

# Economic Indicators

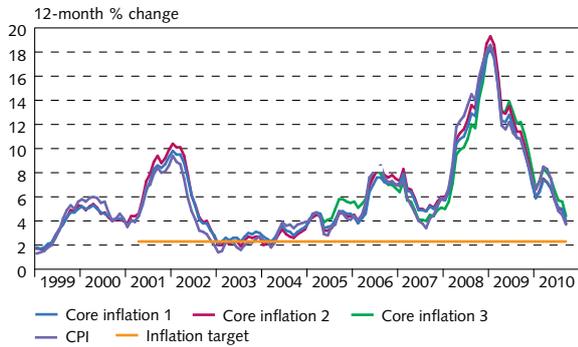


Central Bank of Iceland  
September 2010

# I Inflation and inflation expectations

I-1

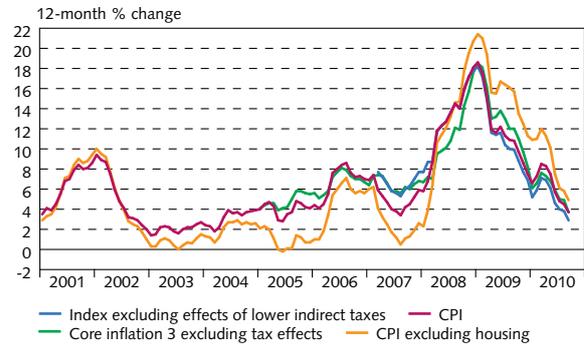
Inflation



Overall index and measures of underlying inflation. Core Index 1 excludes prices of agricultural products and petrol, and Core Index 2 excludes prices of public services as well. Core Index 3 is Core Index 2 excluding the effects of changes in real interest rates on the housing component of the CPI. Monthly data.  
Source: Statistics Iceland.

I-2

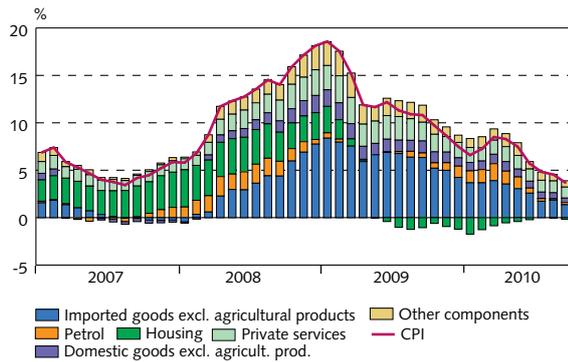
Inflation: various measurements



Monthly data.  
Source: Statistics Iceland.

I-3

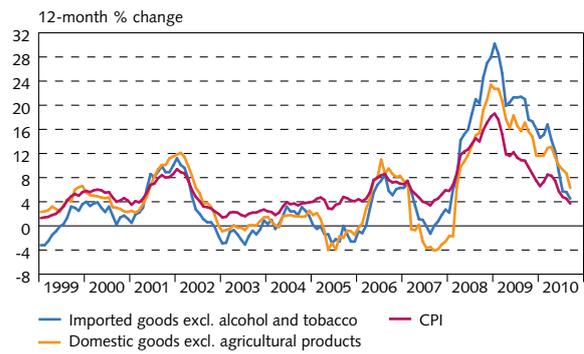
Components of CPI inflation



Contribution of individual items to 12-month inflation. Monthly data.  
Source: Statistics Iceland.

I-4

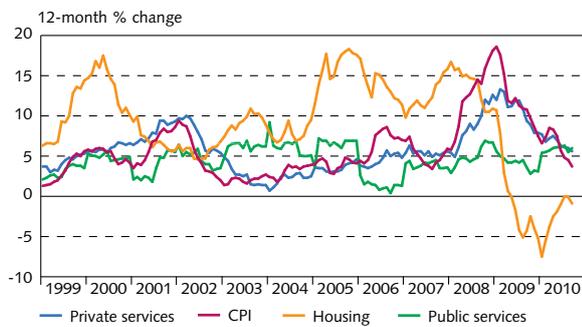
Price developments: goods



Monthly data.  
Source: Statistics Iceland.

I-5

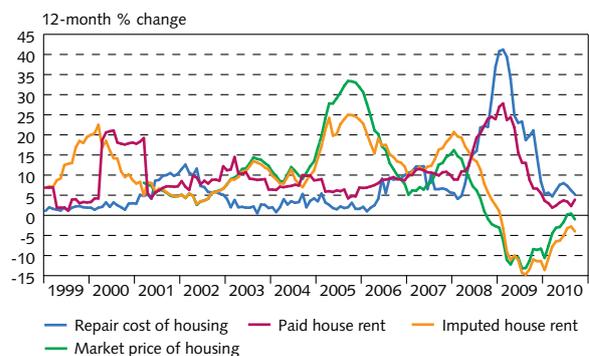
Price developments: housing and services



Monthly data.  
Source: Statistics Iceland.

I-6

Price developments: housing

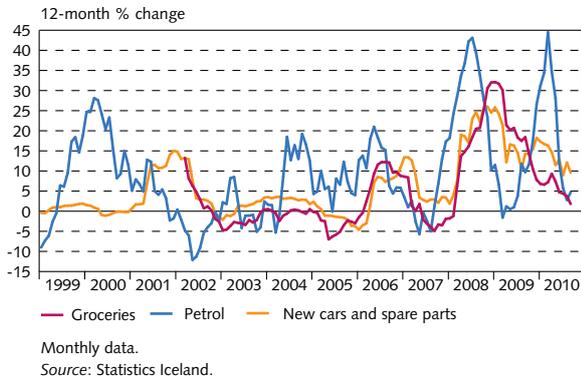


Monthly data.  
Source: Statistics Iceland.

# I Inflation and inflation expectations

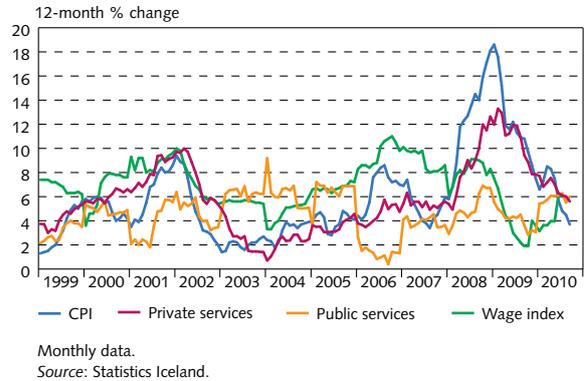
I-7

Price developments: various components



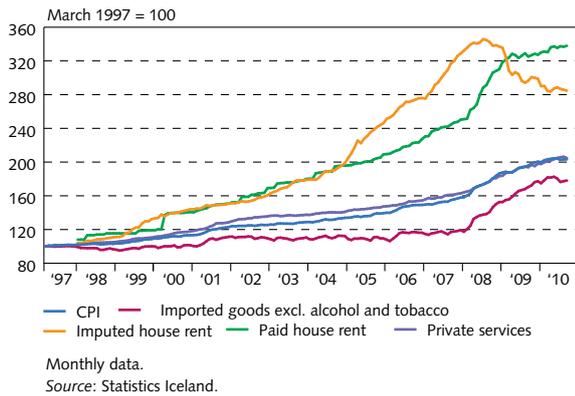
I-8

Price and wage developments: wages, inflation, and services



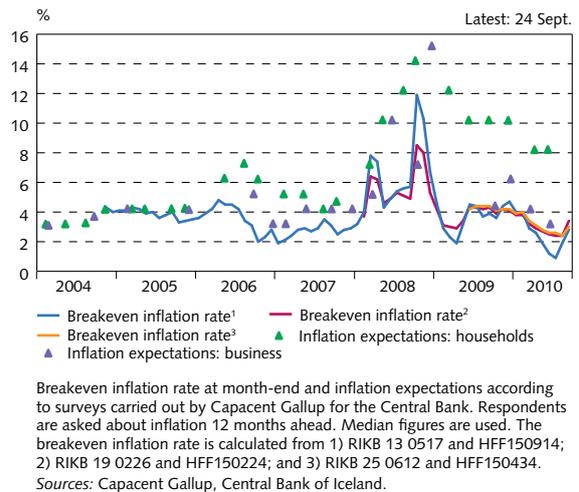
I-9

Price developments: goods, housing and services



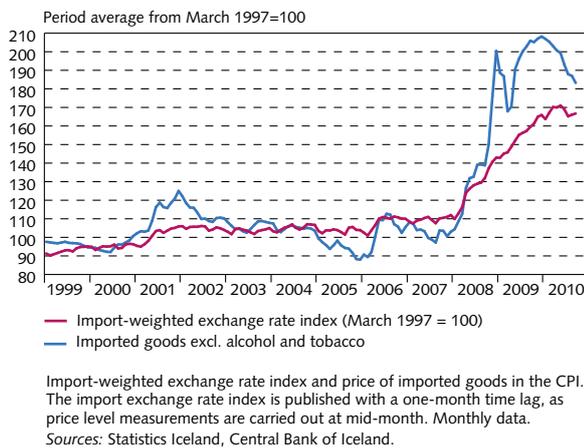
I-10

Breakeven inflation rate and inflation expectations



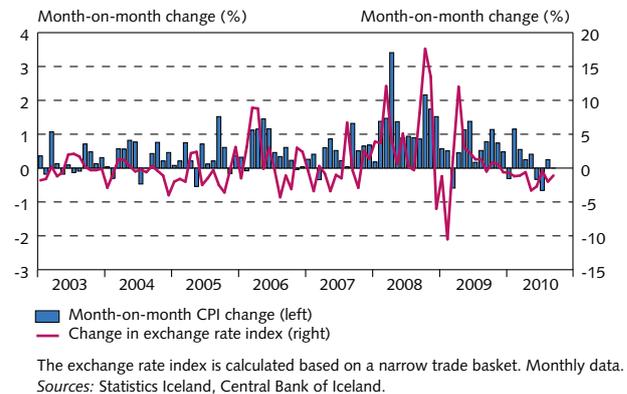
I-11

Import price levels and exchange rate developments



I-12

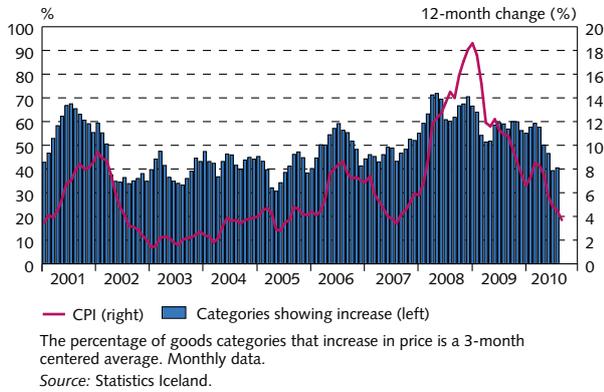
Price level and exchange rate developments



## I Inflation and inflation expectations

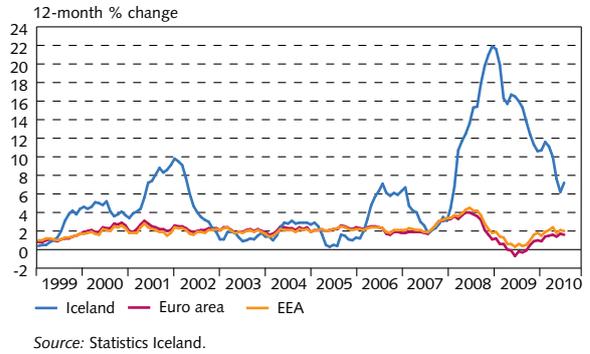
I-13

Distribution of price increases in the CPI



I-14

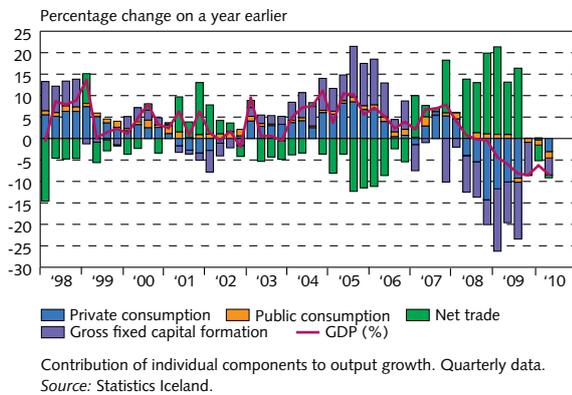
Inflation in Iceland and in Europe



## II Output and demand

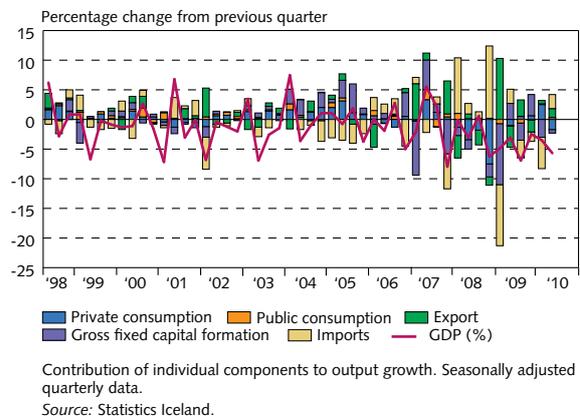
II-1

GDP



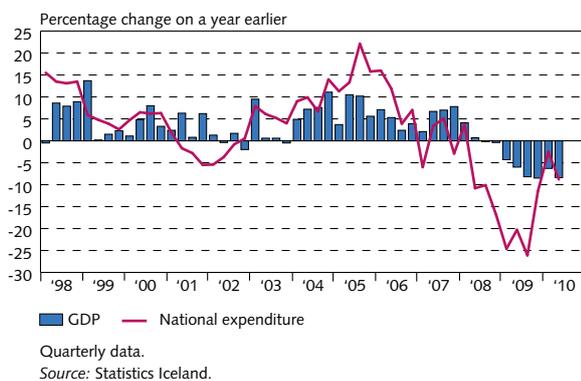
II-2

GDP



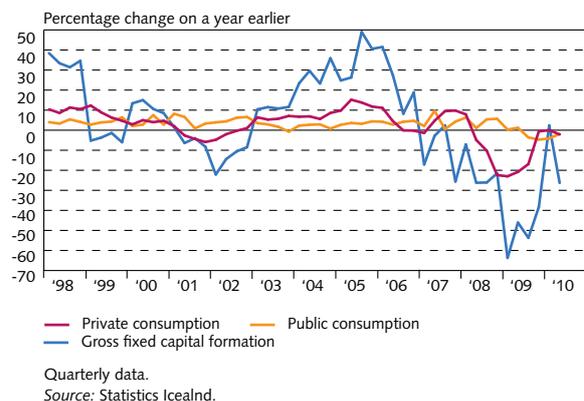
II-3

Output growth and national expenditure



II-4

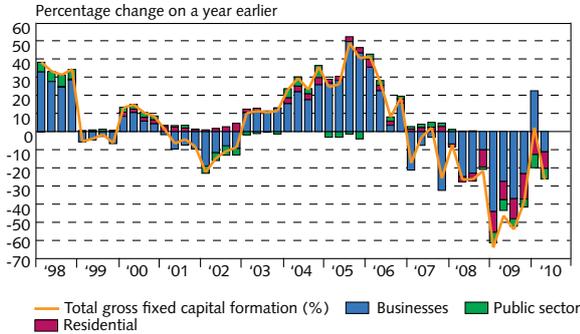
Private consumption and gross fixed capital formation



## II Output and demand

II-5

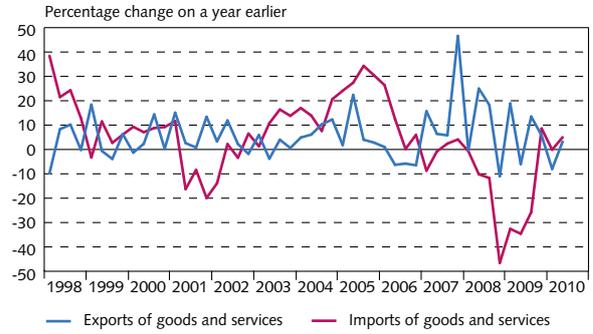
### Gross fixed capital formation



Contribution of individual items to gross capital formation. Quarterly data.  
Source: Statistics Iceland.

II-6

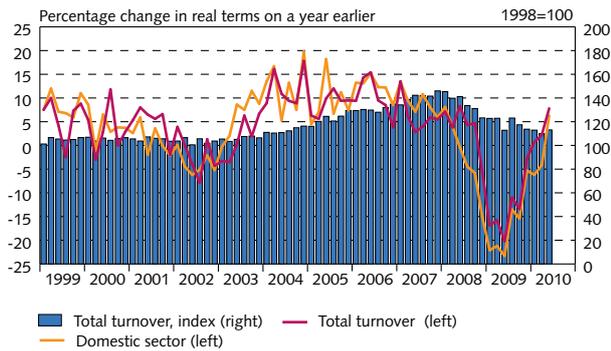
### Foreign trade



Quarterly data.  
Source: Statistics Iceland.

II-7

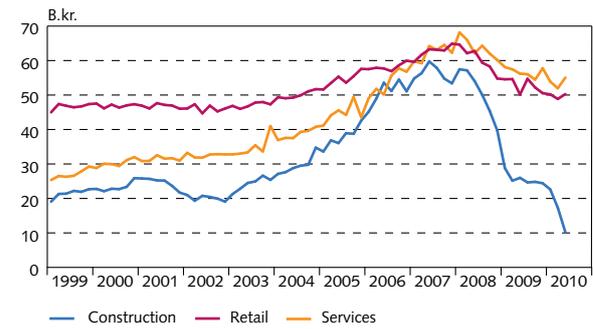
### Turnover according to VAT returns



Deflated by the CPI. Index 1998=100. Seasonally adjusted data for two-month periods.  
Sources: Statistics Iceland, Central Bank of Iceland.

II-8

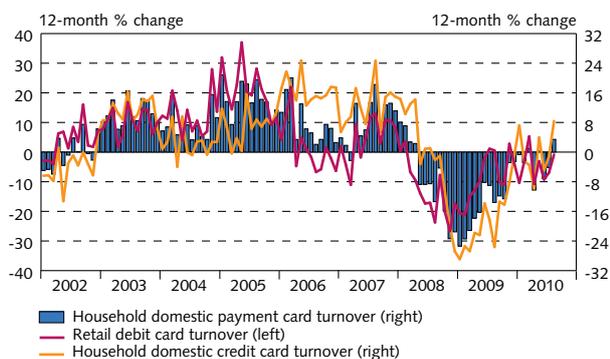
### Turnover according to VAT returns: several components



Deflated by the CPI. Retail sector is deflated by the CPI excluding housing and petrol, and construction sector is deflated by the CPI. Seasonally adjusted data for two-months periods.  
Sources: Statistics Iceland, Central Bank of Iceland.

II-9

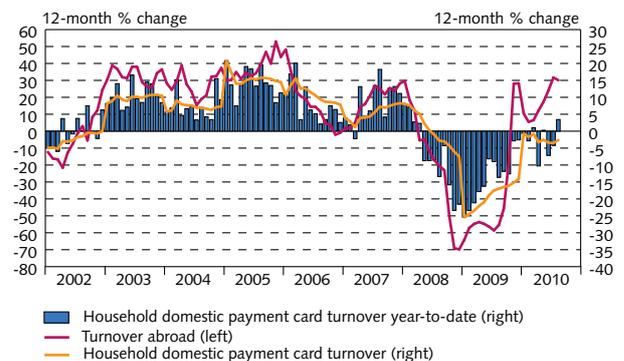
### Payment card turnover



Debit and credit card turnover deflated by the CPI less housing costs. Monthly data.  
Sources: Statistics Iceland, Central Bank of Iceland.

II-10

### Payment card turnover

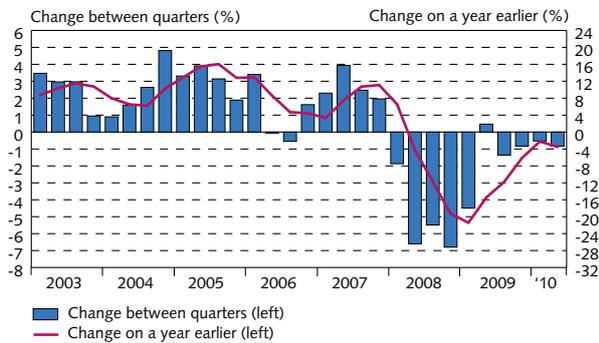


Debit and credit card turnover deflated by the CPI less housing costs. Turnover abroad is deflated by the exchange rate index. Monthly data.  
Sources: Statistics Iceland, Central Bank of Iceland.

## II Output and demand

II-11

Household domestic payment card turnover

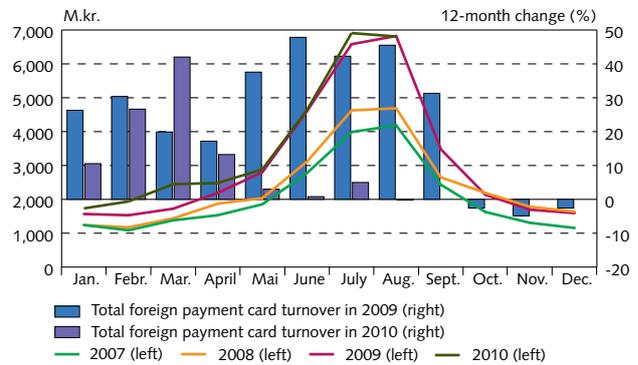


Debit and credit card turnover deflated by the CPI less housing costs. Seasonally adjusted monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

II-12

Foreign payment card turnover in Iceland

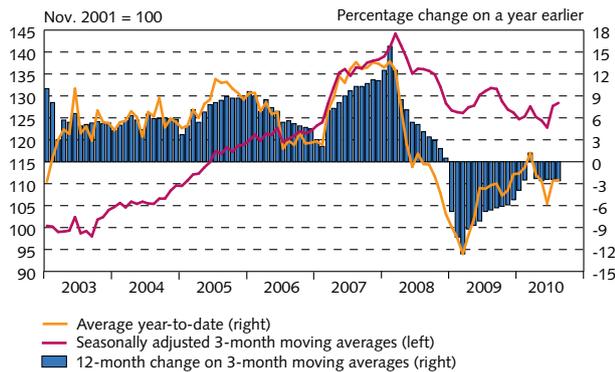


Foreign payment card turnover deflated by the CPI less housing cost. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

II-13

Groceries turnover

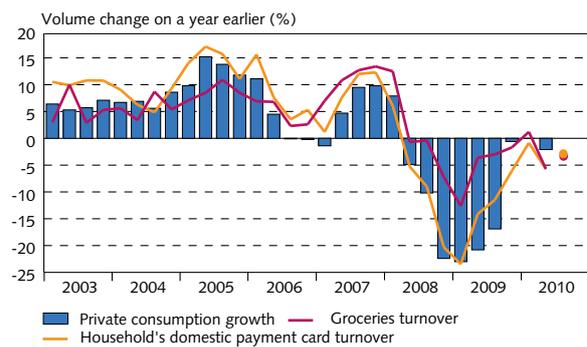


Deflated by price of groceries in CPI. Monthly data.

Sources: Icelandic Centre for Retail Studies (RSV), Central Bank of Iceland.

II-14

Private consumption, groceries and payment card turnover

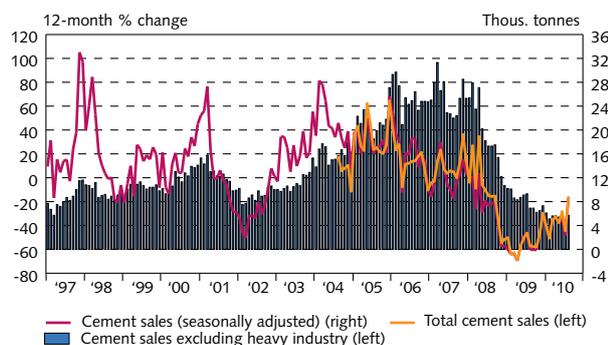


Points show the latest 12 month %-change on 3-month moving averages. The value for Q4/2009 for private consumption is -0.6% and 0% for Q1/2010. Quarterly data.

Sources: Statistics Iceland, Icelandic Centre for Retail Studies (RSV), Central Bank of Iceland.

II-15

Cement sales

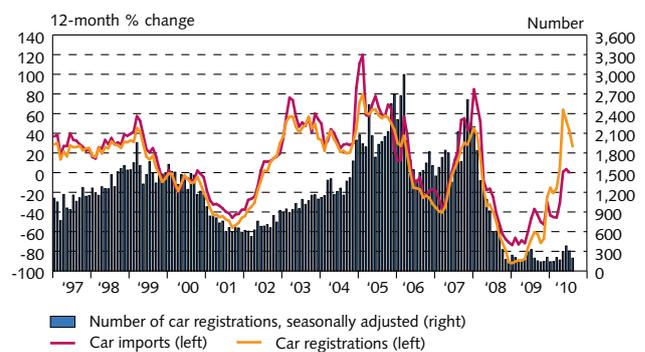


3-month moving average. Monthly data.

Sources: Aalborg Portland Ísland hf., BM Vallá, Semmentsverksmiðjan hf., Central Bank of Iceland.

II-16

Importation and new registration of motor vehicles



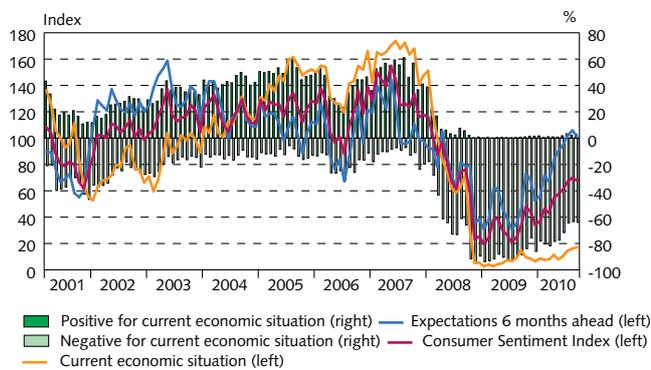
3-month moving average. New motor vehicle registrations include new and used vehicles in all categories (passenger cars, motor coaches, and delivery and transport vehicles). Monthly data.

Sources: Bilgreinasambandið, Statistics Iceland, Central Bank of Iceland.

## II Output and demand

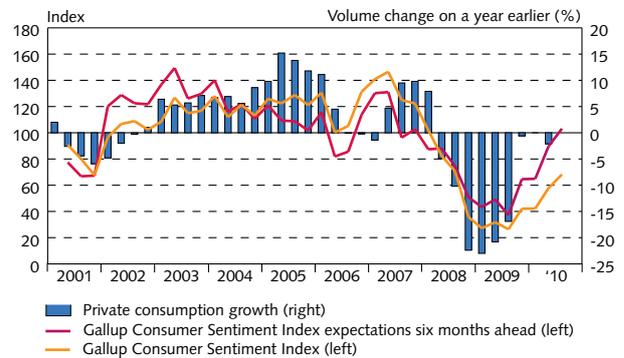
II-17

Gallup Consumer Sentiment Index



II-18

Private consumption and Gallup Consumer Sentiment Index

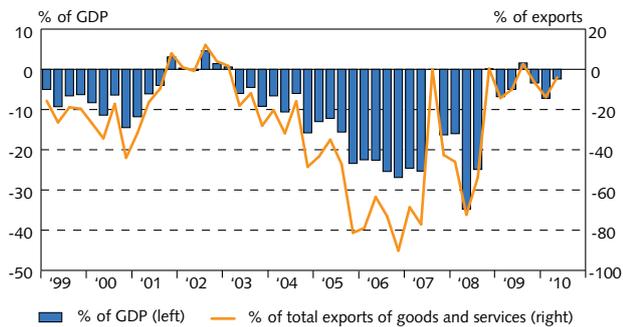


The value for Q4/2009 for private consumption is -0.6% and 0% for Q1/2010.

## III Foreign trade and external economic conditions

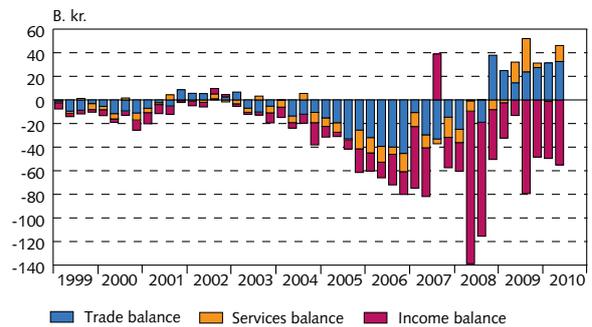
III-1

Current account balance



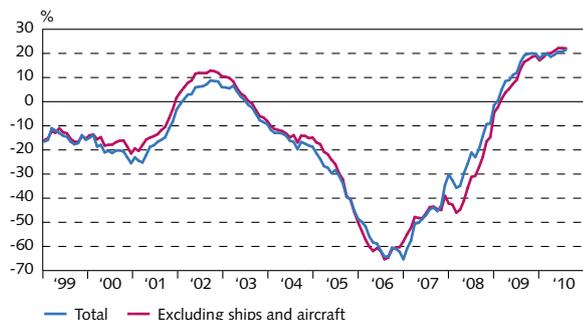
III-2

Components of current account balance



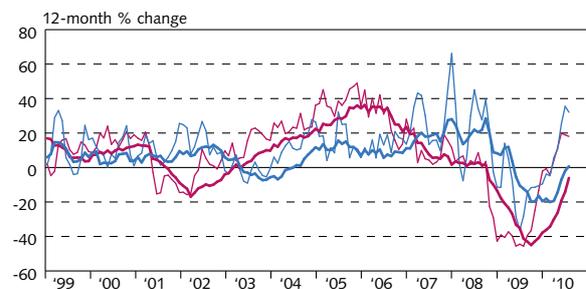
III-3

Merchandise trade balance as percentage of merchandise exports



III-4

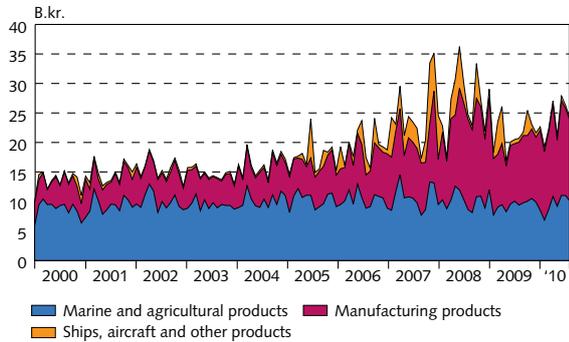
Merchandise imports and exports at constant exchange rates



### III Foreign trade and external economic conditions

III-5

Components of merchandise exports

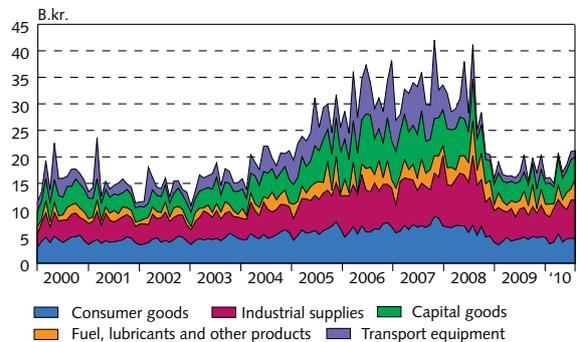


Merchandise export values at constant exchange rates based on monthly average export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-6

Components of merchandise imports

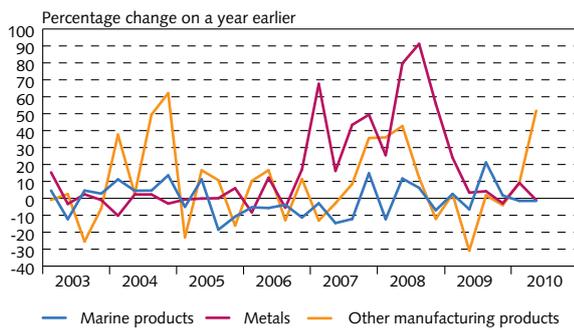


Merchandise import values at constant exchange rates based on import-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-7

Volume changes in main export products

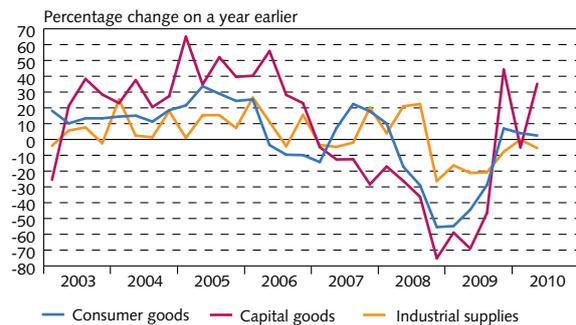


Quarterly data.

Source: Statistics Iceland.

III-8

Volume changes in main import products

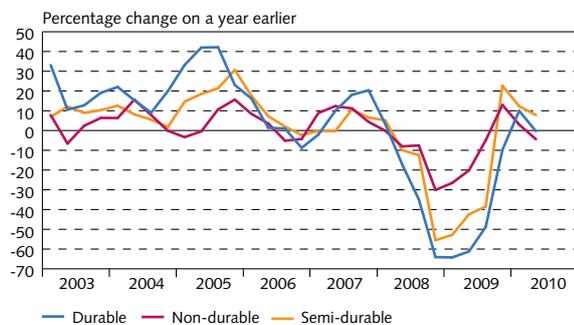


Capital goods including ships and aircraft. Quarterly data.

Source: Statistics Iceland.

III-9

Volume changes in main import products

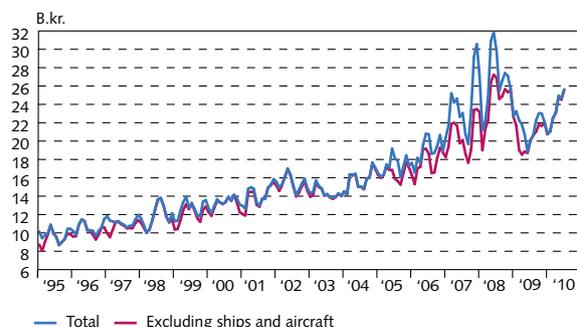


Non-durable consumer goods are disposable items such as tobacco and pharmaceuticals. Semi-durables are products that are neither disposable nor durable, such as clothing. Consumer durables are products with a long life-time, such as household appliances. Quarterly data.

Source: Statistics Iceland.

III-10

Merchandise exports



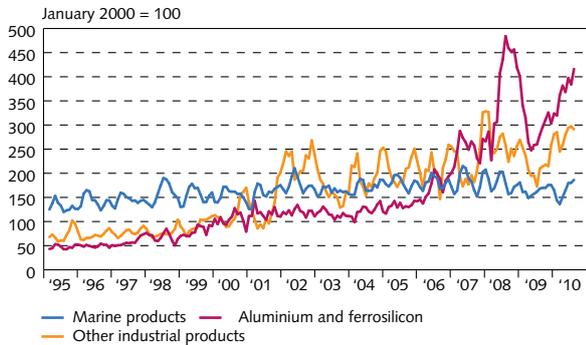
Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

### III Foreign trade and external economic conditions

III-11

Merchandise exports by category

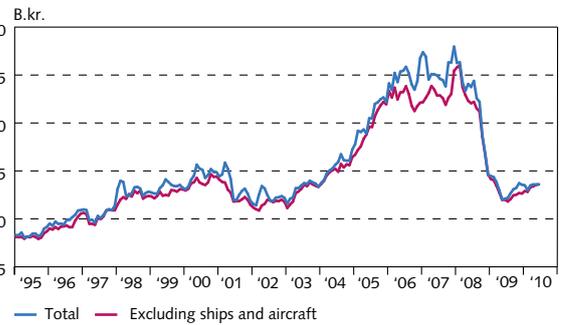


Exported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-12

Seasonally adjusted merchandise imports

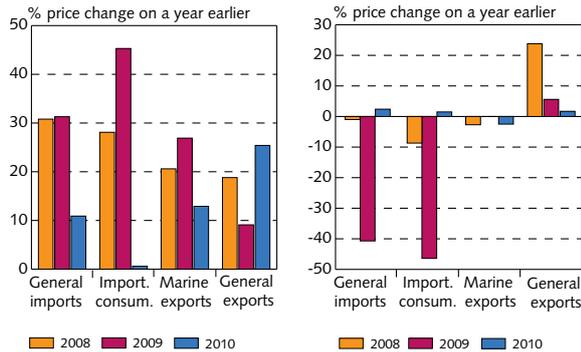


Imported merchandise value calculated as a 3-month moving average at constant exchange rates based on export-weighted exchange rate index (broad trade basket). The index of foreign price levels is calculated by weighting together the consumer price indices in main trading partner countries using a currency basket. Monthly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-13

Price and volume developments in merchandise trade  
January - July

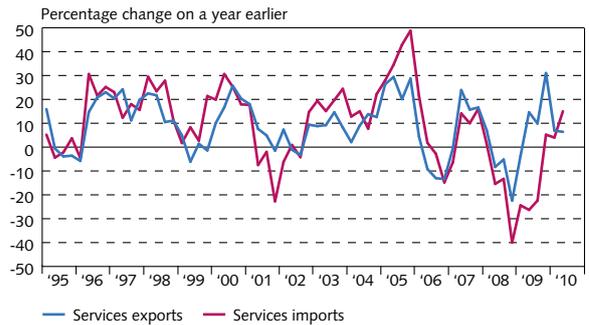


General imports are total imports excluding ships, aircraft, and sundry items (residual). General exports are total exports excluding ships, aircraft, and sundry items (residual). Monthly data.

Source: Statistics Iceland.

III-14

Services account

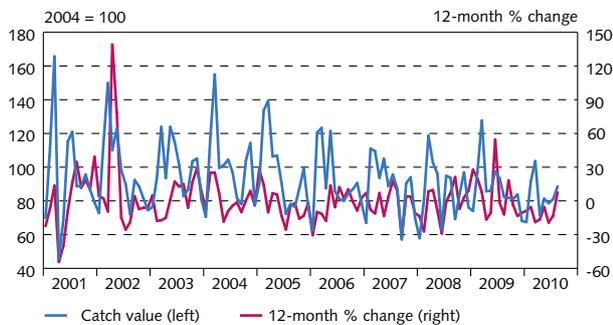


Quarterly data at constant exchange rates.

Source: Central Bank of Iceland.

III-15

Fish catch volume

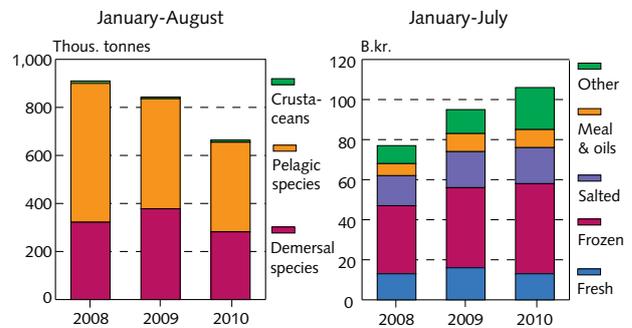


Monthly data at constant price levels.

Source: Statistics Iceland.

III-16

Catch volume and export value of marine products



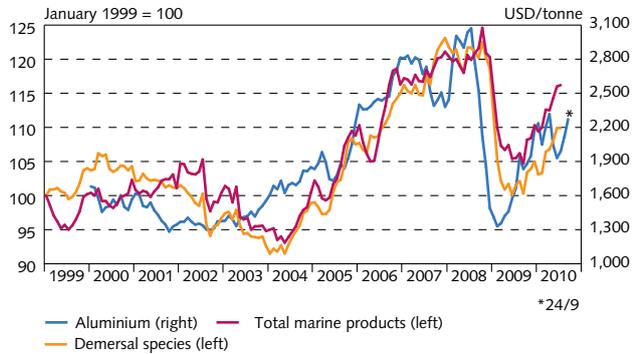
Cumulative catch volume from beginning of year. Cumulative value of marine exports from beginning of year; nominal fob value. Monthly data.

Sources: Directorate of Fisheries, Statistics Iceland.

### III Foreign trade and external economic conditions

III-17

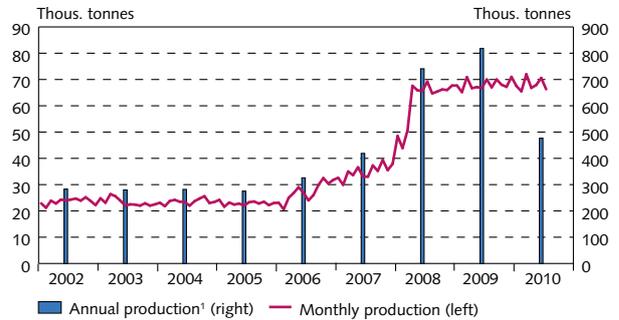
Export prices



Foreign currency prices of marine products are calculated by dividing marine products prices in Icelandic krónur by the export-weighted trade basket. LME aluminium prices are in US dollars. Monthly averages plus most recent aluminium prices.  
Sources: Statistics Iceland, London Metal Exchange (LME), Central Bank of Iceland.

III-18

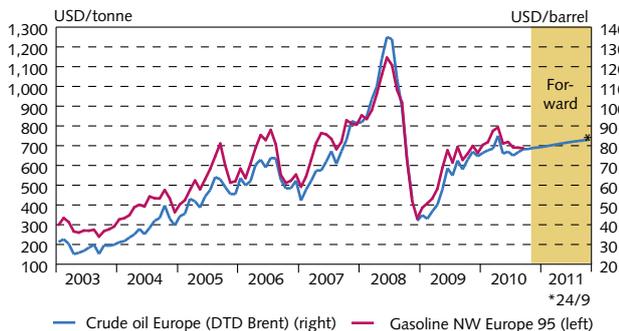
Aluminium production



1. Annual aluminium production for 2010 covers the period for January-June.  
Source: Statistics Iceland.

III-19

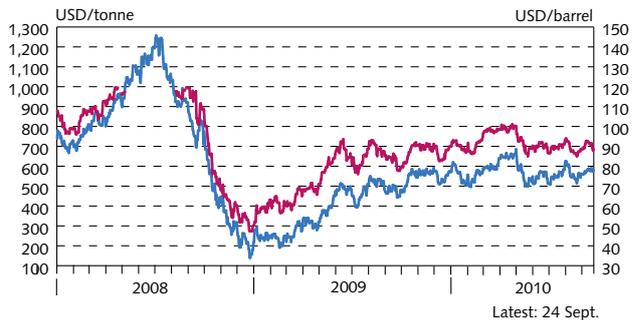
Global crude oil and petrol prices



Monthly averages, most recent daily prices, and forward prices 12 months ahead in US dollars.  
Sources: Bloomberg, Nymex.

III-20

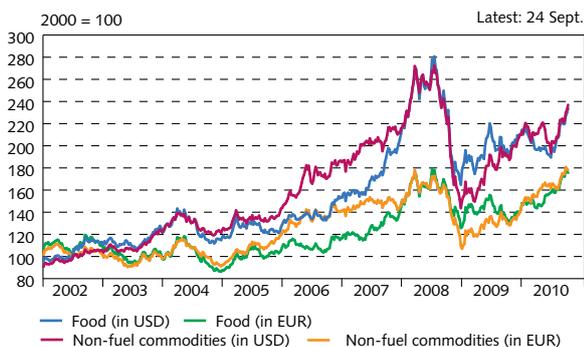
Global crude oil and petrol prices



Daily data.  
Source: Bloomberg.

III-21

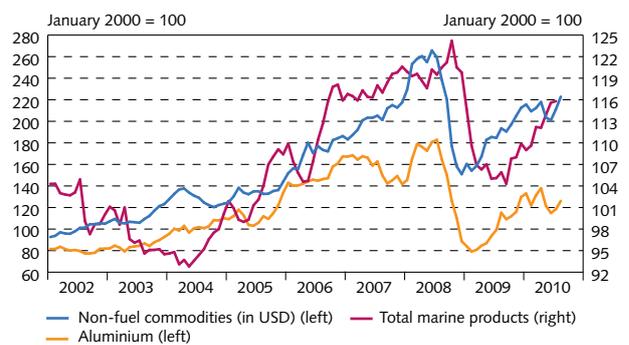
Commodity prices in international markets



Weekly data.  
Source: Reuters EcoWin.

III-22

Global commodity prices and Icelandic export prices

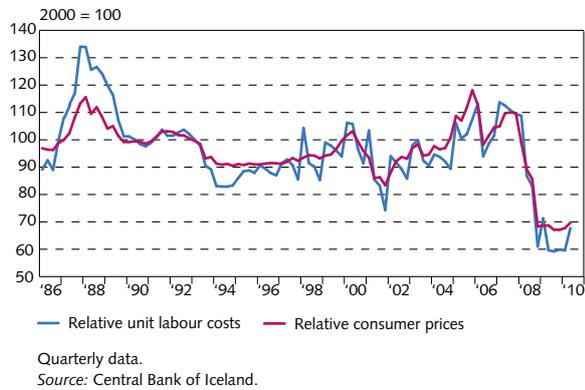


Monthly data.  
Sources: Statistics Iceland, London Metal Exchange, Reuters EcoWin.

### III Foreign trade and external economic conditions

III-23

Real exchange rate



III-24

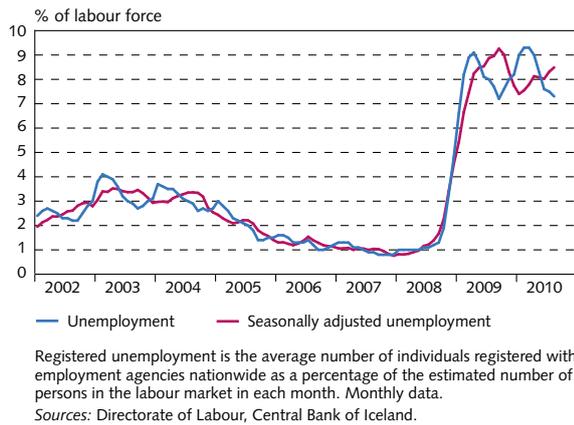
Real exchange rate relative to consumer prices



### IV Labour market and wages

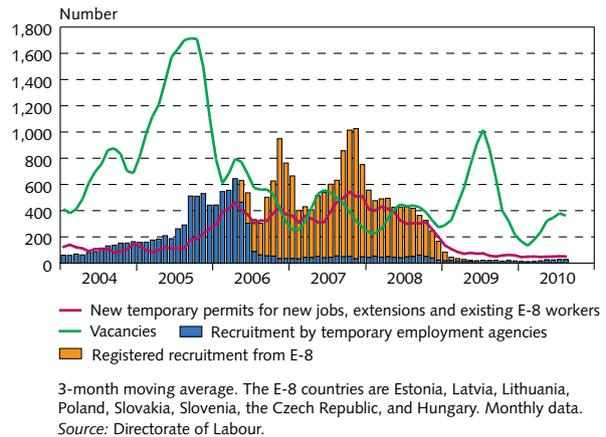
IV-1

Unemployment



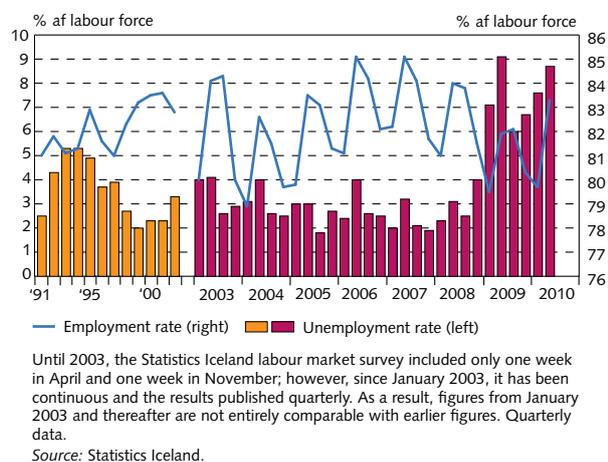
IV-2

Foreign labour



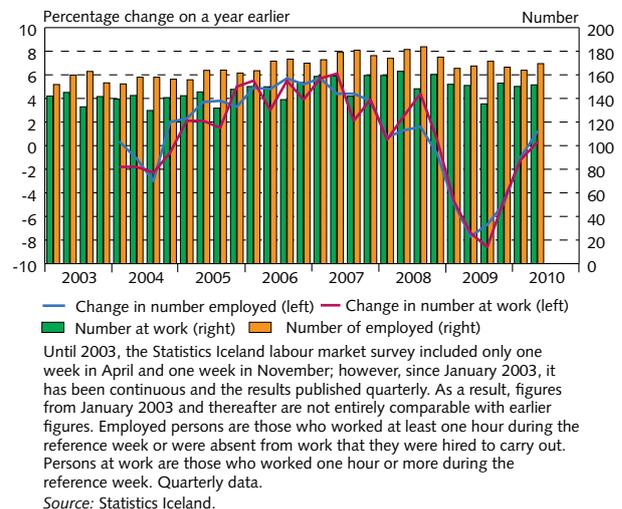
IV-3

Unemployment rate and labour participation rate



IV-4

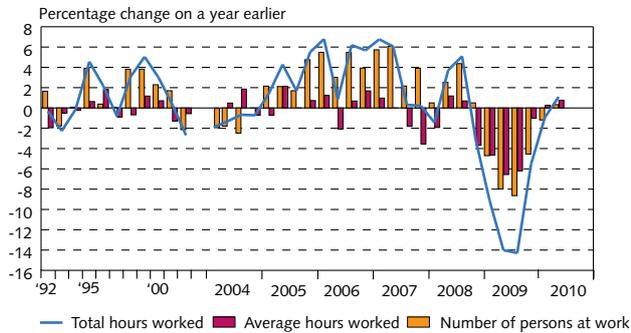
Employed persons and number of persons at work



## IV Labour market and wages

IV-5

Changes in labour force

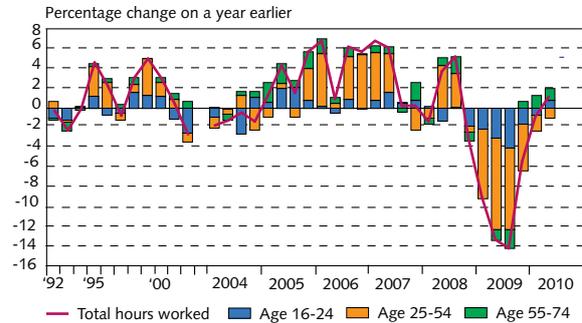


Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly data.

Source: Statistics Iceland.

IV-6

Changes in labour force

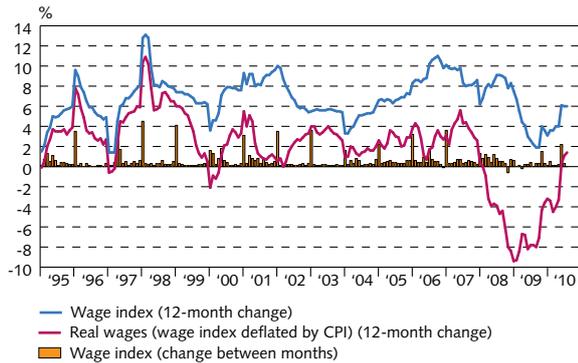


Contribution of age groups to changes in total hours worked. Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures. Quarterly data.

Source: Statistics Iceland.

IV-7

Nominal and real wages

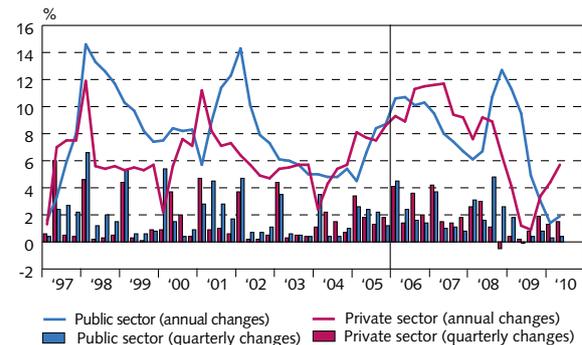


Real wages are the wage index deflated by the CPI. Monthly data.

Source: Statistics Iceland.

IV-8

Wage changes by sector

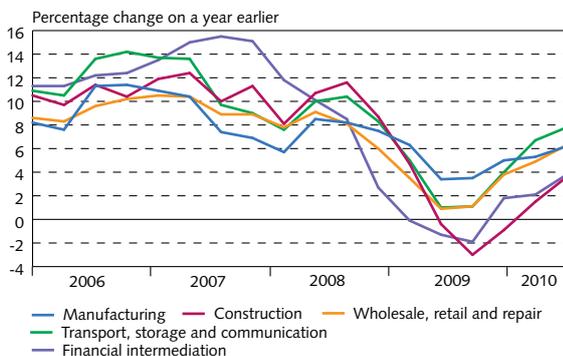


Until 2006, private sector wages, on the one hand, and public sector and banking sector wages, on the other, are components of the wage index; however, from 2006 onwards, the banking sector is included in private sector wages. Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

IV-9

Private sector wage index by sector

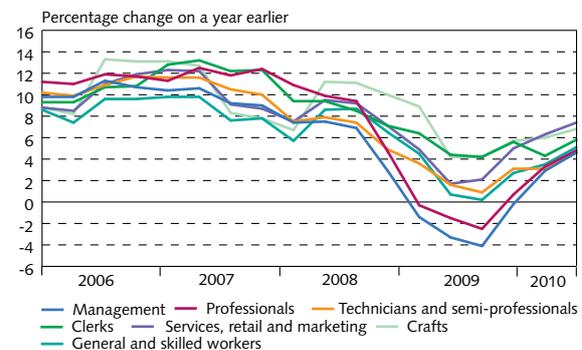


Sectors are defined according to ÍSAT 95, a classification standard based on the industry classification system of the European Union. Quarterly data.

Source: Statistics Iceland.

IV-10

Private sector wage index by occupational group



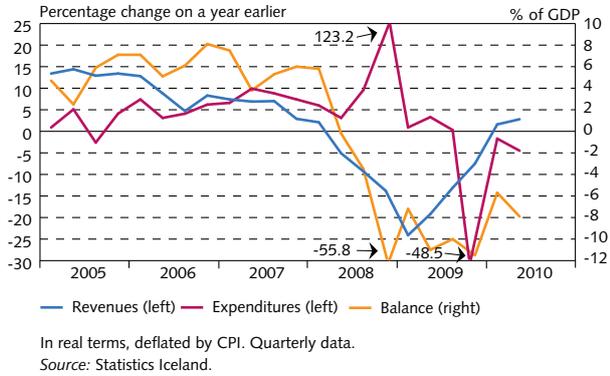
Occupational groups are defined according to ÍSTARF 95, a classification standard based on the International Labour Organization's occupational classification system, ISCO-88. Quarterly data.

Source: Statistics Iceland.

# V Public finances

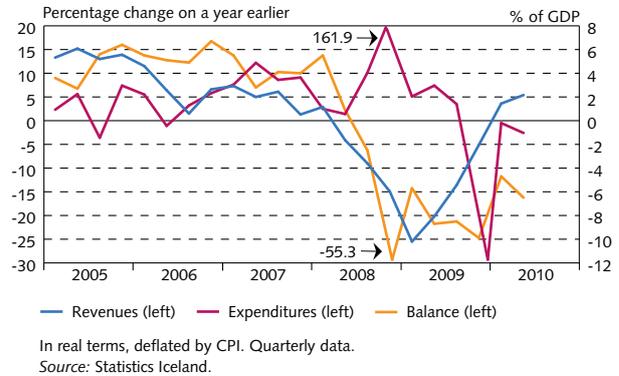
V-1

Public sector revenues, expenditures, and balance



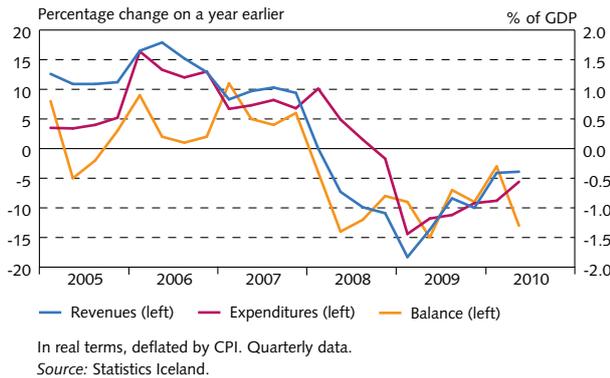
V-2

Treasury revenues, expenditures, and balance



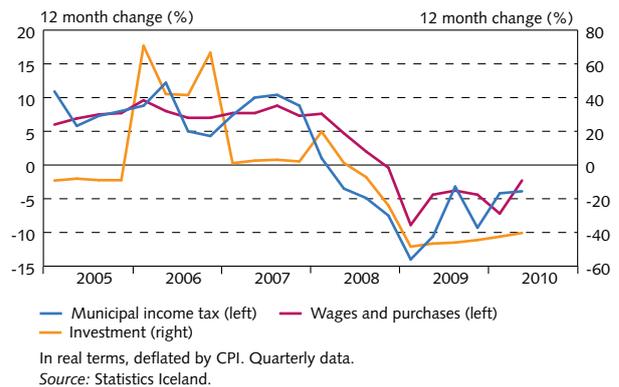
V-3

Local government revenues, expenditures and balance



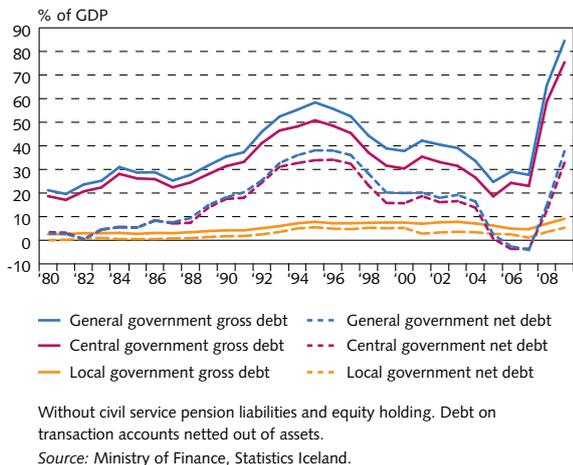
V-4

Local government revenues and expenditures



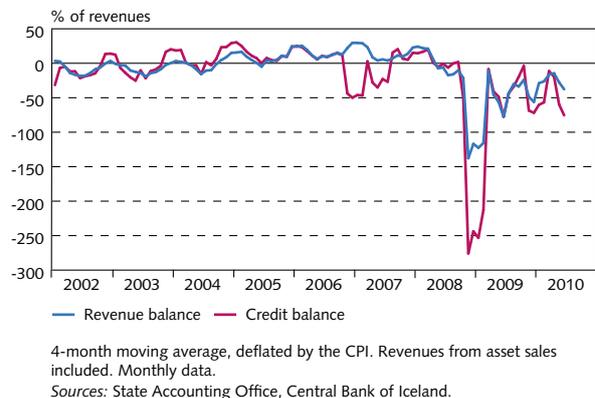
V-5

Debt of treasury and local government vs. financial institutions



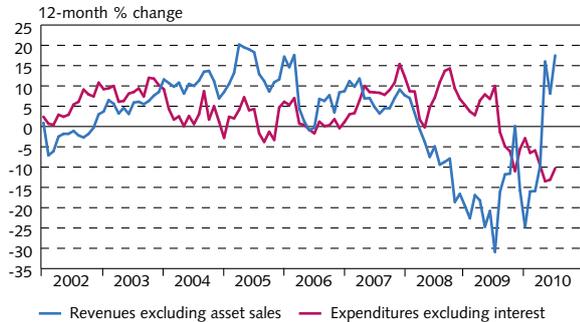
V-6

Treasury balance and net credit balance



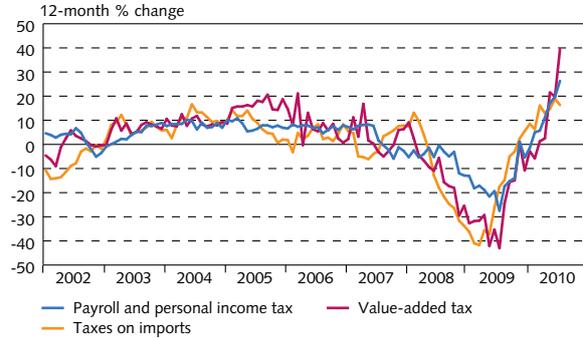
## V Public finances

V-7  
Regular Treasury revenues excluding asset sales  
and regular expenditures excluding interest



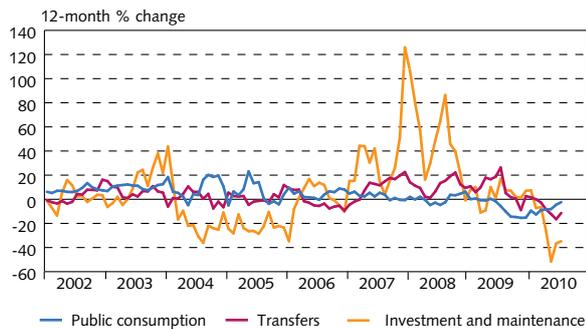
4-month moving average, deflated by the CPI. Monthly data.  
Sources: State Accounting Office, Central Bank of Iceland.

V-8  
Tax revenues



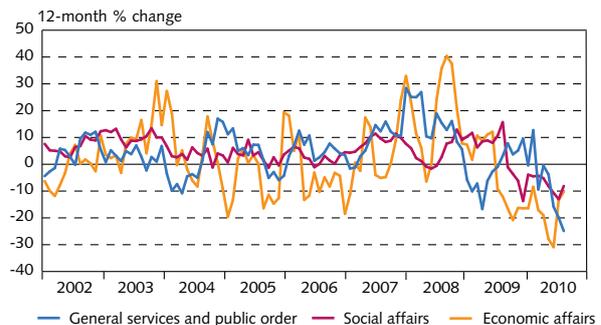
4-month moving average, deflated by the CPI. Monthly data.  
Sources: State Accounting Office, Central Bank of Iceland.

V-9  
Treasury expenditures by type



4-month moving average, deflated by the CPI. For December 2008, irregular expenditures totalling 192 b.kr. due to the banks' collapse are not shown.  
Monthly data.  
Sources: State Accounting Office, Central Bank of Iceland.

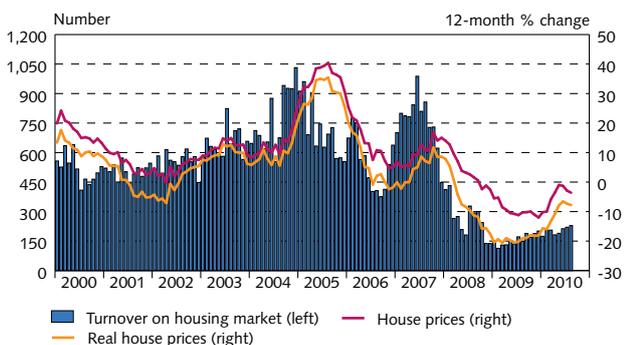
V-10  
Treasury expenditures, main categories



4-month moving average, deflated by the CPI. Monthly data.  
Sources: State Accounting Office, Central Bank of Iceland.

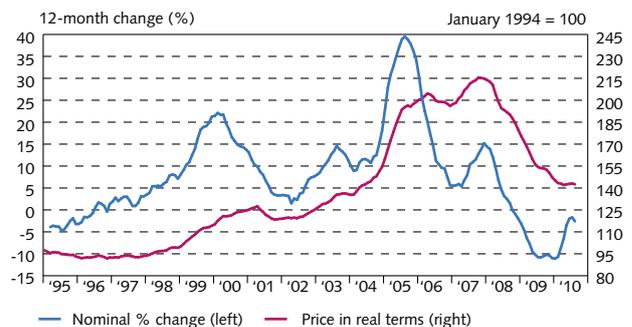
## VI Asset markets

VI-1  
Housing market prices and turnover in greater Reykjavík



Turnover is based on the number of purchase agreements on the date of purchase. Monthly data.  
Sources: Registers Iceland, Central Bank of Iceland.

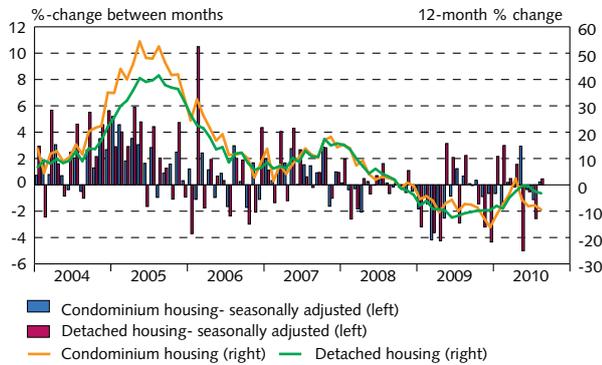
VI-2  
Housing market prices in greater Reykjavík



Price per m<sup>2</sup> (immediate payment), 3-month average. Monthly data.  
Sources: Registers Iceland, Statistics Iceland.

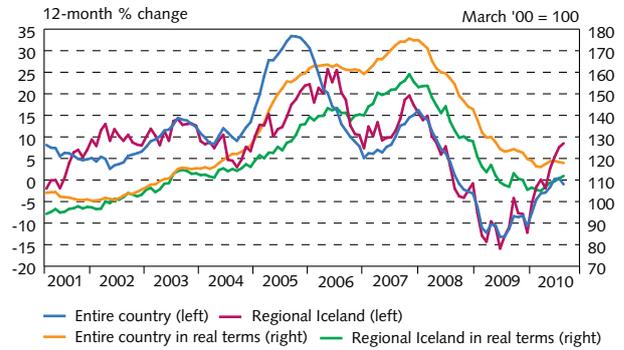
VI-3

House prices in greater Reykjavik



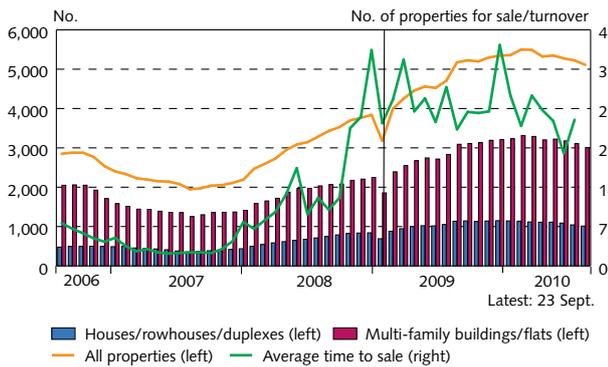
VI-4

Market price of residential housing



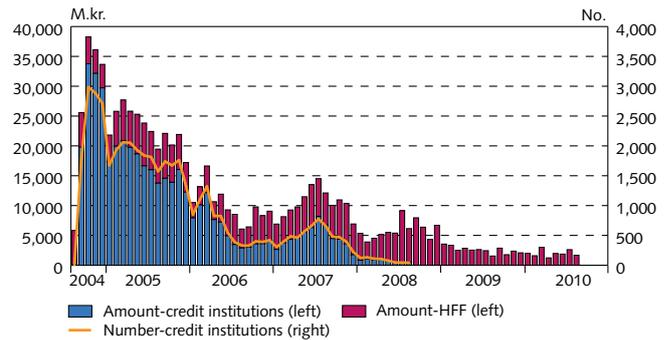
VI-5

Advertised property and average time to sale



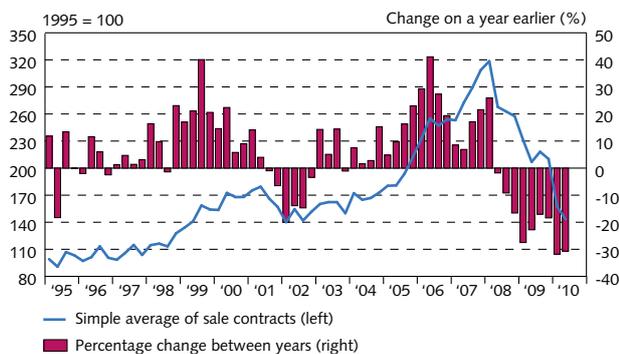
VI-6

Number and amount of new residential housing loans



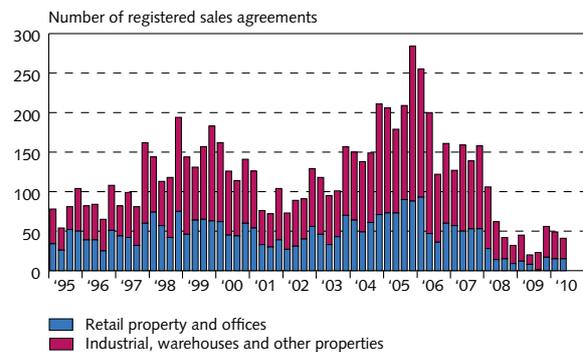
VI-7

Real commercial property prices in greater Reykjavik



VI-8

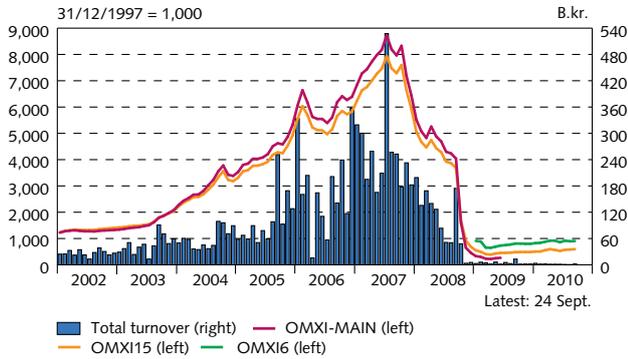
Turnover of commercial housing



## VI Asset markets

VI-9

### Equity market



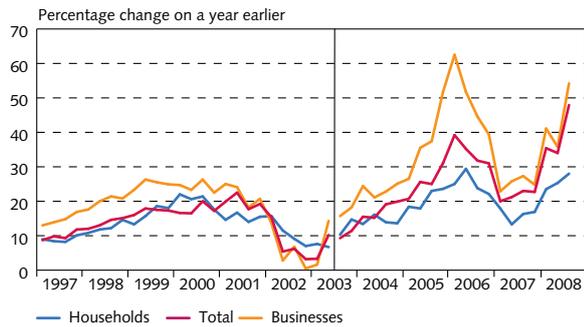
Total monthly volume of listed shares and monthly average of main stock indices.

Source: Nasdaq OMX Nordic Exchange Iceland.

## VII Financial markets

VII-1

### Credit system lending growth

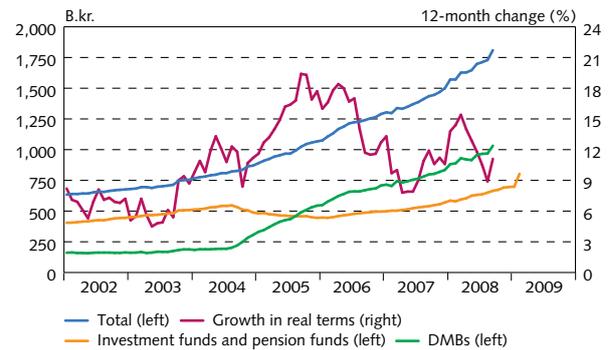


Due to reclassification of lending, data from Q3/2003 are not comparable to earlier data. Quarterly data.

Source: Central Bank of Iceland.

VII-2

### Household debt with major credit institutions

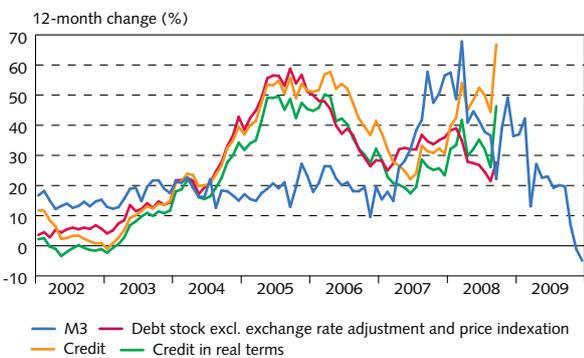


Monthly data.

Source: Central Bank of Iceland.

VII-3

### M3 and domestic bank credit

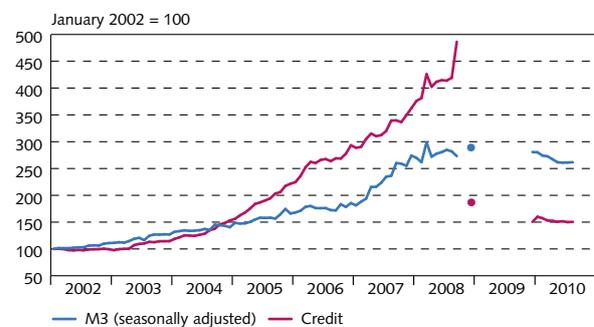


Corrected for estimated effects of price level and exchange rate movements on indexed and foreign-denominated loans. Real loan values are deflated by the CPI. Corrected for entry of Kaupthing from January 2002 onwards. Monthly data.

Source: Central Bank of Iceland.

VII-4

### Real M3 and domestic bank credit



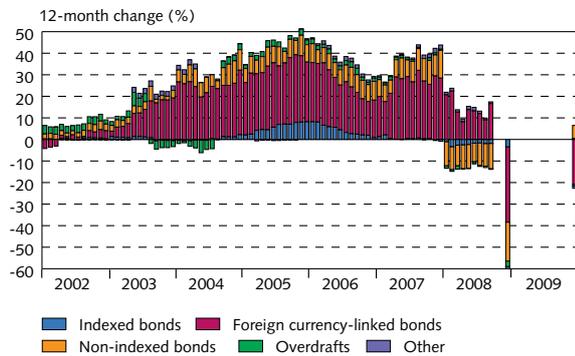
Lending and M3 at constant price levels are deflated by the CPI. Latest data are preliminary. M3 is seasonally adjusted until September 2008. Monthly data.

Source: Central Bank of Iceland.

## VII Financial markets

VII-5

Credit institution lending to businesses

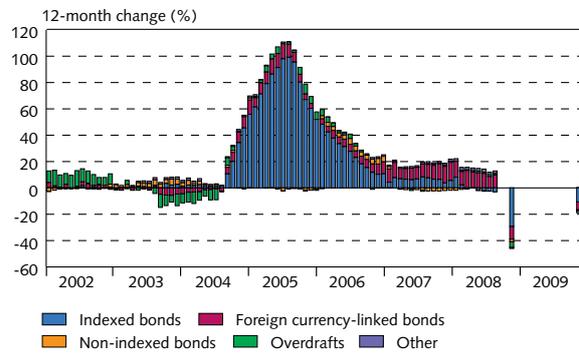


Contribution of individual components to lending growth. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Latest data are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-6

DMB lending to households

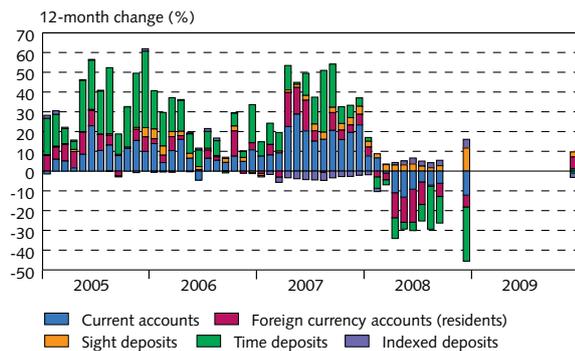


Contribution of individual components to lending growth. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Latest data are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-7

Companies' deposits

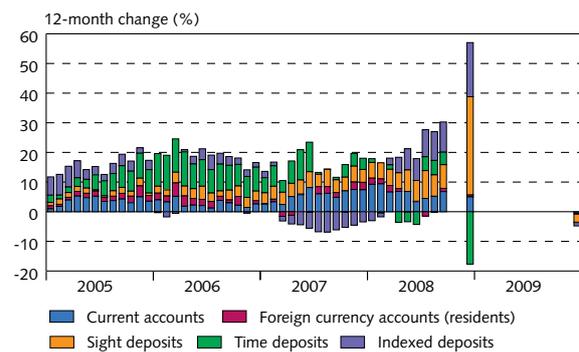


Contribution of individual components to deposit growth. Time deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings. Latest data are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-8

Household deposits

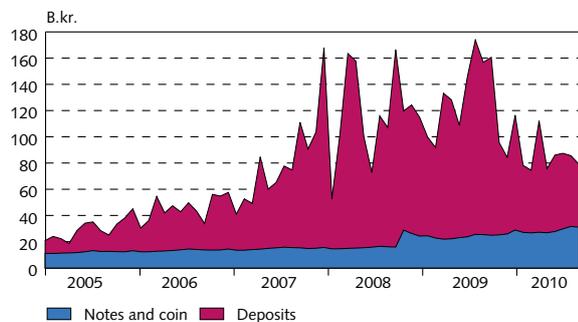


Contribution of individual components to deposit growth. Time deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings. Latest data are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-9

Base money

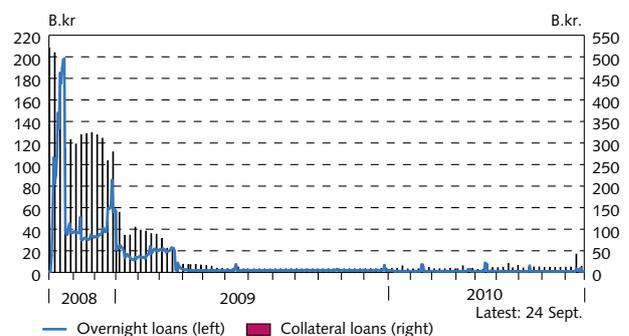


Categorisation of base money according to Central Bank accounts. Monthly data.

Source: Central Bank of Iceland.

VII-10

Central Bank collateral loans and overnight loans



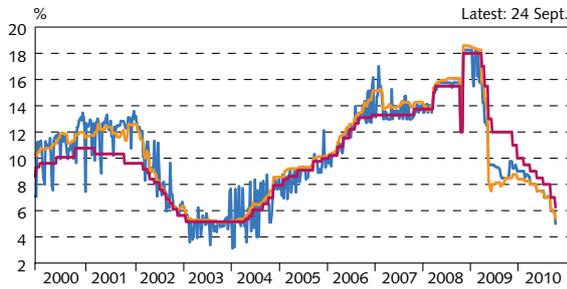
Weekly data for collateral loans; daily data for overnight loans.

Source: Central Bank of Iceland.

## VII Financial markets

VII-11

Central Bank collateral loan rate and money market interest rates



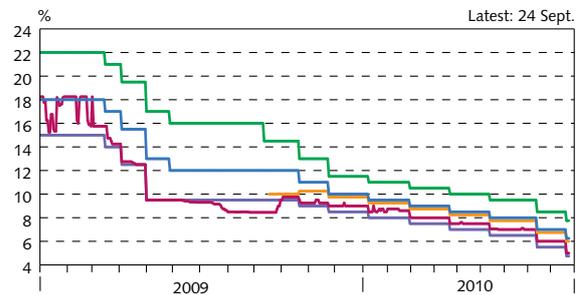
— REIBOR O/N — Policy rate — REIBOR 3-month

Weekly data.

Source: Central Bank of Iceland.

VII-12

Central Bank and short-term market interest rates



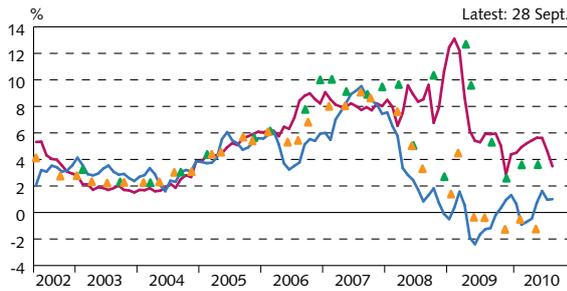
— Overnight CBI rates — Collateral loan rate — O/N REIBOR  
— CBI current account rates — Maximum rate on 28-day CDs

Daily data.

Source: Central Bank of Iceland.

VII-13

Central Bank real interest rates



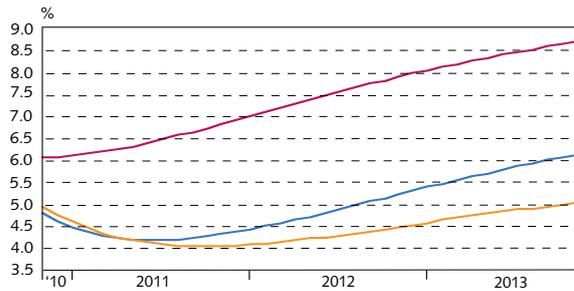
— Inflation — Breakeven inflation rate  
▲ Household inflation expectations ▲ Businesses' inflation expectations

According to 12-month inflation. Real interest rates according to breakeven inflation rate on Treasury notes are calculated based on Treasury note (RIKB 13 0517) and Treasury bond (RIKS 15 1001) yields until June 2004, and on Treasury note (RIKB 13 0517) and HFF bond (HFF150914) yields from July 2004 onwards. From April 2009 onwards, the Central Bank deposit interest rate is considered the effective policy rate.

Sources: Statistics Iceland, Central Bank of Iceland.

VII-14

Forward interest rates



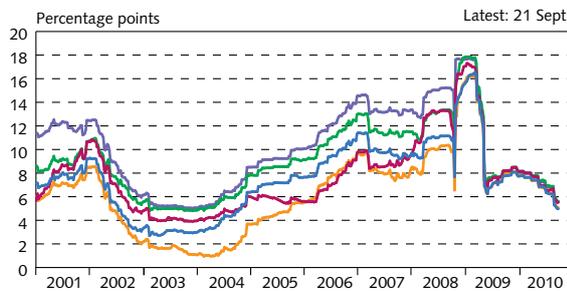
— 27 Sept. 2010 — 27 August 2010 — 28 Sept. 2009

Forward interest rates calculated based on interbank market interest and yields on Treasury notes, using the Nelson-Siegel method. The valuation is subject to some uncertainty because of the small number of Treasury notes underlying the calculations.

Source: Central Bank of Iceland.

VII-15

Short-term interest rate differential



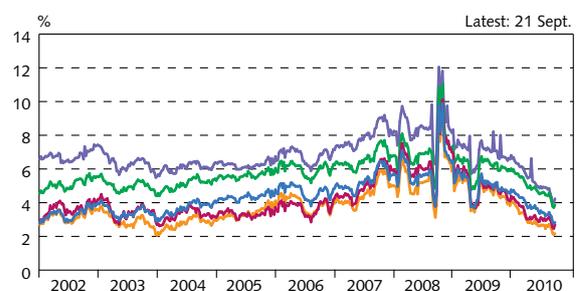
— Iceland/Euro area — Iceland/US — Iceland/UK  
— Iceland/Switzerland — Iceland/Japan

3-month interbank rates. Weekly data.

Source: Reuters EcoWin.

VII-16

Long-term interest rate differential



— Iceland/Euro area — Iceland/US — Iceland/UK  
— Iceland/Switzerland — Iceland/Japan

Yields on non-indexed 10-year Treasury bonds are used. For Iceland, RIKB 13 0517 is used until end-February 2008, and RIKB 19 0226 is used thereafter.

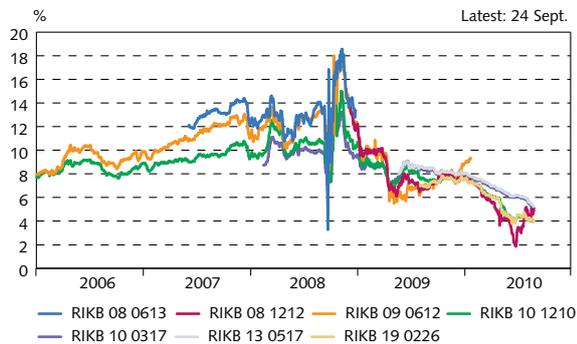
Weekly data.

Source: Reuters EcoWin.

## VII Financial markets

VII-17

Long-term nominal Treasury bond yields

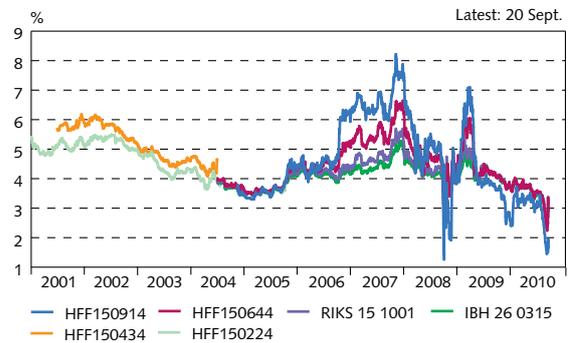


Daily data.

Source: Central Bank of Iceland.

VII-18

Yield on indexed long-term bonds

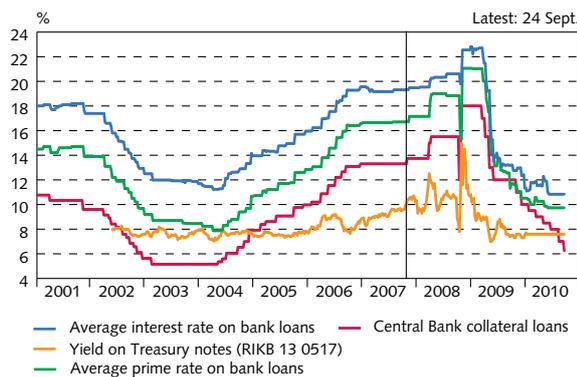


Daily data.

Source: Central Bank of Iceland.

VII-19

Average nominal interest rates

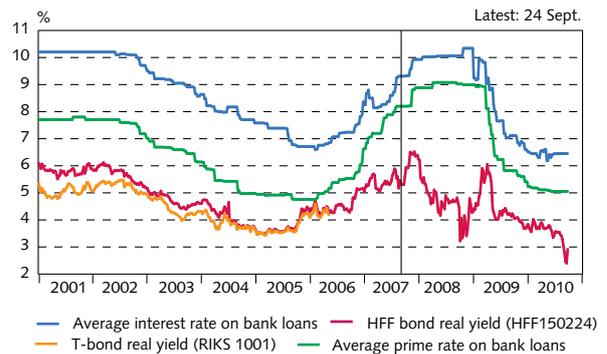


Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data.

Source: Central Bank of Iceland.

VII-20

Average indexed interest rates

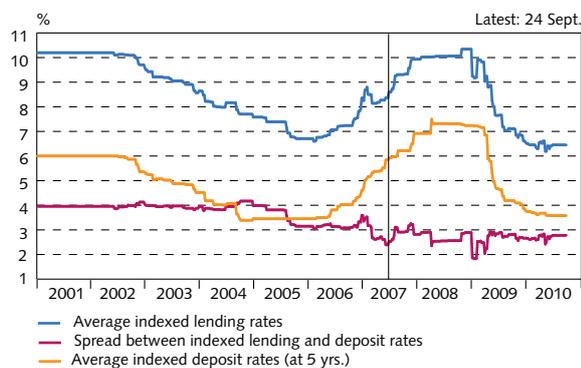


Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data.

Source: Central Bank of Iceland.

VII-21

Bank lending and deposit rates

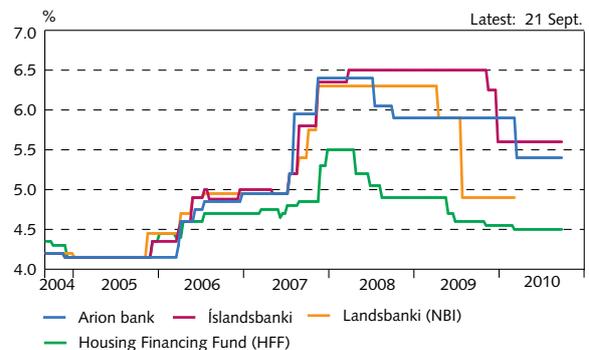


Due to changes in calculation methods, figures from February 2007 onwards are not fully comparable with data from earlier periods. Weekly data.

Source: Central Bank of Iceland.

VII-22

Interest rates on indexed housing loans



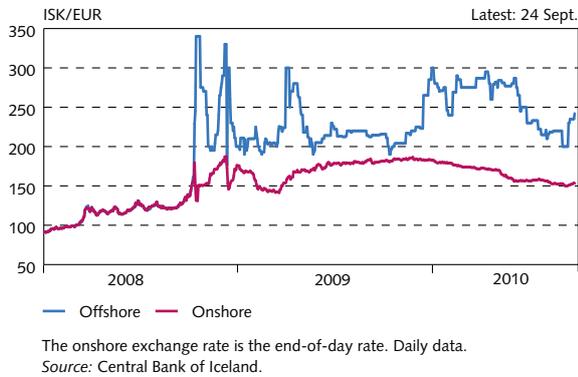
Lowest rates for loans with prepayment penalty. Housing Financing Fund interest rates are indexed housing loan rates with prepayment penalty from November 2005 onwards, and without prepayment penalty before that time. 10-day data.

Sources: Arion Bank, Housing Financing Fund, Íslandsbanki, Landsbanki Íslands/NBI.

## VII Financial markets

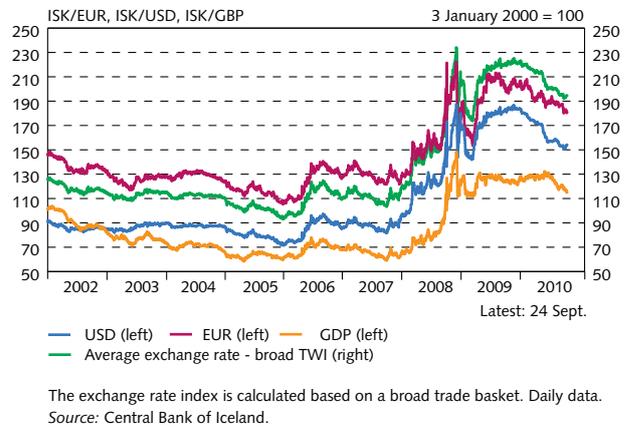
VII-23

EURISK exchange rate



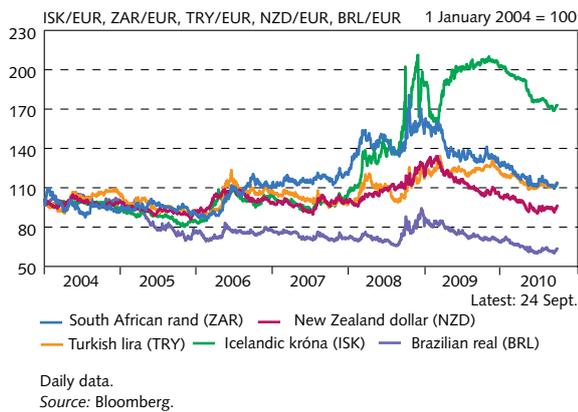
VII-24

Exchange rate of the króna against foreign currencies



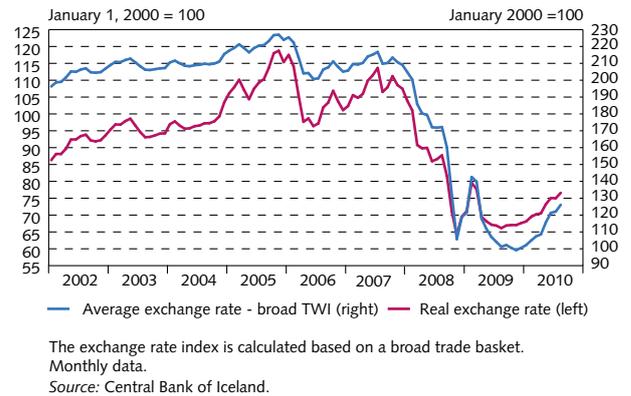
VII-25

Exchange rate of high-yielding currencies against the euro



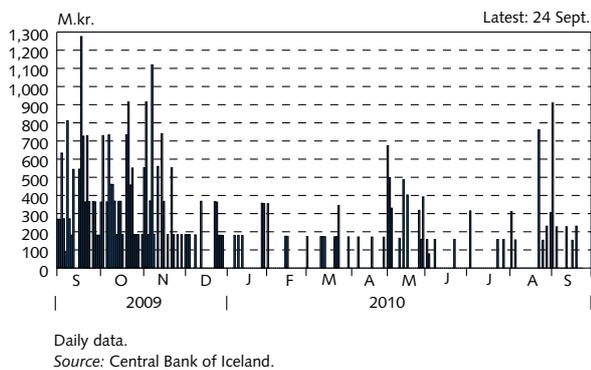
VII-26

Nominal and real exchange rate of the króna



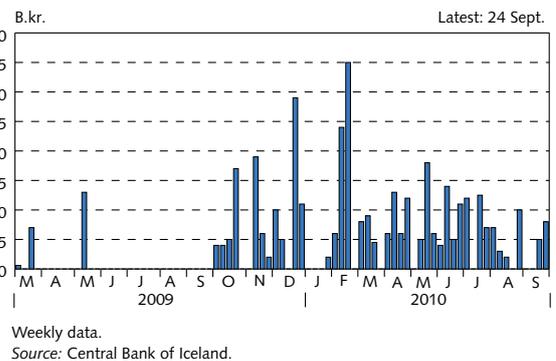
VII-27

FX market turnover



VII-28

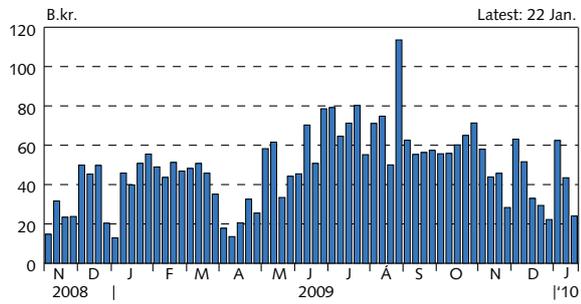
Turnover on the interbank market for krónur



## VII Financial markets

VII-29

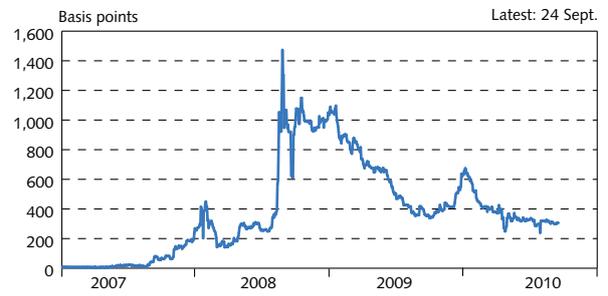
Bond market turnover



Weekly data.  
Source: Central Bank of Iceland.

VII-30

CDS spread for Iceland



5-year EUR credit spread on the Republic of Iceland. Daily data.  
Source: Bloomberg.