

Economic Indicators



Central Bank of Iceland
April 2007

Overview of economic indicators

I Inflation and inflation expectations¹

| | Latest period | Latest value | Change (%) | | | Contribution to 12-mo. inflation (%) | 12-mo. ch. 1 year ago (%) |
|--|---------------|--------------|----------------|----------------------------|----------------|--------------------------------------|---------------------------|
| | | | on prev. month | over 6 months ² | over 12 months | | |
| Consumer price index..... | April '07 | 268.7 | 0.6 | 1.9 | 5.3 | . | 5.5 |
| Core index 1 (CPI excl. agricultural products and petrol)..... | April '07 | 153.0 | 0.7 | 3.7 | 6.4 | 5.5 | 4.6 |
| Core index 2 (core index 1 excl. public services)..... | April '07 | 153.8 | 0.8 | 3.7 | 6.6 | 5.3 | 4.9 |
| Domestic goods excl. agricultural products..... | April '07 | 131.2 | -0.6 | -12.5 | -0.7 | -0.1 | 4.4 |
| Agricultural products..... | April '07 | 125.4 | -0.7 | -10.9 | -0.3 | 0.0 | 6.2 |
| Imported goods excl. alcohol and tobacco..... | April '07 | 116.0 | 0.5 | -1.5 | 3.3 | 1.0 | 2.9 |
| - food and beverages..... | April '07 | 116.1 | -2.5 | -13.5 | 1.2 | 0.0 | 5.1 |
| - cars and spare parts..... | April '07 | 129.7 | -0.1 | 4.7 | 8.9 | 0.6 | 1.5 |
| - petrol..... | April '07 | 152.9 | 1.3 | -7.4 | -2.6 | -0.2 | 18.0 |
| - imported goods excl. food and beverages..... | April '07 | 101.0 | 1.1 | 0.2 | 3.7 | 0.5 | -1.9 |
| Housing..... | April '07 | 259.1 | 1.9 | 12.5 | 11.9 | 2.7 | 12.3 |
| Public services..... | April '07 | 150.9 | -0.1 | 4.5 | 3.6 | 0.3 | 1.5 |
| Private services..... | April '07 | 157.0 | 0.4 | 4.5 | 5.6 | 1.2 | 3.7 |
| Groceries (perishables)..... | April '07 | 123.5 | -0.7 | -11.2 | 0.1 | 0.0 | 5.6 |
| Weighted import exchange rate index (Dec. 31 1994=100)..... | March 30 '07 | 100.6 | -7.8 | -5.6 | -0.8 | . | 8.2 |

| | Latest period | Expected 12 mo. inflation | Change on prev. survey | Exp. 12-mo inflation 1 year ago | Expected annual inflation over next 2 yrs. 3 yrs. | Perceived inflation in past 12 mo. |
|---|---------------|---------------------------|------------------------|---------------------------------|---|------------------------------------|
| Businesses' inflation expectations..... | February '07 | 2.9 | 0.7 | 4.2 | 3.0 | . |
| Household inflation expectations..... | October '06 | 5.7 | -0.2 | 4.4 | . | 7.0 |

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation.

II Output and demand

| | Latest period | Latest value | Value 1 year ago | % change ¹ on | | Year-to-date ¹ | |
|---|----------------|--------------|------------------|--------------------------|---------------|---------------------------|--------------------------|
| | | | | previous period | previous year | Value | Change on prev. year (%) |
| GDP (b.kr.)..... | Q3/2006 | 297.6 | 261.4 | -1.0 | 2.5 | 1,141.7 | 2.6 |
| National expenditure (b.kr.)..... | Q3/2006 | 349.9 | 303.5 | 1.6 | 3.2 | 1,346.1 | 7.4 |
| Private consumption (b.kr.)..... | Q3/2006 | 178.9 | 161.8 | 4.8 | 1.2 | 686.5 | 4.6 |
| Public consumption (b.kr.)..... | Q3/2006 | 71.7 | 63.7 | -0.8 | 2.9 | 280.7 | 2.9 |
| Gross fixed investment (b.kr.)..... | Q3/2006 | 97.2 | 80.1 | 1.7 | 3.4 | 365.6 | 13.0 |
| Exports of goods and services (b. kr.)..... | Q3/2006 | 90.1 | 75.4 | -12.2 | -6.4 | 372.2 | -5.6 |
| Imports of goods and services (b. kr.)..... | Q3/2006 | -142.4 | -117.6 | -1.9 | -0.6 | -576.5 | 8.8 |
| Domestic turnover according to VAT statements (b. kr.)..... | Sept.-Oct. '06 | 269.5 | 231.5 | -0.2 | 8.6 | 1,408.7 | 12.6 |
| Turnover in groceries stores (b.kr.)..... | March '07 | 135.5 | 116.9 | 25.9 | 15.8 | 118.2 | 7.0 |
| Credit and debit card turnover (b.kr.) ² | March '07 | 53.5 | 55.7 | -2.3 | -7.5 | 163.4 | -3.4 |
| Turnover of publicly listed companies on ITEX (b.kr.)..... | Q1-Q2/2006 | 748.0 | 487.0 | 23.2 | 53.6 | 748.0 | 53.6 |
| Cement sales (thous. tons)..... | March '07 | 27.5 | 23.7 | 37.6 | 16.0 | 63.9 | -0.9 |
| Automobile registrations (number)..... | March '07 | 1,619 | 2,879 | 22.1 | -43.8 | 4,255 | -40.4 |

1. Change between periods is presented in real terms. 2. Change in seasonally adjusted values.

III Foreign trade and external economic conditions

| | Latest period | Latest value | Value 1 year ago | % change on | | Year-to-date | |
|--|---------------|--------------|------------------|-----------------|---------------|--------------|--------------------------|
| | | | | previous period | previous year | Value | Change on prev. year (%) |
| Price of marine products in foreign currency (Jan.1999=100)..... | February '07 | 117.0 | 107.8 | -0.2 | 8.5 | 117.0 | 8.5 |
| Price of aluminium, LME cash price USD/t..... | April '07 | 2,805 | 2,385 | 1.6 | 17.6 | 2,802 | 17.9 |
| Price of crude oil (Brent) USD/b..... | April '07 | 65.8 | 70.4 | 5.8 | -6.6 | 59.5 | -7.1 |
| Demersals (1,000 tonnes)..... | March '07 | 54.8 | 63.4 | 17.5 | -13.5 | 135.9 | -7.9 |
| Pelagics (1,000 tonnes)..... | March '07 | 106.3 | 68.5 | -43.2 | 55.1 | 340.0 | 40.6 |
| Merchandise exports (excl. ships & aircraft, b.kr.) ¹ | February '07 | 20.1 | 14.6 | -0.8 | 27.7 | 226.6 | 9.8 |
| - marine products (b.kr.) ¹ | February '07 | 8.8 | 8.8 | -19.0 | -6.0 | 124.4 | 1.0 |
| - aluminium (b.kr.) ¹ | February '07 | 5.5 | 2.7 | 6.9 | 55.9 | 57.0 | 41.7 |
| - other industrial products (b.kr.) ¹ | February '07 | 4.4 | 2.4 | 38.0 | 97.4 | 36.0 | 4.6 |
| Merchandise imports (excl. ships & aircraft, b.kr.) ¹ | February '07 | 27.8 | 21.9 | -16.7 | 4.7 | 357.9 | 15.6 |
| Merchandise trade balance (excl. ships & aircraft, b.kr.)..... | February '07 | -7.7 | -7.3 | . | . | -131.2 | . |
| Services exports (b.kr.) ¹ | Q3/2006 | 29.1 | 28.5 | -26.6 | -13.4 | 126.6 | -12.1 |
| Services imports (b.kr.) ¹ | Q3/2006 | 45.2 | 44.8 | -5.5 | -14.4 | 180.9 | 0.3 |
| Real effective exchange rate (relative CPI) (2000=100)..... | Q3/2006 | 104.5 | 118.1 | 3.1 | -11.5 | 104.2 | -6.4 |

Note: In the case of volumes and values, 'Year-to-date' refers to cumulated figures, but in the case of prices or indices it refers to the average price or index. 1. Changes are calculated at constant exchange rates.

IV Labour market and wages

| | Latest period | Latest value | Value 1 year ago | Change ¹ from | | Year-to-date ² | |
|--|---------------|--------------|------------------|--------------------------|---------------|---------------------------|--------------------------|
| | | | | previous period | previous year | Average | Change on prev. year (%) |
| Number of unemployed listed at employment agencies | March '07 | 1,934 | 2,417 | -103 | -483 | 1,983 | -17.4 |
| Registered unemployment, s.a. (% of total estim. labour force) | March '07 | 1.1 | 1.3 | 0.0 | -0.2 | 1.1 | -0.2 |
| Unemployment rate, labour force survey..... | Q3/2006 | 2.5 | 2.4 | 0.0 | 0.1 | 2.9 | 0.5 |
| Listed vacancies at employment agencies..... | March '07 | 414 | 792 | 36.6 | -47.7 | 324 | -52.5 |
| Work permits issued, total..... | March '07 | 301 | 797 | 92 | -62.2 | 712 | -71.2 |
| New permits for new jobs and permit extensions | March '07 | 192 | 215 | 61 | -10.7 | 503 | -28.0 |
| Wage index (December 1988=100) | March '07 | 313.2 | 285.4 | 0.3 | 9.7 | 312.3 | 9.9 |
| Real wages (wage index deflated by CPI)..... | March '07 | 146.5 | 141.3 | 0.6 | 3.7 | 145.9 | 3.0 |

1. Change from previous period refers to change in the number of unemployed and change in the rate of unemployment; percentage changes otherwise. 2. Average from beginning of year except for work permits where the cumulated number of permits is shown. Change on previous year refers to change in the average number of unemployed and change in the unemployment rate; percentage changes otherwise.

V Public finances

| | Latest period | Latest value | Value 1 year ago | % change on | | Year-to-date | |
|--|---------------|--------------|------------------|-----------------|---------------|--------------|--------------------------|
| | | | | previous period | previous year | Value | Change on prev. year (%) |
| Treasury revenue balance (b.kr.)..... | February '07 | 11.9 | 8.3 | . | . | 30.7 | . |
| - as a percentage of revenue..... | February '07 | 29.8 | 24.6 | . | . | 35.0 | . |
| Net borrowing requirement (b. kr.)..... | February '07 | 12.0 | -8.5 | . | . | 23.6 | . |
| - as percentage of revenue..... | February '07 | 30.0 | -25.3 | . | . | 27.0 | . |
| Treasury revenue (b. kr.)..... | February '07 | 40.1 | 33.7 | 2.9 | 11.2 | 87.6 | 13.2 |
| - excl. asset sales and irregular items (b. kr.)..... | February '07 | 40.0 | 33.6 | 2.8 | 11.2 | 87.3 | 12.8 |
| - from VAT (b. kr.)..... | February '07 | 11.3 | 9.5 | 7.9 | 11.2 | 24.7 | 27.2 |
| - from payroll & personal income tax withheld (b. kr.) | February '07 | 11.2 | 9.8 | -1.6 | 6.2 | 22.1 | 7.2 |
| - from imports (b. kr.) | February '07 | 2.1 | 2.0 | -2.0 | -4.1 | 3.9 | -4.3 |
| Treasury expenditures (b. kr.)..... | February '07 | 28.2 | 25.4 | 3.0 | 3.4 | 56.9 | 6.3 |
| - excl. irregular items (b. kr.) | February '07 | 28.2 | 25.4 | 3.0 | 3.4 | 56.9 | 6.3 |

Note: First four columns show 4-month moving averages of monthly values, last two show current year to date.

VI Asset markets

| | Latest period | Latest value | Value 1 year ago | % change on | | Year-to-date | |
|---|---------------|--------------|------------------|-----------------|---------------|----------------------|--------------------------|
| | | | | previous period | previous year | Average ¹ | Change on prev. year (%) |
| ICEX-15 equity price index ² (Dec. 1997=1,000)..... | February '07 | 7,275.8 | 6,641.7 | 6.4 | 9.5 | 7,057.9 | 11.2 |
| Equity turnover on ICEX, ² monthly total..... | Ebruary '07 | 300.3 | 160.6 | -6.0 | 87.0 | 619.8 | 25.3 |
| Residential housing prices, narrow index ³ (Jan. 1994=100) | February '07 | 300.3 | 160.6 | -6.0 | 87.0 | 619.8 | 25.3 |
| Real residential housing prices, broad index ³ (Jan. 1994=100) | March '07 | 312.6 | 297.2 | 1.4 | 5.2 | 308.7 | 13.4 |
| Price of long-term cod quota (kr./kg.)..... | March '07 | 204.0 | 204.2 | 2.8 | -0.1 | 200.4 | 4.9 |

1. Except for turnover which is cumulated to date. 2. ICEX = Iceland Stock Exchange. Prices are monthly averages. 3. In Greater Reykjavik.

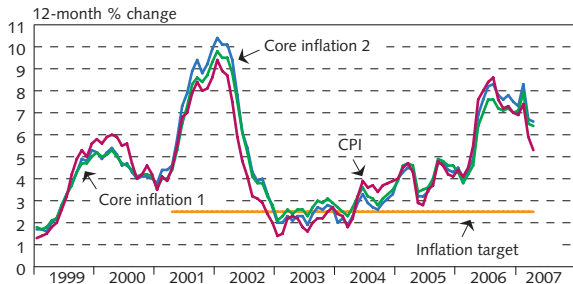
VII Financial markets

| | Latest period | Latest value | Value 1 year ago | % change on | | Year-to-date | |
|--|---------------|--------------|------------------|-----------------|---------------|--------------|--------------------------|
| | | | | previous period | previous year | Average | Change on prev. year (%) |
| Bank lending to domestic sector (b.kr.) ¹ | March '07 | 2,396.5 | 1,963.5 | 0.9 | 32.1 | . | . |
| - adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) ¹ | March '07 | 529.9 | 442.0 | 1.1 | 24.6 | . | . |
| - in real terms (January 2002 = 100) ¹ | March '07 | 287.0 | 246.1 | 0.0 | 16.6 | . | . |
| Credit system total lending (b.kr.)..... | March '07 | 4,627.3 | 3,213.3 | 10.3 | 44.0 | . | . |
| M3 (b.kr.)..... | March '07 | 781.3 | 725.8 | 0.0 | 7.6 | . | . |
| Central Bank policy interest rate (%)..... | April 20 '07 | 14.25 | 11.50 | 0.0 | 2.8 | 14.25 | 3.43 |
| Money market yield, 3-mo. (%) ² | April 20 '07 | 13.8 | 11.3 | -1.0 | 2.6 | 13.9 | 3.4 |
| Money market yield, 12-mo. (%) ² | April 20 '07 | 13.9 | 11.7 | -0.2 | 2.2 | 14.1 | 3.5 |
| Yield on Treasury notes (RIKB 10 0317) (%) ² | April 20 '07 | 10.4 | 9.3 | 0.4 | 1.1 | 9.9 | 1.5 |
| Yield on Treasury notes (RIKB 13 0517) (%) ² | April 20 '07 | 9.0 | 8.8 | 0.1 | 0.2 | 8.8 | 0.6 |
| Real yield on HFF bonds (HFF150224) (%) ² | April 20 '07 | 5.1 | 4.4 | -0.4 | 0.7 | 5.4 | . |
| Real yield on HFF bonds (HFF150234) (%) ² | April 20 '07 | 4.5 | 4.3 | -0.2 | 0.2 | 4.6 | . |
| Real yield on HFF bonds (HFF150244) (%) ² | April 20 '07 | 4.2 | 4.2 | -0.1 | 0.0 | 4.3 | . |
| Real yield on Treasury bonds (RIKS 15 1001) (%) ² | April 20 '07 | 4.9 | 4.3 | -0.2 | 0.6 | 5.0 | 0.7 |
| Average bank lending rate, non-indexed loans (%) ² | April 20 '07 | 19.2 | 16.7 | 0.0 | 2.4 | 19.3 | 3.0 |
| Average bank lending rate, indexed loans (%) ² | April 20 '07 | 8.2 | 6.8 | 0.0 | 1.4 | 8.4 | 1.6 |
| Exchange rate index of króna (Dec. 31 1991=100) ² | April 20 '07 | 120.1 | 124.3 | -0.3 | -4.2 | 121.8 | 9.6 |

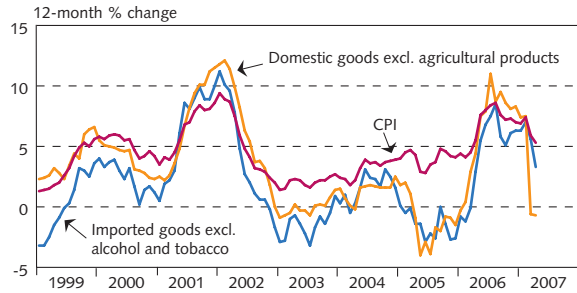
1. For comparability, financial companies which were reclassified as deposit money banks or moved into that category through mergers are included retrospectively for the entire period. This adjustment is made only for percentage changes and not applied to the original stock figures. 2. All figures except for two last columns are based on 4-week averages.

I Inflation and inflation expectations

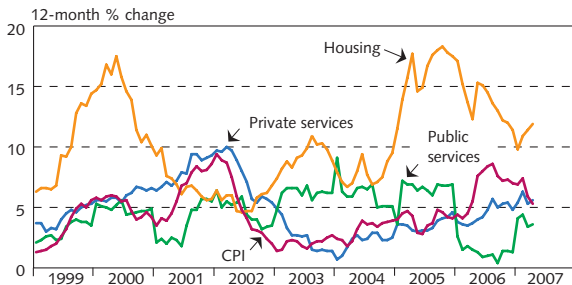
I-1 Consumer price inflation and core inflation¹



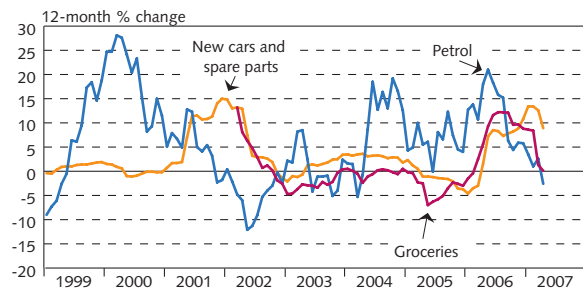
I-2 Consumer prices
Goods



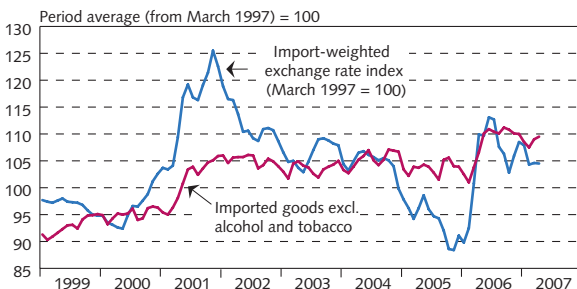
I-3 Consumer prices
Housing and services



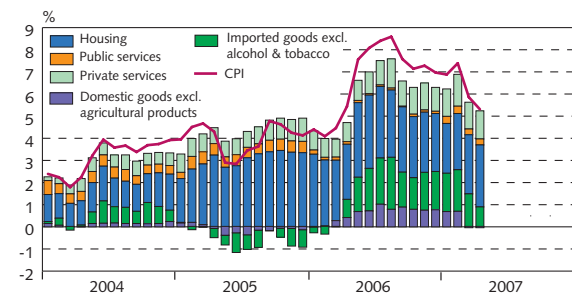
I-4 Consumer prices
Selected components



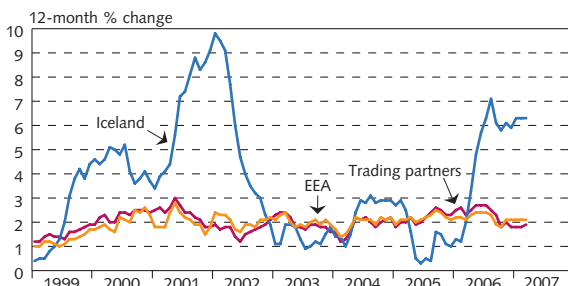
I-5 Prices of imported goods and exchange rate development
Import-weighted exchange rate of the króna and prices of imported goods in the CP



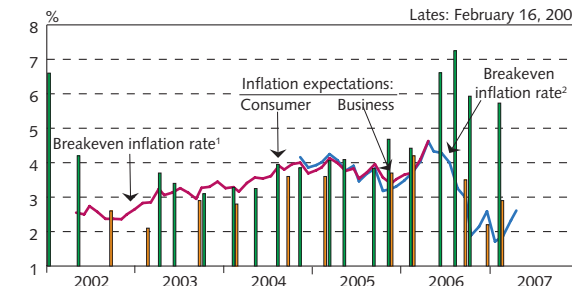
I-6 Components of CPI inflation
Contribution to inflation in past 12 months



I-7 Inflation in Iceland and trading partner countries
HICP inflation for all countries except national CPI inflation for USA, Switzerland and Japan



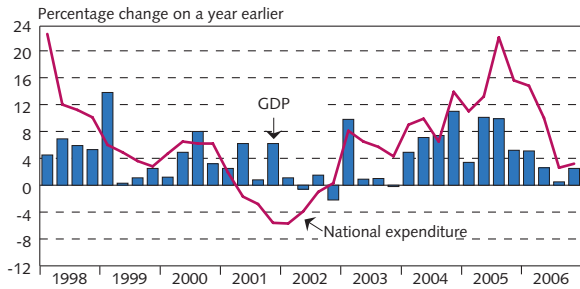
I-8 Inflation expectations
Breakeven inflation rate at month-end and inflation expectations according to surveys
Lates: February 16, 2007



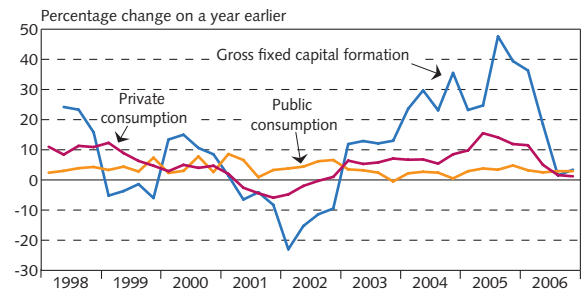
1. Spread between RIKB 13 0517 and RIKS 15 1001.
2. Spread between RIKB 13 0517 and HFF150914.

II Output and demand

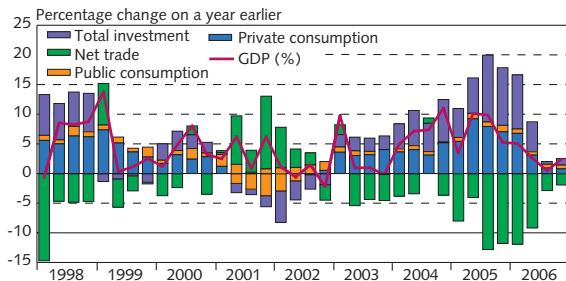
II-1
Economic growth and national expenditure
Quarterly data



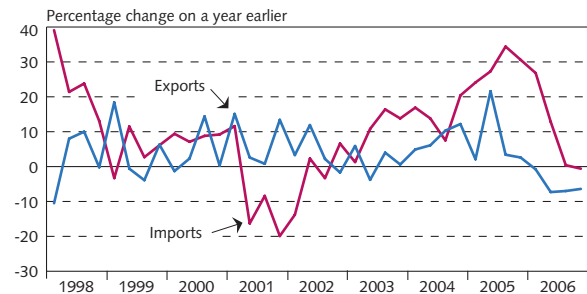
II-2
Consumption and gross fixed capital formation
Quarterly data



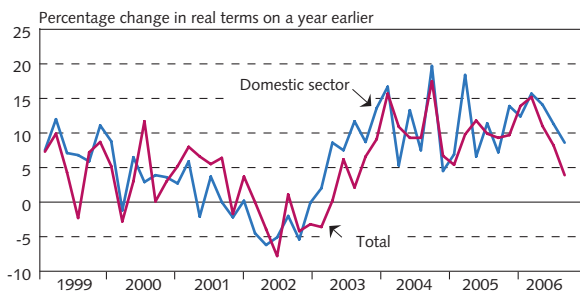
II-3
Contributions to GDP growth
Quarterly data



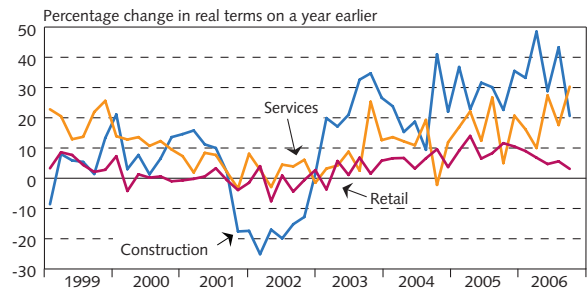
II-4
Exports and imports of goods and services
Quarterly data



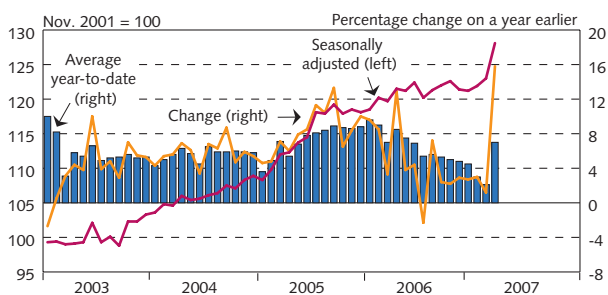
II-5
Turnover based on VAT returns
Seasonally adjusted



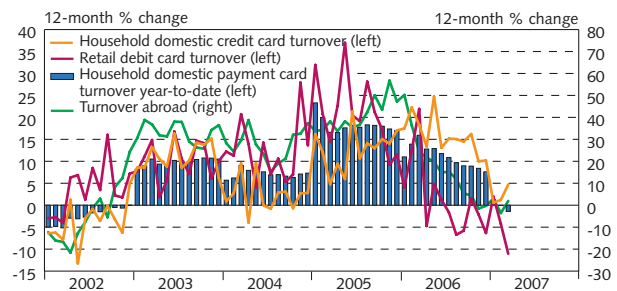
II-6
Turnover based on VAT returns
Selected sectors



II-7
Groceries turnover
In real terms (deflated by the price of groceries in the CPI)



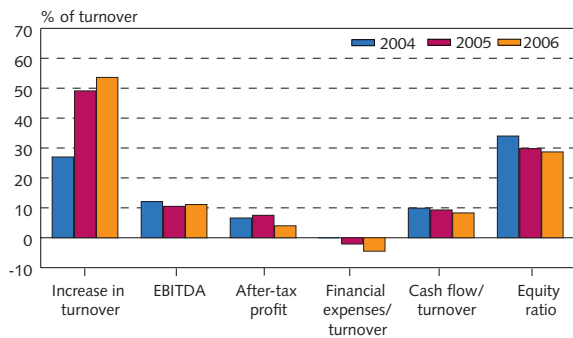
II-8
Payment card turnover
Deflated by the CPI less housing cost for domestic turnover and the exchange rate for turnover abroad



II Output and demand

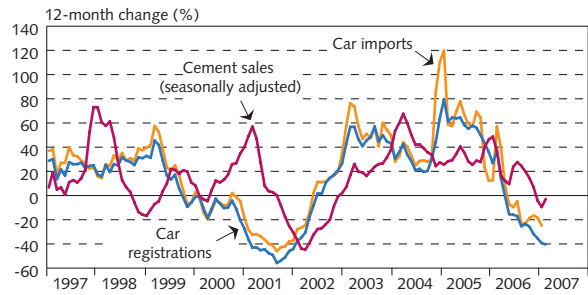
II-9

ICEX-listed company turnover and profits
2004 and January-September 2005-2006



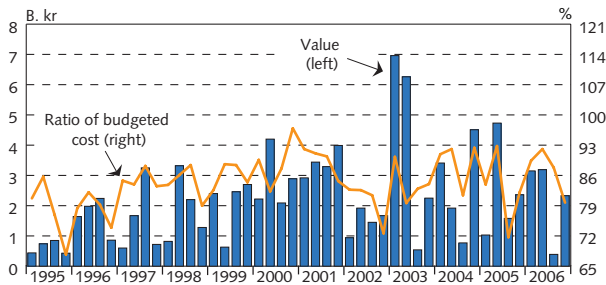
II-10

Car imports and registrations and cement sales
Monthly data



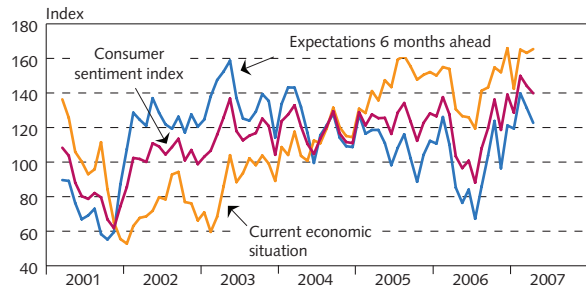
II-11

Contracts in public tenders
Value and as a ratio of budgeted cost



II-12

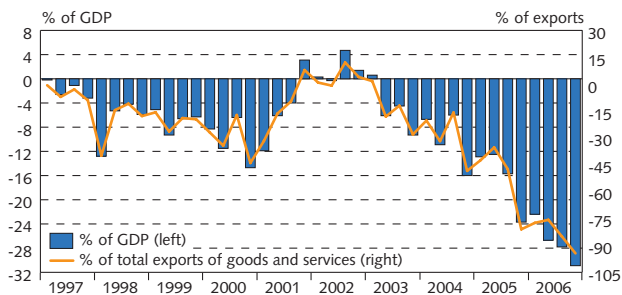
Consumer sentiment (Gallup)
Index, current situation and expectations six months ahead



III Foreign trade and external economic conditions

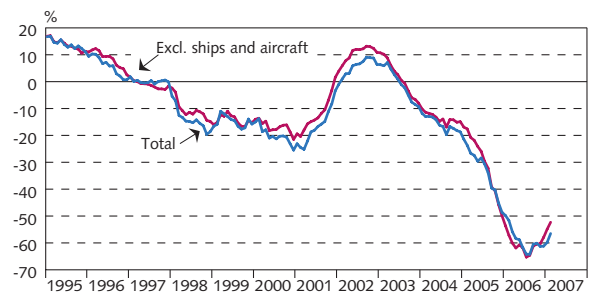
III-1

Current account balance
Quarterly data



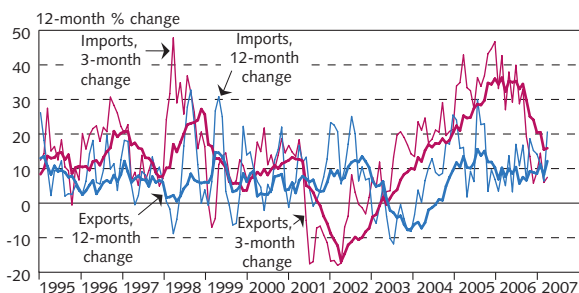
III-2

Merchandise trade balance
12-month moving averages



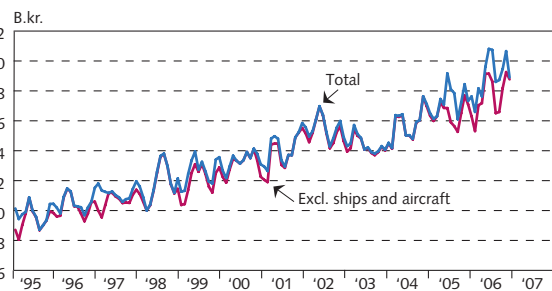
III-3

Merchandise imports and exports
12- and 3-month moving averages, at fixed exchange rates



III-4

Merchandise exports
3-month moving averages, at fixed exchange rates

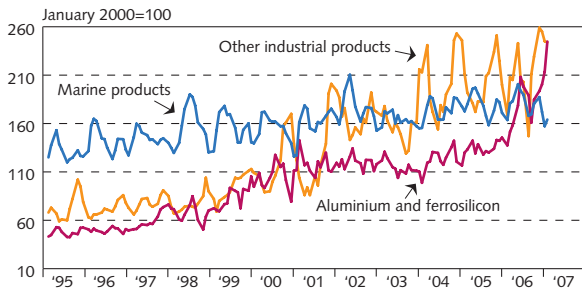


III Foreign trade and external economic conditions

III-5

Merchandise exports by category

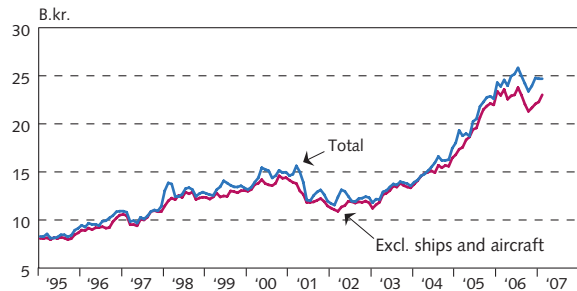
3-month moving averages, export value at fixed exchange rates



III-6

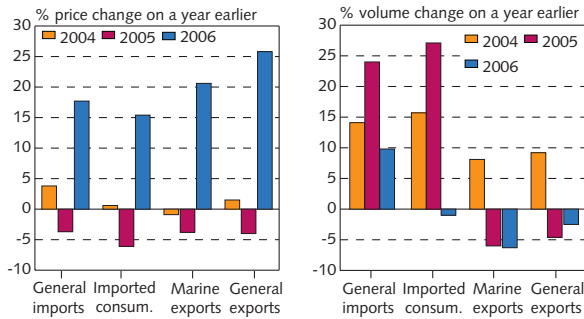
Seasonally adjusted merchandise imports

3-month moving averages, at fixed prices and exchange rates



III-7

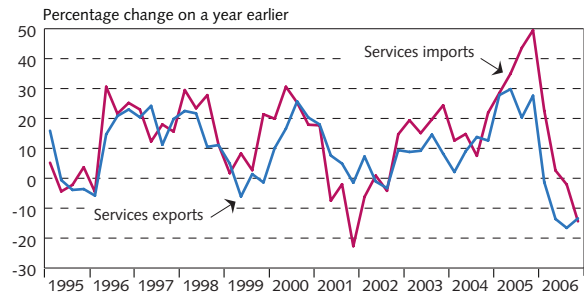
Merchandise trade in January - Dec. 2004-2006



III-8

Services account

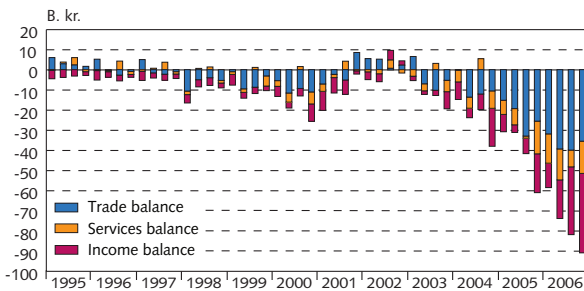
Quarterly data at fixed exchange rate



III-9

Components of current account

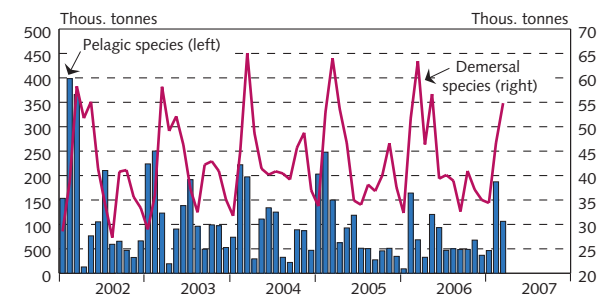
Net current transfer is included in factor income



III-10

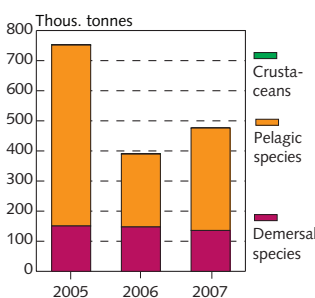
Fish catch volume

Monthly data

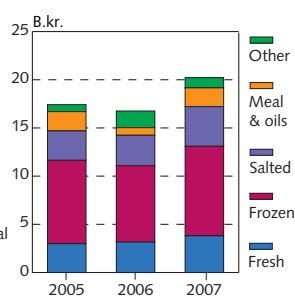


III-11

Fish catch March



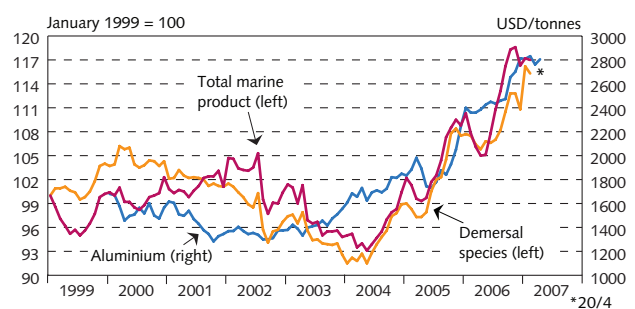
Marine export value January-February



III-12

Export prices

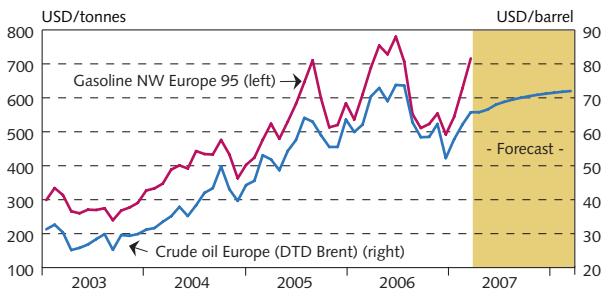
Currency-weighted for marine exports and in USD for aluminium



III Foreign trade and external economic conditions

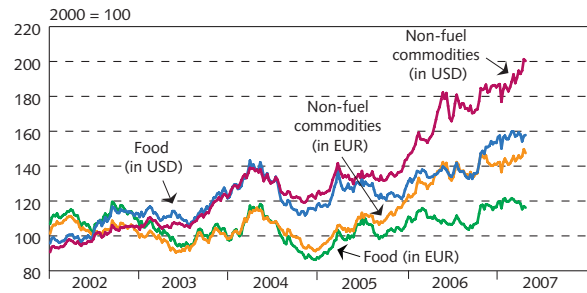
III-13

Crude oil and gasoline prices
Forecast based on Rotterdam futures prices



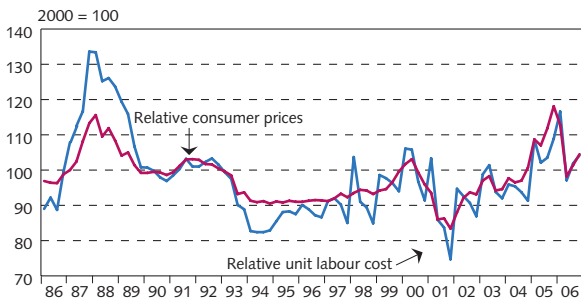
III-14

Commodity prices in international markets
Weekly data



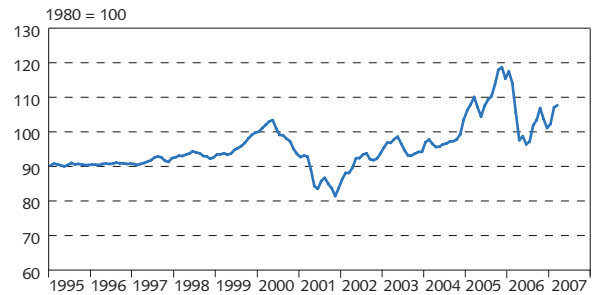
III-15

Real effective exchange rate of the króna
Quarterly data



III-16

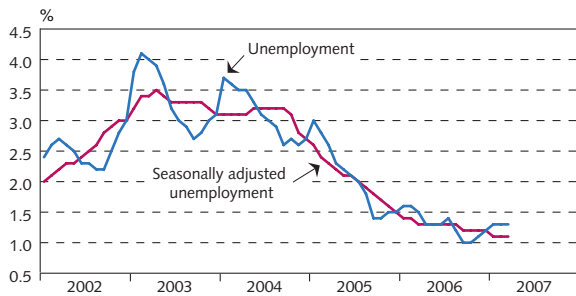
Real effective exchange rate of the króna
Monthly data



IV Labour market and wages

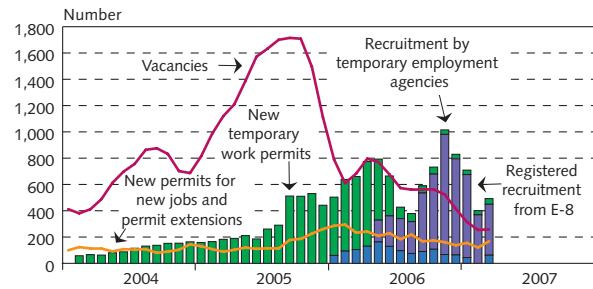
IV-1

Unemployment
Percentage of labour force



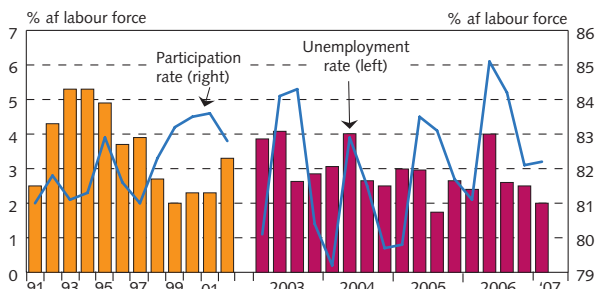
IV-2

Foreign labour
3-month moving averages



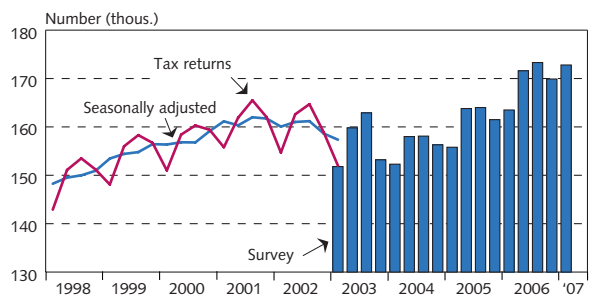
IV-3

Unemployment rate and labour participation rate
Statistics Iceland labour market survey



IV-4

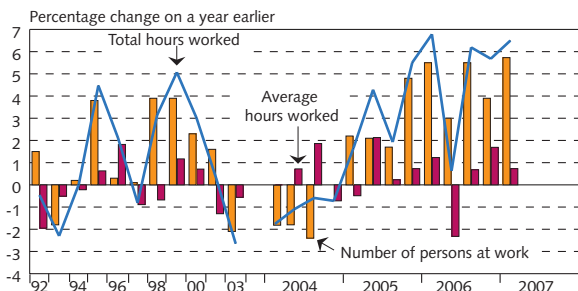
Number of employed persons
Based on income tax returns for 1988-2002
and Statistics Iceland labour market surveys since 2003



IV Labour market and wages

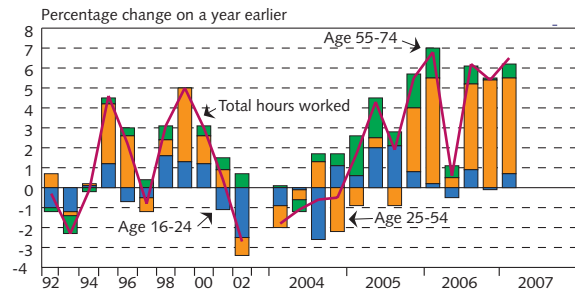
IV-5

Change in labour use
Survey-based



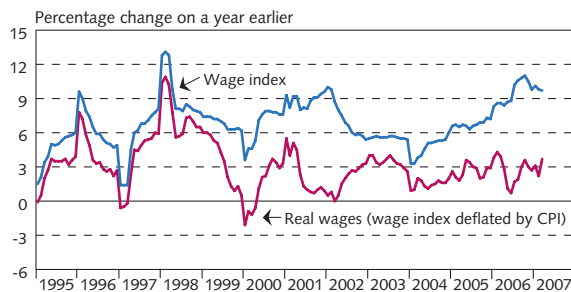
IV-6

Change in labour use
Contribution of age groups to total hours worked



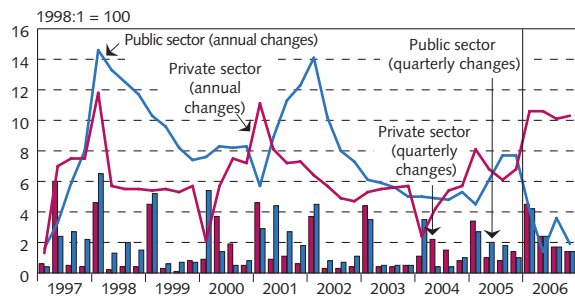
IV-7

Nominal and real wages
Statistics Iceland wage index



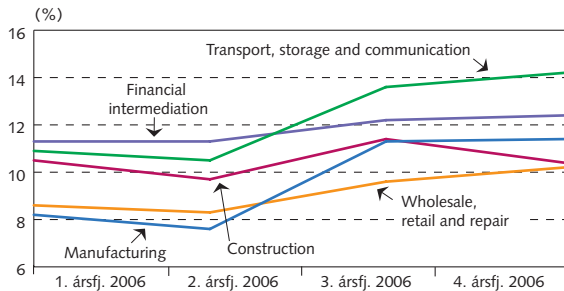
IV-8

Wage changes by sectors
Statistics Iceland wage index



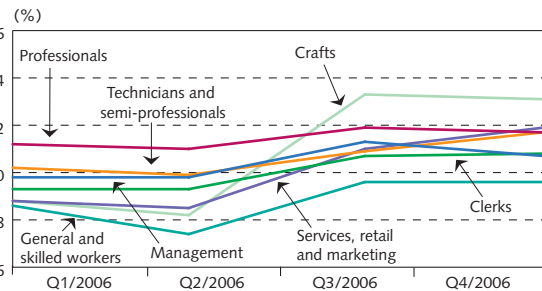
IV-9

Private sector wage index by sector
Percentage change on a year earlier



IV-10

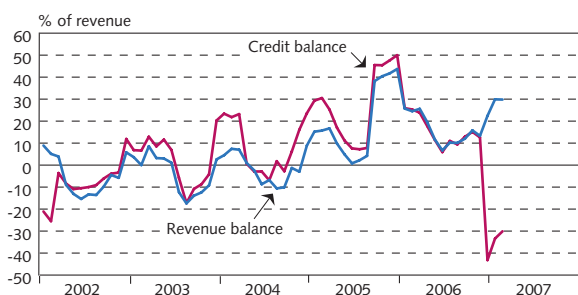
Private sector wage index by occupational group
Change on a year earlier (%)



V Public finances

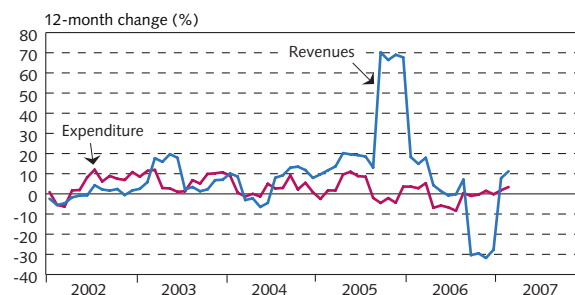
V-1

Treasury balance and net credit balance
4-month moving averages in real terms



V-2

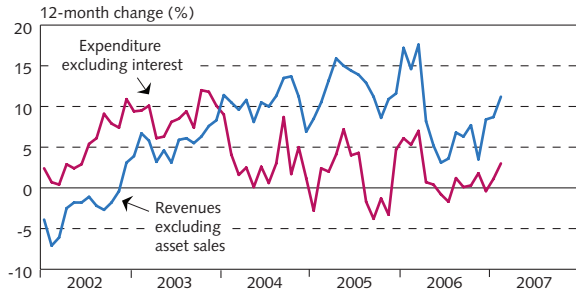
Regular Treasury revenues and expenditure
4-month moving averages in real terms



V Public finances

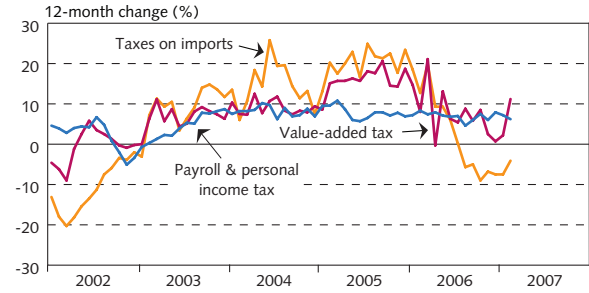
V-3

Regular revenues excluding asset sales,
regular expenditure excluding interest
4-month moving averages in real terms



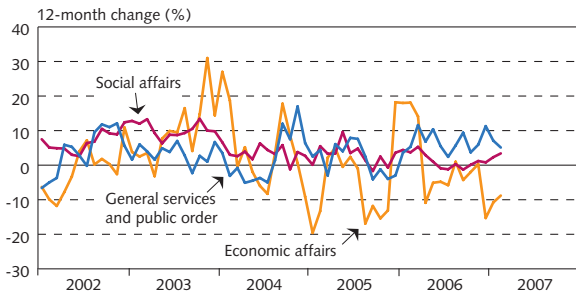
V-4

Tax revenues
4-month moving averages in real terms



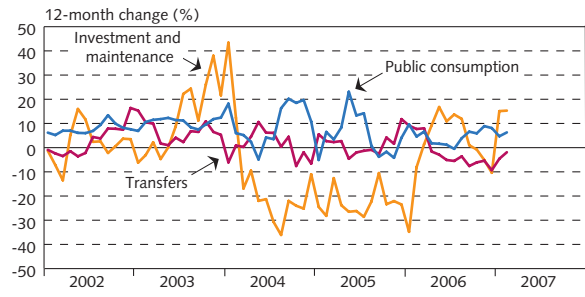
V-5

Treasury expenditures by function
4-month moving averages in real terms



V-6

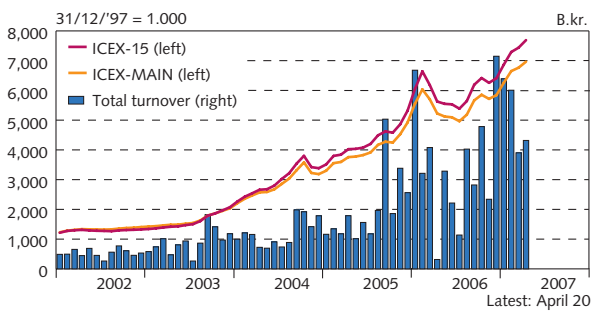
Treasury expenditures by type
4-month moving averages in real terms



VI Asset markets

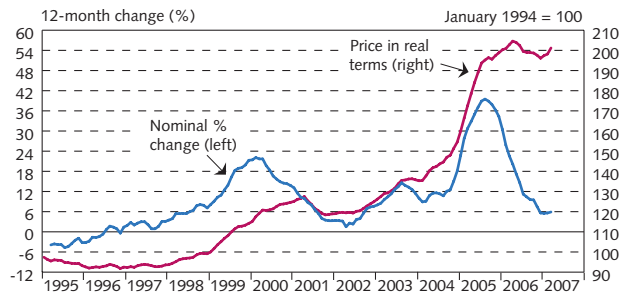
VI-1

ICEX equity market
Monthly turnover and equity prices



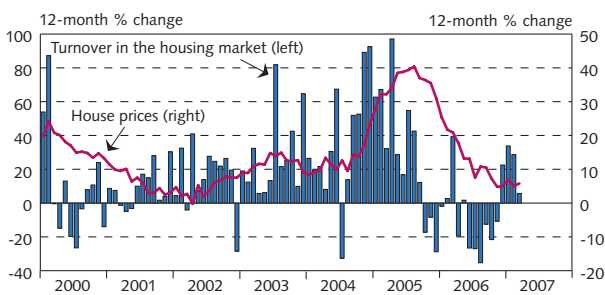
VI-2

Residential housing prices in Greater Reykjavik
Price per m2, 3-month moving averages



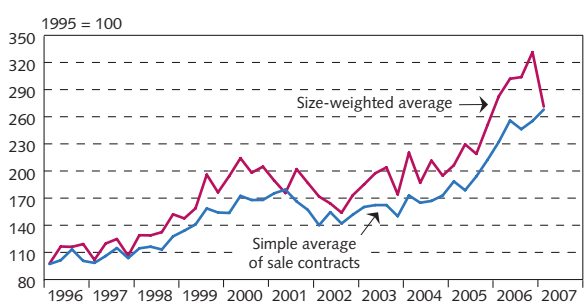
VI-3

House prices in Greater Reykjavik
Monthly data



VI-4

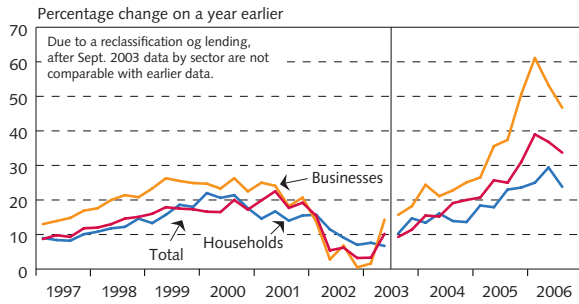
Commercial property prices in Greater Reykjavik
Weighted average of industrial, retail and office premises



VII Financial markets

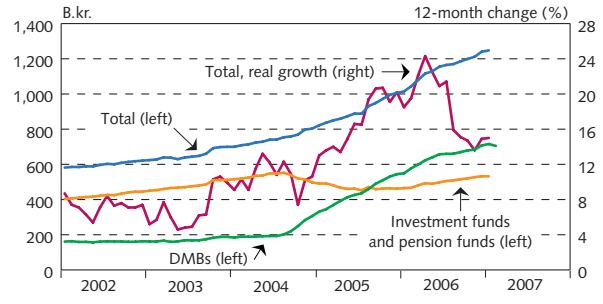
VII-1

Credit system lending growth
Quarterly data



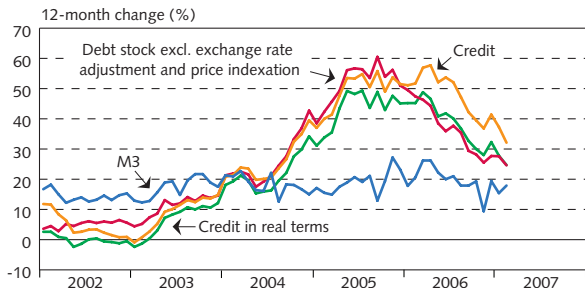
VII-2

Household debt with main credit institutions
Monthly data



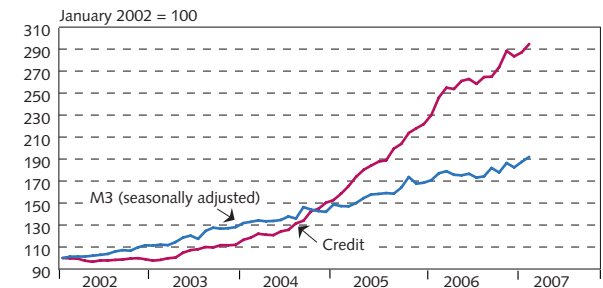
VII-3

Growth of M3 and bank credit
Monthly data



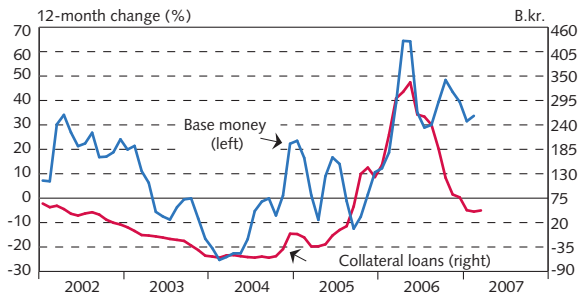
VII-4

Growth of M3 and DMB's credit to domestic sector
Monthly data



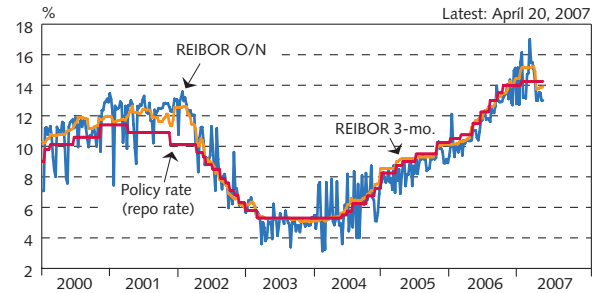
VII-5

Base money and collateral loans with the Central Bank
3-month moving averages



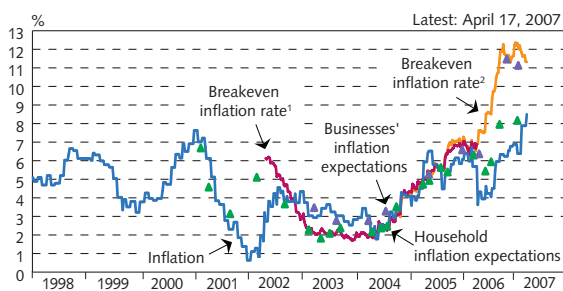
VII-6

The Central Bank repo rate and interbank interest rates
Weekly data



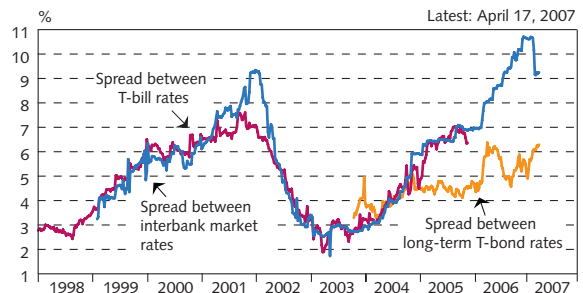
VII-7

Central Bank policy interest rate in real terms
Weekly data



VII-8

Interest rate differential with abroad
Weekly data

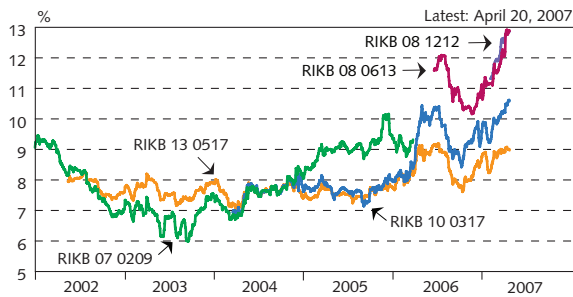


1. Spread between RIKB 13 0517 and RIKS 15 1001.
2. Spread between RIKB 13 0517 and HFF150914.

VII Financial markets

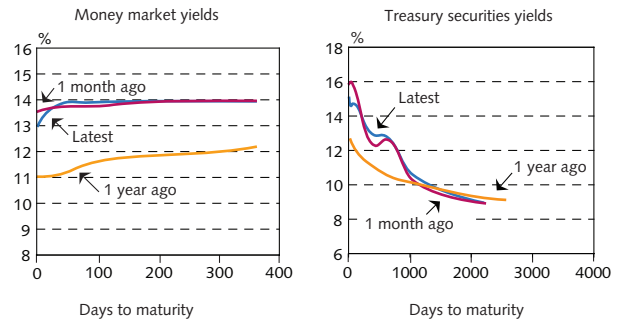
VII-9

Long-term nominal Treasury bond yields
Daily data



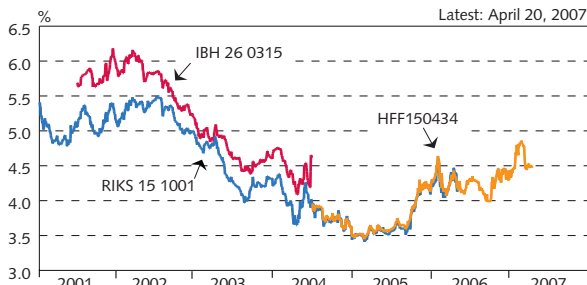
VII-10

Term structure of nominal interest rates April 20, 2007



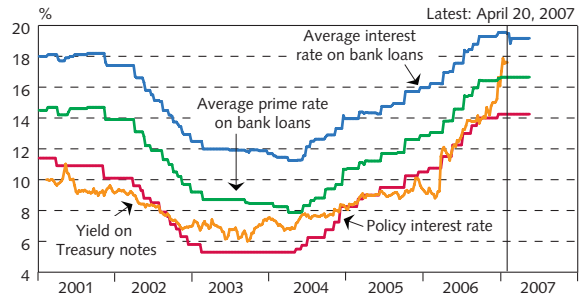
VII-11

Yields on indexed long-term bonds
Daily data



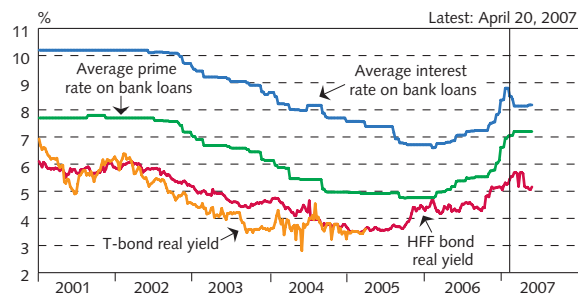
VII-12

Average nominal interest rates
Bank lending rates, T-note yields and policy interest rate



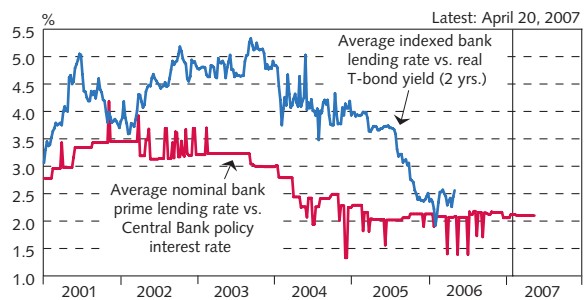
VII-13

Average indexed interest rates
Bank lending rates and real yield on housing bonds and T-bonds



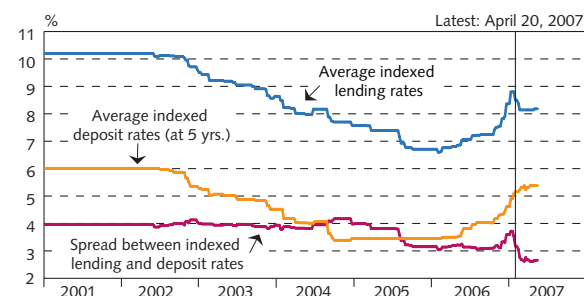
VII-14

Interest rate spreads
Between nominal bank prime rates and the policy rate;
between indexed bank lending rates and T-bond yield



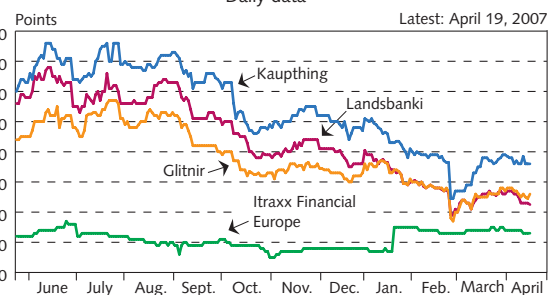
VII-15

Bank lending and deposit rates
Indexed terms



VII-16

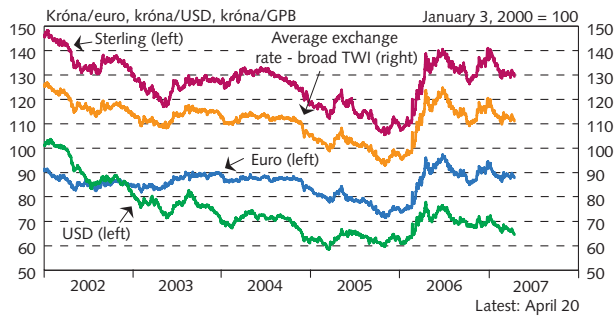
CDSs of Icelandic banks
and Itraxx Financial Index
Daily data



VII Financial markets

VII-17

Exchange rate of the króna
Daily data



VII-18

Nominal and real effective exchange rate of the króna
Monthly averages

