

Economic Indicators



Central Bank of Iceland
August 2008

Overview of economic indicators

I Inflation and inflation expectations¹

	Latest period	Latest value	Change (%)			Contribution to 12-mo. inflation (%)	12-mo. ch. 1 year ago (%)
			on prev. month	over 6 months ²	over 12 months		
Consumer price index.....	August '08	312.8	0.9	19.5	14.5	.	3.4
Core index 1 (CPI excl. agricultural products and petrol).....	August '08	175.1	1.1	17.3	12.9	11.5	4.8
Core index 2 (core index 1 excl. public services).....	August '08	177.1	1.2	18.6	13.6	11.2	4.8
Domestic goods excl. agricultural products.....	August '08	153.1	1.4	21.5	15.0	1.1	-3.5
Agricultural products.....	August '08	149.5	1.4	24.4	16.8	0.9	-3.0
Imported goods excl. alcohol and tobacco.....	August '08	138.4	0.5	31.6	21.0	6.8	-1.3
- food and beverages.....	August '08	153.3	2.3	48.3	31.5	0.8	-6.8
- cars and spare parts.....	August '08	161.2	0.8	40.6	24.6	2.1	2.9
- petrol.....	August '08	226.8	-3.9	50.5	39.4	1.8	-5.0
- imported goods excl. food and beverages.....	August '08	108.9	1.5	19.9	12.6	2.1	0.7
Housing.....	August '08	310.7	0.9	14.7	14.4	3.5	12.3
Public services.....	August '08	160.0	0.6	2.8	4.8	0.3	4.3
Private services.....	August '08	175.4	1.2	12.8	9.0	1.9	4.9
Groceries (perishables).....	August '08	150.4	1.8	31.0	20.5	3.0	-3.9
Weighted import exchange rate index (Dec. 31, 1994=100).....	July 31 '08	134.5	6.5	80.3	41.2	.	-9.3

	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.....	June '08	10.0	6.0	3.0	3.0	.
Household inflation expectations.....	March '08	10.0	3.0	5.0	.	12.0

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

II Output and demand

	Latest period	Latest value	Value 1 year ago	% change ¹ on		Year-to-date ¹	
				previous period	previous year	Value	Change on prev. year (%)
GDP (b.kr.).....	Q1/2008	318.4	302.4	-5.9	1.1	318.4	1.1
National expenditure (b.kr.).....	Q1/2008	355.1	325.6	-5.9	1.2	355.1	1.2
Private consumption (b.kr.).....	Q1/2008	191.8	170.3	-6.8	5.2	191.8	5.2
Public consumption (b.kr.).....	Q1/2008	86.9	76.6	-1.2	3.3	86.9	3.3
Gross fixed investment (b.kr.).....	Q1/2008	78.1	77.2	-9.4	-5.3	78.1	-5.3
Exports of goods and services (b. kr.).....	Q1/2008	114.2	109.7	-19.4	0.2	114.2	0.2
Imports of goods and services (b. kr.).....	Q1/2008	-151.0	-132.9	-17.2	0.4	-151.0	0.4
Domestic turnover according to VAT returns (b. kr.) ¹	Mar.-Apr. '08	282.5	248.6	1.6	9.0	528.5	8.1
Turnover in grocery stores (b.kr.).....	July '08	148.4	143.7	9.8	3.2	136.2	5.1
Credit and debit card turnover (b.kr.) ¹	July '08	61.5	62.1	0.1	-14.2	417.8	-4.8
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).....	July '08	22.3	29.2	-6.7	-23.7	151.2	-15.7
Automobile registrations (number).....	July '08	805	1.894	-64.8	-57.5	10,489	-20.9

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

III Foreign trade and external economic conditions

	Latest period	Latest value	Value 1 year ago	% change on		Year-to-date	
				previous period	previous year	Value	Change on prev. year (%)
Price of marine products in foreign currency (Jan.1999=100).....	June '08	120.6	116.7	2.2	3.4	119.6	2.3
Price of aluminium, LME cash price USD/t.....	August '08	2,751	2,516	-10.4	9.3	2,868	4.6
Price of crude oil (Brent) USD/b.....	August '08	116.0	70.8	-13.4	63.8	113.6	72.5
Demersals (1,000 tonnes).....	July '08	32.8	35.9	14.9	-8.8	285.5	-10.1
Pelagics (1,000 tonnes).....	July '08	118.0	79.5	292.5	48.5	473.6	-26.4
Merchandise exports (excl. ships & aircraft, b.kr.) ¹	June '08	37.8	20.1	-8.5	33.5	185.3	17.5
- marine products (b.kr.) ¹	June '08	13.8	10.3	-13.8	-5.1	77.4	-4.1
- aluminium (b.kr.) ¹	June '08	18.4	6.9	-1.0	90.5	73.5	45.3
- other industrial products (b.kr.) ¹	June '08	4.3	2.4	-19.5	25.3	26.7	31.7
Merchandise imports (excl. ships & aircraft, b.kr.) ¹	June '08	39.1	29.5	-6.4	-5.8	220.5	2.4
Merchandise trade balance (excl. ships & aircraft, b.kr.).....	June '08	-1.3	-9.4	.	.	-35.2	.
Services exports (b.kr.) ¹	Q1/2008	33.0	29.4	-27.4	16.3	143.4	15.3
Services imports (b.kr.) ¹	Q1/2008	49.4	44.7	-3.5	14.8	187.9	8.3
Real effective exchange rate (relative CPI) (2000=100).....	Q2/2008	99.0	106.1	0.0	-6.7	99.0	-6.2

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 ¹ from		Year-to-date ²	
				previous period	previous year	Average	Change on prev. year (%)
Number of unemployed listed at employment agencies	July '08	1,968	1,578	126	390	1,731	-5.2
Registered unemployment, s.a. (% of total est. labour force)	July '08	1.1	0.9	0.1	0.2	0.9	-0.1
Unemployment rate, labour force survey.....	Q2/2008	1.9	3.2	0.0	-1.3	2.7	0.1
Listed vacancies at employment agencies	July '08	371	502	-18.1	-26.1	357	-20.5
Work permits issued, total	July '08	211	475	50	-55.6	1,344	-29.3
New permits for new jobs and permit extensions.....	July '08	403	498	-13	-19.1	3,157	-7.3
Wage index (December 1988=100)	July '08	348.8	319.8	0.8	9.1	339.9	7.8
Real wages (wage index deflated by CPI).....	July '08	140.5	146.3	-0.2	-3.9	142.9	-2.2

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.)	June '08	-1.9	2.9	.	.	27.9	.
- as percentage of revenue.....	June '08	-5.8	9.0	.	.	12.4	.
Net borrowing requirement (b. kr.).....	June '08	1.3	9.5	.	.	28.7	.
- as percentage of revenue.....	June '08	4.0	29.2	.	.	12.7	.
Treasury revenue (b. kr.).....	June '08	32.4	32.6	-7.7	-10.6	225.6	-5.1
- excl. asset sales and irregular items (b. kr.).....	June '08	31.9	31.0	-7.7	-7.5	223.4	-3.0
- from VAT (b. kr.).....	June '08	9.9	10.0	-12.3	-10.9	65.6	-7.3
- from payroll & personal income tax withheld (b. kr.)	June '08	11.0	10.5	-1.9	-5.2	66.7	-4.7
- from imports (b. kr.)	June '08	2.3	2.5	-10.8	-16.5	15.1	-1.3
Treasury expenditures (b. kr.).....	June '08	34.3	29.7	5.8	3.9	197.7	2.6
- excl. irregular items (b. kr.)	June '08	34.3	29.7	5.8	3.9	197.7	2.6

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 ¹	Change on prev. year (%)
OMXI-15 equity price index ² (Dec. 1997=1,000).....	July '08	4,300.4	8,725.9	-8.4	-50.7	4,935.9	-36.2
Equity turnover on OMXI, ² monthly total	July '08	51.1	527.6	-38.8	-90.3	905.1	-54.2
Residential housing prices, narrow index ³ (Jan. 1994=100)	July '08	340.5	331.9	0.8	2.6	341.6	7.3
Real residential housing prices, broad index ³ (Jan. 1994=100)	July '08	191.7	212.2	-0.2	-9.6	200.3	-2.4
Price of long-term cod quota (kr./kg.)	August '08	2,200	2,800	-21.4	-21.4	3,469	32.0

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

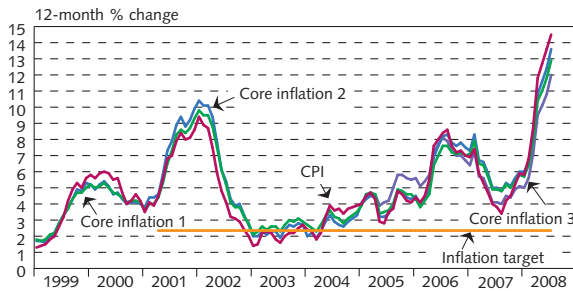
	Latest period	Latest value	Value 1 year ago	% change on		Year-to-date	
				previous period	previous year	Average	Change on prev. year (%)
Bank lending to domestic sector (b.kr.) ¹	July '08	537.6	621.6	1.3	24.8	.	.
adjusted for estimated indexation effects on inflation- and exchange rate-linked loans (index) ¹	July '08	417.2	308.6	0.7	35.2	.	.
in real terms (January 2002=100).....	March '08	6,717.8	4,197.6	40.1	60.0	.	.
Credit system total lending (b.kr.).....	July '08	1,382.9	977.1	2.1	41.5	.	.
M3 (b.kr.).....	August 22 '08	15.50	13.30	0.0	2.2	15.50	2.20
Central Bank policy interest rate (%).....	August 22 '08	15.8	14.2	15.8	1.6	13.9	-0.4
Money market yield, 3-mo. (%) ²	August 22 '08	15.4	13.9	-0.4	1.5	14.3	0.3
Money market yield, 12-mo. (%) ²	August 22 '08	12.0	11.7	-0.4	0.3	12.0	1.4
Yield on Treasury notes (RIKB 10 0317) (%) ²	August 22 '08	11.4	9.5	0.8	1.9	10.5	1.5
Yield on Treasury notes (RIKB 13 0517) (%) ²	August 22 '08	11.4	9.5	0.8	1.9	10.5	1.5
Real yield on HFF bonds (HFF150224) (%) ²	August 22 '08	4.6	5.6	-0.1	-1.0	5.0	-0.4
Real yield on HFF bonds (HFF150234) (%) ²	August 22 '08	4.5	4.8	0.2	-0.3	4.6	0.0
Real yield on HFF bonds (HFF150244) (%) ²	August 22 '08	4.3	4.5	0.2	-0.1	4.5	0.1
Average bank lending rate, non-indexed loans (%) ²	August 22 '08	20.3	19.3	-0.1	1.0	19.8	0.5
Average bank lending rate, indexed loans (%) ²	August 22 '08	10.0	9.2	0.0	0.9	10.0	1.5
Exchange rate index of króna (Dec. 31, 1991=100) ²	August 22 '08	151.8	118.7	-6.8	33.1	138.4	19.9

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

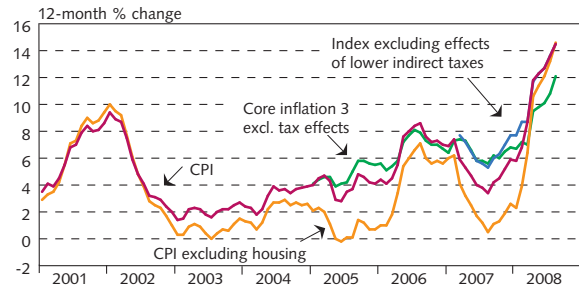
I-1

Consumer price inflation and core inflation¹



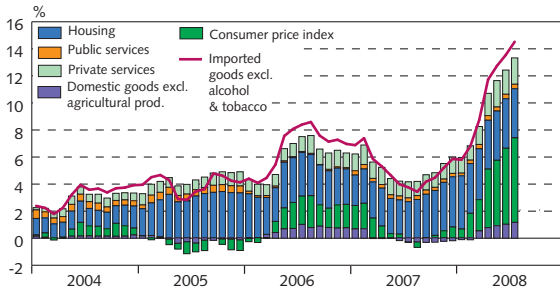
I-2

Inflation
Various measurements



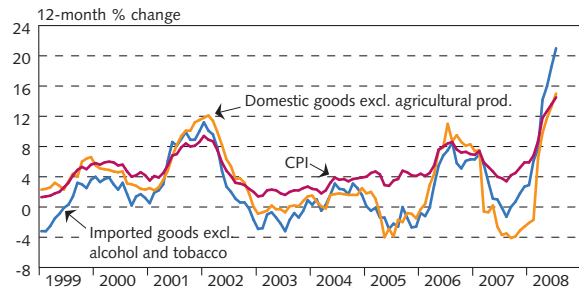
I-3

Components of CPI inflation
Contribution to inflation in past 12 months



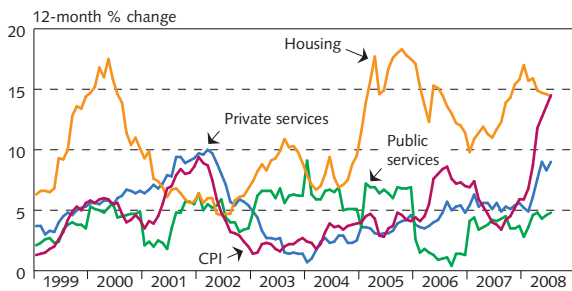
I-4

Consumer prices
Goods



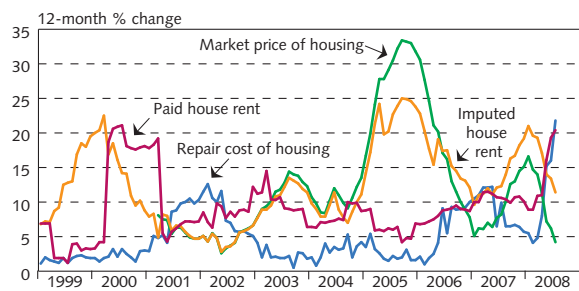
I-5

Consumer prices
Housing and services



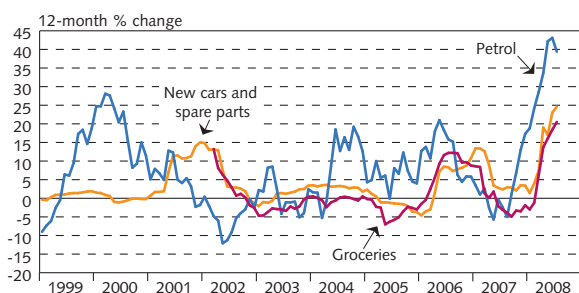
I-6

Consumer prices
Housing



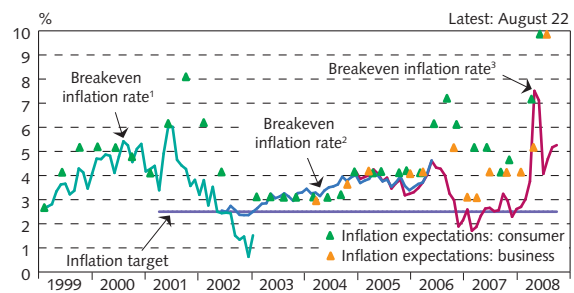
I-7

Consumer prices
Selected components



I-8

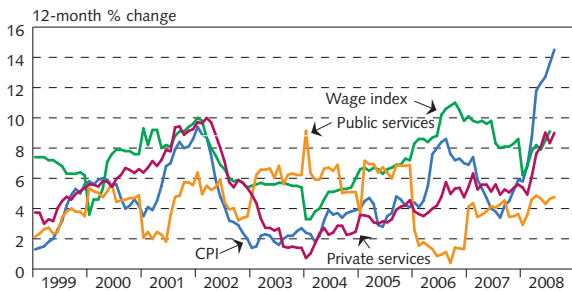
Inflation expectations
Breakeven inflation rate at month-end
and inflation expectations according to surveys



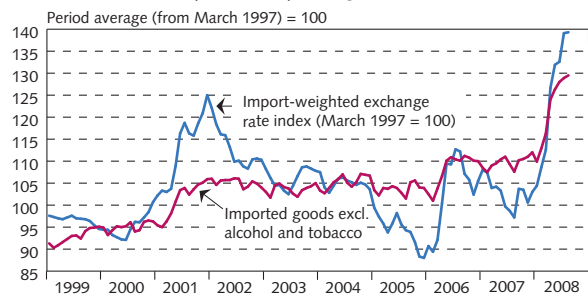
1. Spread between RIKB 03 1010 and RIKS 03 0210.
2. Spread between RIKB 13 0517 and RIKS 15 1001.
3. Spread between RIKB 13 0517 and HFF150914.

I Inflation and inflation expectations

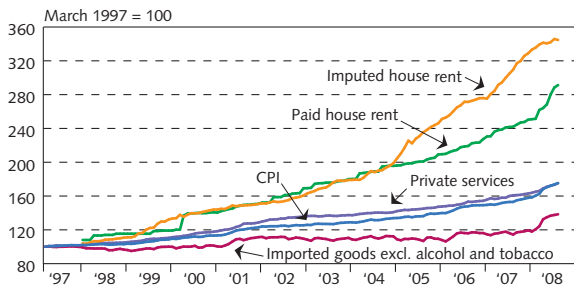
I-9 Wage and inflation development
Wages, inflation and services



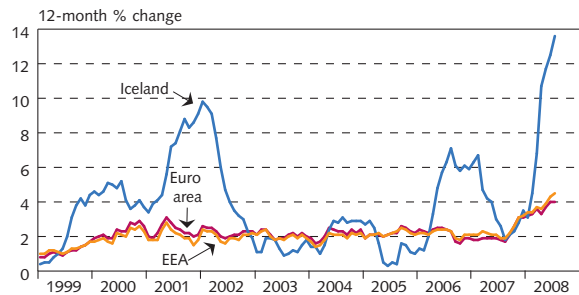
I-10 Prices of imported goods and exch. rate development
Import-weighted exchange rate of the króna and prices of imported goods in the CPI



I-11 Consumer prices
Goods, housing and services

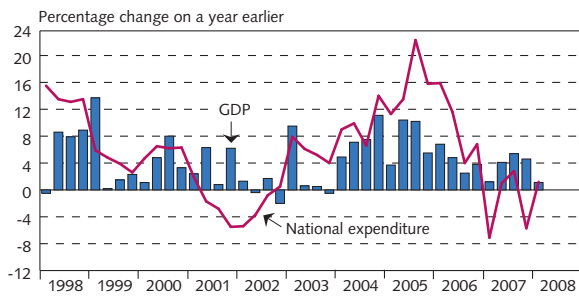


I-12 Inflation in Iceland and in Europe
HICP inflation

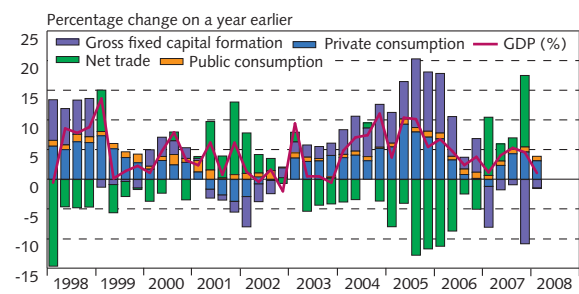


II Output and demand

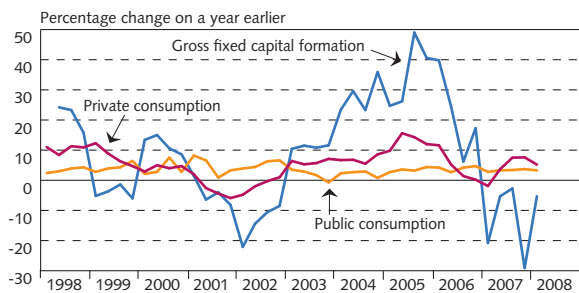
II-1 Economic growth and national expenditure
Quarterly data



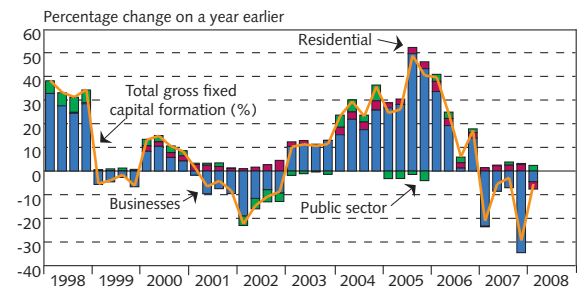
II-2 Contributions to GDP growth
Quarterly data



II-3 Consumption and gross fixed capital formation
Quarterly data



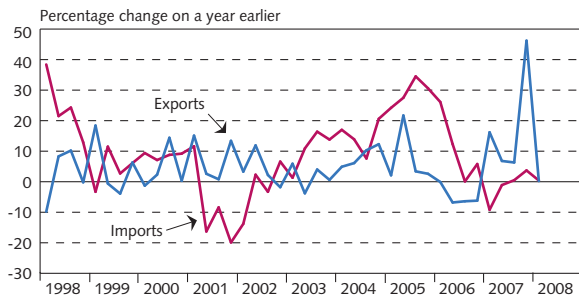
II-4 Contribution to gross fixed capital formation
Quarterly data



II Output and demand

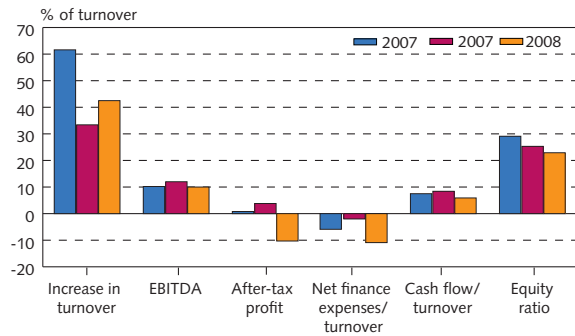
II-5

Exports and imports of goods
Quarterly data



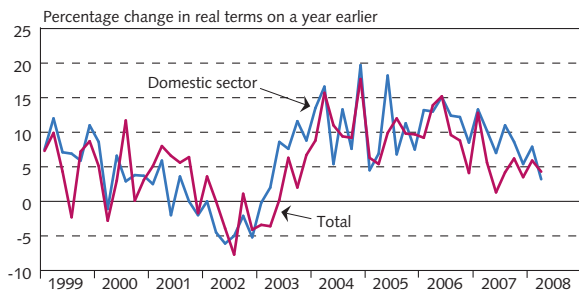
II-6

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



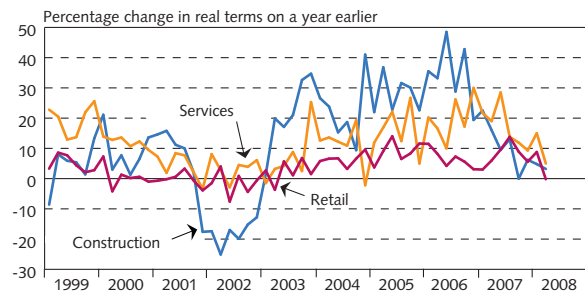
II-7

Turnover based on VAT returns
Seasonally adjusted



II-8

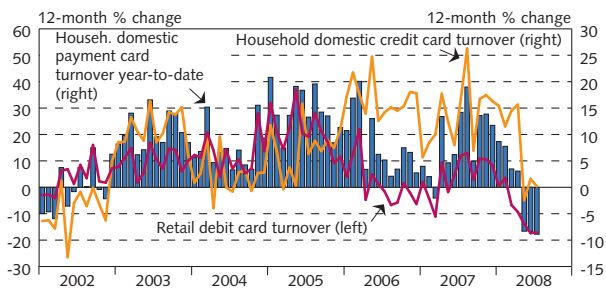
Turnover based on VAT returns
Selected sectors



II-9

Payment card turnover

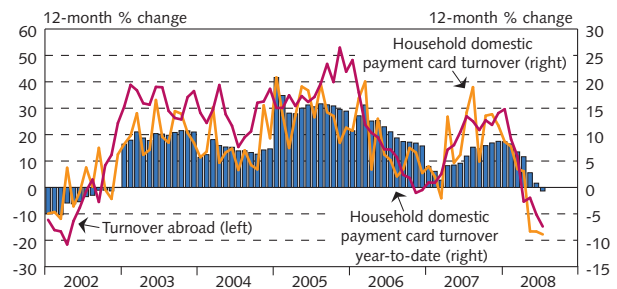
Deflated by the CPI less housing cost for domestic turnover and the exchange rate for turnover abroad



II-10

Payment card turnover

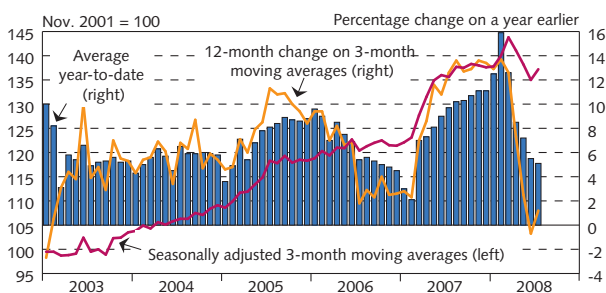
Deflated by the CPI less housing cost for domestic turnover and the exchange rate for turnover abroad



II-11

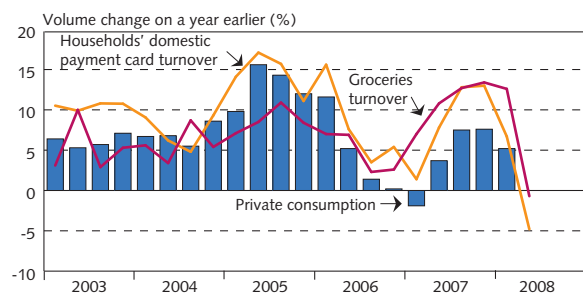
Groceries turnover

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



II-12

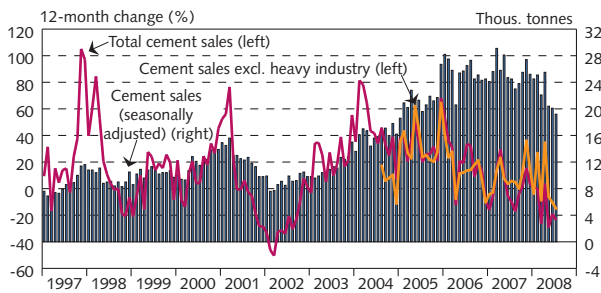
Private consumption, groceries and payment card turnover
Quarterly data



II Output and demand

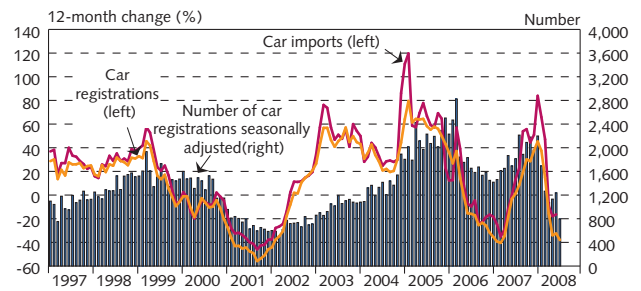
II-13

Cement sales
Monthly data, 3-month moving averages



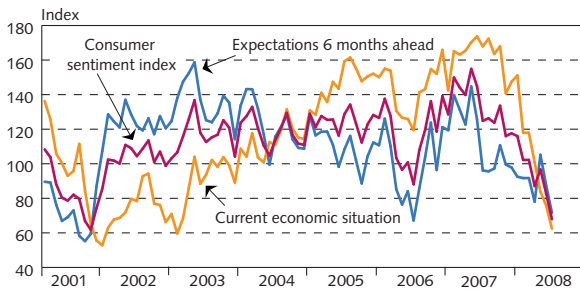
II-14

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



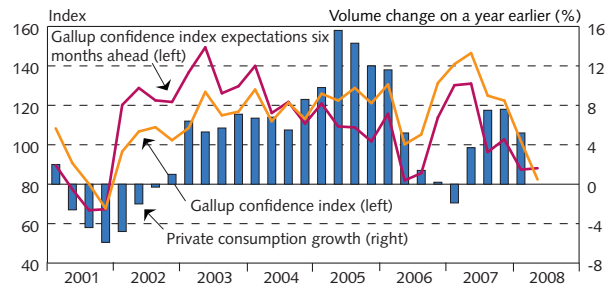
II-15

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



II-16

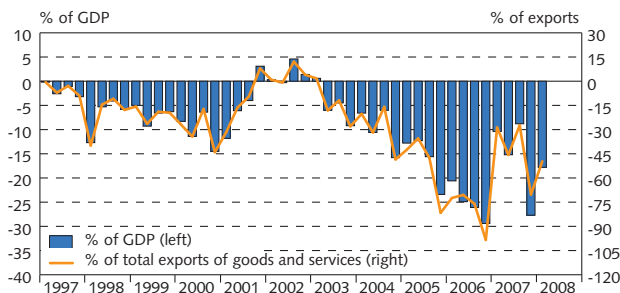
Private consumption and consumer confidence
Quarterly data



III Foreign trade and external economic conditions

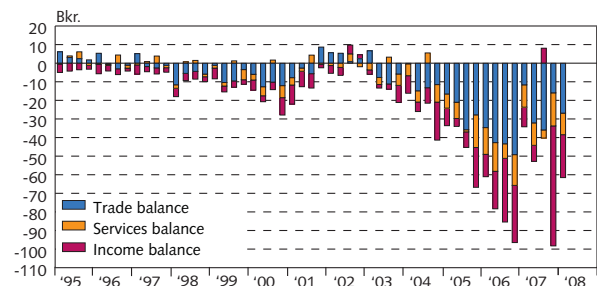
III-1

Current account balance
Quarterly data



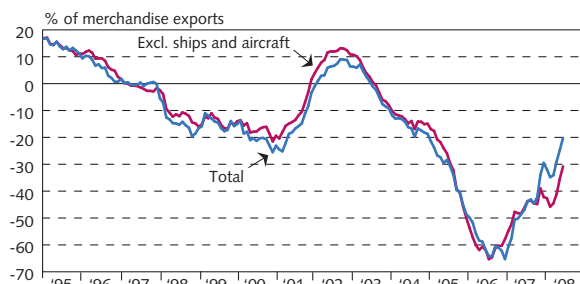
III-2

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



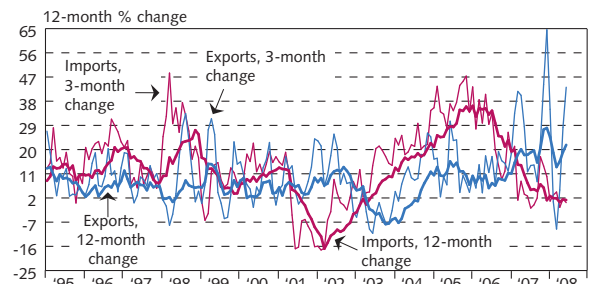
III-3

Merchandise trade balance
12-month moving averages



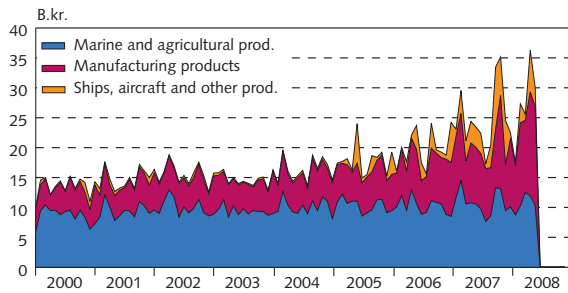
III-4

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

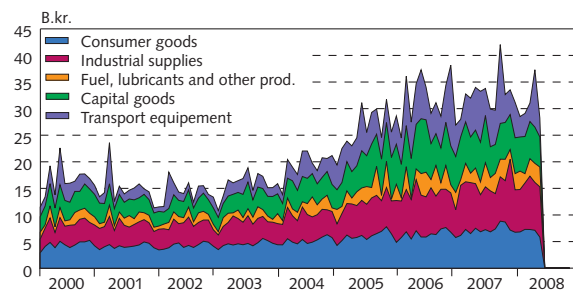


III Foreign trade and external economic conditions

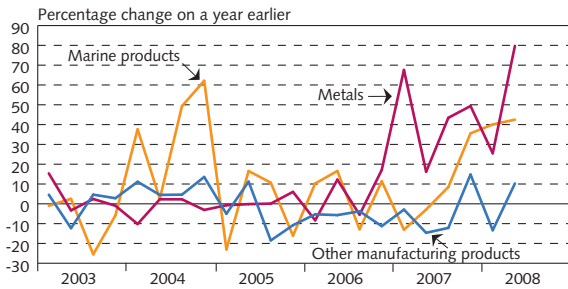
III-5
Components of merchandise exports
Export value at fixed prices



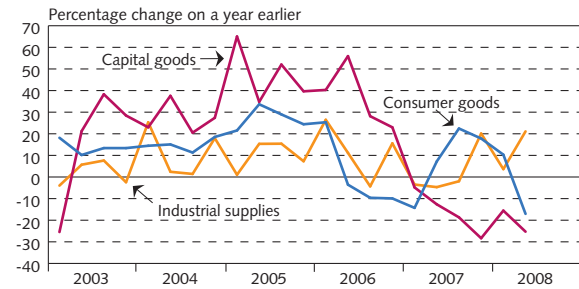
III-6
Components of merchandise imports
Import value at fixed prices



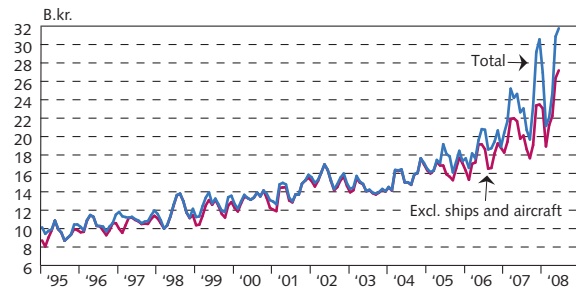
III-7
Volume changes on main export products
Quarterly data



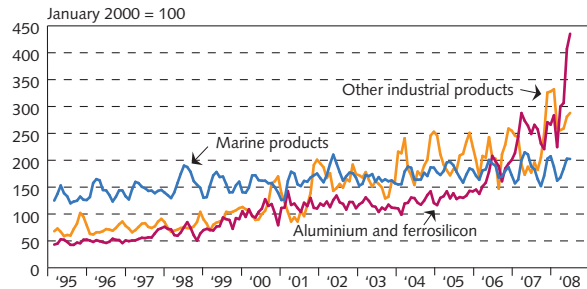
III-8
Volume changes on main import products
Quarterly data



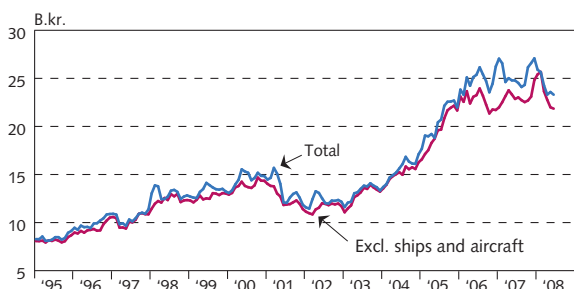
III-9
Merchandise exports
3-month moving averages, at fixed exchange rates



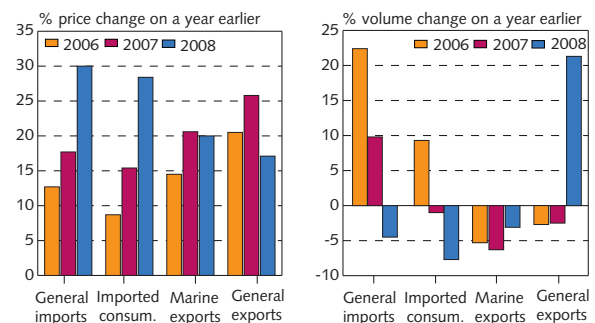
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Merchandise exports by category
3-month moving averages, export value at fixed exchange rates



III-11
Seasonally adjusted merchandise imports
3-month moving averages, at fixed prices and exchange rates



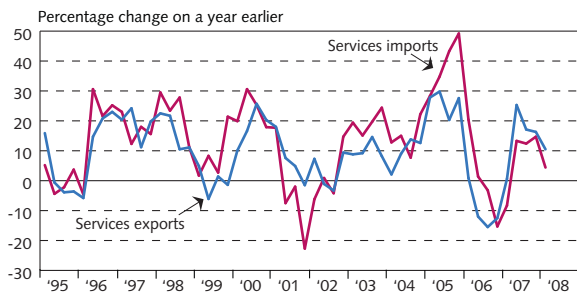
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Merchandise trade in January - June 2006-2008



III Foreign trade and external economic conditions

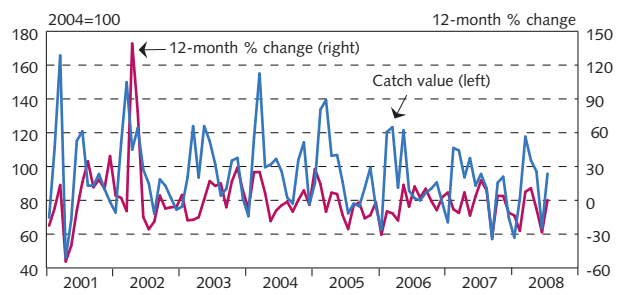
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Services account
Quarterly data at fixed exchange rate



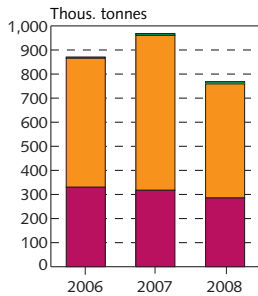
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Fish catch volume
At fixed price levels

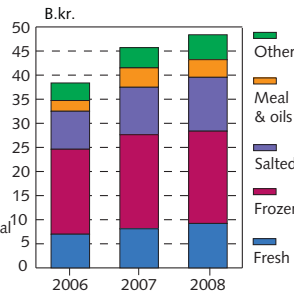


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Fish catch
January-July



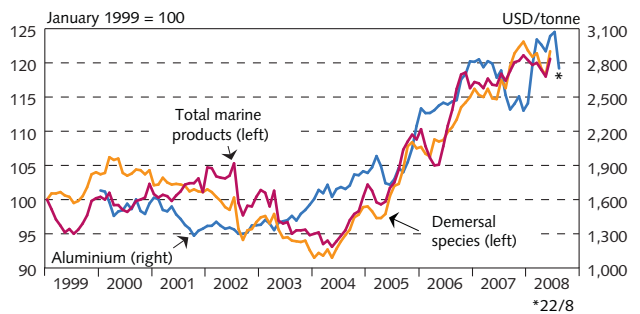
Marine export value
January-June



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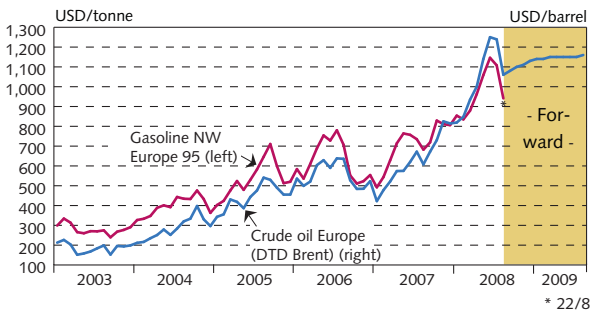
Export prices

Currency-weighted for marine exports and in USD for aluminium



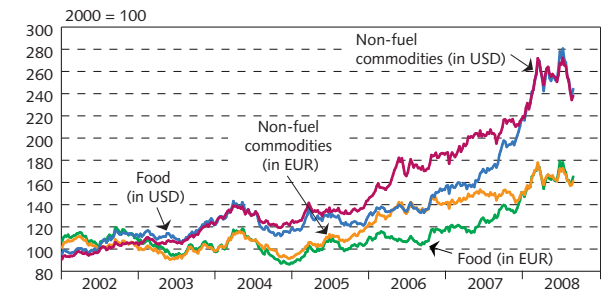
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Crude oil and gasoline prices
Forward based on futures prices



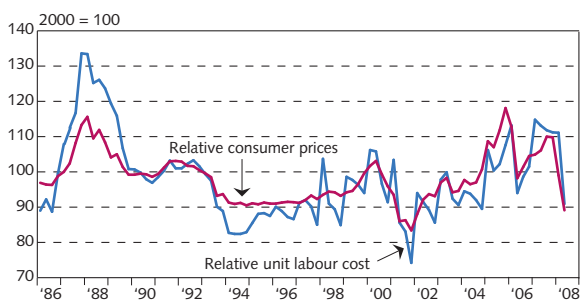
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Commodity prices in international markets
Weekly data



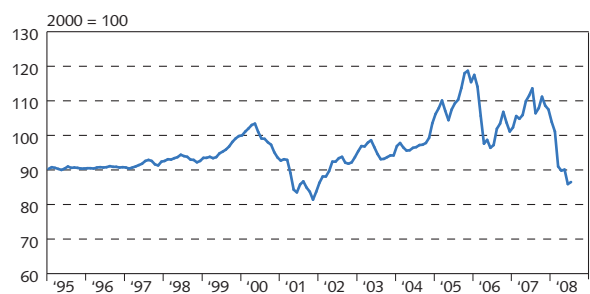
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Real effective exchange rate of the króna
Quarterly data



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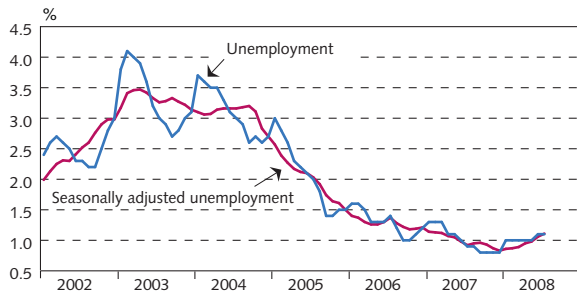
Real effective exchange rate of the króna
Monthly data



IV Labour market and wages

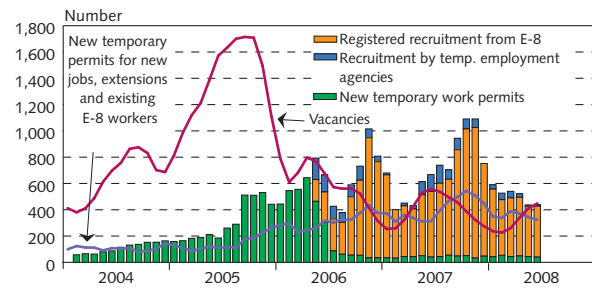
IV-1

Unemployment
Percentage of labour force



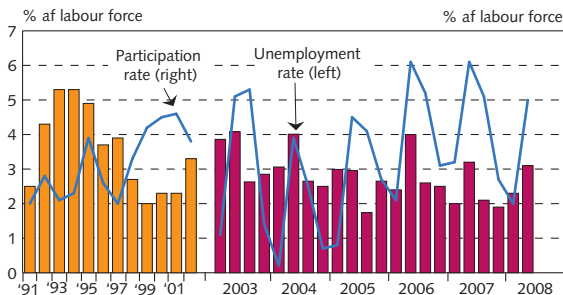
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Foreign labour
3-month moving averages



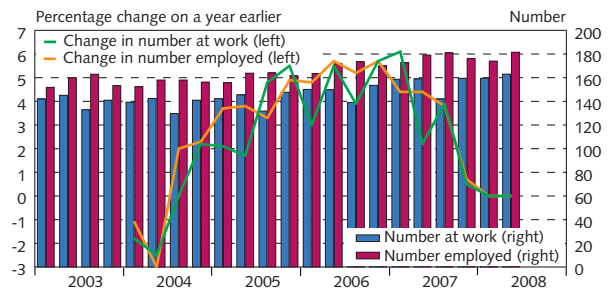
IV-3

Unemployment rate and labour participation rate
Statistics Iceland labour market survey



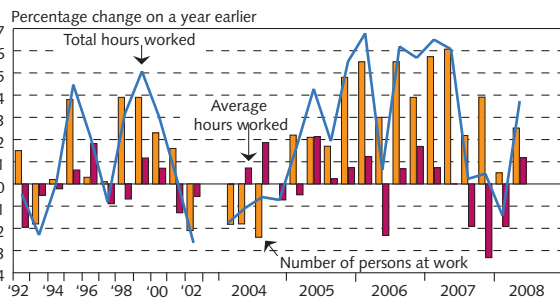
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Employed persons and number of persons at work
Quarterly data



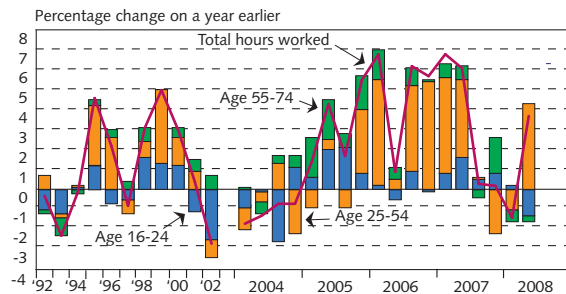
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Labour use
Survey-based



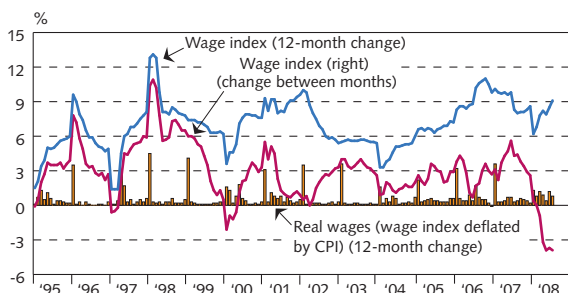
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Labour use
Contribution of age groups to total hours worked



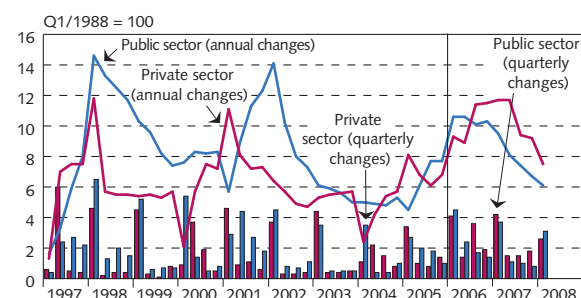
IV-7

Nominal and real wages
Statistics Iceland wage index



IV-8

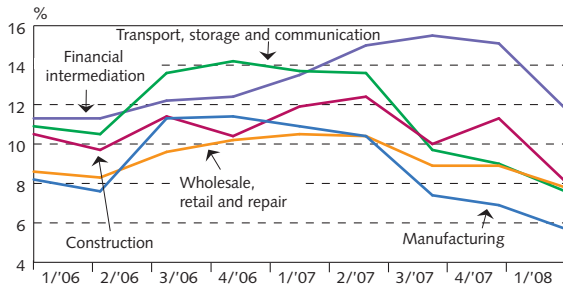
Wage changes by sectors
Statistics Iceland wage index



IV Labour market and wages

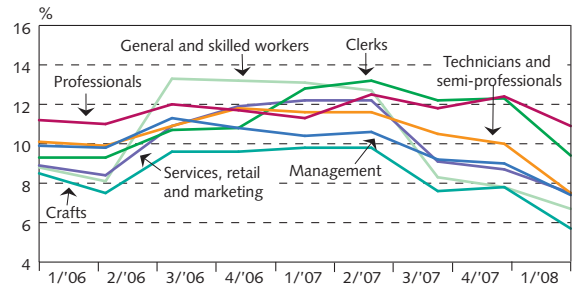
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Private sector wage index by sector
Percentage change on a year earlier



IV-10

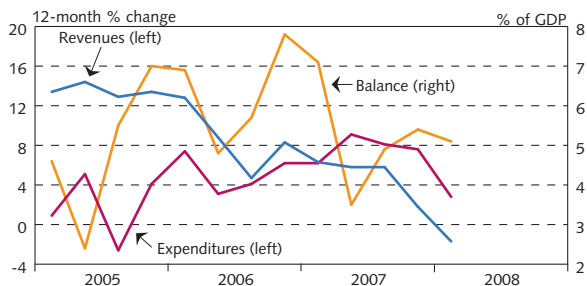
Private sector wage index by occupational group
Percentage change on a year earlier



V Public finances

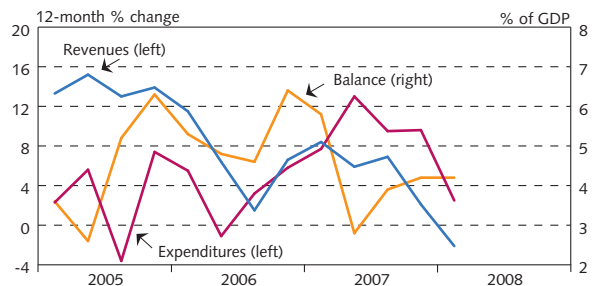
V-1

Public sector revenues, expenditures and balance
In real terms deflated by CPI



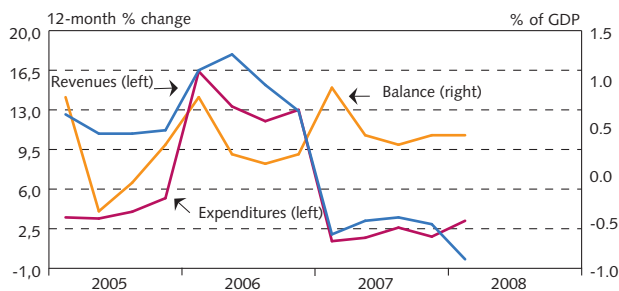
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Treasury revenues, expenditures and balance
In real terms deflated by CPI



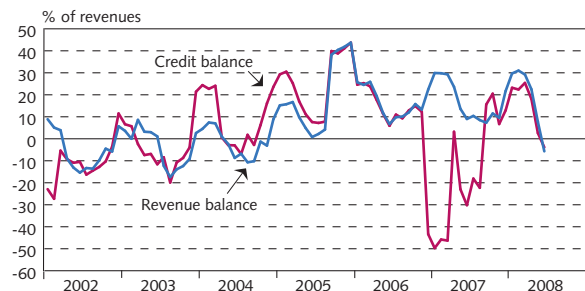
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Local government revenues, expenditures and balance
In real terms deflated by CPI



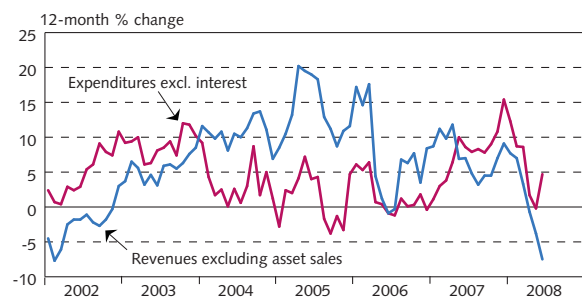
V-4

Treasury balance and net credit balance
4-month moving averages in real terms



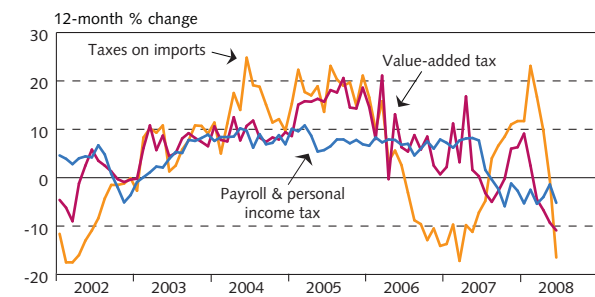
V-5

Regular revenues excluding asset sales,
regular expenditure excluding interest
4-month moving averages in real terms



V-6

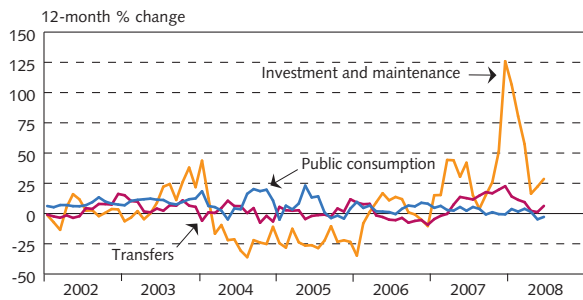
Tax revenues
4-month moving averages in real terms



V Public finances

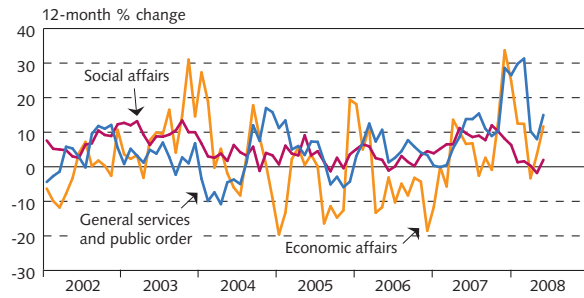
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Treasury expenditures by type
4-month moving averages in real terms



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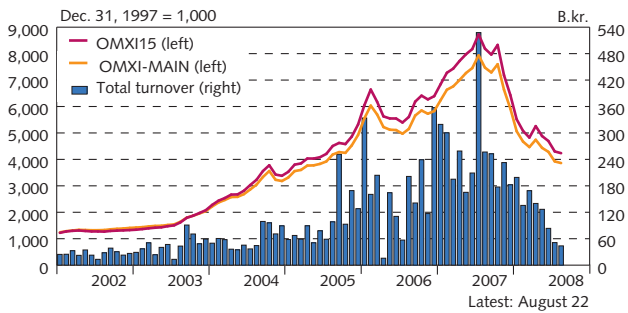
Treasury expenditures by function
4-month moving averages in real terms



VI Asset markets

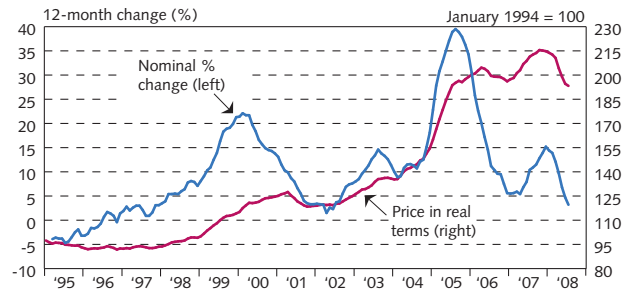
VI-1

OMXI equity market
Monthly turnover and equity prices



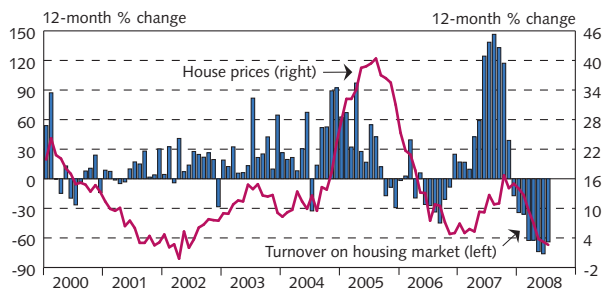
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Residential housing prices in Greater Reykjavik
Price per m², 3-month moving averages



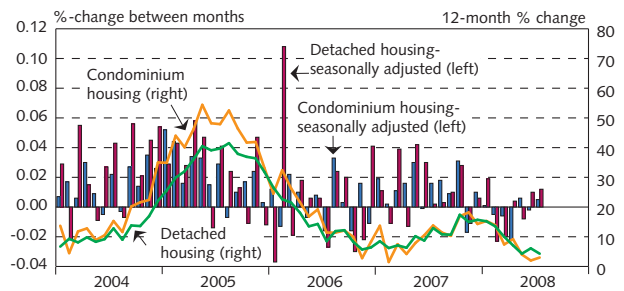
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Residential housing in Greater Reykjavik
Monthly turnover and prices



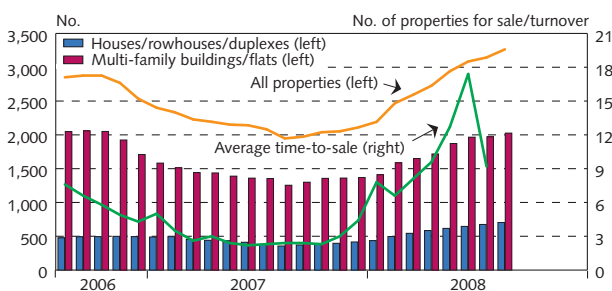
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Residential housing prices in Greater Reykjavik
Condominiums and detached housing



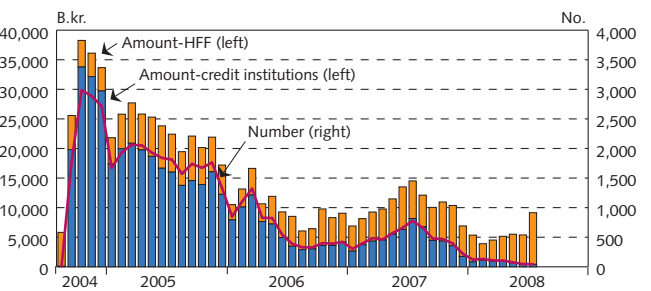
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Advertised property and average time-to-sale
Advertisements on the Morgunbladid real estate website



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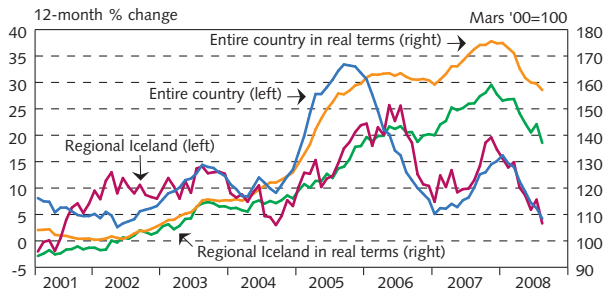
Number and amount of new housing loans
Credit institutions and HFF



VI Asset markets

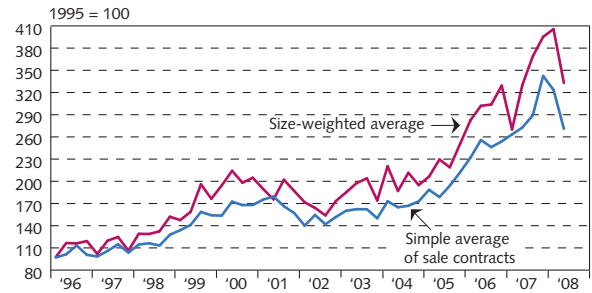
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Market price of residential housing
Entire country and regional Iceland



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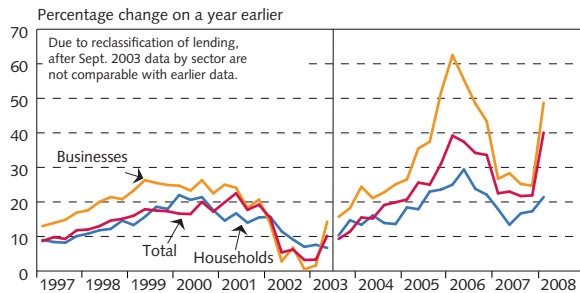
Commercial property prices in Greater Reykjavik
Weighted average of industrial, retail and office premises in real terms



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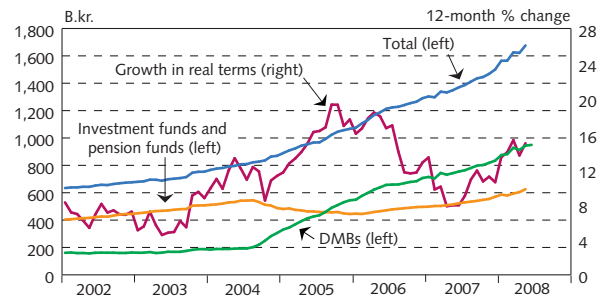
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Credit system lending growth
Quarterly data



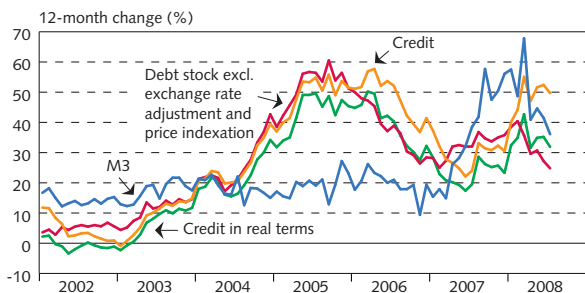
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Household debt with main credit institutions
Monthly data



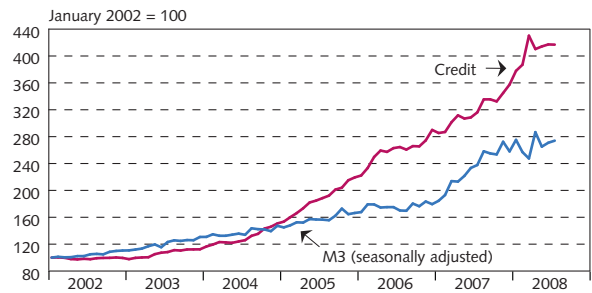
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Growth of M3 and bank credit
Monthly data



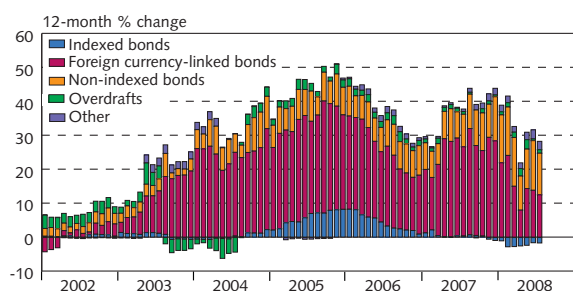
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Growth of M3 and DMB credit to domestic sector
Monthly data



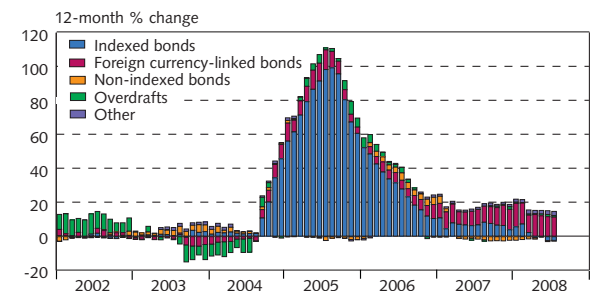
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DMB credit to companies
Contribution to credit growth



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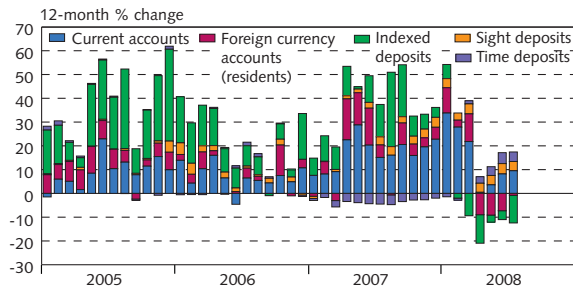
DMB credit to companies
Contribution to credit growth



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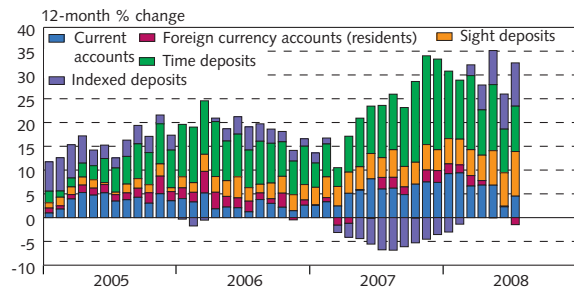
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Companies' deposits
Contribution to deposit growth



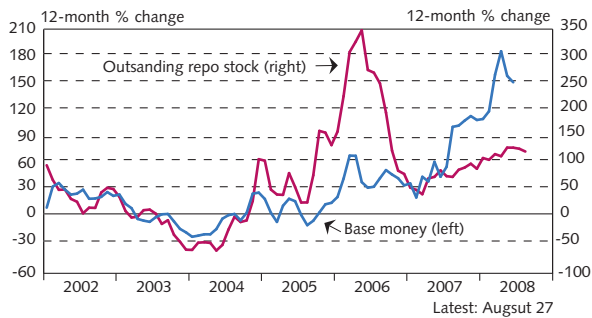
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Household deposits
Contribution to deposit growth



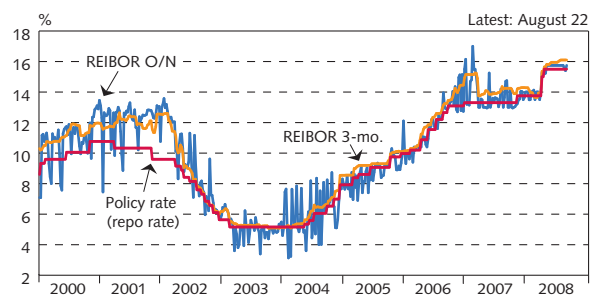
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Base money and repurchase agreements with the Central Bank
3-month moving averages



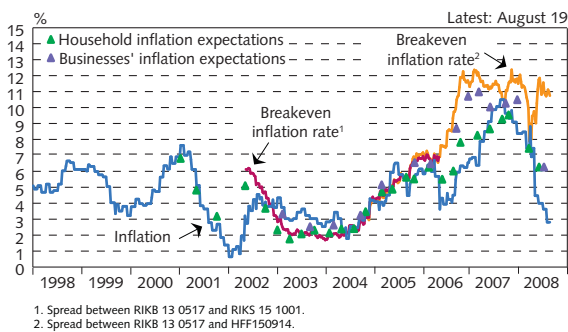
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Central Bank repo rate and interbank interest rates
Weekly data



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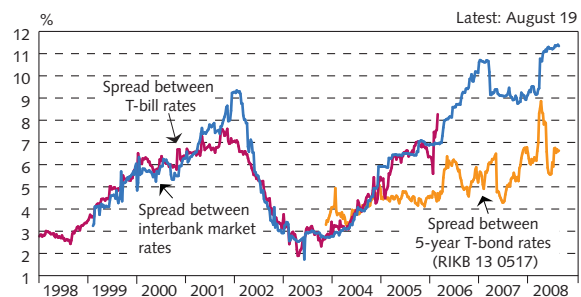
Central Bank policy interest rate in real terms
Weekly data



1. Spread between RIKB 13 0517 and RIKS 15 1001.
2. Spread between RIKB 13 0517 and HFF150914.

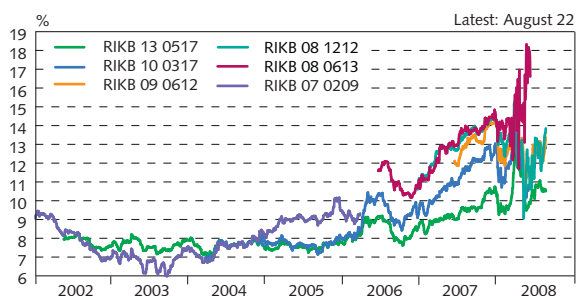
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Interest rate differential with abroad
Weekly data



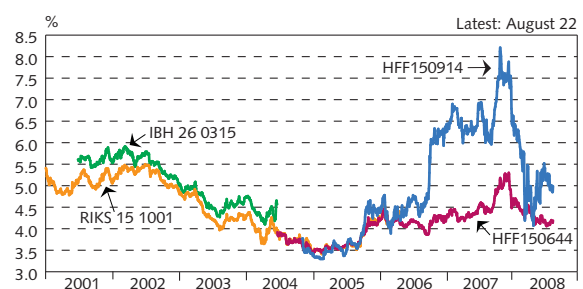
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Long-term nominal Treasury bond yields
Daily data



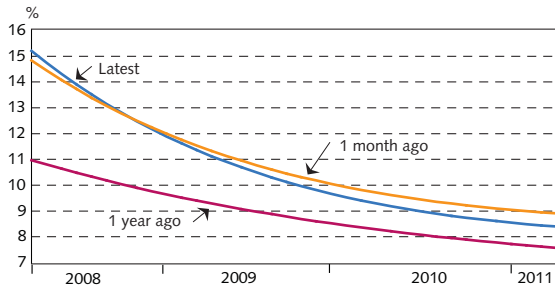
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Yields on indexed long-term bonds
Daily data

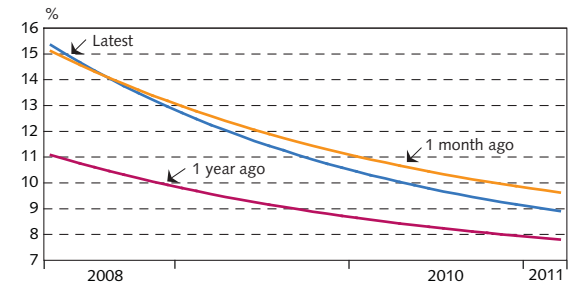


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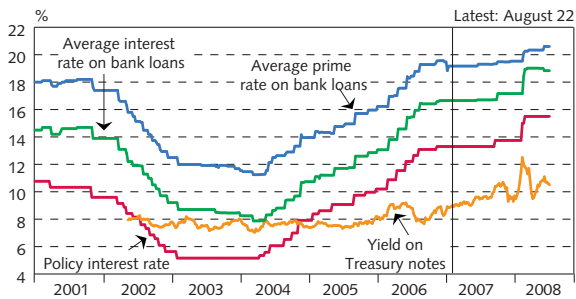
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Forward interest rates on financial market
August 26, 2008



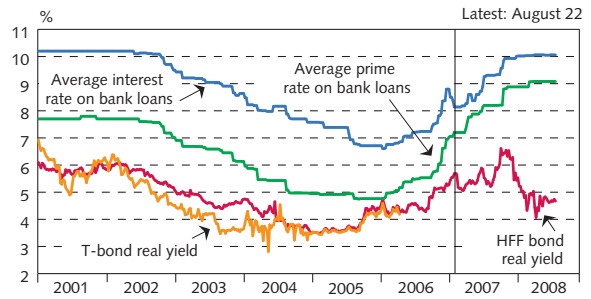
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Forward interest rates based on swap agreements
August 26, 2008



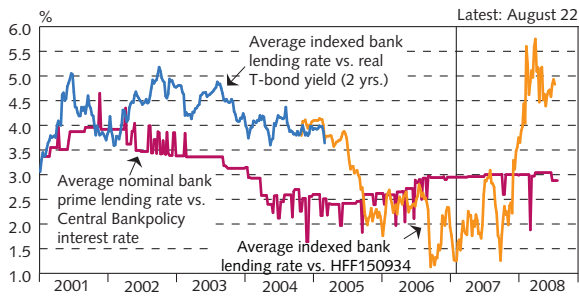
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Average nominal interest rates
Bank lending rates, T-note yields and policy interest rate



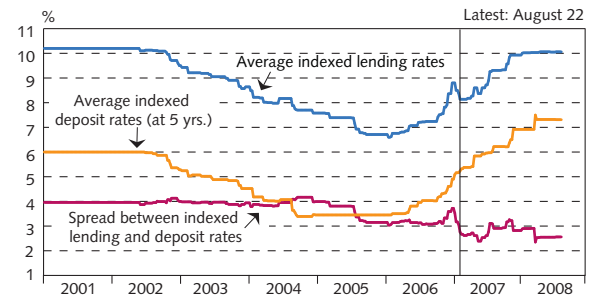
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Average indexed interest rates
Bank lending rates and real yield on housing bonds and T-bonds



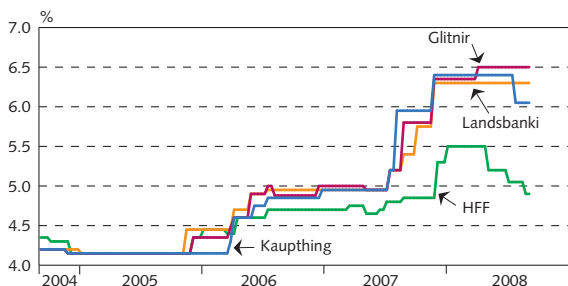
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Interest rate spreads
Between nominal bank prime rates and the policy rate;
between indexed bank lending rates and T-bond yield



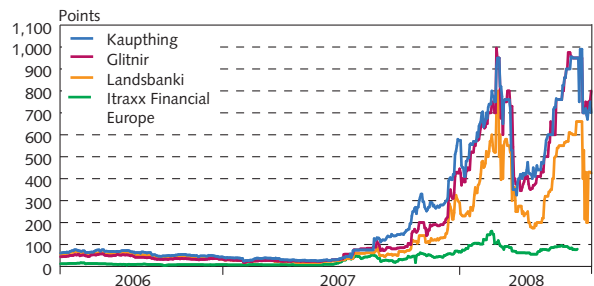
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Bank lending and deposit rates
Indexed terms



VII-21
Interest rates on indexed housing loans
Housing loans' lowest interest rates



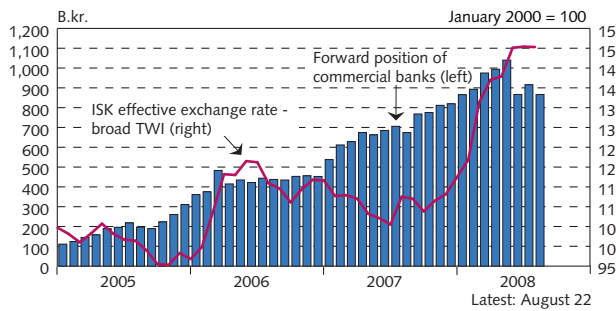
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CDSs of Icelandic banks and Itraxx
Financial Index
Daily data July 8, 2006 - August 22, 2008



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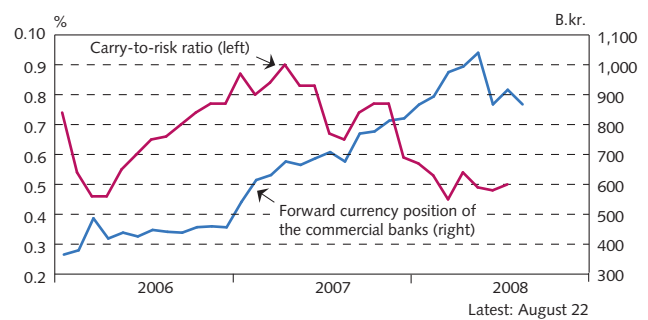
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Forward position and exchange rate
Monthly averages



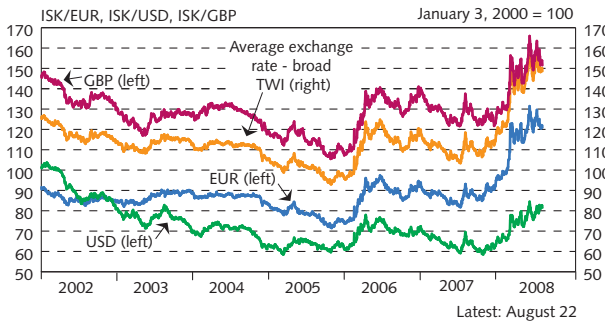
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Carry-to-risk ratio and forward currency position of the commercial banks
Monthly data



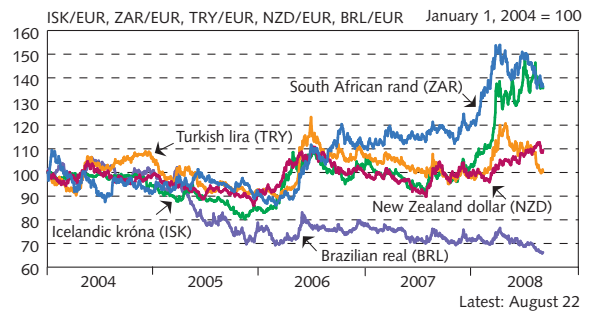
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Exchange rate of the króna
Daily data



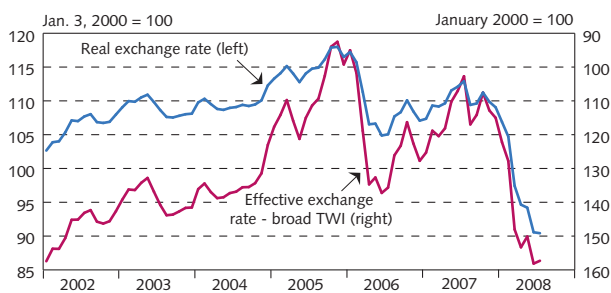
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Exchange rate of high-yielding currencies against the Euro
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Nominal and real effective exchange rate of the króna
Monthly averages



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Króna Eurobond issuance¹
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