

Appendix 1

Forecast tables

Table 1 GDP and its main components¹

	2013	2014	2015	2016	2017
Private consumption	0.8 (1.2)	4.3 (4.4)	4.2 (4.3)	3.0 (2.9)	2.8
Public consumption	0.8 (1.3)	1.0 (1.1)	1.2 (0.9)	1.1 (0.9)	1.2
Gross fixed capital formation	-2.2 (-3.4)	17.6 (22.2)	14.1 (16.4)	15.6 (19.6)	2.4
Business investment	-8.6 (-10.2)	17.6 (23.0)	14.5 (18.6)	17.1 (24.6)	-1.7
Residential investment	10.8 (10.8)	24.8 (27.9)	21.5 (18.8)	19.9 (18.0)	14.2
Public investment	12.5 (11.7)	12.5 (15.1)	5.6 (4.2)	4.3 (-2.0)	3.6
Domestic demand	-0.3 (0.1)	5.3 (5.8)	5.3 (5.5)	5.0 (5.5)	2.4
Exports of goods and services	6.9 (5.3)	3.6 (4.3)	2.6 (3.0)	2.2 (2.6)	3.2
Imports of goods and services	0.4 (-0.1)	8.3 (8.9)	5.9 (5.9)	6.5 (7.8)	3.4
Gross domestic product (GDP)	3.5 (3.3)	2.9 (3.4)	3.5 (3.9)	2.8 (2.8)	2.3
GDP at current prices (tr.kr.)	1.9 (1.8)	2.0 (1.9)	2.1 (2.0)	2.2 (2.1)	2.3
Growth rate of nominal GDP	5.6 (5.1)	5.1 (5.2)	7.2 (7.8)	5.8 (5.9)	5.1
Total investment (% of GDP)	15.1 (13.6)	17.1 (16.0)	18.7 (17.8)	21.0 (20.4)	20.9
Business investment (% of GDP)	9.6 (8.6)	10.9 (10.1)	11.8 (11.4)	13.4 (13.6)	12.9
Underlying gross national saving (% of GDP) ²	22.0 (19.7)	20.3 (16.1)	19.2 (16.2)	19.9 (17.3)	20.2
Contribution of net trade to GDP growth (percentage points)	3.7 (3.2)	-1.9 (-2.0)	-1.4 (-1.3)	-1.9 (-2.5)	0.0

1. Central Bank baseline forecast 2014-2017. Year-on-year change (%) unless otherwise specified (figures in parentheses are from the forecast in *Monetary Bulletin* 2014/3). 2. The sum of investment, changes in inventories, and the underlying current account plus net current transfers.

Sources: Statistics Iceland, Central Bank of Iceland.

Table 2 Global economy, external conditions, and exports¹

	2013	2014	2015	2016	2017
Marine production for export	8.0 (8.0)	-6.9 (-6.8)	2.0 (2.0)	0.0 (0.0)	2.5
Aluminium production for export	3.0 (3.0)	1.5 (0.8)	2.0 (1.7)	2.0 (1.8)	2.1
Foreign currency prices of marine products	-4.9 (-4.8)	5.1 (4.0)	1.9 (3.8)	0.5 (0.3)	1.9
Aluminium prices in USD ²	-4.8 (-4.8)	0.6 (-1.0)	9.7 (9.2)	6.1 (3.1)	2.4
Fuel prices in USD ³	-0.9 (-0.9)	-5.5 (0.0)	-3.5 (-2.5)	0.0 (-2.8)	-0.2
Terms of trade for goods and services	-1.9 (-2.4)	1.1 (0.3)	1.2 (1.5)	0.0 (1.0)	0.1
Inflation in main trading partners ⁴	1.6 (1.6)	1.3 (1.3)	1.6 (1.7)	1.9 (2.0)	1.9
GDP growth in main trading partners ⁴	0.8 (0.8)	1.8 (1.9)	2.1 (2.2)	2.2 (2.4)	2.2
Main trading partners' imports ⁴	1.3 (1.3)	3.3 (3.4)	3.6 (3.8)	2.9 (2.9)	2.5
Short-term interest rates in main trading partners (%) ⁵	0.5 (0.5)	0.4 (0.4)	0.6 (0.6)	1.4 (1.4)	2.4

1. Central Bank baseline forecast 2014-2017. Year-on-year change (%) unless otherwise specified (figures in parentheses are from the forecast in *Monetary Bulletin* 2014/3). 2. Forecast based on aluminium futures and analysts' forecasts. 3. Forecast based on fuel futures and analysts' forecasts. 4. Forecast from Consensus Forecasts and Global Insight. 5. OECD forecast for three-month money market rates in Iceland's main trading partner countries.

Sources: Bloomberg, Consensus Forecasts, Global Insight, IMF, New York Mercantile Exchange, Statistics Iceland, Central Bank of Iceland.

Table 3 Current account balance and its subcomponents¹

	2013	2014	2015	2016	2017
Trade balance	8.3 (7.4)	6.5 (5.1)	5.5 (4.4)	3.4 (2.4)	3.4
Headline balance on primary income ²	-2.7 (-3.5)	-3.2 (-5.2)	-4.2 (-5.3)	-3.8 (-5.0)	-3.4
Underlying balance on primary income ³	-0.5 (-1.2)	-2.3 (-4.3)	-4.2 (-5.3)	-3.8 (-5.0)	-3.4
Headline current account balance ²	5.6 (3.9)	3.3 (-0.1)	1.3 (-0.9)	-0.3 (-2.6)	0.0
Underlying current account balance ³	7.3 (6.2)	4.0 (0.8)	1.3 (-0.9)	-0.3 (-2.6)	0.0

1. Central Bank baseline forecast 2014-2017. Share of GDP, % (figures in parentheses are from the forecast in *Monetary Bulletin* 2014/3). 2. Calculated according to IMF standards. Balance of primary income plus net current transfers. 3. Adjusted for the calculated revenues and expenses of the DMBs in winding-up proceedings. The services account balance is also adjusted for the failed DMBs' financial intermediation services indirectly measured (FISIM). During the forecast horizon, the effects of the settlement of the failed banks' estates are included.

Sources: Statistics Iceland, Central Bank of Iceland.

Table 4 Public sector finances¹

	2013	2014	2015	2016	2017
Overall Treasury balance	-1.8 (-0.9)	2.0 (0.9)	-0.4 (0.3)	0.4 (0.7)	1.0
Primary Treasury balance	3.0 (2.1)	3.1 (2.8)	2.8 (2.9)	3.4 (3.3)	3.7
Overall public sector balance	-1.7 (-1.2)	1.9 (0.8)	-0.2 (0.0)	0.6 (0.4)	1.5
Primary public sector balance	3.1 (1.9)	3.0 (2.9)	2.9 (3.2)	3.9 (3.5)	4.4
Total public sector debt	86 (93)	83 (87)	81 (85)	73 (81)	70
Net public sector debt ²	63	65	59	53	53

1. Central Bank baseline forecast 2014-2017. Share of GDP, accrual basis, % (figures in parentheses are from the forecast in *Monetary Bulletin* 2014/2). 2. Net debt is defined here as total liabilities excluding pension obligations and accounts payable, and net of cash and bank deposits. No forecast of net debt according to this definition was published in *Monetary Bulletin* 2014/2.

Sources: Ministry of Finance and Economic Affairs, Statistics Iceland, Central Bank of Iceland.

Table 5 Labour market and factor utilisation¹

	2013	2014	2015	2016	2017
Unemployment (registered; % of labour force)	4.4 (4.4)	3.9 (3.7)	3.5 (3.3)	3.5 (3.4)	3.7
Unemployment (LFS; % of labour force)	5.4	5.1	4.2	4.0	4.1
Employment rate (% of population aged 16-74)	77.0	77.3	77.7	77.8	77.4
Total hours worked	3.7 (3.7)	1.9 (2.5)	2.5 (1.8)	1.9 (1.2)	1.3
Labour productivity ²	-0.2 (-0.4)	1.0 (0.8)	1.0 (2.1)	0.9 (1.6)	0.9
Unit labour costs ³	3.5 (4.7)	4.8 (5.3)	4.9 (3.3)	3.6 (2.6)	2.6
Real disposable income	0.7 (4.5)	4.9 (4.9)	5.8 (3.0)	3.9 (3.0)	4.6
Output gap (% of potential output)	-0.7 (-1.1)	0.3 (-0.2)	1.2 (0.9)	0.5 (0.7)	0.1

1. Central Bank baseline forecast for 2014-2017. Year-on-year change (%) unless otherwise specified (figures in parentheses are from the forecast in *Monetary Bulletin* 2014/3). No forecasts of the survey-based unemployment rate or the employment rate were published in *Monetary Bulletin* 2014/3. 2. Output per hours worked. 3. Wage costs over productivity.

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

Table 6 Exchange rate and inflation¹

	2013	2014	2015	2016	2017
Trade-weighted exchange rate index ²	218.9 (218.9)	207.0 (206.6)	207.1 (206.6)	207.1 (206.6)	207.1
Inflation (consumer price index, CPI)	3.9 (3.9)	2.2 (2.4)	2.6 (2.8)	3.0 (2.9)	2.7
Inflation (CPI excluding effects of indirect taxes)	3.7 (3.7)	2.1 (2.4)	2.0 (2.8)	3.0 (2.9)	2.7

1. Central Bank baseline forecast 2014-2017. Year-on-year change (%) unless otherwise specified (figures in parentheses are from the forecast in *Monetary Bulletin* 2014/3). 2. Narrow trade basket.

Sources: Statistics Iceland, Central Bank of Iceland.

Table 7 Quarterly inflation forecast (%)¹

Quarter	Inflation (year-on-year change)	Inflation excluding effects of indirect taxes (year-on-year change)	Inflation (annualised quarter-on-quarter change)
	Measured value		
2014:1	2.5 (2.5)	2.4 (2.4)	1.1 (1.1)
2014:2	2.3 (2.3)	2.3 (2.3)	3.5 (3.5)
2014:3	2.1 (2.3)	2.1 (2.3)	0.9 (1.7)
Forecasted value			
2014:4	1.7 (2.6)	1.7 (2.6)	1.4 (4.2)
2015:1	2.0 (2.7)	1.5 (2.8)	2.3 (1.5)
2015:2	2.5 (2.8)	1.9 (2.8)	5.3 (3.9)
2015:3	2.6 (2.7)	2.0 (2.7)	1.2 (1.4)
2015:4	3.3 (2.8)	2.7 (2.8)	4.4 (4.6)
2016:1	3.0 (2.8)	3.0 (2.8)	1.0 (1.4)
2016:2	3.1 (3.0)	3.1 (3.0)	5.8 (4.8)
2016:3	2.8 (2.8)	2.8 (2.8)	0.3 (0.5)
2016:4	2.9 (3.0)	2.9 (3.0)	4.8 (5.3)
2017:1	2.9 (3.0)	2.9 (3.0)	0.8 (1.3)
2017:2	2.8 (3.0)	2.8 (3.0)	5.2 (4.9)
2017:3	2.6 (2.8)	2.6 (2.8)	-0.5 (-0.3)
2017:4	2.5	2.5	4.5

1. Figures in parentheses are from the forecast in *Monetary Bulletin* 2014/3.

Sources: Statistics Iceland, Central Bank of Iceland.