

Favourable growth in the Norwegian economy

Economic growth is likely to pick up further over the next two years, and will already this year be above trend. Improved labour market conditions is set to continue.

Economic activity in Norway is on a rising path and the fall in unemployment continues. Growth is broad-based. Private consumption is going up and businesses are investing more, both inside and outside the petroleum sector. The economic downturn following the sudden fall in oil prices in 2014 is now behind us.

Economic policy has supported the rebound of the Norwegian economy. Active use of fiscal policy has helped stabilize economic developments. Improved competitiveness facilitates a rebalancing of the economy and makes business thrive by allowing firms to exploit opportunities from improved economic conditions globally. It follows that exports are likely to rise.

Across sectors and regions, firms report a rise in production. According to Norges Bank's regional network, mainland businesses are stepping up investments plans. Oil prices are higher than foreseen last fall and oil companies are planning to scale up activity at the Norwegian shelf.

Household income is up and sentiments improving and we expect consumption to rise. Yet, high debt leaves households vulnerable. A welcome house price correction over the last year may curb credit growth and reduce the risk of a major set-back to the economy going forward.

Ever more people find new jobs. Employment was rising throughout last year, after sluggish developments in 2015 and 2016. The fall in labour participation has come to an end. Onwards, employment is predicted to grow faster than the working age population. Both LFS and registered unemployment have been falling over the last 18 months. Registered unemployment is now well below the last 20 years average and was in February at its lowest in five years. Also LFS unemployment has come down from the high levels seen in the summer 2016 and is expected to decrease further.

See table 1, presenting estimates to the March conference on the 2019 budget.

Key figures for the Norwegian economy¹

	NOK billion ^{2,3}		2018	2019
	2017	2017		
Private consumption	1 474,7	2,3	2,7	3,0
Public consumption	790,6	2,0	1,3	..
Gross fixed investment	784,2	3,5	3,8	2,9
Petroleum	149,5	-4,0	5,3	8,1
Business sector. Mainland Norway	255,3	5,1	9,3	4,4
Housing	203,4	7,1	-4,0	-3,1
General government	178,6	5,8	1,5	..
Demand from Mainland Norway ⁴	2 902,6	3,0	2,3	2,2
Exports	1 148,2	0,8	2,4	2,2
Crude oil and natural gas	441,8	1,9	-2,3	-3,0
Traditional goods	381,5	2,2	4,5	4,8
Services, excluding oil and internat. shipping...	224,9	-2,2	8,9	6,9
Imports	1 082,2	2,2	4,2	3,5
Gross domestic product	3 279,4	1,8	1,9	1,9
Mainland Norway	2 803,8	1,8	2,5	2,6
Other key figures				
Employment, persons (percentage growth)		1,1	1,3	1,1
Unemployment rate, LFS (level)		4,2	3,8	3,7
Unemployment rate, registered (level) ⁵		2,7	2,3	2,3
GDP growth among trading partners ⁶		2,8	2,7	2,4

¹Percentage volume change from previous year.

²Preliminary national account figures.

³Current prices.

⁴Excluding inventory changes.

⁵Measured as per cent of the LFS labour force.

⁶Norway's 25 most important trading partners weighted by respective shares of Norwegian exports excluding oil and gas.

Sources: Statistics Norway, Norwegian Labour and Welfare Administration, OECD and Ministry of Finance.