

## ***1. General***

### *Name*

Real exchange rate

### *Supervisor of statistics*

Central Bank of Iceland, Statistics

### *Purpose*

The purpose of compiling the data is to monitor the development of the real exchange rate of the Icelandic króna.

### *Sources*

Calculations are based on data from the Central Bank of Iceland, Statistics Iceland and external databases on developments of prices and salaries in other countries. Developments of prices and labor cost in Iceland are derived from the Statistics Iceland, and on exchange rates from the Central Bank's official exchange rate.

### *Foundation in law*

[Act No. 36/2001 on the Central Bank of Iceland](#)

## ***2. Terms and definitions***

### *Concepts and definitions*

**Real exchange rate** can be defined as the development of consumer prices or unit labour cost (ULC) in one country relative to those in its trading partner countries, measured from a specific base year and in the same currency. The real exchange rate is an index.

**Relative consumer prices** can be defined as prices in Iceland compared to those in other countries, calculated in the same currency.

**Relative unit labour cost** can be defined as unit labour cost in Iceland compared to that in other countries, calculated in the same currency.

### ***3. Integrity***

Data are based on the official exchange rate and CPIs for Iceland and its main trading partners according to a trade weighted index. The official exchange rate and the CPI data are final as published. However, due to occasional lags in obtaining data from the main trading partners, estimates need to be made until the final data are received. Provisional real exchange data are marked with an asterisk (\*).

### ***4. Revision of data***

The real exchange rate is revised according to the new data regarding price and/or wage developments from the trading partner countries. The real exchange rate calculation is updated once a month to enable new information to be included as soon as it becomes available.

### ***5. Publication***

Data for the real exchange are published monthly on [the Central Bank's Statistics pages](#). The real exchange rate index based on relative CPI is published monthly (January 2000 = 100). Quarterly and annual indices (2000 = 100) according to relative CPI and relative labour cost are also published on [the Central Bank's Statistics pages](#). Quarterly data from 1980 can be obtained with a request to the supervisor of the statistics. The real exchange rate is also published in the Central Bank of Iceland's *Monetary Bulletin* and in its *Annual report*.