

# Economic Indicators



Central Bank of Iceland  
November 2008

## Overview of economic indicators

	Latest period	Latest value	Change (%)			Contribution to 12-mo. inflation (%)	12-mo. ch. 1 year ago (%)
			on prev. month	over 6 months <sup>2</sup>	over 12 months		
<b>I Inflation and inflation expectations<sup>1</sup></b>							
Consumer price index.....	November '08	327.9	1.7	16.0	17.1	.	5.2
Core index 1 (CPI excl. agricultural products and petrol).....	November '08	184.3	1.7	16.5	16.1	14.3	5.4
Core index 2 (core index 1 excl. public services).....	November '08	186.8	1.9	17.3	16.8	13.8	5.6
Domestic goods excl. agricultural products.....	November '08	163.6	1.8	23.5	20.9	1.5	-3.1
Agricultural products.....	November '08	158.5	4.0	19.2	22.8	1.3	-2.2
Imported goods excl. alcohol and tobacco.....	November '08	150.2	2.5	24.1	27.0	8.8	1.8
- food and beverages.....	November '08	179.8	5.9	59.3	54.3	1.4	-7.8
- cars and spare parts.....	November '08	164.2	1.0	13.6	26.0	2.2	3.5
- petrol.....	November '08	213.7	-1.5	-2.0	23.4	1.1	13.0
- imported goods excl. food and beverages.....	November '08	125.3	3.8	32.6	24.2	4.0	-0.6
Housing.....	November '08	313.0	1.4	8.1	10.5	2.6	15.4
Public services.....	November '08	163.0	-0.1	6.1	6.7	0.4	3.5
Private services.....	November '08	181.0	0.1	12.2	11.5	2.4	5.4
Groceries (perishables).....	November '08	164.9	3.9	32.2	30.6	4.5	-3.5
Weighted import exchange rate index (Dec. 31, 1994=100).....	October 31 '08	176.0	9.1	94.2	79.6	.	-5.4

	Latest period	Expected 12 mo. inflation	Change on prev. survey	Exp. 12-mo inflation 1 year ago	Expected annual inflation over next 2 years	Perceived inflation in past 12 mo.
Businesses' inflation expectations.....	October '08	7.0	3.0	3.0	3.4	.
Household inflation expectations.....	October '08	14.0	7.0	5.0	7.0	14.5

1. Index base periods: Consumer price index: May 1988=100; other price indices: March 1997=100. 2. Annualised inflation.

	Latest period	Latest value	Value 1 year ago	% change <sup>1</sup> on		Year-to-date <sup>1</sup>	
				previous period	previous year	Value	Change on prev. year (%)
<b>II Output and demand</b>							
GDP (b.kr.).....	Q2/2008	370.8	322.3	7.4	5.0	695.1	4.1
National expenditure (b.kr.).....	Q2/2008	382.5	364.2	-1.3	-8.0	743.9	-2.6
Private consumption (b.kr.).....	Q2/2008	209.6	190.3	0.8	-3.2	403.4	1.3
Public consumption (b.kr.).....	Q2/2008	88.5	79.3	1.0	3.8	173.8	4.1
Gross fixed investment (b.kr.).....	Q2/2008	84.3	93.5	-5.4	-25.8	164.3	-16.3
Exports of goods and services (b. kr.).....	Q2/2008	174.9	106.6	28.4	24.9	288.7	12.3
Imports of goods and services (b. kr.).....	Q2/2008	-186.6	-148.5	1.7	-12.0	-337.4	-6.3
Domestic turnover according to VAT returns (b. kr.) <sup>1</sup> .....	July-August '08	305.7	279.2	-0.8	-1.2	1,152.0	2.3
Turnover in grocery stores (b.kr.).....	October '08	126.2	131.3	0.0	-3.9	135.6	3.4
Credit and debit card turnover (b.kr.) <sup>1</sup> .....	October '08	67.2	62.0	4.8	-11.2	608.0	-7.5
Turnover of publicly listed companies on OMXI (b.kr.).....	Q2/2008	327.5	229.8	77.9	42.5	327.5	42.5
Cement sales (thous. tons).....	October '08	18.5	30.3	-20.6	-39.1	213.8	-19.5
Automobile registrations (number).....	October '08	260	1,907	-65.8	-86.4	12,108	-36.3

Note: Change between periods is presented in real terms. 1. Change in seasonally adjusted values.

	Latest period	Latest value	Value 1 year ago	% change on		Year-to-date	
				previous period	previous year	Value	Change on prev. year (%)
<b>III Foreign trade and external economic conditions</b>							
Price of marine products in foreign currency (Jan.1999=100).....	September '08	121.6	118.8	0.6	2.4	120.0	2.2
Price of aluminium, LME cash price USD/t.....	November '08	1,825	2,506	-14.0	-27.2	2,675	0.6
Price of crude oil (Brent) USD/b.....	November '08	47.2	92.5	-35.1	-48.9	102.4	44.4
Demersals (1,000 tonnes).....	October '08	41.5	37.9	25.2	9.5	396.5	-6.3
Pelagics (1,000 tonnes).....	October '08	51.1	59.7	53.9	-14.4	662.2	-14.2
Merchandise exports (excl. ships & aircraft, b.kr.) <sup>1</sup> .....	September '08	42.6	18.1	26.0	63.5	293.4	24.5
- marine products (b.kr.) <sup>1</sup> .....	September '08	15.4	8.6	31.7	24.0	115.2	-2.2
- aluminium (b.kr.) <sup>1</sup> .....	September '08	18.7	4.9	12.3	162.9	124.2	64.0
- other industrial products (b.kr.) <sup>1</sup> .....	September '08	6.4	3.3	51.7	31.7	40.7	24.7
Merchandise imports (excl. ships & aircraft, b.kr.) <sup>1</sup> .....	September '08	42.4	28.0	13.7	4.7	348.8	2.3
Merchandise trade balance (excl. ships & aircraft, b.kr.).....	September '08	0.3	-9.9	.	.	-55.4	.
Services exports (b.kr.) <sup>1</sup> .....	Q2/2008	44.8	36.8	15.3	-7.2	78.5	-0.3
Services imports (b.kr.) <sup>1</sup> .....	Q2/2008	54.2	47.9	5.0	-13.9	98.9	-6.0
Real effective exchange rate (relative CPI) (2000=100).....	Q3/2008	99.0	110.0	0.0	-10.0	99.0	-7.5

Note: In the case of volumes and values, 'year-to-date' refers to cumulated figures, but in the case of prices or indices it refers to the average price or index. 1. Changes are calculated at constant exchange rates.

#### IV Labour market and wages

	Latest period	Latest value	Value 1 year ago	Change <sup>1</sup> from		Year-to-date <sup>2</sup>	
				previous period	previous year	Average	Change on prev. year (%)
Number of unemployed listed at employment agencies .....	October '08	3,106	1,315	877	1,791	1,959	15.8
Registered unemployment, s.a. (% of total est. labour force) .....	October '08	2.1	0.9	0.4	1.2	1.2	0.2
Unemployment rate, labour force survey.....	Q3/2008	1.9	2.1	0.0	-0.2	2.6	0.2
Listed vacancies at employment agencies .....	October '08	259	296	-37.1	-12.5	366	-14.5
Work permits issued, total .....	October '08	201	287	1	-30.0	2,033	-22.1
New permits for new jobs and permit extensions.....	October '08	291	971	-3	-70.0	4,137	-35.9
Wage index (December 1988=100) .....	October '08	353.3	324.6	0.3	8.8	343.5	8.2
Real wages (wage index deflated by CPI).....	October '08	136.9	145.8	-1.8	-6.1	141.7	-3.0

1. Change from previous period refers to change in the number of unemployed and change in the rate of unemployment; otherwise, it refers to percentage change. 2. Average from beginning of year except for work permits where the cumulated number of permits is shown. Change on previous year refers to change in the average number of unemployed and change in the unemployment rate; it refers to percentage change.

#### V Public finances

	Latest period	Latest value	Value 1 year ago	% change on		Year-to-date	
				previous period	previous year	Value	Change on prev. year (%)
Treasury revenue balance (b.kr.) .....	September '08	-5.4	2.4	.	.	13.8	.
- as percentage of revenue.....	September '08	-15.6	7.4	.	.	4.2	.
Net borrowing requirement (b. kr.).....	September '08	-0.1	-5.2	.	.	27.7	.
- as percentage of revenue.....	September '08	-0.1	-15.6	.	.	8.3	.
Treasury revenue (b. kr.).....	September '08	34.5	33.1	2.3	-8.4	332.4	-5.9
- excl. asset sales and irregular items (b. kr.).....	September '08	34.5	33.1	2.3	-8.4	332.4	-5.9
- from VAT (b. kr.).....	September '08	10.5	11.2	-1.1	-17.3	99.0	-10.5
- from payroll & personal income tax withheld (b. kr.) .....	September '08	9.8	9.1	-2.4	-5.0	94.9	-4.2
- from imports (b. kr.) .....	September '08	2.9	3.6	-3.5	-29.4	28.0	-13.3
Treasury expenditures (b. kr.).....	September '08	39.9	30.7	1.0	14.3	318.6	6.7
- excl. irregular items (b. kr.) .....	September '08	39.9	30.7	1.0	14.3	318.6	6.7

Note: First four columns show 4-month moving averages of monthly values, last two show current year to date.

#### VI Asset markets

	Latest period	Latest value	Value 1 year ago	% change on		Year-to-date	
				previous period	previous year	Average <sup>1</sup>	Change on prev. year (%)
OMXI-15 equity price index <sup>2</sup> (Dec. 1997=1,000).....	October '08	1,526.6	8,329.1	-62.2	-81.7	4,435.4	-43.6
Equity turnover on OMXI, <sup>2</sup> monthly total .....	October '08	48.1	177.4	-72.4	-72.9	1,178.1	-55.8
Residential housing prices, narrow index <sup>3</sup> (Jan. 1994=100) .....	October '08	338.8	348.4	-0.1	-2.7	340.9	4.9
Real residential housing prices, broad index <sup>3</sup> (Jan. 1994=100) .....	October '08	183.2	217.5	-2.3	-15.8	196.3	-5.7
Price of long-term cod quota (kr./kg.) .....	November '08	2,800	3,760	40.0	-25.5	3,159	11.5

1. Except for turnover, which is cumulative to date. 2. OMXI = Iceland Stock Exchange (OMX Iceland). Prices are monthly averages. 3. In Greater Reykjavik.

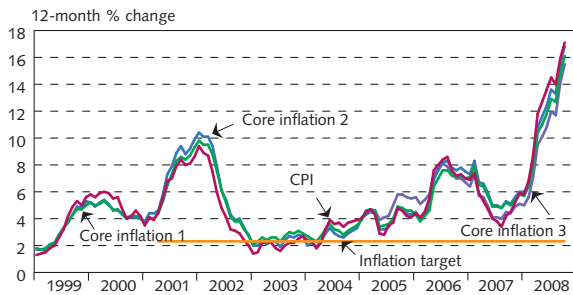
#### VII Financial markets

	Latest period	Latest value	Value 1 year ago	% change on		Year-to-date	
				previous period	previous year	Average	Change on prev. year (%)
Bank lending to domestic sector (b.kr.) <sup>1</sup> .....	September '08	4,827.4	2,893.6	17.1	66.8	.	.
adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) <sup>1</sup> .....	September '08	580.3	478.0	5.8	27.7	.	.
in real terms (January 2002=100).....	September '08	422.9	335.4	1.4	26.1	.	.
Credit system total lending (b.kr.).....	June '08	6,731.4	5,017.8	0.5	34.2	.	.
M3 (b.kr.).....	September '08	1,230.3	786.2	7.4	56.5	.	.
Money market yield, 12-mo. (%) <sup>2</sup> .....	November 21 '08	17.8	14.2	2.6	3.5	15.3	1.3
Yield on Treasury notes (RIKB 10 0317) (%) <sup>2</sup> .....	November 21 '08	15.7	12.7	5.8	3.1	12.2	1.2
Yield on Treasury notes (RIKB 13 0517) (%) <sup>2</sup> .....	November 21 '08	13.7	10.3	5.0	3.3	10.6	1.3
Real yield on HFF bonds (HFF150224) (%) <sup>2</sup> .....	November 21 '08	3.8	6.4	0.2	-2.5	4.6	-0.9
Real yield on HFF bonds (HFF150234) (%) <sup>2</sup> .....	November 21 '08	4.0	5.4	0.3	-1.4	4.3	-0.5
Real yield on HFF bonds (HFF150244) (%) <sup>2</sup> .....	November 21 '08	4.0	5.0	0.3	-1.0	4.3	-0.2
Average bank lending rate, non-indexed loans (%) <sup>2</sup> .....	November 21 '08	21.8	19.4	1.2	2.4	20.3	1.0
Average bank lending rate, indexed loans (%) <sup>2</sup> .....	November 21 '08	10.3	9.6	0.3	0.7	10.1	1.3
Exchange rate index of króna (Dec. 31, 1991=100) <sup>2</sup> .....	November 21 '08	221.8	116.4	26.4	105.4	159.3	41.2

1. For comparability, financial companies that were reclassified as deposit money banks or moved into that category through mergers are included retrospectively for the entire period. This adjustment is made only for percentage changes and not applied to the original stock figures. 2. All figures except for two last columns are based on 4-week averages.

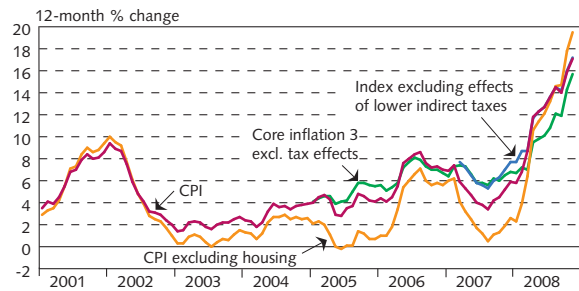
# I Inflation and inflation expectations

I-1 Consumer price inflation and core inflation<sup>1</sup>

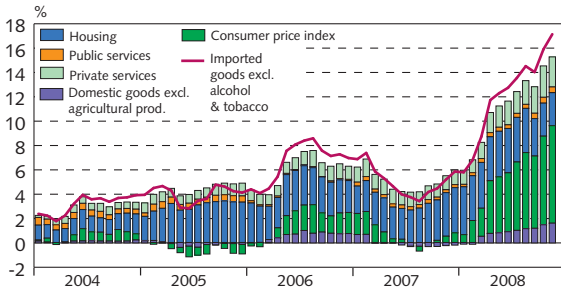


1. Core inflation 1: CPI excl. agricultural products and petrol. Core inflation 2: Core inflation 1 excl. public services. Core inflation 3: Core inflation 2 excl. mortgage rates.

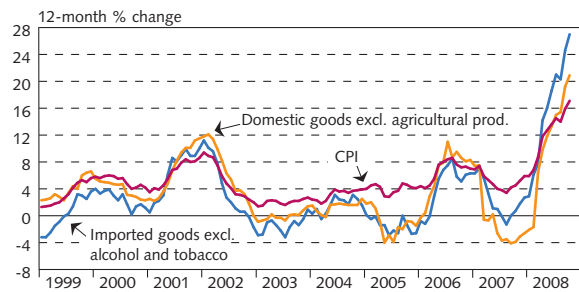
I-2 Inflation  
Various measurements



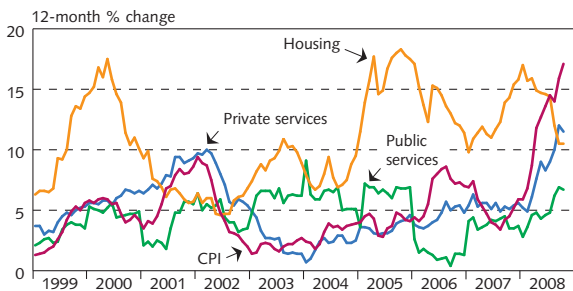
I-3 Components of CPI inflation  
Contribution to inflation in past 12 months



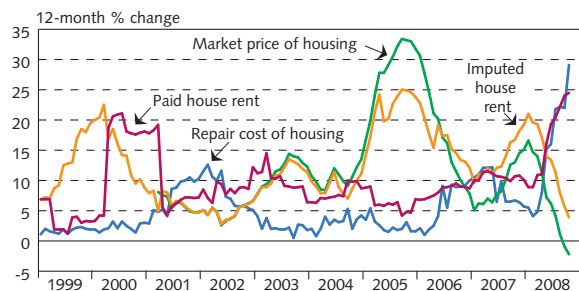
I-4 Consumer prices  
Goods



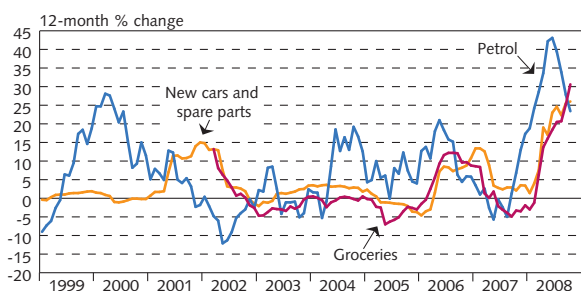
I-5 Consumer prices  
Housing and services



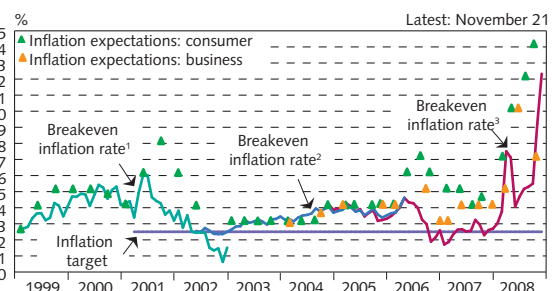
I-6 Consumer prices  
Housing



I-7 Consumer prices  
Selected components



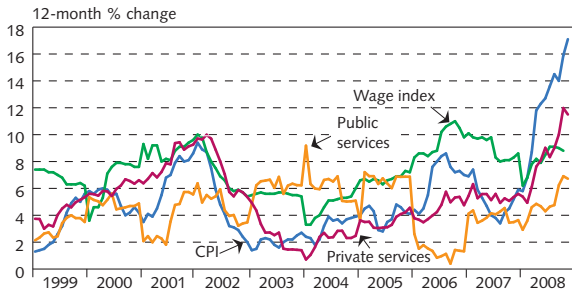
I-8 Inflation expectations  
Breakeven inflation rate at month-end  
and inflation expectations according to surveys



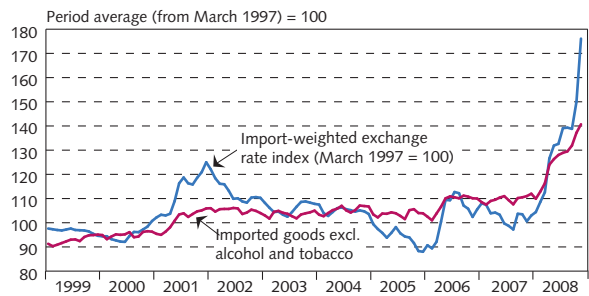
1. Spread between RIKB 03 1010 and RIKS 03 0210.  
2. Spread between RIKB 13 0517 and RIKS 15 1001.  
3. Spread between RIKB 13 0517 and HFF150914.

## I Inflation and inflation expectations

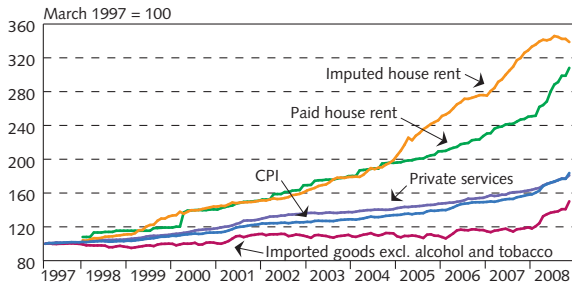
I-9 Wage and inflation development  
Wages, inflation and services



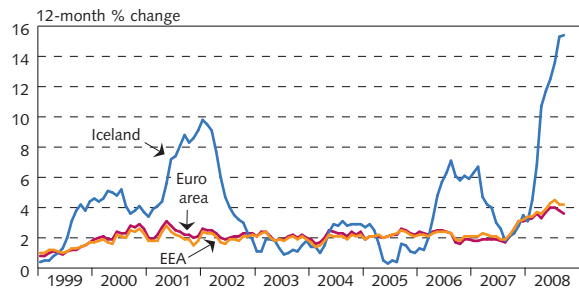
I-10 Prices of imported goods and exch. rate development  
Import-weighted exchange rate of the króna and prices of imported goods in the CPI



I-11 Consumer prices  
Goods, housing and services

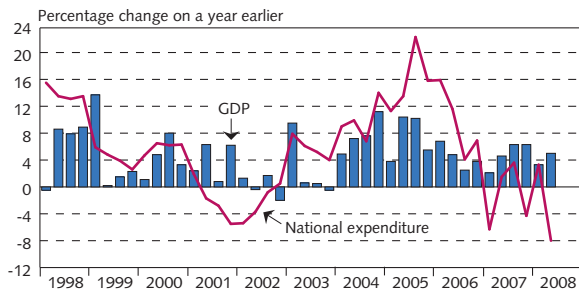


I-12 Inflation in Iceland and in Europe  
HICP inflation

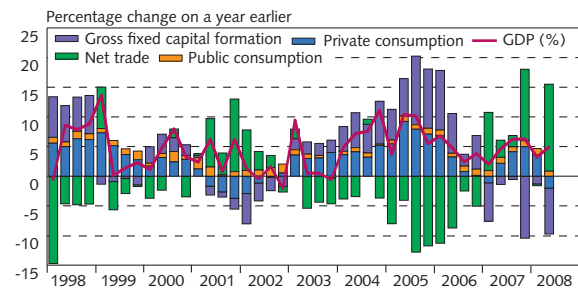


## II Output and demand

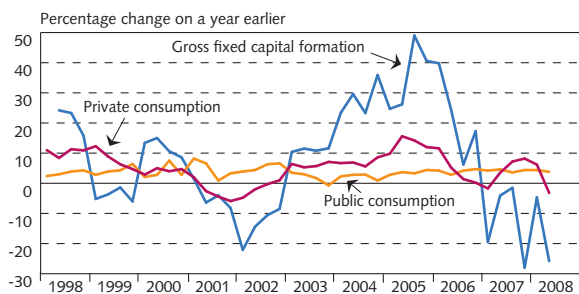
II-1 Economic growth and national expenditure  
Quarterly data



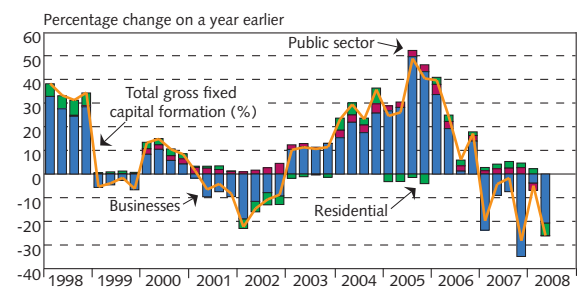
II-2 Contributions to GDP growth  
Quarterly data



II-3 Consumption and gross fixed capital formation  
Quarterly data



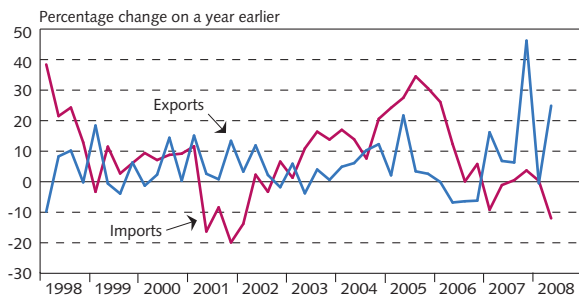
II-4 Contribution to gross fixed capital formation  
Quarterly data



## II Output and demand

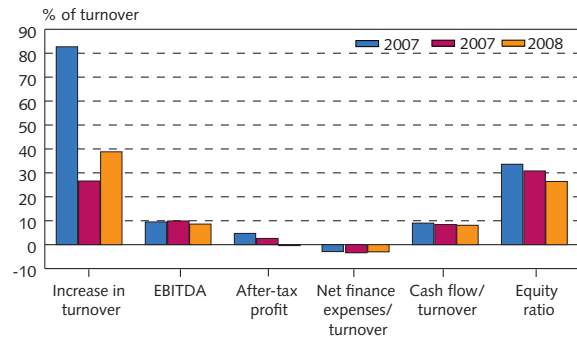
II-5

Exports and imports of goods  
Quarterly data



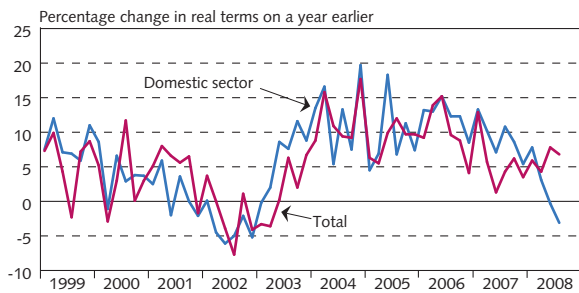
II-6

OMXI-listed company turnover and profits  
January-September 2006-2008



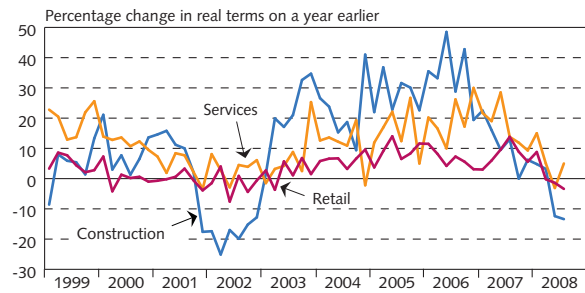
II-7

Turnover based on VAT returns  
Seasonally adjusted



II-8

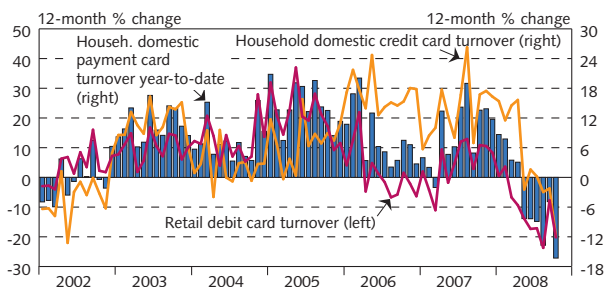
Turnover based on VAT returns  
Selected sectors



II-9

Payment card turnover

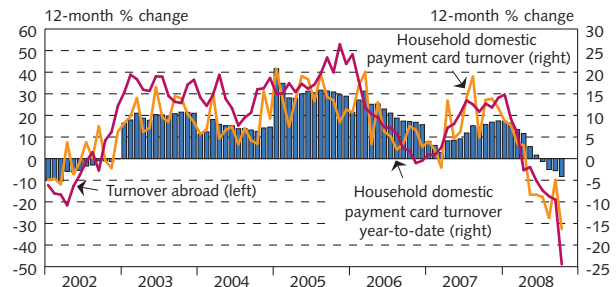
Deflated by the CPI less housing cost for domestic turnover and the exchange rate for turnover abroad



II-10

Payment card turnover

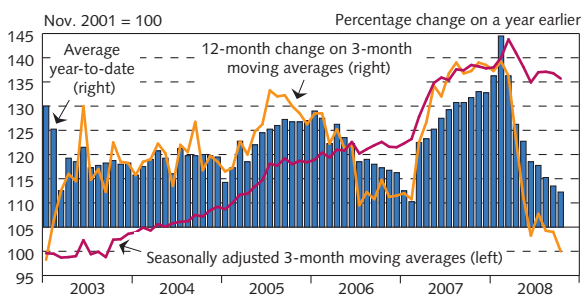
Deflated by the CPI less housing cost for domestic turnover and the exchange rate for turnover abroad



II-11

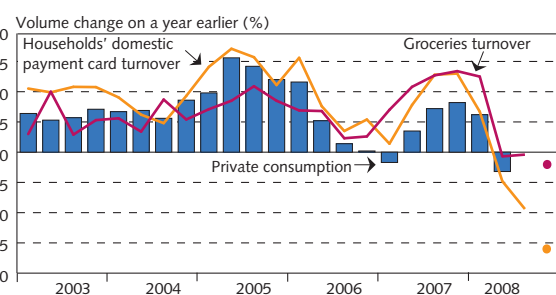
Groceries turnover

In real terms (deflated by the price of groceries in the CPI)



II-12

Private consumption, groceries  
and payment card turnover  
Quarterly data<sup>1</sup>

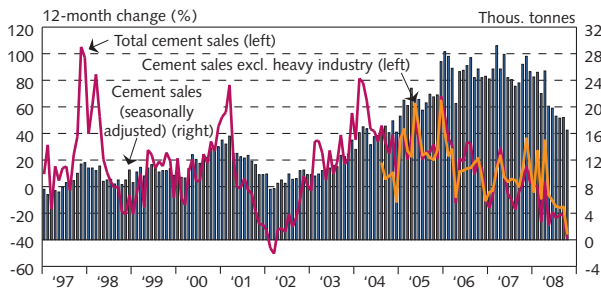


1. Points show twelve-month % change in October.

## II Output and demand

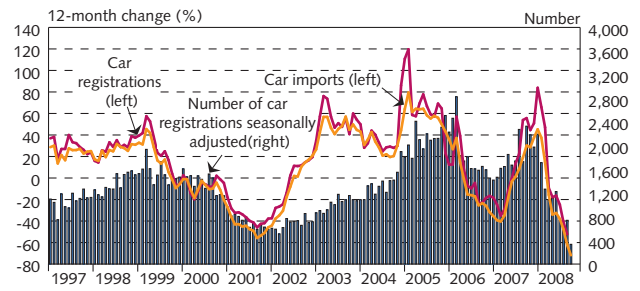
II-13

**Cement sales**  
Monthly data, 3-month moving averages



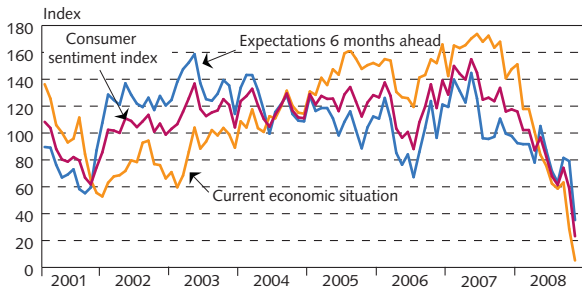
II-14

**Car imports and registrations**  
Monthly data, 3-month moving averages



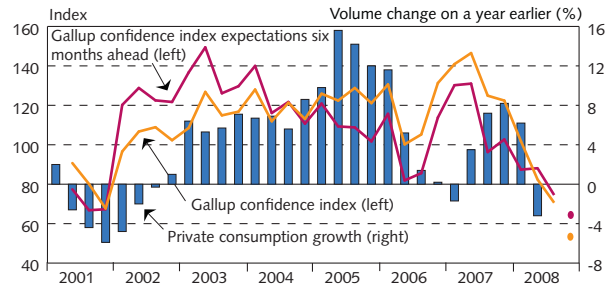
II-15

**Consumer sentiment (Gallup)**  
Index, current situation and expectations six months ahead



II-16

**Private consumption and consumer confidence**  
Quarterly data<sup>1</sup>

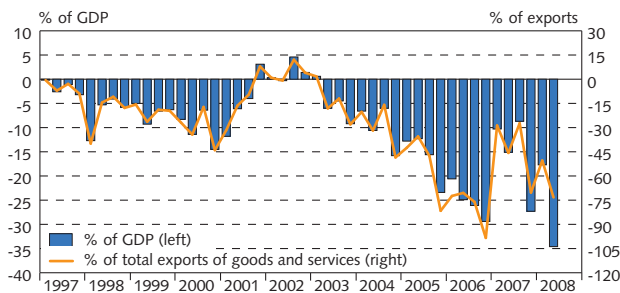


1. Points show twelve-month % change in October.

## III Foreign trade and external economic conditions

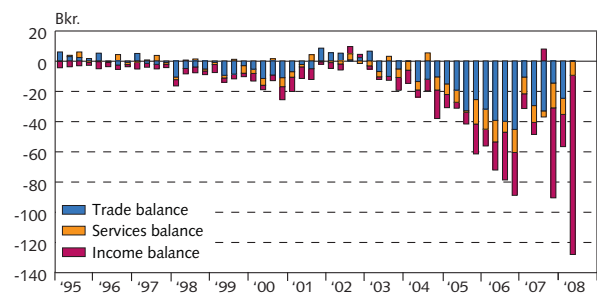
III-1

**Current account balance**  
Quarterly data



III-2

**Components of current account**  
Net current transfer is included in factor income



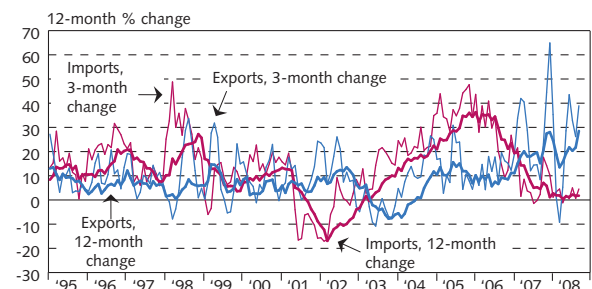
III-3

**Merchandise trade balance**  
12-month moving averages



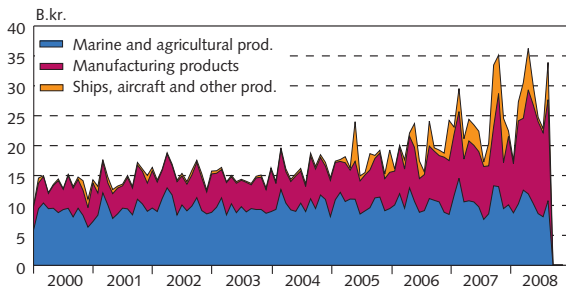
III-4

**Merchandise imports and exports**  
12- and 3-month moving averages, at fixed exchange rates

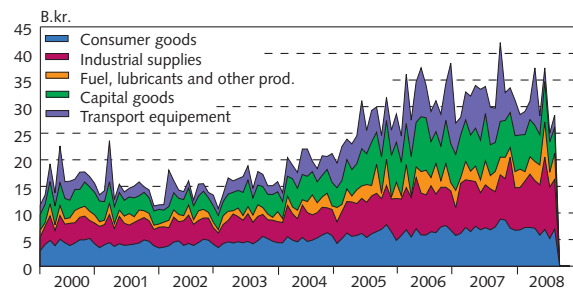


### III Foreign trade and external economic conditions

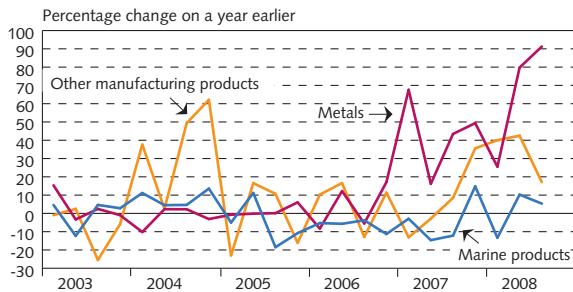
III-5  
Components of merchandise exports  
Export value at fixed prices



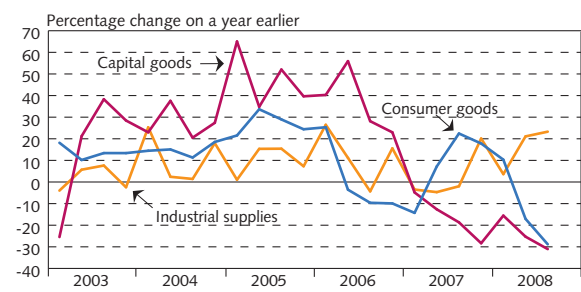
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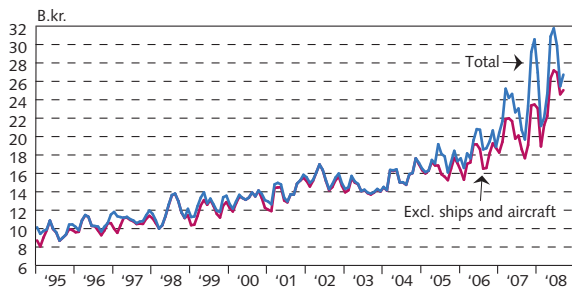
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Quarterly data



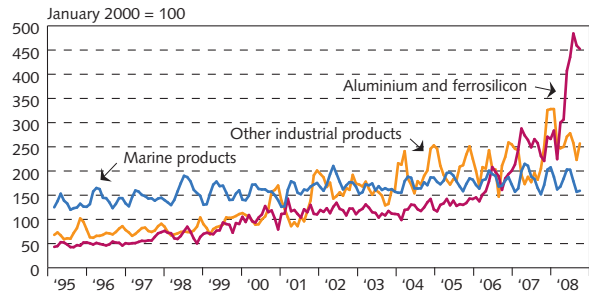
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Volume changes on main import products  
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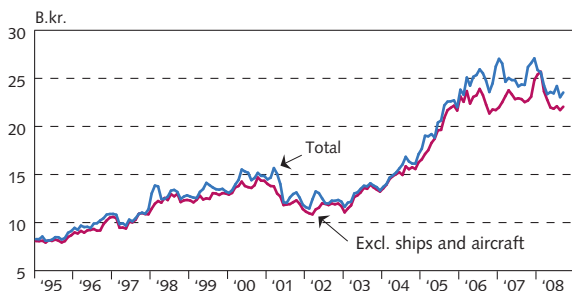
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3-month moving averages, at fixed exchange rates



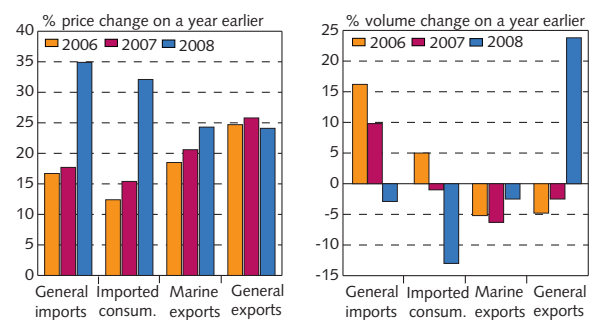
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III-12  
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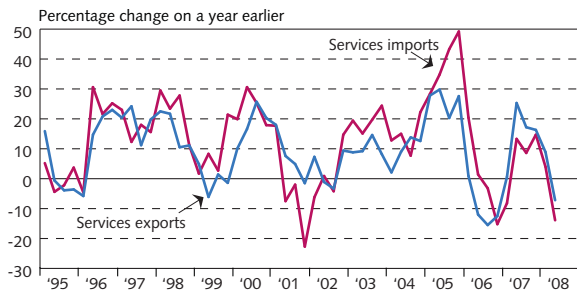




### III Foreign trade and external economic conditions

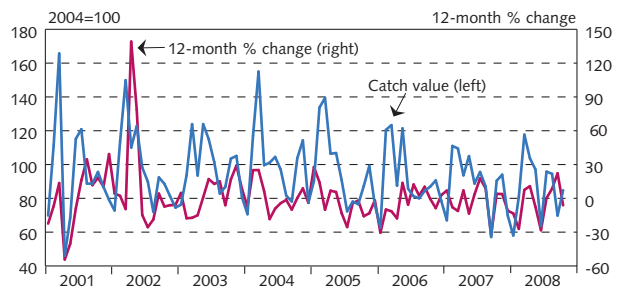
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Services account  
Quarterly data at fixed exchange rate



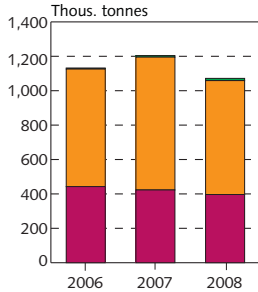
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Fish catch volume  
At fixed price levels

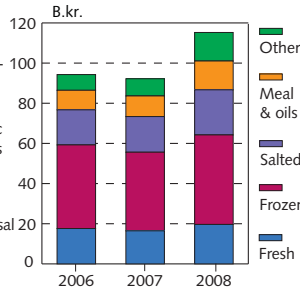


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Fish catch  
January-October

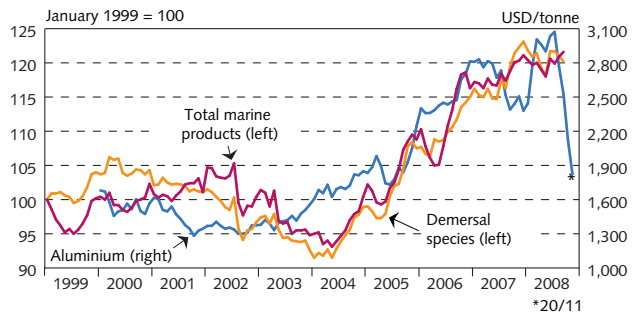


Marine export value  
January-September



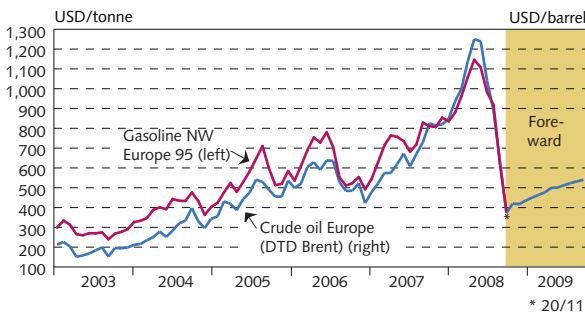
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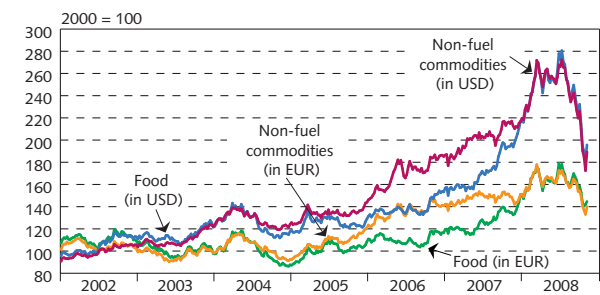
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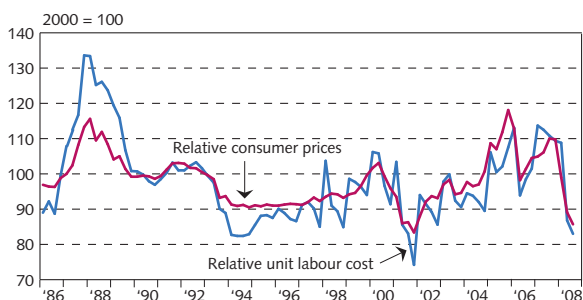
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Commodity prices in international markets  
Weekly data



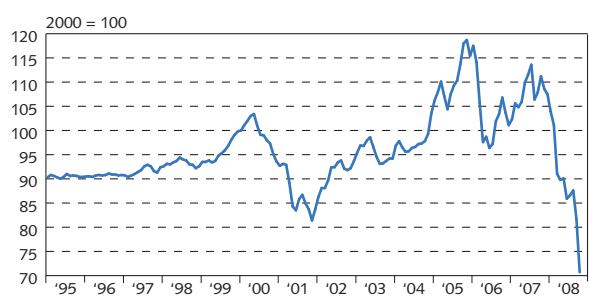
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Real effective exchange rate of the króna  
Quarterly data



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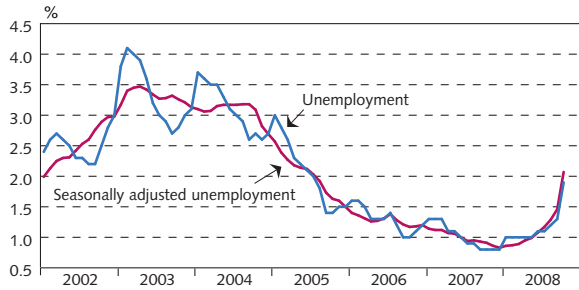
Real effective exchange rate of the króna  
Monthly data, relative consumer prices



# IV Labour market and wages

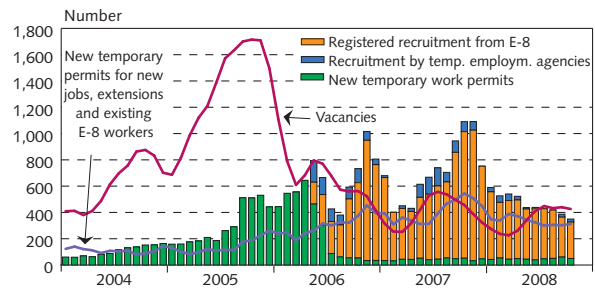
IV-1

**Unemployment**  
Percentage of labour force



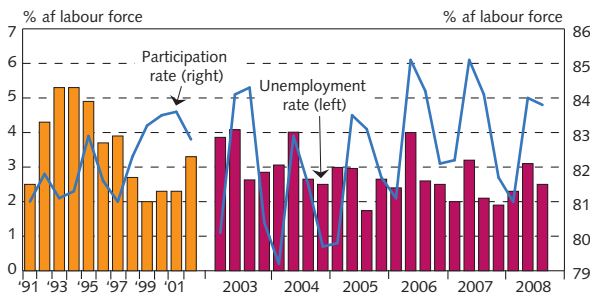
IV-2

**Foreign labour**  
3-month moving averages



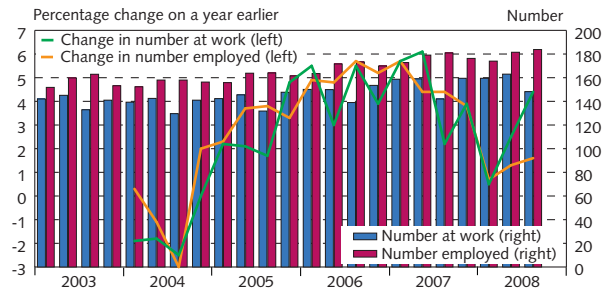
IV-3

**Unemployment rate and labour participation rate**  
Statistics Iceland labour market survey



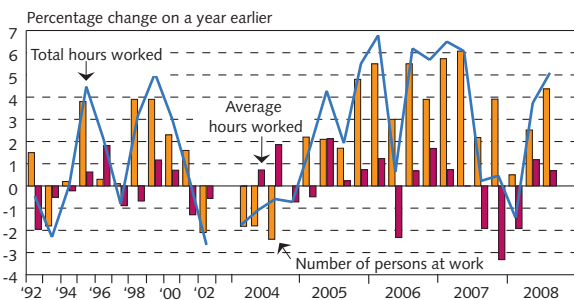
IV-4

**Employed persons and number of persons at work**  
Quarterly data



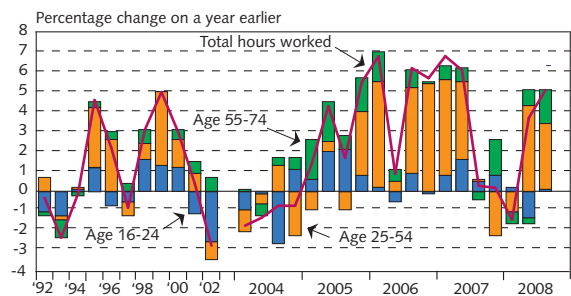
IV-5

**Labour use**  
Survey-based



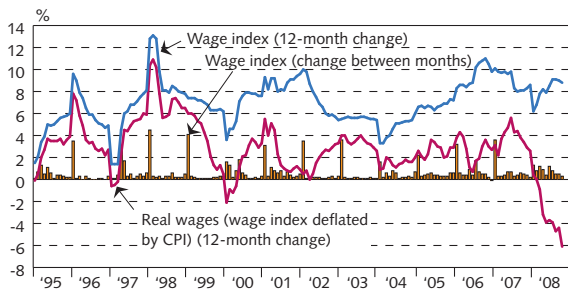
IV-6

**Labour use**  
Contribution of age groups to total hours worked



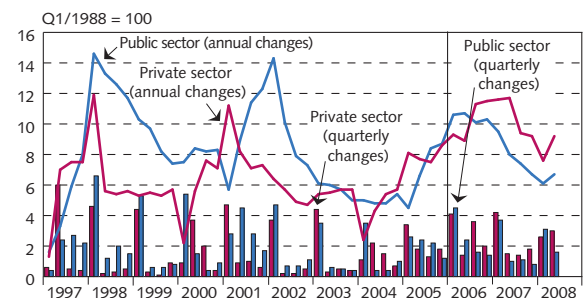
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**Nominal and real wages**  
Statistics Iceland wage index



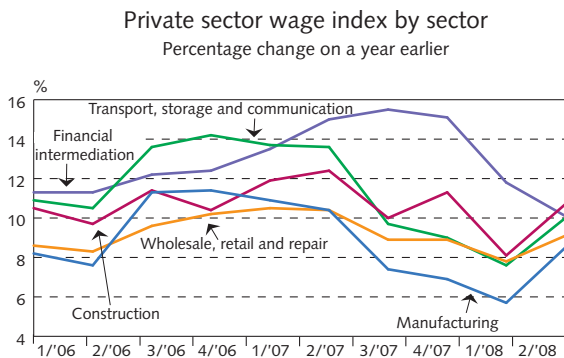
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**Wage changes by sectors**  
Statistics Iceland wage index

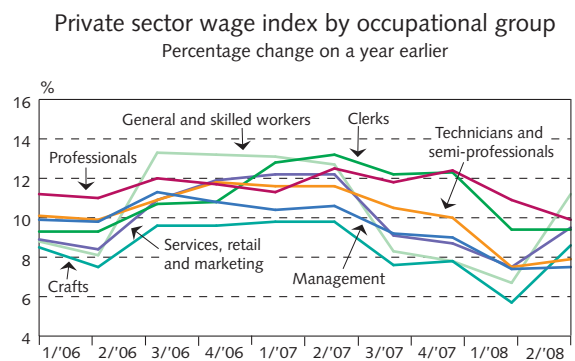


## IV Labour market and wages

IV-9

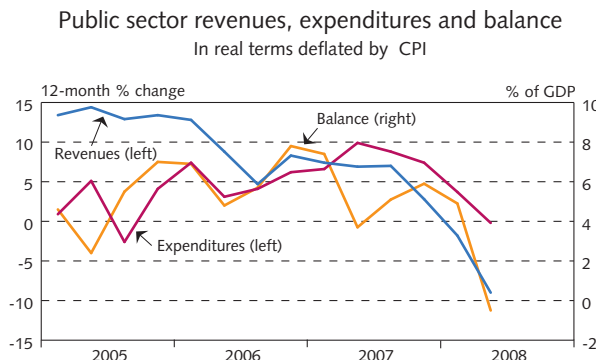


IV-10

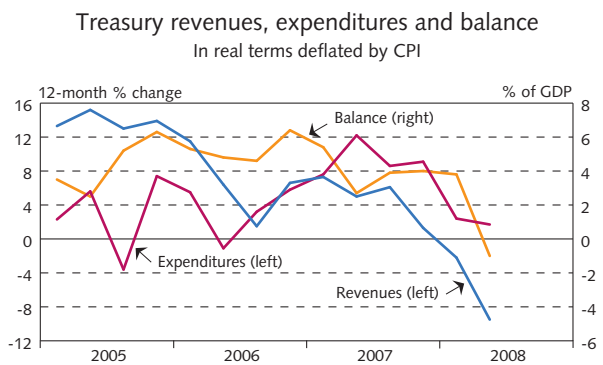


## V Public finances

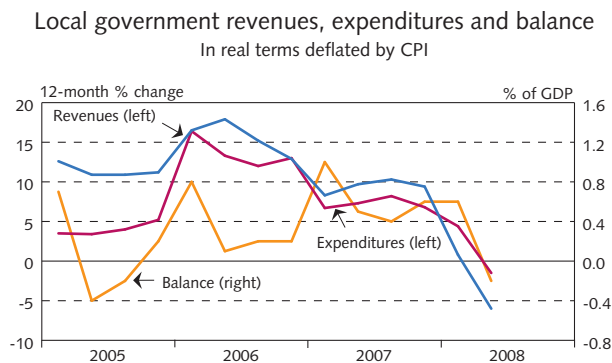
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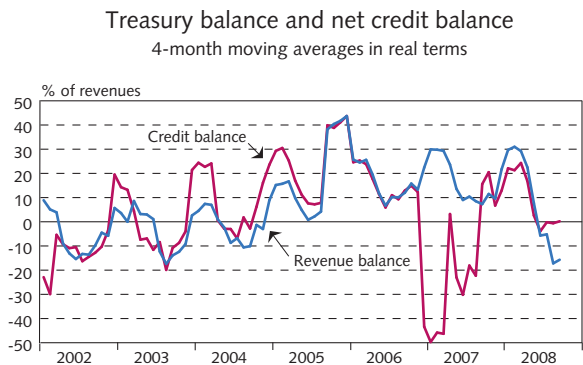
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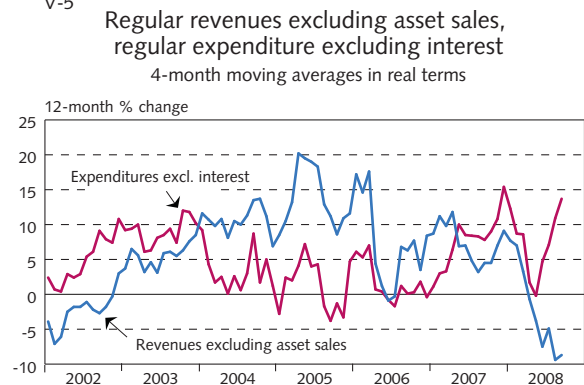
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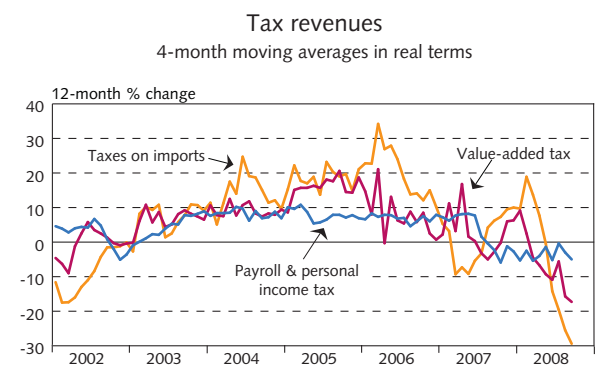
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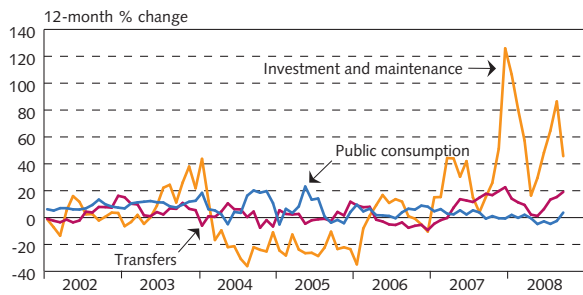
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## V Public finances

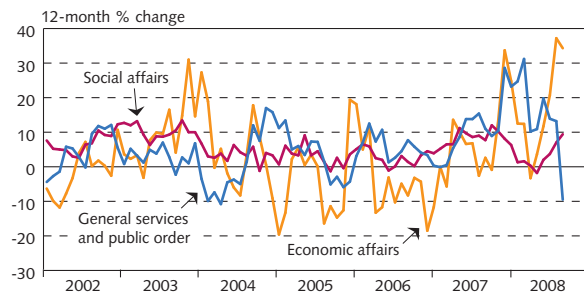
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Treasury expenditures by type  
4-month moving averages in real terms



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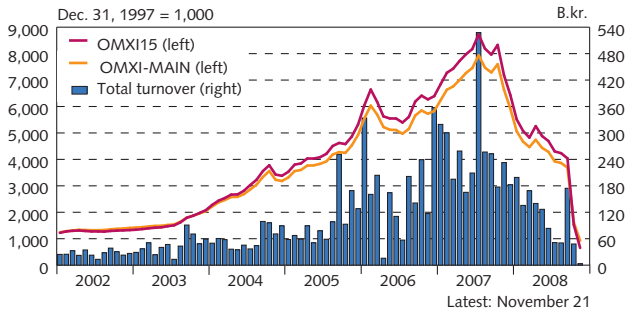
Treasury expenditures by function  
4-month moving averages in real terms



## VI Asset markets

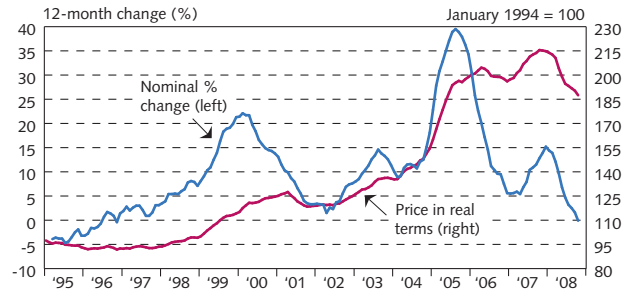
VI-1

OMXI equity market  
Monthly turnover and equity prices



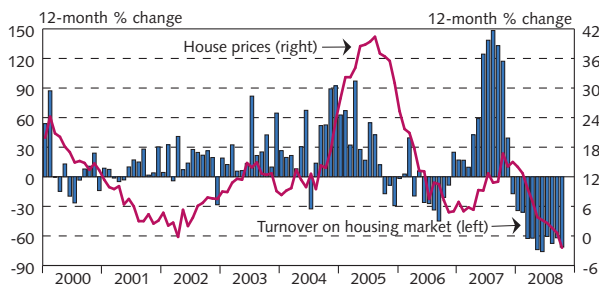
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Residential housing prices in Greater Reykjavik  
Price per m<sup>2</sup>, 3-month moving averages



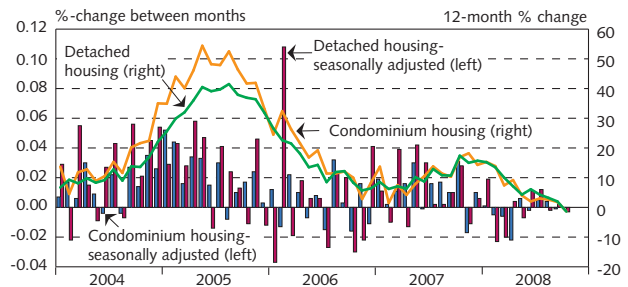
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Residential housing in Greater Reykjavik  
Monthly turnover and prices



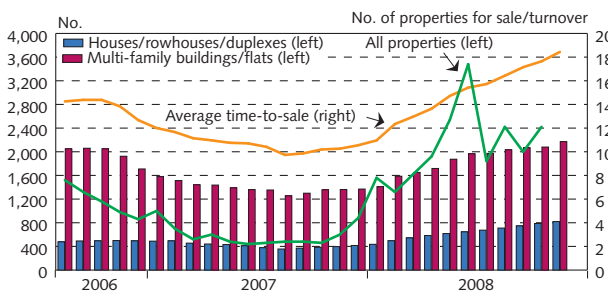
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Residential housing prices in Greater Reykjavik  
Condominiums and detached housing



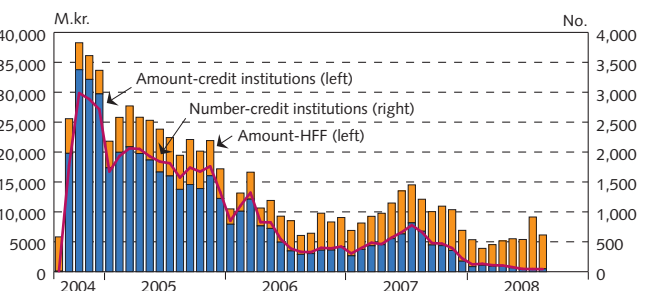
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Advertised property and average time-to-sale  
Advertisements on the Morgunbladid real estate website



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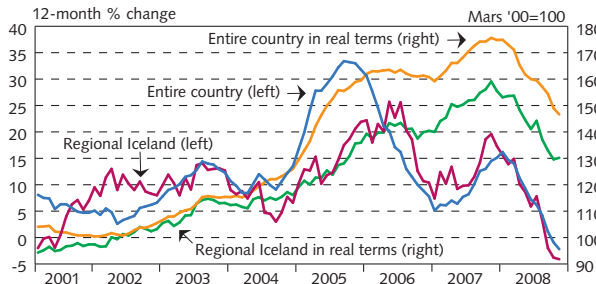
Number and amount of new housing loans  
Credit institutions, and HFF



## VI Asset markets

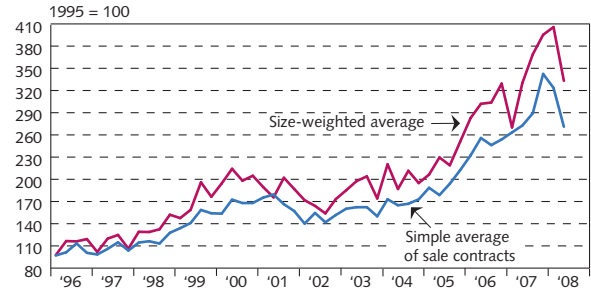
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Market price of residential housing  
Entire country and regional Iceland



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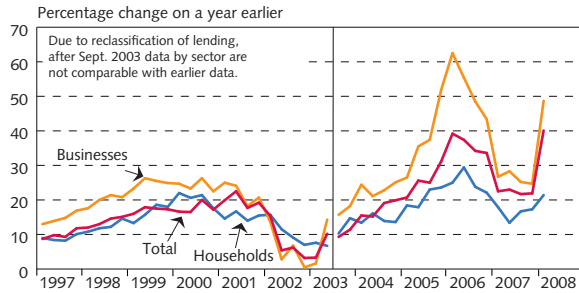
Commercial property prices in Greater Reykjavik  
Weighted average of industrial, retail and office premises in real terms



## VII Financial markets

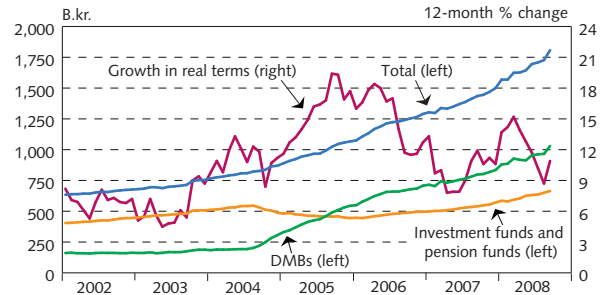
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Credit system lending growth  
Quarterly data



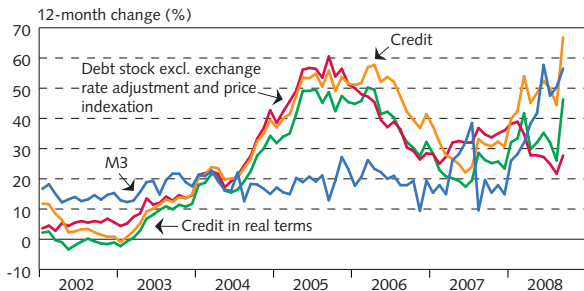
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Household debt with main credit institutions  
Monthly data



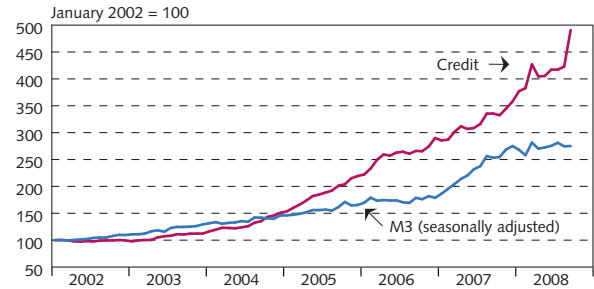
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Growth of M3 and bank credit  
Monthly data



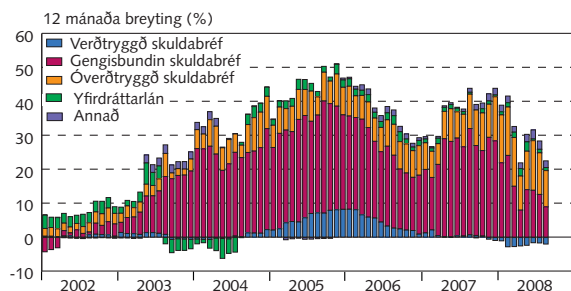
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Growth of M3 and DMB credit to domestic sector  
Monthly data



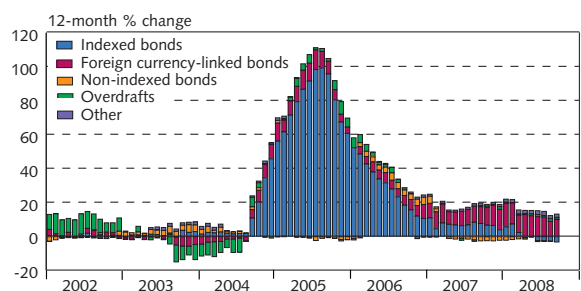
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Útlán innlánsstofnana til fyrirtækja  
Fræglag einstakra liða til útlánsvaxtar



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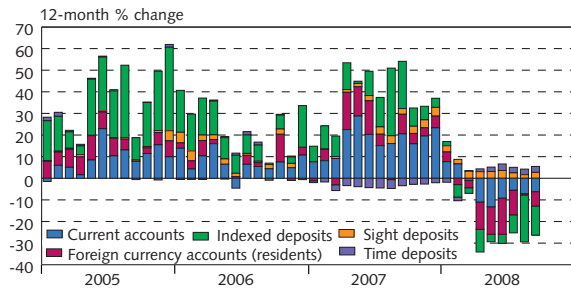
DMB credit to households  
Contribution to credit growth



## VII Financial markets

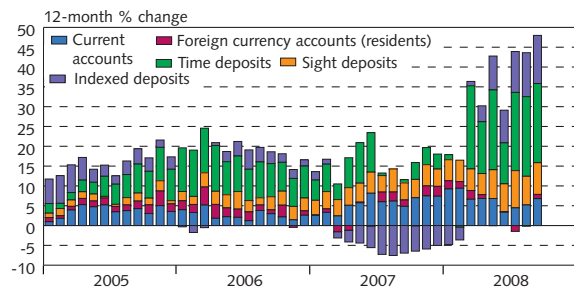
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Companies' deposits  
Contribution to deposit growth



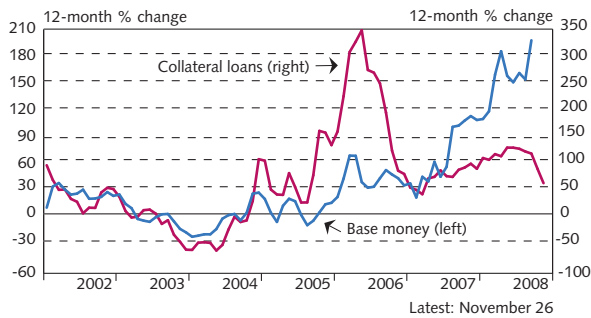
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Household deposits  
Contribution to deposit growth



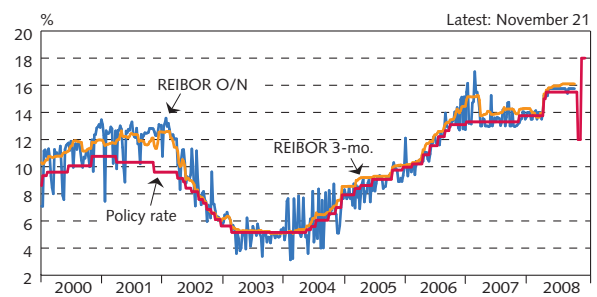
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Base money and collateral loans  
with the Central Bank  
3-month moving averages



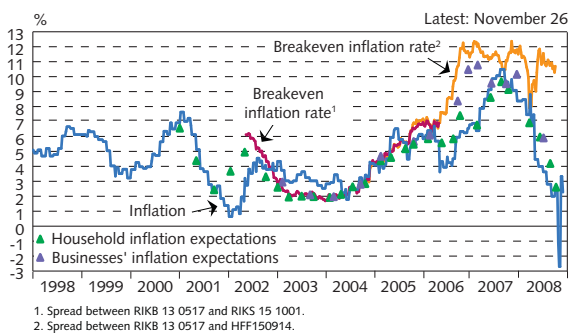
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Central Bank policy rate and interbank interest rates  
Weekly data



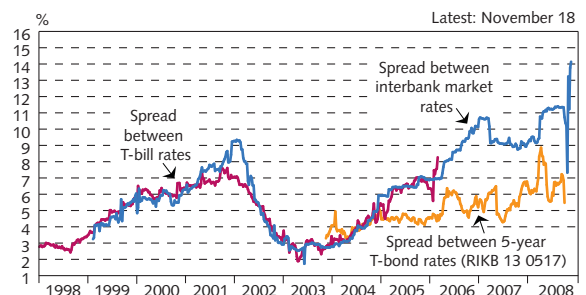
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Central Bank policy interest rate in real terms  
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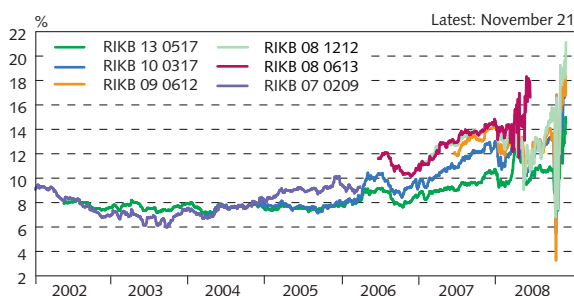
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Interest rate differential with abroad  
Weekly data



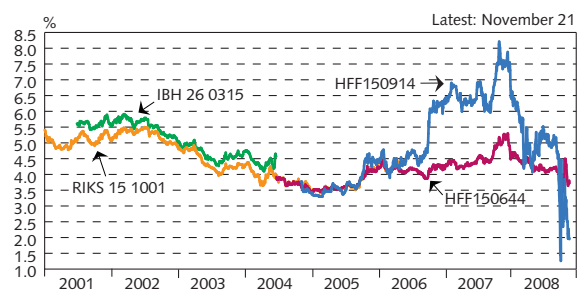
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Long-term nominal Treasury bond yields  
Daily data



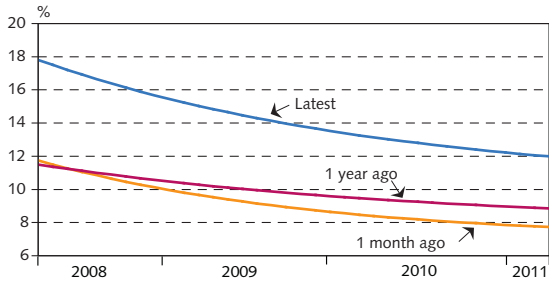
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Yields on indexed long-term bonds  
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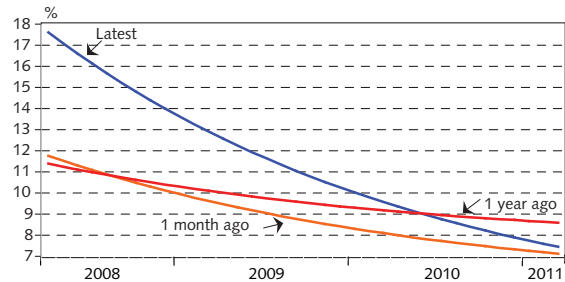


# VII Financial markets

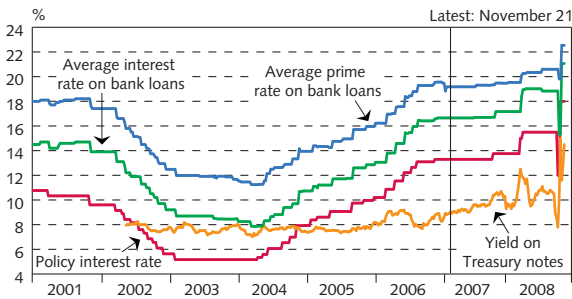
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Forward interest rates on financial market  
November 21, 2008



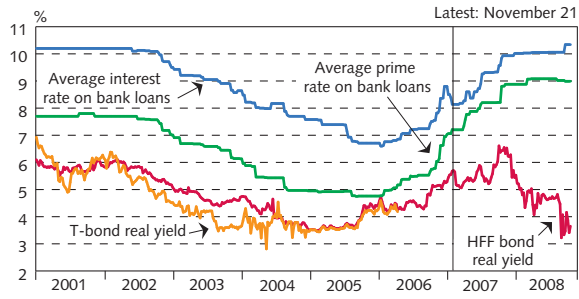
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Forward interest rates based on swap agreements  
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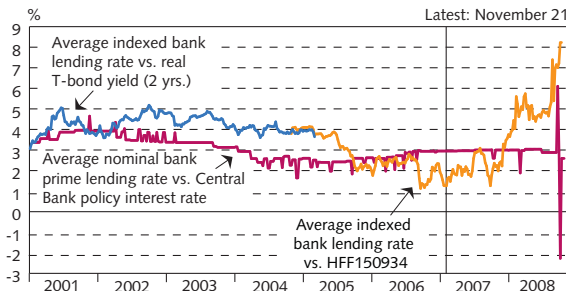
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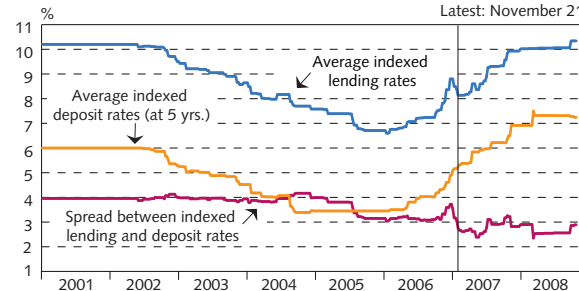
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Bank lending rates and real yield on housing bonds and T-bonds



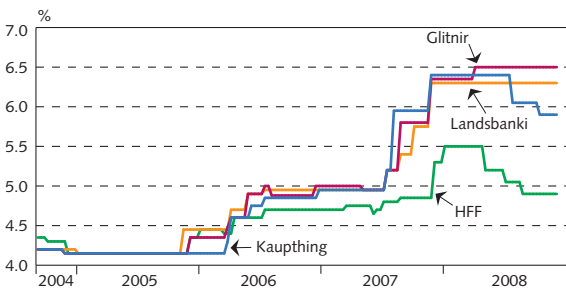
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Interest rate spreads  
Between nominal bank prime rates and the policy rate;  
between indexed bank lending rates and T-bond yield



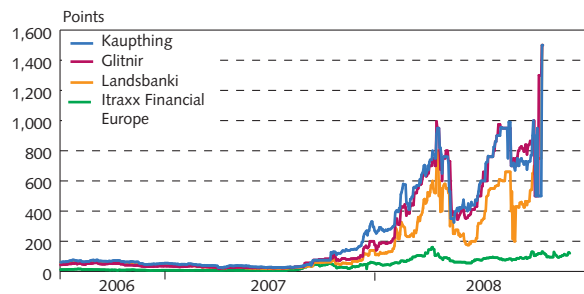
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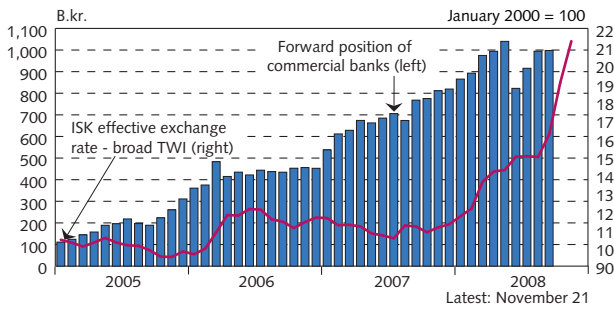
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Financial Index  
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## VII Financial markets

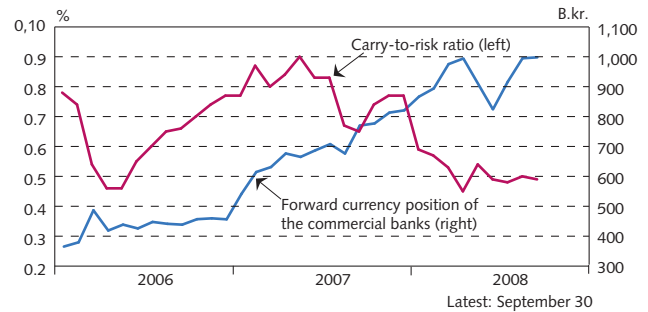
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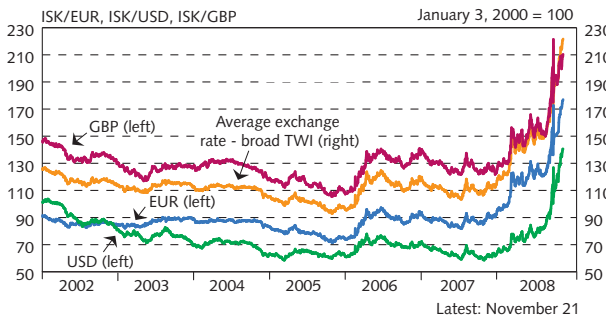
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Carry-to-risk ratio and forward currency position of the commercial banks  
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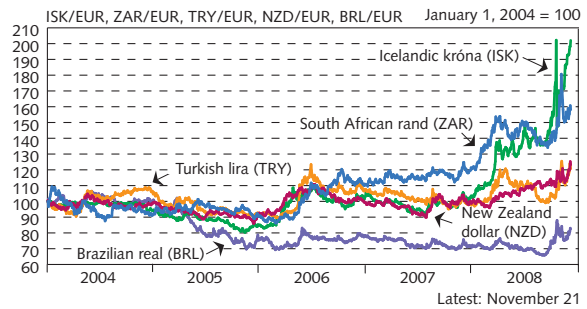
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Exchange rate of the króna  
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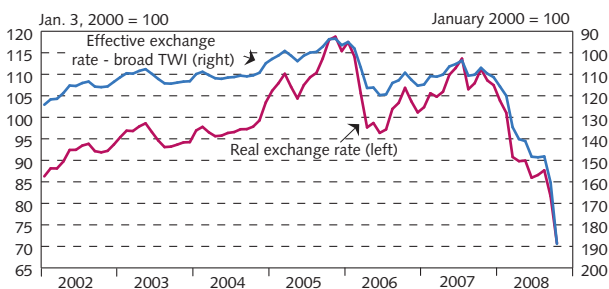
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