 320	77 551	76 710	77 492	77 686	79 399	79 723	80 049
Total exports	500 366	521 299	128 744	128 630	126 872	131 323	134 614	127 729	133 048	130 659
Traditional goods	188 774	196 328	47 893	49 092	49 480	47 283	50 476	50 175	50 762	51 361
Crude oil and natural gas	169 668	178 502	42 826	44 039	41 821	46 711	46 027	42 342	46 904	45 210
Ships and oil platforms	8 892	14 178	2 892	2 399	2 864	3 867	5 049	3 027	2 917	1 464
Services	133 032	132 291	35 132	33 100	32 708	33 463	33 062	32 186	32 466	32 623
Total use of goods and services	1669111	1687413	417 373	420 927	420 487	421 560	425 076	421 415	429 809	424 516
Total imports	406 472	406 535	99 583	102 144	101 914	99 899	102 392	99 406	104 486	99 952
Traditional goods	260 826	271 200	65 531	67 079	68 910	66 666	68 438	69 227	68 414	68 064
Crude oil	1 009	1 034	408	233	224	194	382	103	132	204
Ships and oil platforms	22 592	12 112	2 384	3 907	1 753	2 928	3 524	670	5 399	1 230
Services	122 045	122 188	31 260	30 924	31 027	30 111	30 047	29 406	30 541	30 453
Gross domestic product	1262638	1280878	317 790	318 783	318 573	321 661	322 684	322 009	325 322	324 565
Mainland Norway (market prices)	1055393	1068415	265 295	266 921	266 437	266 972	268 897	270 380	269 736	272 006
Petroleum activities and ocean transport	207 245	212 464	52 495	51 862	52 136	54 689	53 787	51 629	55 587	52 559
Mainland Norway (basic prices)	915 769	930 088	230 223	232 188	231 674	232 269	234 368	236 100	235 573	237 416
Mainland Norway excl. general government	711 897	723 906	179 223	180 716	180 280	180 530	182 751	183 833	183 320	185 029
Manufacturing and mining	134 200	132 701	33 278	33 358	33 220	32 876	33 166	32 852	33 312	32 974
Production of other goods	102 805	98 808	25 084	25 200	24 258	23 839	25 072	24 808	25 105	25 541
Service industries	474 893	492 397	120 862	122 158	122 801	123 816	124 514	126 174	124 903	126 514
General government	203 871	206 182	51 000	51 472	51 394	51 739	51 617	52 267	52 253	52 387
Correction items	139 624	138 326	35 071	34 733	34 762	34 704	34 529	34 280	34 162	34 590

Source: Statistics Norway.

National accounts: Final expenditure and gross domestic product

At fixed 1999-prices. Percentage volume change from previous period

	Unadjusted		Seasonally adjusted							
	2000	2001	00.4	01.1	01.2	01.3	01.4	02.1	02.2	02.3
Final consumption exp. of housh. and NPISHs	3.5	2.5	-0.2	1.7	0.5	0.9	-0.1	1.7	0.6	0.5
Household final consumption expenditure	3.6	2.6	-0.3	1.6	0.6	1.0	0.0	1.6	0.6	0.5
Goods	3.3	2.3	-0.4	2.5	-0.3	0.5	2.2	1.3	-0.3	-0.5
Services	3.5	3.0	-0.7	0.6	1.9	1.7	-2.0	1.0	1.0	1.5
Direct purchases abroad by resident househ.	0.7	-0.1	1.2	2.6	-1.9	-0.1	-6.6	4.1	11.8	0.3
Direct purchases by non-residents	-7.6	-0.1	-6.1	3.6	-0.8	2.4	2.4	-6.9	5.0	-5.3
Final consumption exp. of NPISHs	1.2	0.1	0.9	1.8	-1.2	0.0	-2.8	6.0	-0.9	-0.7
Final consump. exp. of general government	1.2	2.0	-1.0	2.0	-0.1	1.0	-0.2	2.1	0.2	0.7
Final consump. exp. of central government	0.5	1.6	-0.4	2.6	-0.6	0.0	0.7	36.7	0.1	0.5
Central government, civilian	3.2	3.2	-0.2	3.7	-0.4	0.3	0.3	48.2	-0.3	0.9
Central government, defence	-7.4	-3.7	-0.8	-1.2	-1.3	-0.9	2.1	-3.5	2.1	-1.7
Final consump. exp. of local government	1.6	2.3	-1.4	1.7	0.2	1.7	-0.8	-20.6	0.4	1.0
Gross fixed capital formation	-1.5	-4.6	-1.2	5.2	-3.6	-3.4	0.5	-3.4	7.8	-5.9
Extraction and transport via pipelines	-31.6	7.2	-5.5	10.8	-2.6	8.1	9.2	-12.1	-6.3	5.4
Service activities incidental to extraction	..	..	..	..	..	..	..	..	..	..
Ocean transport	23.8	-46.8	-40.6	114.5	-68.8	-47.1	282.2	-76.6	114.2	20.9
Mainland Norway	3.4	-0.3	2.4	0.3	-0.1	-3.6	-0.1	-2.0	0.9	-1.1
Mainland Norway excl. general government	6.7	0.7	2.4	0.7	1.8	-4.6	-1.0	-3.3	0.7	-1.0
Manufacturing and mining	-3.4	14.5	-10.0	6.4	18.9	1.6	2.1	-11.7	21.6	6.1
Production of other goods	1.0	-1.5	-3.9	6.7	-6.3	4.7	0.1	-2.8	7.7	1.1
Dwellings	11.0	5.1	2.7	0.5	1.3	2.4	-0.4	-3.0	-1.2	-4.4
Other services	8.3	-5.3	7.0	-1.7	-0.4	-13	-2.9	-0.5	-6.3	-1.7
General government	-8.1	-4.3	2.4	-1.2	-7.9	1.2	3.8	3.0	1.8	-1.8
Changes in stocks and stat. discrepancies	41.3	-36.6	-5.8	-45.3	71.8	-45.9	6.1	29.1	-49.9	-13.4
Gross capital formation	1.5	-7.7	-1.7	-0.2	0.9	-7.7	0.8	-1.3	3.1	-6.1
Final domestic use of goods and services	2.5	-0.2	-0.8	1.3	0.5	-1.2	0.1	1.1	1.0	-1.0
Final demand from Mainland Norway	2.9	1.8	0.1	1.5	0.2	0.1	-0.1	1.2	0.5	0.3
Final demand from general government	-0.1	1.2	-0.6	1.6	-1.1	1.0	0.3	2.2	0.4	0.4
Total exports	2.9	4.2	3.2	-0.1	-1.4	3.5	2.5	-5.1	4.2	-1.8
Traditional goods	1.7	4.0	1.8	2.5	0.8	-4.4	6.8	-0.6	1.2	1.2
Crude oil and natural gas	6.6	5.2	-0.3	2.8	-5.0	11.7	-1.5	-8.0	10.8	-3.6
Ships and oil platforms	-38.9	59.4	-5.7	-17.1	19.4	35.0	30.6	-40.1	-3.6	-49.8
Services	4.9	-0.6	11.1	-5.8	-1.2	2.3	-1.2	-2.7	0.9	0.5
Total use of goods and services	2.6	1.1	0.4	0.9	-0.1	0.3	0.8	-0.9	2.0	-1.2
Total imports	3.2	0.0	-1.2	2.6	-0.2	-2.0	2.5	-2.9	5.1	-4.3
Traditional goods	2.6	4.0	-1.0	2.4	2.7	-3.3	2.7	1.2	-1.2	-0.5
Crude oil	-51.4	2.5	-0.2	-42.8	-3.8	-13.7	97.4	-73.1	28.3	54.9
Ships and oil platforms	13.0	-46.4	-47.8	63.9	-55.1	67.1	20.4	-81	706.2	-77.2
Services	3.9	0.1	5.6	-1.1	0.3	-3.0	-0.2	-2.1	3.9	-0.3
Gross domestic product	2.4	1.4	0.9	0.3	-0.1	1.0	0.3	-0.2	1.0	-0.2
Mainland Norway (market prices)	1.9	1.2	0.7	0.6	-0.2	0.2	0.7	0.6	-0.2	0.8
Petroleum activities and ocean transport	4.9	2.5	2.1	-1.2	0.5	4.9	-1.6	-4.0	7.7	-5.4
Mainland Norway (basic prices)	2.0	1.6	0.7	0.9	-0.2	0.3	0.9	0.7	-0.2	0.8
Mainland Norway excl. general government	2.4	1.7	1	0.8	-0.2	0.1	1.2	0.6	-0.3	0.9
Manufacturing and mining	-2.9	-1.1	-0.7	0.2	-0.4	-1.0	0.9	-0.9	1.4	-1.0
Production of other goods	5.0	-3.9	-3.1	0.5	-3.7	-1.7	5.2	-1.1	1.2	1.7
Service industries	3.5	3.7	2.4	1.1	0.5	0.8	0.6	1.3	-1.0	1.3
General government	0.5	1.1	-0.4	0.9	-0.2	0.7	-0.2	1.3	0.0	0.3
Correction items	1.4	-0.9	0.9	-1.0	0.1	-0.2	-0.5	-0.7	-0.3	1.3

Source: Statistics Norway.

National accounts: Final expenditure and gross domestic product

Price indices. 1999=100

	Unadjusted		Seasonally adjusted							
	2000	2001	00.4	01.1	01.2	01.3	01.4	02.1	02.2	02.3
Final consumption exp. of households and NPISHs	103.3	105.1	105.2	104.6	105.9	104.7	105.6	105.4	105.2	106.2
Final consumption exp. of general government	105.0	112.5	108.0	110.4	111.8	112.6	115.4	113.8	115.7	117.4
Gross fixed capital formation	105.9	109.6	108.5	109.8	110.1	109.7	109.0	108.1	107.4	106.9
Mainland Norway	104.4	107.6	105.3	108.5	108.1	107.6	106.6	106.9	106.2	106.9
Final domestic use of goods and services	104.3	107.5	105.8	107.7	107.9	106.3	108.6	108.4	108.1	109.1
Final demand from Mainland Norway	103.9	107.4	105.9	106.8	107.8	107.2	108.3	107.8	108.0	109.1
Total exports	137.2	134.1	146.0	141.2	141.9	133.3	120.9	124.9	126.8	119.0
Traditional goods	113.5	110.0	117.0	113.1	112.4	108.8	105.1	103.1	100.1	97.4
Total use of goods and services	114.1	115.7	118.2	117.9	118.1	114.7	112.5	113.4	113.9	112.2
Total imports	108.2	108.7	111.2	111.9	110.1	107.4	105.9	105.0	103.3	102.8
Traditional goods	104.8	105.2	107.1	109.2	107.1	103.4	101.9	99.8	97.1	97.8
Gross domestic product	116.0	118.0	120.4	119.8	120.7	117.0	114.6	116.0	117.3	115.1
Mainland Norway (market prices)	104.4	107.8	106.0	106.8	108.1	107.2	109.2	108.6	110.1	110.2

Source: Statistics Norway.

National accounts: Final expenditure and gross domestic product

Price indices. Percentage volume change from previous period

	Unadjusted		Seasonally adjusted							
	2000	2001	00.4	01.1	01.2	01.3	01.4	02.1	02.2	02.3
Final consumption exp. of households and NPISHs	3,3	1,8	1,1	-0,5	1,3	-1,1	0,9	-0,2	-0,3	0,9
Final consumption exp. of general government	5	7,1	2,5	2,2	1,2	0,7	2,5	-1,4	1,6	1,5
Gross fixed capital formation	5,9	3,5	1,5	1,1	0,3	-0,4	-0,7	-0,8	-0,7	-0,4
Mainland Norway	4,4	3,1	0,2	3	-0,4	-0,5	-0,9	0,2	-0,6	0,6
Final domestic use of goods and services	4,3	3,1	1	1,8	0,2	-1,4	2,2	-0,2	-0,2	0,9
Final demand from Mainland Norway	3,9	3,4	1,3	0,8	0,9	-0,5	1	-0,4	0,2	1
Total exports	37,2	-2,3	3,1	-3,3	0,5	-6	-9,3	3,3	1,5	-6,1
Traditional goods	13,5	-3,1	1,4	-3,4	-0,6	-3,2	-3,4	-1,9	-2,9	-2,7
Total use of goods and services	14,1	1,4	2	-0,2	0,2	-2,9	-1,9	0,8	0,4	-1,5
Total imports	8,2	0,4	1,5	0,6	-1,6	-2,4	-1,4	-0,8	-1,6	-0,5
Traditional goods	4,8	0,4	1,8	2	-2	-3,4	-1,5	-2	-2,7	0,7
Gross domestic product	16	1,7	2,2	-0,4	0,7	-3,1	-2	1,2	1,1	-1,9
Mainland Norway (market prices)	4,4	3,3	0,8	0,8	1,2	-0,8	1,9	-0,6	1,4	0,1

Source: Statistics Norway.

Technical comments on the quarterly figures

Quarterly calculations: The calculations are made on a less detailed level than the calculations for the annual national accounts, and are based on more simplified procedures.

Base year and chain linking of the data: In the quarterly national accounts (QNA) all volume measures are currently calculated at constant 1999 prices using weights from that year. The choice of base year influences the constant price figures and thus the annual rates of change in volume (growth rates). For the sake of comparison, all tables present growth rates with 1999 as the base year (common year of recalculation). The recalculation of prices is carried out at the sectoral level of the quarterly national accounts.