Norwegian GDP

27 August 2026

Underlying growth in line

Mainland GDP growth surprised to the downside again in Q2, rising 0.3% q/q vs. Norges Bank's 0.4% estimate. Q1 2026 mainland growth was also revised marginally lower. The composition of growth was unsurprising; private consumption remains weak while a rebound in mainland investment and net trade contributed positively. Though mainland GDP is lower than assumed, the underlying trend is not deviating significantly from Norges Bank's assessment as volatile non-cyclical sectors have dampened growth in H1. This aligns with stable employment growth of 0.2% in Q2, which was a notch higher than expected by Norges Bank. Today's data should thus does not be decisive for the upcoming September decision.

Details

Mainland GDP: Sequential growth in mainland GDP surprised on the downside in Q2, rising 0.3% from a downward revised 0.1% in Q1 2026 (-0.05ppt). This was in line with our estimate, but a notch below consensus' and Norges Bank's 0.4% estimate. There were no large surprises to the composition of growth. Mainland GDP was lifted by a rebound in notoriously volatile mainland investment after the plunge in Q1. Net trade of traditional goods also contributed positively, while private consumption remained a drag.

Production-side data shows positive contributions from the vast service sector, manufacturing and the public sector. Other goods producing sectors were mixed with another rise in fishing & aquaculture while both electricity production (which plunged in Q1) and construction remained a drag. Statistics Norway notes that there are several volatile (non-cyclical) sectors that have dampened growth in H1. Falling electricity production reflects low water reservoirs. In addition, fisheries are affected by several random factors as well as changes in quotas for different fish species from one year to the next. Excluding traditional fishing and electricity, mainland GDP growth would have been 0.2% and 0.4% in Q1 and Q2, respectively.

Overall GDP: Growth for the overall economy was strong with total GDP rising 0.7% q/q, following a 0.4% q/q upturn in Q1. Production-side data shows a 1.7% q/q output increase in the oil & gas sector. Meanwhile, related demand-side data showed a large upturn in oil investments (9.9% q/q) while net trade was a small drag. The notoriously volatile inventory component dampened growth in Q2 (-0.3ppt).

Oil investment: Investment rose a hefty 9.9% q/q after a large drop of 11.5% in Q1, though the year-on-year rate still corrected lower to -3.0%. As most tax subsidized field developments are near completion and a thinning pipeline, the petroleum cycle is likely to peak this year and turn negative in 2027.

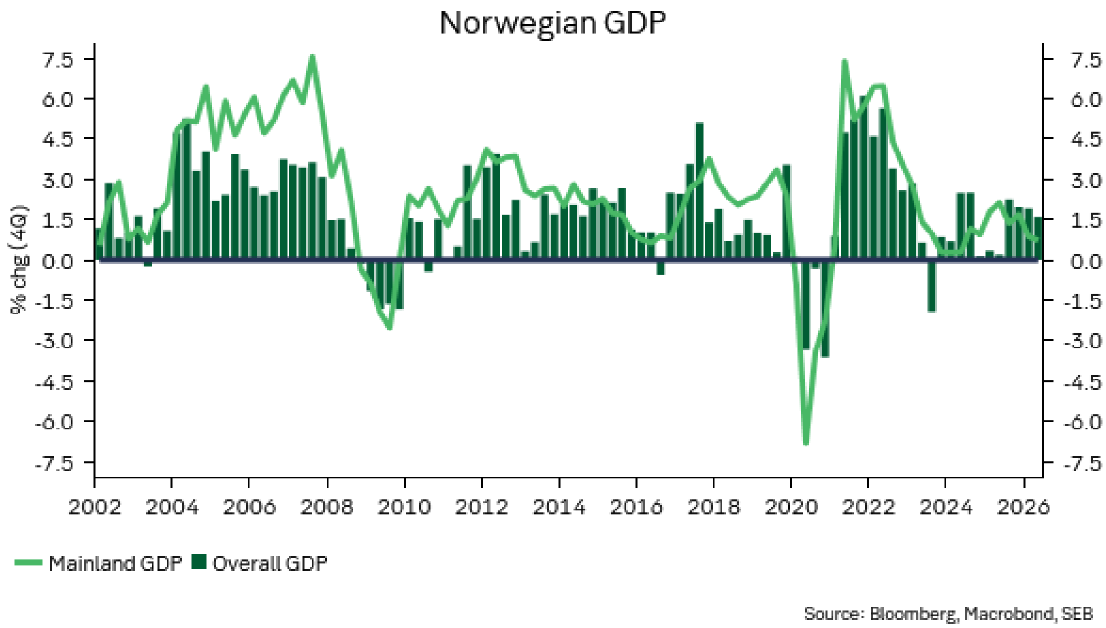
Mainland investment: Mainland investments tend to be very volatile on a quarterly basis. Investment posted a 2.9% q/q rise, following a large decline of 6.0% q/q fall in Q1. The quarterly rise was broad-based; business investment rose 2.5%, largely due to a large upturn in other goods-producing sectors, public investment rose 4.5% q/q, while residential investment rose 1.8% q/q. The latter is still down 24% from its peak in Q1 2022.

Exports of traditional goods: Traditional goods export rose 2.1% q/q, driven by strong growth in refined oil products, aquaculture, machinery & equipment and electricity. Meanwhile, imports of traditional goods rose a modest 0.2% q/q. Net trade of traditional goods contributed 0.3ppt to mainland GDP growth. Total exports were weaker, falling -0.1% q/q with a 0.1ppt drag to total GDP from net trade.

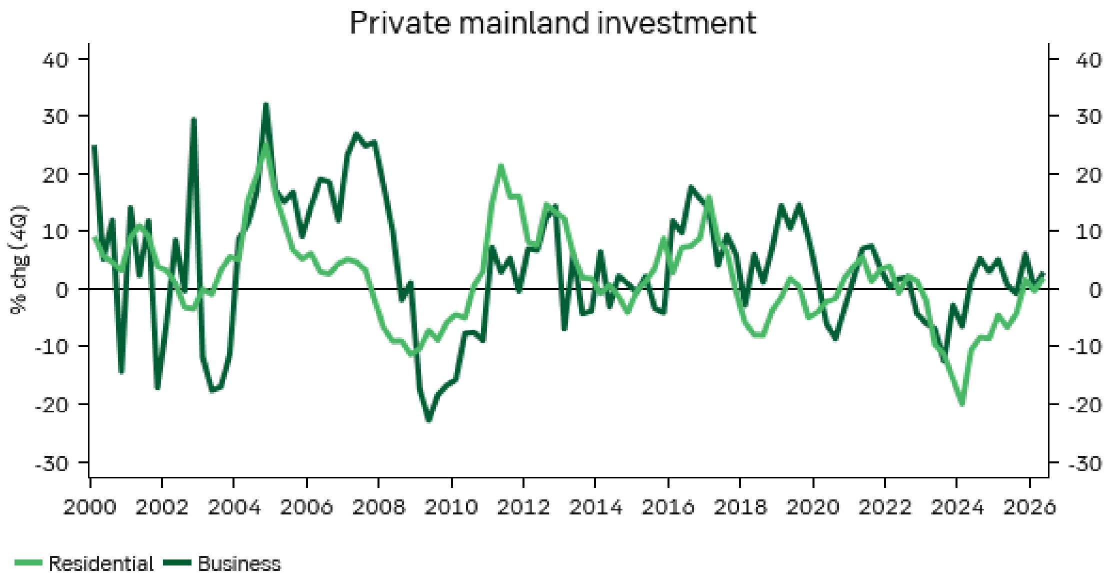
Private consumption: Private consumption posted a second quarterly decline, falling 0.2% q/q in Q2. Spending on services noted a similar quarterly decline, while the front-loading of EV auto purchases in Q4, which was a major drag on goods consumption in Q1, have normalized. Auto purchases thus rebounded, but consumption of other goods (particularly food and electricity) was weak. Excluding auto purchases and electricity, household consumption declined 0.8% q/q, but Statistics Norway notes that there are some uncertainties regarding the seasonal pattern due to the Easter.

Employment: Employment growth was stable at 0.2% q/q for the third consecutive quarter, which was a tad stronger than Norges Bank's 0.1% estimate. Growth was broad-based between the private and public sectors, though strongest in the latter. Within private employment, growth was strongest in services (0.3% q/q) and retail trade (0.2% q/q), while declining in construction (-0.2% q/q).

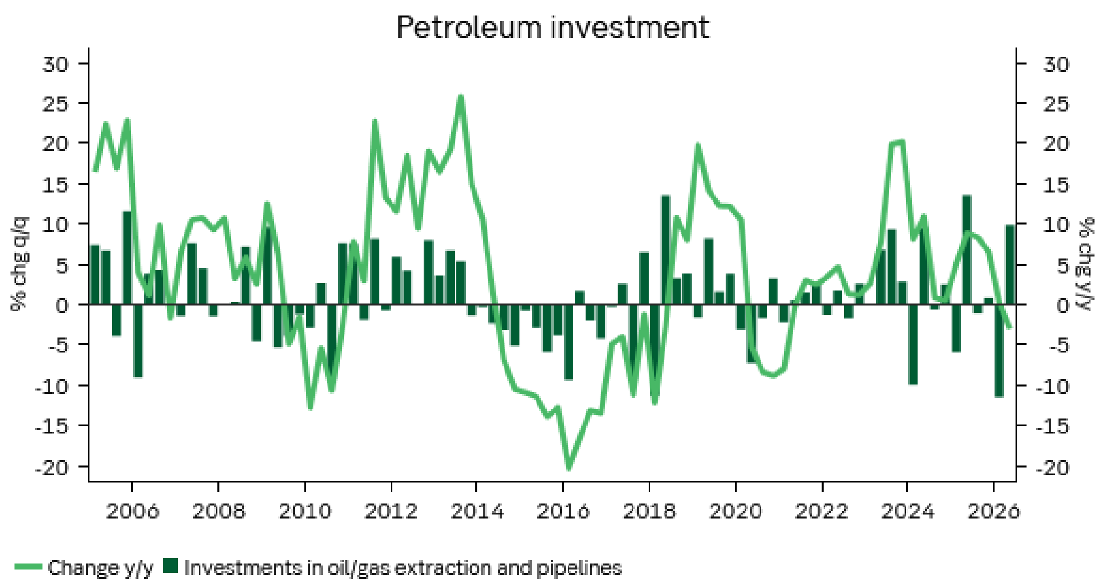
Implications Norges Bank: The marginal downward revision to mainland GDP growth in Q1 combined with lower-than-expected growth in Q2 implies that the mainland GDP level is slightly lower than assumed by Norges Bank. However, overlooking volatile non-cyclical sectors the underlying trend is not deviating significantly from Norges Bank's assessment. Moreover, employment growth was somewhat stronger than assumed and thus align with some other (early) positive labour market signals recently. We see little changes to Norges Bank's assessment of the output gap, and hence this data should not be decisive for Norges Bank's September decision. We will await tomorrow's registered unemployment data, August inflation (Sep 10) and the Regional Network Report (Sep 17) for more input ahead of the Sep 24 rate decision and MPR.


Norwegian GDP
% chg (4Q)
Mainland GDP
Overall GDP
Source: Bloomberg, Macrobond, SEB


Growth drivers
% chg (4Q)
% chg (4Q)
Exports of traditional goods
Mainland investment
Private consumption
Source: Bloomberg, Macrobond, SEB



Source: Bloomberg, Macrobond, SEB



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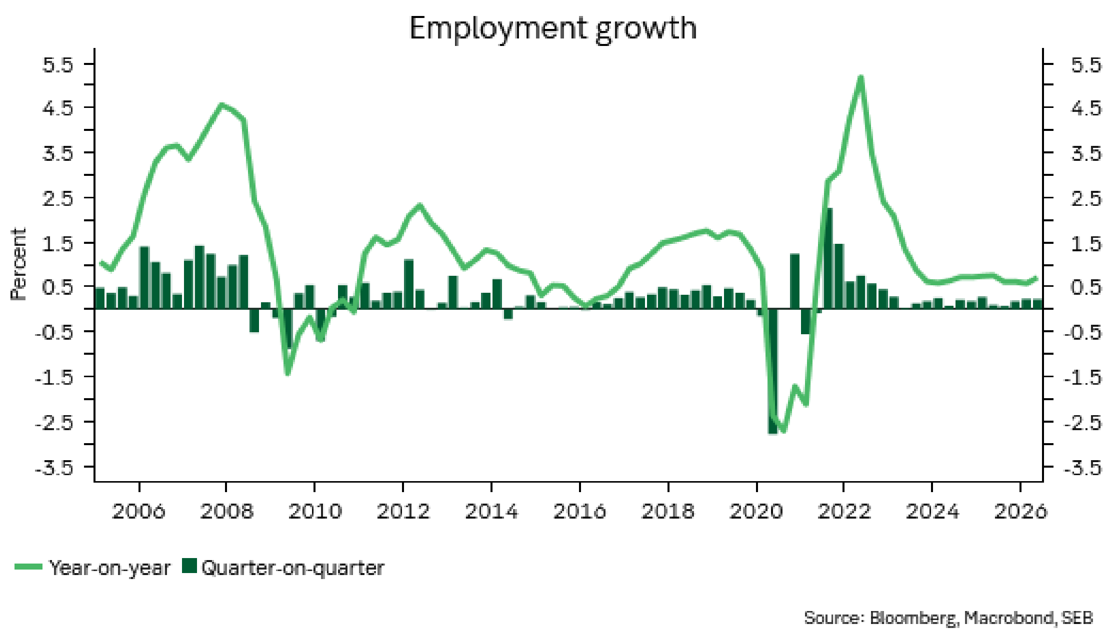

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