

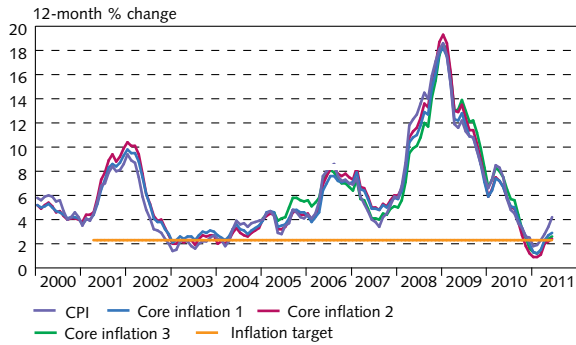
Economic Indicators



Central Bank of Iceland
June 2011

I Inflation and inflation expectations

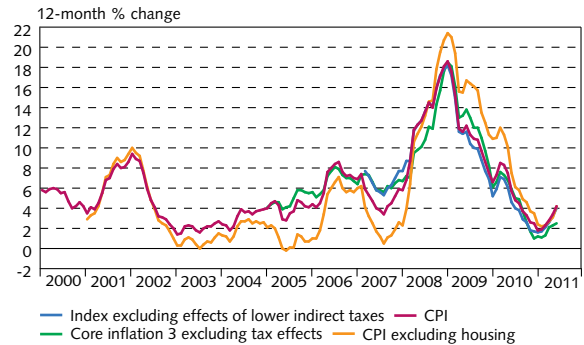
I-1 Consumer price inflation and core inflation



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.

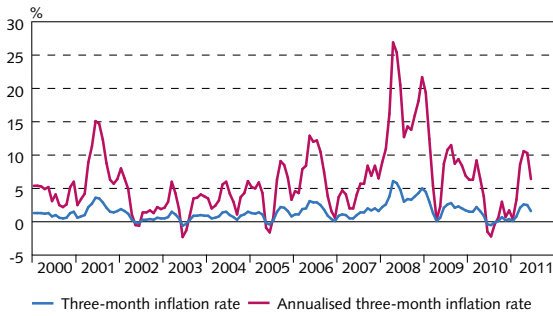
Monthly data.
Sources: Statistics Iceland, Central Bank of Iceland.

I-2 Inflation: various measurements



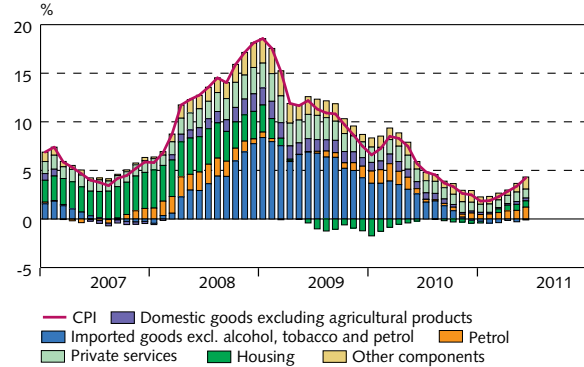
Monthly data.
Source: Statistics Iceland.

I-3 Seasonally adjusted inflation



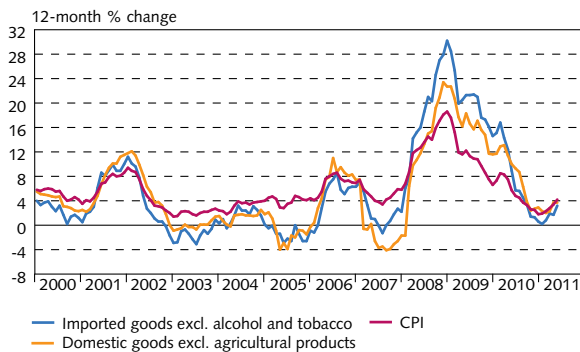
This inflation measurement is very volatile but indicates how inflation pressures are developing. Monthly data.
Sources: Statistics Iceland, Central Bank of Iceland.

I-4 Components of CPI inflation



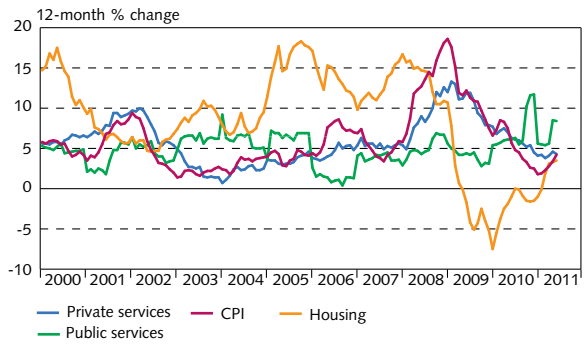
Contribution of individual items to 12-month inflation. Monthly data.
Source: Statistics Iceland.

I-5 Price developments: goods



Monthly data.
Source: Statistics Iceland.

I-6 Price developments: housing and services

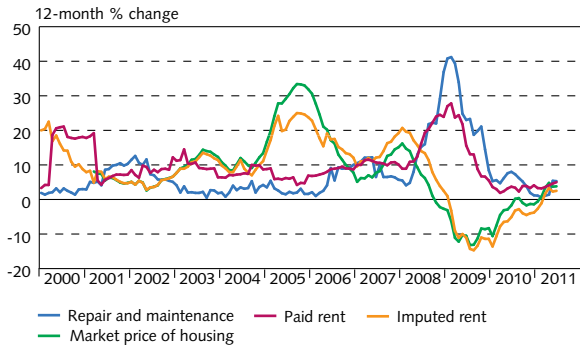


Monthly data.
Source: Statistics Iceland.

I Inflation and inflation expectations

I-7

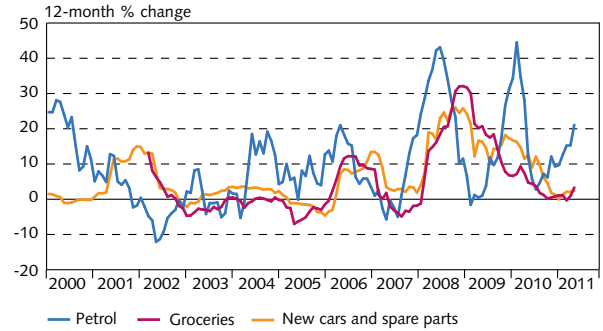
Price developments: housing



Monthly data.
Source: Statistics Iceland.

I-8

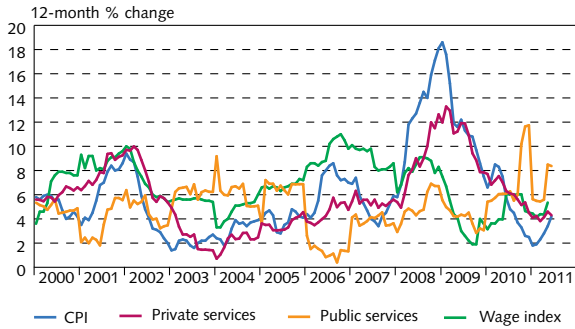
Price developments: various components



Monthly data.
Source: Statistics Iceland.

I-9

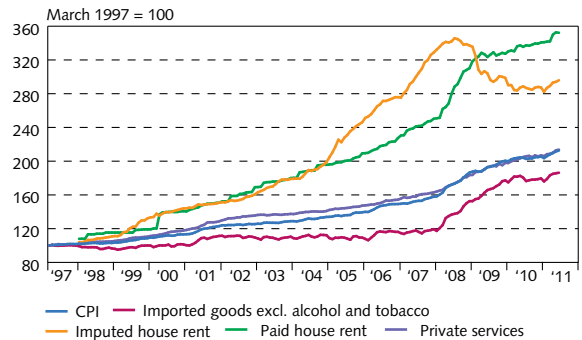
Price and wage developments: wages, inflation and services



Monthly data.
Source: Statistics Iceland.

I-10

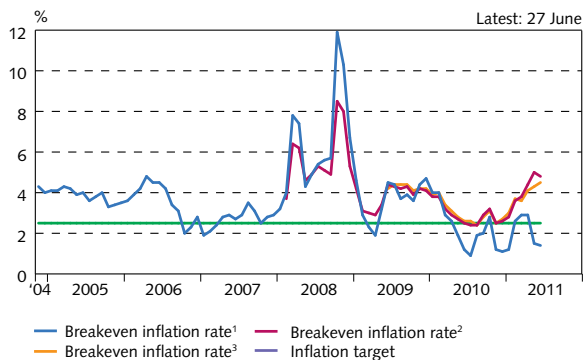
Price developments: goods, housing and services



Monthly data.
Source: Statistics Iceland.

I-11

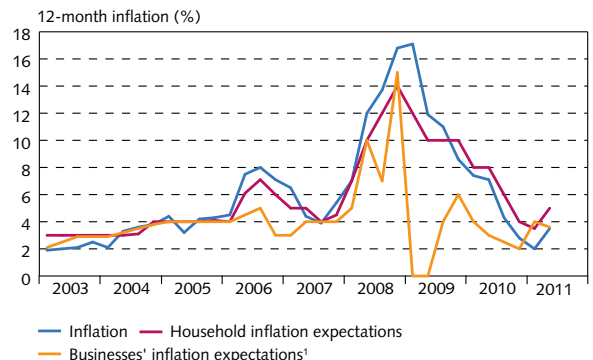
Breakeven inflation rate



Breakeven inflation rate at month-end, is calculated from 1) RIKB 13 0517 and HFF 150914; 2) RIKB 19 0226 and HFF 150224; and 3) RIKB 25 0612 and HFF 150434.
Source: Central Bank of Iceland.

I-12

Inflation expectations of businesses and households one year ahead and current inflation

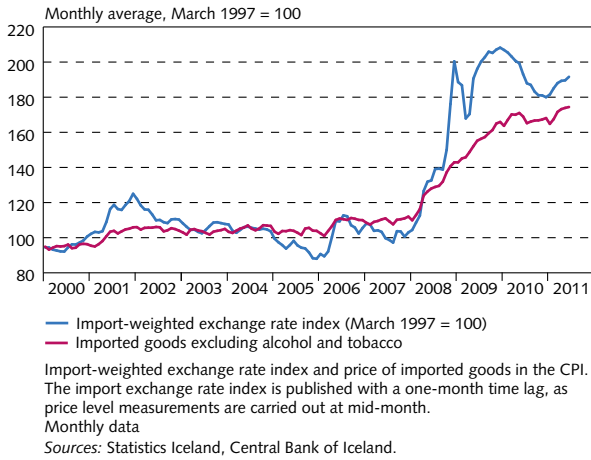


1. Inflation expectations according to surveys carried out by Capacent Gallup. Respondents are asked about inflation 12 months ahead and median figures are used. Businesses' inflation expectations were measured on an irregular basis before Q3/2006 until then, measurements are interpolated. Quarterly data.
Sources: Capacent Gallup, Statistics Iceland.

I Inflation and inflation expectations

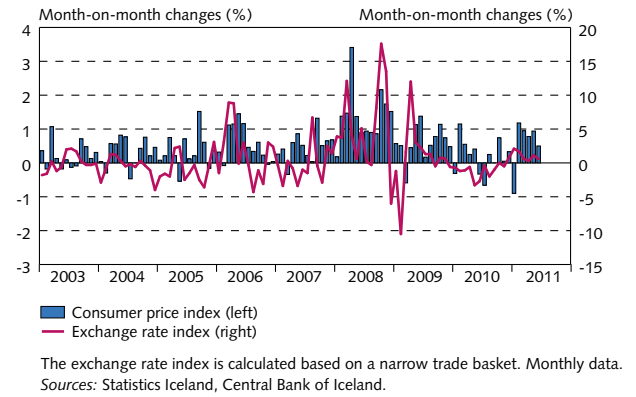
I-13

Import price levels and exchange rate developments



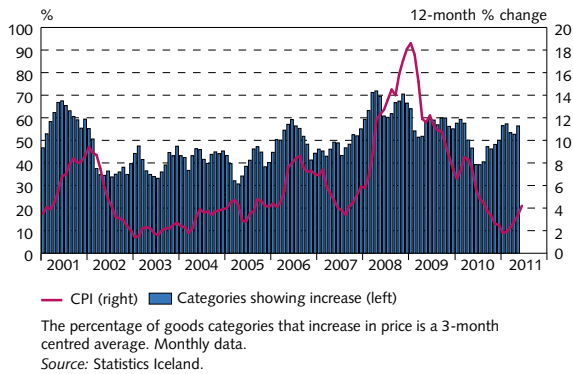
I-14

Price level and exchange rate developments



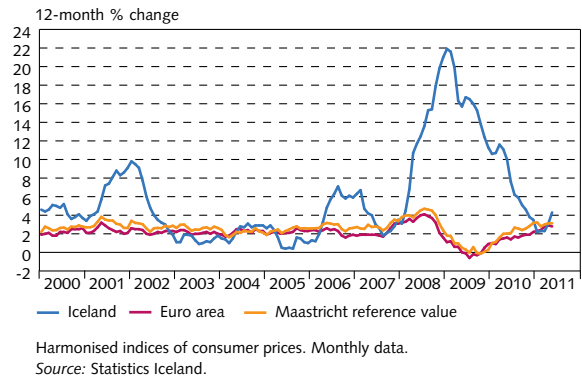
I-15

Distribution of price increases in the CPI



I-16

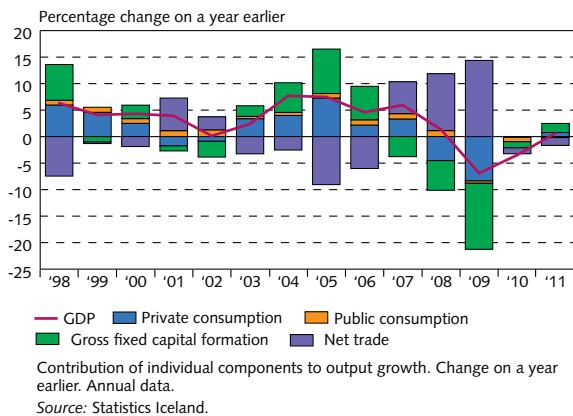
Inflation in Iceland and Europe



II Output and demand

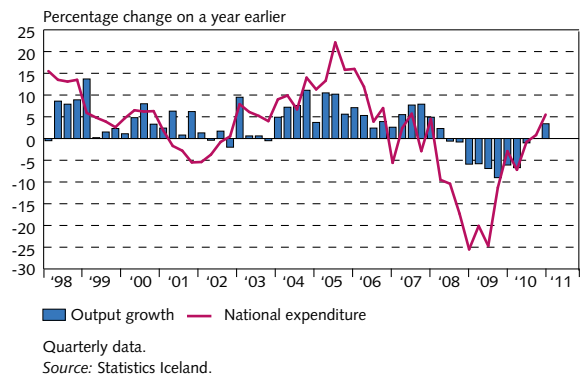
II-1

Gross domestic product



II-2

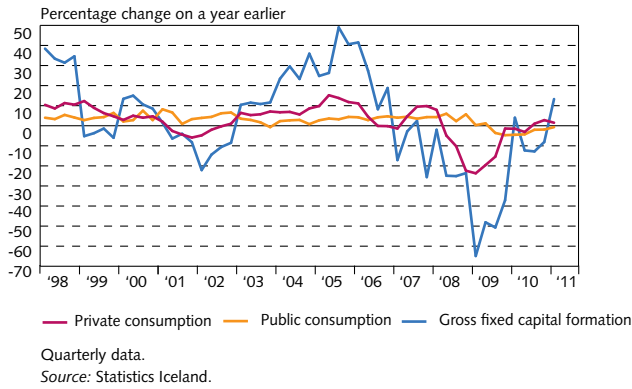
Output growth and national expenditure



II Output and demand

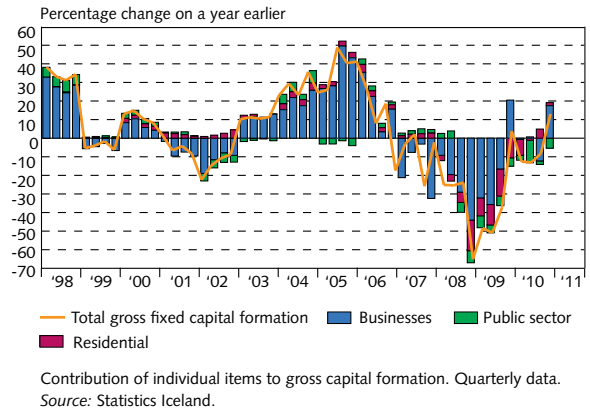
II-3

Private consumption, public consumption and gross fixed capital formation



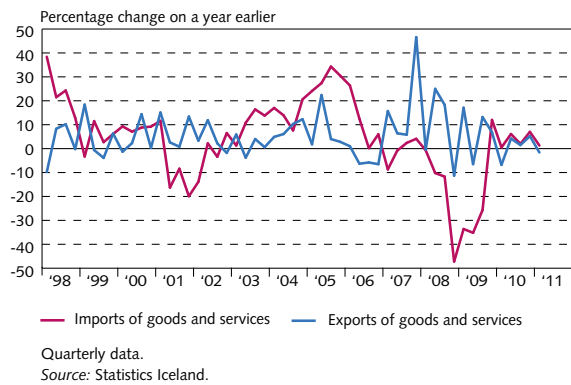
II-4

Gross fixed capital formation



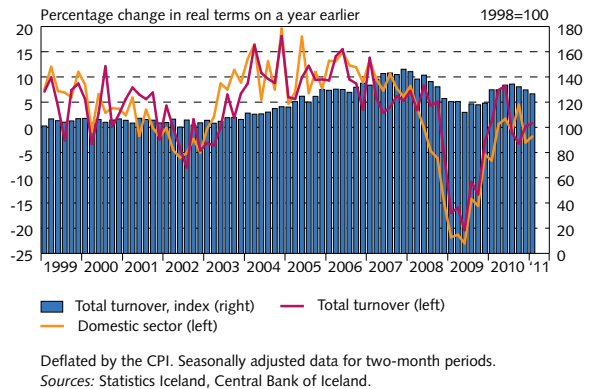
II-5

Foreign trade



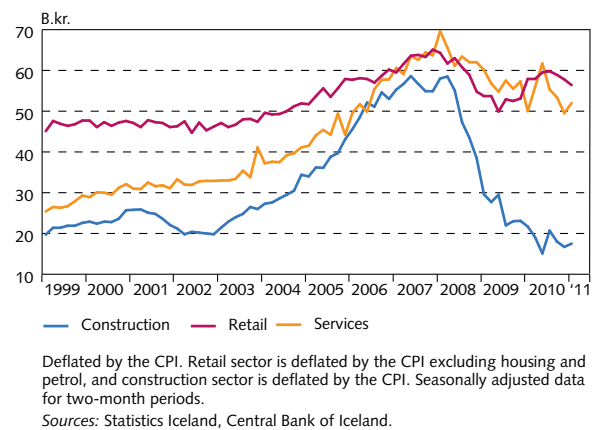
II-6

Turnover according to VAT returns



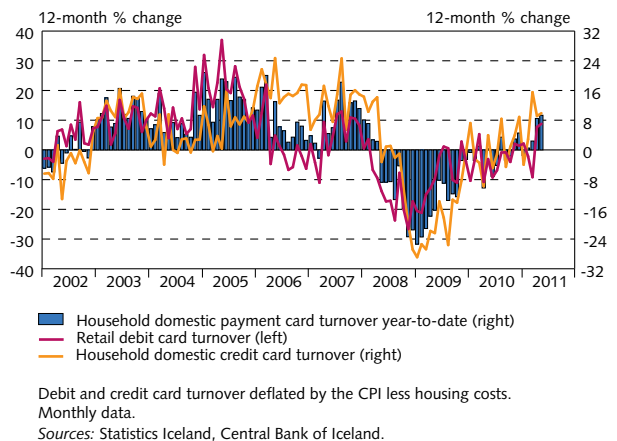
II-7

Turnover according to VAT returns: several components



II-8

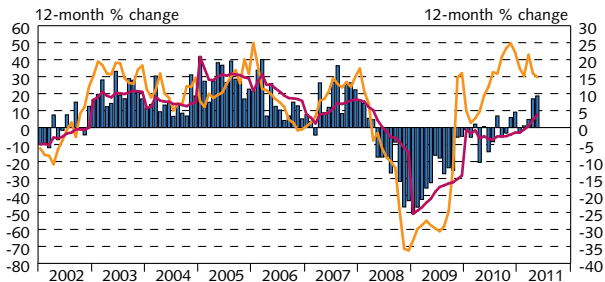
Payment card turnover



II Output and demand

II-9

Payment card turnover

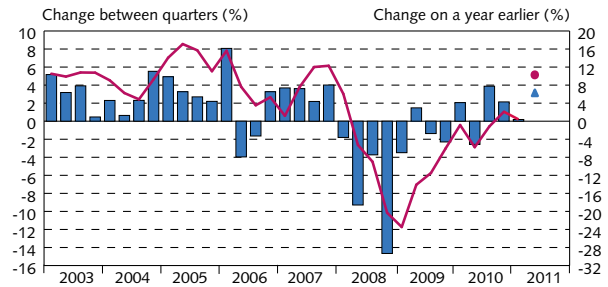


■ Household domestic payment card turnover year-to-date (right)
 ■ Household domestic payment card turnover (right)
 — Household turnover abroad (left)

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-10

Total household payment card turnover

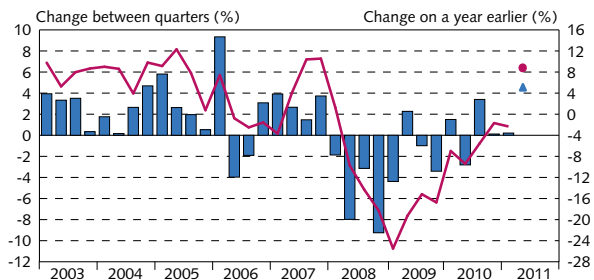


■ Change between quarters (left)
 — Change on a year earlier (right)

Seasonally adjusted debit and credit card turnover deflated by the CPI less housing costs. Quarterly data. Data for Q2 2011 are for April-May. Sources: Statistics Iceland, Central Bank of Iceland.

II-11

Household domestic payment card turnover

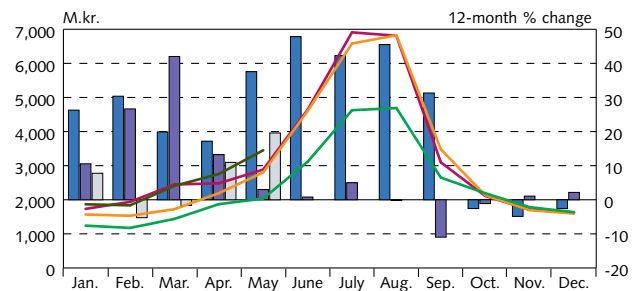


■ Change between quarters (left)
 — Change on a year earlier (right)

Seasonally adjusted domestic debit and credit card turnover deflated by the CPI less housing costs. Quarterly data. Data for Q2 2011 are for April-May. Sources: Statistics Iceland, Central Bank of Iceland.

II-12

Foreign payment card turnover in Iceland

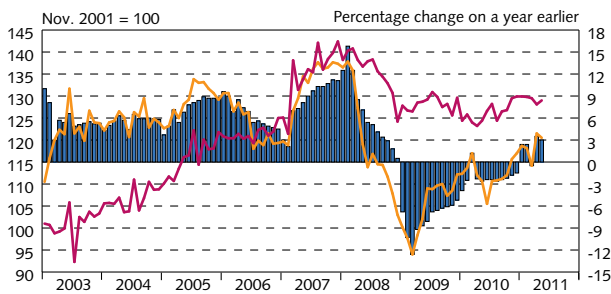


■ Total foreign payment card turnover in 2009 (right)
 ■ Total foreign payment card turnover in 2010 (right)
 ■ Total foreign payment card turnover in 2011 (right)
 — 2008 (left) — 2009 (left) — 2010 (left) — 2011 (left)

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

II-13

Groceries turnover

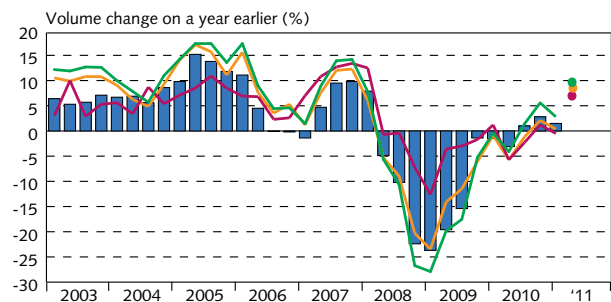


— 12-month change on 3-month moving averages (right)
 — Seasonally adjusted 3-month moving averages (left)
 ■ Average year-to-date (right)

Deflated by price of groceries in CPI. Monthly data. Sources: Icelandic Centre for Retail Studies, Central Bank of Iceland.

II-14

Private consumption, groceries and payment card turnover



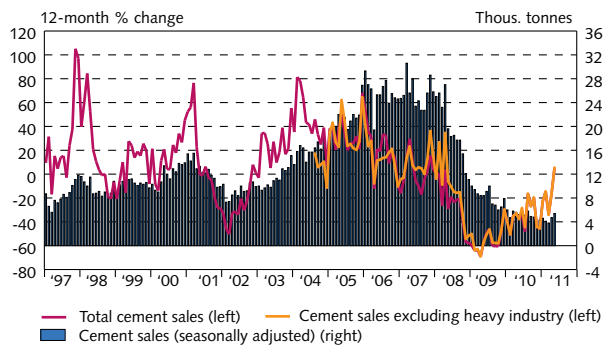
■ Private consumption growth — Groceries turnover
 ■ Household's domestic payment card turnover — Household's payment card turnover

Quarterly data. Data for Q2 2011 are for April-May. Sources: Icelandic Centre for Retail Studies, Statistics Iceland, Central Bank of Iceland.

II Output and demand

II-15

Cement sales

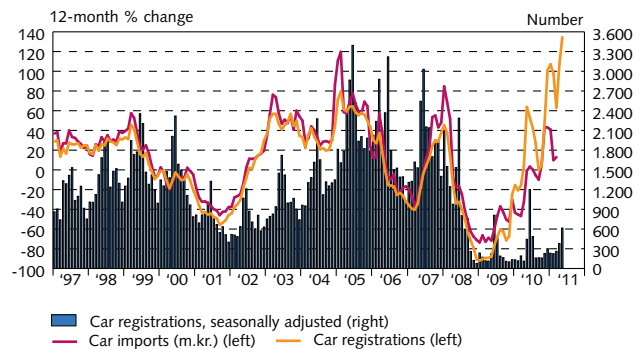


3-month moving average. Monthly data.

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

II-16

Importation and new registration of motor vehicles

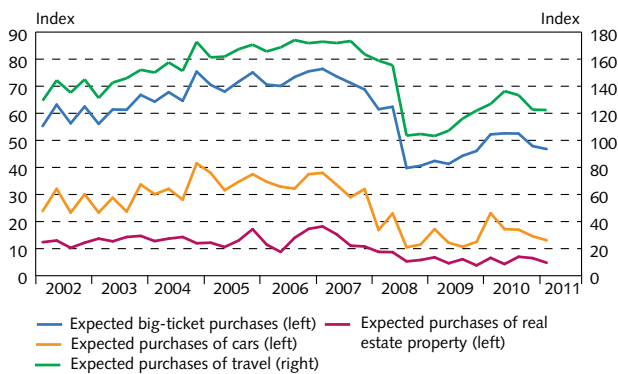


3-month moving average. New motor vehicle registrations include new and used vehicles in all categories (passenger cars, motor coaches, and delivery and transport vehicles). Monthly data.

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

II-17

Indices of expected big-ticket purchases

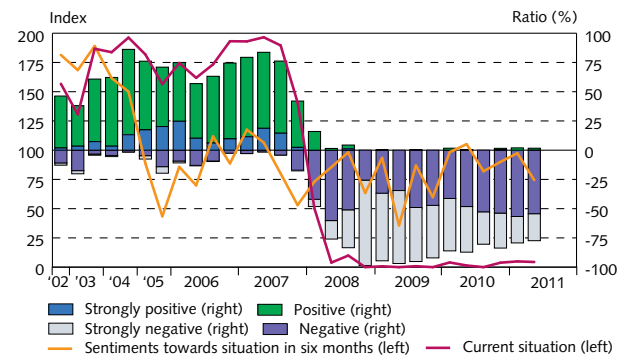


Indices of expected big-ticket purchases are based on Capacent Gallup consumer sentiment survey. The index for expected big-ticket purchases is an average of the other three indices. Quarterly data.

Source: Capacent Gallup.

II-18

Capacent Gallup Business Sentiment Indices

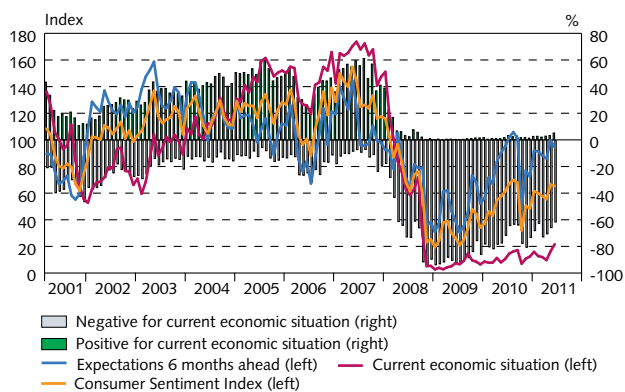


The Business sentiment indices are based upon Capacent Gallup's survey of the largest companies in Iceland. The columns show the sentiments towards the current situation in the economy.

Source: Capacent Gallup.

II-19

Consumer sentiment (Gallup)

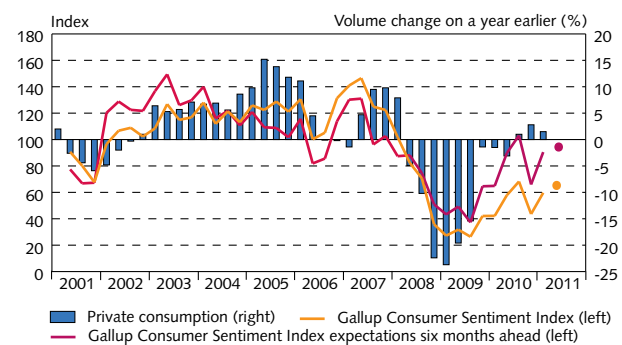


Monthly data.

Source: Capacent Gallup.

II-20

Private consumption and Gallup Consumer Sentiment Index



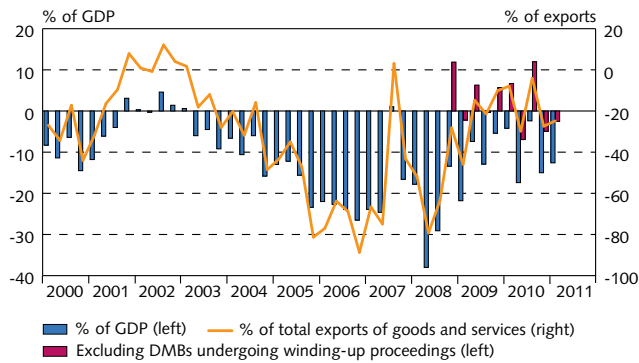
Points show 2-month average of values in April and May. Quarterly data.

Sources: Capacent Gallup, Statistics Iceland.

III Foreign trade and external economic conditions

III-1

Current account balance

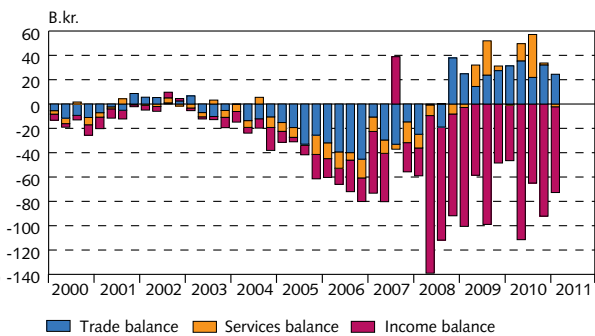


Quarterly data.

Sources: Statistics Iceland, Central Bank of Iceland.

III-2

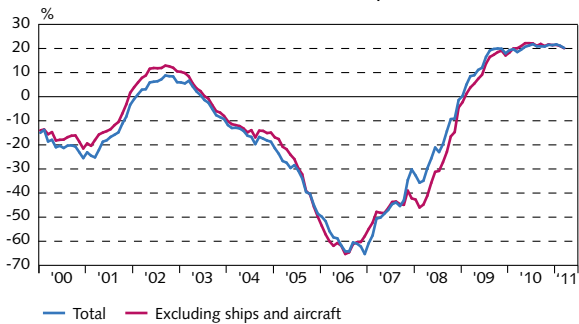
Components of current account



Net current transfers are included in factor income. Quarterly data.
Sources: Statistics Iceland, Central Bank of Iceland.

III-3

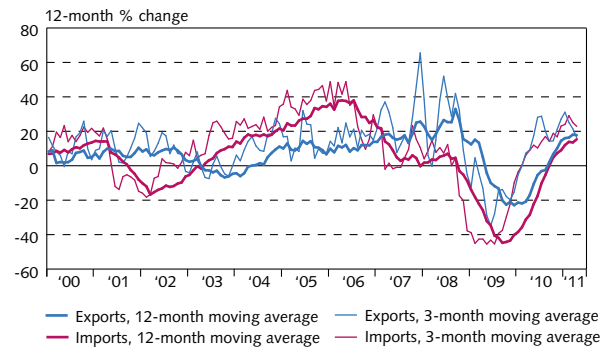
Merchandise trade balance as percentage of merchandise exports



12-month moving averages. Monthly data.
Source: Statistics Iceland.

III-4

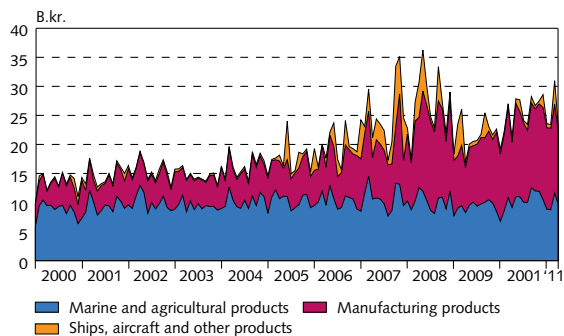
Merchandise imports and exports at constant exchange rates



Monthly data.
Sources: Statistics Iceland, Central Bank of Iceland.

III-5

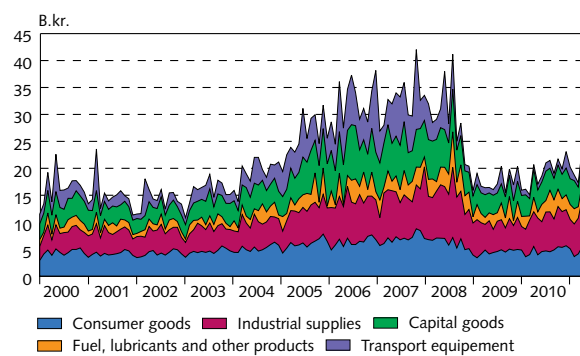
Components of merchandise exports



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

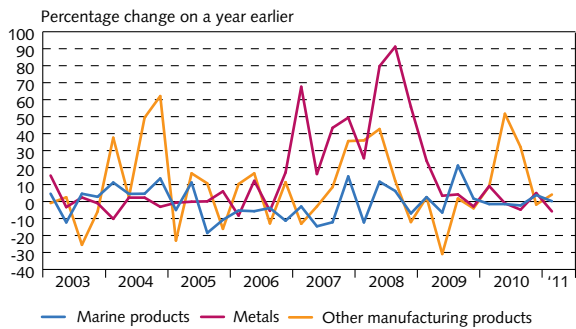


Merchandise import values at constant exchange rates based on import-weighted exchange rate index (broad trade basket). Monthly data.
Sources: Statistics Iceland, Central Bank of Iceland.

III Foreign trade and external economic conditions

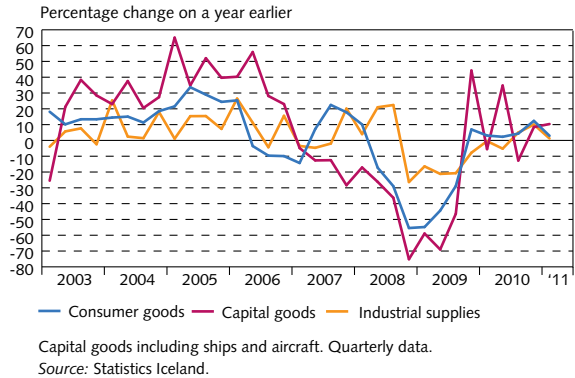
III-7

Volume changes on main export products



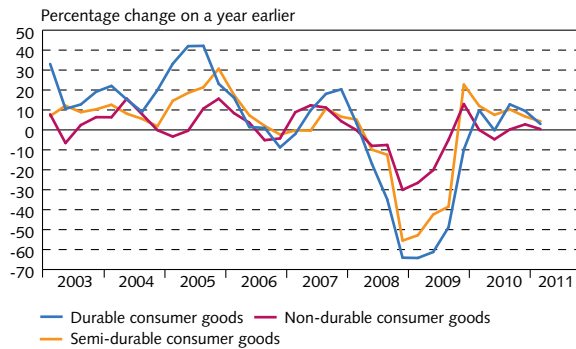
III-8

Volume changes on main import products



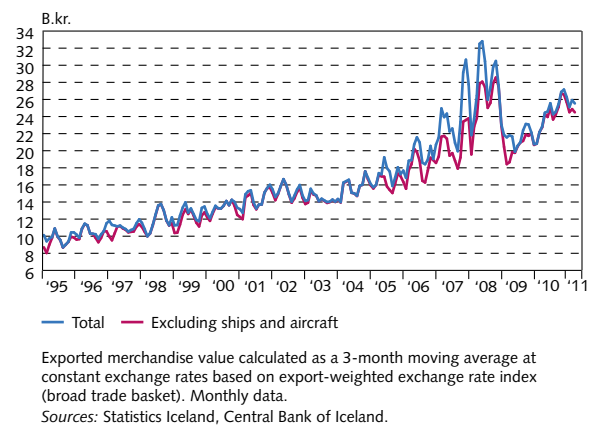
III-9

Volume changes on import products



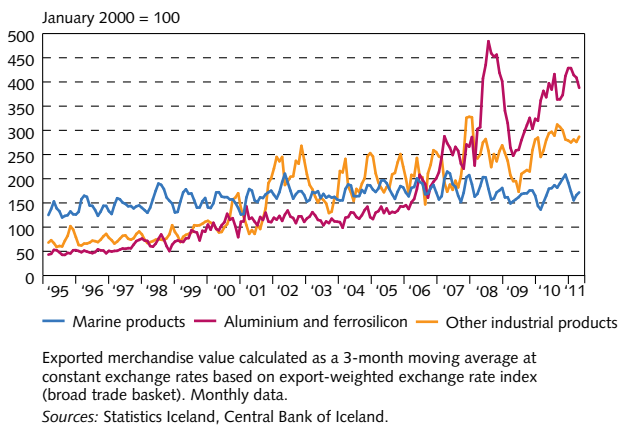
III-10

Merchandise exports



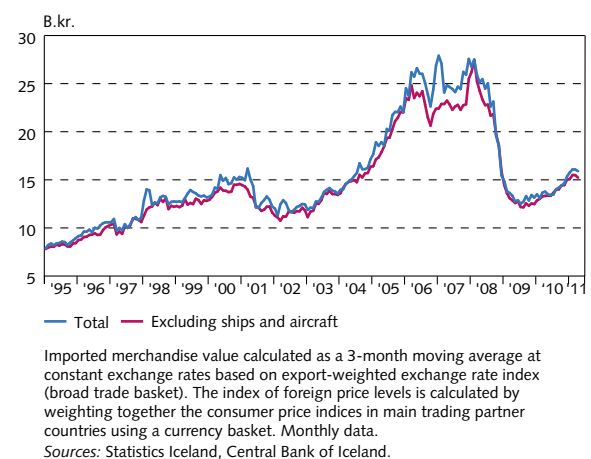
III-11

Merchandise exports by category



III-12

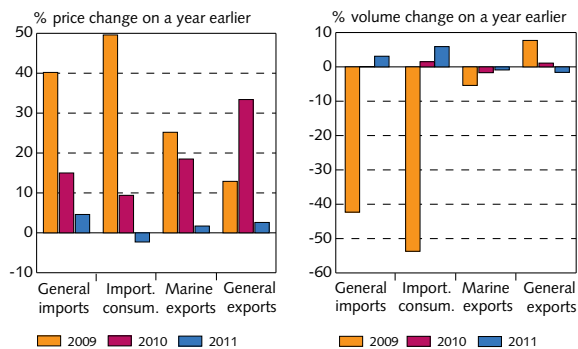
Seasonally adjusted merchandise imports



III Foreign trade and external economic conditions

III-13

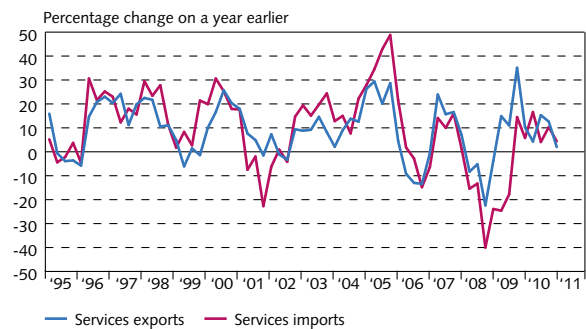
Merchandise trade in
January - April



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

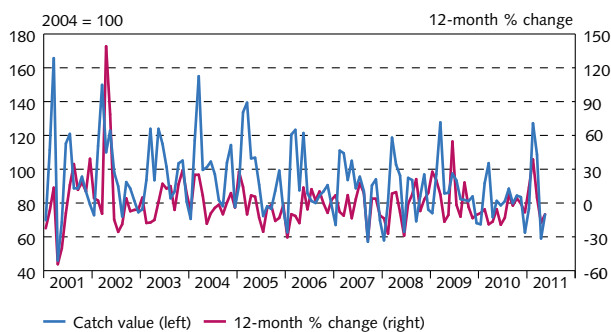
Services balance



Quarterly data at constant exchange rates.
Source: Central Bank of Iceland.

III-15

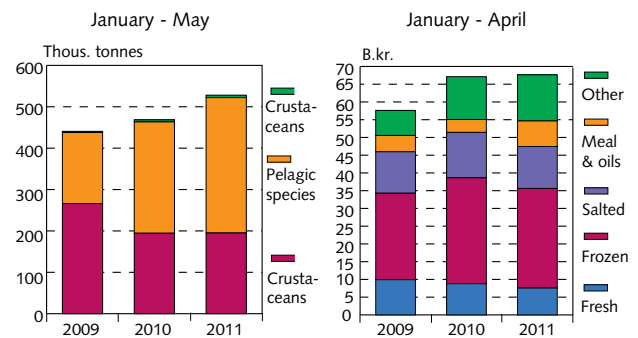
Fish catch volume



Monthly data at constant price levels.
Source: Statistics Iceland.

III-16

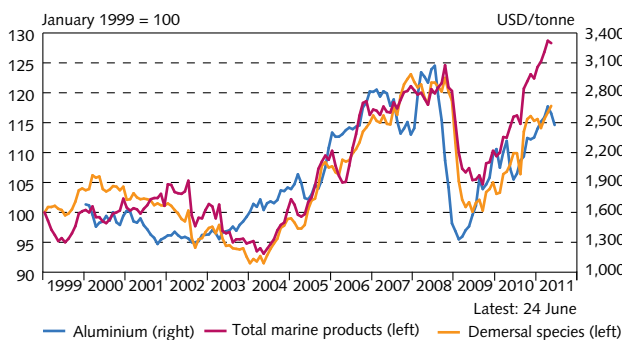
Marine export value



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-17

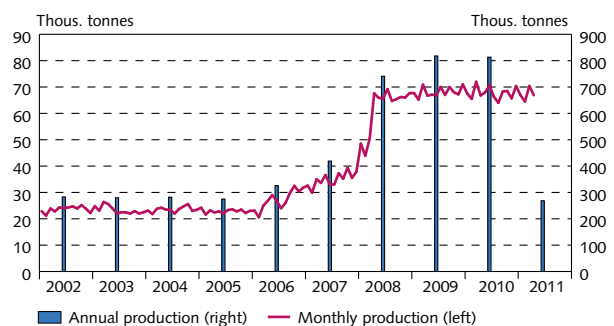
Export prices



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

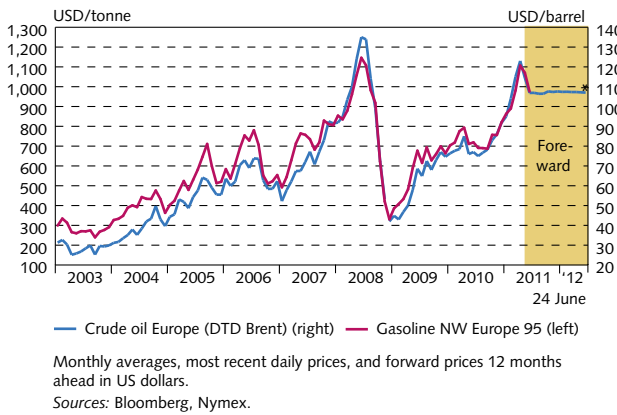


Monthly data. Annual aluminium production for 2011 is production January-April.
Source: Statistics Iceland.

III Foreign trade and external economic conditions

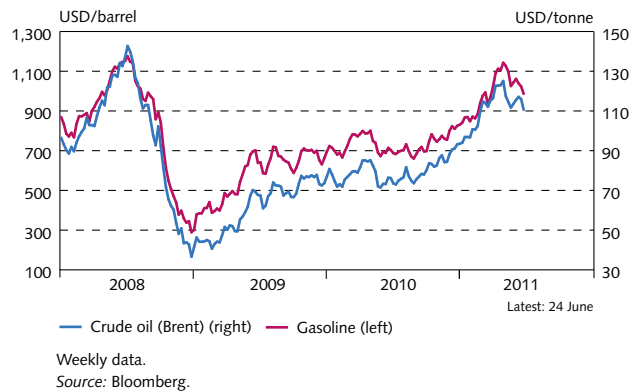
III-19

Global crude oil and gasoline prices



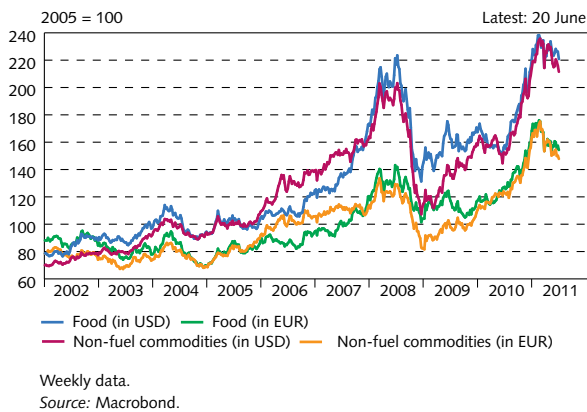
III-20

Global crude oil and gasoline prices



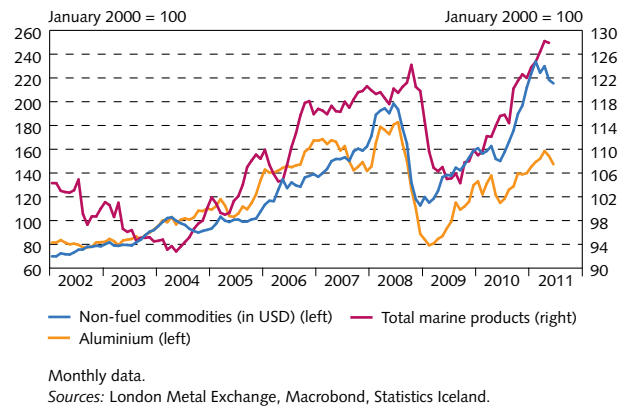
III-21

Commodity prices in international markets



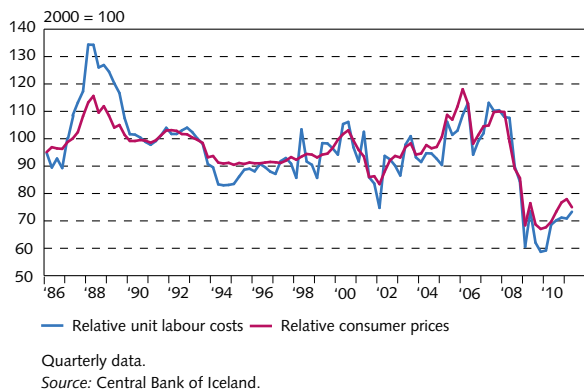
III-22

Global commodity prices and Icelandic export prices



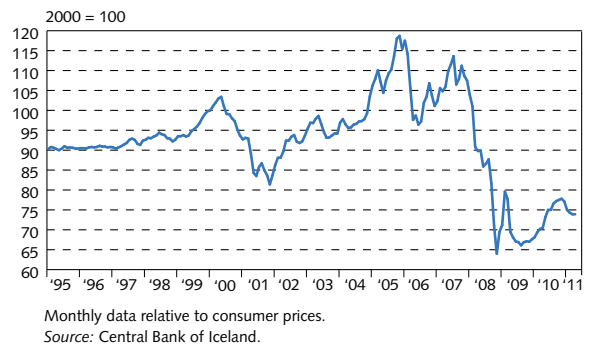
III-23

Real exchange rate



III-24

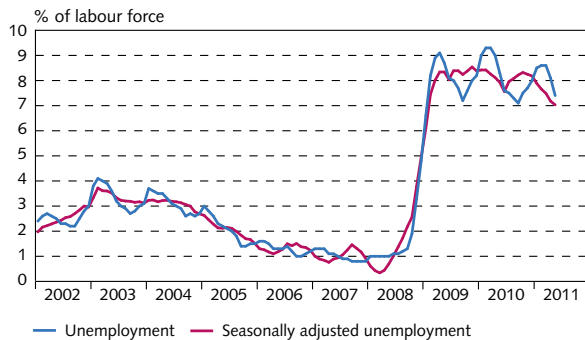
Real exchange rate



IV Labour market and wages

IV-1

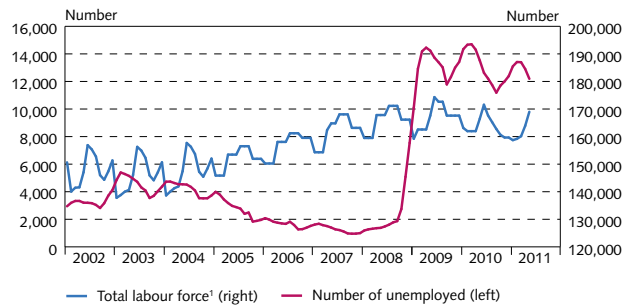
Unemployment



Registered unemployment is the average number of individuals registered with employment agencies nationwide as a percentage of the estimated number of persons in the labour market in each month. Monthly data.
Sources: Directorate of Labour, Central Bank of Iceland.

IV-2

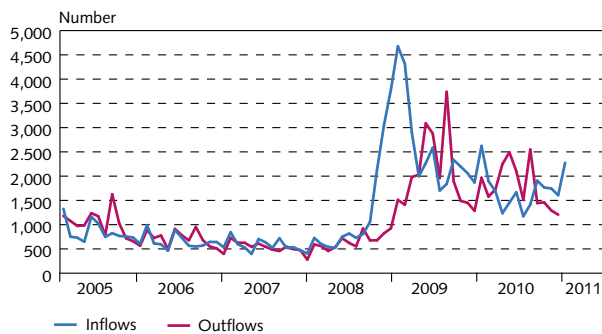
Number of unemployed and total labour force



Registered unemployment is the average number of individuals registered with employment agencies nationwide as a percentage of the estimated number of persons in the labour market in each month. 1. Directorate of Labour estimate. Monthly data.
Source: Directorate of Labour.

IV-3

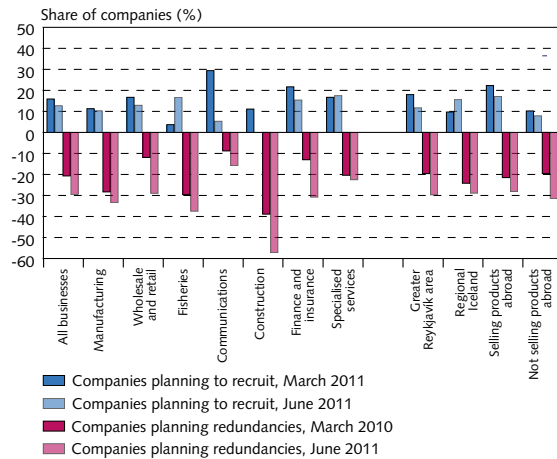
Unemployment register: Inflows and outflows



Monthly data.
Source: Directorate of Labour.

IV-4

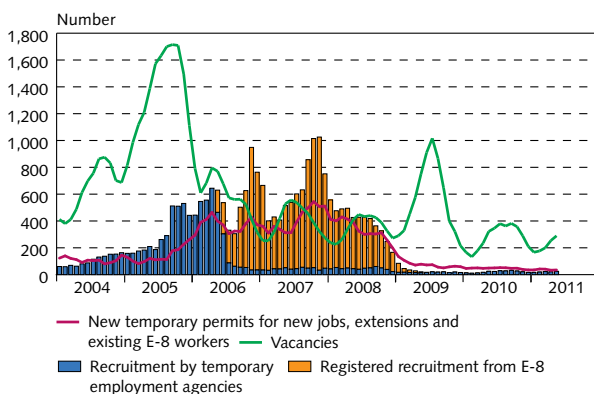
Companies planning to change staffing levels during the next 6 months



Data based on Capacent Gallup's survey of the largest companies in Iceland.
Source: Capacent Gallup.

IV-5

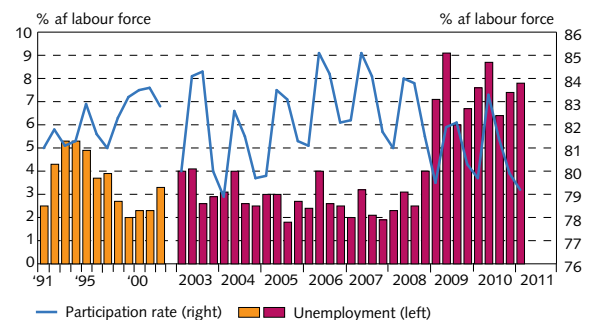
Vacancies and foreign labour



3-month moving average. The E-8 countries are Estonia, Latvia, Lithuania, Poland, Slovakia, Slovenia, Czech Republic, and Hungary. Monthly data.
Source: Directorate of Labour.

IV-6

Unemployment rate and labour participation rate

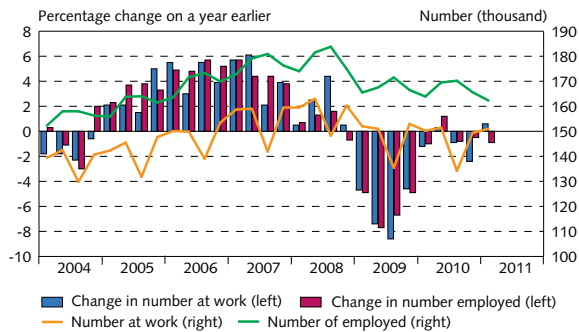


Until 2003, the Statistics Iceland labour market survey included only one week in April and one week in November; however, since January 2003, it has been continuous and the results published quarterly. As a result, figures from January 2003 and thereafter are not entirely comparable with earlier figures.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

IV Labour market and wages

IV-7

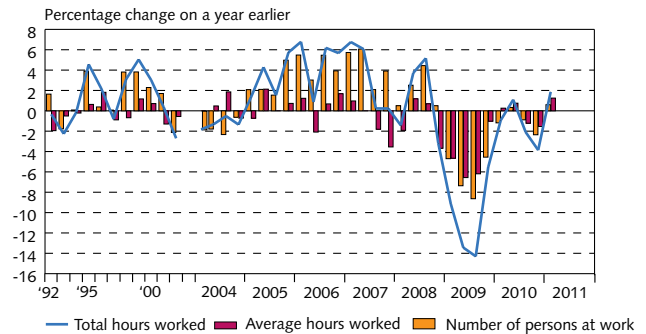
Employed persons and number of persons at work



Employed persons are those who worked at least one hour during the reference week or were absent from work that they were hired to carry out. Persons at work are those who worked one hour or more during the reference week. Quarterly data.
Source: Statistics Iceland.

IV-8

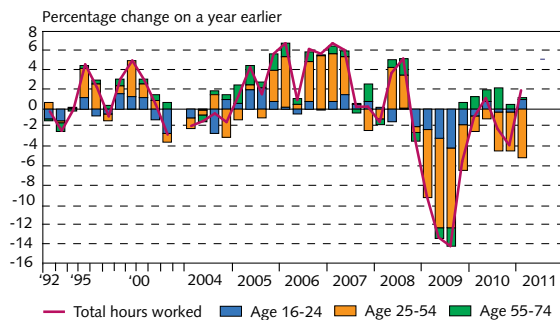
Changes in labour force



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-9

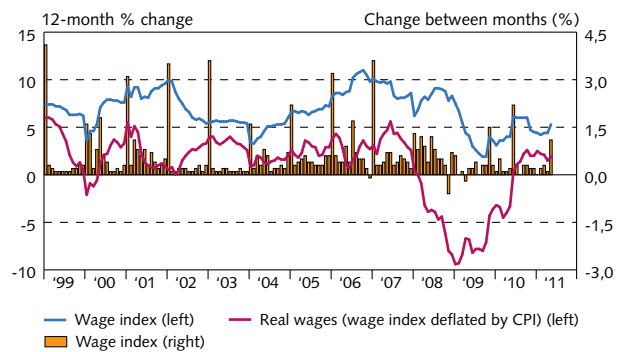
Changes in labour force



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-10

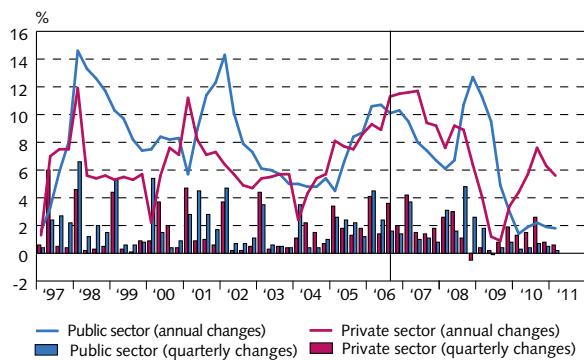
Nominal and real wages



Real wages are the wage index deflated by the CPI. Monthly data.
Source: Statistics Iceland.

IV-11

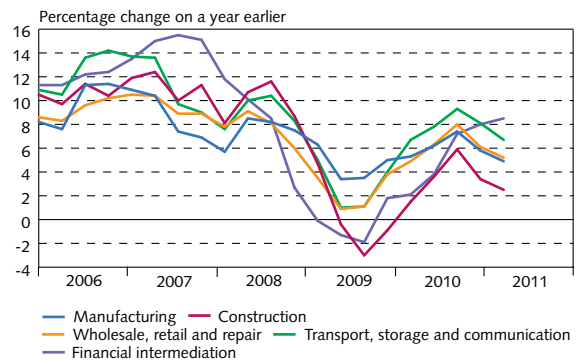
Wage changes by sector



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-12

Private sector wage index by sector

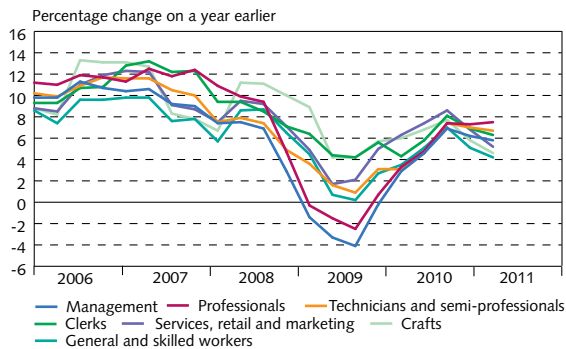


Sectors are defined according to ISAT 95, a classification standard based on the industry classification system of the European Union. Quarterly data.
Source: Statistics Iceland.

IV Labour market and wages

IV-13

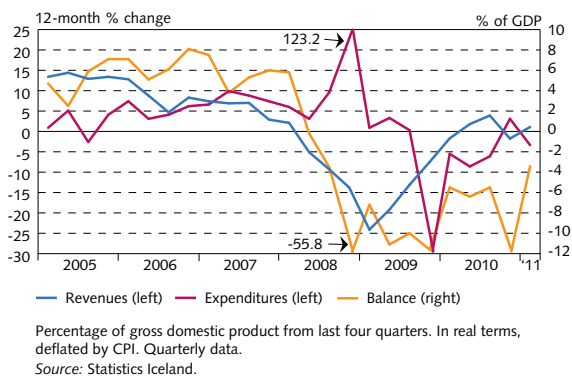
Private sector wage index by occupational group



V Public finances

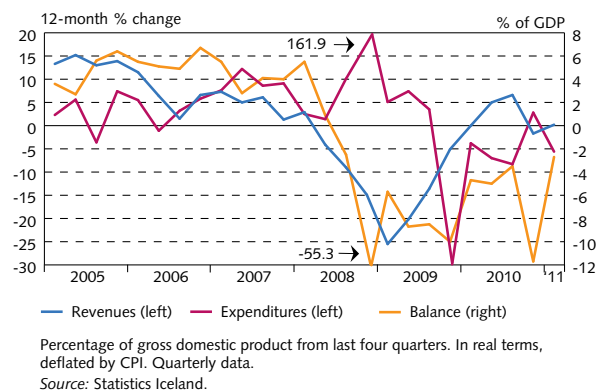
V-1

Public sector revenues, expenditures and balance



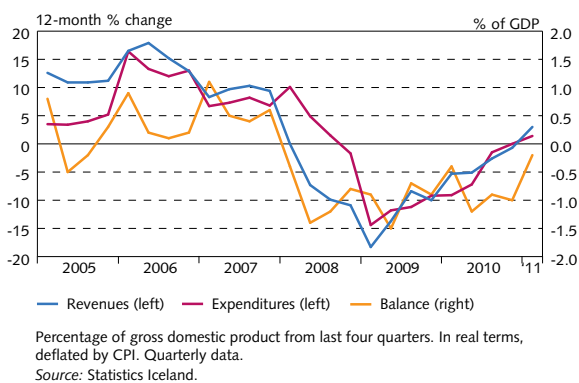
V-2

Treasury revenues, expenditures and balance



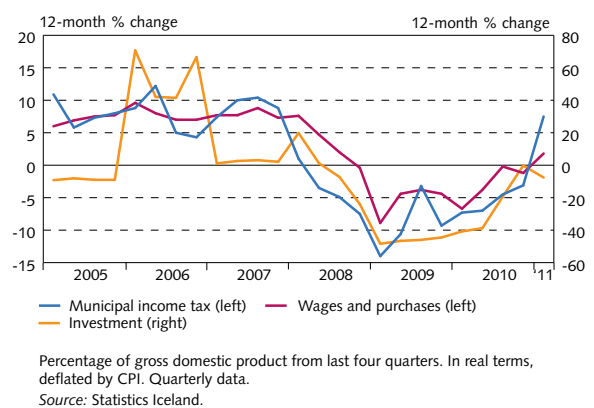
V-3

Local government revenues, expenditures and balance



V-4

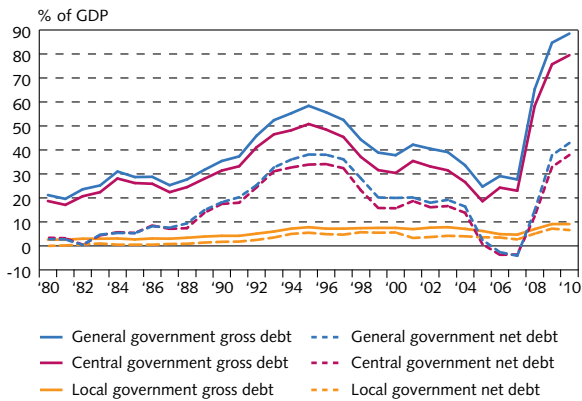
Local government revenues and expenditures



V Public finances

V-5

Public sector debt

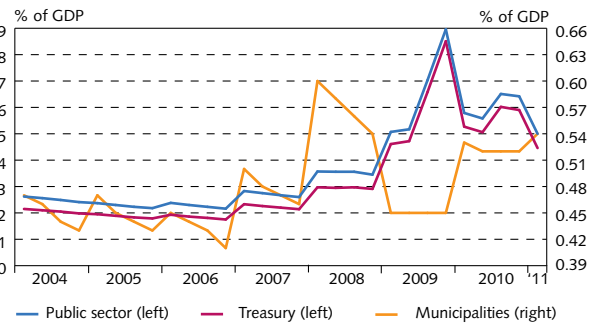


Excluding civil service pension liabilities and equity holdings. Debt on transaction accounts netted out of assets.

Sources: Ministry of Finance, Statistics Iceland.

V-6

Public sector interest expense

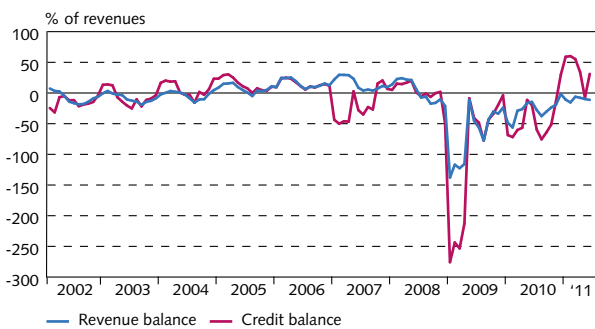


Figures for 2010 are preliminary. Quarterly data.

Source: Statistics Iceland.

V-7

Treasury balance and net credit balance

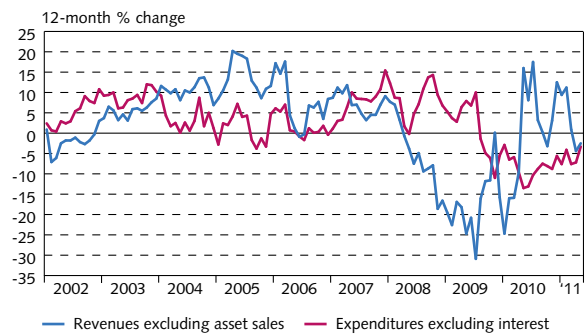


4-month moving averages, deflated by the CPI. Revenues from assets sales included. Monthly data.

Sources: State Accounting Office, Central Bank of Iceland.

V-8

Regular revenues excluding asset sales, regular expenditure excluding interest

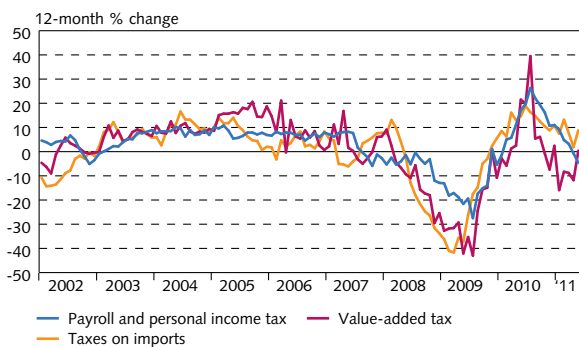


4-month moving averages, deflated by the CPI. Monthly data.

Sources: State Accounting Office, Central Bank of Iceland.

V-9

Tax revenues

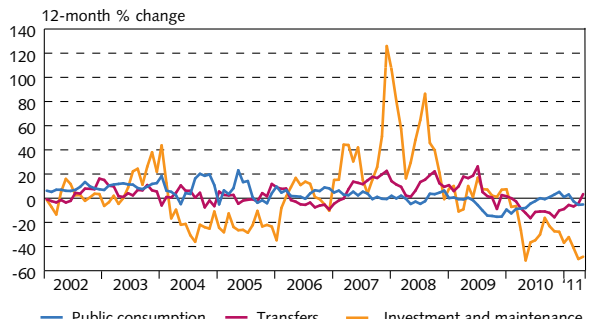


4-month moving average, deflated by the CPI. Monthly data.

Sources: State Accounting Office, Central Bank of Iceland.

V-10

Treasury expenditures by type



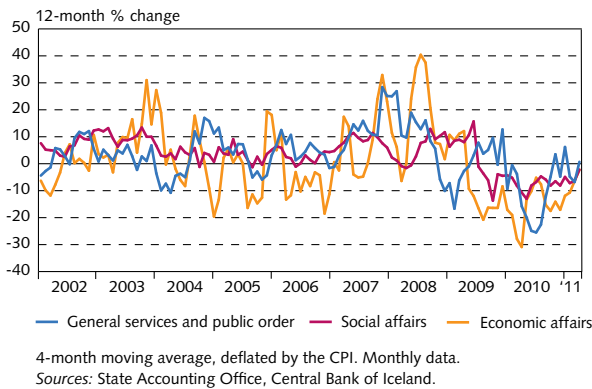
4-month moving average, deflated by the CPI. For December 2008, irregular expenditures totalling 192 b.kr. due to the banks' collapse are not shown. Monthly data.

Sources: State Accounting Office, Central Bank of Iceland.

V Public finances

V-11

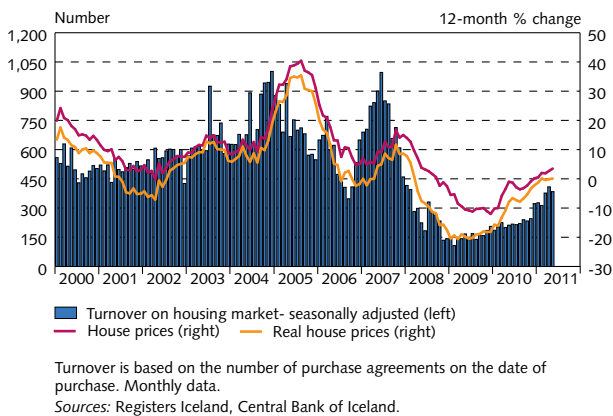
Treasury expenditures by function



VI Asset markets

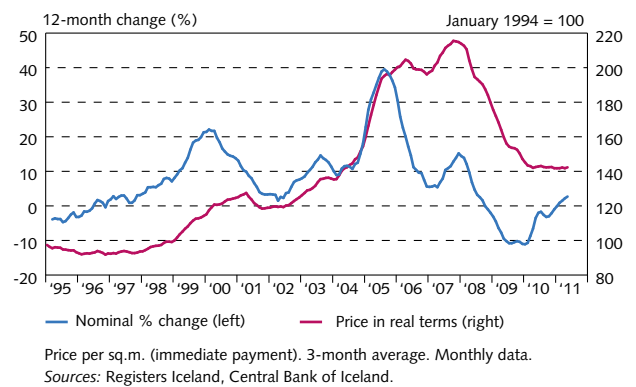
VI-1

Housing market prices and turnover in greater Reykjavik



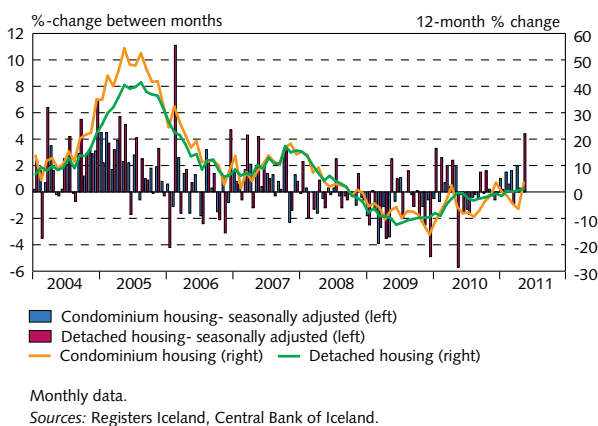
VI-2

Housing market prices in greater Reykjavik



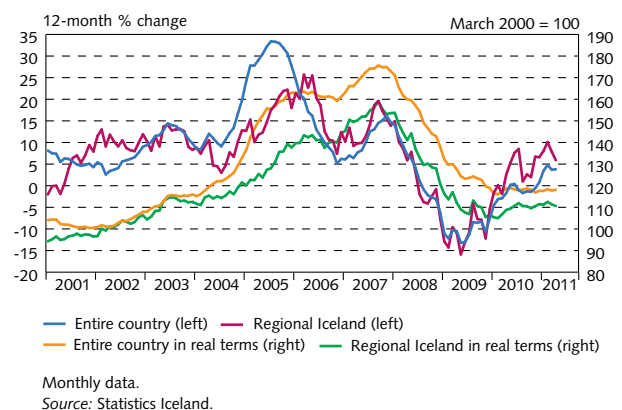
VI-3

House prices in greater Reykjavik



VI-4

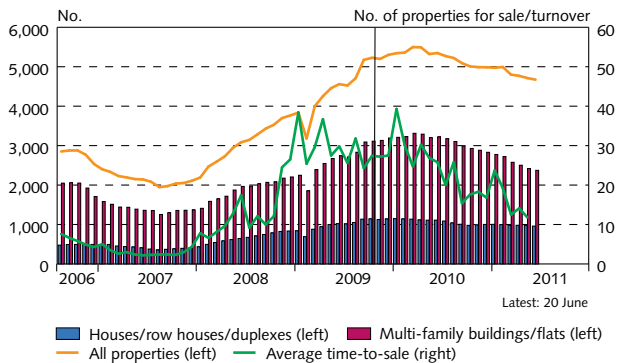
Market price of residential housing



VI Asset markets

VI-5

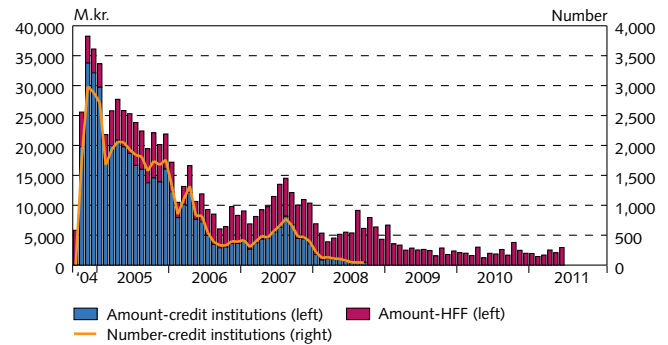
Advertised property and average time to sale



Monthly average of advertisements on Morgunbladid real estate website. The count is carried out by property code so as to avoid a repeat count of the same property. Monthly turnover is according to the number of officially registered purchase agreements. The average time to sale is the length of time (in months) that it takes to sell advertised property divided by the turnover for the month in question. As of February 2009, Morgunbladid began charging a fee for online real estate advertisements. This reduced the number of advertisements placed. Sources: Morgunbladid Real Estate Website (mbl.is), Registers Iceland.

VI-6

Number and amount of new residential housing loans

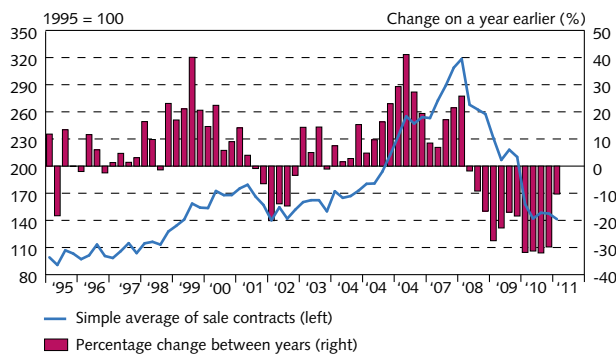


Information from credit institutions is unavailable from September 2008 onwards. Monthly data.

Sources: Housing Financing Fund, Central Bank of Iceland.

VI-7

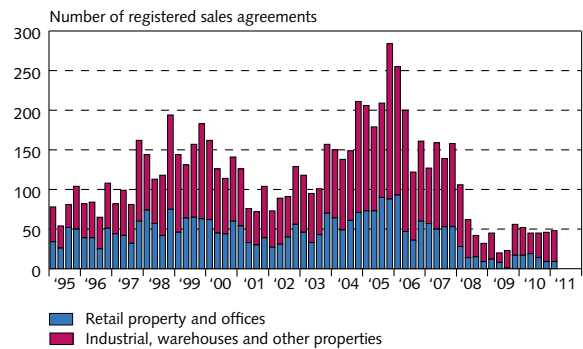
Commercial property prices in greater Reykjavik



Weighted average of industrial, retail, and office housing. Data are subject to uncertainty due to sparsity and divergence of measurements. Quarterly data. Sources: Registers Iceland, Central Bank of Iceland.

VI-8

Turnover of commercial housing

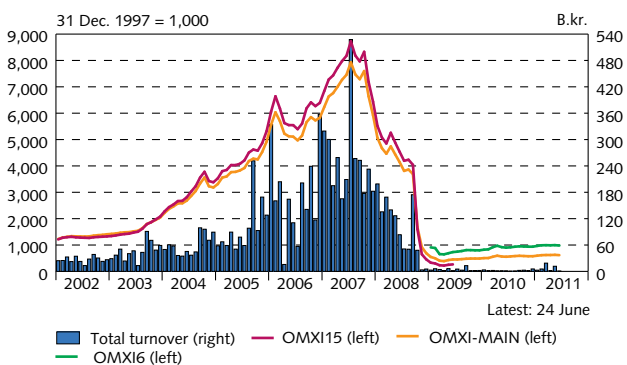


Before June 2006, turnover is based on purchase day, otherwise on day of registered sales agreement.

Sources: Registers Iceland, Central Bank of Iceland.

VI-9

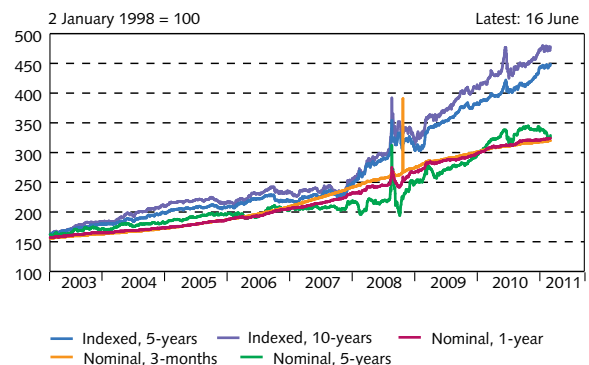
Equity market



Total monthly volume of listed shares and monthly average of main stock indices. Source: Nasdaq OMX Iceland.

VI-10

Bond indices

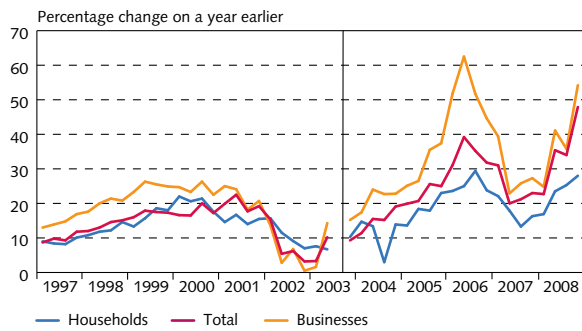


Indices are the OMX Nordic Exchange Iceland's calculations of yields on fixed-maturity bonds. Daily data. Source: Nasdaq OMX Iceland.

VII Financial markets

VII-1

Credit system lending growth

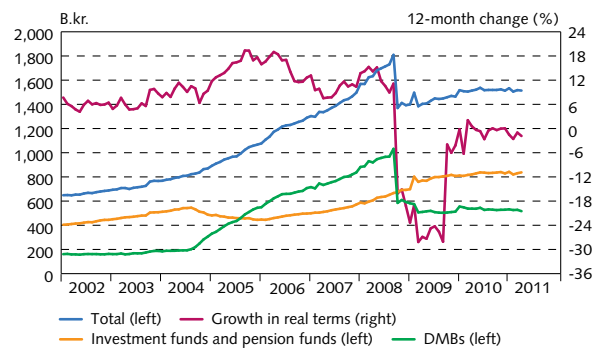


Due to reclassification of lending, data from Q3 2003 are not comparable to earlier data. Quarterly data. The series have not been updated since September 2008 due to lack of data.

Source: Central Bank of Iceland.

VII-2

Household debt with major credit institutions

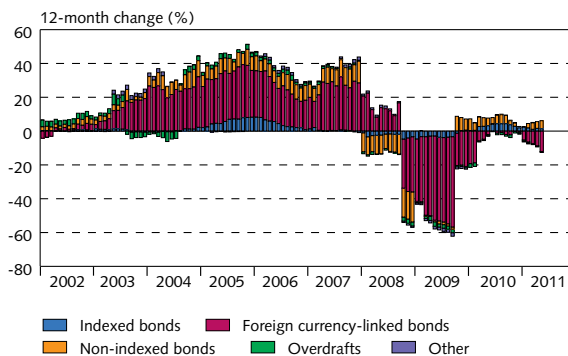


Monthly data. From September 2008, debt to DMBs are shown at discounts as taken over by the new banks. The total includes insurance companies and the student loan fund.

Source: Central Bank of Iceland.

VII-3

Credit institution lending to businesses

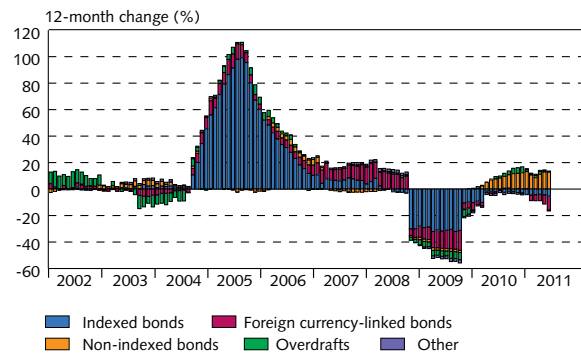


Contribution of individual components to lending growth. From September 2008, lending is shown at discounts as taken over by the new banks. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Data from October 2008 are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-4

DMB lending to households

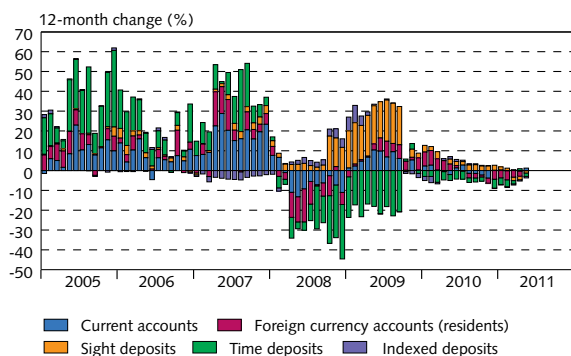


Contribution of individual components to lending growth. From September 2008, lending is shown at discounts as taken over by the new banks. The category labelled "other" includes bills of exchange, redeemed guarantees, and asset financing agreements. Data from October 2008 are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-5

Companies' deposits

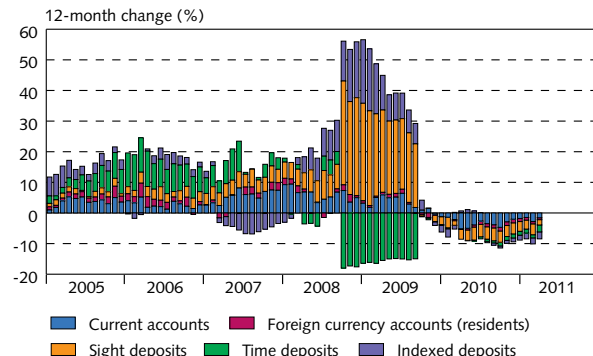


Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings. Data from October 2008 are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII-6

Household deposits



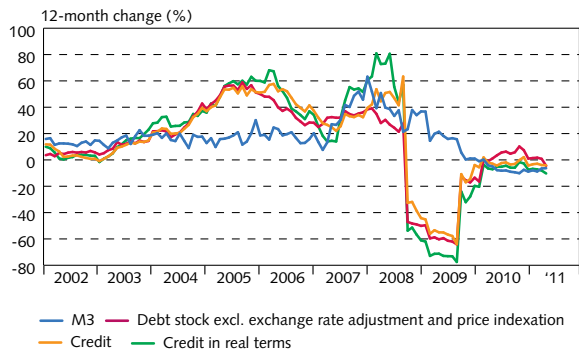
Contribution of individual components to deposit growth. Term deposits include money market accounts and other non-sight deposits. Indexed deposits include pension savings, indexed vacation allowance accounts, and other indexed savings. Data from October 2008 are preliminary. Monthly data.

Source: Central Bank of Iceland.

VII Financial markets

VII-7

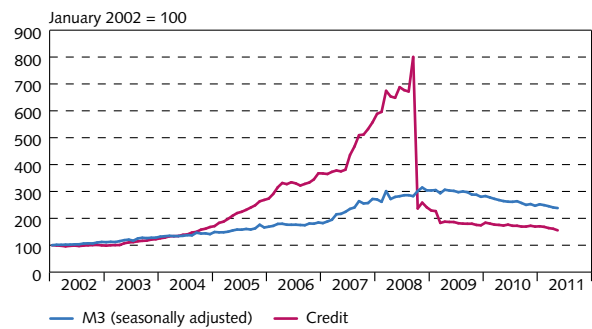
M3 and domestic bank credit



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. Data from October 2008 are preliminary. Monthly data.
Sources: Statistics Iceland, Central Bank of Iceland.

VII-8

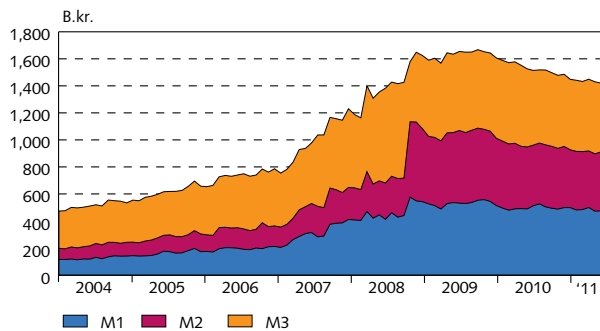
Real M3 and domestic bank credit



Lending and M3 at constant price levels are deflated by the CPI. Data from October 2008 are preliminary. Monthly data.
Sources: Statistics Iceland, Central Bank of Iceland.

VII-9

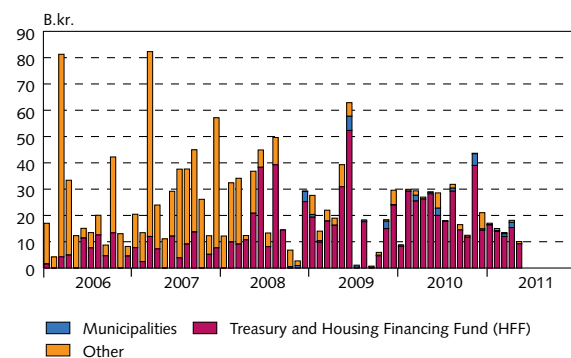
M3 and domestic bank credit



Data from October 2008 are preliminary. Monthly data.
Source: Central Bank of Iceland.

VII-10

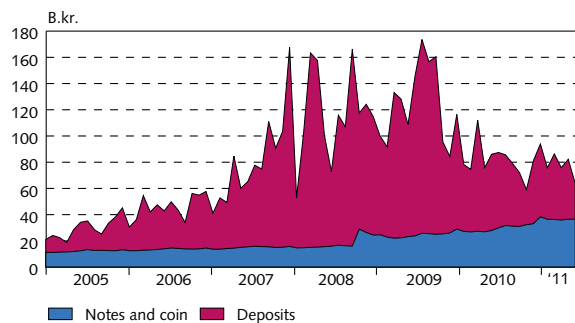
Bond auctions



Monthly data.
Source: Central Bank of Iceland.

VII-11

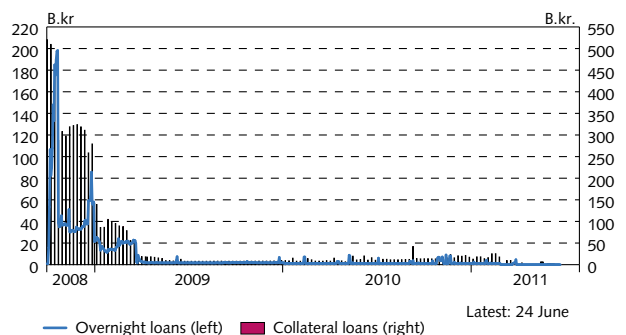
Base money



Categorisation of base money according to Central Bank of Iceland. Monthly data.
Source: Central Bank of Iceland.

VII-12

Central Bank collateral loans and overnight loans

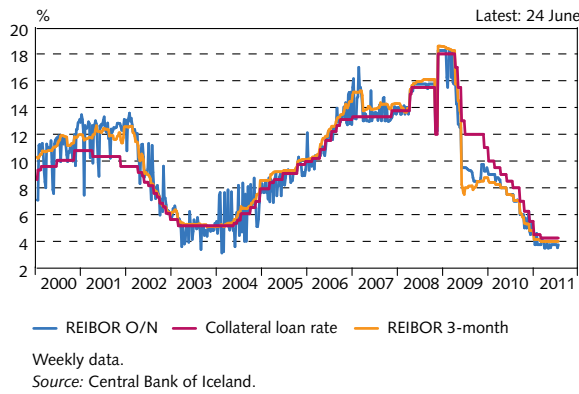


Weekly data for collateral loans; daily data for overnight loans.
Source: Central Bank of Iceland.

VII Financial markets

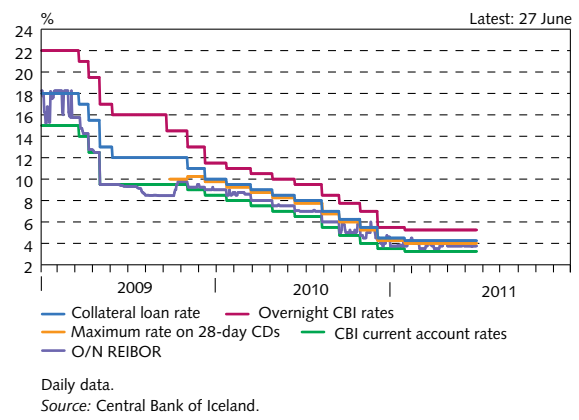
VII-13

Central Bank collateral loan rate and money market interest rates



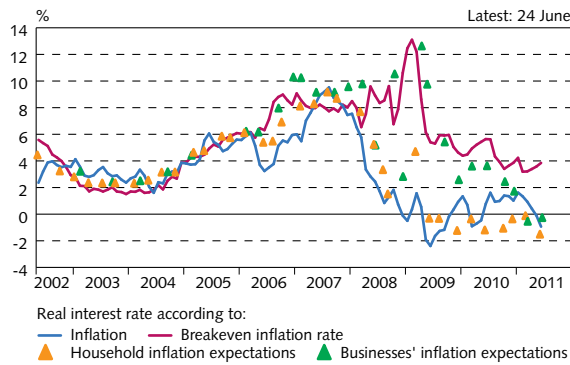
VII-14

Central Bank and short-term market interest rates



VII-15

Central Bank real interest rate

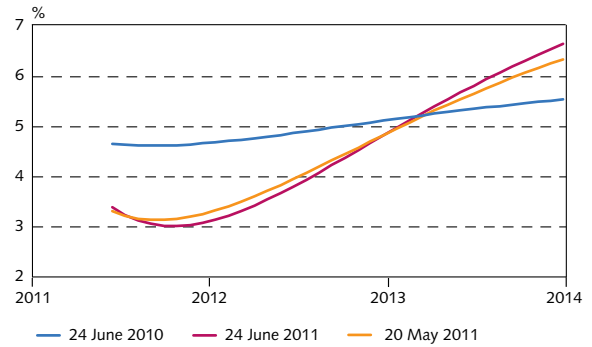


According to 12-month inflation. Real interest rates according to breakeven inflation rate on Treasury notes are calculated based on Treasury note (RIKB 13 0517) and Treasury bond (RIKS 1001) yields until June 2004, and on Treasury note (RIKB 13 0517) and HFF bond (HFF 150914) yields from July 2004 onwards. From April 2009 onwards, the Central Bank deposit interest rate is considered the effective policy rate.

Sources: Capacent Gallup, Statistics Iceland, Central Bank of Iceland.

VII-16

Forward interest rates on Treasury bond market

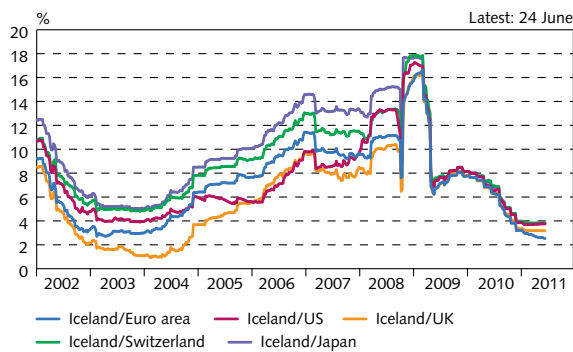


Forward interest rates calculated based on interbank market interest and yields on Treasury notes, using the Nelson-Siegel method. The valuation is subject to some uncertainty because of the small number of Treasury notes underlying the calculations.

Source: Central Bank of Iceland.

VII-17

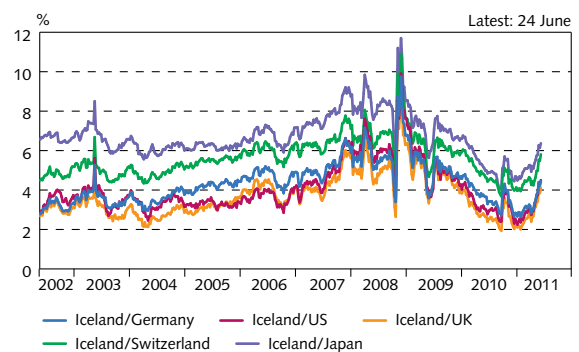
Short-term interest rate differential



3-month interbank rates. Weekly data.
Source: Macrobond.

VII-18

Long-term interest rate differential

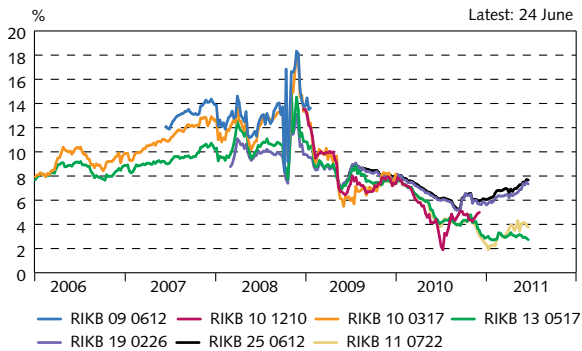


Yields on non-indexed 10-year Treasury bonds are used. For Iceland, RIKB 13 0517 is used until end-February 2008, and RIKB 19 0226 is used thereafter. Weekly data.
Sources: Macrobond, Central Bank of Iceland.

VII Financial markets

VII-19

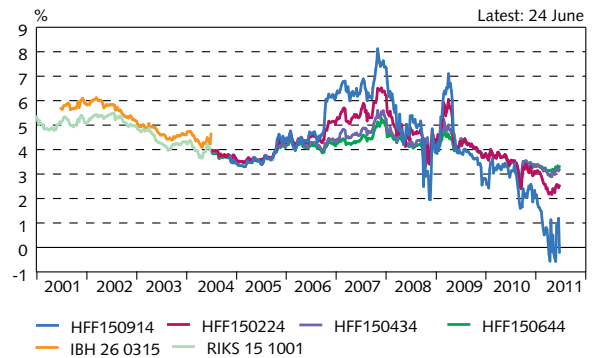
Long-term nominal Treasury bond yields



Weekly data.
Source: Central Bank of Iceland.

VII-20

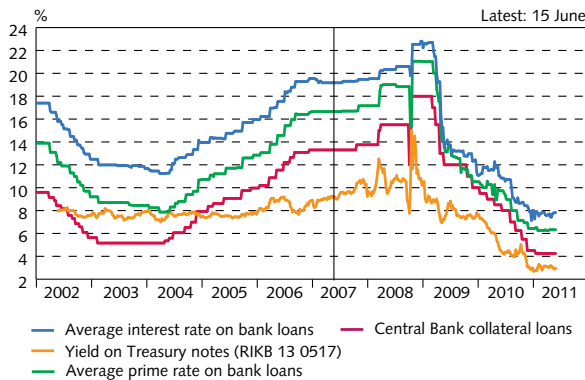
Yields on indexed long-term bonds



Weekly data.
Source: Central Bank of Iceland.

VII-21

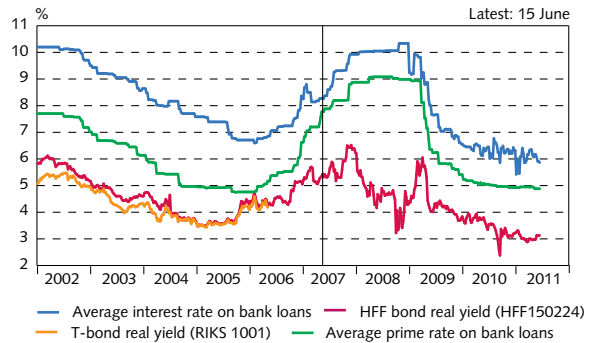
Average nominal interest rates



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-22

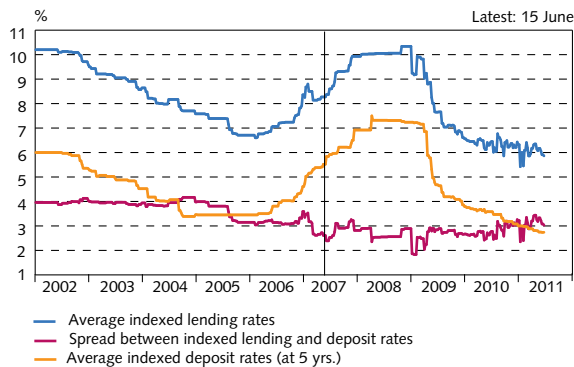
Average indexed interest rates



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-23

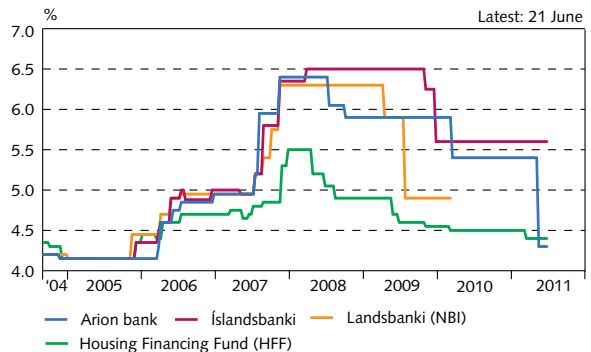
Bank lending and deposit rates



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-24

Interest rates on indexed housing loans

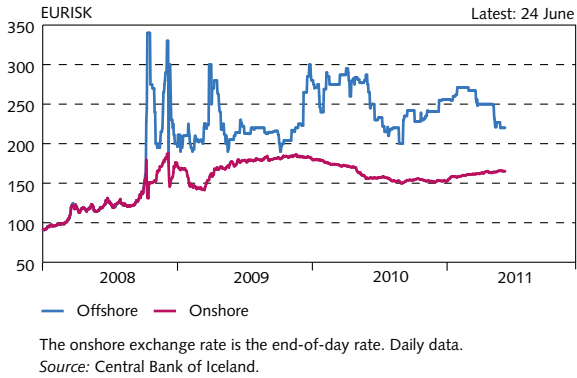


Lowest rates for loans with prepayment penalty. Housing Financing Fund interest rates are indexed housing loan rates with prepayment penalty for December 2005 onwards, and without prepayment before that time. 10-day data.
Sources: Housing Financing Fund, Central Bank of Iceland.

VII Financial markets

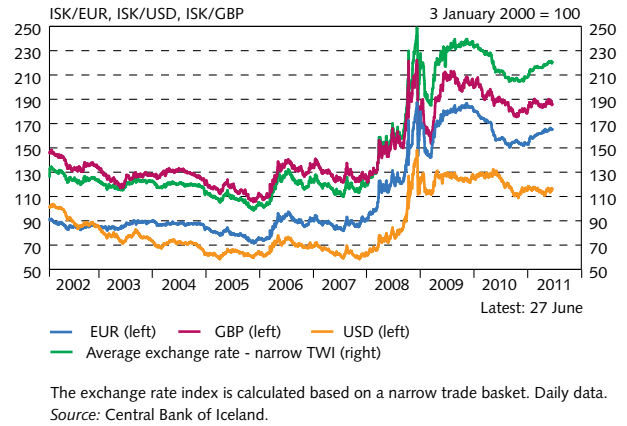
VII-25

The ISK exchange rate markets against the euro



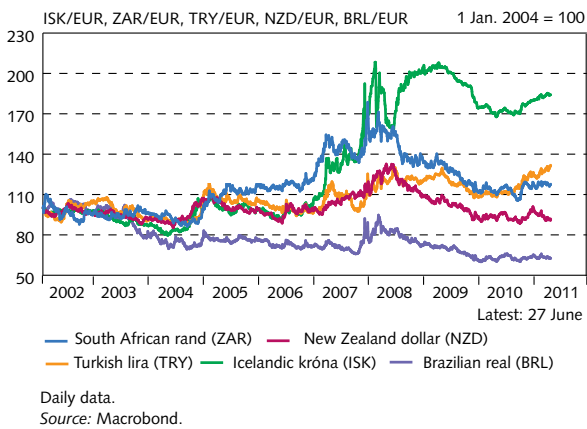
VII-26

Exchange rate of the króna against foreign currencies



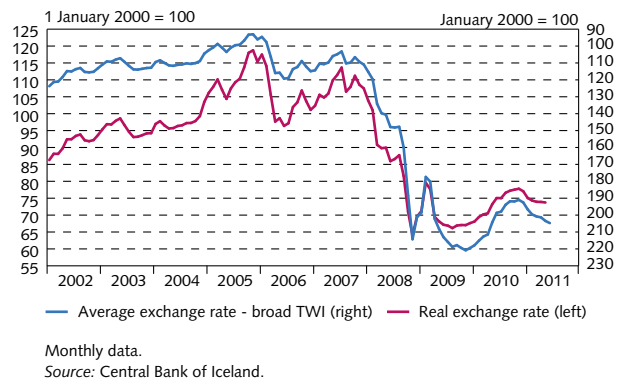
VII-27

Exchange rate of high-yielding currencies against the euro



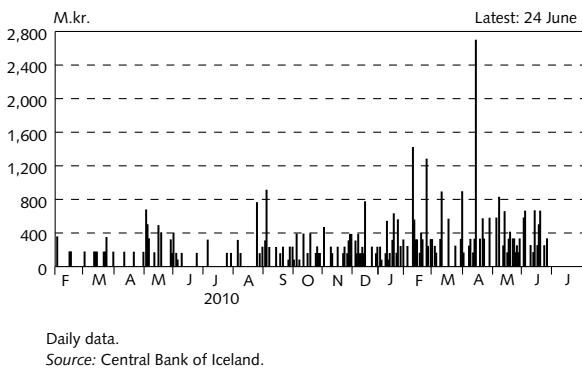
VII-28

Nominal and real effective exchange rate of the króna



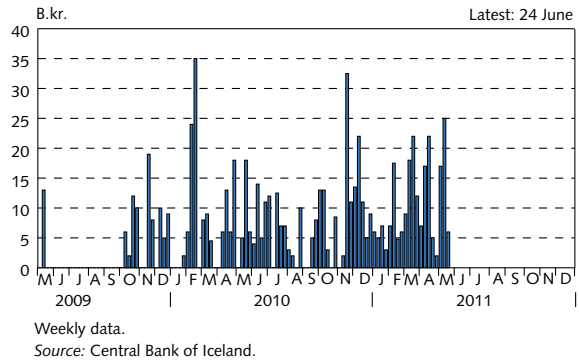
VII-29

FX-market turnover



VII-30

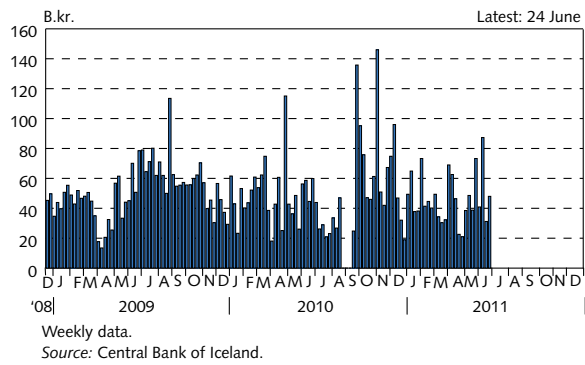
Turnover on the interbank market for krónur



VII Financial markets

VII-31

Bond market turnover



VII-32

CDS spread for Iceland

