

Tables and charts

Tables and charts are generally based on statistical information available on June 21, 2006, apart from financial market data, which are from May 31, 2006. A list of symbols is on p. 2.

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Table I Baseline macroeconomic and inflation forecasts

	Macroeconomic forecast							
	Current forecast				Change from prev. forecast (perc. points)			
	2005	2006	2007	2008	2005	2006	2007	2008
<i>GDP and its main components¹</i>								
Private consumption	11.9	6.2	0.2	-7.7	-	0.8	-0.3	.
Public consumption	3.2	2.9	3.9	2.8	-	0.1	-0.1	.
Gross fixed capital formation	34.5	4.8	-19.6	-11.0	-	0.6	-2.5	.
Business sector investment	56.9	3.1	-31.9	-21.9	-	4.2	0.4	.
Residential construction	10.3	14.9	3.8	-0.4	-	-9.9	-11.9	.
Public works and buildings	-13.5	-9.9	25.9	17.6	-	-2.4	3.2	.
National expenditure	14.9	5.3	-4.2	-6.2	-	0.6	-0.9	.
Exports of goods and services	3.5	1.4	11.2	14.0	-	-2.0	-1.9	.
Imports of goods and services	28.4	3.6	-6.0	-2.1	-	-0.9	-6.9	.
Gross domestic product	5.5	4.8	1.8	-0.5	-	0.6	1.4	.
<i>Other key aggregates</i>								
Gross domestic product at current prices (b.kr.)	996	1,163	1,299	1,370	-	64	131	.
Current account balance (% of GDP)	-16.5	-15.4	-8.0	-1.0	-	-1.3	1.9	.
Unit labour cost (change between annual averages in %)	4.7	7.3	8.1	4.1	-1.5	0.9	4.2	.
Unemployment (% of labour force)	2.1	1.3	1.9	3.5	-	-0.2	-	.
<i>Policy rate and exchange rate</i>								
Central Bank policy interest rate (%)	9.37	12.33	11.70	9.10	-	1.60	0.95	.
Foreign exchange index (Dec. 31, 1991 = 100) ²	108.6	125.3	130.7	131.5	-	9.6	12.7	.
	Change on same quarter of previous year			Inflation forecast		Annualised quarterly change (%)		
Quarter	Change on same quarter of previous year			Change from previous forecast (percentage points)		Annualised quarterly change (%)		
2006:1			4.5		-0.1			4.5
2006:2			7.6		3.1			14.7
2006:3			9.5		4.3			13.2
2006:4			10.9		5.5			11.4
2007:1			10.8		5.0			4.1
2007:2			11.0		4.8			15.6
2007:3			9.0		3.0			5.2
2007:4			8.0		2.5			7.5
2008:1			6.8		1.7			-0.4
2008:2			5.7		.			10.6

1. Volume change on previous year (%). 2. Change from previous forecast is the percentage-point change in the effective exchange rate index.

Table 2 Main monthly indicators

	Consumer prices % change in CPI ¹ over the previous		Exchange rate % ch. in effective exchange rate ^{1,2}		Interest rates (end of period, %)				Money and credit (end of period) ⁵					
	1 month	12 months	1 month	12 months	Short-term rates		Long-term rates ⁴		Base money	M3	DMB lending	DMB foreign liabilities ⁶		
					Central Bank repo yield	3-month REIBOR ³	3-month Treasury bills	5-y. non- indexed T-notes					10-year Treasury bonds	40-year HFF bonds
2000	.	5.0	.	-0.1	11.4	12.0	11.5	11.7	5.5	6.3	-10.4	11.2	26.2	83.4
2001	.	6.7	.	-16.7	10.1	12.5	10.0	9.1	5.1	5.9	-14.2	14.9	13.4	30.1
2002	.	4.8	.	3.0	5.8	6.2	5.8	6.9	4.9	5.2	17.2	15.3	0.9	-2.8
2003	.	2.2	.	6.4	5.3	5.1	4.8	7.5	4.3	4.6	-33.5	17.5	14.8	67.3
2004	.	3.1	.	2.1	8.25	8.6	7.4	7.9	3.6	4.6	77.7	15.0	39.5	59.2
2005	.	4.0	.	11.4	10.50	10.2	9.7	8.0	4.1	5.2	23.1	23.2	51.5	96.4
2004														
August	0.0	3.7	0.5	3.9	6.25	6.6	6.5	7.7	3.7	3.7	-15.8	12.6	23.6	58.5
September	0.4	3.4	-0.3	3.6	6.75	6.9	6.8	7.5	3.7	3.7	-8.3	18.3	26.6	65.0
October	0.8	3.7	0.6	3.6	6.75	7.2	7.0	7.8	3.7	3.7	3.5	18.1	32.4	55.3
November	0.2	3.8	1.4	4.6	7.25	7.7	7.5	7.8	3.6	3.6	7.4	16.7	34.9	53.4
December	0.5	3.9	4.5	8.7	8.25	8.6	7.4	7.9	3.6	3.5	77.7	15.0	39.5	59.2
2005														
January	0.1	4.0	1.9	7.2	8.25	8.6	7.1	7.7	3.5	3.5	3.9	17.1	37.0	61.3
February	0.2	4.5	1.6	7.8	8.75	9.0	7.8	7.8	3.4	3.5	-13.1	15.5	40.0	71.0
March	0.8	4.7	2.2	12.1	9.00	9.2	8.7	7.9	3.6	3.6	14.7	14.9	41.4	64.5
April	0.2	4.3	-2.3	11.1	9.00	9.2	8.8	7.7	3.5	3.5	-23.4	17.5	47.6	70.4
May	-0.5	2.9	-2.6	8.6	9.00	9.2	8.6	7.6	3.6	3.6	52.0	18.9	53.5	84.5
June	0.7	2.8	2.3	10.4	9.50	9.3	9.2	7.7	3.6	3.6	36.0	20.7	53.3	94.6
July	0.1	3.5	1.3	11.5	9.50	9.3	9.4	7.6	3.7	3.7	-18.2	19.1	54.8	110.4
August	0.2	3.7	0.5	11.5	9.50	9.3	9.3	7.6	3.6	3.6	-10.9	21.1	50.5	100.7
September	1.5	4.8	2.6	14.7	10.25	10.0	8.4	7.3	3.6	3.7	-5.4	12.9	55.8	82.6
October	0.6	4.6	3.5	18.1	10.25	10.1	9.7	7.8	4.0	4.0	-6.4	19.4	49.0	91.6
November	-0.2	4.2	0.1	16.5	10.25	10.1	9.7	8.0	4.2	4.1	15.7	27.3	53.7	97.9
December	0.4	4.1	-3.0	8.2	10.50	10.2	9.7	8.0	4.1	4.1	23.1	23.2	51.5	96.4
2006														
January	0.3	4.4	1.7	8.0	10.75	10.3	10.2	8.3	4.5	4.4	-3.9	18.0	51.2	95.7
February	-0.1	4.1	-3.1	3.1	10.75	10.4	14.1	8.0	4.0	4.1	40.8	20.8	51.8	113.4
March	1.1	4.5	-8.2	-7.4	10.75	11.3	12.4	9.1	4.4	4.2	85.2	26.4	57.0	126.1
April	1.1	5.5	-8.0	-12.8	11.50	11.7	12.0	10.2	4.3	4.2	64.6	26.3	57.8	121.3
May	1.4	7.6	0.4	-10.1	12.25	11.9	12.6	10.1	4.0	4.1	44.9	22.4	54.0	94.0
June	1.2	8.0	...	...	...	...	...	...	...	...	...	...	...	...

1. Percentage changes between period averages. 2. Based on the official effective exchange rate basket (trade-weighted). Positive sign indicates appreciation of the Icelandic króna. 3. Average yield on the interbank market in Icelandic króna. 4. For Treasury bonds and HFF bonds, the quoted yield is in excess of changes in the CPI. Trading with HFF bonds began in July 2004; prior figures are for housing bonds. 5. Annual figures are changes over year. Latest figures are preliminary. 6. DMBs = deposit money banks = commercial and savings banks and other institutions permitted to accept deposits from the public. Foreign lending excluded from January 2002.

Table 2 (continued) Main monthly indicators

	Foreign exchange market and reserves				Foreign trade and external conditions				Labour market		Treasury financial balance, % of revenues, from Jan. 112		Asset prices 12-mo. % changes	
	Gross foreign currency reserves:				Trade balance (b.kr.)	Merchandise exports (b.kr.)	Merchandise imports (b.kr.)	Marine product prices 12-mo.% ch. ⁹ Króna ¹⁰	Unemployment	Wages, 12-mo. % change ¹¹	Equity prices ¹³	Housing prices ¹⁴		
	Merch. imports ⁷	For. short-term liabil. ⁸	as ratio of:	CB net purchases (b.kr.)										
2000	34.2	2.1	0.60	-13.9	-38.0	149.3	187.3	-3.0	96.2	1.3	6.6	5.9	-19.3	13.3
2001	36.6	2.1	0.40	-29.5	-6.7	196.4	203.1	1.6	83.7	1.4	8.8	-0.2	-11.2	3.1
2002	37.2	2.5	0.20	4.5	13.1	204.3	191.2	3.4	88.5	2.5	7.2	-5.6	16.7	7.5
2003	58.1	3.5	0.25	43.2	-16.9	182.6	199.5	0.4	94.1	3.4	5.6	-7.7	56.4	9.1
2004	65.6	3.6	0.24	27.2	-37.8	202.4	240.2	0.6	97.2	3.1	4.7	0.0	58.9	23.3
2005	67.3	2.9	0.16	24.6	-94.5	194.4	288.9	8.9	107.0	2.1	6.8	8.6	64.7	31.0
2004														
August	70.8	3.8	0.30	1.6	-6.5	14.1	20.6	3.3	96.5	2.9	5.2	-4.8	92.6	9.5
September	71.1	3.8	0.29	1.6	0.3	19.4	19.2	4.3	96.5	2.6	5.3	-5.8	109.3	14.3
October	66.1	3.5	0.27	1.4	-4.5	17.1	21.6	4.9	97.2	2.7	5.3	-2.1	75.1	13.8
November	67.1	3.6	0.24	4.9	-2.3	18.9	21.2	5.2	98.9	2.6	5.4	-3.8	70.1	17.3
December	65.6	3.6	0.24	1.4	-4.0	16.9	20.9	9.2	103.5	2.7	6.0	0.0	58.9	23.3
2005														
January	65.0	3.5	0.26	0.8	-4.7	14.1	18.8	9.5	106.0	3.0	6.6	15.2	54.6	27.9
February	60.0	3.2	0.26	0.6	-5.0	16.5	21.4	7.9	107.7	2.8	6.7	21.0	43.3	32.2
March	59.5	3.1	0.26	0.6	-5.9	16.4	22.3	9.6	110.0	2.6	6.5	11.5	53.5	32.2
April	61.5	3.0	0.22	0.6	-4.7	17.2	21.9	8.6	106.7	2.3	6.7	5.7	51.8	34.1
May	61.7	3.0	0.21	7.3	-8.1	15.8	23.9	8.9	103.9	2.2	6.6	3.7	51.6	38.5
June	62.4	2.9	0.19	0.6	-6.9	22.7	29.6	8.7	106.6	2.1	6.3	5.4	39.9	38.8
July	58.8	2.8	0.17	0.7	-10.0	13.9	23.9	8.1	108.2	2.0	6.6	3.6	38.3	39.4
August	58.3	2.7	0.18	0.8	-13.0	14.4	27.4	10.1	109.4	1.8	6.7	4.9	38.0	40.4
September	70.7	3.2	0.20	2.5	-10.4	16.9	27.3	11.5	112.6	1.4	6.9	4.4	21.8	37.0
October	59.5	2.7	0.16	3.2	-5.5	16.0	21.6	10.3	116.6	1.4	6.9	6.7	39.0	36.4
November	64.2	2.8	0.16	3.4	-11.0	16.7	27.8	9.0	117.2	1.5	7.3	6.4	48.4	35.5
December	67.3	2.9	0.16	3.5	-9.4	13.7	23.1	5.1	114.0	1.5	7.2	8.6	64.7	31.0
2006														
January	68.5	1.1	0.17	1.4	-11.4	14.1	25.5	6.0	116.3	1.6	8.3	38.0	69.6	25.3
February	72.1	1.0	0.12	1.3	-7.2	14.7	22.0	4.5	112.8	1.6	8.6	30.8	74.9	21.7
March	79.9	1.0	0.10	1.6	-13.3	19.9	33.3	4.5	104.3	1.5	8.6	25.4	57.0	20.9
April	66.2	0.9	0.08	1.5	-9.7	17.7	27.3	5.5	96.8	1.3	8.4	19.4	49.7	17.7
May	70.4	...	...	1.8	...	...	...	...	98.8	1.3	8.7	...	52.2	13.2
June	...	...	...	...	...	...	...	...	...	...	...	...	...	...

7. Gross foreign exchange reserves at end of period as a ratio of the average monthly value of merchandise imports. Calculated at fixed exchange rates. 8. The denominator is foreign short-term liabilities of credit institutions (deposit money banks and investment banks). 9. Prices in SDR. Annual figures are % changes between annual averages. 10. Real effective exchange rate of the Icelandic króna based on relative consumer prices (a trade-weighted average of 17 trading partners' consumer prices is used). 1980 = 100. 11. Annual figures show change in annual averages. 12. Cash basis. Without privatisation revenues. Adjusted for changed timing of expenditure changes in Jan. - Nov. 2004. 13. The ICEX-15 index. Annual figures are % changes over year. 14. Residential housing in the Greater Reykjavík Area. Annual figures are % changes over year.

Sources: Directorate of Labour, Iceland Stock Exchange (ICEX), Land Registry of Iceland, State Accounting Office, Statistics Iceland, Central Bank of Iceland.

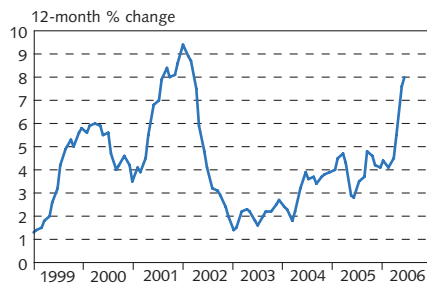
Table 3 Prices

	2005			2006					
	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
Consumer price index, May 1988 = 100	248.4	248.0	248.9	249.7	249.5	252.3	255.2	258.9	261.9
<i>1-month % changes</i>									
Consumer price index	0.6	-0.2	0.4	0.3	-0.1	1.1	1.1	1.4	1.2
Domestic goods excl. agric. products and vegetables	1.4	0.0	-0.0	1.1	0.6	1.0	-0.5	0.5	2.2
Agricultural products and vegetables	1.4	-0.3	0.5	2.6	0.7	-0.7	0.3	-1.2	4.3
Imported goods excl. alcohol and tobacco	0.4	-1.5	-0.1	-1.4	-1.5	2.8	2.8	3.2	0.8
Petrol	-2.4	-4.8	-1.5	2.2	1.1	-0.1	6.7	6.5	-2.4
Housing	1.1	0.7	0.8	1.5	0.7	0.9	1.4	1.6	1.7
Public services	0.2	0.1	0.1	0.2	-0.1	0.0	-0.2	0.0	0.0
Other services	0.0	0.2	0.8	0.2	0.3	0.4	0.1	0.7	0.3
Harmonised index of consumer prices (HICP) ¹	0.5	-0.4	0.2	-23.1	-0.2	1.1	0.8	1.2	...
<i>12-month % changes</i>									
Consumer price index	4.6	4.2	4.1	4.4	4.1	4.5	5.5	7.6	8.0
Domestic goods excl. agric. products and vegetables	-0.8	-0.9	-1.5	-0.3	0.4	2.9	4.4	7.5	7.9
Agricultural products and vegetables	0.1	0.5	-0.3	1.1	2.7	4.0	6.2	10.8	12.5
Imported goods excl. alcohol and tobacco	-1.4	-2.7	-2.6	-0.8	-1.2	-0.1	2.9	5.5	6.8
Petrol	7.4	4.5	4.1	12.8	13.9	10.7	18.0	21.0	18.3
Housing	18.3	17.8	17.5	17.1	15.2	13.7	12.3	15.3	15.1
Public services	6.8	6.8	6.9	2.6	1.5	1.8	1.5	1.3	0.9
Other services	4.1	4.2	4.6	3.8	3.6	3.5	3.7	4.0	4.2
Harmonised index of consumer prices (HICP) ¹	1.5	1.1	1.0	1.3	1.2	2.0	3.3	4.8	...
Building cost index for residential buildings	4.6	4.2	3.9	3.9	3.8	3.9	4.2	5.3	6.9
Housing prices ³	36.4	35.5	31.0	25.3	21.7	20.9	17.7	13.2	...
<i>Foreign CPI and commodity prices, 12-mo. % changes</i>									
Consumer price index in USA	4.3	3.5	3.4	4.0	3.6	3.4	3.5	4.2	...
Consumer price index in euro area ³	2.5	2.3	2.2	2.4	2.3	2.2	2.4	2.5	...
Commodity prices excl. oil	13.1	13.2	17.5	16.1	16.5	12.4	22.5	...	...
Petrol prices ⁵	18.0	28.2	44.2	42.7	31.6	17.5	35.8	43.4	...

1. Deviates from the CPI calculated by Statistics Iceland in that the latter includes own housing, education and health care. 2. Present value of price per m² in the Greater Reykjavík Area. 3. Harmonised index of consumer prices (HICP). 1996=100. 4. Crude oil (Brent).

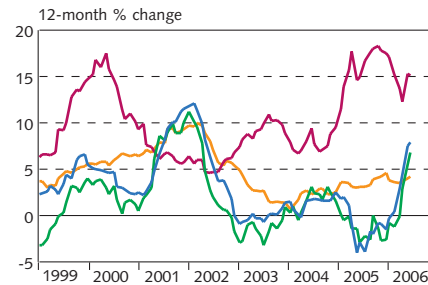
Sources: EcoWin, Land Registry of Iceland, Statistics Iceland.

Chart 1
Consumer price index
January 1999 - June 2006



Source: Statistics Iceland.

Chart 2
Consumer price index by origin
January 1999 - June 2006



— Domestic goods
— Imported goods excluding alcohol and tobacco
— Housing
— Other services

Source: Statistics Iceland.

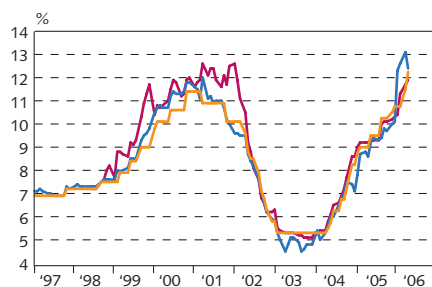
Table 4 Interest rates

All figures are in %	Annual averages ¹			At end of month '05		At end of month 2006				
	2003	2004	2005	Nov.	Dec.	Jan.	Feb.	March	April	May
<i>Central Bank rates</i>										
Credit institutions' current accounts	2.9	3.7	7.7	8.75	9.00	9.00	9.25	9.25	10.00	10.75
Required deposits	4.2	4.9	8.5	9.50	9.75	9.75	10.00	10.00	10.75	11.50
Overnight loans (discount rates)	7.8	8.3	11.0	11.75	12.00	12.00	12.25	12.25	13.00	13.75
Repurchase agreements	5.4	6.1	9.4	10.25	10.50	10.75	10.75	10.75	11.5	12.25
<i>Yields in the money market²</i>										
REIBOR, O/N	5.1	6.1	8.9	9.8	9.3	10.4	10.4	10.4	11.1	11.7
REIBOR, 1-month	5.3	6.1	9.1	10.0	10.2	10.4	10.4	11.1	11.1	11.7
REIBOR, 3-month	5.3	6.3	9.4	10.1	10.2	10.3	10.4	11.3	11.7	11.9
REIBOR, 6-month	5.5	6.5	9.5	10.1	10.1	10.2	10.5	11.4	12.1	12.1
Treasury bills, 3-month	5.0	6.1	8.9	9.7	10.0	10.1	12.3	12.6	13.1	12.4
Treasury bills, 6-month ³	5.0	...	...	...	...	...	...	...	...	...
<i>Yields in the capital market⁴</i>										
Treasury notes (RIKB 07 0209)	6.8	7.5	9.0	10.0	9.3	9.4	8.9	12.0	11.6	12.3
Treasury notes (RIKB 10 0317)	.	7.6	7.7	8.0	7.9	8.3	8.0	9.1	10.4	9.9
Treasury notes (RIKB 13 0517)	7.6	7.6	7.6	7.8	7.8	8.3	7.9	8.6	9.1	8.9
Treasury bonds (RIKS 15 1001)	4.4	3.9	3.7	4.2	4.1	4.5	4.0	4.4	4.3	4.0
Housing Financing Fund bonds (HFF 150914) ⁵	.	3.5	3.7	4.4	4.3	4.6	4.0	4.4	4.3	4.3
Housing Financing Fund bonds (HFF 150224) ⁵	.	3.8	3.8	4.4	4.3	4.6	4.2	4.4	4.5	4.3
Housing Financing Fund bonds (HFF 150434) ⁵	.	3.8	3.7	4.2	4.1	4.5	4.1	4.3	4.3	4.1
Housing Financing Fund bonds (HFF 150644) ⁵	.	3.7	3.7	4.1	4.1	4.4	4.1	4.2	4.2	4.1
<i>Commercial banks' lending rates⁶</i>										
Average rates on non-indexed securities	12.0	12.2	14.8	15.7	16.0	16.0	16.2	16.2	17.0	17.5
Average rates on indexed securities	9.1	8.0	7.2	6.7	6.7	6.7	6.8	6.8	6.8	7.0
<i>Rates acc. to Interest Rate Act 38/2001⁷</i>										
Penalty rates	17.3	17.3	20.3	20.5	21.5	21.5	21.5	21.5	21.5	21.5

1. Arithmetic averages of end-of-month figures. Central Bank rates are time-weighted averages. 2. REIBOR are interest rates on the interbank market in Icelandic króna. For Treasury and bank bills, yields in trading on ICEX (Iceland Stock Exchange). 3. Treasury bills with the closest maturity to 6 months. 4. All bond yields are in real terms. 5. Housing bonds and Housing authority bonds were discontinued as of July 1, 2004. New bonds, Housing Financing Fund bonds (HFF), were issued instead and the majority of older issues were swapped into the new bonds. 6. From July 1, 2001, the Central Bank issues information on banks' average interest rates only as statistical information. 7. Interest rates that have legal status in the month shown. From July 1, 2001, penalty rates are revised at 6-month intervals.

Source: Central Bank of Iceland.

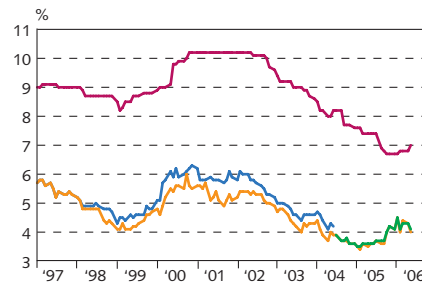
Chart 3
Short-term interest rates
January 1997 - May 2006
At end of month



— Central Bank repo rate
— 3-month Treasury bills
— 3-month REIBOR on the interbank market

Source: Central Bank of Iceland.

Chart 4
Long-term interest rates
January 1997 - May 2006
At end of month



— 30-year HFF bonds
— 15-year Treasury bonds
— Housing bonds
— Secured bank loans

Source: Central Bank of Iceland.

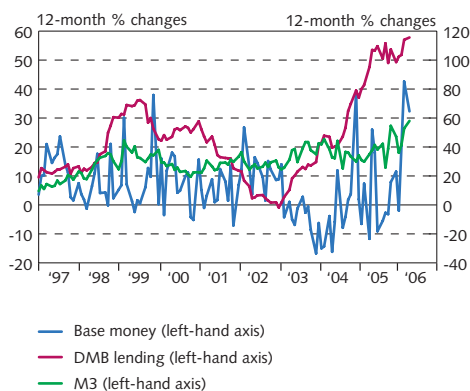
Table 5 Money and credit

	B.kr. April '06	% change over year			1-mo. change in b.kr.			12-mo. % change		
		2003	2004	2005	Feb.'06	Mar.'06	Apr.'06	Apr.'04	Apr.'05	Apr.'06
<i>Central Bank</i>										
Net foreign exchange reserves	66.2	.	.	.	3.9	7.7	-13.5	.	.	.
Claims on Treasury and govt. institutions, net	-76.9	.	.	.	-4.7	-1.1	15.2	.	.	.
Claims on deposit money banks	86.0	-65.2	32.2	144.8	15.0	11.1	-8.1	-48.1	-53.0	397.7
Base money	42.9	-33.5	77.7	23.1	5.6	18.1	-13.3	-7.7	-23.4	64.6
Notes and coins in circulation	10.1	9.4	9.0	14.8	0.0	0.4	0.1	10.2	10.5	15.2
Reserves of deposit money banks	32.8	-46.7	121.0	25.6	5.6	17.7	-13.4	-12.0	-33.7	89.5
<i>Deposit money banks</i>										
Central Bank items	-53.7	.	.	.	-9.3	6.6	-5.8	.	.	.
Short-term position, net	-54.5	.	.	.	-9.3	6.8	-5.0	.	.	.
Credit and listed securities ¹	3,651.8	28.2	40.4	75.7	214.1	196.7	193.7	35.9	51.7	83.1
Credit ²	2,788.9	22.8	43.0	67.7	140.6	231.8	164.8	32.3	55.8	76.6
Treasury and government institutions	12.3	8.1	1.6	-16.1	-1.0	5.4	-4.6	-25.7	-11.2	-9.8
Non-bank financial institutions	33.3	-45.2	.	.	-2.7	7.8	5.8	.	-25.3	117.6
Businesses	1,390.3	15.5	2.1	25.1	63.7	112.8	75.3	30.6	35.1	57.3
Households	616.2	9.9	8.1	12.7	27.6	21.3	23.5	-2.6	109.5	58.9
Foreign sector	725.0	.	63.1	117.9	55.4	83.1	65.4	163.9	113.2	167.6
Listed securities	390.5	38.3	22.1	64.9	16.3	22.8	18.6	25.3	33.8	78.4
Domestic credit and listed securities	2,599.1	22.6	35.6	54.2	130.1	103.4	87.3	27.7	43.6	56.2
Domestic credit	2,063.9	14.8	39.5	51.5	85.3	148.7	99.4	23.5	47.6	57.8
Deposits	877.9	22.5	13.5	29.7	53.5	0.0	88.4	21.3	20.6	46.5
Domestic deposits	742.5	.	.	0.0	9.9	62.8	25.6	0.0	17.6	29.2
Bonds	2,604.8	106.1	78.8	100.3	149.2	339.8	176.7	122.5	81.0	113.6
Domestic bonds	174.1	4.9	25.3	52.8	-2.1	43.8	-3.3	6.7	42.9	45.0
Foreign liabilities, total ³	3,061.0	67.3	59.2	96.4	298.2	263.3	208.2	77.0	70.4	120.1
<i>Banking system</i>										
Foreign assets, net	-879.6	18.5	25.9	55.0	-48.0	-19.0	-61.7	29.6	33.0	67.3
Domestic credit and marketable securities	2,312.6	21.6	36.0	44.2	92.7	151.5	115.9	26.7	44.9	51.4
Money supply (M1) ⁴	202.1	22.6	30.1	23.5	-3.6	23.9	7.9	32.6	28.1	40.1
M2 (M1 + demand savings deposits)	369.0	18.4	28.0	25.7	-4.0	57.5	18.2	21.7	28.9	42.6
M3 (M2 + time savings deposits)	752.5	17.5	15.0	23.2	9.9	63.2	25.7	19.2	17.5	29.0
M4 (M3 + securities issues)	926.6	15.5	16.4	27.7	7.8	107.0	22.4	17.2	21.1	31.8

1. Treasury bills, equities and leasing contracts also included. 2. Lending series have been adjusted retroactively following reclassification under the ISAT standard. Data on lending to foreign entities available since January 2001. 3. Effective as of *Monetary Bulletin* 2005/3, this item includes securities issues abroad. 4. Sum of notes and coins in circulation and DMBs' demand deposits.

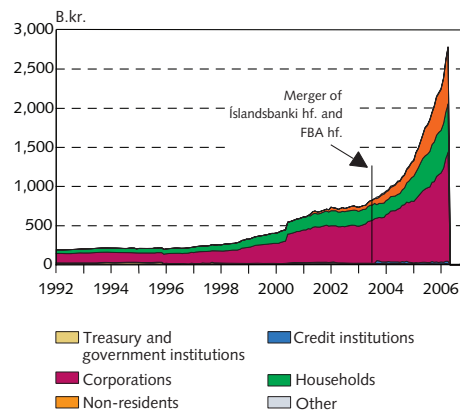
Source: Central Bank of Iceland.

Chart 5
M3, DMB lending and base money
January 1997 - April 2006



Latest figures are preliminary.
source: Central Bank of Iceland.

Chart 6
Deposit money bank lending by sector
January 1992 - April 2006¹



1. Reclassification of lending in September 2003 based on the ISAT-95 standard led to a reduction in household debt figures and an increase in business and municipalities' debt figures. Latest figures are preliminary.
Source: Central Bank of Iceland.

Table 6 The credit system¹

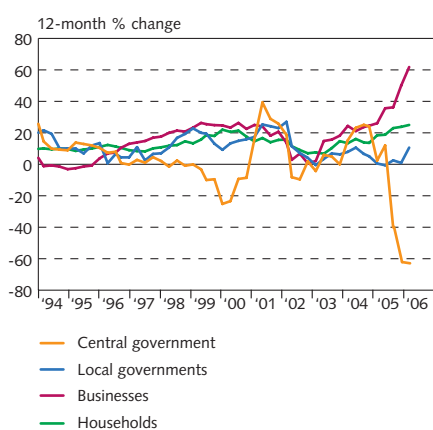
Assets	B.kr. March '05	% change over year						3-mo. % change		
		2000	2001	2002	2003	2004	2005	Sep.'05	Dec.'05	Mar.'06
Domestic lending and securities	3,943.1	17.2	19.2	3.2	11.8	19.7	30.8	4.1	7.7	13.7
Banking system ²	2,436.3	44.4	13.8	8.0	22.4	36.9	50.9	6.9	10.8	13.9
Miscellaneous credit undertakings	711.8	-3.8	20.8	-2.0	8.0	15.1	8.3	7.5	3.0	3.6
Housing Financing Fund	396.0	12.0	18.1	11.5	14.1	0.3	-10.5	1.4	-2.1	-1.0
Credit undertakings subject to minimum reserve requirements ³	281.6	-34.9	30.3	-41.4	-19.0	133.6	75.5	31.1	11.9	10.5
Other credit undertakings ⁴	34.2	17.2	16.1	9.0	0.8	-2.4	-23.8	-30.3	5.2	6.9
Pension funds	912.0	4.6	16.4	12.2	13.4	16.5	18.7	5.0	5.6	4.9
Insurance companies	97.2	24.1	12.2	6.3	14.8	4.1	36.3	2.9	4.6	6.5
Mutual and investment funds ⁵	305.7	-14.0	22.3	39.2	47.0	38.9	9.3	3.5	-7.0	9.0
Foreign credit	3,624.9	39.6	29.5	-4.6	30.5	41.4	77.0	5.5	22.4	27.2
State lending funds	291.7	0.0	31.9	-2.9	-1.2	-4.3	-12.1	-3.3	-3.2	3.5
Total of above	8,379.6	18.4	21.6	3.1	19.2	27.8	43.0	5.5	12.0	16.4
Less inter-institutional transactions	-4,436.5	20.4	25.4	2.9	30.3	38.6	56.4	6.8	16.2	18.9
Assets = liabilities	3,943.1	17.2	19.2	3.2	11.8	19.7	30.8	4.1	7.7	13.7
Liabilities										
Domestic liabilities	2,709.8	7.1	14.1	7.2	19.4	16.5	16.5	5.1	7.3	11.8
Notes and deposits	657.8	11.1	14.9	13.4	21.9	9.8	9.8	2.7	4.1	10.2
Securities	264.9	10.1	6.7	0.2	45.2	25.9	25.9	-2.2	-5.3	-4.8
Insurance companies' indemnity fund	56.4	11.5	15.6	4.4	4.7	2.3	2.3	-2.4	-2.3	11.6
Pension funds	1,291.5	9.9	13.7	4.9	21.1	19.8	19.8	4.8	6.9	9.8
Capital of financial institutions	711.5	14.3	26.0	19.4	19.7	71.0	71.0	20.8	13.6	9.4
Other items, net	-272.3	.	.	.	.	.	.	.	.	.
Foreign liabilities, net	1,233.3	50.2	31.0	-4.8	-5.7	28.7	28.7	1.9	8.7	18.4
Credit by sector⁶										
Central government	65.7	-8.6	25.8	1.8	0.0	24.1	-62.4	-38.6	-38.8	-11.7
Municipalities ⁷	127.3	15.9	23.0	4.1	6.3	5.1	0.9	2.7	-1.5	6.1
Businesses ⁷	2,587.4	22.5	20.7	0.6	18.2	24.5	50.0	7.8	12.1	18.3
Households ⁷	1,162.8	17.6	15.5	7.0	14.7	13.6	23.8	6.1	5.8	7.1

1. Partly preliminary or estimated. 2. In May 2003, Glitnir leasing company merged into Íslandsbanki and was thereby reclassified to "Banking system". 3. Credit undertakings subject to minimum reserve requirements comprise: Frjálsi fjárfestingarbankinn hf., Framtak fjárfestingarbanki hf., Lýsing, SP-fjármögnun, Europay, Greiðslumiðlun hf., MP fjárfestingarbanki (since November 2003) and Straumur fjárfestingarbanki (since January 2004). 4. Other credit undertakings comprise: The Agricultural Loan Fund, the Agricultural Productivity Fund, the Municipal Loan Fund and the Regional Development Fund. 5. Since December 2003 investment funds are included. 6. Partly estimated. 7. Since September 2003, lending by sector has been reclassified according to the ÍSAT standard. This produces a lower figure than otherwise for lending to households, and a higher figure for lending to municipalities and businesses.

Source: Central Bank of Iceland.

Chart 7
Growth of credit system lending 1994-2006

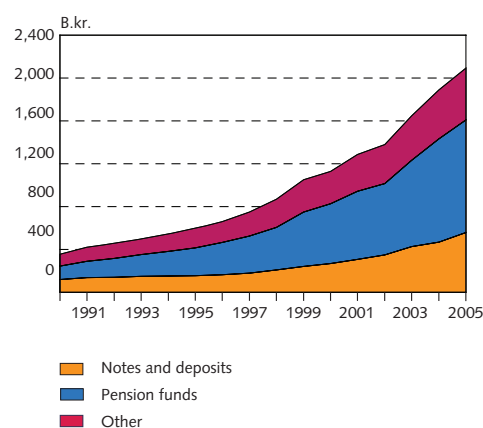
Lending by sectors¹



1. Reclassification of lending in September 2003 based on the ÍSAT-95 standard led to a reduction in household debt figures and an increase in business and municipalities' debt figures. Latest figures are preliminary.
Source: Central Bank of Iceland.

Chart 8
Credit system liabilities at end of year 1990-2005

At current prices



Latest figures are preliminary.
Source: Central Bank of Iceland.

Table 7 Financial markets

At end of period	Outstanding in b.kr.			1-month % change			12-month % change		
	2004	2005	Apr.'06	Feb.'06	Mar.'06	Apr.'06	Feb.'06	Mar.'06	Apr.'06
Money market ¹	39.4	84.1	62.2	-3.8	4.9	-11.7	107.9	63.6	7.9
Securities market ²	1,734.2	2,768.8	3,476.1	2.8	11.1	8.9	61.1	71.0	80.0
thereof Treasury bonds	45.1	27.2	27.2	0.2	1.5	1.5	-37.7	-38.7	3.2
thereof housing bonds	98.2	53.6	47.9	-3.6	-2.1	-2.2	-40.6	-36.4	-34.6
thereof HFF bonds	340.3	393.4	406.3	-0.9	1.4	2.1	15.7	12.7	15.4
Market capitalisation of listed equities	1,083.7	1,815.9	1,944.2	6.2	-7.9	-5.2	82.5	61.2	45.4
Mutual funds' units (open-end)	272.7	328.2	377.5	8.8	4.4	0.0	25.0	23.5	20.0

1. Bills issued by Treasury, commercial banks, savings banks and investment credit funds. 2. Government bonds, government notes, housing bonds, housing authority bonds, HFF bonds and listed bond issues of banks, savings banks, investment credit funds, leasing companies, businesses, municipalities and non-residents. Open-end mutual funds' units not included.

Source: Central Bank of Iceland.

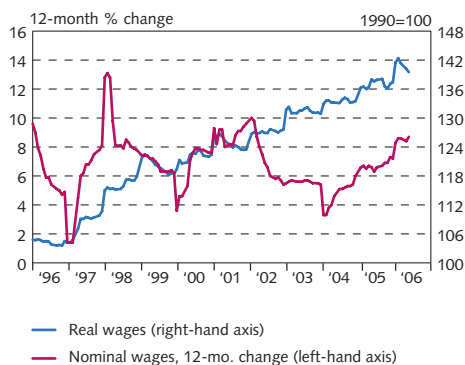
Table 8 Labour market

Changes in indices are in percent. Other changes indicate increase/decrease in jobs or permits	Averages			1-month change			12-month change		
	2004	2005	May'06	Mar.'06	Apr.'06	May'06	May'04	May'05	May'06
Wage index (1990=100)	215.6	230.1	249.0	0.4	0.4	0.9	4.6	6.6	8.7
Real wages (1990=100) ¹	133.9	137.4	139.5	2.9	-0.8	-0.5	1.3	3.6	1.1
Number of issued work permits	3,750	6,362	342	-204	183	-638	46	96	-45
Job vacancies, total	668	1,379	653	64	75	-214	129	978	-1,057
thereof Greater Reykjavik Area	204	376	105	-9	-20	-18	26	171	-214
<i>Period averages</i>	2004	2005	2006	Mar.'06	Apr.'06	May'06	May'04	May'05	May'06
Number of unemployed	4,893	4,564	3,119	2,417	2,112	2,062	4,900	3,332	2,062
Measured unemployment rate (% of labour force)	3.4	3.1	2.1	1.5	1.3	1.3	3.3	2.2	1.3
Seasonally adjusted unemployment rate (% of labour force)	.	.	.	1.3	1.2	1.2	3.1	2.1	1.2
<i>Quarterly measurements</i>	2004	2005	QI '06	QIII '05	QIV '05	QI '06	QI '04	QI '05	QI '06
Wage index (1990 = 100)	215.5	230.1	244.8	1.2	1.2	4.4	3.5	6.7	8.5
Wages in the private sector	196.9	210.6	223.9	0.8	1.4	4.5	2.4	8.1	8.0
Wages in the public sector and banks	246.3	262.4	279.3	1.8	1.0	4.2	5.0	4.5	9.3

1. Deflated by consumer prices.

Sources: Directorate of Labour, Statistics Iceland, Central Bank of Iceland.

Chart 9
Nominal and real wages¹
January 1996 - May 2006



1. Real wages = wage index deflated by the CPI.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 10
Unemployment and labour participation¹
January 1996 - May 2006



1. Statistics Iceland's labour market survey 1996-2005.
Sources: Directorate of Labour, Statistics Iceland, Central Bank of Iceland.

Table 9 National accounts – annual data (continued on next page)

B.kr.	2000	2001	2002	2003	2004	Estimate 2005
Gross domestic product (GDP), current prices	678.3	764.9	799.6	827.9	916.8	996.0
Current account balance, current prices	-69.4	-33.4	12.6	-41.0	-85.3	-164.1
GDP at 2000 fixed prices ¹	678.3	704.1	696.7	717.8	776.7	819.7

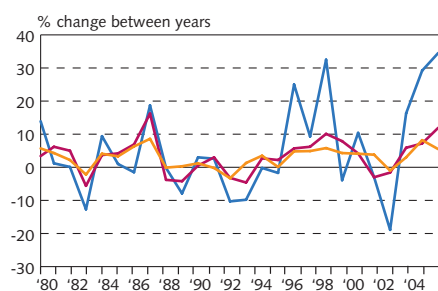
Volume changes between years, percent¹

Private consumption	4.2	-3.0	-1.6	5.9	7.2	11.9
Public consumption	4.3	3.1	5.1	1.6	2.9	3.2
Gross fixed capital formation	10.4	-3.0	-18.9	16.3	29.2	34.5
Business sector investment	8.8	-9.8	-25.1	26.0	34.4	57.2
Residential construction	12.9	12.1	12.4	3.9	13.8	10.4
Public works and buildings	14.7	7.9	-30.5	5.2	34.4	-13.4
National expenditure	5.7	-2.3	-3.5	6.4	10.4	14.9
Exports of goods and services	4.3	7.4	3.8	1.6	8.4	3.5
Exports of goods	-1.3	7.2	6.6	-1.2	9.2	-0.4
Exports of services	16.3	7.7	-1.7	7.3	7.0	10.5
Imports of goods and services	8.6	-9.1	-2.6	10.8	14.4	28.4
Imports of goods	2.8	-10.0	-3.4	7.3	15.8	25.0
Imports of services	21.5	-7.3	-1.0	17.2	12.1	34.7
Gross domestic product (GDP)	4.1	3.8	-1.0	3.0	8.2	5.5
Gross national income (GNI)	2.4	2.8	3.0	-0.2	5.8	6.7
Terms of trade (goods and services)	-2.4	0.3	0.6	-4.1	-1.3	1.0

Percent of GDP

Private consumption	61.0	56.5	55.7	57.6	57.4	60.2
Gross fixed capital formation	22.5	21.5	17.4	19.9	23.5	28.7
Current account balance	-10.2	-4.4	1.6	-5.0	-9.3	-16.5
Gross national saving	12.7	16.9	19.0	14.8	14.1	12.1

Chart 11
Growth of GDP, private consumption and
gross fixed capital formation 1980-2005¹

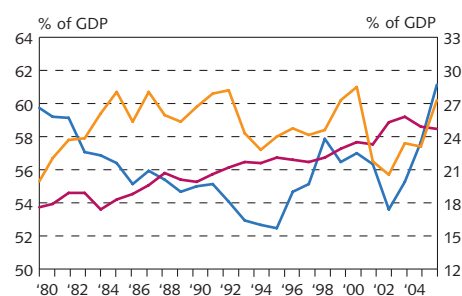


— Gross fixed capital formation
— Private consumption
— GDP

1. Preliminary 2005.

Sources: Statistics Iceland, Central Bank of Iceland.

Chart 12
Private consumption, public consumption and
gross fixed capital formation 1980-2005¹



— Gross fixed capital formation (right-hand axis)
— Public consumption (right-hand axis)
— Private consumption (left-hand axis)

1. Preliminary 2005.

Sources: Statistics Iceland, Central Bank of Iceland.

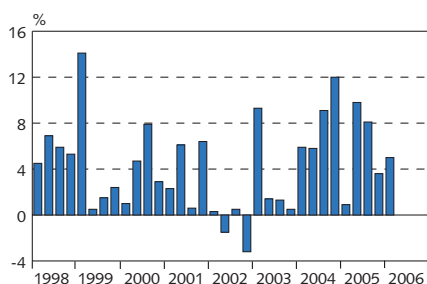
Table 9 (continued) National accounts – quarterly data

B.kr.	Private consumption	Public consumption	Gross fixed cap. format.	Changes in stocks	National expenditure	Exports	Imports	GDP
2002: Q1	104,570	49,414	32,772	-339	186,416	75,597	-71,277	190,736
2002: Q2	112,955	49,865	34,263	-896	196,187	78,495	-75,354	199,328
2002: Q3	112,428	51,219	36,478	825	200,951	79,996	-75,266	205,681
2002: Q4	115,666	51,638	35,781	228	203,314	71,520	-71,018	203,815
2003: Q1	111,247	52,449	37,708	2,261	203,666	70,906	-67,695	206,877
2003: Q2	120,113	53,005	40,156	-353	212,920	67,861	-78,552	202,229
2003: Q3	120,272	53,920	43,937	34	218,163	80,326	-87,508	210,981
2003: Q4	125,248	54,127	42,897	-3,395	218,877	69,460	-80,559	207,777
2004: Q1	122,378	55,961	47,022	3,412	228,774	73,098	-79,431	222,441
2004: Q2	132,310	57,083	50,171	-1,108	238,456	75,170	-94,599	219,028
2004: Q3	130,773	58,070	58,319	-3,596	243,566	90,028	-96,826	236,767
2004: Q4	140,347	57,172	60,135	374	258,028	78,607	-98,106	238,529
2005: Q1	137,249	59,432	56,066	4,068	256,815	70,147	-94,338	232,624
2005: Q2	154,168	61,301	67,044	-4,904	277,608	82,037	-113,117	246,529
2005: Q3	149,933	63,256	84,271	2,093	299,552	82,162	-120,424	261,290
2005: Q4	157,872	62,336	78,552	-2,119	296,642	79,604	-120,699	255,547
Volume change from same quarter in previous year (%) ¹								
2002: Q1	-4.9	4.0	-26.8	.	-6.5	3.3	-13.9	0.3
2002: Q2	-2.1	4.0	-19.3	.	-4.8	11.9	2.2	-1.5
2002: Q3	-0.4	6.0	-15.7	.	-2.0	2.2	-3.4	0.5
2002: Q4	0.7	6.3	-13.7	.	-0.9	-1.7	6.5	-3.2
2003: Q1	5.2	1.9	15.6	.	7.7	5.9	1.3	9.3
2003: Q2	5.7	2.1	16.7	.	7.1	-3.8	10.8	1.4
2003: Q3	5.7	1.4	16.0	.	6.0	4.0	16.4	1.3
2003: Q4	6.8	1.1	16.6	.	5.1	0.6	13.8	0.5
2004: Q1	7.8	3.0	24.3	.	10.0	4.9	16.9	5.9
2004: Q2	6.8	3.7	21.7	.	8.6	6.1	13.8	5.8
2004: Q3	5.5	3.6	30.1	.	8.2	10.3	7.5	9.1
2004: Q4	8.6	1.1	39.2	.	14.8	12.2	20.4	12.0
2005: Q1	9.0	2.3	17.8	.	9.4	-1.8	22.5	0.9
2005: Q2	14.6	3.2	34.5	.	14.4	12.9	24.0	9.8
2005: Q3	13.1	3.7	48.3	.	22.0	-3.6	32.1	8.1
2005: Q4	10.6	3.6	35.4	.	13.8	7.8	33.9	3.6
2006: Q1	12,6	3,8	36,6	.	13,7	-6,4	19,5	5,0

1. In September 2005, annual chain-linking was introduced for calculations of volume changes, replacing the earlier use of constant prices relative to a specific base year. Data extending back to 1997 have been revised on this basis.

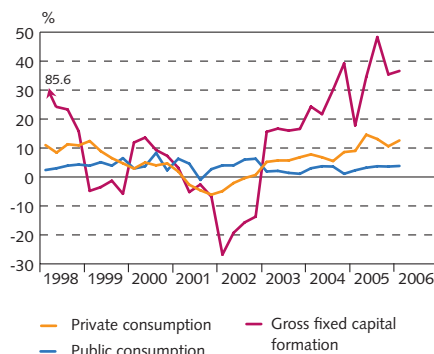
Sources: Statistics Iceland, Central Bank of Iceland.

Chart 13
Quarterly economic growth
Q1/1998 - Q1/2006¹
Volume change in GDP over four quarters (%)



1. Latest data are preliminary.
Source: Statistics Iceland.

Chart 14
Components of economic growth
Q1/1998 - Q1/2006¹
Volume change over four quarters (%)



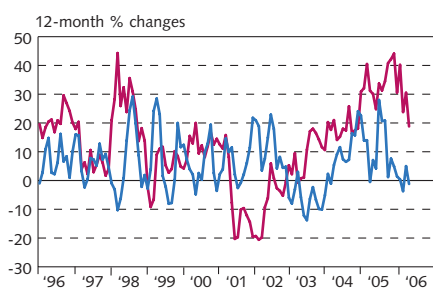
1. Latest data are preliminary.
Source: Statistics Iceland.

Table 10 Current account balance¹ (continued on next page)

Trade in goods and services	B.kr.					% change from previous year ²		
	2002	2003	2004	2005	Jan.-Apr. '06	3-mo.	6-mo.	12-mo.
Trade balance	13.1	-16.9	-37.8	-94.5	-41.6	.	.	.
Merchandise exports fob	204.3	182.6	202.4	194.4	66.4	-1.2	-0.5	6.4
Excluding ships and aircraft	202.0	181.2	201.6	184.7	66.3	-0.2	-0.1	2.2
Marine products	128.6	113.7	121.7	110.1	38.4	-6.5	-5.0	-0.0
Aluminium and ferro-silicon	43.5	40.3	42.6	42.1	16.9	11.7	18.1	10.2
Other industrial products	14.5	21.6	28.4	24.7	8.5	13.2	-5.6	1.5
Merchandise imports fob	191.2	199.5	240.2	288.9	108.0	19.0	29.0	33.0
Excluding ships and aircraft	180.0	195.7	231.7	276.8	105.9	24.7	33.7	35.9
Consumption goods	59.5	66.3	77.2	92.1	32.8	13.7	25.8	29.4
Investment goods	38.6	46.1	52.8	67.2	28.2	43.7	60.3	54.8

Services and income balance	B.kr.					% change from previous year ²		
	2002	2003	2004	2005	2006/Q1	3-mo.	6-mo.	12-mo.
Services balance	-0.7	-9.2	-14.4	-34.3	-15.2	.	.	.
Services exports	101.2	105.6	113.9	125.7	24.1	-6.4	3.4	14.5
Transportation	48.5	50.2	63.2	65.3	11.7	-18.0	-15.0	4.3
Travel	22.8	24.5	26.1	25.8	3.7	14.0	12.8	10.2
Other receipts	29.9	30.9	24.6	34.6	8.7	5.9	37.8	44.1
Services imports	-101.9	-114.8	-128.3	-160.0	-39.2	12.8	26.4	32.1
Transportation	-38.6	-39.7	-48.8	-55.5	-11.8	-13.8	1.3	13.6
Travel	-33.4	-39.8	-48.5	-61.2	-14.4	28.5	36.2	39.0
Other expenditure	-29.9	-35.3	-31.0	-43.2	-13.1	31.7	50.5	50.1
Balance on income	-1.9	-14.8	-40.0	-35.3	-19.1	.	.	.
Receipts	27.2	28.5	32.6	94.1	27.1	123.8	264.6	197.7
Compensation of employees	5.4	6.2	5.6	4.6	1.4	16.6	5.5	-0.1
Interest payments	4.8	4.3	8.6	21.4	11.2	240.8	248.9	213.4
Dividends and reinvested earnings ³	16.9	18.0	18.4	68.0	14.5	89.8	324.4	233.9
Expenditures	-29.1	-43.4	-72.7	-129.4	-46.1	131.6	139.8	114.5
Compensation of employees	-0.7	-0.5	-0.8	-1.5	-0.6	122.7	120.3	139.2
Interest payments	-29.2	-29.4	-35.5	-61.1	-24.7	123.5	118.8	108.9
Dividends and reinvested earnings ³	0.8	-13.5	-36.4	-66.8	-20.9	142.2	157.7	119.4
Current transfer, net	1.2	-1.2	-1.2	-1.7	-0.5	168.5	163.5	114.6
Current account balance	12.6	-41.0	-92.2	-164.5	-66.3	.	.	.

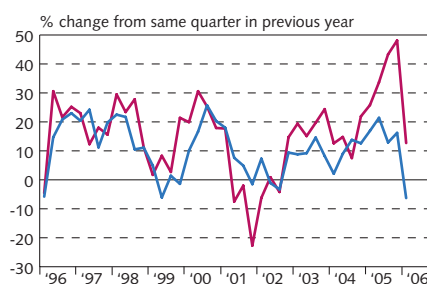
Chart 15
Merchandise trade
January 1996 - April 2006
3-month moving averages at fixed exchange rates



— Merchandise imports
— Merchandise exports

Latest data are preliminary.
Sources: Statistics Iceland, Central Bank of Iceland.

Chart 16
Exports and imports of services
Q1/1996- Q1/2006
At constant exchange rates



— Services exports
— Services imports

Latest data are preliminary.
Source: Central Bank of Iceland.

Table 10 (continued) Current account balance¹

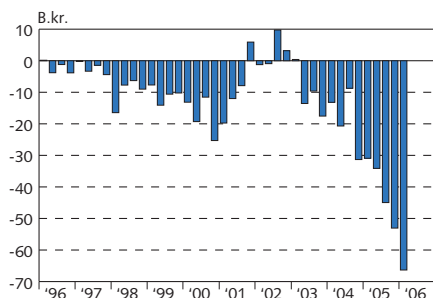
	B.kr.					Change from prev. year (b.kr.) ²		
	2002	2003	2004	2005	Q1'06	3-mo.	6-mo.	12-mo.
Capital and financial account	-8.4	16.3	125.6	118.2	64.7	.	.	.
Capital transfer, net	-0.1	-0.4	-0.2	-1.7	-0.5	-0.2	-0.7	-1.3
Financial account ⁴	-8.3	16.7	125.8	119.9	65.2	-64.3	-136.7	-179.3
Financial account excl. reserves	-2.6	40.1	140.1	124.6	68.9	-57.1	-133.9	-170.1
Direct investment, net	-21.3	-4.1	-128.1	-285.8	10.0	26.3	-36.3	-139.7
Abroad	-29.6	-28.5	-179.8	-439.2	-12.0	18.9	-143.4	-246.6
In Iceland	8.3	24.4	51.6	153.3	22.1	7.4	107.1	106.9
Portfolio investment, net	13.6	228.0	474.5	780.1	91.2	-101.2	-74.1	147.8
Assets	-28.9	-45.4	-107.3	-283.9	-47.4	-28.4	-124.8	-231.6
Equities	-23.8	-40.6	-110.4	-193.9	-29.4	-13.9	-59.8	-128.8
Debt securities	-5.1	-4.8	3.1	-90.0	-18.0	-14.5	-65.0	-102.8
Liabilities	42.5	273.3	581.8	1,064.0	138.6	-72.8	50.7	379.4
Equities	4.5	-5.6	20.2	4.5	-3.4	-1.3	-3.0	-13.7
Debt securities	38.0	278.9	561.6	1,059.5	142.0	-71.5	53.7	393.1
Other investment, net ⁴	5.0	-183.8	-206.4	-369.6	-32.4	17.8	-23.6	-178.2
Assets	-30.4	-156.1	-237.6	-687.5	-262.1	-214.6	-399.9	-664.7
Liabilities	35.5	-27.7	31.2	317.9	229.7	232.4	376.3	486.4
Reserve assets	-5.7	-23.4	-14.2	-4.7	-3.7	-7.3	-2.7	-9.2
Net errors and omissions	-4.2	24.7	-33.4	46.3	1.7	.	.	.
<i>Memorandum items</i>								
Long-term borrowing, net	32.3	67.0	344.1	595.1	87.9	-75.4	-37.5	103.0
Assets	-41.2	-184.3	-248.7	-782.2	-283.8	-236.3	-467.6	-776.6
Monetary authorities	-5.7	-23.3	-14.2	-4.7	-3.7	-7.3	-2.7	-9.2
General government	0.0	0.0	0.0	0.0	-	-	-	-
Deposit money banks	-35.3	-162.6	-220.8	-729.1	-248.8	-203.5	-417.3	-704.5
Other sectors	-0.3	1.7	-13.7	-48.4	-31.3	-25.6	-47.5	-63.0
Liabilities	73.5	251.3	592.8	1377.4	371.7	160.9	430.1	879.5
Monetary authorities	4.8	-15.9	0.0	0.0	0.2	0.1	0.4	0.1
General government	9.7	-10.4	9.9	-32.3	3.3	16.0	1.6	-7.8
Deposit money banks	49.4	264.3	582.9	1302.5	363.8	140.1	369.5	770.0
Other sectors	9.5	13.2	-0.1	107.1	4.4	4.8	58.5	117.3

1. Latest figures are preliminary. 2. Changes in components of the trade and services accounts are in %, but changes in components of the capital and financial account in b.kr. At constant exchange rates 3. Dividend payments and reinvestment of earnings on direct investment. 4. Positive value represents inflow of capital due to foreign borrowing or decrease in assets. Negative value accounts for outflow of capital, debt repayments or increase in assets.

Source: Central Bank of Iceland.

Chart 17
Quarterly current account balance
Q1/1996- Q1/2006

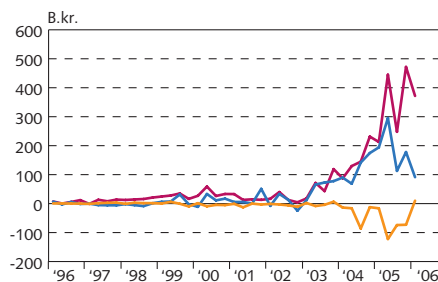
At current exchange rates



Latest data are preliminary.
Source: Central Bank of Iceland.

Chart 18
Selected financial account items
Q1/1996- Q1/2006

At current exchange rates



— Net foreign direct investment
— Portfolio investment abroad
— Net liabilities (loans, securities issues, etc.)

Latest data are preliminary.
Source: Central Bank of Iceland.

Table 11 International investment position

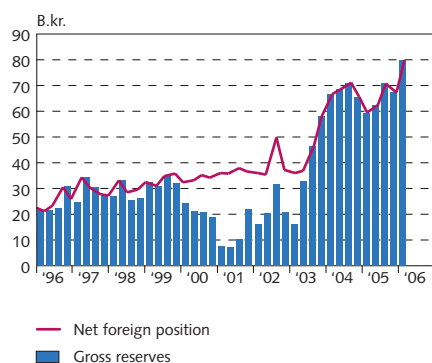
B.kr.	Position at end of period								
	2001	2002	2003	2004	2005	June '05	Sept. '05	Dec. '05	Mar. '06
International investment position	-596.3	-579.7	-557.9	-665.7	-828.9	-856.7	-843.4	-804.2	-995.2
Total assets	415.9	409.4	708.2	1,153.5	2,398.4	1,595.0	1,753.9	2,440.3	3,070.1
Direct investment abroad	86.8	101.3	122.5	245.0	597.0	317.4	366.3	618.9	639.2
Equity capital	66.8	82.3	110.5	210.6	461.3	273.9	315.1	516.1	531.2
Other capital	19.9	19.0	12.1	34.3	135.7	43.5	51.1	102.9	108.0
Portfolio assets	197.3	159.7	262.3	374.2	627.6	424.0	512.6	648.0	819.9
Equity capital	184.8	149.3	239.2	356.4	528.2	386.2	459.4	544.9	687.2
Debt securities	12.5	10.4	23.1	17.8	99.4	37.8	53.2	103.1	132.7
Other investment assets	95.2	111.2	265.2	468.7	1,106.5	791.2	804.4	1,106.1	1,531.1
Reserves	36.6	37.2	58.1	65.6	67.3	62.4	70.7	67.3	79.9
Total liabilities	1,012.2	989.1	1,266.1	1,824.7	3,244.5	2,451.7	2,597.2	3,244.5	4,065.3
Direct investment in Iceland	70.7	64.3	84.6	127.4	252.0	140.7	149.6	252.0	278.8
Equity capital	62.9	56.1	61.8	94.1	228.3	108.6	105.6	228.3	254.8
Other capital	7.8	8.2	22.8	33.3	23.7	32.1	44.0	23.7	23.9
Portfolio liabilities	471.3	490.2	776.1	1,302.3	2,302.9	1,823.0	1,926.4	2,302.9	2,775.7
Equity capital	12.1	35.7	42.5	86.6	141.7	102.4	118.1	141.7	160.3
Debt securities	459.2	454.4	733.6	1,215.7	2,161.2	1,720.6	1,808.2	2,161.2	2,615.3
Other investment liabilities	470.2	434.6	405.4	395.1	689.6	488.0	521.3	689.6	1,010.9
Long-term debt	377.0	296.2	259.2	213.3	363.7	223.1	233.8	363.7	311.3
Short-term debt	93.2	138.4	146.2	181.8	325.9	264.9	287.5	325.8	699.6
<i>Memorandum items</i>									
Equity capita, net	188.8	150.5	234.6	388.7	770.1	460.5	557.9	770.1	887.3
Net external debt position	-785.1	-730.2	-792.5	-1,058.5	-1,574.3	-1,317.0	-1,401.0	-1,552.6	-1,882.5
Monetary authorities	21.7	20.8	58.1	65.5	67.2	62.2	70.5	67.2	79.5
General government	-239.8	-227.2	-220.9	-212.4	-169.1	-193.5	-176.7	-168.8	-188.2
Deposit money banks	-373.7	-361.8	-471.1	-778.2	-1,287.8	-1,041.2	-1,137.2	-1,268.5	-1,574.1
Other sectors	-193.2	-162.0	-158.6	-133.5	-184.7	-144.5	-157.7	-182.6	-199.7
<i>Percent of gross domestic product¹</i>									
International investment position	-76.3	-69.9	-70.2	-82.1	-86.2	-85.5	-92.2	-86.2	-88.6
Net external debt ²	100.4	99.3	100.1	130.6	161.4	130.2	147.0	161.4	167.6
External debt position ²	118.9	142.7	144.3	198.8	293.8	218.3	244.4	293.8	322.8
Long-term debt	96.9	109.1	110.0	159.9	245.2	178.8	204.4	245.2	249.1
Short-term debt	22.0	33.6	34.3	38.9	48.6	39.5	40.0	48.6	73.7

1. Foreign debt at year-end at annual average exchange rates (based on SDR). Quarterly ratios as percent of estimated annual GDP. 2. Direct investment capital and portfolio equities excluded.

Source: Central Bank of Iceland.

Chart 19
Reserve assets and Central Bank net foreign position, Q1/1996- Q1/2006

Quarterly, at current exchange rates



Latest data are preliminary.
Source: Central Bank of Iceland.

Chart 20
International investment position 1980-2005¹

At end of year and latest quarter



1. IIP is shown here with positive sign but is actually negative (see Table 11). Latest data are preliminary.
Source: Central Bank of Iceland.

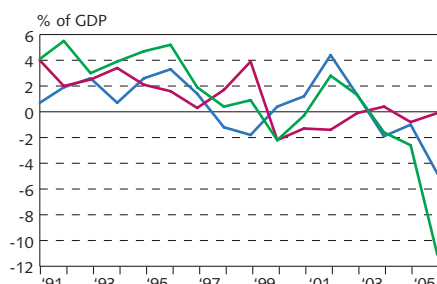
Table 12 Summary of Treasury finances¹

B.kr.	Accruals basis			Jan.-Dec.		% ch. from prev. year	Jan.-Dec.		% ch. from prev. year
	2002	2003	2004	2004	2005		2005	2006	
Revenues	259.2	274.6	302.4	280.7	399.3	42.2	109.4	135.0	23.5
Expenditures	267.3	280.7	300.4	280.4	308.4	10.0	92.8	100.3	290.1
Financial balance	-8.1	-6.1	2.0	0.3	90.9	.	16.6	34.7	.
Miscell. short-term accounts	-14.7	8.9	-3.8	-0.6	-1.3	.	-3.8	-2.5	.
Net lending	12.0	5.7	26.3	26.4	13.7	.	18.5	2.3	.
Equity transactions	0.0	4.8	-0.7	-0.4	10.6	.	-0.2	0.5	.
Balance before financing	-10.9	13.3	23.8	25.7	113.9	.	31.2	35.0	.
Pension funds	-0.7	-9.9	-12.8	-10.8	-5.5	.	-2.3	-2.9	.
Net borrowing	10.0	-2.9	-3.6	-6.6	-52.1	.	-22.0	-18.3	.
Short-term domestic	0.0	8.5	-6.0	-6.0	-0.5	.	-15.1	-7.7	.
Long-term domestic	-0.5	4.6	11.3	8.5	-3.9	.	0.2	3.1	.
From abroad	10.5	-16.0	-8.9	-9.1	-47.7	.	-7.1	-13.8	.
Cash balance	-1.6	0.5	7.4	8.3	56.3	.	6.8	13.8	.
<i>Revenues and expenditures</i>									
Total revenue	259.2	274.6	302.4	280.7	399.3	42.2	109.4	135.0	23.5
Personal income taxes, gross	55.1	58.0	65.0	62.6	69.0	10.3	25.3	27.9	10.4
Other income and property taxes	27.5	30.8	38.3	32.8	48.1	46.7	19.5	29.8	53.3
Value-added tax	76.3	80.9	96.4	91.1	111.2	22.1	31.9	38.2	19.7
Taxes on commodities & imports	14.6	16.9	20.3	20.8	26.3	26.6	7.0	9.0	29.5
Payroll taxes	23.4	26.3	28.4	27.8	32.3	16.2	10.1	11.7	15.6
Other taxes	23.6	25.9	27.3	25.7	27.9	8.6	8.1	8.8	9.1
Interest, dividends and rent	18.7	14.4	13.9	12.0	16.6	38.7	3.9	4.7	19.6
Profits from asset sales	11.7	12.0	1.1	0.2	58.5	.	0.1	1.4	.
Other revenues	8.3	9.3	11.8	7.8	9.3	19.4	3.5	2.7	-23.5
Total expenditures ²	267.3	280.7	300.4	280.4	308.4	10.0	92.8	100.3	8.1
Expenditure on goods and services	116.8	110.1	138.9	136.1	154.1	13.2	44.8	51.3	14.3
Current transfers	112.6	129.5	124.4	111.5	120.9	8.4	37.6	42.8	13.9
Interest payments	16.0	15.3	14.2	13.1	17.7	35.2	3.7	1.7	-54.7
Maintenance	6.1	6.3	5.0	3.7	3.6	-0.4	0.6	0.9	49.0
Capital expenditures	15.8	19.6	18.0	16.1	12.1	-24.6	5.9	3.6	-40.3

1. First three columns on accruals basis as in the Treasury accounts but latest figures on cash basis. 2. The most recent expenditure figures are not comparable with earlier data due to changes in the presentation of the accounts.

Source: State Accounting Office.

Chart 21
Treasury borrowing 1991-2005

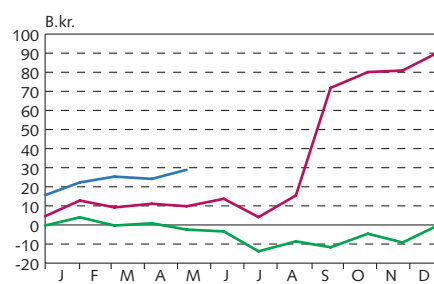


— Net foreign borrowing
— Net domestic borrowing¹
— Net borrowing requirement

1. Including reduction in pension fund commitments and outstanding long-term interest.
Sources: Treasury accounts 1990 - 2005, Central Bank projections.

Chart 22
Monthly Treasury balance 2004-2006

Cumulative from beginning of year



— 2004
— 2005
— 2006

Source: State Accounting Office.

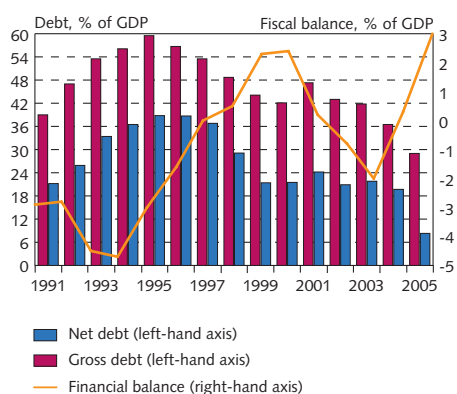
Table 13 Public sector finances¹

B.kr.	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues	179.7	197.2	213.2	242.9	278.6	301.1	328.5	350.6	368.4	418.0	471.2
Expenditures	193.1	204.9	213.3	240.0	264.0	284.6	327.2	356.8	384.8	415.5	441.6
Financial balance	-13.4	-7.7	-0.1	2.8	14.6	16.6	1.3	-6.2	-16.3	2.5	29.6
Net debt ²	174.6	187.2	192.0	167.7	131.6	141.8	181.2	165.7	178.5	177.7	80.3
Gross debt	267.6	274.4	279.4	280.5	271.5	278.0	354.6	340.7	341.6	328.9	279.7
<i>Central government³</i>											
Revenues	141.4	155.7	162.4	184.0	213.9	228.9	246.0	257.8	275.0	315.0	362.6
Expenditures	153.5	163.2	159.6	177.0	196.4	209.8	239.5	261.1	288.1	302.7	324.3
Financial balance	-12.8	-8.2	1.8	6.0	16.4	18.1	5.4	-4.5	-14.5	11.0	38.3
Net debt	150.7	163.9	167.7	138.3	103.5	110.5	150.7	133.0	142.3	131.6	28.4
Gross debt	232.6	239.2	241.6	237.8	226.0	228.5	298.3	281.1	277.2	253.0	195.6
<i>Local government</i>											
Revenues	40.9	46.9	55.5	62.9	69.9	77.7	89.5	99.8	104.3	112.7	121.6
Expenditures	42.3	47.4	58.5	67.2	72.8	80.3	94.8	103.2	108.0	122.7	127.9
Financial balance	-1.4	-0.4	-3.0	-4.3	-2.9	-2.6	-5.3	-3.0	-3.4	-9.9	-6.2
Net debt ²	25.1	24.2	25.0	30.1	28.7	31.7	30.7	32.8	36.3	45.6	51.4
Gross debt	35.6	35.7	38.4	43.3	46.1	49.8	56.6	60.2	64.9	76.4	84.5
<i>General government, % of GDP</i>											
Revenues	39.6	40.5	40.5	41.6	44.3	44.4	42.9	43.8	44.5	45.6	47.3
Expenditures	42.6	42.1	40.6	41.1	42.0	42.0	42.8	44.6	46.5	45.3	44.3
Financial balance	-3.0	-1.6	0.0	0.5	2.3	2.4	0.2	-0.8	-2.0	0.3	3.0
Net debt ²	38.8	38.7	36.8	29.1	21.4	21.5	24.2	20.9	21.8	19.7	4.7
Gross debt	59.5	56.7	53.5	48.7	44.1	42.1	47.3	43.0	41.8	36.5	29.0

1. National accounts presentation. 2. Treasury bank deposits lower net debt. 3. Including social security transactions.

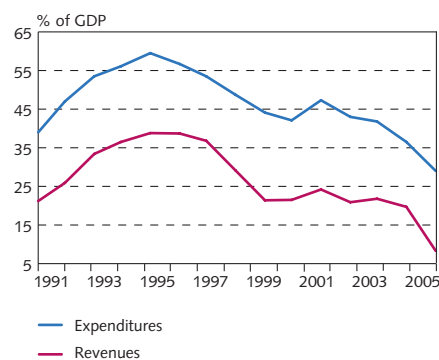
Sources: Statistics Iceland, Central Bank baseline forecast.

Chart 23
General government balance and debt
1991-2005



Sources: Statistics Iceland, Central Bank projections.

Chart 24
General government revenues and expenditures
1991-2005



Source: Statistics Iceland.

Table 14 Turnover¹

B.kr.	January-December			% ch. in previous year, Jan.-December ²		
	2003	2004	2005	2003	2004	2005
Industries, total	335.0	355.0	389	-5.2	5.8	9.8
Industries, excluding fish processing	223.0	233.0	233	-0.2	4.5	-0.1
Industries, excl. fish processing and power-intensive	182.0	190.0	195	4.5	4.0	2.7
Retail trade	192.0	205.0	223	2.3	6.5	8.8
Wholesale trade	315.0	383.0	417	8.3	21.6	8.9
Wholesale trade, excluding fuels	221.0	333.0	362	9.3	22.9	8.5
Construction	100.0	122.0	155	22.3	22.2	27.4
Total	1,438	1,614	1,757	1.6	12.2	8.9
Total, excluding fuels	1,334	1,516	1,702	7.7	13.6	12.3

1. Based on VAT reports. 2. Based on price-adjusted turnover, deflated by the consumer price index, in some cases excluding housing and petrol.

Sources: Statistics Iceland, Central Bank of Iceland.

Table 15 Real effective exchange rate of the Icelandic króna¹

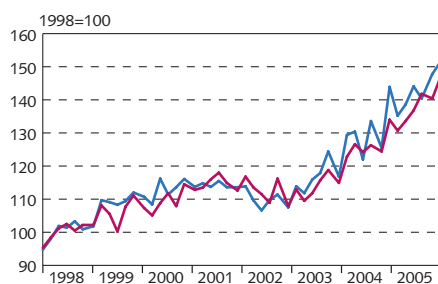
	Annual averages					Q1 2006	% change on previous year		
	2001	2002	2003	2004	2005		Q3 '05	Q4 '05	Q1 '06
Real effective exchange rate (1980 = 100)									
based on relative consumer prices (CPI)	83.7	88.5	94.1	97.2	107.0	109.3	9.2	11.4	1.4
based on relative unit labour costs (ULC)	73.2	76.9	80.2	79.4	88.8	93.5	7.8	15.9	0.3
% change on previous year	1998	1999	2000	2001	2002	2003	2004	Prel. 2005	Forecast 2006
Nominal effective exchange rate	1.5	0.0	0.2	-16.6	2.5	6.2	1.8	8.3	-8.4
Foreign consumer prices	1.6	1.6	2.3	2.1	1.7	2.0	1.8	2.3	1.5
Domestic consumer prices	1.7	3.4	5.1	6.6	4.8	2.1	3.2	4.0	4.9
Real exchange rate based on relative CPI	1.6	1.8	2.8	-13.0	5.7	6.3	3.2	10.2	-5.3
Foreign productivity	3.0	3.3	4.2	3.0	4.1	4.3	2.0	3.2	1.6
Domestic productivity	7.7	1.6	1.9	2.2	-0.5	4.4	7.2	1.3	2.8
Foreign wages	3.0	3.3	4.2	3.0	4.1	4.3	2.0	3.2	1.6
Domestic wages	7.1	5.5	5.6	8.4	5.4	5.5	4.5	7.0	8.0
Real exchange rate based on relative ULC	-0.5	1.4	1.1	-13.6	5.1	4.3	-1.1	11.9	-4.2

1. Latest values are preliminary and estimates.

Source: Central Bank of Iceland.

Chart 25
Turnover volume 1998/1 - 2005/6

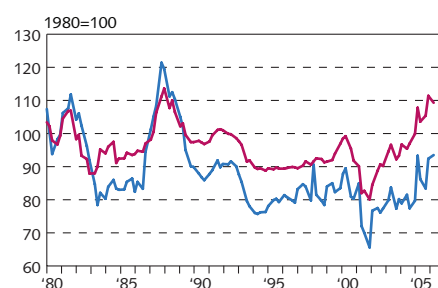
Two-month periods at constant prices, seasonally adjusted



— Domestic sectors
— Total turnover

Sources: Statistics Iceland, Central Bank of Iceland.

Chart 26
Quarterly real effective exchange rate of the Icelandic króna Q1/1980- Q1/2006



— Relative ULC
— Relative CPI

Latest values are preliminary.
Source: Central Bank of Iceland.

Table 16 Real estate market and asset prices

Real estate market ¹	2003	2004	2005	May '06	1-mo. % change		12-mo. % change			
					Apr. '06	May '06	May '04	May '05	May '06	
Residential housing price index ²	177.7	200.5	271.3	307.1	1.6	0.9	11.5	35.0	17.2	
Apartment housing price index ²	160.7	179.9	201.3	298.6	0.9	0.9	11.4	31.3	15.9	
<i>Fish quota prices (period averages, kr./kilo)</i>										
Price of long-term cod quota (kr./kilo)	1,223	1,126	1,363	1,700	-	-1.4	-11.5	22.7	28.3	
Price of short-term cod quota (kr./kilo)	117	119	124	125	-	-	-11.1	4.2	-	
<i>Equity market</i>										
Equity prices, Dec. 31, 1997 = 1,000	At end of year				May 31,	% change to May 31, 2005				
	2002	2003	2004	2005	2006	1 mo.	3 mo.	6 mo.	12 mo.	
ICEX-15	1,352.0	2,114.3	3,359.6	5,534.4	5,709.4	2.4	-13.4	11.8	41.3	
ICEX-MAIN (The Main List index)	1,436.2	2,075.2	3,167.4	5,107.5	5,267.0	1.9	-12.9	11.4	39.3	
<i>ICEX industry indices, Dec. 31, 2004 = 100³</i>										
Fisheries (ICEXFISH)	107.3	100.0	120.7	121.2	121.2	-1.4	3.8	3.0	-7.9	
Finance and insurance (ICEX40)	.	.	.	171.6	171.6	2.1	-20.3	9.6	.	
Consumer staples (ICEX30)	.	.	.	135.0	135.0	-0.5	-1.2	2.5	.	
Health care (ICEX35)	.	.	.	164.7	164.7	7.5	11.4	27.9	.	

1. Changes are based on 3-month moving averages. 2. Greater Reykjavik Area (GRA). January 1994=100. 3. New industry indices were introduced on April 1, 2005. Of the previous indices, only the fisheries index is still calculated, based on its initial value of 100 on December 31, 1997.

Sources: Federation of Icelandic Fishing Vessel Owners, Housing Financing Fund, Iceland Stock Exchange (ICEX), Land Registry of Iceland, Quota Exchange, Central Bank of Iceland.

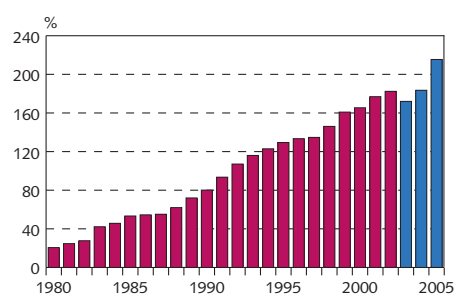
Table 17 Households and businesses: assets and debt

B.kr. unless otherwise stated	1998	1999	2000	2001	2002	2003	Preliminary data		% change
							2004	2005	'04-'05
Household assets in residential housing and cars ¹	724.1	842.6	952.9	1,043.8	1,108.2	1,235.3	1,448.7	1,789.2	23.5
Assets in pension funds	398.2	507.3	557.3	640.1	664.6	805.1	964.6	1,176.1	21.9
Household debt with the credit system ²	442.6	522.0	613.8	710.9	758.6	772.2	877.0	1,082.5	23.8
Household debt as % of disposable income ²	146.1	160.9	165.4	176.9	182.4	172.0	183.5	214.7	17.4
Businesses' debt with the credit system ²	509.4	668.8	801.1	962.3	972.6	1,171.0	1,457.7	2,172.2	50.0
Debt of firms in fisheries sector	139.7	160.3	165.2	195.5	191.9	185.5	208.4	216.0	3.7

1. National Economic Institute national wealth estimates. At average annual prices. 2. Due to reclassification of lending within the credit system, household debt is 50.3 b.kr. lower than would otherwise have been the case at the end of 2003 and business sector debt 27.9 b.kr. lower, compared with the former classification. Year-on-year changes are based on the former classification.

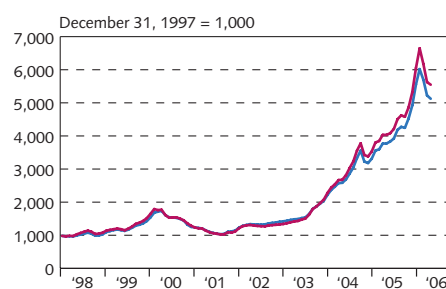
Source: Central Bank of Iceland.

Chart 27
Household debt as percentage of disposable income 1980-2005¹



1. New classification from 2003 (blue columns). See footnote 2 to Table 17. Latest values are preliminary.
Source: Central Bank of Iceland.

Chart 28
Equity prices 1998-2006
Monthly averages January 1998 - May 2006



— ICEX-MAIN
— ICEX-15

Source: Iceland Stock Exchange (ICEX).

Table 18 Businesses' financial accounts

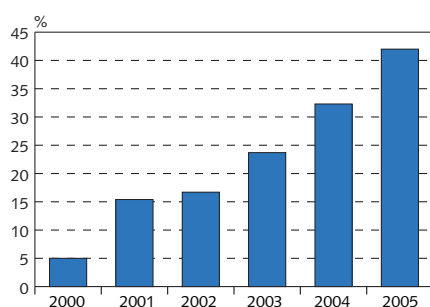
Accounts of publicly listed companies ¹	Jan.-Dec.		% of turnover		Jan.-March		% of turnover	
	2004	2005	2004	2005	2005	2006	2005	2006
All amounts in b.kr.								
Profit before financial expense & depreciation	31.5	48.8	12.6	11.3	14.6	25.6	11.1	11.2
Fisheries	2.6	2.5	19.3	16.2	1.3	1.3	25.9	23.8
Transport	8.9	13.2	8.7	7.4	0.5	3.7	2.3	7.7
ICT	3.9	4.9	12.2	9.7	1.1	1.3	12.3	10.2
Industry and manufacturing	16.2	24.7	19.4	15.9	5.1	11.3	17.3	15.0
Profit after taxes	17.1	36.4	6.9	8.5	4.2	7.7	3.2	3.4
Fisheries	1.8	0.9	13.6	6.4	1.2	-1.4	24.3	-26.5
Transport	5.8	20.1	5.7	11.7	-1.3	5.2	-6.5	10.9
ICT	1.2	1.6	3.9	3.0	0.3	-0.2	3.7	-1.9
Industry and manufacturing	9.2	11.4	11	3.3	3.3	2.6	11.0	3.4
Equity ratio	35.8	36.0	.	.	37.2	35.6	.	.
Return on equity	11.9	8.7	.	.	5.3	8.6	.	.
Sample size at end of period	18	18	18	18	17	17	17	17

Accounts of commercial banks ²	2001	2002	2003	2004	2005	Q1/2006	% change	
							03-04	04-05
All amounts in b.kr.								
Net interest income	24.8	23.9	30.5	45.8	79.1	27.2	72.8	-65.6
Other operating income	8.2	15.6	40.9	66.2	120.2	52.4	81.6	-56.4
Net operating income	33.0	39.5	71.4	112.0	199.3	79.6	78.0	-60.1
Operating expenses	20.7	22.8	39.1	52.4	71.4	26.5	36.2	-62.9
Provisions for bad and doubtful debts	5.7	7.3	11.4	11.4	10.5	3.7	-7.9	-64.9
Taxes	0.5	1.7	2.5	8.2	21.3	7.7	160.2	-63.8
Profit	6.0	7.7	16.3	42.9	95.2	43.0	121.6	-54.8
Total assets at end of period	816.7	836.1	1,450.8	2,968.9	5,418.5	6,677.1	82.5	23.2
Stockholders' equity at end of period	48.8	52.5	97.7	246.1	400.9	456.5	62.9	13.9
% at end of period								
Return on equity	15.4	16.7	23.7	32.3	42.0	49.0	.	.
Cost ratio ³	62.9	57.6	54.8	46.8	35.8	33.0	.	.
Capital ratio	11.2	11.4	12.0	12.9	12.6	12.0	.	.
Capital ratio excluding subordinated loans (Tier 1)	8.3	8.7	9.3	10.1	10.2	9.8	.	.

1. Companies listed on Iceland Stock Exchange (ICEX), excluding the finance and insurance sector. Two-year paired comparison. 2. The three largest commercial banks. Their accounts for 2005 and 2004 are compiled in accordance with IFRS (International Financial Reporting Standards). 3. Operating expenses as a percentage of net operating income.

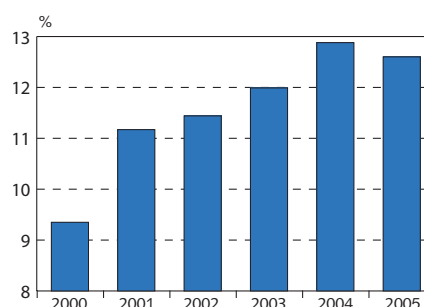
Sources: Financial Supervisory Authority (FME), Central Bank of Iceland.

Chart 29
Commercial banks return on equity¹
2000 - 2005



1. The three largest commercial banks. Their accounts for 2005 and 2004 are compiled in accordance with IFRS (International Financial Reporting Standards).
Source: Banks' annual reports.

Chart 30
Commercial banks capital ratio¹
2000 - 2005



1. The three largest commercial banks. Their accounts for 2005 and 2004 are compiled in accordance with IFRS (International Financial Reporting Standards).
Source: Banks' annual reports.

Table 19 International comparison

Based on latest monthly data for each region:	EU-25	EMU-12	USA	UK	Japan	Sweden	Norway	Finland	Denmark	Iceland
Inflation in previous 12 months	2.3	2.5	3.5	2.6	0.4	1.5	2.7	1.6	1.8	4.0
Unemployment ¹	8.3	8.0	4.6	5.2	4.1	5.5	4.0	7.5	4.8	1.2
Economic growth ²	2.6	1.9	3.6	2.2	3.5	3.9	2.7	2.9	2.8	5.5
Long-term interest rates (nominal yield) ³	.	3.7	5.0	4.7	1.4	3.6	4.0	3.7	3.7	9.9
Long-term interest rates (real yield) ^{3, 4}	.	.	2.3	1.8	.	1.2	.	.	.	4.0
Short-term interest rates ⁵	2.9	2.7	4.8	4.6	0.3	2.1	3.0	2.9	2.9	11.9

In 2004 (unless otherwise stated):

GDP per capita based on PPP, in thous. US\$ ⁶	.	27.1	37.6	29.9	28.0	29.0	37.1	28.6	30.7	29.4
Gross saving, % of GDP ⁷	.	.	13.0	14.8	26.4	24.2	32.4	24.3	22.2	14.7
Gen. government fin. balance, % of GDP	.	-2.9	-3.7	-3.1	-6.5	1.2	15.3	2.1	2.8	3.0
Gen. government gross debt, % of GDP	.	79.3	63.8	46.8	158.9	61.5	51.7	53.3	49.7	28.0
Gen. government expenditure, % of GDP	.	47.9	36.6	44.9	37.4	57.2	46.1	50.9	54.0	44.0
Current account balance, % of GDP	0.3	-0.2	-6.5	-1.8	3.4	7.1	16.1	3.5	3.0	-16.5

1. Seasonally adjusted. 2. Annual GDP growth based on latest quarterly figures. Seasonally adjusted except for Iceland. 3. Five-year Treasury bonds. 4. Figures are omitted where price indexation is not applied. 5. Three-month T-bill rates. 6. 2003. Converted to US dollars at an exchange rate that eliminates the difference in price levels between the countries. 7. 2002 for Japan and 2003 for USA.

Sources: EcoWin, Eurostat, OECD.

Table 20 International economic developments

	1999	2000	2001	2002	2003	2004	Preliminary 2005	Forecast	
								2006	2007
<i>Annual economic growth (%)¹</i>									
World	3.7	4.8	2.6	3.1	4.1	5.3	4.8	4.9	4.7
Euro area	2.9	3.8	1.9	0.9	0.7	2.1	1.3	2.1	1.8
United Kingdom	3.0	4.0	2.2	2.0	2.5	3.1	1.8	2.3	2.5
United States	4.4	3.7	0.8	1.6	2.7	4.2	3.5	3.4	2.9
Japan	-0.1	2.4	0.2	0.1	1.8	2.3	2.7	3.0	2.3
Other emerging market and developing countries ²	4.1	6.1	4.4	5.1	6.7	7.6	7.2	6.9	6.6
<i>Annual growth in world trade (%)</i>	5.7	12.1	0.3	3.4	5.4	10.4	7.3	8.0	7.5
<i>Consumer price inflation (%)</i>									
Euro area	1.1	2.1	2.3	2.3	2.1	2.1	2.2	2.1	2.1
United Kingdom	1.4	0.8	1.2	1.3	1.4	1.3	2.1	2.0	2.0
United States	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.4
Japan	-0.3	-0.9	-0.7	-0.9	-0.3	0.0	-0.3	0.4	0.6
<i>Unemployment, % of labour force</i>									
Euro area	9.2	8.2	7.8	8.3	8.7	8.9	8.6	8.2	8.0
United Kingdom	6.0	5.5	5.1	5.2	5.0	4.8	4.8	4.9	4.8
United States	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.7	4.9
Japan	4.7	4.7	5.0	5.4	5.3	4.7	4.4	4.1	3.8
<i>General government financial balance, % of GDP³</i>									
Euro area	-1.3	0.0	-1.9	-2.5	-3.0	-2.7	-2.9	-2.7	-2.5
United Kingdom	1.1	3.8	0.7	-1.7	-3.3	-3.2	-3.1	-3.0	-3.2
United States	0.9	1.6	-0.4	-3.8	-5.0	-4.7	-3.7	-4.2	-3.9
Japan	-7.2	-7.5	-6.1	-7.9	-7.7	-6.5	-6.5	-6.0	-6.0
<i>Long-term interest rates⁴</i>									
Euro area	4.6	5.4	5.0	4.9	4.1	4.1	3.4	3.7	4.1
United Kingdom	5.1	5.3	4.9	4.9	4.5	4.9	4.5	4.5	4.7
United States	5.6	6.0	5.0	4.6	4.0	4.3	4.3	4.7	4.8
Japan	1.7	1.7	1.3	1.3	1.0	1.5	1.4	1.8	2.3

1. Real GDP percent change between years. 2. In May 2004, the IMF revised its world economic classifications into two categories of countries. The category "Other emerging market and developing countries" comprises 146 countries. 3. General government, e.g. central government, local governments and social security transactions. 4. Yields on ten-year Treasury bonds.

Sources: Consensus Forecasts, International Monetary Fund, OECD.

Table 21 Historical economic indicators

	Consumer prices ¹		Krona effective exchange rate ²		Interest rates (%)		Money and credit		Ratio of gr. reserves to merch. imports ⁶	External debt, % of GDP ⁷	Growth of real GDP (%)		
	Consumer price index	CPI inflation (%)	Nominal exchange rate ³	Real exchange rate ⁴ Relative CPI	Relative ULC	Gov. bonds average yield ⁵	Banks' secured lending (real yield)	Indexed				M3 lending	% change over year	Credit system lending
1977	2.4	30.3	9.7	113.1	114.2	3.5	-9.5	43.9	40.5	41.8	2.0	37.6	8.8
1978	3.5	44.0	13.9	105.3	106.6	3.3	-13.4	48.7	47.3	62.8	2.6	39.2	6.0
1979	5.0	44.5	18.7	100.0	100.7	3.5	-15.4	55.9	58.1	46.4	2.5	39.7	4.9
1980	8.1	61.8	25.9	100.0	100.0	3.5	-8.3	65.4	66.4	71.1	2.4	35.9	5.7
1981	12.2	50.8	34.7	104.4	106.3	3.2	-1.7	70.5	72.2	54.1	3.0	36.5	4.3
1982	18.4	51.0	54.5	95.8	102.2	3.5	-9.4	58.0	92.0	100.2	2.1	46.4	2.2
1983	33.9	84.2	100.0	90.3	84.3	3.8	-14.2	78.7	85.6	82.9	2.5	57.2	-2.2
1984	43.7	29.2	116.3	94.7	83.4	7.0	3.4	33.4	43.0	40.2	2.1	60.2	4.1
1985	57.9	32.4	148.7	93.2	84.5	6.9	-2.3	47.6	29.7	35.2	2.8	63.6	3.3
1986	70.2	21.3	171.0	95.0	86.4	8.5	4.3	35.0	19.1	20.1	3.6	56.5	6.3
1987	83.4	18.8	177.3	104.1	109.0	8.7	4.7	35.2	42.1	31.4	2.4	49.4	8.6
1988	104.6	25.4	202.6	109.4	113.4	8.7	11.8	24.0	37.2	34.0	2.4	51.3	-0.1
1989	126.7	21.1	254.7	100.6	98.1	7.4	6.5	27.2	25.2	33.8	3.0	56.8	0.3
1990	145.5	14.8	283.7	97.3	87.4	7.0	9.3	14.9	11.0	12.5	3.3	55.2	1.2
1991	155.4	6.8	283.6	99.9	89.6	8.1	10.0	14.4	11.6	15.4	3.2	56.0	-0.2
1992	161.2	3.7	285.0	99.8	92.5	7.4	11.8	3.8	5.3	11.8	4.0	58.8	-3.3
1993	167.8	4.1	308.8	94.4	84.3	6.7	11.5	6.5	5.0	11.1	4.3	66.7	1.3
1994	170.3	1.5	324.8	89.3	77.6	5.0	9.5	2.3	-1.3	4.5	2.6	63.4	3.5
1995	173.2	1.7	322.3	89.4	81.0	5.6	10.1	2.2	0.0	5.9	2.4	63.4	0.1
1996	177.1	2.3	322.9	89.7	81.9	5.5	10.5	6.8	11.8	9.3	3.0	62.5	4.8
1997	180.3	1.8	318.7	90.5	84.5	5.3	11.1	8.7	12.7	11.8	2.6	64.5	4.9
1998	183.3	1.7	313.6	91.9	88.7	4.7	11.8	15.1	30.3	15.1	2.2	69.5	5.8
1999	189.6	3.4	313.1	93.6	90.2	4.4	8.0	17.1	22.8	17.3	2.6	82.0	4.3
2000	199.1	5.0	313.3	96.2	91.4	5.1	12.7	11.2	26.2	17.2	2.1	101.5	4.1
2001	212.4	6.7	376.3	83.7	78.7	5.1	9.4	14.9	13.4	19.2	2.1	118.9	3.8
2002	222.6	4.8	365.2	88.5	84.1	5.2	13.7	15.3	0.9	3.2	2.5	122.5	-1.0
2003	227.3	2.1	343.3	94.1	88.5	4.4	9.4	17.5	14.8	11.8	3.5	142.7	3.0
2004	234.6	3.2	336.3	97.2	90.6	3.9	8.3	15.0	39.5	19.7	3.6	198.8	8.2
2005	244.0	4.0	301.8	107.7	103.7	3.7	10.7	23.6	49.3	30.1	2.9	293.8	5.5

1. Annual averages (May 1988=100) and changes between years. 2. Annual averages. Exchange rate of the krona against a trade-weighted average of foreign currencies. 3. 1983=100. 4. 1980=100. ULC=unit labour cost. 5. Annual average yield of indexed Treasury bonds of all maturities. Yields on Iceland Stock Exchange from 1987. Before that primary market yields. 6. Gross foreign exchange reserves at end of period as a ratio of the average monthly value of merchandise imports. Calculated at fixed exchange rates. 7. Gross debt. Direct investment capital excluded.

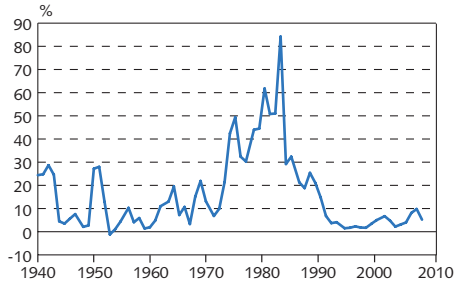
Table 21 (continued) Historical economic indicators

	Components of GDP				External trade (% change from previous year)				General government (% of GDP) ⁸			Labour market (% of labour force)		Wages (% change from previous year)	
	(% change from previous year)		National expenditure	Terms of trade	Goods & services (volume changes)		Curr. acc. balance (% of GDP)	Financial balance	Revenues	Expenditures	Unemployment	Labour particip.	Real wages ⁹	Real disposable income	
	Private consumption	Gross fixed cap. formation			Exports	Imports									
1977	12.9	11.5	15.0	7.1	20.6	7.1	-2.3	-0.2	30.5	30.7	0.3	72.5	.	15.5	
1978	9.0	-5.5	2.1	0.2	3.7	0.2	1.2	0.1	31.0	30.9	0.3	73.6	.	8.5	
1979	2.8	-1.8	3.4	-8.6	2.5	-8.6	-0.7	0.9	32.4	31.4	0.4	73.0	.	2.0	
1980	3.4	13.9	5.9	-2.8	3.0	-2.8	-2.0	1.3	35.1	33.8	0.3	74.1	.	1.1	
1981	6.2	1.2	5.6	-0.4	7.1	-0.4	-4.1	1.3	36.3	35.0	0.4	76.8	0.7	5.4	
1982	5.0	0.1	5.0	-0.7	-0.6	-0.7	-8.0	1.7	37.4	35.7	0.8	77.6	1.7	2.2	
1983	-5.6	-12.7	-8.6	-1.3	-9.7	-1.3	-1.9	-2.0	35.6	37.6	1.0	77.4	-16.7	-12.5	
1984	3.7	9.4	6.4	0.7	9.2	0.7	-4.6	2.2	36.6	34.4	1.3	77.6	-3.1	-2.5	
1985	4.2	1.0	2.7	-0.9	11.1	9.4	-3.9	-1.6	35.2	36.9	0.9	79.3	1.2	10.8	
1986	6.9	-1.5	4.5	5.4	1.0	5.4	0.5	-4.0	35.3	39.3	0.7	80.9	5.7	9.5	
1987	16.2	18.7	15.7	4.3	23.3	4.3	-3.4	-0.8	35.5	36.3	0.4	84.1	9.0	25.8	
1988	-3.8	-0.2	-0.6	-0.8	-4.6	-0.8	-3.4	-2.0	39.2	41.2	0.6	80.1	2.2	-2.7	
1989	-4.2	-7.9	-4.4	-3.9	-10.3	-3.9	-1.3	-4.5	39.1	43.6	1.7	78.7	-9.1	-9.4	
1990	0.5	3.0	1.5	-2.0	1.0	-2.0	-2.1	-3.3	38.8	42.1	1.8	77.5	-4.9	-4.6	
1991	3.0	2.6	3.5	3.4	5.3	3.4	-4.0	-2.9	40.5	43.5	1.5	76.2	1.4	2.1	
1992	-3.2	-10.3	-4.6	-0.5	-6.0	-0.5	-2.4	-2.8	41.6	44.5	3.1	75.5	-0.8	-2.7	
1993	-4.6	-9.8	-2.9	-3.6	-7.5	-3.6	0.7	-4.5	39.7	44.3	4.4	75.3	-2.6	-7.6	
1994	2.7	-0.2	1.7	0.3	3.8	0.3	1.9	-4.8	39.3	44.1	4.8	75.4	-0.3	0.0	
1995	2.2	-1.7	2.2	1.0	3.6	1.0	0.7	-3.0	40.4	43.4	5.0	75.7	2.8	2.7	
1996	5.7	25.0	6.8	-3.2	16.5	-3.2	-1.8	-1.6	41.3	42.9	4.4	76.4	4.0	4.4	
1997	6.2	9.3	5.7	2.0	8.0	2.0	-1.8	0.0	40.5	40.6	3.9	76.6	3.6	8.5	
1998	10.1	32.5	13.3	5.2	23.4	5.2	-6.8	0.5	41.6	41.1	2.8	77.1	7.6	8.6	
1999	7.9	-3.9	4.4	-0.7	4.4	-0.7	-6.8	2.3	44.3	42.0	1.9	77.3	3.3	6.8	
2000	4.2	10.4	5.7	-2.4	8.6	-2.4	-10.2	2.4	44.4	42.0	1.3	77.3	1.6	5.4	
2001	-3.0	-3.0	-2.3	0.3	-9.1	0.3	-4.4	0.2	42.9	42.8	1.4	77.5	2.0	1.4	
2002	-1.6	-18.9	-3.5	0.6	-2.6	0.6	1.6	-0.8	43.8	44.6	2.5	77.3	2.3	-0.1	
2003	5.9	16.3	6.4	-4.1	10.8	-4.1	-5.0	-2.0	44.5	46.5	3.4	76.6	3.4	5.2	
2004	7.2	29.2	10.4	-1.3	14.4	-1.3	-9.3	0.3	45.6	45.3	3.1	76.3	1.6	3.4	
2005	11.9	34.5	14.9	1.0	28.4	1.0	-16.5	3.0	47.0	44.0	2.1	76.0	2.6	8.1	

8. Central and local governments and the social security system. 9. Deflated by consumer prices.

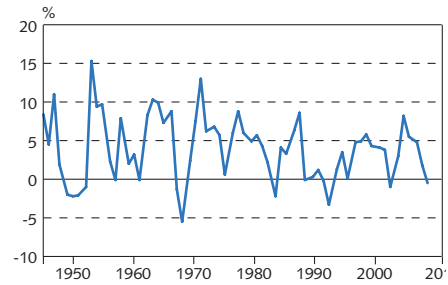
Sources: Directorate of Labour, Iceland Stock Exchange, Ministry of Finance, Statistics Iceland, Central Bank of Iceland.

Chart 31
Consumer price inflation 1940-2008¹
Change between annual averages (%)



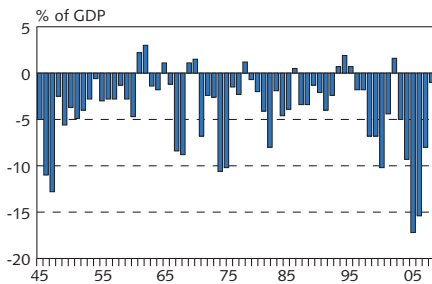
1. Central Bank forecast for 2006-2008.
Sources: Statistics Iceland and Central Bank of Iceland.

Chart 32
Economic growth 1945-2008¹
Change in real GDP between years



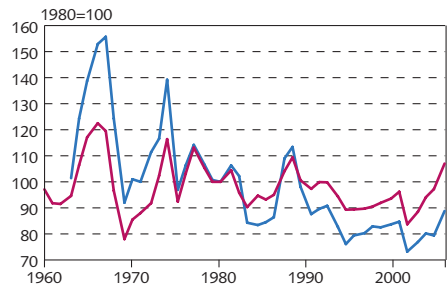
1. Preliminary 2004. Forecast 2006-2008.
Sources: Statistics Iceland, Central Bank of Iceland.

Chart 33
Current account balance 1945-2008¹
% of GDP



1. Preliminary 2005. Forecast 2006-2008.
Sources: Statistics Iceland, Central Bank of Iceland.

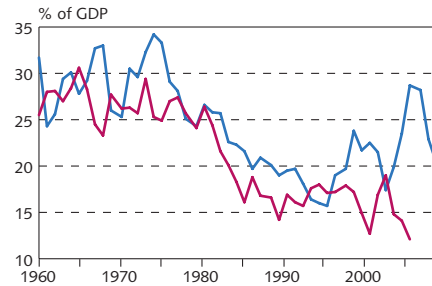
Chart 34
Real effective exchange rate of the
Icelandic króna 1960-2005¹



— Relative unit labour cost
— Relative consumer prices

1. Preliminary 2004. Estimate 2005.
Source: Central Bank of Iceland.

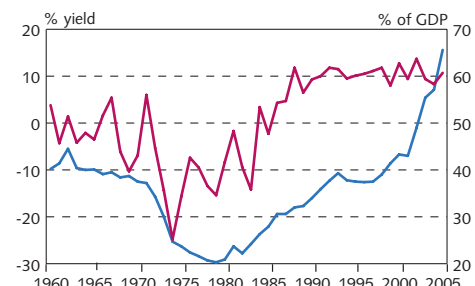
Chart 35
Gross national saving and fixed capital
formation 1960-2008¹
% of GDP



— Gross fixed capital formation
— Gross national saving

1. Preliminary 2005. Forecast 2006-2008.
Sources: Statistics Iceland, Central Bank of Iceland.

Chart 36
Real yield and broad money 1960-2005
Real yield on non-indexed bank loans and M3
as percent of GDP



— M3 (right-hand axis)
— Real yield (left-hand axis)

Latest data are preliminary.
Source: Central Bank of Iceland.

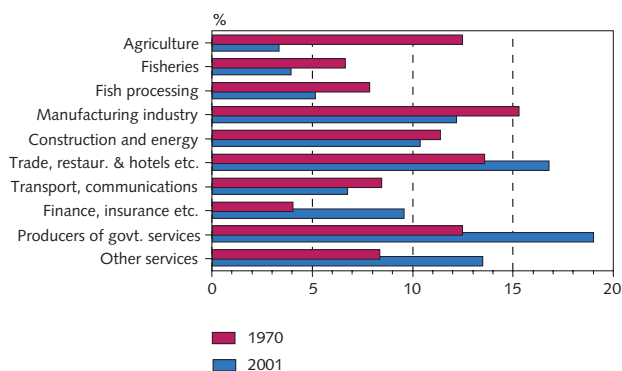
Table 22 Structural indicators for the Icelandic economy

<i>I Population and labour force (thous.)</i>		1970	2005
Population at end of year		204.8	299.9
under 16 years of age		70.6	70.2
16-74 years of age		127.3	212.8
above 74 years of age		7.0	16.9
Average population growth in previous 5 years (%)		1.1	1.1
Labour force (thous. man-years)		82.7	152.1
Males		54.7	87.7
Females		28.0	64.5
<i>II Employment by industry (%)</i>		1970	2001
Agriculture		12.4	3.3
Fisheries		6.6	3.9
Fish processing		7.8	5.1
Manufacturing industry		15.2	12.1
Construction, electricity and water supply		11.3	10.3
Wholesale and retail trade, restaurants & hotels		13.5	16.7
Transport, storage and communication		8.4	6.7
Financial, insurance, real estate, business services		4.0	9.5
Producers of government services		12.4	18.9
Other services		8.3	13.4
<i>III Merchandise exports</i>			
<i>Distribution by category (%)</i>		1970	2005
Marine products		77.1	56.7
Manufactures		18.4	34.9
thereof aluminium and ferro-silicon		13.2	21.6
Agricultural products		3.4	1.9
<i>By regions (%)</i>		1970	2005
United States		30.0	8.8
European Union		52.8	74.6
Other		17.2	16.6
<i>IV National income and output</i>		1970	2005 ¹
Gross domestic product (GDP), b.kr.		0.4	996.0
GDP, billion USD		0.5	15.8
National income per capita, thous. USD		2.0	52.1
GDP per capita (PPP) thous. USD ²		2.7	35.8
Gross capital formation, % of GDP		25.3	28.7
Gross national saving, % of GDP		26.1	13.3
Net national saving, % of net national product		13.8	0.3
Export of goods and services, % of GDP		46.4	31.5
Public consumption, % of GDP		12.7	24.7
Gen. government total expenditures, % of GDP ³		28.9	45.3
Total taxes, % of GDP ³		28.9	38.8
<i>V Capital and debt</i>			
<i>% of GDP unless otherwise stated</i>		1970	2005 ¹
Fixed assets, % of GDP		3.4	2.9
Fixed assets, billion USD		1.8	46.0
Net external debt		20.1	161.4
Debt service, % of export revenue		11.3	71.9
General government total debt		13.0	35.2
General government net debt		-2.3	21.6
Broad money (M3)		37.5	65.5
Credit system total lending		484.8	342.4
to industries		53.6	215.7
to households		21.2	107.5
Market capitalisation of listed equities		.	180.3

1. Preliminary data. If preliminary data for 2004 are not available another year is stated. 2. Converted to US dollars at an exchange rate that eliminates the difference in price levels between the countries. 3. National accounts basis.

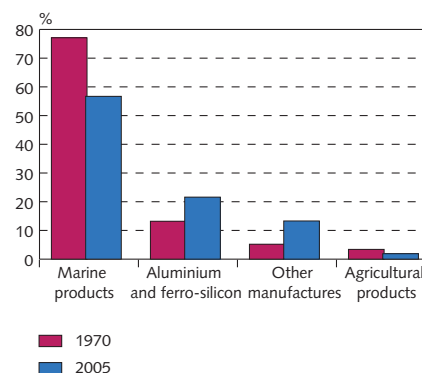
Sources: Iceland Stock Exchange, National Economic Institute, OECD, Statistics Iceland, Central Bank of Iceland.

Chart 37
Employment by industry in 1970 and 2001



Source: Statistics Iceland.

Chart 38
Merchandise exports by category
1970 and 2005



Source: Statistics Iceland.

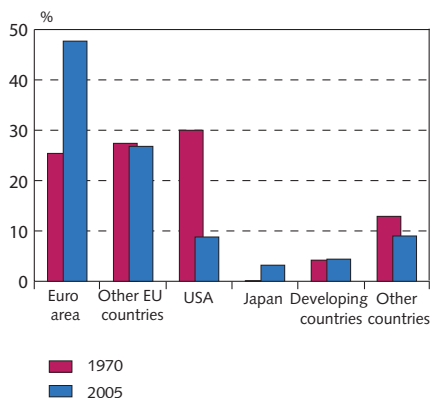
Table 23 Merchandise exports and imports by regions¹

	Share of total (%)						B.kr.	
	1970	1980	1990	2000	2005	Jan.-April		
						2006	2005	2006
<i>Merchandise exports, fob</i>								
European Union	52.8	52.3	70.7	67.4	74.6	76.1	144.9	48.8
Euro area	25.4	30.2	37.6	42.3	47.7	48.8	92.8	31.3
Other EU countries	27.4	22.0	33.1	25.1	26.8	27.3	52.1	17.5
United Kingdom	13.2	16.5	25.3	19.3	17.8	18.4	34.6	11.8
Other Western European countries	2.8	2.3	3.4	7.8	5.9	5.5	11.5	3.5
Eastern Europe and former Soviet Union ²	9.6	8.8	2.9	1.4	1.1	2.5	2.1	1.6
Russia	6.8	5.4	2.5	0.4	1.0	2.5	2.0	1.6
United States	30.0	21.6	9.9	12.2	8.8	7.6	17.1	4.9
Japan	0.1	1.5	6.0	5.2	3.2	3.2	6.3	2.1
Other OECD countries	0.5	0.6	0.5	2.0	1.5	1.1	2.9	0.7
Developing countries	4.2	12.9	5.5	3.0	4.4	3.6	8.6	2.3
Other countries	0.0	0.0	1.1	1.0	0.4	0.4	0.9	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	194.4	64.1
<i>Merchandise imports, cif</i>								
European Union	64.9	58.0	59.9	57.0	61.6	59.6	193.5	69.9
Euro area	32.0	33.2	35.5	33.5	33.7	34.9	105.8	40.9
Other EU countries	33.0	24.8	24.4	23.6	27.9	24.7	87.6	29.0
United Kingdom	14.3	9.5	8.1	9.0	5.8	5.3	18.1	6.2
Other Western European countries	5.4	8.1	5.2	9.7	9.5	9.8	29.7	11.5
Eastern Europe and former Soviet Union ²	10.4	10.9	6.5	5.7	0.9	0.7	2.9	0.8
Russia	7.2	9.7	5.0	1.8	0.5	0.5	1.5	0.6
United States	8.2	9.4	14.4	11.0	9.3	7.8	29.3	9.1
Japan	2.9	4.0	5.6	4.9	5.3	5.0	16.5	5.9
Other OECD countries	0.4	5.8	3.7	4.5	3.8	4.4	11.8	5.2
Developing countries	7.2	2.7	3.1	5.6	8.6	11.7	26.9	13.8
Other countries	0.6	1.1	1.4	1.5	1.0	1.0	3.2	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	313.9	117.3

1. In data prior to the year 2000, country groups are based on the year 2000. 2. The eight Eastern European countries that acceded to the European Union in 2004 are included with the EU as of 2004 and removed from this category at the same time.

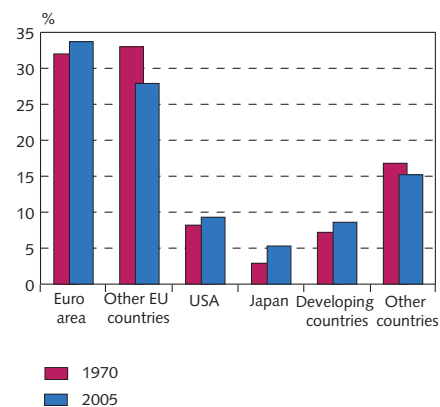
Source: Statistics Iceland.

Chart 39
Merchandise exports by region
1970 and 2005



Source: Statistics Iceland.

Chart 40
Merchandise imports by region
1970 and 2005



Source: Statistics Iceland.