

NORWAY

Economic recovery has already started in Norway, with the large fiscal and monetary stimulus boosting consumption and sustaining employment. The rebound in house prices is a sign that this stimulus is encouraging households to spend rather than to consolidate their balance sheets. Growth in private investment will resume next year, once consumption growth is well established and credit markets return to normal.

Given the large deviation from the “4% rule” in 2009 and 2010, sizeable subsequent tightening of the fiscal stance is desirable for both macroeconomic management and medium-term fiscal sustainability. Monetary policy tightening has already started and should continue for some time, as the economy recovers, the labour market tightens and inflation expectations edge up. Policies to improve public spending efficiency should be pursued further, helping fiscal consolidation for the years to come.

Norway: Demand, output and prices

	2006	2007	2008	2009	2010	2011
	Current prices NOK billion	Percentage changes, volume (2006 prices)				
Private consumption	881.8	6.0	1.4	0.0	4.4	4.5
Government consumption	413.0	3.4	3.8	5.9	3.2	2.3
Gross fixed capital formation	424.2	8.4	3.9	-3.9	0.4	5.3
Final domestic demand	1 718.9	6.0	2.6	0.4	3.1	4.1
Stockbuilding ¹	51.0	-0.7	0.7	-1.6	0.0	0.0
Total domestic demand	1 769.9	5.0	3.3	-1.7	3.0	4.2
Exports of goods and services	1 002.5	2.5	1.4	-7.8	-0.4	2.6
Imports of goods and services	612.8	7.5	4.4	-11.5	4.3	5.4
Net exports ¹	389.7	-0.9	-0.7	-0.5	-1.3	-0.3
GDP at market prices	2 159.6	3.1	2.1	-1.4	1.3	3.2
GDP deflator	–	2.2	9.6	-3.3	3.7	2.9
<i>Memorandum items</i>						
Mainland GDP at market prices ²	–	6.1	2.6	-1.2	2.8	3.2
Consumer price index	–	0.7	3.8	2.3	1.6	2.2
Private consumption deflator	–	0.7	3.9	2.9	1.7	2.2
Unemployment rate	–	2.5	2.6	3.3	3.7	3.5
Household saving ratio ³	–	0.4	2.0	3.3	2.0	2.0
General government financial balance ⁴	–	17.7	18.8	9.6	9.9	10.8
Current account balance ⁴	–	15.9	19.4	17.4	18.6	18.1

Note: National accounts are based on official chain-linked data. This introduces a discrepancy in the identity between real demand components and GDP. For further details see *OECD Economic Outlook Sources and Methods* (<http://www.oecd.org/eco/sources-and-methods>).

- Contributions to changes in real GDP (percentage of real GDP in previous year), actual amount in the first column.
- GDP excluding oil and shipping.
- As a percentage of disposable income.
- As a percentage of GDP.

Source: OECD Economic Outlook 86 database.

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