

Cyclical developments in Norway

Preliminary quarterly national accounts (QNA) figures show that total GDP increased by 2.9 per cent between 2003 and 2004, while mainland GDP expanded by 3.5 per cent. Such high growth rates have not been recorded for the Norwegian economy since the business cycle peak in 1997/1998. Inflation remains very low, and consumer price (CPI) inflation has not been lower for many decades. Growth in the number of man-hours worked has picked up, but unemployment has only shown a small decline as a result of an increase in the number of man-hours per person worked. Partly thanks to high oil prices, the current

account is still running large surpluses in spite of very high import growth.

The cyclical recovery in the Norwegian economy has now continued since summer 2003, and the economy is now in an expansionary phase. The preceding cyclical downturn was partly attributable to a tight monetary policy and a decline in petroleum investment. Changes in these two areas have also had a considerable impact on the cyclical recovery. The shift in monetary policy from the beginning of 2002 and up to the beginning of 2004 has contributed to strong growth in

Macroeconomic indicators 2002-2004. Growth from previous period unless otherwise noted. Per cent

	2003	2004	Seasonally adjusted			
			04.1	04.2	04.3	04.4
Demand and output						
Consumption in households and non-profit organizations	3.0	4.3	1.7	0.1	0.9	1.5
General government consumption	1.4	2.0	0.9	0.8	0.0	0.2
Gross fixed investment	-2.0	8.9	9.6	1.6	4.6	7.8
Mainland Norway	-2.2	6.2	1.1	2.0	4.4	5.9
Extraction and transport via pipelines	16.9	11.5	7.4	2.1	3.3	7.2
Service activities incidental to extraction	..	..	..	..	..	..
Final domestic demand from Mainland Norway ¹	1.6	4.0	1.4	0.6	1.2	1.9
Exports	1.6	1.3	-1.2	-0.6	-1.0	-0.2
Crude oil and natural gas	-0.6	0.9	5.8	-1.9	-3.4	-2.8
Traditional goods	5.1	3.0	-1.8	-1.5	5.4	2.9
Imports	2.2	9.0	3.9	1.7	2.9	2.9
Traditional goods	4.3	11.1	4.5	3.6	3.5	-0.1
Gross domestic product	0.4	2.9	1.1	1.1	-0.8	1.5
Mainland Norway	0.7	3.5	0.8	0.9	1.0	1.3
Labour market						
Man-hours worked	-1.2	2.1	1.4	0.4	0.7	0.3
Employed persons	-0.6	0.2	-0.2	0.4	0.2	-0.1
Labour force ²	0.0	0.2	-0.4	0.6	0.2	-0.1
Unemployment rate, level ³	4.5	4.5	4.3	4.5	4.5	4.4
Prices and wages						
Wages per standard man-year ⁴	3.9	3.8	3.0	3.8	4.1	4.3
Consumer price index (CPI) ⁴	2.5	0.4	-1.4	0.9	1.2	1.2
CPI adjusted for tax changes and excluding energy products (CPI-ATE) ⁴	1.1	0.3	0.1	0.2	0.3	0.8
Export prices, traditional goods	-2.2	8.0	5.2	-1.2	2.6	0.9
Import prices, traditional goods	0.4	3.7	1.0	0.2	0.2	0.2
Balance of payment						
Current balance, bill. NOK	200.3	231.2	53.5	49.7	62.3	65.8
Memorandum items (unadjusted level)						
Money market rate (3 month NIBOR)	4.1	2.0	2.0	2.0	2.0	2.0
Lending rate, banks ⁵	6.1	4.2	4.3	4.1	4.1	4.0
Crude oil price NOK ⁶	204.7	257.3	221.0	242.5	283.1	280.0
Importweighted krone exchange rate, 44 countries, 1995=100	92.8	95.6	98.2	94.9	96.1	93.1
NOK per euro	8.00	8.37	8.63	8.26	8.39	8.20

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

² Unemployed (Labour Force Survey) and employment (NA) excl. maritime personnel in ocean transport.

³ According to Statistics Norway's Labour Force Survey (LFS).

⁴ Percentage change from the same period the previous year.

⁵ At the end of the period.

⁶ Average spot price, Brent Blend.

Sources: Statistics Norway and Norges Bank.

household consumption and housing investment. The turnaround in petroleum investment, which occurred somewhat earlier in 2002, also made a substantial contribution to the cyclical upswing in 2003 and growth in 2004. Combined with a continued moderate upturn in the international economy, this also led to a marked pick-up in manufacturing output in 2004, following the sharp fall in the latter part of 2002 and into 2003. Both the shift in the monetary policy stance and higher petroleum investment contributed to making the recession that is now behind us one of the most moderate we have seen since the 1970s.

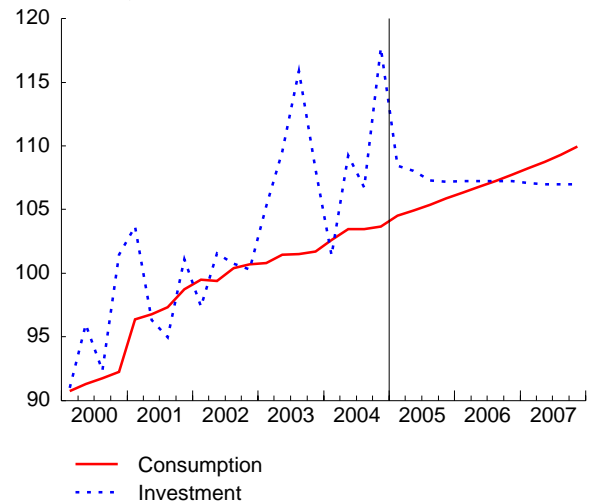
The cyclical upturn is expected to continue to the end of the year and to peak at the around the beginning of 2006. Continued strong growth in petroleum investment, moderate growth in the world economy and an expansionary monetary policy are the main factors behind this. Our projections show that economic growth in 2005 may be somewhat stronger than in 2004. With continued high growth in 2005, employment will increase and unemployment decline, but not to the extent that there will be clear signs of pressures in the labour market. According to our calculations, inflation will move up from the record-low level in 2004, but will not reach the inflation target during the projection period.

Our projections are based on an approximately unchanged use of petroleum revenues in spite of expectations of high oil prices ahead. Petroleum investment is expected to reach a peak one year ahead and will not show a further rise through 2006. Moreover, the world economy is assumed to show a cyclical downturn next year as a result of an expected slowdown in growth in the US already in the latter half of this year. These assumptions imply that even with a continued expansionary monetary policy growth will slow during 2006. With an assumed fall in petroleum investment in 2007, a downturn will start that year and the expansion will thus become more moderate.

However, if the expansion continues in the US over a few more years – which would be unusual – and growth in Europe also picks up, monetary policy will be tightened internationally. Norwegian interest rates are then also likely to be raised to level closer to the average for the past 10 years. Factors specific to the Norwegian economy, such as a further rise in petroleum investment or a more expansionary fiscal policy may further amplify the upturn. In that case, inflation may increase to the extent that Norges Bank will have to increase interest rates to dampen the upturn.

Our analyses show that swings in petroleum investment are an important explanatory factor behind cyclical developments in the Norwegian economy since 2000. This illustrates how sensitive the Norwegian economy remains to a highly volatile variable that has proved difficult to anticipate.

General government
Seasonally adjusted volume indices, 2002=100



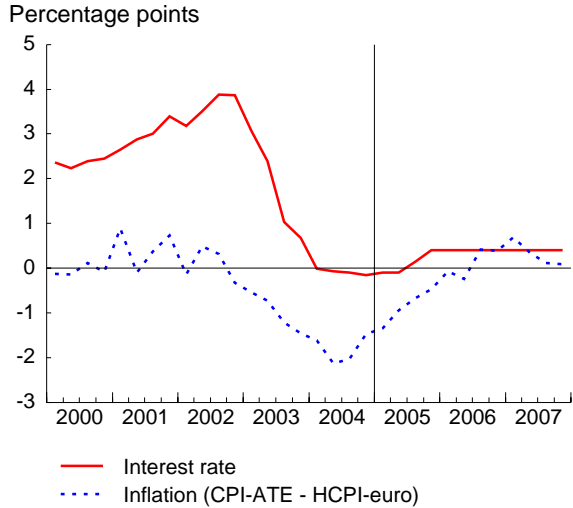
Source: Statistics Norway.

Fiscal policy – moderate impulses

Preliminary QNA figures show that general government consumption increased by 2.0 per cent between 2003 and 2004. Central government consumption grew by almost 3 per cent and local government consumption by 1 per cent. According to preliminary figures, general government gross investment declined somewhat between 2003 and 2004, following a sharp increase in the previous year. The number of employed in the public sector remained unchanged between 2003 and 2004. As a result, growth in demand for goods and services in the public sector was fairly moderate. Growth in transfers to households showed lower growth in 2004 than in the previous year. The decline in sickness absence and a levelling off in unemployment, which affect unemployment benefit payments, contributed to this. The indirect tax programme for 2004 had a mild contractionary impact because of the increase in tobacco taxes, but this was partly offset by the introduction of VAT with low rates for transport services that were not liable to VAT earlier, while at the same time providing for deductions for ingoing VAT. This change in VAT contributed in isolation to reducing indirect tax revenues.

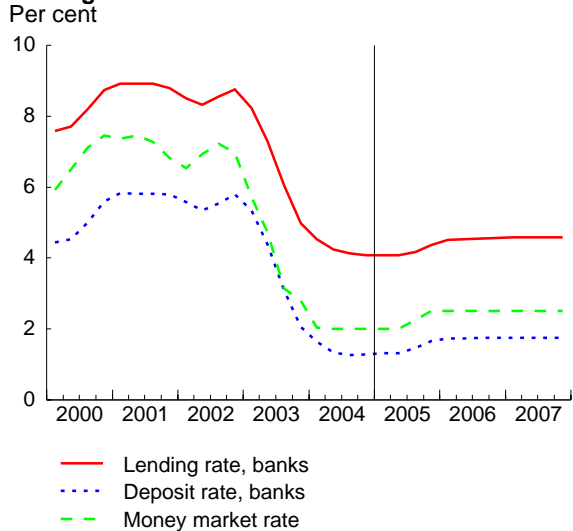
For 2005, we have applied the same estimates for general government consumption and investment as in the previous report. This is in line with budget compromise in the Storting (Norwegian parliament) before Christmas. Growth in public sector demand will continue to be weak. Changes in VAT rates (a general increase from 24 to 25 per cent and a reduction in VAT on food from 12 to 11 per cent) have been incorporated. In addition, a number of special excise duties will change in 2005, but overall these rate changes will only have a marginal impact. Changes in the rules on direct taxes for households have been incorporated and these changes provide some tax relief that increases household disposable income.

Interest rate and inflation differential between NOK and the euro



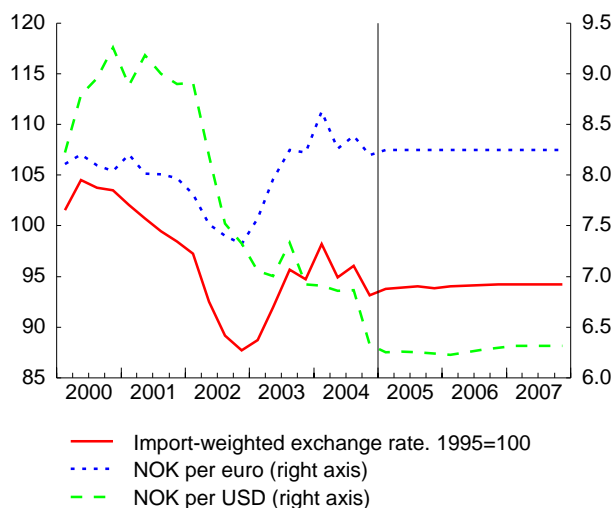
Sources: Norges Bank and Statistics Norway.

Norwegian interest rates



Source: Norges Bank.

Exchange rates



Source: Norges Bank.

For 2006 and 2007, we have largely applied previous estimates for direct and indirect tax rates, i.e. based on the rules for 2005. These estimates are based on inflation-adjusted specific taxes and income-adjusted income tax rates and thresholds. However, there is an important exception to this. The expected introduction of dividend tax in 2006 is probably already affecting dividend payments to households. The tax revenue that the dividend tax will generate in 2006 is primarily used to reduce other direct household taxes. Growth in general government purchases of goods and services is assumed to be more or less on a par with preceding years, while the level of gross investment remains virtually unchanged. In conjunction with a pronounced rise in oil prices, our projections imply that the structural, non-oil deficit may reach the norm set out in the fiscal rule around 2008 rather than in 2009 as indicated in the National Budget for 2005. This implies that the increase in petroleum revenues that is now assumed – and which is higher than assumed in the National Budget for 2005 – will contribute to strengthening the budget balance in the period 2005-2007.

Modest rise in interest rates from record-low level

After a few years of sharp interest rate cuts, money market rates have hovered around 2 per cent since March 2004. The low interest rate level reflects low inflation over a longer period. Since November 2002, the 12-month rise in the CPI-ATE has not exceeded 2.0 per cent, and since June 2003 the 12-month rise has not been higher than 1.0 per cent.

Norwegian households have increased their debt sharply in recent years, partly reflecting the rise in house prices and partly the low level of interest rates. If interest rates remain low for a long period, there is a risk that households may experience debt-servicing problems should the interest rate increase markedly. The central bank governor's annual address has been widely interpreted as a signal that interest rates will be raised at an earlier stage than implied by market expectations. At the beginning of March, the money market had priced in an increase in short rates from today's level of 2 per cent to 2.75 per cent in the course of the year. Many market participants expected a further interest rate increase in 2006.

Our calculations are based on a 0.5 percentage point increase in the key interest rate in the course of autumn 2005. This is a somewhat smaller rise than implied by market expectations. In the light of our assumption of slower domestic growth as from the latter half of this year and a gradual slowing of international growth, we assume that the interest rate will not be increased to a further extent, but will remain at 2.5 per cent to the end of the projection period. Given this interest rate path, our calculations imply that

inflation will not reach the 2.5 per cent target in the course of the projection period.

GDP growth in the euro area is low, and there are no prospects of inflationary pressures. Against the background of our projection for the international economy, the interest rate level in the euro area is assumed to remain unchanged throughout the projection period. Our interest rate assumptions imply somewhat higher interest rates in Norway than in the euro area, but the interest rate differential will be not be particularly wide, and we assume that this will be consistent with an unchanged euro exchange rate of 8.25 ahead. This is in line with the euro exchange rate observed over the past half-year, which has remained within the interval 8.10-8.40. On an annual basis, this implies an appreciation of the import-weighted krone exchange rate of 1.7 per cent in 2005, and an unchanged exchange rate thereafter.

Strong growth in petroleum investment

Seasonally adjusted QNA figures show a marked increase in the volume of investment in extraction and pipeline transport since the beginning of 2002 and to the end of 2004. For 2004 as a whole, investment in on-shore installations, machinery and pipelines showed the strongest increase, while drilling activities, exploration and investment in platforms remained more or less the same as in 2003. These developments largely reflect investments relating to the Snøhvit field.

Statistics Norway's most recent investment intentions survey now indicates that investment in the petroleum industry, measured at current prices, may total NOK 88.5 billion in 2005. This represents a modest decline in relation to the previous survey. Our projections are based on a slightly higher figure, primarily because we expect a higher level of investment in fields in operation than indicated in the survey. The development of the Snøhvit, Ormen Lange and Kristin fields are expected to make the largest contribution to the high level this year, and the investment volume is now expected to be close to 24 per cent higher than in 2004. With the exception of investment in on-shore installations, an increase is expected for all types of investments. Measured at constant prices, the level of investment in 2005 is projected at about the same level as the peak year 1998 – a record that might be set to fall. In relative terms, this nevertheless makes a lower contribution to GDP. In 1998, petroleum investment accounted for close to 8.2 per cent of mainland GDP, while the figure for 2005 is estimated at 6.6 per cent. A persistently high oil price, combined with oil companies' positive response to the allocations in the last licensing round are fuelling expectations of a high investment level also in the last two years of the projection period. Petroleum investment is expected to edge down slightly in 2006, while a decline of close to 14 per cent is anticipated in 2007. The investment

volume in 2007 is still expected to remain slightly higher than implied by preliminary figures for 2004. Investment in exploration, fields in operation and field development is expected to remain at high level in 2006 and 2007, while investment in on-shore installations and pipeline transport will be phased out gradually with the completion of Snøhvit and Ormen Lange.

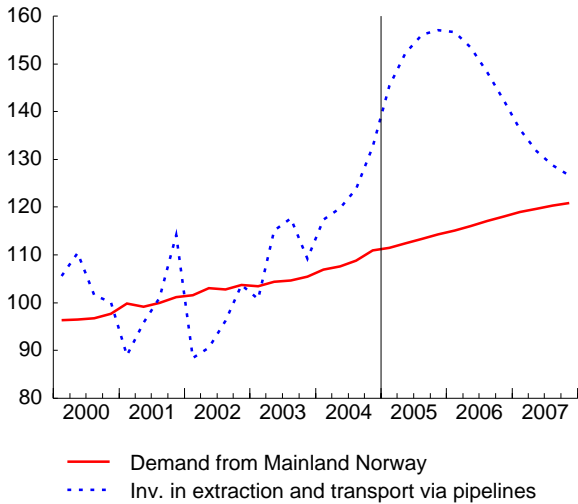
Seasonally adjusted production figures for oil and gas showed a small increase in the first half of 2004, and then fell markedly between the second to the third quarter. This must be seen in connection with the major (planned) production disruptions due to maintenance work and technical problems. Gas production was hardest hit partly owing to maintenance at the Kårstø terminal. In spite of the production problems at the Snorre platform in November and December, production picked up again in the fourth quarter. For the year as a whole, the production level was about the same in 2004 as in 2003. Oil production showed a small decline, but this was neutralized by higher gas production. Total production is projected to show an annual increase of about 3 per cent during the projection period. Gas production is expected to increase by an average of close to 13 per cent annually, while oil production will edge down from 2006.

Moderate income growth and strong growth in household consumption

According to preliminary national accounts figures, real disposable income for households and non-profit institutions increased by 4.3 per cent in 2004 compared with 4.7 per cent in the previous year. Households' wage income made the largest, positive contribution to income growth last year, owing to some increase in employment and annual wage growth in line with 2003. At the same time, net capital income made a considerable contribution to growth in real disposable income in 2004, primarily reflecting developments in dividend payments. In 2004, dividend payments to households came to an estimated NOK 64 billion, which is an increase of a good 15 per cent on the previous year when dividend payments were record high in a historical context. In 2004, dividend payments were in real terms 3 times as high as the peak level in the 1990s, which was in 1999. The unusually high dividend payments are partly ascribable to adaptations to the approved re-introduction of dividend tax in 2006. The growth contribution from income from self-employment was also relatively large, while the contribution from government transfers was more moderate. Preliminary figures show that consumption for households and non-profit institutions grew by 4.3 per cent in 2004, at constant prices. The saving ratio thus remained unchanged from the record-high level of around 10 per cent in 2003. The level of the saving ratio must be seen in the light of relatively low real interest rates and the unusually large dividend payments.

Domestic demand

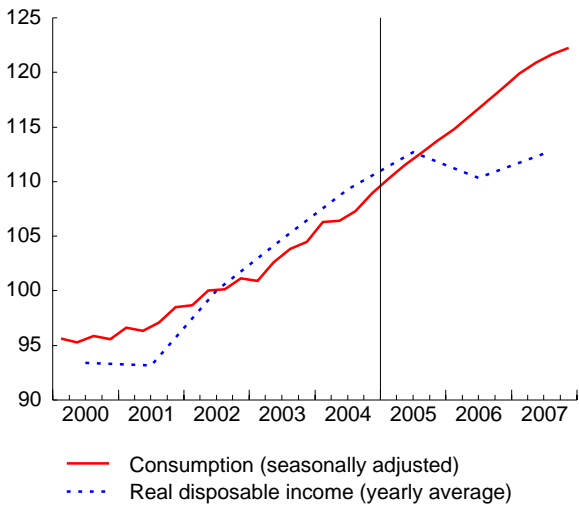
Seasonally adjusted volume indices, 2002=100



Source: Statistics Norway.

Income and consumption in households

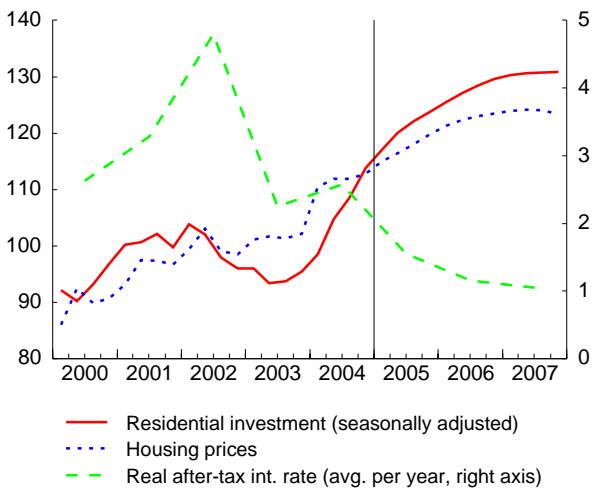
Volume indices, 2002=100



Source: Statistics Norway.

Residential market

Left axis adj. indices, 2002=100, right axis per cent



Source: Statistics Norway.

Growth in household real disposable income will slow during the projection period 2005-2007 compared with 2004, also when excluding dividend payments, in spite of somewhat stronger growth in wage income and government transfers. Weaker growth in income from self-employment and higher consumer price inflation will push down household real income growth. The forthcoming introduction of dividend tax, and adaptations to this new tax in the period to its introduction, means that the dividend estimates are highly uncertain, however. Real growth in private consumption is estimated at about 4.5 per cent in 2005 and around 4 per cent in each of the following two years. Even if growth in real disposable income is projected to be lower ahead compared with 2004, growth in consumption will still remain firm. The discontinuation of tax-motivated dividend payments is not likely to have any significant impact on consumption. The projected strong growth in consumption in the years ahead primarily reflects developments in the real interest rate. Even if the nominal interest rate level is assumed to be marginally higher ahead, the real interest rate will still fall through the projection period as a result of higher consumer price inflation. A decline in real interest rates implies in itself that consumption in this period will be cheaper than in the next period, with the result that households move forward consumption. Given our projections, the saving ratio may fall to a level well below 2 per cent in 2007, a level that has not been seen since the cyclical upturn in 1996/1997. The fall in the saving ratio, combined with growth in housing investment, will be reflected in a marked fall in household net financial investment. In nominal terms, household net financial investment is expected to decline from a good NOK 50 billion in 2004 to almost NOK -35 billion in 2007. Close to half of the decline can be ascribed to changes in dividend payments, however.

Slower growth in housing investment

Following several years of declining housing investment, a turnaround occurred at the end of 2003, and housing investment showed strong growth through 2004. According to preliminary national accounts figures, housing investment, measured at constant prices, increased by as much as 12.4 per cent in 2004, against a decline of 5.3 per cent in 2003. Housing starts came to about 30 000 dwellings in 2004, which is equivalent to an increase of around 31 per cent on the previous year. Measured in square metres, the increase was close to 20 per cent. Continued low real interest rates stimulated building activity through 2004. The 10 per cent rise in prices for resale homes through 2004 primarily reflects low real interest rates in addition to strong income growth. In comparison, building costs rose by around 3 per cent from 2003 to 2004.

The high level of housing starts in 2004 will contribute to strong growth in housing investment again in

Main economic indicators 2004-2007. Accounts and forecasts. Percentage change from previous year unless otherwise noted

	Accounts 2004	Forecasts						
		2005			2006		2007	
		SN	MoF	NB	SN	NB	SN	NB
Demand and output								
Consumption in househ. and non-profit organizations	4.3	4.5	4.0	4 1/2	4.2	3 3/4	3.9	2 1/2
General government consumption	2.0	1.7	1.7	1 3/4	1.8	1 1/2	1.9	1 1/2
Gross fixed investment	8.9	10.8	5.8	..	1.6	..	-3.0	..
Extraction and transport via pipelines ¹	11.5	23.9	13.2	15	- 2.7	5	-13.9	-7 1/2
Mainland Norway	6.2	4.9	3.2	5	3.1	5	1.0	2 3/4
Industries	6.1	2.7	3.7	..	3.2	..	0.7	..
Housing	12.4	13.3	4.8	..	5.3	..	2.3	..
General government	-0.6	-0.6	0.3	..	- 0.1	..	-0.2	..
Demand from Mainland Norway ²	4.0	3.8	3.8	4	3.4	3 1/2	2.9	2 1/4
Stockbuilding ³	0.9	0.0	..	..	0.0	..	0.0	..
Exports	1.3	3.3	3.2	..	1.7	..	1.0	..
Crude oil and natural gas	0.9	2.8	3.0	..	0.6	..	1.1	..
Traditional goods	3.0	4.5	5.1	4 1/2	2.3	3	0.4	3
Imports	9.0	7.1	5.0	6	4.4	4	2.6	1 3/4
Traditional goods	11.1	5.6	5.2	..	4.7	..	2.8	..
Gross domestic product	2.9	3.7	3.1	3 1/4	2.0	2 3/4	1.3	2
Mainland Norway	3.5	3.8	3.1	3 1/2	2.4	2 3/4	1.5	2
Labour market								
Employed persons	0.2	1.0	0.8	1 1/4	1.1	1 1/4	0.2	1/2
Unemployment rate (level)	4.5	4.1	4.1	4	3.8	3 3/4	4.2	3 3/4
Prices and wages								
Wages per standard man-year	3.8	3.8	4.0	4 1/2	3.7	4 3/4	3.7	4 3/4
Consumer price index (CPI)	0.4	1.4	2 1/4	2 1/4	2.1	1 3/4	2.2	2 1/4
CPI adjusted for tax changes and excluding energy products (CPI-ATE)	0.3	1.2	1 3/4	1 1/2	2.0	1 3/4	2.2	2 1/4
Export prices, traditional goods	8.0	1.5	..	..	- 2.4	..	0.2	..
Import prices, traditional goods	3.7	-1.3	..	..	- 1.7	..	-0.1	..
Housing prices ⁴	10.1	4.6	..	..	4.8	..	1.2	..
Balance of payment								
Current balance (bill. NOK)	231.2	246.5	211.5	..	206.2	..	199.6	..
Current balance (per cent of GDP)	13.7	13.7	..	..	11.2	..	10.5	..
Memorandum items:								
Household savings ratio (level)	10.2	9.1	6.6	..	3.3	..	1.5	..
Money market rate (level)	2.0	2.2	2.5	2 1/4	2.5	3 1/4	2.5	4
Lending rate, banks (level) ⁵	4.2	4.2	..	..	4.5	..	4.6	..
Crude oil price NOK (level) ⁶	257	268	230	..	246	..	252	..
Export markets indicator	5.8	5.0	..	..	3.0	..	0.7	..
Importweighted krone exchange rate (44 countries) ⁷	3.0	-1.7	..	2 1/2	0.2	- 1/2	0.1	0

¹ Forecasts from Ministry of Finance incl. service activities incidental to extraction.² Consumption in households and non-profit organizations + general government consumption + gross fixed capital formation in Mainland Norway.³ Change in stockbuilding. Per cent of GDP.⁴ Freeholder.⁵ Households' borrowing rate in private financial institutions. Yearly average.⁶ Average spot price, Brent Blend.⁷ Increasing index implies depreciation.

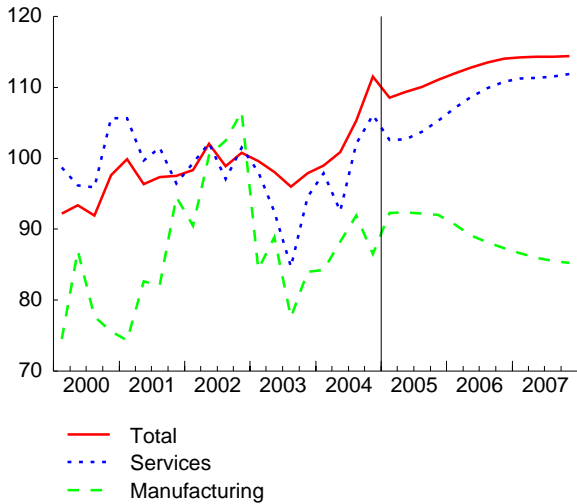
Sources: Statistics Norway (SN), Ministry of Finance (MoF), St.meld. nr.1 (2004-2005), Norges Bank, forecasts based on forward interest and exchange rates, Inflasjonsrapport 3/2004 (NB).

2005. Growth in housing investment is currently projected at slightly more than 13 per cent this year. Growth in housing investment will gradually slow later in the projection period as a result of lower income growth. In 2007, a rise in unemployment coupled with moderating prices in the resale housing market will have a similar effect. Prices for resale homes are expected to rise by about 4.5 per cent in both 2005 and 2006. In other words, real prices will continue to rise, but at a far lower rate than in 2004. The rise in prices for resale homes is assumed to level off further in 2007.

Higher investment in mainland industries

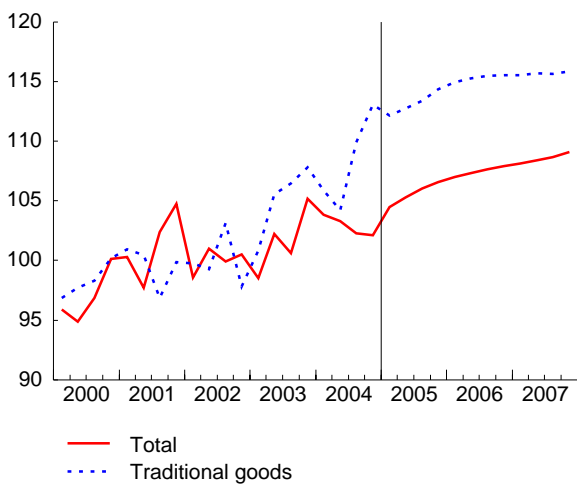
Gross investment in the mainland economy passed a trough in summer 2003 and a clear upturn has been in progress since then. Investment surpassed its previous peak in the second half of 2004 when growth gained momentum. From 2003 to 2004, investment increased by about 6 per cent. Although virtually all mainland investment components, excluding the public sector, are exhibiting roughly the same cyclical pattern, housing investment has exhibited the strongest rate of growth. Experience shows that this is the most interest-rate sensitive investment component.

Investment, Mainland Norway
Seasonally adjusted volume indices, 2002=100



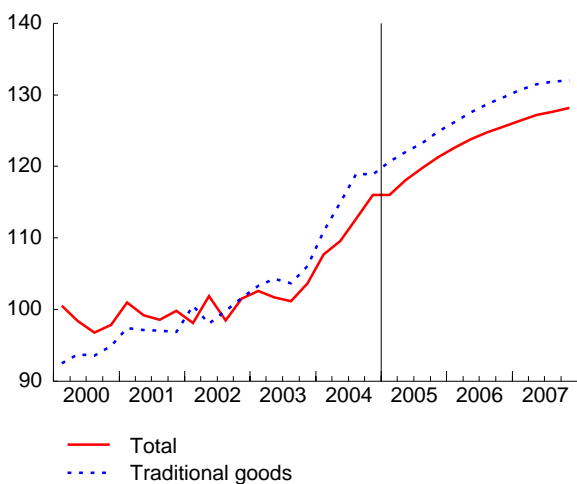
Source: Statistics Norway.

Exports
Seasonally adjusted volume indices, 2002=100



Source: Statistics Norway.

Imports
Seasonally adjusted volume indices, 2002=100



Source: Statistics Norway.

Manufacturing investment has also shifted from a decline to moderate growth. From 2003 to 2004, gross manufacturing investment rose by 5 per cent. Statistic Norway’s latest investment intentions survey shows that in manufacturing as a whole, enterprises plan to increase investment further in 2005, albeit on a modest scale, in spite of the fact that large investment projects in the metal industry are now nearing completion. Investment in private services has also shown a pronounced rise over the past five quarters, although figures for the fourth quarter of 2004 are uncertain for some of these investments due to inadequate background data so soon after the end of the quarter.

With the prospect of a continued upturn through 2005, overall high profitability in the business sector and low interest rates, we expect many enterprises to launch investment projects with continued investment growth in both 2005 and 2006. However, we assume that the pace of growth ahead will be somewhat more subdued compared with growth last year. Slower economic growth abroad and weaker impulses from petroleum activities after 2005 will contribute to this. Annual growth in business investment in both 2005 and 2006 is now expected to be about 3 per cent. In 2007, overall growth is expected to be close to zero, with some decline in manufacturing investment. This may be counteracted by investment related to domestic use of natural gas. There now seems to be greater interest in realizing such plans, and this may imply that the level of investment will remain high in 2007, but perhaps particularly in the following years. Hence, we may not experience a marked cyclical downturn when the expected substantial decline in traditional petroleum investment occurs.

International downturn curbs export growth

Exports of traditional goods rose by a seasonally adjusted 2.9 per cent in the fourth quarter of 2004. This is a decline from 5.4 per cent in the previous quarter, but nonetheless well above the level of growth in the first two quarters of the year. Compared with the previous year, traditional exports increased by 3.0 per cent in 2004, compared with 5.1 per cent in 2003.

Exports of food and beverages and chemical commodities showed an upswing in the third quarter, but fell back somewhat in the fourth. Metal exports in particular increased in autumn 2004. Metal exports rose by 3 per cent in the third quarter and 10.4 per cent in the fourth quarter, against close to zero growth in the four preceding quarters. Investment in the metal industry in recent years has boosted production capacity and there has been brisk demand for metals in the global market.

Prices for traditional exports rose markedly in 2004 compared with the previous year – by 7.5 per cent –

or at about a normal rate in an international cyclical upturn. The rise in prices was particularly pronounced for metals and chemical commodities, which rose by 20.5 and 10.1 per cent respectively. There was a modest rise in prices for wood products, while export prices for engineering products fell for the second consecutive year.

In the year to January 2005, exports to Europe increased markedly, while exports to the US and Asia fell. One important reason for this is the appreciation of the krone in recent years against the US dollar and some Asian currencies that are pegged to the dollar, while the krone has depreciated against the euro.

We assume that the global economy will pass the cyclical peak in the course of 2005, and then shift into a moderate downturn. This will curb global demand ahead. For traditional goods, export growth is expected to slow from 4.5 per cent this year to 0.4 per cent in 2007. Export growth is roughly in line with market growth, with market shares in the export industry remaining approximately at the current level through the projection period. The downturn is expected to be accompanied by a fall in commodity prices. Export prices for metals are expected to fall by 7 per cent this year and 11 per cent next year. In 2007, the decline will be less pronounced, barely 2 per cent, in line with our assumption that growth in the global economy will pick up somewhat in the course of 2007. For traditional goods as a whole, export prices are expected to rise by 1.5 per cent this year and fall by 2.4 per cent in 2006, and then edging up again in 2007.

Very high import growth

The turnaround in import growth in 2003 occurred at virtually the same time as the investment turnaround in 2003, while the turnaround in household consumption took place two quarters earlier. Overall import growth has subsequently increased at a rapid pace, and growth on an annual basis was as high as 9 per cent from 2003 to 2004. For traditional imports, growth has been even higher, reaching 11 per cent over the past year. The upswing for traditional imports also started in the second half of 2003, at about the same time as the Norwegian economy passed a trough in summer 2003. This is a traditional cyclical pattern, and the volume of traditional imports is therefore a good indicator of cyclical developments. It should be noted that the volume of traditional goods imports levelled off somewhat towards the end of 2004. We believe this was due to random variations and does not indicate that the cyclical upturn is beginning to level off.

Growth in the past year has been particularly high for car imports and imports of office machinery and computers, but these two categories nevertheless account for no more than 10 per cent of traditional imports of

goods. Imports of general engineering products make up the largest category (30 per cent of manufacturing imports), and volume growth in these imports was over 12 per cent in the past year. This is partly due to investment growth, but also to increased purchases of electrical items and some other typical consumer goods. The level of food imports was also high. Again, it is reasonable to emphasise strong growth in household consumption in our explanation of import growth.

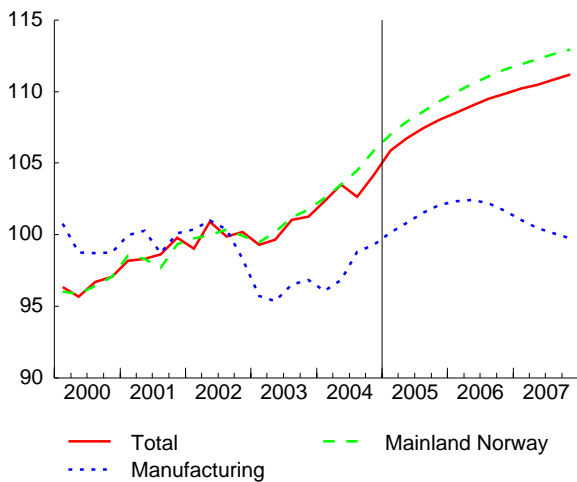
Prices for traditional imports measured in NOK rose by 4 per cent from 2003 to 2004. This is slightly more than the 3 per cent depreciation in the import-weighted krone exchange rate. The relatively high price rise can also partly be attributed to cyclical conditions. The rise in prices was high for a number of commodities and semi-manufactured goods. This is partly a result of high oil prices that push up import prices for petroleum products and partly due to cyclically high prices for goods such as metals, which Norway also imports to some extent. However, Norway's production pattern implies that our export of these products is considerably higher, and the increase in prices for traditional Norwegian exports was therefore twice that of import prices. The only large import component for which prices fell in NOK in 2004 was textiles and clothing, although for many manufactured goods the price rise in NOK was less than the depreciation in the import-weighted krone exchange rate.

We expect prices in foreign currency for imports of processed manufactured goods to remain approximately unchanged. For some cyclically sensitive goods, such as metals, prices may fall somewhat internationally in the period ahead. However, prices for these goods are probably to a greater extent determined by developments in the global economy and are less affected by the expected weaker developments among Norway's traditional trading partners. With strong growth in China and other Asian countries, it is likely that the decline in prices will be moderate ahead. For the same reasons, we do not believe oil prices will decline substantially in the course of 2005 in spite of weaker international cyclical developments.

With continued strong growth in the Norwegian economy through 2005, import growth will also be high. Growth in 2005 is still being driven by investment where the import content is high. Consumption growth will also contribute to high import growth. However, we expect clearly weaker import growth than the high level recorded last year. In 2006 and 2007, import growth will slow markedly compared to the preceding years because the business cycle will peak in a year's time and because investment growth as a whole will almost come to a halt in 2006 and then fall slightly in 2007.

Gross domestic product

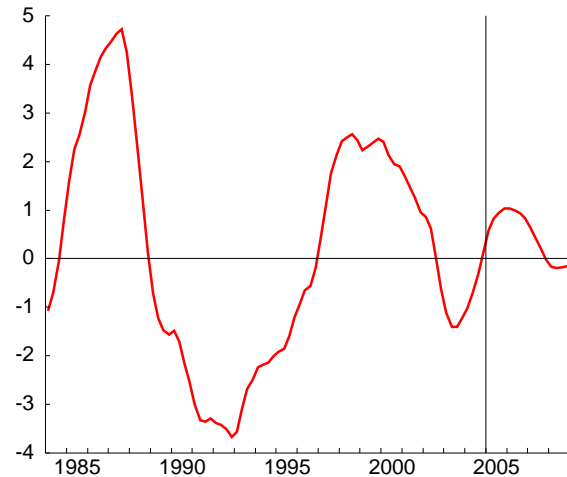
Seasonally adjusted volume indices, 2002=100



Source: Statistics Norway.

Output gap, Mainland Norway

Deviation from trend, per cent



Source: Statistics Norway.

A more pronounced cyclical upturn?

Preliminary quarterly national accounts figures show that growth in the Norwegian economy gained momentum in the latter half of 2004. While total GDP increased by 3 per cent on 2003, the increase for mainland GDP was 3.5 per cent. In the second half of last year, however, the mainland economy expanded at an annual rate of more than 4 per cent. In 2004, growth has been broadly based, with rising value added in manufacturing and not least in the private service sector.

Output growth is still expected to remain high in 2005. Continued high growth in household demand and investment in fixed assets are contributing to this. Although export growth will have some moderating effect, our assumptions indicate that the moderate global downturn will not have a noticeable impact on export growth until 2006. This implies that most industries will experience an increase in output in 2005. Manufacturing is benefiting from the upswing in investment and continued fairly solid growth in global markets. Building and construction activity will continue to pick up thanks to growing impetus from investment in housing and commercial activity. The private service sector will expand partly because household consumption will continue to rise and partly because this sector supplies many services in connection with investment, exports and other production activities.

Even though our calculations indicate that growth in the Norwegian economy will also be high in 2005, the rate of growth is expected to slow considerably in the course of this year. Mainland GDP growth is projected to be 4 per cent in 2005, while total GDP growth is projected to be only slightly lower. The slowdown in growth that we envisage through 2005 is so strong that the upturn will largely come to an end in the

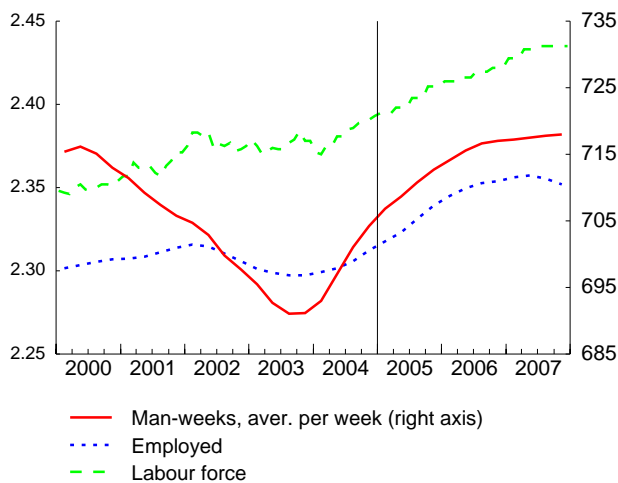
course of the year. Below-trend-growth is expected to bring the Norwegian economy back to a cyclically neutral position in three years, i.e. at the end of the projection period.

What are the most important factors behind the slowdown in growth through 2005? First, we have assumed that petroleum investment will show strong growth this year, but will reach a peak in the second half of the year, then fall slightly through 2006 and particularly in 2007. Moreover, weaker international cyclical developments will contribute to curbing export growth. We would emphasise that there is uncertainty associated with both these factors. Continued moderately high global growth and a further increase in petroleum investment are two factors that may amplify the upturn into 2006.

Projected mainland GDP growth in 2006 of 2.4 per cent is approximately in line with expected trend growth in the Norwegian economy. In 2006, growth in manufacturing output is expected to slow considerably, but a cyclical downturn is not expected to occur before 2007. The rate of growth in the construction industry will also slow markedly through 2006 and 2007, but a decline in output is not expected. Some services will continue to expand, while service industries that are most closely related to petroleum activities will feel the negative impulses from lower petroleum investment, particularly in 2007.

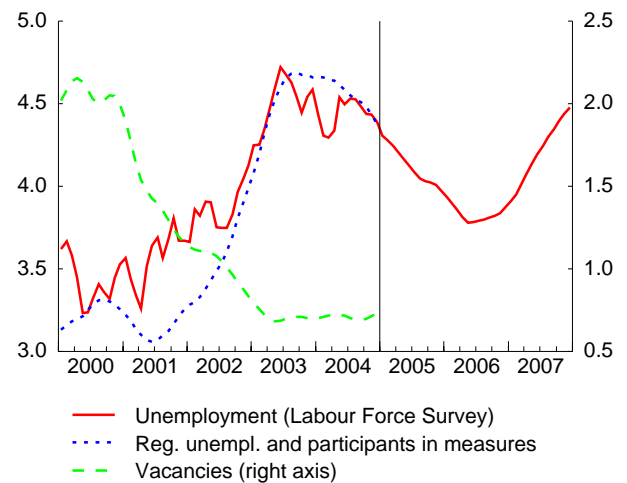
We have assumed that neither fiscal nor monetary policy will generate substantial new impulses to the real economy in the coming three years. This is because the economy itself, partly as a result of a global downturn and lower petroleum investment from 2006 and partly through normal adaptation, will ensure that the current upturn does not continue and lead to an overheating of the Norwegian economy.

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



Source: Statistics Norway.

Unemployment and number of vacancies
Seasonally adjusted and smoothed
Per cent of labour force



Sources: The Directorate of Labour and Statistics Norway.

Sharper decline in unemployment – with trough in 2006

Since the cyclical trough was passed in summer 2003, unemployment measured by the Labour Force Survey (LFS) has fallen from 4.7 per cent in June 2003 to 4.4 per cent in December 2004, seasonally adjusted and measured as a three-month moving average. This represents a decline of 7 000 unemployed persons. Figures for seasonally adjusted registered unemployment from the Directorate of Labour also show a decline of 7 000 since the unemployment peak in June 2003 to the end of February this year.

A number of factors indicate that labour market conditions are improving. The number of lay-offs was 36 per cent lower at the end of February 2005 than one year earlier. The number of unemployed manufacturing workers and construction workers has fallen by 4 600 in the same period. Moreover, the number of man-hours worked rose by almost 2 per cent last year. By way of comparison, employment rose by only 0.2 per cent. The increase in man-hours worked reflects some growth in demand for labour, but a sharp fall in sickness absence and an increase in the use of overtime in manufacturing and the construction sector have contributed to only moderate growth in the number employed so far. Continued strong demand growth will probably boost employment growth in 2005 and 2006, as enterprises will then encounter capacity constraints to an increasing extent.

Interviews conducted in connection with the Labour Force Survey (LFS) show that many outside the labour force would prefer to be employed. Since they are not active job-seekers, however, they are not included among the unemployed according to the LFS. The last time this survey was conducted, in the third quarter of 2003, as many as 119 000 outside the labour force indicated that they would prefer to be em-

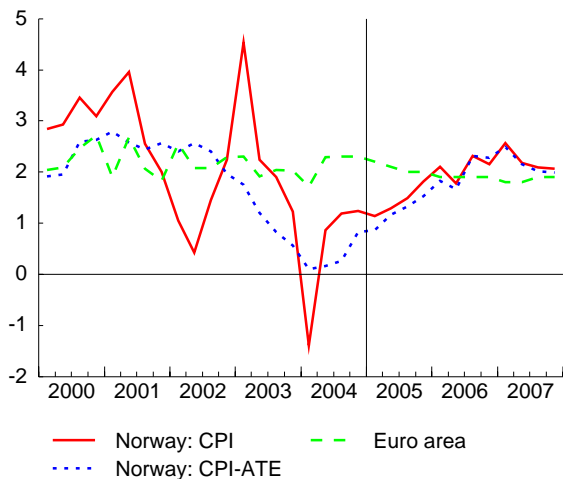
ployed. The decline in unemployment since summer 2003 must also be seen in the light of developments in labour force participation. In both 2003 and 2004, the labour supply increased at a noticeably slower pace than implied by growth in the working-age population (16-74 years). The LFS shows that labour force participation in each quarter of 2004 was lower than in the same quarter one year earlier. Average labour force participation has thereby been reduced. At the same time, figures from the Directorate of Labour show that it is particularly long-term unemployment that is declining, while the fall in short-term unemployment is more moderate. Short-term unemployment among women is rising. Hiring rates are highest among those with short spells of unemployment, and the tendency to withdraw from the labour forces increases with the length of the unemployment period. The figures may therefore indicate that part of the fall in unemployment is due to the withdrawal of the unemployed from the labour force.

The number of registered unemployed according to occupation and gender shows that unemployment among female health and care workers and among female workers in commercial occupations has increased sharply over the past year. The number of registered unemployed women in these occupations increased by 1 100 in the year to end-February 2005. Unemployment among men was reduced by a total of 6 000 in the same period.

Employment is projected to increase by about 25 000 in both 2005 and 2006 before the international downturn and negative impulses from petroleum investment lead to considerably lower employment growth in 2007. The unemployment rate is expected to fall from 4.5 per cent in 2004 to 4.1 and 3.8 per cent in 2005 and 2006 respectively. In 2007, the calculations show an average unemployment rate of 4.2 per cent.

Consumer price indices

Percentage growth from the same quarter previous year



Sources: Statistics Norway and Norges Bank.

International cyclical downturn results in low wage growth

Growth in wages per normal man-year came to 3.8 per cent in 2004, compared with 3.9 per cent in 2003. Wage growth in 2004 was the lowest recorded since 1995. Due to low inflation last year, however, real wage growth was as much as 3.1 per cent (measured as growth in wages per normal man-year deflated by the national accounts price index for private consumption). This is half a percentage point higher than average growth in the last ten years.

Due to a pronounced fall in sickness absence and increased overtime, combined with the fact that there were three more working days in 2004 than in 2003, growth in wages per man-hour was a record-low 1.7 per cent last year. This was the lowest growth in hourly wages ever registered in the labour accounts, which go back to 1970. Lower hourly wage growth in Norway has probably not been seen since the years prior to 1950.

Low nominal wage growth must be seen against the background of a continued weak labour market. Moreover, the wage settlements in 2004 were influenced by poor profitability in manufacturing enterprises the preceding year. However, profitability picked up in 2004 and even though pay increases in 2004 were relatively unaffected by this, increased overtime contributed to pushing up wage growth through 2004. The carry-over from 2004 will therefore contribute about 2 percentage points to growth in wages per normal man-year in 2005. Wage drift normally accounts for 1-1.5 percentage points. Only modest pay increases are expected in this spring's interim settlement. All in all, wage growth is projected at 3.8 per cent in 2005.

As a result of an international cyclical turnaround in the course of 2005, as well as a negative contribution to growth from petroleum investment in 2006, profitability in manufacturing enterprises is expected to show a renewed decline. Unemployment will probably continue to fall in 2005 and 2006, but probably not to the extent that it will make a substantial contribution to higher wage growth in this period. Growth in wages per normal man-year is therefore expected to remain stable at a little less than 4 per cent throughout the projection period. A tighter labour market will, in isolation, push up wage growth, but lower profit margins in some business sectors point to the opposite. Rising consumer price inflation will push down real wage growth over the next few years.

Prospects for higher, but continued low inflation

The rise in the consumer price index (CPI) was record low in 2004. A rise of 0.4 per cent is the lowest level observed in 43 years. A fall in prices for imported consumer goods and a decline in electricity prices from a very high level at the beginning of 2003 generated strong negative impulses to inflation. However, the rise in prices was also low in other areas. The rise in rents, including holiday home rentals, came to 2.0 per cent, the fourth lowest observation in the last 35 years and only half of the increase recorded one year earlier. Prices for other services (excluding grid rent and adjusted for indirect tax changes) rose by 0.5 per cent, while domestically produced goods (excluding energy products and adjusted for tax changes) only increased by a little more than 1 per cent. Higher transfers to day-care centres as a result of the day-care centre compromise, strong competition in the aviation industry and the introduction of VAT on transport services, but at a low rate that in practice had a cost-reducing effect for the industry as a whole, are factors behind the low rise in prices for services.

At the beginning 2005, the VAT rate for food was lowered from 12 to 11 per cent, while the general rate was increased by 1 percentage point. In spite of this, the year-on-year rise in the CPI was 1.1 per cent in January 2005, the same as in December 2004. The direct effects of real indirect tax changes in the period contributed about 0.6 percentage point, while the contribution from energy products (including tax changes) was -0.1 percentage point. In January, the CPI, adjusted for tax changes and excluding energy products (CPI-ATE) was only 0.7 per cent higher than one year earlier, compared with 1.0 per cent the preceding month.

In January 2005, the year-on-year rate of increase in prices was somewhat higher than the average for 2004 in all main groups by supplier sector. However, the rate of increase for imported consumer goods decelerated further between December 2004 and January 2005. The rate of increase for domestically pro-

duced consumer goods, excluding energy products and goods from primary industries, also declined when adjusted for indirect tax changes. For primary industry goods and rents, on the other hand, the rate of increase in prices showed a small increase from December last year to January 2005.

It must be assumed that the unwinding of some extraordinary price-curbing factors will contribute to a pick-up in inflation in the period ahead. Moreover, growth in hourly labour costs is expected to rise appreciably from the very low level recorded last year. The effect of the appreciation of the krone through 2004 will contribute to restraining inflation, but the effects will gradually wane. A continued increase in import volumes from low-cost countries relative to other supplier countries and generally low inflation among our trading partners may contribute to a moderate fall in prices for imported finished goods throughout the projection period. The CPI-ATE is expected to show a rise of 1.2 per cent at an annual rate, rising to about 2.2 per cent in 2007.

It is assumed that energy prices will reduce inflation somewhat in 2005, while indirect tax changes will have the opposite effect. The rise in the CPI is estimated at 1.4 per cent in 2005. In 2006 and 2007, energy prices are expected to rise at about the same pace as the general rise in prices. Under the assumption that indirect tax rates are only adjusted for inflation in 2006 and 2007, the rise in the CPI will then be about the same as the rise in the CPI-ATE.

Continued large current account surpluses

Norway recorded a current account surplus of NOK 231 billion in 2004. This is an increase of about NOK 30 billion from 2003, which largely reflects the sharp rise in oil prices last year. The surplus was equivalent to close to 14 per cent of GDP.

The value of traditional merchandise exports rose markedly in 2004. This was ascribable to increased international demand and high prices for commodities in world markets as a result of high global economic growth. High domestic demand also contributed to a pronounced rise in traditional merchandise imports.

The trade balance showed a surplus of NOK 239 billion in 2004. In 2005, the surplus is expected to increase further, to about NOK 247 billion, primarily as a result of a relatively sharp rise in prices for Norwegian export goods. According to our calculations, the surplus will show an appreciable decline in 2006. This primarily reflects the assumption that oil prices will fall by 7.5 per cent, but is also ascribable to a projected small decline in the volume of oil exports from 2006. Earnings from gas exports, which are assumed to increase markedly ahead, will have the opposite effect. For traditional goods, imports will rise at a faster pace than exports throughout the projection

period. In 2007, this results in a moderate decline in the trade surplus compared with the previous year, to NOK 194 billion.

The deficit on the interest and transfers balance came to NOK 7.7 billion last year, compared with NOK 11.4 billion in 2003. The balance will show a gradual improvement through the projection period, and will show a surplus in 2006 and subsequent years. This reflects the rising surplus on the interest balance as a result of the steady increase in the size of the Government Petroleum Fund and the return on the Fund's capital.

National accounts: Final expenditure and gross domestic product. At fixed 2002 prices. Million kroner

	Unadjusted		Seasonally adjusted							
	2003	2004	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4
Final consumption expenditure of househ. and NPISHs	700 911	731 049	171 631	174 548	176 640	177 779	180 842	181 009	182 597	185 320
Household final consumption expenditure	670 511	698 732	164 134	167 020	169 010	170 019	172 868	173 029	174 488	177 054
Goods	370 473	389 085	89 774	92 555	93 770	94 109	96 256	96 213	96 937	98 632
Services	289 095	296 712	71 453	71 930	72 496	73 146	73 506	73 758	74 297	74 878
Direct purchases abroad by resident households	29 451	33 041	7 328	7 137	7 437	7 524	8 094	8 153	8 180	8 667
Direct purchases by non-residents	-18 507	-20 105	-4 421	-4 601	-4 692	-4 760	-4 989	-5 094	-4 926	-5 123
Final consumption expenditure of NPISHs	30 400	32 316	7 497	7 528	7 630	7 760	7 974	7 981	8 109	8 267
Final consumption exp. of general government	343 136	349 891	85 318	85 899	85 932	86 092	86 852	87 587	87 598	87 742
Final consumption exp. of central government	182 469	187 776	45 472	45 688	45 621	45 712	46 659	47 108	46 981	47 048
Central government, civilian	152 825	158 283	38 050	38 246	38 232	38 319	39 236	39 696	39 646	39 725
Central government, defence	29 644	29 494	7 421	7 442	7 389	7 394	7 422	7 412	7 335	7 323
Final consumption exp. of local government	160 667	162 115	39 846	40 211	40 312	40 380	40 193	40 479	40 617	40 694
Gross fixed capital formation	269 218	293 263	68 821	68 636	68 229	63 485	69 563	70 642	73 864	79 625
Extraction and transport via pipelines	62 411	69 587	14 201	16 226	16 586	15 399	16 541	16 892	17 448	18 706
Service activities incidental to extraction	-2 003	329	585	353	87	-3 028	65	97	75	92
Ocean transport	1 878	3 618	1 384	257	828	-592	671	339	701	1 907
Mainland Norway	206 931	219 729	52 651	51 801	50 727	51 705	52 285	53 313	55 640	58 920
Mainland Norway excluding general government	160 540	173 594	41 485	40 181	38 441	40 235	41 530	41 731	44 321	46 440
Industries	108 146	114 723	28 202	27 257	25 461	27 021	27 893	27 236	29 290	30 689
Manufacturing and mining	18 916	19 869	4 783	5 040	4 399	4 765	4 777	5 003	5 214	4 907
Production of other goods	22 214	22 691	5 669	5 476	5 728	5 141	5 390	5 477	5 592	6 563
Services	52 394	58 872	13 283	12 925	12 980	13 214	13 637	14 494	15 031	15 750
Dwellings (households)	67 015	72 163	17 750	16 741	15 334	17 114	17 726	16 756	18 484	19 219
General government	46 391	46 135	11 166	11 619	12 287	11 470	10 755	11 583	11 319	12 481
Changes in stocks and statistical discrepancies	3 365	16 971	4 382	-4 345	1 205	877	1 322	6 609	3 355	4 245
Gross capital formation	272 582	310 234	73 204	64 291	69 434	64 362	70 885	77 250	77 218	83 870
Final domestic use of goods and services	1 316 630	1 391 174	330 153	324 738	332 006	328 233	338 578	345 846	347 413	356 933
Final demand from Mainland Norway	1 250 978	1 300 669	309 600	312 247	313 300	315 577	319 979	321 909	325 835	331 983
Final demand from general government	389 527	396 026	96 484	97 518	98 219	97 563	97 607	99 170	98 917	100 223
Total exports	634 110	642 341	153 795	159 595	157 047	164 163	162 123	161 230	159 669	159 404
Traditional goods	192 944	198 673	46 249	48 434	48 850	49 465	48 563	47 818	50 409	51 872
Crude oil and natural gas	272 223	274 644	67 713	70 322	67 168	67 465	71 384	70 015	67 604	65 699
Ships and oil platforms	17 075	7 752	2 331	3 243	3 516	7 985	2 430	2 921	1 573	827
Services	151 868	161 272	37 502	37 596	37 513	39 247	39 746	40 476	40 084	41 006
Total use of goods and services	1 950 740	2 033 514	483 948	484 333	489 054	492 396	500 701	507 076	507 083	516 337
Total imports	425 921	464 249	106 805	105 905	105 285	107 895	112 155	114 079	117 338	120 753
Traditional goods	279 071	309 961	69 093	69 718	69 317	70 926	74 146	76 820	79 512	79 453
Crude oil and natural gas	1 796	1 617	851	331	309	307	293	430	564	350
Ships and oil platforms	12 255	12 120	3 789	2 817	3 061	2 588	3 145	2 496	2 697	3 782
Services	132 799	140 551	33 072	33 039	32 599	34 074	34 571	34 332	34 566	37 168
Gross domestic product	1 524 818	1 569 266	377 143	378 429	383 769	384 501	388 546	392 998	389 745	395 583
Mainland Norway (market prices)	1 221 253	1 264 522	301 459	303 674	306 708	308 343	310 833	313 713	316 732	320 918
Petroleum activities and ocean transport	303 565	304 744	75 684	74 754	77 061	76 158	77 713	79 285	73 013	74 666
Mainland Norway (basic prices)	1 069 674	1 106 514	264 170	266 028	268 461	270 505	272 362	274 802	277 635	280 553
Mainland Norway excluding general government	824 210	855 784	202 993	204 814	207 019	208 723	210 007	212 196	214 845	217 567
Manufacturing and mining	145 667	148 107	36 245	36 100	36 548	36 666	36 373	36 656	37 408	37 600
Production of other goods	111 257	117 359	27 481	27 488	27 976	28 073	28 906	29 181	29 392	29 761
Services	567 286	590 319	139 268	141 226	142 495	143 984	144 728	146 359	148 045	150 207
General government	245 464	250 730	61 178	61 214	61 442	61 783	62 355	62 606	62 790	62 986
Correction items	151 580	158 008	37 288	37 647	38 247	37 838	38 472	38 910	39 098	40 365

Source: Statistics Norway.

National accounts: Final expenditure and gross domestic product. At fixed 2002 prices. Percentage change from the previous period

	Unadjusted		Seasonally adjusted							
	2003	2004	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4
Final consumption expenditure of households and NPISHs	3.0	4.3	-0.2	1.7	1.2	0.6	1.7	0.1	0.9	1.5
Household final consumption expenditure	2.8	4.2	-0.4	1.8	1.2	0.6	1.7	0.1	0.8	1.5
Goods	3.5	5.0	-1.2	3.1	1.3	0.4	2.3	0.0	0.8	1.7
Services	1.4	2.6	-0.2	0.7	0.8	0.9	0.5	0.3	0.7	0.8
Direct purchases abroad by resident households	7.7	12.2	5.6	-2.6	4.2	1.2	7.6	0.7	0.3	5.9
Direct purchases by non-residents	1.3	8.6	-3.5	4.1	2.0	1.4	4.8	2.1	-3.3	4.0
Final consumption expenditure of NPISHs	7.1	6.3	3.0	0.4	1.4	1.7	2.8	0.1	1.6	1.9
Final consumption expenditure of general government	1.4	2.0	0.1	0.7	0.0	0.2	0.9	0.8	0.0	0.2
Final consumption expenditure of central government	1.0	2.9	0.0	0.5	-0.1	0.2	2.1	1.0	-0.3	0.1
Central government, civilian	1.6	3.6	0.2	0.5	0.0	0.2	2.4	1.2	-0.1	0.2
Central government, defence	-1.9	-0.5	-0.9	0.3	-0.7	0.1	0.4	-0.1	-1.0	-0.2
Final consumption expenditure of local government	1.8	0.9	0.2	0.9	0.3	0.2	-0.5	0.7	0.3	0.2
Gross fixed capital formation	-2.0	8.9	-2.3	-0.3	-0.6	-7.0	9.6	1.6	4.6	7.8
Extraction and transport via pipelines	16.9	11.5	-2.9	14.3	2.2	-7.2	7.4	2.1	3.3	7.2
Service activities incidental to extraction	-133.8	-116.4	-52.6	-39.7	-75.3	..	-102.1	49.0	-22.7	23.1
Ocean transport	-50.7	92.6	0.8	-81.4	221.8	-171.4	-213.5	-49.5	106.8	172.1
Mainland Norway	-2.2	6.2	-1.1	-1.6	-2.1	1.9	1.1	2.0	4.4	5.9
Mainland Norway excluding general government	-5.0	8.1	-2.6	-3.1	-4.3	4.7	3.2	0.5	6.2	4.8
Industries	-4.9	6.1	-3.8	-3.4	-6.6	6.1	3.2	-2.4	7.5	4.8
Manufacturing and mining	-16.6	5.0	-20.9	5.4	-12.7	8.3	0.2	4.7	4.2	-5.9
Production of other goods	19.4	2.1	15.9	-3.4	4.6	-10.2	4.8	1.6	2.1	17.4
Services	-5.3	12.4	-0.1	-2.7	0.4	1.8	3.2	6.3	3.7	4.8
Dwellings (households)	-7.5	7.7	-3.4	-5.7	-8.4	11.6	3.6	-5.5	10.3	4.0
General government	9.2	-0.6	5.0	4.1	5.7	-6.6	-6.2	7.7	-2.3	10.3
Changes in stocks and statistical discrepancies	-81.1	404.4	200.0	-199.2	-127.7	-27.2	50.7	400.0	-49.2	26.5
Gross capital formation	-6.8	13.8	1.8	-12.2	8.0	-7.3	10.1	9.0	0.0	8.6
Final domestic use of goods and services	0.4	5.7	0.3	-1.6	2.2	-1.1	3.2	2.1	0.5	2.7
Final demand from Mainland Norway	1.6	4.0	-0.3	0.9	0.3	0.7	1.4	0.6	1.2	1.9
Final demand from general government	2.2	1.7	0.7	1.1	0.7	-0.7	0.0	1.6	-0.3	1.3
Total exports	1.6	1.3	-2.0	3.8	-1.6	4.5	-1.2	-0.6	-1.0	-0.2
Traditional goods	5.1	3.0	3.0	4.7	0.9	1.3	-1.8	-1.5	5.4	2.9
Crude oil and natural gas	-0.6	0.9	-4.9	3.9	-4.5	0.4	5.8	-1.9	-3.4	-2.8
Ships and oil platforms	33.2	-54.6	2.3	39.1	8.4	127.1	-69.6	20.2	-46.1	-47.4
Services	-1.5	6.2	-2.7	0.3	-0.2	4.6	1.3	1.8	-1.0	2.3
Total use of goods and services	0.8	4.2	-0.4	0.1	1.0	0.7	1.7	1.3	0.0	1.8
Total imports	2.2	9.0	1.1	-0.8	-0.6	2.5	3.9	1.7	2.9	2.9
Traditional goods	4.3	11.1	1.7	0.9	-0.6	2.3	4.5	3.6	3.5	-0.1
Crude oil and natural gas	9.9	-10.0	135.6	-61.2	-6.6	-0.5	-4.5	46.9	30.9	-37.9
Ships and oil platforms	-18.6	-1.1	13.8	-25.7	8.7	-15.4	21.5	-20.6	8.1	40.3
Services	0.1	5.8	-2.9	-0.1	-1.3	4.5	1.5	-0.7	0.7	7.5
Gross domestic product	0.4	2.9	-0.9	0.3	1.4	0.2	1.1	1.1	-0.8	1.5
Mainland Norway (market prices)	0.7	3.5	-0.4	0.7	1.0	0.5	0.8	0.9	1.0	1.3
Petroleum activities and ocean transport	-1.0	0.4	-2.6	-1.2	3.1	-1.2	2.0	2.0	-7.9	2.3
Mainland Norway (basic prices)	0.6	3.4	-0.5	0.7	0.9	0.8	0.7	0.9	1.0	1.1
Mainland Norway excluding general government	0.8	3.8	-0.5	0.9	1.1	0.8	0.6	1.0	1.2	1.3
Manufacturing and mining	-3.9	1.7	-2.6	-0.4	1.2	0.3	-0.8	0.8	2.1	0.5
Production of other goods	-3.5	5.5	-2.5	0.0	1.8	0.3	3.0	1.0	0.7	1.3
Services	3.0	4.1	0.5	1.4	0.9	1.0	0.5	1.1	1.2	1.5
General government	-0.1	2.1	-0.7	0.1	0.4	0.6	0.9	0.4	0.3	0.3
Correction items	1.6	4.2	0.2	1.0	1.6	-1.1	1.7	1.1	0.5	3.2

Source: Statistics Norway.

National accounts: Final expenditure and gross domestic product. Price indices. 2002=100

	Unadjusted		Seasonally adjusted							
	2003	2004	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4
Final consumption exp. of households and NPISHs	102.6	103.3	102.9	102.0	102.4	102.6	102.6	103.4	103.6	104.0
Final consumption exp. of general government	103.8	106.0	103.4	103.3	103.9	104.4	104.5	105.7	106.7	107.5
Gross fixed capital formation	100.7	103.6	99.5	100.5	101.9	101.2	102.3	104.4	105.2	102.7
Mainland Norway	100.3	103.5	99.5	100.3	101.7	100.4	102.5	104.8	105.3	101.6
Final domestic use of goods and services	102.5	104.0	102.1	101.1	103.3	103.9	102.8	103.0	105.5	105.3
Final demand from Mainland Norway	102.5	104.1	102.5	102.1	102.7	102.7	103.1	104.2	104.7	104.5
Total exports	101.7	114.7	104.7	99.2	99.5	103.0	109.9	112.9	116.3	119.8
Traditional goods	97.8	105.7	96.2	97.6	97.6	99.7	105.0	103.7	106.5	107.4
Total use of goods and services	102.3	107.4	102.9	100.4	102.1	103.6	105.1	106.1	108.9	109.8
Total imports	101.7	107.2	98.7	99.7	103.3	104.8	106.3	106.3	107.6	108.7
Traditional goods	100.4	104.2	98.8	98.8	101.2	102.9	103.9	104.1	104.3	104.5
Gross domestic product	102.4	107.4	104.1	100.6	101.7	103.2	104.8	106.0	109.3	110.1
Mainland Norway (market prices)	102.0	103.4	101.7	102.2	101.7	102.5	102.2	103.4	104.3	104.3

Source: Statistics Norway.

National accounts: Final expenditure and gross domestic product. Price indices. Percentage change from previous period

	Unadjusted		Seasonally adjusted							
	2003	2004	03.1	03.2	03.3	03.4	04.1	04.2	04.3	04.4
Final consumption exp. of households and NPISHs	2.6	0.7	2.3	-1.0	0.4	0.2	0.1	0.7	0.2	0.4
Final consumption exp. of general government	3.8	2.1	1.5	-0.1	0.5	0.6	0.0	1.2	1.0	0.8
Gross fixed capital formation	0.7	3.0	0.6	1.1	1.4	-0.8	1.1	2.0	0.8	-2.4
Mainland Norway	0.3	3.2	0.5	0.9	1.4	-1.3	2.1	2.3	0.5	-3.5
Final domestic use of goods and services	2.5	1.4	0.7	-1.0	2.2	0.6	-1.0	0.1	2.5	-0.2
Final demand from Mainland Norway	2.5	1.5	1.8	-0.4	0.6	0.0	0.4	1.1	0.5	-0.2
Total exports	1.7	12.8	4.7	-5.3	0.4	3.5	6.7	2.7	3.1	3.0
Traditional goods	-2.2	8.0	-1.9	1.5	0.0	2.2	5.2	-1.2	2.6	0.9
Total use of goods and services	2.3	5.0	2.0	-2.4	1.6	1.5	1.5	0.9	2.7	0.8
Total imports	1.7	5.4	-0.4	1.1	3.6	1.5	1.4	0.1	1.2	1.0
Traditional goods	0.4	3.7	-0.1	0.1	2.4	1.7	1.0	0.2	0.2	0.2
Gross domestic product	2.4	4.9	2.7	-3.4	1.1	1.5	1.5	1.2	3.1	0.7
Mainland Norway (market prices)	2.0	1.3	0.4	0.5	-0.5	0.7	-0.2	1.2	0.9	0.0

Source: Statistics Norway.