

No. 21/2004
July 14, 2004

Revised currency basket for the Icelandic króna exchange rate index

The Central Bank of Iceland has revised the currency weights in the basket that the Bank uses to calculate the exchange rate index of the króna. Weights are determined on the basis of Iceland's external trade in 2003. The last revision was made in July 2003. Revised currency weights and the changes from the previous weights are shown in the accompanying table. The revised basket will be used to calculate changes in the exchange rate index as of Friday, July 16, 2004 until the next review at a similar time next year.

The weights are determined on the basis of the composition of Iceland's external trade during the previous year. The aim is for the basket to reflect as closely as possible the composition of Iceland's external trade in both goods and services. Main changes from the previous basket are that the weight of the euro has increased by 3.3 percentage points and the weight of the US dollar has decreased by 2.9 percentage points. The increased weight of the euro is mainly explained by its larger share in both goods and service imports. The decrease in the weight of the US dollar is largely explained by lower imports of goods from the United States, but other trade with USA also contracted in 2003.

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Composition of currency basket, effective Friday, July 16, 2004

Percentage share based on external trade in 2003

<i>Country</i>	<i>Currency</i>	<i>Export weight</i>	<i>Import weight</i>	<i>Weight</i>	<i>Change from prev. basket</i>
USA	USD	21.36	22.33	21.84	-2.89
UK	GBP	13.71	10.07	11.89	-0.46
Canada	CAD	1.22	0.91	1.07	-0.02
Denmark	DKK	7.78	9.03	8.41	0.17
Norway	NOK	6.26	5.54	5.90	-0.51
Sweden	SEK	2.11	5.26	3.68	0.26
Switzerland	CHF	1.78	1.00	1.39	0.18
Euro region	EUR	42.70	42.04	42.37	3.30
Japan	JPY	3.08	3.82	3.45	-0.03
<i>North America</i>		22.58	23.24	22.91	-2.91
<i>Europe</i>		74.34	72.94	73.64	2.94
<i> of which EU</i>		66.30	66.40	66.35	3.27
<i>Japan</i>		3.08	3.82	3.45	-0.03
Total		100.00	100.00	100.00	0.00